

## STATEMENT BY THE MINISTER OF STATE FOR SENEGAL

Your Excellencies the Heads of State,  
Mr. Prime Minister,  
Mr. President of ADB,  
Honourable Deputies,  
Distinguished Representatives of Diplomatic Missions Accredited to Senegal,  
Ladies and Gentlemen

First, I wish to thank President Kaberuka and the entire African Development Bank Group for having selected our country as the venue for their Annual Meetings for the 3<sup>rd</sup> time after 1975 and 1992. We highly appreciate this sign of confidence. This confidence has, moreover, strongly motivated the National Organization Committee and the Scientific Committee I set up, which have worked tirelessly to ensure the success of our deliberations today.

I should also like to thank the Heads of State and Government who accepted the invitation from their peer, Mr. Abdoulaye Wade, to honour the 44<sup>th</sup> Annual Meetings with their presence.

And everyone is aware, Mr. President of the Republic of Senegal, of your interest in economic and financial issues, and more generally, in Africa's development. That is why, by agreeing to host and preside over the Annual Meetings of the Bank Group yourself, you could find no better way to demonstrate your support for Africa's premier financial institution.

Excellencies,  
Ladies and Gentlemen

These Annual Meetings of the African Development Bank (ADB) Group are being held against a backdrop of a serious economic and financial crisis, which is affecting the entire global economy, in particular its most vulnerable segment, the African countries. Indeed, this crisis could drag over 50 million women and children down into extreme poverty.

The theme selected this year by ADB 'Africa and the Financial Crisis: An Agenda for Action' appears highly appropriate under these conditions. In fact, today, no subject could be more unifying for the member countries of our institution. For that reason, its discussion, in our opinion, requires: a critical diagnosis, a risk assessment and the targeting of measures to be implemented in the form of an agenda for action.

Regarding the **diagnosis**, it has been established that the present situation was caused by the bursting of the bubble created by the deep deregulation of the financial markets, partly facilitated by weak or non-existent supervision rules; in these speculative markets, priority was wrongly given to virtual self-regulatory mechanisms, in a context of increasing financial sophistication and a frantic quest for additional profits, which only the presence of investors in the real sector could generate.

Of course, such deregulation could not have prospered without the existence of offshore centres and the development of 'regulatory dumping', remuneration practices for operators leading to increased and reckless risk-taking, and finally, without the unorthodox behaviour, even incompetency of the rating agencies, which were normally required to provide sufficient information on the situation of businesses whose assets had been overvalued.

Regarding **risks**, it should be emphasized that the scale of, and time taken to perceive the direct and indirect impacts of the crisis vary from one African country to another, depending on the level of sophistication of the economics and markets, as well as the closeness of their ties with the Western financial centres. For example, the member states of the West African Economic and Monetary Union (WAEMU), which appeared relatively unscathed until recently, now seem to perceive tangible warning signs of internal imbalances induced by the crisis.

The effects of the contraction in demand in the rich countries could be particularly severely felt at all levels: employment, remittances from our migrant compatriots, foreign direct investment, official development assistance, trade, tourism and public revenue.

Excellencies,  
Ladies and Gentlemen

The impact will be all the more difficult to bear since the current crisis has occurred at a time when the impacts of the recent surge in the prices of energy and food prices has not been fully absorbed by the central government budgets.

Regarding **the measures to be implemented**, it is essential for all the parties involved in one way or another, to assume their responsibilities.

In this respect, the development partners should make every effort to increase financing in favour of Africa. Important decisions already taken to that effect, in particular during the recent Spring meetings of the Bretton Woods institutions are to be commended. We feel, however, these should be consolidated by new initiatives towards a greater expansion of financing instruments; but these instruments must be better adapted to needs, as well as by robust measures to ease the conditionalities of access to resources.

In this area, particular attention should be paid to low income countries, with a significant increase in resources allocated for concessional loans. More generally, it is urgent for commitments regarding official development assistance and the mobilization of resources in favour of the countries of the South, to be honoured and implemented.

These measures should be accompanied by an improvement in the representation of our countries in the multilateral finance institutions. The rapid implementation of the agreements concluded in this area should be effective and strengthened by broader reforms concerning the governance of these institutions,

likely to rebalance the power. Of course, the revision of IMF quotas should also be high on the agenda for meeting African concerns.

Excellencies,  
Ladies and Gentlemen

Africa remains a continent with a high potential, which, if sensibly tapped under the crisis could finally lift a significant proportion of our population out of the precarious situations in which they are living and which are exacerbated by the external shocks.

Indeed, the economic and financial crisis should be a source of commercial and investment opportunities. In this context, the Emergency Plan to achieve Food Security in Burkina Faso and the Great Agricultural Offensive for Food and Abundance (GOANA) in Senegal are, among others, eloquent examples of response, which have adequately demonstrated that the food crisis was not inevitable.

Furthermore, we must seize the opportunity to increase diversification as well as to expand our cooperation towards countries which, until recently were on the sidelines of our traditional partnership. These are in particular, countries grouped together under the acronym 'BRIC', namely Brazil, Russia, India and China, which should henceforth be in a key position to consolidate their economic and political ties with African countries in general.

In this respect, many opportunities can be seized with their support, in particular within growth-bearing clusters or sectors but also in the context of converging initiatives to determine promising niches or for the establishment of developmental infrastructure.

At the continental level, the concept of a new deal in favour of economic and social development represents a major challenge, which could enable Africa to address the crisis.

Excellencies,  
Ladies and Gentlemen

We must continue to deploy relentless efforts to increase: foreign direct investment. To attract investors, it will be necessary to create an enabling environment which should culminate in several actions including: consolidation of macroeconomic stability, the creation of an attractive business environment, establishing good governance as a rule and strengthening regional integration, for example. We should also continue to defend the just positions adopted to-date for a balanced liberalization of trade in conformity with our interests.

In this respect, the expected agenda for action following the deliberations of this 44<sup>th</sup> Annual meeting should include operational, but ambitious recommendations and proposals. For our part, we deemed it opportune to make a small contribution to the deliberations, prepared by a multidisciplinary team composed of senior officials of the Senegalese Administration.

Regarding the **approach**, all these reforms should be incorporated in an appropriate framework. They require responsiveness on our part, given the urgency, united action and unflinching political will. Indeed, even though many of these measures could be steered and implemented by our regional economic and political institutions, it is highly desirable for African countries to reach a consensus on a common action at continental level, which is a prerequisite for any viable initiative.

The implementation of an agenda for action represents a major challenge to be taken up. To this end, we feel that the Continent's supreme political body, namely the African Union (AU) should play a key role in determining orientations and setting specific objectives to be assigned to the different actors on the basis of a pre-determined timeframe. To this end, we feel two framework principles should be proposed: activities must be carried out at the most appropriate level possible, according to the principle of subsidiarity, and it does not, a priori, seem necessary to envisage the establishment of new institutions/structures for their implementation.

Under these conditions, the sense of political unity and the general interest of the African countries send out a strong message to the development partners of the African countries and, to some extent, constitute a response to the markets which must once again find the stability and reason which have eluded them.

Excellencies,  
Ladies and Gentlemen

It is also urgent for the States to assume their responsibilities by ensuring the diligent implementation of all the decisions stemming from this meeting. Throughout the world, the developed countries have already set the tone: The Paulson Plan in the United States, the Economic Action Plan in Canada and the European Union's Recovery Plan to name but the principal ones. These initiatives have made it possible to unite and initiate a process of concerted activities to address the crisis, a process that the African countries should follow.

As far as we are concerned, our countries have a major financial ally and instrument, namely the African Development Bank.

Indeed, since its establishment, the Bank has played a key role in financing the public and private needs of Africa, on suitable terms while displaying financial solidity and soundness which are internationally recognized.

For Senegal, in particular, cooperation with the ADB Group, which began in October 1972, is highly satisfactory. It has made it possible to finance 64 national operations (excluding the private sector) for a total amount of over US\$ 1 billion. The main target sectors, namely the infrastructure (39%), social (21%) and rural (19%) sectors are of strategic importance for our country. Three private sector operations have been financed for an amount of over US\$ 16 million.

To these interventions could be added the support to about twenty multinational operations for a cumulative amount of US\$ 26 million involving institutions, organizations and structures such as the Gambia River Development

Organization (OMVG), the Organization for the Development of the Senegal River (OMVS) and the West African Economic and Monetary Union (WAEMU)

Excellencies

Ladies and Gentlemen

As you have noted, the Bank Group's assistance is fully in keeping with our countries' concerns. Indeed the Bank's operations policy while focused on the Millennium Development Goals, poverty reduction and the promotion of growth, has set itself the major objectives of support to infrastructure, governance, private sector development, and regional integration. It targets, among others, the promotion of the agriculture, social and human development sectors as well as cross-cutting issues, in particular gender parity, environmental viability and climate change.

Excellencies,

Ladies and Gentlemen

These are the areas of intervention which should be at the core of the measures we must implement in order to cushion the impact of the crisis and put Africa on the lasting path of growth and development for the benefit of our populations. The ADB's actions should, therefore, be rigorously supported by all the members and development partners.

Thank you for your kind attention.