STATEMENT BY VICE-PRESIDENT OF THE REPUBLIC OF MALAWI H.E. SAULOS KLAUS CHILIMA, ON BEHALF OF THE AFRICAN GROUP, AT THE 2022 ECOSOC FINANCING FOR DEVELOPMENT FORUM
25 - 28 APRIL 2022

Excellencies, Ladies and Gentlemen,

I have the honour to deliver this statement on behalf of the African Group.

We meet here again at this 2022 FfD Forum, as we continue to face the unprecedented crisis that has upended our societies and economies. With all our countries struggling to overcome the human and economic devastation from the COVID-19 pandemic, developing countries and especially African countries are hit hardest.

The African Group, however, would want to reiterate that Covid-19 did not create the development finance challenge in Africa. It only exacerbated it. Before the pandemic, it was estimated that Africa’s financing gap stands at US$2.5 trillion until 2030. At the same time, Debt vulnerabilities were on the rise and several African countries faced significant fiscal challenges before the pandemic.

Covid-19 has clearly exacerbated the challenges of financing the 2030 sustainable development goals (SDGs), the 2015 Paris Climate Agreement, Africa’s Agenda 2063, and national development goals. The continued vaccine inequity we continue to witness, is unfortunate and needs to be address urgently.

The pandemic has also impacted other sources of development finance inflows. In addition, the impacts of other exogenous events such as global climate change and security expenditures continue to worsen the financing capabilities of most countries on the continent.

Excellencies,

The African Group fully supports the proposal by Secretary-General Guterres, for the rebirth of the Global Economic order, to come up with an entire financing ecosystem that addresses the plight of African economies. This includes rethinking from a moral perspective, to facilitate concessional and grants financing, private
sector financing, provide access to guarantees for micro, small, and medium-sized enterprises, and produce innovative and inclusive models that can make more low-cost financing available for low-income countries.

It is clear that the Covid-19 pandemic has exposed the limitations of the current global cooperation systems in several ways. There has been an unprecedented easing of fiscal policy by the developed countries to rescue their economies as vaccine inequality lingers. This casts doubts on the collective resolve of the global community to work together in times of crisis, even when it is for the common good of all stakeholders.

**Excellencies,**

Global solidarity is urgently required, to partners African governments in their efforts to improve macro-economic governance, mobilisation and management of public finances. This includes curbing illicit finance flows, digitizing tax administration systems, consolidating and deepening domestic capital and financial markets, and promoting and deepening economic diversification.

In this connection, the Group stresses the importance of eliminating safe havens that create incentives for the transfer of stolen assets and illicit financial flows. We call for global coordination mechanism in a transparent way towards strengthening international cooperation and national institutions to combat Illicit Financial Flows and Welcome the report of High-Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (FACTI panel) and its recommendations.

We believe that if implemented, have the potential to significantly reduce existing structures that make it impossible for countries to generate and retain a sizeable chunk of their resources. This could be through establishing a legitimate and transparent global system of laws, norms, standards, and institutions among others that can be reasonable to all and hold those using the secrecy structures accountable for their abuses accordingly.

Global international support is also crucial to ensure African Countries can enhance domestic revenue mobilization, and lowering the cost of remittances. Another critical area that requires collaboration is investments in digitisation and modern technologies that enhance value chain development in key export sectors.
Therefore, the African Group strongly believe on the urgent need to establish a universal, UN intergovernmental tax body and negotiate a UN Tax Convention to comprehensively address tax havens, tax abuse by multinational corporations and other illicit financial flows through a truly universal, intergovernmental process at the UN, with broad rights holders’ participation.

**Excellencies,**

The African Group welcomes the establishment of the African Continental Free Trade Area, and the commencement of trading under the Agreement on 1st January 2021 to strengthen efforts at doubling intra African trade which is instrumental to Africa’s resilience, post COVID-19 recovery and the achievement of the SDGs. It therefore calls on development partners to support efforts by African governments to leverage the African Continental Free Trade Area, to push for market consolidation and deepen capital and financial markets to create economies of scale. In the same vein, the African Group reaffirms the important role played by a universal, rules-based, non-discriminatory and equitable multilateral trade system.

The African Group would like to emphasise that multilateral and development finance institutions should support developing countries in the use of allocated special drawing rights (SDRs).

Global action is also urgently required to support the African countries to mitigate the looming risk of debt distress through debt restructuring and cancellation programmes.

We note that the Debt Service Suspension Initiative, the G-20 Common Framework beyond the DSSI and the IMF’s issuance of SDRs have been helpful in the short term.

However, these instruments do not address the fundamental structural issues in the global development finance architecture that created and sustain Africa’s development finance challenges. What is urgently required are innovative instruments to rapidly scale access to development finance from concessional and non-concessional sources.

**Excellencies,**

The African Group is firmly committed to the Paris Agreement and an ambitious global response to climate change that requires collective action by all countries and
sectors. The Group emphasizes the urgent need to address the issue of access to international climate finance, in particular the US$100 billion per year facilitate. We are deeply concerned that the commitment by developed countries to provide the US$100 billion per year by 2020, could not be met, and we urge the immediate fulfilment, to support adaptation and mitigation efforts in Africa.

Excellencies,

While micro, small and medium enterprises are the economic lifeblood of emerging and frontier economies, they are also more vulnerable to crises than larger enterprises. In African countries, micro, small and medium enterprises (MSMEs) contribute more than one-third of gross domestic product and account for 52% of formal employment.

The Group reiterates that, improved access to finance for MSMEs is critically important to boost growth and the prospects of the 450 million young Africans projected to join the labour market by 2050.

Excellencies,

In conclusion, the African Group would like to underscore that, without adequate financing, it will not be possible to achieve all our development targets, and our collective ambition to leave no one behind. We have the knowledge, the policy tools, and the resources to achieve the SDGs everywhere. Essentially, the world can get the job done if there is the collective will to do so.

I thank you.