

U.S. DEPARTMENT OF THE TREASURY

Remarks by Deputy Secretary of the Treasury Wally Adeyemo at the Conference of African Ministers of Finance, Planning and Economic Development

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As Prepared for Delivery

Ministers and distinguished panelists, greetings from Washington. While I am unfortunately not able to be with you in person, I deeply appreciate the chance to speak with you and address some of the issues I know you are facing.

The last two years have underscored the importance of the discussions you are gathered to have—how Africa and Africans can take advantage of the opportunities on the continent, and what is needed from the rest of the world to support your efforts.

Let me begin by saying that in these efforts we are your ally, and we hope to be an active partner in achieving these aspirations. We share your goal of a growing, stable Africa that lives up to its global economic potential, creating the jobs that allow Africans to improve the prospects of their families and children.

The effects of the COVID-19 pandemic and the more recent impact of Russia's brutal war in Ukraine have clarified the urgency of this work. COVID hit every country, but in Africa it exposed the economic vulnerabilities and weakness in health systems that deepened the pain it caused. Russia's aggression has highlighted Africa's reliance on global supply chains that risk food insecurity and hunger.

Notwithstanding these crises, Africa has restated its commitment to meet the Sustainable Development Goals and deliver on the promise of economic opportunity. Africa's friends and partners, including the United States, stand ready to work together toward these vital objectives. As Secretary Yellen has emphasized, we must work together as a global community to build resilience in a shock-prone world and overcome barriers to inclusive growth.

That is why the United States has supported a robust set of tools within the international financial institutions, along with expanded PRGT lending at the IMF, an accelerated IDA replenishment, and the SDR allocation. The United States will remain a steadfast partner to

Africa and African institutions like the African Development Bank, supporting Africa as it advances its vision for growth. And we will continue to work together to address priorities like rising debt risks, food insecurity, climate change, and critical infrastructure needs. Of course, these actions must be taken with Africa rather than on its behalf, through institutions and governance that reflect the voice and input of African countries. Let me touch on each of these issues, in turn.

Let's start with debt risks. More than twenty African countries today are at high risk of debt distress or already in debt distress, up from eight in 2015. Rising borrowing costs, especially as rates continue to rise, will stretch African governments' balance sheets and further weigh on those that are heavily indebted. While we worked hard within the G20 to successfully implement the Debt Service Suspension Initiative (DSSI), we are frustrated that implementation of the Common Framework has lagged. Restructurings need to be more timely and predictable, with full participation of all official bilateral creditors.

As you know, the rising share of non-Paris Club bilateral and commercial debt among low- and middle-income borrower countries complicates debt negotiations. As African nations seek to manage their debt risks, they must remain cognizant of who their lenders are, the terms they are demanding, and whose interests those lenders will ultimately prioritize. The United States is committed to working with our international partners to improve the multilateral frameworks for debt restructurings and deliver the necessary relief to African countries.

Next, food insecurity in Africa has long been a deeply concerning issue, with 300 million Africans facing chronic food insecurity even prior to this year. Russia's war of choice in Ukraine has exacerbated these challenges, particularly for the most vulnerable countries and households.

According to the World Bank, for every additional one percentage point increase in food prices, nearly 10 million people are pushed into extreme poverty worldwide—and Africa far from exempt. Secretary Yellen recently called on the international financial institutions to act with urgency to roll out a joint action plan to combat rising food insecurity. This plan will set out what each institution will do to support vulnerable people, promote open trade, mitigate fertilizer shortages, support food production now, invest in climate-resilient agriculture for the future, and coordinate for maximum impact.

Africa must also address the threat posed by climate change. With its reliance on rainfed agriculture and vulnerability to weather events, many African countries face potentially devastating climate risks. The United States is committed to working together with you, our

African counterparts, and international development partners to build climate resilience. This is a joint priority as we move toward the COP27 in Egypt.

As an essential link the metals and minerals supply chains needed for many renewable technologies, Africa must play a critical role in shaping the global response to climate change. Africa is also well positioned to contribute to climate solutions by preserving, with international community support, the Congo Basin, the earth's second green lung.

For our part, the United States has been a staunch supporter of the Climate Funds, MDB efforts on climate, and the IMF's Resilience and Sustainability Trust. We are committed to continuing to support these efforts, bilaterally with African governments and multilaterally through the MDBs.

Beyond climate, quality infrastructure more generally is a necessary underpinning for the growth needed to unleash the potential of Africa's dynamic, young population. The United States is committed to working with like-minded development partners from the international financial institutions, the private sector, and bilateral lenders to support high quality infrastructure. We will work to advance our support through the U.S. Millennium Challenge Corporation, the Development Finance Corporation, and specific initiatives like Power Africa and Prosper Africa. The U.S. also encourages the international financial institutions to focus on improving local resource mobilization and debt transparency, deepening capital markets, and enhancing governance to boost opportunities for private sector infrastructure investment in Africa.

Finally, I can't talk about investment today without touching on the Biden Administration's commitment to combatting corruption. At Treasury, we are working to promote financial transparency at home and abroad, expose corrupt actors, and make it more difficult for them to abuse the American and global financial systems. The United States is also committed to working with our African partners to advance the reforms necessary to curb corruption, improve governance, and enhance business enabling environments in the process, including by offering technical assistance.

Let me conclude today by reiterating that the United States shares the vision of a prosperous, stable and free Africa. We—the Treasury Department and the United States—will continue to walk with Africa in a renewed partnership to address these urgent needs.

Thank you again, and I look forward to hearing the results of your productive and fruitful discussions in Dakar.

