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Organization of African Unity

STATEMENT BY H.E. DR. SALIM AHMED SALIM,
SECRETARY GENERAL OF THE OAU AT THE SIXTH
SESSION OF THE CONFERENCE OF AFRICAN
MINISTERS OF FINANCE

Addis Ababa, Ethiopia

March 31, 1997

- **Your Excellency Dr. Kassu Illala,
Deputy Prime Minister of the Federal Democratic
Republic of Ethiopia,**
- **Honourable Ministers, Heads of Delegation and
Governors of the Central Bank,**
- **Mr. K.Y. Amoako,
UN Under Secretary General and Executive
Secretary of the Economic Commission for Africa,**
- **Mr. Ferhat Lounes,
Vice President of ADB,**
- **Distinguished Delegates,**
- **Ladies and Gentlemen,**

I would like to join the Deputy Prime Minister of the Federal Democratic Republic of Ethiopia and the Executive Secretary of the United Nations, Economic Commission for Africa in extending to you all my warmest and cordial welcome to Addis-Ababa. I am grateful for the opportunity your conference offers me to share with you my thoughts and ideas on some of the issues that are currently occupying the attention of our Continent as it grapples with the socio-economic and political issues that beset it.

In this regard, let me state the obvious in underlining the crucial importance of the financial sector in our development efforts and thus the significance of this meeting. Clearly, money and finance are at the centre of economic development. This is true for the industrialized countries and it is all the more valid in the case of the developing countries, particularly Africa.

The sound management of money and finance is key to the success of any economic endeavour. Unfortunately, for reasons both internal and external, most of our countries have not been able to ensure a sound management of this important sector. As we are engaged in reforming our economies to meet the challenges of globalization and competitiveness, it is imperative to reform our financial systems taking into account the new realities of international economic relations. We need to take courageous steps to introduce all the necessary reforms in the financial sector so that it can play its role as a solid foundation to sustain our development efforts. In this regard, our Governments and our financial institutions including the central and other Banks must play catalytic role in promoting capital markets in our various countries.

It was in full recognition of this imperative that we, in the OAU, have decided to convene a forum on the promotion of financial market integration and development which the Government of Mauritius has

kindly offered to host in the course of next July. The forum is expected to provide an opportunity for financial market regulators and operators to exchange experience with a view to identifying specific action to enhance the efficiency of the sector, as well as for exposure to the recent developments in technology and financial instruments. I am confident that the envisaged forum will benefit from the deliberation of this meeting on this important issue.

Apart from the issues related to reforming the financial sector and promoting capital markets, the other important issue which your meeting is expected to address is the excruciating debt burden of our Member States. As you are aware, this issue has been on the agenda of the OAU, the ECA and the ADB for more than a decade now, without registering any significant progress in the implementation of the African Common Position.

Indeed, since 1988 when our Heads of State and Government held an Extra-ordinary Session devoted to the Debt Crisis of the Continent, Africa's debt burden has continued to increase. The stock of Africa's debt is today estimated at more than US\$340 billion, while the debt servicing payments amount to US\$24 billion. The debt burden continues to seriously undermine the development efforts by our countries and to impose drastic constraints in providing the basic socio-economic needs of our peoples. I believe it is urgent that we should revisit the African Common Position on

Africa's debt and more importantly to reactivate the African Contact Group on debt with a view to intensifying our efforts aimed at addressing this problem. In this respect, I wish to recall that the OAU Summit in Yaounde decided that the work of the Contact Group should henceforth benefit from the deliberations of experts, from the Ministries of Finance, Central Banks as well as of the Ministers of Finance and Governors of Central Banks of the Member States of the OAU Contact Group. This meeting of African Ministers of Finance thus offers a unique opportunity to exchange views on how best to organize and strengthen the work of the Contact Group.

**Honourable Ministers,
Ladies and Gentlemen,**

I have referred to the need to adjust our economies to the new realities of international economic relations characterized by globalization, competitiveness and inter-dependence. In my view, we should aim at seeking a position and a role to play for our Continent in effectively participating in the world economy. In the process, we should endeavour to avoid excessive external dependency and work towards building capacity for collective self-reliance. We should do every thing possible to ensure that the much needed international support will not perpetuate dependency but rather promote the capacity of our countries to participate as full partners in international economic relations. In particular, we should design strategies

aimed at enhancing domestic resource mobilization in support of our development efforts. In doing so, we should also promote private domestic savings as well as ensure that the private sector makes its vital contribution in development efforts by our countries.

In this respect, it is a matter of concern that, despite the efforts deployed by our countries to carry out costly economic reforms and adjustment measures, the expected flows of trade and investment to our Continent have failed to fully materialize. Many of our countries have completely overhauled their international investment codes and/or adopted new codes with a range of incentives designed to attract foreign investment. There is therefore the need to exercise vigilance in our approach to the Multilateral Investment Agreement in order to ensure that our countries are not put in a position of disadvantage. This issue requires that regular consultations be held, at continental level, with a view to evolving clear and consistent national positions.

**Honourable Ministers,
Ladies and Gentlemen,**

As you are aware, the Abuja Treaty establishing the African Economic Community has been in force since May 1994. In fact, the first session of the Economic and Social Commission (ECOSOC) of the African

Economic Community held last November in Abidjan. Cote d'Ivoire adopted an indicative work programme which is designed to lay the foundation for continental integration.

The ECOSOC work programme has indentified the priority activities to be undertaken, particularly in the areas of policy and institutional harmonization. In this respect, the co-ordination and convergence of the macro-economic policies of our countries is very important. I believe it is equally important that our Member States should work closely within the framework of the African Economic Community towards harmonizing their macro-economic policies including those related to finance. I therefore look forward to concrete recommendations by your meeting on how the financial sector could contribute towards continental economic co-operation and integration.

It is clear that in parallel to efforts to promoting peace, security and stability in the Continent through addressing with renewed determination the scourge of conflicts and the immense suffering they inflict on our peoples, all our efforts should converge towards socio-economic development through the economic co-operation and integration of our Continent.

It is only through achieving economic integration that we could further promote solidarity and understanding between and among our peoples. The economic integration which we seek to promote within the framework of the African Economic Community provides also an opportunity for collectively addressing the challenge of poverty alleviation in our Continent.

In this continental endeavour, the Ministers of Finance have a special responsibility in ensuring that the financial sector makes its important contribution.

I wish your conference fruitful deliberations.