

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

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

1. At their meeting in Tunis on 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 Ministers and Governors on proposals and contributing to the international discourse in relation to the economic impact of the financial crisis and mitigating measures. At the invitation of the South African Finance Minister, Trevor Manuel, we met 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; exchange views on the international process in the context of the G20 agenda; and agree on a forward work programme.
3. We noted that since our meeting in November, the crisis has developed into a fully blown economic and development crisis with far reaching consequences for the economic fortunes of the continent and the fight against poverty. It is a dynamic and fast moving situation, unprecedented since the Second World War. Development and trade finance has been reduced to a trickle; investments have declined; projects are being cancelled or scaled down; a number of currencies have continued to depreciate; remittances have slowed; fiscal retrenchment has begun; private sector activity is contracting in key sectors; and domestic arrears are building up. We exchanged information on the situation, assessed measures taken at country level, particularly to increase domestic resources mobilization, ensure financial stability and prevent major slowdown.
4. We considered mitigating options to be taken by our Governments, Regional Organizations and IFIs. We noted that the G20 Communiqué

requested the IFIs, in addition to their traditional roles as growth agents, to play a new “counter-cyclical” role, in support of both the public and private sectors. We welcome the proposition that the Multilateral Development Banks make fuller use of their balance sheets; but believe that the scale of needs in Africa is such that substantial additional resources will be required. We welcomed the proposed responses by responses by the African Development Bank to help our countries mitigate the effects of the crisis and therefore call on the shareholders of the Bank to consider in particular an early general capital increase to enable it to further scale up its interventions in support of countries in Africa.

5. We welcomed additional measures taken by developed countries and key emerging markets to stimulate their economies. We recognize the magnitude of the rescue and stimulus packages they have mobilized, amounting to hundreds of billions of dollars, will result in wide budget deficits and represent a paradigm shift. We nonetheless consider this appropriate given the scale of the problem. We call for an equally robust and flexible action in order to respond to the threats which the crisis presents for Africa’s growth and development. We reaffirm our commitment as spelt out in the Tunis Communiqué, to strong macro-economic frameworks but call for greater flexibility in the debt sustainability and fiscal framework and in the deployment of ODA tools available today.
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 reaffirm that Africa must be fully represented at that meeting. We are putting forward our comment on 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. We thank South Africa for the work they have been doing in articulating African views in the G20 process.
7. We remain convinced that 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 necessary and must extend the G20 deliberations beyond the narrower financial agenda. While

enlarging the financial oversight and regulatory mandate of global institutions is critical for enhanced transparency, regional institutions are best able to govern and program development assistance intended to serve their respective constituencies and interests.

8. We will remain seized of the matter and 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 providing the necessary economic information and analysis for our work.
9. We recognize that the diversity of needs and circumstances in Africa, means that the responses have to be tailored accordingly, but remain committed to develop a shared and co-ordinated approach over the coming months. We remain fully engaged as the situation unfolds. 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.
10. The full report of deliberations of this Committee is being brought to the attention of the Ministers and Governors.
11. We express our deep appreciation to the Government and People of South Africa for their hospitality.

Cape Town, January 16, 2009