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OPENING STATEMENT

By

H.E. DR. MONIQUE NSANZABAGANWA

DEPUTY CHAIRPERSON FOR THE AFRICAN UNION COMMISSION

**FIFTY- SIXTH SESSION OF THE ECONOMIC COMMISSION FOR
AFRICA CONFERENCE OF AFRICAN MINISTERS OF FINANCE,
PLANNING AND ECONOMIC DEVELOPMENT**

**“Financing the transition to inclusive green economies in
Africa: imperatives, opportunities and policy options”**

28 February to 5 March 2024

Elephant Hills Resort, Victoria Falls, Zimbabwe

- **Your Excellency, Dr. Emmerson Mnangagwa, President of the Republic of Zimbabwe;**
- **Your Excellency, Mr. Claver Gatete, Executive Secretary for the United Nations Economic Commission for Africa;**
- **Excellencies Ministers;**
- **Heads of International organisations;**
- **Representatives of the Private Sector;**
- **Representative of the Civil Society Organisations;**
- **Distinguished Guests;**
- **Ladies and Gentlemen;**

I bring you greetings from the African Union Commission, our Chairperson His Excellency Moussa Faki Mahamat, and the Commissioners.

Allow me to express my gratitude to His Excellency President Mnangagwa, the People and Government of the Republic of Zimbabwe for their warm welcome in this beautiful touristic city of Victoria Falls, "Mosi-oa-Tunya" in the blessed land of Zimbabwe and for their exceptional hospitality in hosting this meeting.

Mr President, thank you for leading us on this existential path. Indeed, the organization of this Conference is a testimony to the continent's commitment to pursue a transition to an inclusive and greener economic transformation with appropriate financing mechanisms.

Let me also extend appreciation to my dear brother H.E Ambassador Claver Gatete, Executive Secretary for the United Nations Economic Commission for Africa and his team for the great effort in organizing this strategic meeting.

The outcome of this meeting will go a long way in realizing and fostering inclusive growth and sustainable development of Africa towards achieving Agenda 2063 and Agenda 2030.

You will recall, dear brother Claver, that at the seventh Annual African Union-United Nations Conference held in New York on November 28, 2023- just 20 days after your appointment, ***a High-Level Strategic Dialogue on Sustainable Development was established. This Dialogue, co-chaired by the Deputy Secretary-General on the side of the UN and the Deputy Chairperson on the side of the African Union Commission, underpinned by portfolio College-to-College Fora led by AUC Commissioners and their UN counterpart Principals, will be regularly addressing priority issues of strategic importance for the speedy delivery of One Framework, Two Agendas.***

That is why, I am deeply honored to participate in the fifty-sixth Session of the Conference of African Ministers of Finance, Planning and Economic Development where a number of such strategic issues will be discussed.

Excellencies, distinguished Ladies and Gentlemen,

As you are aware, Africa is navigating the delivery of its blue print- Agenda 2063 in a turbulent global environment, posing tremendous challenges to African economies, with ripple effects on socio-political spaces as well.

The impact of the global shocks induced by the COVID-19 Pandemic, geopolitical tensions and climate change continue to affect Africa's growth trajectory. Africa's gross domestic product (GDP) growth is expected to average 3.8% and 4.2% in 2024 and 2025, respectively.

Despite this regain and positive trend, this growth however remains below the pre-pandemic average of 5% and the targeted 7 to 10 percent level required to achieve Agenda 2030 and Agenda 2063 goals.

To accelerate growth and cope with this unfavorable global environment, governments have increased fiscal spending in a context of declining domestic revenues. Which has led to unsustainable debt levels and limited access to international finance.

On a positive side, the Continent's potential to reclaim its long-overdue rightful treatment is increasingly materializing as the global landscape takes multi-polar shapes and the African Union became a full member of the G20.

Today, more than ever, we stand a better chance; to develop Africa's productive capacities through industrialization; to harness the potential of our youth as an engine for greener economic transformation; to tap Africa's green potential; to stem illicit financial flows and recalibrate our taxing rights; to harness the role of private sector investments and innovative financing mechanisms; and to reform the Global Financial Architecture.

However, no African country can do it alone. Africa is stronger together.

I will argue that the value proposition of the African Union is indeed to foster coherence in our strategies and amplify our common voice.

Excellences,

This Conference comes at an opportune time of our collective, renewed commitment towards a transformed Africa.

The adoption of the Second Ten Year Implementation Plan (STYIP) of Agenda 2063 with its seven (7) ambitions (Moonshots) adopted by the Assembly of the Heads of State and Government last month, amplifies the commitment of Member state to accelerate the attainment of the Africa We Want.

The lessons learnt from the past decade of Agenda 2063 implementation, which was a decade of convergence, included among others; a need for more domestication; deliberate costing; robust resource mobilization mainly domestically; stronger implementation capacity at sector, national and regional levels; better data statistics and reporting to monitor progress; and more engagement of the civil actors, media, academia, and private sector players for a shared vision and purpose.

Therefore, the decisions we make today will shape the future of our continent for generations to come. I suggest you consider the following among your decisions:

1. Member Countries to commit to the Domestication of the Second Ten-Year Implementation Plan of Agenda 2063; its mainstreaming in national budgets; and Joint Reporting on Agenda 2063 and the SDGs.
2. Enhancing the participation of the Ministers of Finance, Planning and Economic Development in the governance structures of the Union to actively shape agile common positions on relevant matters (Executive Council, Sectoral Technical Committees, the Committee of 15 Ministers-F15, ...)
3. Continuously capacitate the forums/structures that convey our common voice (The African Union participation in the G20, Groups of African Ambassadors and AU Representational offices based in multilateral capitals - New York, Brussels, Geneva, Rome, Vienna...)
4. Explore synergies that could accrue by pooling resources through AU institutions and implementing agencies to finance the portfolio of bankable regional green projects– e.g.
 - African Union Development Agency (AUDA-NEPAD) accredited to access the Green Climate Fund and channel the resources to African countries;
 - African Capacity Building Foundation: assist Member Countries translate their National Determined Contributions (NDCs) and National Action Plans (NAPs) into Bankable projects;
 - Africa Risk Capacity (ARC): increase the number of countries' paid premium for disaster risk and insurance cover;

- The AU Assembly endorsed African MDBs such as the AfDB and Afrexim Bank as recipient of reallocated SDRs, to leverage through international capital funds markets and on-lend cheaply to countries;
 - African countries to subscribe more capital (including callable capital) into African Multilateral Financial Institutions and Multilateral Development Banks, so they may expand their financial products, including concessional lending and capacity building grants to African countries.
5. Operationalize the African Union financial institutions (African Central Bank, African Monetary Fund, African Investment Bank, Pan-African Stock Exchange) to secure long-term financing of Agenda 2063.

On that note, I wish you fruitful deliberation and thank you for the kind attention.

An elaboration on the six imperatives to finance the transition to green economies in Africa.

The first imperative is to develop Africa's productive capacities through industrialization. We must focus on sectors such as agriculture, industry, and services to shift from reliance on non-transformed commodities export to export of value-added manufactured goods.

We must prioritize productive transformation at the core of national, regional and continental strategies and develop regional value chains to reap the financial returns of the African Continental Free Trade Area.

The second imperative is to harness the potential of the youth as an engine of greener economic transformation. Africa has the youngest population of all continents, with a median age of 19 years, compared to 30 for Latin America and the Caribbean, 31 for developing Asia and 42 for Europe.

By harnessing the potential of the youth through digital transformation, we can attract more capital to drive inclusive green growth and achieve sustainable development.

Third imperative is to harness Africa's green potential. From 2011 to 2020, African forests increased carbon stock by 11.6 million kilotons of CO₂-equivalent net emissions, while carbon stocks in forests outside Africa declined by 13 million kilotons. The Congo Basin forests have now become the world's largest sink of CO₂ emissions. But, the continent only received 2.7% of promised financing. Achieving the green transition requires bold action, innovative financing, and partnerships between governments, the private sector, and the civil society.

In that perspective, a key policy approach would be to enhance the linkage between climate financing and growth returns to ensure a continental smooth green transition.

The fourth imperative is to stem illicit financial flows and reduce tax incentives that deprives the continent of approximately USD 90 billion and USD 220 billion each year. Our policy priorities should aim to better collect and channel domestic resources to productive investments.

The fifth imperative is to enhance the role of the private sector as a source green financing. Our policies must amplify the impact of capital to ensure that Africa's private stock of assets contributes to green transition and inclusive development.

The sixth imperative is to advocate for a comprehensive Reform of the Global Financial Architecture. A reformed international financial system should provide liquidity, improve multilateral lending mechanisms, guarantee debt sustainability, and financing for climate change. We must work towards a United Nations Framework Convention on International Tax Cooperation to protect the taxing rights of developing countries.