

COMMUNIQUÉ OF THE MEETING OF THE COMMITTEE OF AFRICAN MINISTERS OF FINANCE AND PLANNING AND GOVERNORS OF CENTRAL BANKS (COMMITTEE OF TEN)

Abuja, Nigeria, 14 July 2009

1. At the invitation of the Nigerian Federal Minister of Finance, Dr. Mansur Muhtar, we the Committee of Ten met for our third session in Abuja on 14 July, under the auspices of the African Development Bank, the Economic Commission for Africa and the African Union Commission. This is our third meeting after Cape Town in January, and Dar-es-Salaam in March. Our Committee was established to monitor the impact of the financial crisis on African economies and related developments. We are in particular requested to provide reports and proposals on how best to contribute to the international deliberations in the context of the G20 and related matters.
2. Present at this meeting were the following countries and institutions: Nigeria, South Africa, Botswana, Tanzania, Kenya, Algeria, Cameroon, and Central Bank of West African States (BCEAO). The meeting was opened by His Excellency, the Vice President of the Federal Republic of Nigeria, Dr. Goodluck Jonathan GCON. The Committee welcomed also the participation as an observer, of the United States as the host of the next G20 Leaders meeting.
3. Our objective at this meeting was to review the latest information pertaining to the impact of the crisis on Africa, to take stock of recent internal and international developments, and to agree African perspectives to be fed into the global discussions, in particular those leading up to the next G20 Leaders Summit in Pittsburgh on 26 September.
4. We noted that whilst the full effects of the global slowdown remained uncertain and would vary from country to country, it was clear that the impact on African countries, although initially limited had become, in some cases severe, for example countries dependent on mineral products such as diamond and copper. Growth is still contracting in all regions. We note that even if global recovery begins to set in

in 2010, at the earliest, the recovery of our economies may take longer. The crisis therefore presents a major challenge as to how to implement short term responses to the crisis while staying focused on long term sustainability. We urge that existing commitments be implemented expeditiously, but additional action is necessary.

5. Those African countries with capacity for countercyclical response have taken action, within their means. In addition, they continue to implement programs of economic reform and to mobilize domestic resources. However the majority lack resources for such a substantial fiscal response.
6. We commend the resolution of the London G20 in addressing the key issues of restoring growth, financial stability and the needs of emerging countries; some progress has been made in implementing the commitments, including through additional resources to the IMF. That is essential for a resumption of global trade and growth. However, attention must turn to urgent implementation of all the commitments in meeting the needs of low income countries, and of Africa.
7. We considered Africa's resource requirements, both long term and short term, set against the background of declining revenues, much lower investment flows, reduced access to capital markets and to trade finance. We welcome the G8 call for an assessment in 2010 of what is needed to attain the MDGs. While the pre crisis needs in Africa are clear and well documented, the crisis induced needs require assessment continuously. It is evident, for example, that the demand for trade finance is strong and growing. We welcome the G8's renewed commitment to agriculture and food security; the Comprehensive African Agriculture Development Programme (CAADP) provides a solid framework for support and the African Development Bank has been an effective vehicle over the years; increasingly, through support to water and infrastructure.
8. We have been particularly concerned at the impact of the crisis on hitherto well performing countries that had been able overtime to reduce aid dependence. We commend the African Development Bank for a swift and appropriate response in providing budget support to them. As we did in Cape Town and Dar es Salaam, we strongly call for a general capital increase for the AfDB. We understand demands

for resources from all international financial institutions will be increased at this time but we also believe requisite weight should be given to building African institutions.

9. The crisis reinforces the need for African countries to undertake the fundamental structural reforms that are needed; we will continue to do so. We committed to efforts to improve efficiency in expenditure management and to increase domestic resource mobilization, notably through effective tax revenue mobilization and administration. In this regard, we acknowledged the formation of the African Tax Administration Forum and view this initiative as an important step in support of these efforts. We underlined also the need for us to push forward with measures to accelerate regional integration and for appropriate support from development partners for the regional integration agenda.
10. We noted that in response to the crisis, the African Development Bank and the World Bank have taken exceptional measures to increase their grant lending by introducing new instruments, fast tracking implementation, and front loading commitments. We strongly call for the early conclusion and replenishment of their concessional windows to ensure there is available resources for the years after. We recognized the AfDB's comparative advantage as a channel for investment in all areas of infrastructure and economic integration, and in convening coordinated action within Africa. We encouraged the African Union Commission and African Heads of States to write to donor capitals urging the support for a general capital increase (GCI) and for a substantial increase in ADF XII for the African Development Bank.
11. We believe that if that is done, we can mitigate some of the adverse effects on concessional window dependent countries for whom we believe a special action is needed to enable them to maintain priority programs of investment, and to provide social safety nets for the most vulnerable. Without such investment, this group of countries will not be able to participate fully in the recovery when it comes and the costs of sliding back could be high.

12. We noted the review being conducted by the Chair of the London Summit of the role and objectives of the IFIs in responding to the crisis and the needs of low income countries. We will ensure that African perspectives are conveyed to the Chair for the purpose of the Pittsburgh meeting.
13. We remain concerned that short term responses must be combined with longer term systemic reforms to avoid recurrent crises. These reforms should look at changes to crisis-prone economic models to bring about structural changes in financial regulation and supervision, global governance and the voice and representation of developing countries, and increased access to financing for poor countries.
14. We emphasized that as stressed before the London Summit, it is critical to quickly complete the review of the Debt Sustainability Framework in order to support the needs of LICs for additional finance without triggering recurrent debt crises. We must avoid repeating the mistakes of the past.
15. An effective global response leading to long term economic sustainability and growth requires strong and committed leadership; we look forward to positive results and agreements on concrete actions from the forthcoming G20 meeting in Pittsburg. We reaffirm our view that a global response and long term economic sustainability must take full account of the interests and views of all, entrenched in the new principles being discussed within the G20. We therefore remain concerned that Africa is not adequately represented in the G20 and other international discussions, and call for a strong African participation at and in the process leading to Pittsburgh G20.
16. As a Committee, we will remain seized of the matter, continue to monitor developments and provide regular reports on behalf of African Finance Ministers and Governors. We again tasked the African Development Bank, the ECA and AU Commission, to continue to provide the necessary economic information and analysis for our work and other support we need for our work.

17. We express our deep appreciation to the Government and People of the Federal Republic of Nigeria for their hospitality.