

Sarah Alade: Promoting inclusive growth and transformative development in Africa

Welcome address by Dr Sarah Alade, Acting Governor of the Central Bank of Nigeria, at the Caucus Meeting of African Central Bank Governors on “Industrialization For Inclusiveness and Transformative Development in Africa”, as part of the 7th Joint Annual Meeting of The AU Conference of Ministers of Economy and Finance and ECA Conference of African Ministers of Finance, Planning and Economic Development Sideline, Abuja, 27 March 2014.

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Her Excellency, the Chairperson of African Union Commission,

His Excellency, the Executive Secretary of UNECA,

Honourable Governors,

Distinguished Delegates,

Ladies and Gentlemen

1. It is my pleasure to welcome you all to the first caucus meeting of African Central Bank Governors, holding on the sideline of the 7th Joint Annual Meeting of the UNECA AU African Ministers of Economic, Finance, Planning and Economic Development. I hope you had a pleasant trip to Abuja, Nigeria.

2. Distinguished Colleagues, you will recall that this caucus meeting came into being by our collective desire to be part of the solution to Africa’s growth and development agenda. As African Central Bank Governors’ we made it known that we wanted to play both active and supportive role where necessary in setting the African agenda during annual economic planning and development conference in Africa. This initiative, therefore, places higher responsibility on us to contribute in steering policy dialogue and implementing the agreed recommendations that would emerge from such deliberations. It places ownership and makes coordination and implementation easier as all stakeholders are in agreement.

3. I am delighted that this meeting would provide a platform for African Central Bank Governors to provide input in the design and implementation of effective strategies to promote industrialization for inclusive growth and transformative development in Africa.

4. Accordingly, the meeting has pooled together, a team of highly resourceful and knowledgeable professionals from Central Banks, UNECA, AUC, World Bank, IMF, and other development institutions to address the theme of the conference.

5. Honourable Governors, Distinguished Delegates, Ladies and Gentlemen, it is important to state that African Central Banks are inundated with several global challenges such as; the aftermaths of 2007/2009 global financial crisis; incessant natural disasters like flooding with the resultant effect of rising food prices; exchange rate volatility due to dependence on primary commodity exports for revenue; capital reversal inflow as a result of tapering in the US, among others.

6. Despite these daunting challenges, most African Central Banks recorded relative success in keeping inflation within a tolerable threshold, which could be attributed to effective and proactive monetary policy stance.

7. However, there is still room for improvement, especially, in the achievement of the primary convergence criteria for sub-regional integration. In this regard, all member countries are advised to strive to meet their respective sub-regional convergence criteria, which is a precursor to African Monetary Cooperation and adoption of Single Currency.

8. The theme of this meeting is in tandem with the conference theme, and the agenda for deliberation is structured to elicit discussions that are invaluable in shaping policies in the

region. The agenda that will form the basis of today's deliberation include "The Appropriateness of the mandates of the Central Banks for Africa's Industrialization", "The Need for Payment System Inclusiveness for Financial Stability and Transformative Development in Africa", "Central Banks' Strategies for Promoting Investor Confidence and Industrial Development in Africa", and "The Role of Central Banks in Financing Infrastructure for Industrial Development".

9. First, we will deliberate on the appropriateness of the mandates of the central banks for Africa's industrialization agenda. One major issue in Africa is whether the attention of central banks should focus on price stability and financial stability only or should Central Banks in the region be concerned about developmental goals. Although the focus on price and financial stability has served us well in containing inflation and deepening the financial sector, it has not been able to bring down unemployment or achieve inclusive growth on the continent. This has led to many social problems and general restiveness. As Central Banks, we must find a way to work together to solve this problem, suggesting developmental role must be part of the agenda of Central Banks on the African continents. Programs such as improving access to finance, promoting financial inclusion and have targeted interventions in the economy must be considered.

10. Second, we need to address the need for payments systems inclusiveness for financial stability and transformative development in Africa. Realistic economic transformation and industrial development would entail greater participation of the private sector in the process of development, through improvements in the payments system and improved access to credit. Recent technological innovations in mobile banking have provided opportunities for financial inclusion, with clear implications for financial stability.

11. The third focuses on Central Banks' strategies for promoting investor confidence and industrial development in Africa. The most effective channel for industrial development is greater private sector participation. In view of this, it has become vital for African countries to promote investors' confidence in their respective economies. This requires promoting transparent and favourable macroeconomic environment which is crucial for private sector participation. Steps would have to be taken by African central banks to reposition themselves as reputable and transparent institutions.

12. Ladies and Gentlemen, the final session dealt with establishing the role of central banks in financing infrastructure for industrial development. African countries are plagued by gross infrastructure deficit, and most interventions are largely dependent on annual government budget which can hardly bridge the infrastructure deficit gap. It has been said that infrastructure is a precursor for industrial development. African central banks need to develop strategic agenda for complementing fiscal policy, to bridge the wide infrastructure financing gap in the continent. This is an area that we can contribute in by finding creative financing model to help bridge this gap.

13. Ladies and gentlemen, I am aware that experienced resource persons have been assembled to lead discussions on these complex issues enumerated above. On this note, I implore all participants to take full advantage of this meeting by contributing effectively to the discussions. It is my hope that your deliberations would reveal series of policy options to effectively and efficiently promote industrialization for inclusive and transformative development in Africa.

14. Distinguished Colleagues, Ladies and Gentlemen, I wish you all a successful and fruitful deliberation.

15. Thank you for listening.