

African finance ministers' press conference

Leaders fear Africa's problems will be forgotten



Gerald M. Ssendaula, Minister of Finance, Uganda.

Amid blaring headlines on Iraq, war, and reconstruction, several African finance ministers and a central bank governor held a press briefing on April 11 in Washington to remind the world that their continent's needs required urgent and continued attention. Charles Konan Banny (Governor of the Central Bank of West African States), Benjamin Radavidson (Madagascar), Timothy T. Thahane (Lesotho), Joseph B. Dauda (Sierra Leone), and Gerald M. Ssendaula

(Uganda) reported on progress with the New Partnership for Africa's Development (NEPAD), highlighted pressing issues, among them market access, meeting the UN's Millennium Development Goals, and debt relief. They appealed to donors to attend to Afghani and Iraqi needs but not withdraw support for Africa's determined effort to reduce poverty.

"We are struggling, struggling for life," said Banny, as he and four African finance ministers called attention to key issues affecting their region, including the HIV/AIDS pandemic, famine in southern Africa, market access for agricultural goods, and debt relief. At the moment, however, the main issue on their minds was on whether resources originally committed

to Africa would be diverted because of the conflict in Iraq. "My appeal to the main donors," Ssendaula said, "is that, while they should attend to the reconstruction of Afghanistan and Iraq, Africa is also in dire need of resources to get rid of poverty."

At the same time, participants acknowledged that some of the problems facing African countries were caused by their own internal conflicts. "The conflicts in Liberia and Côte d'Ivoire have had very adverse

effects on our own development plans," said Dauda. African countries need to do their part to resolve these internal problems, but the participants also stressed that development is a long-term process and sustained efforts will require the support of the international community.



Benjamin Radavidson, Finance Minister, Madagascar.

Market access and infrastructure

Another concern was the slow progress being made in gaining access to industrial country markets for Africa's agricultural exports. "We are all working around the clock to ensure that we can really put commodities on the U.S. market," Ssendaula said, but that task remains a difficult one when, for example, countries like the United States subsidize their cotton farmers. Thahane pointed out that Africa's private sector could play a larger role in the development process, but it cannot do so without the infrastructure. Without roads on which to transport goods, and without power and telecommunications, the private sector's contribution is stifled and the potential for greater regional and intra-Africa trade is constrained. "The partners of our continent must help us support our efforts in building infrastructure so that there can be more integration among African economies," said Radavidson.

Recent World Trade Organization (WTO) discussions had made no progress in the areas of agricultural subsidies and trade barriers. Thahane hoped the forthcoming meeting in Cancun would yield better results. "There is no way we can achieve the [UN] Millennium Development Goals if we do not have sustainable access to markets," he said.

NEPAD progress report

There was strong interest on the part of reporters in Africa's assessment of the progress achieved since the June 2002 Group of Eight summit in Kananaskis, Canada. At that meeting, leaders committed themselves to an ambitious Africa Action Plan in support of the

Members' use of IMF credit (million SDRs)

	During March 2003	January–March 2003	January–March 2002
General Resources Account	3,516.73	4,292.66	7,909.22
Stand-By	3,516.73	4,289.73	7,633.98
SRF	1,520.91	1,520.91	0.00
EFF	0.00	0.00	275.24
CFF	0.00	0.00	0.00
EMER	0.00	2.93	0.00
PRGF	116.97	116.97	116.13
Total	3,633.70	4,409.63	8,025.35

SRF = Supplemental Reserve Facility
 EFF = Extended Fund Facility
 CFF = Compensatory Financing Facility
 EMER = Emergency assistance programs for postconflict countries and natural disasters
 PRGF = Poverty Reduction and Growth Facility
 Figures may not add to totals shown owing to rounding.
 Data: IMF Treasurer's Department

New Partnership for Africa's Development (NEPAD). In exchange, African countries pledged to consolidate democracy and sound economic management. What distinguishes this initiative, the participants indicated, is that the African leaders themselves designed and will carry out NEPAD. "We see NEPAD as a tool for better integration of all African countries," said Radavidson.

When asked just what has been achieved since last year's Group of Eight summit, Thahane quipped "maybe the question should be put to the G-8 about what they are doing to undertake Kananaskis." Bilateral consultations between African countries and G-8 individual countries are ongoing, and "we are hopeful that there will be cooperation and that G-8 countries will come to the party and deliver on their promises," he said. For their part, Thahane added, African countries have made real progress. For example, 15 countries have agreed to be peer reviewed by other African countries. "This is a central point under which most of the developed countries are keen to buy into NEPAD," said Ssendaula.

But, Banny added, NEPAD is not just peer review. NEPAD also involves a series of projects and programs to promote Africa's development. A key factor in NEPAD is addressing peacekeeping needs, which, Thahane said, is a precondition for sustainable development. NEPAD also provides the platform for designing and implementing tools for determining countries' own goals, strengthening economic cooperation at the regional and global levels, and alerting the world that Africa is increasingly aware of its problems and getting, as Ssendaula observed, "more mature and serious about solving its problems."

Millennium Development Goals

Africa and its donors can assess progress by asking whether countries are on track to meet the Millennium Development Goals. Is Africa faring well in this regard? Banny responded in the affirmative. One reason for holding this press conference, he said, was to get continuing assistance from the international community to reach these goals. But Thahane was less optimistic. As African countries look more carefully at their budgets, it is clear that the amount of resources available to meet the Millennium Development Goals is not sufficient. And serious issues like the HIV/AIDS pandemic and the famine in southern Africa threaten to reverse the development gains that Africa has made to date. Problems such as HIV/AIDS and famine have to be tackled first before governments can begin addressing longer-term goals.

Debt relief

Turning to debt relief, participants stressed that the IMF has a large role to play in ensuring that countries



Timothy Thahane (left), Lesotho's Finance Minister, with Joseph Dauda, Finance Minister of Sierra Leone.

benefit from debt relief. But progress in this area, they also indicated, has been very slow. Only eight countries (seven of which are in Africa) have so far qualified for complete debt relief, and many are "stuck" and unable to qualify. Ssendaula reminded the press that some African countries spend as much as \$80 out of every \$100 they earn through exports on debt servicing. The debt is a severe problem, he noted, that needs to be addressed urgently.

Finally, Ssendaula appealed to developed countries to provide more assistance to Africa and called on them to participate more actively in the economies of the region. ■



Charles Konan Banny, Governor of the Central Bank of West African States.

The full text of the press conference is available on the IMF's website (www.imf.org).

Selected IMF rates

Week beginning	SDR interest rate	Rate of remuneration	Rate of charge
March 31	1.74	1.74	2.23
April 7	1.72	1.72	2.20
April 14	1.74	1.74	2.23

The SDR interest rate and the rate of remuneration are equal to a weighted average of interest rates on specified short-term domestic obligations in the money markets of the euro, the Japanese yen, the pound sterling, and the U.S. dollar, which constitute the SDR valuation basket. The rate of remuneration is the rate of return on members' remunerated reserve tranche positions. The rate of charge, a proportion of the SDR interest rate, is the cost of using the IMF's financial resources. All three rates are computed each Friday for the following week. The basic rates of remuneration and charge are further adjusted to reflect burden-sharing arrangements. For the latest rates, call (202) 623-7171.

General information on IMF finances, including rates, may be accessed at www.imf.org/external/fin.htm.

Data: IMF Treasurer's Department

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