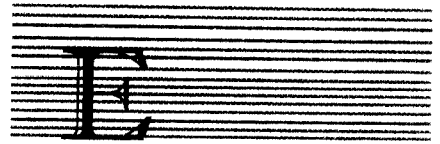




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Thirty-sixth session of the Commission/Conference
of African Ministers of Finance, Planning and
Economic Development

Addis Ababa
1 June 2003

**REPORT OF THE TWENTY-SECOND MEETING OF THE COMMITTEE
OF EXPERTS OF THE CONFERENCE OF AFRICAN MINISTERS
OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT**

Addis Ababa, 29-31 May 2003

A. ATTENDANCE

1 The twenty-second meeting of the Committee of Experts of the Conference of African Ministers of Finance, Planning and Economic Development was held in the United Nations Conference Centre, Addis Ababa, Ethiopia from 29-31 May 2003. Mr. Lesetja Kganyago, Chairman of the Bureau of the Committee of Experts delivered the opening statement. This was followed by a statement by Mr. K.Y. Amoako, Executive Secretary of the Economic Commission for Africa (ECA).

2 The meeting was attended by representatives of the following member States: Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Congo, Cote d'Ivoire, Democratic Republic of Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Kenya, Lesotho, Liberia, Libyan Arab Jamahiriya, Madagascar, Malawi, Mali, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Sudan, Swaziland, Togo, Tunisia, Uganda, United Republic of Tanzania, Zambia, Zimbabwe.

3 Observers from the following member States of the United Nations were present: Austria, Belgium, Bulgaria, Finland, France, Canada, China, Cuba, Czech Republic, Germany, Great Britain, Greece, India, Indonesia, Iran, Ireland, Israel, Italy, Japan, Republic of Korea, Kuwait, the Netherlands, Norway, Romania, Russia, Saudi Arabia, Spain, State of Palestine, Sweden, Turkey, United States of America, Yemen, Yugoslavia.

4 The following United Nations bodies and specialized agencies were represented: Food and Agriculture Organization of the United Nations (FAO), International Labour Organization (ILO), International Fund for Agricultural Development (IFAD), International Monetary Fund (IMF), International Telecommunication Union (ITU), Office of the Special Adviser on Africa (OSAA), Regional Commissions New York Office (RCNYO), United Nations (UN), Joint United Nations Programme on HIV/AIDS (UNAIDS), United Nations Development Programme (UNDP), United Nations Environment Programme (UNPE), United Nations Conference on Trade and Development (UNCTAD), United Nations High Commissioner for Human Rights (UNCHR), United Nations Children's Fund (UNICEF), United Nations Industrial Development Organization (UNIDO), United Nations Population Fund (UNFPA), World Bank (WB), and World Food Programme (WFP).

5 The African Union (AU) and the African Development Bank (ADB) were represented.

6 Observers were present from the following intergovernmental organizations: African Centre for Applied Research and Training in Social Development (ACARTSOD), Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO), Common Market for Eastern and Southern Africa (COMESA), Economic Community for West African States (ECOWAS), Southern African Development Community (SADC), Union du Maghreb arabe (UMA), and Union économique et monétaire ouest africaine (UEMOA).

7 Observers were present from the following international organizations: Organization for Economic Cooperation and Development (OECD); Organisation internationale de la francophonie (OIF), Global Alliance for Women's Health (GAWH), MFA.

B. AGENDA AND ORGANIZATION OF WORK

8 The Conference adopted the following agenda:

- 1 Opening of the Meeting
- 2 Adoption of the agenda and organization of work
- 3 Overview of economic and social conditions in Africa
- 4 Presentations by the secretariat on each of the issues in the theme paper to be followed by general discussions. The presentations and discussions will focus on the following:
 - Towards mutual accountability and greater policy coherence for development effectiveness;
 - The macroeconomic impact of HIV/AIDS in Africa;
 - The future role of the IMF in Africa.
- 5 Statutory Issues:
 - Consideration of the annual report on the work of the Commission for the period since May 2002;
 - Note by the secretariat on the modalities and terms of reference for undertaking an external review of ECA's work since 1996;
 - Other statutory issues.
- 6 Proposed Programme of Work and Priorities for the Biennium 2004-2005
- 7 Any other business
- 8 Consideration and adoption of the Report of the Committee
- 9 Closure of the meeting

Election of the Bureau

9. There was no election for a new Bureau. Instead, the mandate of the Bureau of the Twenty-first meeting of the Committee of Experts of the African Ministers of Finance, Planning and Economic Development was renewed because of the short interval between last year's Conference and this year's. This decision was taken following close consultations with the Deans of the African Ambassadors in Addis Ababa.

Chairman:	South Africa
First Vice-Chairman:	Cameroon
Second Vice-Chairman:	Ghana
Third Vice-Chairman:	Kenya
Rapporteur:	Sudan

C. ACCOUNT OF PROCEEDINGS

Opening Addresses

10. Mr. Lesetja Kganyago, Chairman of the Bureau of the Committee of Experts welcomed participants and recalled the recommendations made by the Committee of Experts at the Johannesburg meeting in October 2002. It had been agreed that immediate action should be taken to build the objectives of the New Partnership for Africa's Development (NEPAD) into nationally-owned development strategies which would engage Parliaments, private and civil society stakeholders in the process, and then to move quickly to show results on the African Peer Review Mechanism (APRM).

11. As testimony to Africa's willingness to accept responsibility for development outcomes, 11 countries acceded to the APRM immediately after the NEPAD Heads of State Implementation Committee adopted it on the 5th of March 2003, making it possible for the reviews to begin this year. He commended the initiative taken by African leaders and the support extended by multilateral development institutions, in particular ECA and the entire United Nations system. He invited Africa's partners to sustain the efforts to build a new Africa and to participate in the exercise of mutual accountability for development outcomes. He said the time had now come for laying the foundation for good governance, best practices learning, and capacity building.

12. In his statement, Mr. K.Y. Amoako, Executive Secretary of ECA, pointed out that this meeting was being convened barely seven months after the last Experts meeting in Johannesburg, South Africa, in order to comply with the decision reached in Johannesburg for ECA to rationalize its meetings with the African Development Bank (AfDB). This meeting was therefore organized in collaboration with AfDB, whose meetings would follow immediately.

13. Turning to actions ECA had taken to support specific recommendations of the last Conference, he announced the establishment of an office in Geneva to support delegations to

the World Trade Organization (WTO) and to strengthen Africa's negotiating positions. The UN system was playing a stronger role in supporting NEPAD. More particularly, UN agencies in Africa, were coordinating their support in accordance with NEPAD's priorities, in collaboration with the NEPAD Secretariat under the five clusters within the Regional Consultation Meetings organized by ECA. He noted that the African Learning Group on Poverty Reduction Strategy Papers (PRSPs) instituted by the ECA Secretariat, had now become an important forum for exchanging experiences among African experts. ECA had so far carried out studies of PRSP experiences in 13 African countries, and another 12 countries would be covered in 2003. Furthermore, the PRSP-Learning Group now provided an entry point for African participation in the Strategic Partnership with Africa (SPA).

14. On the Conference theme, "*Towards Greater Policy Coherence and Mutual Accountability for Development Effectiveness*," the Executive Secretary said ECA had pursued the issue with several of Africa's development partners, in particular, the Organization of Economic Cooperation and Development (OECD). The key points of the issues paper ECA prepared to serve as background for discussions on the theme were: (a) the vital areas of mutual accountability, policy coherence and development effectiveness; (b) how the IMF can work better with Africa; and (c) the macroeconomic impact of HIV/AIDS in Africa.

15. Reviewing the actions to strengthen ECA as an institution, he noted that ECA's reform process continued to pay dividend. The Commission was now turning its attention to improving management of its substantive work and has established an Institutional Strengthening Programme to this end. He also welcomed the initiative of the Committee of Experts to have member States review the work of ECA. He suggested three areas of focus: (a) assessing the impact of the Commission's work; (b) recommending ways to make the intergovernmental machinery more efficient and useful; and (c) advising on how ECA can help to better bridge development issues and policies within the UN between the national, regional and global levels.

Overview of Economic and Social Conditions in Africa (Agenda item 3)

16. The ECA Secretariat presented an overview of economic and social developments in Africa in 2002. The main points were as follows:

17. **Growth slows:** The performance of African economies fell short of expectations in 2002, with growth slowing from an average of 4.3 percent in 2001 to 3.2 percent in 2002. The modest overall performance in 2002 reflects the weaker global economy and a slower-than-expected rebound in world trade, and the drop in FDI flows to Africa during the year. Drought and HIV/AIDS in various parts of southern and eastern Africa, and political and armed conflicts in several countries further weakened regional economic performance.

18. **Worrying ODA flows:** Disaggregating ODA flows to Africa shows that for the "production sectors"—comprising agriculture, manufacturing, trade, banking, and tourism—ODA declined from 17 percent in 1975–80 to 11 percent in 1995–2000. In absolute terms, bilateral ODA flows to African economies have dropped in the last decade, with the exception of flows to education.

19. **Macroeconomic performance has improved:** Therefore, much more needs to be done to improve fiscal management across the continent. Many countries pursued prudent monetary and fiscal policies during 2002 with 11 countries holding inflation under 3 percent. Although overall fiscal discipline improved in 2002, fiscal profligacy remains a problem, with a number of countries having deficits of more than 3 percent of GDP. However, some countries had massive price increases due to conflict and political crises.

20. **Huge challenges remain in addressing the HIV/AIDS epidemic and poverty:** HIV/AIDS has emerged as a major development crisis in the region. By the end of 2002, out of 42 million adults and children living with HIV/AIDS globally, 29.4 million were in Africa. In the same year, of 3.1 million HIV-related deaths globally, Africa suffered 2.4 million. With close to half the population in Africa living below \$1 a day, poverty remains a daunting task, raising questions about the ability of the continent to achieve the MDG goal of halving poverty by 2015. In fact, the absolute number of people living below poverty is projected to rise to between 361 million and 426 million by 2015, compared to 302 million in 1998. However, several countries have made tremendous progress in reducing poverty in recent years.

21. **Medium-term prospects:** The medium-term outlook for Africa is cautiously optimistic with growth projected at 4.2 percent in 2003 on the assumption that weather conditions improve and non-oil commodity prices rise.

22. In the plenary discussions that followed, the participants focused on the following issues

23. With Africa's performance appearing bleak on some fronts—related to growth, trade, FDI, and poverty—several experts questioned whether it is realistic to expect the continent to meet the MDG goals and other ambitious targets set forth. Concerns were raised that, notwithstanding various international and regional initiatives, including NEPAD, poverty is projected to increase by 2015. The experts emphasized their particular concern about the continent's capacity to tackle the HIV/AIDS crisis given that prevalence rates in Africa are still on the rise. They urgently called for international solidarity in addressing the epidemic.

24. Experts noted that although Africa has made progress in recent years in sound macroeconomic policy design and implementation, exogenous factors, such as the multilateral trading environment, commodity price fluctuations, floods and droughts, falling ODA and low FDI flows into Africa, are impeding genuine efforts toward economic growth and poverty reduction. In order to overcome the cycle of low growth and high poverty rates, the experts stressed the importance of promoting private sector development and diversifying African economies, to ensure that exogenous shocks like drought do not blight economic performance. Several participants also underscored the importance of more regional integration. In particular, experts underscored the great potential for increasing inter-African trade, and they recognized the need for developing high-quality infrastructure that would facilitate this.

25. The experts inquired as to whether Africa has been pursuing appropriate policies, given projections for an increase in poverty and reduction in economic growth. Some participants called on the ECA to thoroughly assess current development strategies to determine why results have not been commensurate with effort. The review should determine whether poor outcomes are the result of bad policies, or a lack of implementation or

exogenous shocks. It was also stressed that growth per se will not lead to poverty reduction and that the quality and distribution of this growth is also important. They further emphasized the importance of good governance in lifting growth rates.

26. Experts recognized that disaggregating growth accounting would assist in portraying a more precise economic performance of African countries, particularly with countries dependent on a few sectors such as oil and agriculture. When exogenous shocks impact these key sectors, overall growth numbers suffer, although other sectors may still be growing at higher levels. Experts called for disaggregated analyses of economies to better evaluate performance of sectors other than agriculture and hydrocarbons. The reform of the Poverty Reduction Growth Facility (PRGF) framework should be examined in order to foster higher growth, with a focus on long-term development rather than short-term growth. Participants called on the rapporteur to update and correct the data relating to the economies of the above member countries, bearing in mind the data transmitted by those countries to the different ECA subregional offices.

Presentations by the Secretariat on each of the issues in the theme paper to be followed by general discussions [Agenda Item 4]

- *Towards mutual accountability and greater policy coherence for development effectiveness*

27. Mutual accountability is a key feature of the ongoing dialogue on a new framework for development cooperation. The Secretariat elaborated on its work in monitoring the commitments and performance of Africa and its development partners. The Committee noted that ECA's mandate came from the Heads of State Implementation Committee of NEPAD, which endorsed the framework for mutual reviews based on the technical work jointly undertaken by ECA and the Organization for Economic Co-operation and Development (OECD). This mandate is consistent with, and reinforces the commitment to mutual responsibility and accountability that are codified in the APRM and enshrined in various international initiatives or declarations. The Secretariat emphasized that the process would focus on assessing the performance of African countries and their development partners in working towards achieving the MDGs by focusing on improved governance, policy coherence on both sides, and harmonization and alignment of donor policies and practices, as well as increased aid flows.

28. On the African side, it was emphasized that the APRM, which envisages a number of key performance indicators for measuring progress towards good governance in all its dimensions, could also inform the mutual reviews of development effectiveness. On the side of partners, the main focus of the joint review will be on tracking progress in meeting the commitments on increasing the quantity and quality of development assistance; harmonizing donor practices and policies to reduce transaction costs on the part of recipients; aligning donor policies with nationally-owned development programmes and strategies, such as the PRSPs; ensuring the predictability of donor support as reflected in the proportion of aid channeled through the medium-term expenditure frameworks; and increasing the proportion of aid that is untied. Joint reviews will also be informed by the work of the ECA Learning Group on PRSPs, the Strategic Partnership for Africa (SPA) and from good practices and ongoing innovative approaches to monitor partner commitments and actions at the country level as demonstrated by the experience of Ghana, Mozambique, Rwanda and Tanzania.

29. The Committee was informed that ECA's proposed ongoing work in this area will culminate in a biennial report that will underpin the mutual reviews of development effectiveness, including progress towards policy coherence. The report will highlight country experiences and best practices, and identify practical processes and modalities for advancing mutual accountability at the country level. The representative of the Secretariat also stressed the need to develop indicators for monitoring policy coherence among donors on issues of major concern to Africa. Potential indicators could include changes in agricultural subsidies, trends in fair and effective tariffs, reduction in debt stocks to sustainable levels, and reduction in commodity price risks. The ECA proposed work will be presented at the Conference of Ministers and other appropriate fora to facilitate the forging of a common position.

30. A representative of OECD/DAC's Secretariat informed the Experts of the DAC's commitment to build on the recent Rome High-Level Forum on Harmonization of Donor Practices. He noted that the DAC is in the process of developing indicators for measuring aid effectiveness; enhancing the DAC peer review mechanism; and providing a forum where donors report progress against the commitments made in Rome. To this end, they have established a new Working Party on Aid Effectiveness and Donor practices. The DAC has also committed to help in building the required statistical capacity in African countries. The coverage of Africa-specific policy coherence issues in the mutual reviews should be based on analytical work emerging from the OECD and from research programmes to be fostered among the African policy research community.

The key discussion points were as follows:

31. Delegates raised the issue of the nature of the institutional arrangements for carrying out the related processes of peer review and evaluations of mutual accountability. The Secretariat stressed that the NEPAD Secretariat is the ultimate body to which to report and the AU is the natural place of convergence for discussions. ECA will however detail progress to the Conference first.

32. On the central issue of mutual accountability, delegates were pleased to observe a genuine responsiveness on the part of the OECD. Both the Secretariat and experts stressed that the primary responsibility lies with African states to build transparency and accountability at the national level. Yet to make the process work effectively, political will from both countries and donors will be essential. Mutual cooperation between African countries and partners needs to be results-oriented.

33. The shift towards budget support by donors in various countries was cited as an example of important progress towards strengthening aid effectiveness. Partners should also fight to honor commitments for increases in aid to Africa, despite the possibility of aid diversion. Delegates stressed that donor flows should be aimed at reducing countries' aid dependence in the long run. African governments must urgently focus on building more competitive manufacturing sectors and working towards general diversification of their economies.

34. Participants underscored the importance of effective mutual accountability and aid effectiveness. Solid data at the country level is a prerequisite for evidence-based intensive evaluation. Experts felt that gender implications had not sufficiently been taken into account

in the presentation of indicators in the paper and they recommended remedying this oversight. The Secretariat assured them that gender sensitivity in indicators is imperative and implicit.

Recommendations

35 Experts cautioned that policy coherence is a broad, complicated concept. In order for it to be made manageable, donors should consider scaling down to a few key areas of monitoring to reduce the burden of reporting to different donors currently faced by some African countries. Crucial areas recommended by participants related to action on market access, developed countries' tariffs and agricultural subsidies, as well as policies relating to debt.

36 Experts recommended that development partners build as much as possible on work already started on mutual accountability, for example at the Rome summit. Any institutional arrangements designed to monitor mutual accountability should also be kept as simple as possible. Delegates also recommended the continued support of capacity building in the area of statistics to gather quality data for effective monitoring and evaluation. Additional indicators were also suggested, to include monitoring changes in the proportion of manufactured goods, and changes in exports from developing countries, particularly agricultural products to see whether trade commitments are being fulfilled.

37 Experts argued that strengthening aid effectiveness requires a change of behavior from both African countries and development partners. Donors must work harder to align aid with national development plans and budgets, as well as PRSP priorities. African countries must also be more disciplined and only accept monies that can be channeled directly into their national development framework.

• *Making the International Monetary Fund (IMF) work better for Africa*

38 The ECA Secretariat relayed that the IMF is in the process of evaluating its instruments, policies and procedures towards low-income countries. It is imperative that Africans provide constructive suggestions as to how the IMF can better serve Africa. An African position on the issue is critical because some critics advocate that the IMF withdraw from operations in low-income countries. Four key areas were identified for improvement: streamlining conditionality; reinforcing long-term external debt sustainability; aligning Poverty Reduction Strategy Paper (PRSP) approach and the Poverty Reduction Growth Facility (PRGF); and renewing efforts to mobilize additional resources for development.

39 On streamlining conditionality, the Secretariat observed that structural conditions are on the rise and they still undermine country ownership of budgets and development programmes. Lack of flexibility in the implementation schedule for complex structural reforms still remains a problem. Several proposals to streamline conditionality were presented, including reducing and streamlining structural conditions; introducing floating tranche conditionality; and initiating outcomes based conditionality.

40 With regard to debt, the presentation stated that though the enhanced Highly Indebted Poor Countries (HIPC) programme has provided debt relief to HIPC countries, it has largely failed to ensure long-term debt sustainability. Other weaknesses in the programme include

lack of comparable debt relief from non-Paris Club creditors, and overoptimistic macroeconomic projections underlying debt sustainability analysis.

41. The Secretariat remarked that aligning PRSP and PRGF programmes are crucial for the latter's success. More needs to be done to improve the rigour of IMF analysis on macro variables, and develop multiple macroeconomic scenarios, including an ambitious scenario for achieving MDGs. Finally, the presentation noted that with regard to more resource mobilization in Africa, IMF has a role to play in promoting trade, private sector development, and scaling up ODA. Several proposals were put forward for discussion, including establishing a Trust Fund for MDGs by allocating Special Drawing Rights of the IMF.

Discussion

42. In the discussion, participants re-affirmed the important role that the IMF has in African development, particularly in capacity building and in the implementation of the NEPAD agenda. The IMF explained that it has established two out of the envisaged five capacity building centers, known as AFRITACS in the continent to fill gaps in monetary, fiscal, and other related aspects of macro-economic management. Some participants reiterated that capacity building should be undertaken through existing institutions in the region rather than creating new ones.

43. In response to a suggestion that ECA organize a forum to address issues related to making the IMF more relevant and effective in Africa, the ECA Executive Secretary explained that it is strongly being considered. In such a forum, many concerns related to debt, conditionality, alignment of the PRSP approach and the PRGF, and capacity building could be further explored to come up with concrete recommendations.

44. The experts highlighted that in many African countries domestic debt burden is causing severe problems in terms of fiscal sustainability, high interest rates and crowding-out of private sector investment. The domestic debt overhang further hampers the development of the private sector, as firms do not receive prompt payment for providing goods and services. It was underscored by some participants that if the role of domestic debt is ignored, the magnitude of the fiscal effort that poor countries will have to make in the post-HIPC era will be underestimated. The Committee agreed that domestic and external debt are entirely different in nature and some experts shared successful country experiences on tackling domestic debt by working closely with donors.

45. Several participants noted that many IMF programmes, including debt sustainability analyses, still contain overoptimistic macroeconomic projections. As a result, countries face tremendous difficulties in achieving their goals, with inflation targets and fiscal deficit targets identified as causing difficulties in some countries. Unrealistic assumptions on growth, budget revenues and export earnings have hampered debt relief. Some experts noted that although the IMF has made progress with regard to conditionality, conditions are still far too numerous and intrusive. They emphasized that streamlining conditionality remains a critical but unsolved issue.

Recommendations

46. It was noted that debt relief is still too slow and not adequate. With regard to non-Paris Club creditors, there was concern that as they are not covered by HIPC terms, they

continue to demand repayments, and in some cases, are bringing lawsuits against debtor countries. It was therefore recommended that the substantial portion of any debt relief should be granted as soon as countries qualify for the HIPC programme. In addition, non-Paris Club Creditors should be brought into the HIPC programme.

47. Lower middle income member States which are considered non-HIPC, raised the issue of eligibility to concessional funding due to the classification by international finance institutions yet they are faced with specific socio-economic challenges such as poverty alleviation and HIV/AIDS. The member States call on these institutions to consider waiving the classification where socio-economic challenges are concerned.

48. The experts called for introducing realistic frameworks in the IMF's own analysis, with realistic macro and growth projections supported by additional resources. In this respect, delegates called upon the IMF to improve its analytical framework by incorporating downside risks into macroeconomic scenarios. Experts recommended as well that debt sustainability analysis combine domestic and external debt status with a view to identifying ways to relieve total debt burdens.

49. Participants underlined the critical need for alignment between PRSPs, PRGFs and budget cycles. Moreover, aligning IMF programs with PRSPs means that IMF has to adhere to "home-grown" programmes and reforms. The participants took note of World Bank/IMF work within the framework of Special Partnership with Africa (SPA) to align support with Medium Term Expenditure Frameworks and budget cycles.

- ***The Macroeconomic impact of HIV/AIDS in Africa***

50. The ECA Secretariat made a presentation describing HIV/AIDS as a major development challenge facing Africa. Rates of infection continue to be high across much of the region except in North Africa and AIDS related deaths are rising. So far UNAIDS estimates that 20 million Africans have died from this disease. Women continue to bear most of the burden and the opportunity cost of withdrawing children from school to care for the sick and infirm is increasing at an increasing rate. Poverty continues to be an important driver and derivative of this disease.

51. The impact of the disease is beginning to be felt across many dimensions: on the macro-economy and at the household level. Productive capacity is being reduced in all sectors - both public and private - at the same time as demands are increasing, particularly for public goods such as health and education.

52. Studies on African economies indicate that the pandemic could reduce the growth rate of Gross Domestic Product (GDP) by between 0.4 percent and 1.5 per cent. At the household level, HIV/AIDS results in loss of income, and in impoverishment when the major wage earner either stops work due to illness or dies. Besides, additional expenditure on health care and eventually funeral costs reduces the asset base of households. In many countries, increased morbidity and mortality is reducing agricultural productivity and eroding household food security. The demographic profile of many African countries has significantly changed as under-five mortality is rising due to parent-to-child transmission, life expectancy is falling, the labour force is contracting and the dependency ratio is rising.

53. The loss of civil servants, teachers, and security personnel due to HIV/AIDS is eroding capacity in the public sector and thus increasing the cost to governments of mounting effective responses. Health expenditures are rising as the ability of governments to mobilize resources, including through the collection of taxes is being diminished. Government expenditures are being distorted and scarce resources are diverted from more productive sectors.

Commission on HIV/AIDS and Governance in Africa (CHGA)

54. Since the outbreak of the HIV/AIDS epidemic, Africa has made several attempts to grapple with the disease. The most prominent of these are: ADF2000, which focused on the Leadership challenge; and the Abuja Declaration on HIV/AIDS, TB, and ORID. HIV/AIDS has also remained a headline issue of the UN system, evidenced by the United Nations General Assembly Special Session (UNGASS). It is further to these efforts that the UN Secretary General established the Commission on HIV/AIDS and Governance in Africa (CHGA) under the chairmanship of Executive Secretary of ECA. CHGA will build upon existing research innovations and knowledge but also define a more comprehensive *and comprehensible* agenda that will eventually address effectively the issue of HIV/AIDS in the context of Africa's development. It will provide a better understanding of the complexities of the disease and enable African leaders at all levels to respond strategically to the challenges.

55. CHGA will undertake research in seven main areas: Macroeconomics; Public service; Food security and sustainable livelihoods; Peace and security; the Private/business sector; the Family; and Scaling up of Treatment. Research will be undertaken in tandem with advocacy, cross cutting issues such as gender will be integrated in all the research clusters and tools will be developed to assist countries battle the disease.

56. When fully operational, CHGA will be a mechanism for pooling resources and a framework for organizing UN System agencies working on HIV/AIDS in Africa. It is also expected to play an active role in the World Bank's new grants programme on HIV/AIDS advocacy in Africa while retaining its focus on governance.

Discussion

57. Delegates agreed with the importance the Secretariat attaches to the issue. They congratulated ECA for introducing HIV-AIDS into the agenda of the meeting and welcomed the establishment of CHGA.

58. Delegates noted that much of the assistance provided by donors to deal with the disease have conditionalities attached to them. This reduces access to the assistance as it imposes a considerable burden on the limited capacity of recipient countries. The assistance, though available, ends up not being used.

59. There was also a rich exchange of country experiences on this issue. These include the setting-up of national committees to deal with the disease, integrating HIV/AIDS into PRSPs, appointing focal points in all government ministries, and involving the private sector. Prevention programmes such as the use of antiretrovirals (ARVs) to prevent mother-to-child transmission (PMTCT), have been scaled-up in some countries, and prevention activities

have been decentralised to sub-national jurisdictions. Infection rates, especially among 15-19 year olds, have declined across the board suggesting that prevention messages are well received. Additional resources have also been mobilised and increased attention is being paid to orphans.

60 Further, delegates discussed the need for African countries to mobilise extra domestic resources to tackle the disease. Several representatives noted the disproportionate impact of the disease on women. Women play a special role as producers and care-givers for their families and this work is largely unmeasured and unremunerated. In many cases, women are victims of discrimination, and there are instances where men seeking and receiving treatment refuse to declare the status of their partners, and thus the partners, normally women, cannot access treatment.

Recommendations

61 Delegates recommended international cooperation to make ARV treatment available to more patients at affordable prices. However, it was pointed out that biomedical solutions alone will not suffice, as the treatment regimen requires the recipient to have a comprehensive diet and adequate shelter and care. Treatment should therefore be seen as part of a holistic solution that includes strong measures to prevent new infections. Prevention programmes should also focus on protecting the more than 90 percent of Africans who remain HIV negative.

62 Additional resources need to be mobilized as a matter of urgency to mitigate the impact of HIV/AIDS. In this respect, the commitment of \$10 billion per year to the Global Fund on HIV/AIDS should be honoured. Resources should be used to provide treatment and build health infrastructure. Capacity should also be built within countries to better enhance access to and utilization of available resources. And in view of the fact that women account for about 58 percent of HIV+ in Africa, an equivalent percentage of any additional treatment resources should be allocated to them.

63 Recognizing that a number of the hardest hit countries such as Botswana and Swaziland are unable to access concessional resources because of their classification by the Bretton Woods institutions as middle-income countries, delegates recommended that the Bretton Woods institutions waive the classification of countries with health emergencies.

64 Investment in health infrastructure should be regarded as highly treated as equal in importance to other contributing to human capital development; they should not be seen as just health expenditure. Delegates accepted that private-public partnership is crucial for success and recommended that incentives should also be provided to enhance and encourage expanded private sector participation in the battle against the pandemic.

65 There is a need to enhance political visibility of the HIV/AIDS challenge. Leadership at all levels, from the most senior political leaders, should publicly engage in the fight against the disease. Governments need to emphasize policy formulation at the national level to ensure policy coherence, guide activities and programmes, to enhance access to facilities and drugs for those affected, and to intensify prevention measures. The implementation of these policies, however, should be decentralized to sub-national jurisdictions. Policy of fighting HIV/AIDS should also focus on the civil servants considering the limited skills available in African countries. Countries should develop and assemble empirically sound data for policy-

making and such data should be gender-disaggregated to ensure that policies are gender-sensitive. Top priority should be given to the care of orphans as a social, economic, and moral imperative.

66. Resource mobilisation should be within national budgets, once HIV-AIDS programmes have been built into all sector programmes. Expectations regarding the availability of external/donor support should be carefully managed as such support takes a long time to materialize. Donors should also make firm, long-term commitments to support HIV/AIDS prevention and treatment initiatives. In addition, Ministries of Finance and Economic Planning should allocate resources freed up by HIPC to HIV/AIDS.

67. The Commission on HIV/AIDS and Governance in Africa (CHGA) should broaden its scope to cover other diseases such as TB, malaria and other microbial diseases. Indigenous African expertise and relevant institutions should be used in developing the policy agenda and in undertaking the research. This will enhance indigenous capacities and provide cost effective comprehensive and sustainable solutions. The ECA should also assist countries in negotiating access to affordable ARVs.

Statutory Issues: (Agenda Item 5)

- *Consideration of the annual report on the work of the Commission for the period since May 2002*

68. Under this agenda item, the Committee considered document E/ECA/CM.36/4 entitled *Annual Report 2003*, which provides a review of the major activities undertaken by the Commission including its subsidiary organs and the secretariat during the period from May 2002 to May 2003. The report is divided into four chapters.

69. The Committee noted that the activities described in the report reflected the evolving strategy of the Commission to assist its member States in achieving sustainable development and poverty reduction.

70. The Committee was informed that the Secretary-General's proposals on further reforms on the UN which has been endorsed by the General Assembly had a considerable impact on the work of ECA. This was reflected in the increased focus on the attainment of the MDGs; and strengthening inter-agency collaboration. The proposals also provided impetus to ECA's Institutional Strengthening Programme (ISP) which is aimed at strengthening its capacity to assisting member States in addressing the development challenges that they confront.

71. The Committee noted that the number of technical subsidiary organs has been reduced to six following the merger of the Committee on Natural Resources, Science and Technology with the Committee on Sustainable Development into a one – Committee on Sustainable Development. This merger was endorsed at the last session of the Commission in Johannesburg in October 2002.

72. The Committee was informed that three out of the six sectoral bodies held their biennial meeting during the period under review. (The conclusions and recommendations of

the meetings of the sectoral bodies as well as the intergovernmental committee of experts which were held during the period under review are provided in detail in Chapter 4 of the Annual Report).

- The Committee on Women, Gender and Development held its meeting in Johannesburg in October 2002 and submitted its report to the last Conference of Ministers.
- The Committee on Development Information held its third biennial meeting in Addis Ababa from 13 to 17 May 2003 on the theme, *Harnessing Information for Good Governance in Africa*. It recommended strategies for addressing such issues as information and governance; decentralization; community empowerment and the role of civil society; and facilitating transparent public financial management and accountability.
- The second biennial meeting of the Committee on Human Development and Civil Society was held in Addis Ababa from 26 to 27 May 2003 on the theme, *Participation and Partnership in Africa's Development*. The meeting underscored the importance of participation and partnership as the basis for addressing issues related to ethics and accountability in public service delivery; HIV/AIDS; and the special needs of countries emerging out of conflict. A framework for enhancing participation and partnerships in the development process was recommended to establish modalities for sharing best practices.

73. The Committee was further informed that the Intergovernmental Committee of Experts of all the five subregional offices (SROs) of ECA held their annual meeting during the period under review. The Committee endorsed the strong support expressed at those meetings for the implementation of NEPAD at the subregional and country levels, and the effort of the SROs to promote public awareness about the initiative.

74. The Committee was also briefed on specific initiatives, ongoing major field projects and special events supported by the SROs which were discussed at the ICE meetings. Particular reference was made to the Great Lakes initiative in East Africa; the Mano River peace-building initiative and the implications of the crises in Cote d'Ivoire in West Africa.

75. The Committee noted with appreciation the accomplishments of the SROs, particularly in the harmonization of national policies and promoting subregional cooperation and integration progress. It was further noted that the SROs could play an important role in supporting member States in the implementation of NEPAD given their close proximity to the member States. In this regard it was recommended that the SROs be strengthened further to enable them to achieve their objectives

76. Some concerns were raised regarding the criteria used in the selection of the 30 countries for the field survey on the ECA project on the development of indicators for monitoring good governance in Africa.

77. In response to this concern, the secretariat assured the committee that the field work will eventually cover the entire continent. However as a result of resource constraints, 30 countries could be covered in the initial phase of the project.

78. On the concerns raised for greater attention to be given to gender issues and other sectoral issues, the secretariat also informed the Committee of the extensive ongoing work in these areas, and reiterated its commitment to continue the work in the areas suggested by the Committee. ECA's ongoing work in the development of a gender development index was mentioned in this regard.

79. The Committee noted with appreciation the comprehensiveness of the report, adding that it reflected the significant amount of work that ECA had undertaken in support of its member States. It was observed that the report would be a useful information for African policy-makers and the general public. The Committee, however, emphasized the need for paying attention in the future reports of ECA to activities being undertaken by the subregional offices in collaboration with the subregional economic groupings. The secretariat was also requested to ensure a wider dissemination of its key publications and the findings of major studies to the member States.

80. In the light of the above observations, the Committee took note of the Report.

- ***Note by the Secretariat on the modalities for undertaking an external review of ECA's work since 1996***

81. Under this agenda item, the Committee discussed a note prepared and presented by the Secretariat on the external review of ECA's work following the reforms initiated in 1996. The Committee was informed that the note is a response to the recommendation made at the last Meeting of the Committee of Experts that an external review be undertaken to assess the impact of ECA's work in achieving vision articulated in the document, *Serving Africa Better: Strategic Directions for the Economic Commission for Africa*, which was endorsed by the Commission in 1996 as the blueprint for ECA's reform programme.

82. It was noted that the reforms encompassed changes at the programmatic, managerial, organizational and intergovernmental levels. These changes have resulted in a rationalization of the intergovernmental machinery with a consequent reduction in the number of meetings and reports going to these meetings; and redeployment of significant resources to the subregional offices to strengthen their capacity to support the regional economic communities in promoting regional integration.

83. The Committee was informed that several assessments of these reform measures had already been undertaken in recent years by various internal and external oversight bodies, including the United Nations Office of Internal Oversight Services (OIOS). These reviews concluded that the reforms have led to a significant improvement in the performance of ECA and strengthened its delivery capacity as manifested in the quality of its work.

84. Noting that reform is a process and not an event, the Secretariat welcomed the recommendation that it undertake an external review of its activities. It proposed three major areas upon which any future review could focus. The first area of focus is on assessing impact of the work of the Commission on the development prospects of its Member States. The main issue here is to examine existing mechanisms and modalities for measuring the impact of ECA's work at the country level. The second area of focus relates to the functioning of the intergovernmental machinery to improve its effectiveness and ensure that decisions of the various subsidiary organs effectively influence the policy-making process at the national level. The third area of focus relates to the present coordination arrangements of

UN System agencies working in Africa. The main issue here is to ensure that effective linkages are established in the work of the UN at the global, regional and country levels. This is particularly important because of the role of the UN System in supporting the implementation of NEPAD at the country level.

Conclusions

85. The issues raised in the general discussions, and on which there was a consensus included the following:

- The proposed review is not intended to be an audit of ECA's management systems or internal processes. Rather, it will assess the impact of ECA's work in promoting the economic and social development of its member States;
- In addition to the three areas proposed by the Secretariat, the review will examine the relationship between ECA and other regional bodies, such as the AU and the ADB, to ensure that synergies are built among the three institutions;
- There is a need for further consultations with member States, either through the Bureau or other channels to discuss the details of the proposed review, including its financial implications;
- The review should focus on the coherence of UN System's, including ECA's activities in Africa;
- The mandate given to ECA by the UN General Assembly will be taken into account in drawing up the terms of reference for this review.

86. In light of the above discussions, the Committee took note of the report.

Proposed Programme of Work and Priorities for the Biennium 2004-2005 (Agenda Item 6)

87. The Secretariat presented a document entitled, *Proposed Programme of Work for the Biennium 2004-2005* (E/ECA/CM.36/5). The work programme covered the last two years of the revised 2002-2005 Medium Term Plan, previously endorsed by the Conference of Ministers at its thirty-fifth session and the Economic and Social Council at its resumed substantive session in 2002. The Programme of Work was based on the logical framework of the Results-Based Budgeting (RBB) adopted by the General Assembly and which aims at establishing linkages between objectives, indicators of achievement and outputs to be delivered in order to achieve the expected accomplishments. This new approach will be the basis for moving the budget process towards enhanced transparency and accountability for achieving the objectives set by member States. The proposed work programme also takes fully into account the objectives of the MDGs and NEPAD endorsed by the Conference of Ministers in October 2002.

88. Other principles taken into account included the enhancement of ECA's technical assistance to member States and RECs; analytical content of ECA's work; and the production

of fewer but improved outputs. The secretariat outlined the various sub-programmes and activities under each sub-programme, including the new divisions established to support and enhance ECA's work. These are the Office of Policy and Programme Coordination (OPC) and the Human Resources Management and Finance Division (HRFD). The representative of the secretariat emphasized that the proposed work programme was based on areas of need as articulated at the last meeting of the Committee in Johannesburg.

Observations and Comments

89 In terms of assessing the impact of ECA's activities:

- The indicators contained in the proposed programme of work should be refined to render them realistic. Therefore ECA should develop quantitative and qualitative indicators to measure effectively ECA achievements and impact.

90 In terms of enhancing ECA's technical assistance to member States:

- ECA should facilitate the establishment of a second monetary zone in West Africa and support monetary and fiscal policy harmonization programme in the COMESA region.

91 In terms of increasing the effectiveness and relevance of its work programme, ECA should

- bring its proposed programme of work in harmony with major developments in the sub-regions and minimize duplication of efforts by strengthening coordination at the sub-regional and regional levels with regional and subregional bodies;
- adopt a long-term perspective in its research on the development of the African economies;
- produce more focused outputs, especially in the areas of trade and sustainable development and public expenditure management;
- extend its study on the economic impact of conflicts in tandem with measures for conflict prevention.
- within the context of 2004 programme activities, consider with its partners, the best ways and means for Africa to make the most of the World Information Summit, which will be held in Tunisia in 2005. The idea is to combine efforts in order to bridge the digital divide facing Africa.
- to enhance its financial support to IDEP to enable it to fulfill its mandate and promote the development of the Institute.

92 The secretariat expressed its appreciation for the observations and comments made by members of the Committee. It explained that the proposed activities should be seen in a holistic manner as they all aim at strengthening capacities in African Countries. It emphasized that the proposed work programme was based on its comparative advantage and

complemented the work of the African Union, the African Development Bank and other relevant UN agencies.

93. While taking note of the legitimate concern that financial appropriations should meet the implementing requirements of the programme, the secretariat explained that the United Nations Regular Budget proposals, of which the Commission's budget constitutes a Section, was only considered in its entirety by the appropriate global bodies established by the General Assembly of the United Nations, namely the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and approved by the Fifth Committee of the United Nations General Assembly.

94. The Committee concluded that the decisions it took at its last meeting had been complied with and adequately reflected in the programme proposals brought before it for consideration.

Recommendations

95. The Committee took note of the concerns raised regarding the funding of the activities in the proposed programme of work in the absence of an indicative budget. The Committee recommended that in future, the proposed programme of work and priorities be accompanied by a summary of the previous biennium budget.

96. The Committee endorsed the proposed programme of work for the biennium 2004-2005, and adopted a draft resolution on the, *Programme of Work and Priorities for the Biennium 2004-2005*.

Any Other business: (Agenda Item 7)

97. Under this agenda item, the Committee noted the ongoing efforts at restructuring the training programmes and organizational structure of the African Institute for Economic Development and Planning (IDEP). The Director of the Institute informed participants of the establishment of a scholarship and fellowship programme as well as technical advisory services to subregional economic groupings. The Committee called for increased financial and other support to IDEP to strengthen its capacity to fulfill its mandate.

Adoption of the Report and closure of the meeting: (Agenda Item 8)

98. The Committee adopted the present report together with the draft resolution contained in the annex attached to this report for consideration by the Conference of African Ministers of Finance, Planning and Economic Development.

99. In his closing remarks, the Executive Secretary of ECA expressed his gratitude to all the participants for their contributions in making the meeting a success. He also thanked the Bureau for the direction it provided, and commended the Chairman for the efficient manner in which he conducted the meeting. In addition, he thanked all ECA staff for the excellent work in preparing and servicing the meeting. The Executive Secretary observed that this is the most substantive meeting of experts held in recent times and was particularly impressed

by the quality of the discussions. He attributed this to the importance and relevance of the issues on the agenda of the meeting. He also appealed to member States to find ways of ensuring that the outcomes of these meetings feed into processes at the global level in order to bring about more coherence on African development issues.

100. In his closing remarks, the Chairman thanked all the participants for their support. He said he was particularly grateful for the opportunity given to him to chair the meeting for a second time, and looked forward to handing over to a new Chairman next year. He commended the efforts of the ECA Secretariat for the high quality documents prepared for the meeting which hastened the process of adopting the report.

101. The Chairman then declared the meeting closed.

DRAFT RESOLUTION

PROGRAMME OF WORK AND PRIORITIES FOR THE BIENNIUM 2004-2005

The Conference of Ministers

Recalling resolution 838 (XXXV) of 20 October 2002 adopted by the Conference of African Ministers of Finance, Planning and Economic Development by which the Conference endorsed the proposed revisions to the Medium term Plan of ECA for the period 2002-2005;

Having examined the Proposed Programme of Work for the Biennium 2004-2005, as contained in document E/ECA/CM.36/5;

Taking note of the new programme structure endorsed by the Conference of Ministers and the Economic and Social Council, which is characterized by congruence between organizational and programme structures, reduction in the number of subprogrammes and clustering closely related activities under a single subprogramme to foster synergy and achieve greater efficiency and impact in the delivery of services;

Convinced of the necessity to create new organizational units, namely *Trade and Regional Integration Division (TRID)*, the *Office of Policy and Programme Coordination (OPC)* and the *Human Resources Management and Finance Division (HRFD)*, as well as renaming the *Development Management Division, as Development Policy Management Division (DPMD)*, demonstrates the Commission's commitment to improving the management of its programmes and the delivery of its substantive activities;

Noting with appreciation the ongoing work by ECA in the elaboration of a framework for monitoring the commitments and performance of Africa and its development partners towards enhancing development effectiveness and achieving the MDGs and the priorities of NEPAD; and

Convinced that the proposals contained in the proposed programme of work for the biennium 2004-2005 will make a significant contribution to Africa's economic and social development.

1. Endorses the work programme of the Commission for the biennium 2004-2005 as contained in document E/ECA/CM.36/5;

2. Calls upon the Committee for Programme and Coordination (CPC) and the General Assembly of the United Nations to:

- (i) Support the proposed organizational and programme structures of the Programme Budget for the Biennium 2004-2005; and
- (ii) Ensure that adequate resources are made available to the Commission for the implementation of this work programme.

