

Table-ronde ministérielle / Ministerial Round Table

Allocution d'ouverture / Opening Address

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Africa's limited integration into the global markets provided limited protection from the direct financial crisis- not the consequences on its real economy. Nonetheless, the speed at which African economies have been affected has exceeded earlier expectations. While the extent and depth of contagion is uneven across the continent, with mineral exporting countries, large open economies and fragile states being the most affected through one or several transmission channels, the continent as a whole has seen its growth prospects reduced from an average of 6% to less than 3%.

The widening current account and budget deficits pose an immediate threat to macro-economic stability for which years of economic reform has contributed. The ability of African Governments to undertake needed crisis response, let alone sustain basic services and development programs will be seriously tested.

At this stage, it is difficult to predict for how long Africa will bear the brunt of the shock, as in all probabilities, the crisis is at its beginning- and whenever the global economy returns to a growth path, Africa's recovery is likely to be asymmetrical.

The story of Africa's growth trajectory over the last 30 years has been one of episodic growth phases followed by prolonged decline, typically on the back of commodity booms and bursts with internal factors aggravating the trend. This is probably the first time in many years, for a large number, that the crisis is wholly and exclusively exogenous.

Our Africa Economic Outlook projects that in 2009, and for the first time since 1994, per capita income growth will be negative for the continent as a whole, in mineral and oil rich economies, but also in agriculture export-dependent countries.

While it is true that pre-crisis Africa was not on target to achieve the Millennium Development Goals, there were a few, such as universal primary education, where real progress was feasible.

History tells us that in countries like ours, when economic times are bad, social indicators, such as maternal and infant mortality, educational enrollment, completion rates, and women's

employment opportunities decline rapidly, particularly in fragile states where weak institutions and limited fiscal space often make it impossible to offer safety nets.

A quick recovery from the crisis will depend on many factors: the extent of damage to macro-economic stability, the investment climate and progress on infrastructure. In particular, maintaining the pace of infrastructure development at this time in the face of lower private investment and tight government revenue will be critical for a speedy recovery.

It will therefore be critical for all countries on the continent, to make even faster progress at improving the investment climate by lowering the cost of doing business, to position themselves much better and participate fully in an eventual recovery of global demand and investment.

The commitment of the G20 Summit to increase support for the low income countries, particularly in Africa, in response to the current crisis, is a necessary but not sufficient condition for recovery. It must be accompanied by a determination not to reverse the gains of economic reforms which have contributed so much to the resilience of Africa's economies to the crisis.

We, at the African Development Bank, have responded expeditiously to the economic crisis. We have used our convening capacity to provide a platform for debate, sharing experience, and advocacy for Africa's voice among Africa's economic leaders. In full realization that close collaboration among international finance institutions will be critical, at this time, the African Development Bank has intensified its collaboration with other development partners in a search for targeted crisis intervention strategies in which we can pool our resources, expertise and comparative advantage on the African economic space.

The most critical issue for us at this stage is how we strike the balance between short-term crisis response, while remaining focused on the long-term issues, key for Africa's growth trajectory, such as the development of infrastructure, economic integration and skilled labour force, all the core areas in the African Development Bank's Medium Term Strategy.

There is no doubt that the impact of the financial crisis on Africa constitutes a major setback. Our firm belief remains that the long-term economic prospects for Africa are strong, provided we respond to the impact of the current crisis on Africa in a co-

ordinated way, while remaining focused on the long-term needs for a continent which aspires to earn its livelihood through trade and investment.