



AFRICAN PARLIAMENTARY UNION APU

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RESOLUTION

*“The effects of the global economic and financial crisis on the African economies:
strategies and measures to face them”
(adopted by the 32nd Conference)*

The African Parliamentary Union, meeting at its 32nd Conference on 19 and 20 November 2009 in Ouagadougou, Burkina Faso,

Considering that the global and financial crisis has an impact on African economies particularly expressed in democratic deficit, insecurity and increase of migration from South to North, which necessitates the support of the efforts of African countries to build their capacities in all fields,

Considering that the tightening of credit terms and the resultant global economic downturn have reduced the ability of African countries to meet the challenge to rapidly achieve their goals of economic growth and social progress,

Considering that low-income developing countries have been severely hit by the crisis, for which they are not responsible, and that they are faced with problems that threaten to ruin years of progress achieved in poverty reduction,

Noting that the global financial crisis has resulted in depletion of liquidity in money markets,

Convinced that the global and financial crisis is likely to ruin sustainable development efforts, such as, the achievement of the Millennium Development Goals (MDGs), unless strategies and measures are adopted at the international, regional, sub-regional and national levels,

Considering that the current economic and financial crisis will inevitably result in the reduction bilateral and multilateral donor assistance, which will affect the agricultural sector and aggravate the food crisis; while the agricultural sector has already been affected by a drop in Official Development Assistance (ODA),

Noting that the global crisis affects the real economy of African countries, particularly the countries in difficult situations, which requires strategies to adapt and streamline budget and monetary policies,

Stressing that African countries are integrated in globalization and that the current drop in demand for their raw materials leads to a significant decline in their revenues and hence, their development,

Concerned by the risk of a drop in foreign investments in African countries and financial flows from migrants,

Underlining the fact that the financial crisis that triggered the current economic crisis, and which is on the brink of becoming a social and humanitarian crisis, is worsening the impact of food, energy and fertilizer prices, thereby increasing poverty in some countries,

Convinced that major central bank bail outs are necessary measures, albeit insufficient; and that a balance should be struck between the real economy and financial speculation, namely put the emphasis on wealth creation,

Pointing out that the practice of protectionism by countries in response to the decline of global trade caused by the economic recession is likely to aggravate existing market distortions and delay economic recovery,

Affirming that the effect of global warming and the impact of the global economic and financial crisis on African countries calls for additional resources for current development programmes,

Convinced that globalization dynamics stemming from increased interdependence of the world's economies entail adopting multilateral strategies for balanced growth at the national and international levels to further mankind,

Recognizing that innovative financing for health development are stable and predictable complementary resources for conducting successful medical and pharmaceutical research, as well as ensuring access to more affordable drugs,

Underlining the objectives contained in the Monterrey Consensus on Financing for Development (Mexico, 18-22 March 2002) and the declaration of the Follow-up International Conference on Financing for Development (Doha, Qatar, 29 November - 2 December 2008),

Recalling the Inter-Parliamentary Union resolution on “*The role of parliaments in containing the global financial crisis and its economic impact, both on developing and developed countries*”, adopted at its 119th Assembly (Geneva, 15 October 2008),

Noting the Global Jobs Pact adopted by the International Labour Conference in June 2009 in Geneva, which proposes a number of tested policies for all countries, to face the job crisis,

Noting the G20 decisions made at its last meeting in Pittsburgh from 24 to 25 September 2009, namely:

- Taking new steps to increase access to food, fuel and finance among the world's poorest while clamping down on illicit outflows. Steps to reduce the development gap can be a potent driver of global growth;
- Committing to a shift in International Monetary Fund quota share to dynamic emerging markets and developing countries of at least 5 percent from over-represented countries to under-represented;
- Sensibly increasing the voting power for development and transition countries which are under represented at the World Bank;
- Calling on the World Bank to develop a new trust fund to support the new Food Security Initiative for low-income countries ;
- Fighting protectionism and bringing the Doha Round to a successful conclusion in 2010.

Also noting the results of the General Meetings of the World Bank and International Monetary Fund held in Istanbul from 6 to 7 October 2009,

1. *Calls on* advanced and emerging countries to:
 - a. Adopt strategies and measures for economic recovery, thereby increasing their demand for African export products and capital movements;
 - b. Refrain from protectionism to avoid reducing trade and capital flows;
 - c. Promote bilateral and multilateral concessionary financing rates and grants for African countries;
 - d. Meet their commitments regarding Official Development Assistance (ODA) for vulnerable countries ; multilateral and bilateral institutions are invited to harmonize their operational procedures in order to lower transaction costs and ease the criteria for ODA fund disbursement and availability;

2. *Urges* African governments to take the following measures:
 - a. Adopt relevant policies to cope with the crisis, while as much as possible, maintaining gains made in long-term growth;
 - b. Promote political and economic good governance and effectively fight corruption through the consolidation of democracy ;
 - c. Continue institutional and economic reforms to absorb the impact of the crisis and lay the foundation for sustainable growth in the region;
 - d. Create a business-friendly environment that would better foster direct investment flows, to ensure the achievement national development priorities;
 - e. Strengthen budget policies to mitigate the impact of the recession ;
 - f. Put emphasis on the development of health, education, agriculture, infrastructure, trade and sub-regional and regional integration;
 - g. Strengthen prudential regulations and adopt monetary policies that foster private savings, boost loans and support private investment and local consumption;
 - h. Strengthen the potential of non-bank and informal institutions, including micro-credit institutions, to support the activities of small business;
 - i. Heighten efforts to control and sustain internal and external debts and avoid resurgence of the debt burden;
 - j. Speed up the diversification of their economy to avoid overdependence on commodities that they produce
 - k. Promote the development of the private sector and public-private partnership, in the area of infrastructures;
 - l. Develop and boost small and medium enterprises (SME) – a job-creation sector;
 - m. Expand the food industry and high value-added processing industries;
 - n. Accelerate the process of sub-regional and regional integration by speeding up the implementation of the agenda of NEPAD on intra-African trade and infrastructures;
 - o. Adopt markets regulation mechanisms that are likely to foster growth and integration in the regional and global economy;

3. *Also requests* the governments of African countries:
 - To adopt budget policies for low-income earners;
 - To make the necessary efforts, if they have financial constraints, to reduce macroeconomic imbalances;

- To take into consideration the impact of the crisis on the poor and to seek social protection systems;
 - Provide adequate public financing for health, education and the fight against malnutrition;
 - To draw up domestic market-oriented strategies, trade and South-South cooperation in all areas;
4. *Requests* developed and emerging countries, in view of the global crisis, to provide additional funding for existing development programmes, as well as compensatory financing to fight global warming and its impact on African countries;
 5. *Urges* donors to guarantee additional assistance to alleviate the impact of the global crisis on the economies of vulnerable African countries, through existing multilateral channels, with a view to stabilizing the exports receipts of countries which heavily depend on commodity exports;
 6. *Calls on* countries to promote through all means, the development of innovative financing initiatives, in additional ODA funds, which are more reliable;
 7. *Requests* the North and South countries to support the initiatives of innovative financing in health as the International facility for the purchase of drugs (UNITAID), which aim at developing the medical and pharmaceutical research, on the one hand, and to facilitate the access of the populations of developing and low-income countries to against the HIV / AIDS, the malaria and the tuberculosis treatment, on the other hand;
 8. *Calls on* migrant destination countries to reduce the cost of remittances by migrant workers and introduce mechanisms to encourage them to invest these assets in development activities, including housing and micro-credit institutions;
 9. *Requests* the Bretton Woods institutions and regional development banks to improve access to existing financial mechanisms, speed up the process of fund payments, increase their assistance to countries affected by the crisis and expand their technical assistance to countries in difficult situations; to this end, there is need to increase the concessional resources in a context of strong mobilization of funds for low-income countries the situation of which is very difficult;
 10. *Calls on* creditor countries and financial institutions to maintain their efforts aimed at canceling or defer the debt of poor countries;
 11. *Also requests* the IMF to expand its facilities to fund and grant concessional assistance and to show more flexibility in funding infrastructure and other key investment projects ;
 12. *Calls on* donors, with regard to the increase of the risk premiums African countries have to pay in the international capital markets, to expand the resources of international and regional financial institutions, including the African Development Bank (AFDB), in order to improve the African region access to long term funding, and to finance food processing industries and key infrastructures ;

13. *Calls* on the World Trade Organization (WTO) to take the necessary measures so as to boost the Doha Round talks, basing on ambitious and balanced objectives centered on development and supported by the international community, which will contribute to the regional and global growth ;
14. *Appeals for* a larger representation of developing countries which have to make their voice better heard, through the reform of the governing methods of international financial institutions, which has become vital because of the increasing globalization of the transactions and financial markets;
15. *Requests* the international community to implement its commitments stated in the Monterrey Consensus and reaffirmed in Doha in 2008, especially regarding the establishment of a real, fair and equitable global economic system ;
16. *Consequently calls on* African countries, considering the overhaul of the global financial architecture, to exert the necessary pressure on the international community with a view to be represented in the high instances where important decisions are taken on their national economies; in this respect, Africa will have to take part in the Financial Stability Forum and be more represented in the boards of governors of the IMF and the World Bank;
17. *Requests* the United Nations, in conformity with the recommendation of the G20 at its meeting in London (April 2009), to develop an effective follow up mechanism of the impact of the crisis on poor and vulnerable countries, as well as a monitoring and evaluation mechanism for the implementation of the decisions taken by the G20 on the issue;
18. *Exhorts* African national parliaments to play their constitutional role by watching in particular the implementation of their recommendations.