



COMMUNIQUE ISSUED AT THE END OF THE 8TH GHANA INTERNATIONAL TRADE AND FINANCE CONFERENCE - GITFiC ON THE THEME: A CALL FOR A NEW GLOBAL FINANCING PACT: COLLABORATIVE PATHWAYS TO ECONOMIC RESILIENCE AND GLOBAL PROSPERITY, HELD AT THE ACCRA INTERNATIONAL CONFERENCE CENTRE, 6TH SEPTEMBER 2024 (COMMERCIAL CAPITAL OF AFRICA)

1.0 Introduction

The Ghana International Trade and Finance Conference (GITFiC) in furtherance with its vision to promote engagements on trade, trade-finance, finance and logistics issues, held its Pan African 8th Ghana International Trade and Finance Conference (GITFiC), on 6th September 2024 at the Accra International Conference Centre- (**Commercial Capital of Africa**), convened under the theme, **“A Call for a New Global Financing Pact: Collaborative Pathways to Economic Resilience and Global Prosperity.”**

The ceremony had the United Nations Secretary General, **H.E António Guterres** opening the conference with a presentation from the United Nations through his representative **Mrs. Ngone Diop** – Director United Nations Economic Commission for Africa-SRO/WA (UNECA). Giving Special keynote addresses where Ms. **Eyerusalem Fasika** - Country Manager AfDB (representing the President of the bank), **Very Rev. Fr. Clement Akwasi Adjei** – Secretary General Ghana Catholic Bishop Conference (representing the President of the Conference), **Mr. Tsonam Cleanse Akpeloo** – (Greater Accra Chairman Association of Ghana Industries), **Mr. Abdul-Fatawu Hakeem** – (Head Debt Policy Unit – MoF) and **Dr. Alcindo Mota** –Secretary of State of Finance-Cabo Verde.

The conference attracted participants from various sectors, including Chief Executives and representatives from MMDAS, multilateral organizations, the Catholic Church in Ghana, Vatican and the Holy See, financial institutions, the private sector, and academia, all of whom discussed innovative solutions to pressing global financial challenges, particularly for developing and least-developed countries.

The conference was organized in collaboration with key partners including but not limited; the United Nations, African Development Bank (AfDB), Ghana

Catholic Bishops' Conference, and the African Union. It served as a critical platform for rethinking global financial frameworks to promote equitable growth, economic resilience, and sustainable development, with a specific focus on the Global South and Africa's challenges and opportunities.

2.0 Key Objectives:

1. Rethink the global financial architecture to create a fairer, more inclusive system that addresses the needs of developing countries.
2. Highlight Africa's growing debt crisis and advocate for innovative solutions, such as the Global Debt Initiative launched by the GITFiC.
3. Explore collaborative approaches for sustainable economic growth, climate resilience, and poverty eradication in the Global South and Africa and other developing regions.

3.0 Key Issues and Themes Discussed:

1. The Urgent Need for a New Global Financial Architecture

The current **global financial architecture**, established over 75 years ago, has shown increasing inadequacies in addressing the needs of developing nations. The conference highlighted that the system was primarily designed to rebuild post-war economies but is now ill-equipped to address the complexities of the modern financial landscape, especially in Africa and the Global South.

Ms. Eyerusalem Fasika, Country Manager of the AfDB Ghana office, emphasized the pressing need for a reformed global financial architecture that is more inclusive, transparent, and responsive to the needs of African countries. She pointed out that the current system is not delivering adequate resources at affordable rates, leaving Africa underfunded and overburdened with debt. Africa received just 5.1% of the \$650 billion USD in Special Drawing Rights (SDRs) issued by the IMF in 2021, and only 0.5% of the \$17 trillion USD rolled out globally

to combat the COVID-19 pandemic. 34% of Africa's population still lives in extreme poverty, and despite Africa's contribution to only 3% of global emissions, it faces disproportionate climate risks.

Africa, despite facing some of the harshest global challenge including extreme poverty, climate change impacts, and rising debt burdens—receives only a small fraction of global financial assistance. Africa's average debt-to-GDP ratio is high, at 61.2% in 2023, and the continent faces disproportionate risks from climate change, pandemics, and geopolitical instability. Africa's debt stood at \$1.15 trillion USD in 2023, with many countries on the verge of debt distress due to high borrowing costs.

Echoing this, **Mrs. Ngone Diop** from **UNECA** – Chairperson for the 8th Conference on Global Debt called for “*a new global financial pact*” that ensures “*Africa's voices are heard, and its agencies recognized in decision-making processes.*” Mrs. Diop stressed that the current system, built post-World War II, no longer serves Africa's development needs and must be “*restructured to reflect the continent's vulnerabilities and aspirations.*” She emphasized that African economies have long been constrained by **structural debt challenges**. Therefore, the need for a paradigm shift to accommodate the unique challenges faced by developing countries, particularly in Africa.

Very Rev. Fr. Clement Akwasi Adjei, representing the Ghana Catholic Bishops' Conference and the CHURCH, added a moral and ethical perspective, asserting that the reform must focus on equity and justice, ensuring that “prosperity should not be the privilege of a few but the right of all.” He further highlighted the Church's commitment to supporting initiatives that reduce global inequalities.

2. Sovereign Debt Crisis and the Global Debt Initiative

The Global Debt Crisis was a central theme of the conference. The conference highlighted that 34% of Africa's population still lives in extreme poverty, and debt vulnerabilities continue to plague many countries. The Global Debt Initiative, spearheaded by the GITFiC and supported by the UN, AfDB, AU, and other stakeholders, was launched to address the persistent debt burden on developing nations.

The initiative advocates for a comprehensive debt relief program that mirrors the successes of the **Heavily Indebted Poor Countries (HIPC)** Initiative and the **Debt Service Suspension Initiative (DSSI)**. GITFiC's position paper outlined the importance of debt cancellation for countries at high risk of debt distress, especially in Africa, where as of 2024, 20 countries in Africa are already in debt distress or high risk, including Ghana, Zambia, and Sudan . This initiative seeks to reimagine how sovereign debt is managed globally, with a focus on long-term financial sustainability and economic resilience for developing countries.

Representing the UN Secretary General, **Mrs. Ngone Diop** stressed that debt restructuring for African countries should extend beyond relief, advocating for a systemic solution that incorporates economic diversification strategies to break cycles of debt distress. She also called for reforming the global financial system, which currently forces developing nations into deeper debt due to external shocks.

The **Clergy** described the debt crisis as a moral issue, urging world leaders to consider the human costs. The CHURCH warned that the social contract in African countries is under threat as governments are forced to redirect resources from essential services like education and healthcare to repay debts.

Dr. Alcindo Mota, Cabo Verde's Secretary of State for Finance, re-echoed this perspective, emphasizing that debt restructuring should be paired with greater transparency in lending and borrowing. He advocated for responsible lending practices and urged international financial institutions to be more accountable, ensuring that debt does not hinder the social and economic progress of nations.

Mr. Abdul-Fatawu Hakeem, Head of the Debt Policy Unit at the Ministry of Finance (Ghana), emphasized the urgency of reforming the global financial system to create equitable pathways for economic resilience and sustainable growth. He highlighted the critical role that international credit rating institutions play in shaping Africa's fiscal and monetary policies, particularly the impact they have on sovereign borrowing costs and access to capital. Ghana, like many other African nations, continues to face significant financial pressures, but remains committed to enhancing its economic resilience through innovative financing strategies and strengthened debt management frameworks.

3. Debt Sustainability and the “Africa Premium”

The conference discussed the so-called “**Africa Premium**”, where African nations pay 500% more in interest costs on international capital markets compared to borrowing from multilateral development banks like the AfDB. This premium is largely driven by perceived risks, despite data showing that Africa has lower default rates on infrastructure projects than other regions. Reducing borrowing costs through debt relief and more favorable lending terms is critical to ensuring debt sustainability for African countries and the Global South at large.

Mrs. Diop criticized the global financial governance systems, arguing that “the current risk perceptions are unjust and perpetuate Africa’s financial exclusion.” She added that Africa’s low default rates, despite high borrowing costs, demonstrate the need for better credit terms and fairer access to global capital

markets, noting that Africa's low default rate of 1.9% as highlighted by a Moody's Analytics study contradicts the high-risk perceptions that drive up borrowing costs. Addressing this disconnect between risk and cost is critical for ensuring that African nations can access capital at rates conducive to growth.

Dr. Mota emphasized the need to tackle the "**paradox of debt financing in Africa**" as a matter of urgency. He proposed that multilateral development banks (MDBs) provide partial credit guarantees to reduce the risk associated with African bonds, thereby lowering interest rates. This approach would enable African countries to secure longer-term and more affordable borrowing options.

4. Climate Financing and Africa's Vulnerabilities

Africa is disproportionately affected by climate change, despite contributing only 3% of historical global emissions. The continent loses between 5-15% of GDP per capita annually due to climate impacts, yet it receives only 4.7% of global climate finance. The conference called for urgent action to address the \$213 billion USD annual climate financing gap in Africa through enhanced SDR reallocation to multilateral development banks like the AfDB.

Mrs. Diop urged for a significant increase in global climate finance directed to Africa, stressing the need to prioritize climate resilience within the New Global Financing Pact. She pointed out that climate change is worsening Africa's debt crises and called for **investments in climate-adaptive infrastructure** across the continent to address these challenges.

5. Reforming the G20 Common Framework

Another key discussion point was the need to reform the G20 Common Framework for debt treatments to make it more inclusive and responsive. African countries require immediate debt service relief, especially as borrowing costs rise

due to tightening global monetary policies. Participants urged the G20 to extend the framework to middle-income countries facing unsustainable debt and to include measures that ensure equitable access to financing during economic crises.

6. The Role of Faith in Economic Reform

Very Rev. Fr. Clement Akwasi Adjei, called for an ethical approach to global economic reform. He underscored that economic resilience must be built on principles of justice, transparency, and inclusivity, aligning with the teachings of the Church. He argued that the New Global Financing Pact must not only focus on numbers and financial systems but also consider the human cost of economic distress, particularly on the poor and marginalized

He further emphasized the need for global collaboration to create financial systems that prioritize sustainable and equitable growth. The Bishops' Conference also advocated for fair trade practices, debt relief, and investments in human capital through education and entrepreneurship

7. Debt Transparency and Governance

Improving debt transparency and governance was identified as a key priority for African nations. The conference noted that gaps in debt recording, monitoring, and reporting hinder efforts to manage and restructure debt effectively. The **AfDB's Debt Action Plan (DAP)** was praised for supporting African nations in enhancing their debt management systems.

Transparency in sovereign debt was viewed as essential for preventing disorderly defaults and ensuring that debt relief measures are sustainable. The conference called on African countries to improve their debt reporting frameworks and adopt more robust governance structures to avoid fiscal crises.

Mr. Hakeem underscored the importance of the conference in fostering collaboration, dialogue, and the exchange of ideas that will help reshape Africa's economic future. He urged all stakeholders to work collectively toward advocating for a new financing pact that ensures fairer financial conditions for developing nations, allowing Africa to unlock its full potential on the global stage. The Ministry of Finance (Ghana) remains dedicated to long-term prosperity for Ghana and is optimistic about the transformative potential of this ongoing dialogue by the GITFiC.

4.0 Key Recommendations:

1. Reform of the Global Financial Architecture

Participants called for an overhaul of the global financial architecture to make it more inclusive, accessible, and effective for developing countries. The reformed system should deliver long-term solutions for debt sustainability and address the structural challenges faced by African economies. A New Global Financial Pact is non-negotiable and urgently needed to ensure fairness and equity in international financing.

2. Increased Role of Multilateral Development Banks

The conference emphasized the need for multilateral development banks (MDBs), such as the AfDB and World Bank, to play a larger role in offering credit guarantees and concessional financing. These institutions should support African countries in accessing capital markets at lower interest rates and longer maturities.

3. Debt Cancellation and Restructuring

The Global Debt Initiative advocates for comprehensive debt cancellation for debtor nations, especially those in Africa and the Global South, as the most effective solution to the current debt crisis. The conference urged domestic and

international creditors to consider long-term debt relief measures that promotes economic stability and sustainable developments.

4. Leveraging SDR Reallocation

The conference recommended the re-channeling of SDRs to the AfDB and other MDBs to leverage financing for African countries. A \$5 billion USD allocation could generate up to \$20 billion USD of new financing, which would be critical in addressing Africa's financing needs.

5. Addressing Climate Financing Gaps

Given the disproportionate impact of climate change on Africa, the conference called for increased climate financing to support resilience and adaptation efforts. The continent must receive its fair share of global climate finance to mitigate the impacts of climate change.

6. Private Sector Engagement and Public-Private Partnerships

The private sector's role in financing development was highlighted as essential. The conference encouraged greater public-private partnerships (PPPs) to mobilize capital for key sectors such as infrastructure, health, technology, and education. A conducive environment for private investment must be created to drive sustainable development.

5.0 Conclusion:

The 8th Ghana International Trade and Finance Conference concluded with a unified call for the reform of the global financial architecture. African countries and the Global South must assert their position in shaping a system that works for all, ensuring that the continent is not left behind in global development. The Global Debt Initiative was recognized as a vital step toward addressing the debt

burdens faced by developing nations and fostering long-term economic resilience and growth.

Participants acknowledged that the path to sustainable development requires collaborative efforts at all levels local, national, and international. The conference ended with a commitment to continuing the conversation on debt relief, climate finance, and sustainable economic growth in future forums. A soon to be constituted delegation made-up of senior officers from the GITFiC, UN, AU and AfDB will commence meetings with debtor nations in Africa and the Global South to ascertain firsthand, details on their various debt ingredients, analyze same, have them commit to debt management and sustainability and present same to both their domestic and international creditors on the grounds of shared economic growth, compassion, humanitarian effects and global prosperity for cancellation. Debtor nations will be made to sign strong commitment agreements. The comprised team will explore other financing tools and remedies to help salvage the distress situation in Africa and the Global South. It is clear that collective action is needed to achieve global prosperity, leaving no nation behind.

For further clarity, involvement, participation, support and engagements for our Global Call to Action, kindly contact;

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