

# **COMMUNIQUE OF THE MEETING OF THE COMMITTEE OF AFRICAN MINISTERS OF FINANCE AND PLANNING AND GOVERNORS OF CENTRAL BANKS**

**16<sup>th</sup> January 2009, Cape Town**

1. At the meeting in Tunis 12 November 2008, African Ministers of Finance and Planning and Governors of Central Banks, agreed to establish a Committee to monitor developments, provide regular follow up, advise and make proposals on how best to contribute to the international deliberations in relation to the economic impact of the financial crisis and mitigating measures. At the invitation of the South African Finance Minister, Trevor A Manuel, we held our first meeting in Cape Town on 16 January, under the auspices of the African Development Bank, the United Nations Economic Commission for Africa and the African Union Commission.
2. Our objective at this inaugural meeting was to take stock of economic developments since the meeting in Tunis; compare notes on the international process in the context of the G20 agenda; and agree on specific proposals for a forward work programme.
3. We noted that since our meeting in November, the crisis was developing into a fully blown economic and development crisis with far reaching consequences for the economic fortunes of the continent; the fight against poverty; and the reversal of our hard-earned achievements. It is an unprecedented, dynamic and fast moving situation. Investment and trade finance has been reduced to a trickle; infrastructure and mining projects are being cancelled or scaled down; a number of currencies have continued to depreciate; African equities have been hit; commodity prices have continued to decline; remittances are beginning to slow; fiscal retrenchment is setting in; private sector activity is contracting in sectors dependent on international demand; and domestic arrears are building up. We exchanged information and compared notes on the situation, assessed measures taken at country level, particularly to increase domestic resources mobilisation, ensure financial stability, and prevent major slowdown and setbacks.
4. We considered mitigating measures taken by our Governments, Regional Organisations and IFIs. We noted in particular, that the G20, on November 15, requested the IFIs to play a “counter-cyclical” role, in support of both the public and private sectors, in addition to their traditional roles as growth agents. We welcome the proposition that the Multilateral Development Banks make fuller use of their balance sheets, in these exceptional times. We are of the view nonetheless, that the scale of needs in Africa is such that substantial additional resources will be required. We welcomed the proposed responses

by the African Development Bank, the emergency Liquidity Facility, the Trade Finance Facility and innovative ways of supporting low income countries to help them mitigate the effects of the crisis. We therefore recommend to the shareholders of the Bank to consider, in particular, an early general capital increase to enable the Bank further scale up its interventions in support of our countries in their diversity and in accordance to their specific requirements.

5. We welcome additional measures taken by developed countries and key emerging markets to stimulate their economies since we met in November. We recognize the magnitude of the rescue and stimulus packages which have mobilized hundreds of billions of dollars. We consider this appropriate given the scale of the problem. We call for an equally robust, flexible and innovative action to respond to the threats which the crisis presents for Africa's growth and development. We unequivocally reaffirm our commitment as spelt out in the Tunis Communiqué, to strong macro-economic frameworks while calling for greater flexibility in the debt sustainability and fiscal framework as well as in the deployment of ODA tools available to date. We restate our firm conviction that we are facing not a financial crisis in the narrow sense but a development crisis from all angles, inclusive of finance, food, infrastructure and aggravating the impact of climate change.
6. South Africa briefed us on the work programme of the G20, underlining the range of issues to be covered and the tight timetable leading up to the meeting of G20 leaders in London on the 2nd of April. We express our appreciation to South Africa for articulating African views in the G20 process. We reaffirm that Africa must be fully represented at that meeting. We recognize that the diversity of impact, needs and circumstances in Africa, means that the responses have to be aligned accordingly, but remain committed to develop a shared and co-ordinated approach over the coming months. We have examined and are putting forward our comments on all the issues raised in the G20 Working Groups that are pertinent to our priorities and concerns. The African Development Bank was requested to synthesize them for transmission to Ministers and Governors.
7. We remain convinced that these are exceptional times; hence, in order to address the consequences of the financial crisis globally, reflect changing realities in the global economy, respond more effectively to challenges of world poverty, comprehensive reform of the global financial system is not only necessary but must extend the G20 deliberations beyond the narrower financial agenda. We welcome initiatives to strengthen the financial oversight, regulatory mandate and governance of global institutions for enhanced transparency and voice for all.
8. 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 have tasked the African Development Bank,

the ECA and AU Commission, to continue availing the necessary economic information and analysis for our work.

9. We remain fully engaged as the situation progresses. We are determined to ensure that the worst impacts of this crisis can be attenuated and that our priorities and concerns are considered in the ongoing global dialogue. The full report of the deliberations of this Committee is being brought to the attention of the Ministers and Governors.
10. We express our deep appreciation to the Government and People of South Africa for their hospitality.