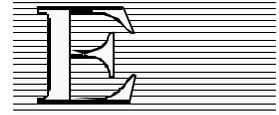




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ECONOMIC COMMISSION FOR AFRICA

Twenty-fifth meeting of the Committee of Experts
of the Conference of African Ministers of Finance,
Planning and Economic Development

Ouagadougou
10 - 13 May 2006

ECONOMIC COMMISSION FOR AFRICA

Thirty-ninth session of the Commission/Conference
of African Ministers of Finance, Planning and
Economic Development

Ouagadougou
14 - 15 May 2006

OUTCOME STATEMENT

**AFRICAN PLENARY ON NATIONAL POVERTY REDUCTION STRATEGIES
AND THE IMPLEMENTATION OF THE MILLENNIUM DEVELOPMENT GOALS
(MDGS)**

**Cairo, Egypt
26-28 March 2006**

1. The Economic Commission for Africa and the African Union Commission in collaboration with the United Nations Development Programme (UNDP) jointly convened, in Cairo, Egypt from March 26 – 28, 2006, an “African Plenary on National Poverty Reduction Strategies and the Implementation of the Millennium Development Goals (MDGs)” to review the implementation of First Generation Poverty Reduction Strategies (FGPRSs), assess progress towards the targets of the Millennium Development Goals (MDGs) by African countries, and to make recommendations to guide the formulation and implementation of the next cycle of Poverty Reduction Strategies, hereafter called Second Generation PRSs (SGPRSs).
2. The Plenary observed that since the meeting was convened at a time when several African countries are completing their FGPRSs and are in the process of formulating and, in some cases, implementing SGPRSs, there is the need to take stock of progress made so far with respect to FGPRSs in order to ensure that SGPRSs: are informed by the lessons and experiences of FGPRSs; sufficiently growth-oriented; reflect a good balance between social and productive sector investments and; are firmly based on the MDGs.
3. Pursuant to this, the Plenary reminded Member States of their commitment, at the 2005 UN World Summit, to adopt by 2006 and implement comprehensive national development strategies to achieve the internationally agreed development goals and objectives including the MDGs. In this context, the Plenary declared that PRSs should be one of the primary instruments for achieving the MDGs.
4. The Plenary noted with appreciation the work between the African Union Commission and its NEPAD Secretariat in collaboration with ECA, the African Development Bank and UNDP in preparing the “African Position on the Review of the MDGs”.
5. The Plenary further acknowledged with satisfaction, improvement in macro-stability and economic growth in several African countries but expressed grave concern that challenges in implementation have contributed to the slow progress of the majority of African countries, in achieving the MDGs. In this context, it noted the rising incidence of poverty; persistent spatial and gender inequality; rising income inequality; volatile and inadequate growth; and, even in fast growing African countries, the concentration of such growth in the extractive sectors. In this regard, the Plenary urged the mainstreaming of extractive wealth strategies in the PRS and advocated that Member States learn from the experiences of those African countries that have made good progress on achieving the MDGs.
6. The Plenary emphasized that Africa’s efforts to achieve the MDGs would be hampered unless: Member States experienced increased per capita income growth through a combination of growth-inducing and population management measures; improved ownership, leadership and accountability in the formulation and execution of their national development strategies; developed integrated capacity building strategies for the implementation of PRSs; while working with development partners to design an aid architecture that reduces transaction costs, favours budget support as the preferred aid modality, and supports the implementation of national policy priorities.

7. The Plenary underscored the importance of debt cancellation for progress towards the MDGs as it would free up resources to invest in both the economic and social sectors. It therefore commended the efforts of African Heads of State and Government in campaigning for debt cancellation and welcomed the decision of the G8, at the Gleneagles Summit of July 2005, to cancel the debts of fourteen (14) African countries.

8. Pursuant to this, the Plenary called on the international community to urgently deliver on this commitment to assist these countries in their efforts to achieve the MDGs and urged the African Union not to relent in the campaign for debt cancellation for the remaining African countries. The Plenary, however, cautioned that debt cancellation is not enough for achieving the MDGs. Success also depends on Africa and her development partners addressing key priority areas such as: Peace and Security; Good Governance; Investments particularly in Energy, Agricultural Modernization, Urban as well as Rural Development and Infrastructure; Regional Trade; Domestic Resource Mobilization; Gender Equality; HIV/AIDS and other infectious diseases; and Capacity Development. The Plenary however emphasized that, to be sustainable, development policy measures must be anchored in principles of environmental sustainability. In this regard, it urged the African Union to implement, as soon as possible, its plan to provide political leadership for monitoring and evaluating the implementation of the MDGs in Africa.

9. Having reviewed and discussed each of the thematic areas of the meeting, the Plenary made the following recommendations to guide the formulation of SGPRSs.

A) To facilitate a pattern of growth that is inclusive and consistent with the achievement of the MDGs, the Plenary urged African policymakers to:

10. Improve the pro-poor growth orientation of Second Generation PRSs by:

- Ensuring that they are more comprehensive and take due account of the peculiar circumstances of each country;
- Sustaining macro-economic stability as a basis for long term growth while creating adequate fiscal space, within the macro-economic framework, to finance initiatives that generate broad-based employment and income opportunities particularly for the rural poor;
- Addressing income inequality through: targeted transfers to the poor; increased investments in human capital that benefit the poor; and balanced regional development to reduce rural-urban disparities;
- Designing and implementing monitoring and evaluation systems that assess the growth performance of Member States and continually inform and shape growth policies;
- Recognizing the potential of the informal sector as an important source of private sector development in Africa;
- Addressing existing gender disparities through targeted policy measures;
- Ensuring that PRSs effectively harness the opportunities of regional integration for trade while addressing constraints to the implementation of trade and regional integration policies;

- Reducing barriers to market access and financial services by the private sector, in general, and rural dwellers in particular;
- Identifying sectors, such as agriculture and infrastructure, with promise for growth and facilitating investments in such sectors;
- Securing access by rural dwellers to: productive assets such as land and water; and appropriate technology.

11. Commit to grow the private sector by phasing out regulatory barriers without jeopardizing the rights of workers as specified in the International Labor Organization (ILO) convention on the Fundamental Rights and Principles at Work.

12. Sustain improvements in linkages between the PRS and the national budget, to ensure that development priorities find expression in national budgets and are funded and implemented as programmed;

13. Put in place appropriate policy instruments to enhance the capacity of the economy to absorb expected inflows from the “big push” and limit the potentially destabilizing effects of such inflows.

14. Enjoin developed countries to fully and expeditiously fulfill their commitments on ODA, debt relief, market access and technology transfer in order to assist African countries in achieving the MDGs.

15. Use Science and Technology, particularly Information and Communication Technologies (ICTs), as a tool to promote sectoral growth:

B) In the area of ownership, leadership and accountability, the Plenary recommended that African policymakers resolve to:

16. Improve stakeholder participation in the design, formulation, implementation and monitoring of national development strategies through:

- Building and enhancing technical capacity for policy design, decision-making, implementation and monitoring;
- The generation of more reliable, relevant and timely statistics including gender-sensitive statistics, for decision making and accountability;
- Improving the representativeness of stakeholders and the quality of their participation;
- Improved accountability to parliaments and the citizenry in the spirit of strengthening domestic accountability

17. Improve ownership and accountability by avoiding the creation of parallel and duplicative institutions that could threaten the legitimacy of the fledgling institutions of representative democracy in Africa;

18. Recognize the role of communities in the development process and encourage their mobilization and empowerment toward poverty reduction strategies and sustainable development.

C) To improve country-level capacity to effectively implement PRSs, the Plenary urged policymakers in Africa to:

19. Develop and design education curricula and training programs that are responsive to the skills needs of both the private and public sectors;

20. Ensure a balance between investments in basic education on the one hand, and investments in tertiary education and research and development on the other hand.

21. Evaluate the effectiveness of existing capacity building initiatives in nurturing and retaining capacity while adopting and implementing capacity building strategies that:

- Integrate capacity building initiatives into national and sub-national processes and development programmes;
- Build and sustain capacity for gender-sensitive planning, budgeting and monitoring and evaluation systems,
- Improve and sustain public sector capacity and expedite ongoing public sector reforms;
- Explore options for improving capacity through: strategic partnerships between local and foreign based nationals; and partnerships between the public and private sector including civil society and think tanks;
- Improve capacity retention in Africa by developing appropriate incentive systems for public institutions and by enhancing the overall environment for professionalism

D) With respect to improving the architecture and effectiveness of aid, the Plenary called on:

22. African policymakers to continue to dialogue with development partners to improve aid predictability by moving to longer-term commitments.

23. Donors to coordinate and harmonize their aid delivery processes to minimize transaction costs and to improve alignment of aid, including technical cooperation, with national priorities as articulated in national development programs.

24. African policymakers to strive for long-term economic self sufficiency by utilizing ODA more productively and efficiently and by embarking on robust and sustainable domestic resource mobilization initiatives.

25. African policymakers to insist on sector and budget support as the preferred aid delivery modalities and, in parallel, to improve national systems of governance and accountability in the use of aid resources.

26. The AU Commission, in collaboration with Member States, to institute “mutual accountability” systems to systematically monitor the effectiveness of aid, as well as donors' compliance with their commitments to support African countries, taking into account the role of the Africa Partnership Forum in monitoring mutual accountability at the pan-African level, the work of the OECD/DAC on monitoring aid flows and aid effectiveness, and the positive experience of some countries with independent monitoring of mutual accountability.

27. The AU and the ECA to play a leading role in institutionalizing aid management and monitoring systems at the continental level, in order to ensure effective use of aid and facilitate the sharing of continent-wide aid experiences.

28. African governments to promote greater awareness about initiatives and declarations on aid effectiveness, such as the Paris Declaration, in order to mobilize and inspire parliaments, civil society and other stakeholders to monitor their implementation.

29. Policy makers in Africa to ensure that PRSs are consistent with key AU initiatives such as NEPAD and APRM.

30. Policymakers in Africa to ensure that aid management mechanisms have in-built systems that encourage participation of gender advocates and experts.

E) In order to Sustain the PRS Policy Dialogue:

31. The Plenary applauded the ECA for setting up the PRSP-LG and called for its mandate to be broadened to include learning on the MDG. It further urged ECA to strengthen the LG secretariat and to rename the Learning Group the PRS-MDG Learning Group to better capture its new mandate.

32. The Plenary noted with appreciation the establishment by ECA of the “Enhanced Knowledge Sharing Network to Support the Poverty Reduction Process in Africa” project intended to serve as a mechanism for sustaining information sharing and policy dialogue in-between meetings of the Learning Group. In this context, it urged the Learning Group to establish links with key policy-shaping fora and institutions particularly the AU and its NEPAD program, the APRM, the Africa Partnership Forum, (APF) the Strategic Partnership for Africa (SPA), the spring meetings of the International Finance Institutions and The Big Table. It further urged ECA to develop a mechanism that would ensure that outputs of the PRS-MDG LG inform ECA’s Annual Conference of Ministers of Finance.

In closing:

33. The Plenary thanked the Secretariat for its excellent organization of the meeting as well as the resource persons and members of the steering committee for their tireless efforts in ensuring the timely production and delivery of documents and inputs instrumental for the success of the Plenary.

34. Finally, the Plenary thanked the host country, Egypt, the United Nations Economic Commission for Africa (UNECA), the African Union Commission (AUC), the United Nations

Development Programme (UNDP) and other participating international institutions for organizing and supporting the high level Plenary meeting.