

Draft

Opening Statement

By

**His Excellency Nana Addo Dankwa Akufo-Addo, President of the Republic of
Ghana and Champion of the African Union Financial Institutions**

Delivered at the

Workshop of the African Union Ministers of Finance and Central Bank Governors

On

**Galvanizing the Roadmap towards the Establishment of the African Union Financial
Institutions and Africa's recovery from the COVID-19 Pandemic**

Held on

3rd November 2021

Your Excellency Mr. Moussa Faki Mahamat, Chairperson of the African Union Commission represented by ;

Your Excellencies, African Ministers of Finance and Central Bank Governors;

Your Excellency, Dr. Akinwumi Adesina, President of the African Development Bank represented by the Senior VP ;

Your Excellency, Dr. Vera Songwe, Executive Secretary of the United Nations Economic Commission for Africa, and Under Secretary General of the United Nations;

Your Excellency, Professor Benedict Oramah, President of the Africa Export Import Bank (Afreximbank);

Your Excellency, Ambassador Albert Mudenda Muchanga, Commissioner for Economic Development, Trade, Industry, and Mining;

Your Excellencies Ambassadors and Heads of Mission;

Senior Officials from the African Ministries of Finance and Central Banks;

Senior Officials from the African Union Commission, the African Development Bank, the United Nations Economic Commission for Africa, and the Afreximbank;

Distinguished Ladies and Gentlemen.

I welcome you all to this Workshop convened to deliberate on galvanizing the roadmap towards the establishment of the African Union Financial Institutions and Africa's recovery from the COVID-19 pandemic.

I would like to express my heartfelt gratitude to **H. E Mr. Moussa Faki Mahamat, Chairperson of the African Union Commission, the Commission and to all of you** for your support since I assumed the role of the Champion for the establishment of the AU financial institutions.

Ghana believes that, the establishment of the African Union Financial Institutions are critical not only for enhanced resources mobilization on the continent but also provide the necessary impetus for growth, job creation and economic revitalization, especially as the continent contends with the unprecedented impacts of the Covid-19 pandemic, one which has eroded years of hard-won macroeconomic gains, and the challenges of meeting SDG Goals and Climate Change obligations.

According to the October 2021 edition of the IMF World Economic Outlook, the world economy contracted by 3.1% in 2020 and the Sub-Saharan Africa contracted by 1.7 percent. In this connection, Africa's Debt to GDP has rocketed from 62% to 73%. External Debt for Africa increased by some \$37 billion from \$665 billion in 2019 to an estimated \$702 billion in 2020 according to World Bank data.

As we battle with this health crisis, we need to join the global force to mitigate the impacts of climate change, given that we suffer the most from the impacts of global climate change although we contribute the least that is some 3.8% to global emissions.

It is worthy to note that, the African Union Financial Institutions are preconditions for the effective implementation of the African Continental Free Trade Area (AfCFTA) and for achieving the Agenda 2063: "The Africa We Want".

Ghana is proud to host the AfCFTA Secretariat, which today has realised a dramatic increase of 38 ratifications and 54 signatories, and we are confident that the remaining countries will soon deposit their instruments of ratification.

According to the Mo Ibrahim Foundation, AfCFTA has the potential to generate combined consumer and business spending of \$6.7 trillion by 2030 and increase intra African Trade by as much as \$35 billion per year and this is according to the UNECA.

The Organisation of African Unity (OAU) was created to capstone the independence of African states and people from colonialism as well as to be used as the lever for the total liberation of Africa from colonial rule. It was a milestone of a concerted struggle for self-determination. It achieved the goal of political independence.

With the transformation from the OAU to the African Union, the next major focus was on sustainable development and continental economic integration anchored on peace, security and democracy.

From the Treaty establishing the African Economic Community, commonly referred to as the Abuja Treaty, to the Constitutive Act of the African Union and the African Union Agenda 2063, successive African leaders have provided blueprints for the development of Africa.

Within the provisions of the Constitutive Act of the African Union, some of the provisions are legally binding commitments to establish the African Central Bank, the African Monetary Fund and the African Investment Bank. Specifically, Article 19 of the Constitutive Act of the African Union provides for the establishment of these institutions. With later commitment to establish the Pan-African Stock Exchange, these four constitute the architecture of African Union Financial Institutions.

As things stand right now, we are far from capitalizing these institutions and make them work to move Africa away from poverty and journey towards prosperity driven by domestic resources.

Our forebearers brought about our independence. Our historic task is to develop our economies and promote decent livelihoods for each and every African in a spirit of inclusiveness.

Your task today is to give renewed commitment and greater dynamism to this historic task.

In this regard, I invite you to critically review why there have been delays in the operationalization of the four African Union Financial Institutions. Agenda 2063, our continental roadmap on creating the Africa We Want reiterates the importance of swiftly establishing these four financial institutions and there is still limited progress. The key question is why is this so?

Answering this question requires creative thinking, thinking outside the box and innovativeness within the bounds of effective risk management.

I am sure you will excel and avail us a forward looking roadmap that galvanizes the processes of establishing the African Union Financial Institutions.

To do so, you will need to ask yourselves some critical questions.

I will sample a few.

Are Africans well off in an environment of national sovereignty or in an environment of collective sovereignty. If the answer is in the latter, the next question is: what holds us back in pooling our sovereignty and resources to establish the African Union Financial Institutions and make them stronger than our national institutions and globally competitive?

If our economies are too weak to sustainably support the capitalization and recapitalization of these planned institutions, the next question is: what can we do collectively to transform the size and state of the African economy?

My additional question is: have we reached out to the African private sector, the African Diaspora as well as the African pension, mutual and sovereign wealth funds to invest in the African Investment Bank in a model of strategic collaboration with African governments? If not, what has been holding us back? If we have, why are they holding back?

Let me go on and ask the next question and it is: do all the Member States of the African Union have a common awareness and appreciation of the optimal initial capitalization levels for the African Union Financial Institutions? If not, what needs to be done to generate the much needed consensus and enhanced political will on the key issue of initial levels of capitalization?

I challenge you, Ministers and Central Bank Governors to answer these questions as well as related ones that I have not brought up.

From the foregoing, I am sure you are now fully aware that your report will not be a business as usual undertaking. I expect it to be a lever for galvanizing the roadmap for the establishment of the African Union Financial Institutions.

In this respect, I am advised by the Commissioner for Economic Development, Trade, Industry and Mining that your report, when considered and adopted by the Specialized Technical Committee of Finance, Monetary Affairs, Economic Planning and Integration will be used by his team to prepare my report to the February 2022 Assembly of the African Union Heads of State and Government containing a renewed roadmap with clear pointers of progress in its implementation.

Once we galvanize momentum in this historic undertaking, my vision is that within two years, we should have an Extraordinary Session of the Assembly of the African Union Heads of State and Government that will be solely devoted on the establishment of the African Union Financial Institutions.

It is said what gets measured gets done. In this connection, I invite you Ministers and Central Bank Governors to come up with performance indicators and timelines to take us to the envisioned extraordinary session of the African Union Assembly of Heads of State and Government.

When I accepted to be Champion of the African Union Financial Institutions, I did not see failure as an option. It will not be. Let us then work to succeed and deliver extraordinary results.

With this strategic focus on success, I will closely work with the Heads of State and Government of the host countries of the African Union Financial Institutions, namely: Federal Republic of Nigeria (host of the African Central Bank); Republic of Cameroon (host of the African Monetary Fund); and, Republic of Libya (host of the African Investment Bank). Together, we shall have joint advocacy for the signatures and ratifications required to meet the legal requirements for the establishment of these institutions. Our target will be all African Union Member States.

In the same spirit of joint advocacy, the Ambassador of Ghana in Addis Ababa, Federal Republic of Ethiopia, will also work closely with her counterparts of the host countries of the African Union Financial Institutions, assisted by the Commissioner for Economic Development, Trade, Industry and Mining to keep up the momentum.

Your Excellencies;

Distinguished Ladies and Gentlemen.

Let me now turn to the question of the financing of African economies.

Africa's financing needs between now and 2025 are massive. The International Monetary Fund and African Development Bank estimates that Africa will need between now and 2025, US\$484 billion to effectively respond to the health and economic challenges of the COVID-19 Pandemic.

This figure comes against a background where many of our countries are facing fiscal pressures as well as heavy debt burdens, some of whose obligations cannot be paid on time and in full.

I am grateful to the Group of 20 for the Debt Service Suspension Initiative which has given breathing space to our countries. Equally important, I am grateful to the shareholders of the International Monetary Fund for the issuance of \$650 billion in Special Drawing Rights, the biggest ever. All countries, including African

countries have received their respective allocations and this has greatly assisted us in relieving the liquidity crunch inflicted on us by the COVID-19 Pandemic.

As indicated above, the financing needs for Africa are yet to be met.

As a starting point, we renew our request to IMF shareholders with unused Special Drawing Rights to consider re-allocating them through the World Bank and International Monetary Fund for on-lending to African and other developing countries.

Africa requires around \$100 billion of Special Drawing Rights of the re-allocations. The African Development Bank, African Export Import Bank and National Development Banks can leverage the re-allocation to raise additional capital to finance African sustainable development and vaccine acquisition.

I am glad the United Nations Economic Commission for Africa and the African Union Special Envoys have been invited to this Workshop and will also make contributions on the case for Special Drawing Rights re-allocations, debt servicing issues as well innovative financing mechanisms to finance our economies in this era of COVID-19 and climate change.

The African Development Bank has made a strong case for an African Financial Stability Mechanism. I am equally happy that they will also make a presentation on this issue and relate it to the project of establishing the African Monetary Fund. Removing overlap and duplication translates in better allocation of resources and higher impact.

Your Excellencies;

Distinguished Ladies and Gentlemen.

I hope I have given you much food for thought. Let me leave you to get down to work.

Rest assured of my full support as you discharge yours.

I wish you constructive deliberations.

I look forward to receiving and reading your report.
I now declare this Workshop officially opened.