

AFRICAN UNION

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AfDB ANNUAL MEETINGS 2024

***Africa's Transformation, the African Development Bank Group, and
the Reform of the Global Financial Architecture.***

NAIROBI, KENYA

27 May 2024

**STATEMENT OF H.E. MR. MOUSSA FAKI MAHAMAT
CHAIRPERSON OF THE AFRICAN UNION COMMISSION**

Excellency Dr. William Samuei Ruto, President of the Republic of Kenya,
Excellencies, Heads of State, Government and Delegations,
Excellencies, Former Heads of State,
Dr. Akinwumi A. Adesina, President of the African Development Bank Group,
Distinguished Representatives of Multilateral Financial Institutions,
Ladies and Gentlemen,

It is with real pleasure that I address this august assembly, gathered here for the Annual Meetings of the African Development Bank.

I would like to take this opportunity to express my sincere gratitude to President William Ruto, the Government and the people of Kenya for the brotherly and warm welcome accorded to me in this beautiful and lush city of Nairobi, which has warmly accustomed me to it every time I return. Indeed, Nairobi has forged a formidable reputation as a premier hosting country for Conferences at which key issues concerning the future of our Continent are discussed. The African Union is grateful to you.

I also wish to express my thanks to the President of the African Development Bank, my brother and friend, Dr Akin Adesina, whose passionate commitment to Africa's development; present and future has never wavered. Mr. President, thank you for your invitation to the African Union to his important meeting.

Excellences,
Mesdames et Messieurs

This meeting is taking place in a context marked by a tangle of geopolitical and economic crises, aggravated by the effects of the global COVID19 pandemic, the after-effects of which are far from having encouraged the social and political stability of our Member States, despite Africa's resilience to the global catastrophe. To cope with this, all our Member States have been caught up in the spiral of ever more pernicious indebtedness, which keeps them under the yoke of creditors with suffocating demands despite the many promises to lighten this burden.

This excessive recourse to debt, although it can be explained by a set of endogenous factors, is also attributable to an external financing model combining development aid, debt relief, the promises of green financing and the attractiveness of African countries for FDI.

This model, set out in the 2015 Addis Ababa Declaration on Financing for Development, has subsequently been taken up by similar meetings, such as the one in Paris in 2021.

The shortcomings of this model have been established on the basis of objective data. I'm loath to go over them again. I shall confine myself to one or two brief remarks that I feel are worth mentioning.

In fact, the contribution of external funding to Africa's development agenda has fallen far short of expectations, reflecting yet another injustice towards Africa.

This injustice has many faces. Although not responsible for global warming, Africa is suffering the consequences without benefiting from the financial solidarity enshrined in the successive Declarations of the various Conferences of the Parties. The management of the international financial system, which is totally beyond Africa's control, imposes high financing costs on it, along with the negative impact of financial crises. Disparities in the response to the COVID 19 shock have clearly indicated that the increase in liquidity through the creation of SDRs has not significantly benefited Africa, which received only a minimal 5.1% for a population of one billion four hundred million people.

While the search for ways to make up Africa's financial deficit has always taken place within the framework of the international financial architecture, its limitations are now the subject of consensus within the community of African experts, and even beyond. The time has come to take a practical look at identifying, without complacency, the various factors that are hampering the mobilisation of development finance in Africa.

It is therefore timely that this conference is being held, with its innovative theme of « Reforming the global financial architecture to free up financing for Kenya and Africa in general » heralding a wide-ranging debate that will embrace the main issues involved in financing the Continent's development.

In this regard, the centrality of the role of the African Development Bank Group is not lost on anyone. This is therefore a unique opportunity for the Group to take stock of its achievements over the last few years, in order to chart a viable course for the sustainable financing of our economies, which are faced with multiform bottlenecks and constraints.

**Your Excellencies,
Ladies and Gentlemen**

It seems to me to be urgent to work on an in-depth reform of international governance in order to propose and adopt relevant solutions for countries faced with the problems of sovereign rating, excessive debt, the effects of climate change, tax evasion and illicit flows, the need to strengthen multilateral banks and so on.

To defend Africa's interests in these areas, it seems logical to me to invite all the African financial institutions, present here and even those that are absent, to support the Union in order to shift the global economic and financial balance. I would also like to welcome the recent accession of the African Union as a permanent member of the G20. This membership marks a decisive turning point and brings new hope for Africa to be involved in the dynamic process of reforming global economic and financial governance.

The G20 is the appropriate forum for our institutions and our countries to effectively initiate, together, the process of formulating common African positions on the strategic issues at the heart of reform of the global financial system. Particularly on the thorny issue of reforming the Bretton Woods institutions, reforming debt management mechanisms, financing climate change, and the international tax system, particularly in view of the developments underway with a view to adopting a United Nations Framework Convention on International Cooperation in Tax Matters.

To prepare for a possible reconfiguration of the international financial architecture, it is up to us to carry out our own monetary and financial reforms without delay. The implementation of the African Union's long-established financial institutions has suffered from much delay. The African

Central Bank, the African Investment Bank, the African Monetary Fund and the Pan-African Stock Exchange – now is the time to adopt a concrete plan to get them up and running.

I also call for an ambitious replenishment of the resources of the African Development Fund. This is an instrument that provides the concessional financing that is essential for funding our economies.

**Your Excellencies,
Ladies and Gentlemen**

Over the past few years, the African Development Bank's track record has demonstrated its firm commitment to helping Africa find solutions to its problems. In this respect, through its five strategic priorities, the « High Fives », it has put the structural transformation of economies on track, laying the foundations for industrialisation and improving access to electricity, food and essential socio-economic infrastructure, all of which are factors in consolidating productivity.

By improving the conditions for innovation and research in the key areas of agriculture, industry and services with a view to facilitating the access of national economies to regional and global value chains, the Bank has played and continues to play a major role in facilitating trade and the intra-regional and global integration of such economies.

In this vein, I strongly encourage the Bank to intensify its support for Africa's industrialisation in order to reduce its vulnerability to exogenous shocks, and to pursue its investment efforts in the key sectors of Health, Education, Innovation, Energy, Agriculture, Food Security and Sustainable Infrastructure, all of which will guarantee certain socio-economic transformation.

For its part, the African Union Commission is firmly committed to a spirit of positive collaboration with the AfDB. This collaboration includes, among other things, the development of a Continental Strategic Framework, designed to support Member States in the implementation of concrete actions aimed at significantly improving growth in the coming years.

The Commission has also given its full support to the joint initiative of the African Development Bank and the Inter-American Development Bank aimed at access to hybrid capital deployed from the mobilisation of SDRs. Such mobilisation, equivalent to a complementary source of financing, will reduce dependence on traditional borrowing and potentially financing costs.

I would be remiss, in view of such a stellar record and the personal commitment of the President of the AfDB, anchored moreover in a relevant forward-looking vision, if I did not, on behalf of the African Union Commission and on my own behalf, extend well-deserved congratulations to Dr Adesina.

I'm also of the firm belief that the Bank's strong commitment to the development of our Continent's men and women today, will stand the test of Time for future generations.

I wish you fruitful deliberations and thank you for your kind attention.