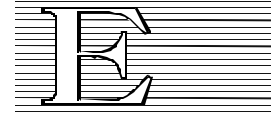




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Thirty-fifth Session of the Commission/Conference of
African Ministers of Finance, Planning and
Economic Development

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MINISTERIAL STATEMENT

1. We, the Ministers of Finance, Planning and Economic Development-after meeting in Johannesburg, South Africa, on 19-20 October 2002, at our Conference under the auspices of the United Nations Economic Commission for Africa (ECA) have reached consensus on many issues of critical importance in accelerating Africa's progress and development and in meeting the challenges of implementing the New Partnership for Africa's Development (NEPAD).
2. We agree on the overall vision for Africa's development as enshrined in NEPAD: to bring the continent into a new age of peace, security, stability, economic growth, and prosperity. Africa has made great strides in recent years, setting the stage for growth through regional integration, by putting in place sound macroeconomic policies, improving trade policies, and attracting more foreign capital. The continent is thus, well poised to fulfill its promise.
3. We believe that NEPAD needs to be better explained and better understood by all development stakeholders. It is not an implementation agency; instead it is a framework for collaboration and coordination under the African Union. It is also a mechanism to create the space to engage stakeholders beyond government in moving forward.
4. We agree that accelerating progress under NEPAD starts with better mobilizing domestic resources, public and private, physical and human. Substantial capacity exists in Africa, but that capacity is not used or it is used inefficiently. That capacity must be tapped and strengthened. Also essential in accelerating Africa's progress is far more cross-border collaboration: to facilitate trade, to embark on joint projects for infrastructure development, and to coordinate our activities with donors and the World Trade Organization (WTO).
5. We also concur that now is the time to move from vision to action. One immediate way to show concrete results is to anchor the foundations of NEPAD in rigorous analysis and to build NEPAD's objectives into national programs. Second is to engage parliaments and private and civil stakeholders in country owned development strategies. Third is to move forward on subregional projects, especially for infrastructure. Fourth is to move quickly on the African Peer Review (APR) mechanism. Moving boldly will naturally require unwavering leadership and considerable political will, engaging all stakeholders, all societies, in the development process.
6. We thus, need to strive for a heightened commitment to implement NEPAD priorities.
7. That will involve pursuing sound economic policies, unleashing the private sector for poverty reduction, enhancing capacity building for deeper integration into the global economy, embracing the African Peer Review mechanism, and transforming our partnerships with donors through mutual accountability.
8. *Improving economic policy-making.* We concur that Poverty Reduction Strategy Papers (PRSPs) or other nationally owned development strategies would be the main instrument for incorporating continent wide priorities into national poverty eradication programs, building the support of international partners, and accelerating progress towards meeting the Millennium Development Goals (MDGs). We note, however, that we need to move beyond the preoccupation with short-term macroeconomic reforms and towards policies for long-term investment and growth. And given the threat posed by HIV/AIDS, malaria, and other infectious diseases to African

development, combating them must be part of the PRSP process. Greater attention must also be given to formulating gender sensitive policies for health, education, and other social services.

9. Recognizing that we work under severe budget constraints, we underscore the importance of budget discipline by setting explicit priorities for expenditures and improving public expenditure management systems in our countries. In this respect, we believe that medium-term expenditure frameworks (MTEFs)-or other nationally owned medium-term expenditure mechanisms are critical for achieving macroeconomic stability and reducing poverty. These frameworks can help improve budget processes and outcomes through greater clarity of policy objectives, more comprehensive coverage, and enhanced transparency in the use of resources.

10. In pursuing sound economic policies, we recommend that African policy makers integrate poverty reduction strategies with the macroeconomic targets in their development plans, strengthen public expenditure management systems to ensure the efficiency of resource allocation, and establish better statistical systems to monitor and evaluate progress. Important in this is ensuring greater policy coherence in countries and greater policy convergence across countries. Furthermore, we urge development partners to support capacity building in the technical areas needed for effective implementation of MTEFs and to hold down the costs and increase the effectiveness of technical assistance by using African professionals in and outside the continent.

11. *Unleashing the private sector.* Domestic and foreign investment is a key ingredient in delivering prosperity through investment and job creation, yet Africa's private sector remains weak. The challenge is to create an enabling environment for the private sector and to stem the flight of capital from Africa. We recognize that good economic and corporate governance, financing facilities, and strategic partnerships are crucial in promoting the private sector in the continent's development.

12. We recommend that African policy makers vigorously pursue reforms of regulatory frameworks and competition policies, including the adoption and implementation of codes of economic and corporate governance. We need to ensure an appropriate mix of public-private partnerships, especially in the social services. Furthermore, we need to address the limited access of small and medium-size enterprises to formal bank credit and the mismatch between the short-term financing available and the longer term requirements of productive investment.

13. We reaffirm our belief that trade will continue to generate essential resources to finance development. We underscore the need to rejuvenate agricultural exports, identifying ways to regain market share. While commending the efforts by the WTO to launch a development round of trade negotiations, more needs to be done for trade liberalization. In this respect, we urge our international partners to remove all further barriers to trade particularly Organization for Economic Cooperation and Development (OECD) agricultural subsidies, tariff peaks, and numerous non-tariff barriers. And more needs to be done to improve African representation in global trade talks. We therefore welcome ECA's plans to open an office in Geneva, to support African delegations to the WTO and to strengthen African negotiating positions.

14. Especially urgent is providing duty-free, quota-free access for products originating from African countries. We also call for simplifying and harmonizing rules of origin to help ensure that African countries benefit from the market opportunities granted, particularly in value-added production.

15. On our part, a first step in integrating into the global economy is to increase market access and trade within Africa. This requires opening our markets to other African countries by reducing tariffs, dismantling cumbersome border procedures, and improving infrastructure. Of special importance in this regard is promoting interregional cooperation and rationalizing and strengthening the regional economic communities.

16. We also need to integrate trade into national development strategies and implement behind-the-border reforms that can ignite the supply response. Another key area of intervention relates to building national capacities for effective participation in multilateral trade negotiations. NEPAD provides a framework to develop common negotiating objectives that would enhance Africa's negotiation power at WTO meetings.

18. We welcome the proposed APR mechanism as an African-owned process, based on peer learning and self monitoring, to assist countries in taking actions to improve their political and economic governance systems and to share best practices. We concur that the basis for the APR mechanism is the assessment of key features of the capable state, looking at the political, economic, and institutional aspects of governance. In this regard, we welcome ECA's work on economic and corporate governance.

19. We urge African countries to participate in the APR mechanism, to guarantee that the peer review process is free from political interference, and to ensure that the APR is consistently conducted in an independent and technically competent manner. We also urge countries to act on the results of the peer reviews, which are envisioned to start in early 2003, with resources to come predominantly from Africa.

20. *Transforming our development partnerships.* A key feature of NEPAD is the principle of transformed partnerships underpinned by African ownership of the continent's development strategies. There should be mutual commitment to shared development goals, as well as mutual accountability in making progress towards achieving those goals. There should also be a move towards greater predictability and increased resource flows, particularly to countries that have demonstrated a commitment to these shared goals and a move away from tied aid.

21. The new relationship with development partners will hinge on mutual accountability. For Africans, the commitment to self monitoring and peer learning will provide the basis for accountability. For partners, the key commitment is to ensure that all policies affecting African development prospects including those for ODA, market access, and debt are consistent with achieving the MDGs. Essentially, this has to do with the *quality* and quantum of support and the coherence of policies for trade and aid.

22. We acknowledge that institutional arrangements for mutual accountability already exist. Related to partners, there are several mechanisms currently being utilized. We welcome these efforts. Through the Strategic Partnership with Africa (SPA), chaired by the World Bank, work is going on to monitor aid practices, harmonize donor procedures, untie aid, sharpen development partners' assistance to the PRSP process through expanded and higher quality concessional support. Work is also under way to reduce transaction costs; strengthen the PRSP ideals of African ownership, comprehensiveness, participation and coordination; and make assistance more predictable and more dependable.

23. Furthermore, at the continent-wide level, there are additional mechanisms in place, such as ECA's Big Table Forum and the African Learning Group on PRSPs. The idea is to review experiences, share best practices, and come up with African positions on the future of PRSPs and with informed African perspectives on key development issues. We also stress the need for promoting synergies between NEPAD and the Brussels Programme of Action for the Least Developed Countries (LDCs), bearing in mind the potential for South-South cooperation.

24. It is also clear that the Highly Indebted Poor Countries (HIPC) Initiative is not working well enough. Only six African countries have reached their completion points, and for some of them the debt remains unsustainable. Several proposals are on the table for moving beyond HIPC to greater debt relief. What is needed is to move faster to increase relief, to align it with the attainment of the MDGs, and to free up more resources for development. We also recognize the need to attend to the debt burden of non-HIPC countries.

25. *Integrating gender perspectives into national policies and programmes.* Recognizing that women constitute the majority of the continent's poor and that gender equality could be a potent force for achieving the goal of reducing poverty of the MDGs and NEPAD of poverty reduction, we urge African Governments to incorporate gender perspectives into their national development plans and programmes including their budgetary processes. In particular, we urge Governments to increase the use of time-use surveys to measure and integrate women's work in the non-market economy into national planning instruments as well as evaluate the impact of macroeconomic policies on women and poverty reduction.

26. In concluding, we thank ECA for bringing us all together to discuss the challenges of implementing NEPAD and accelerating Africa's progress and development. We wish to thank His Excellency, Mr. Trevor A. Manuel, Minister of Finance of the Republic of South Africa, for his excellent leadership and we also thank the Government of South Africa for hosting this important Conference.