



Distr.: General

AU/CAMEF/EXP/6(III)

Date: 10 March 2008

AFRICAN UNION COMMISSION

Third session of the Conference of Ministers of Economy and Finance (CAMEF III)

**First Joint Annual Meetings of
the AU Conference of Ministers of Economy and Finance
and ECA Conference of African Ministers of Finance, Planning
and Economic Development**

Third meeting of the Committee of Experts

*Addis Ababa, Ethiopia
26 – 29 March 2008*

**Follow-up to the Second Conference of African Ministers of
Economy and Finance (CAMEF II)**

1. The second Conference of African Ministers of Economy and Finance was held in Yaounde, Cameroon from 20 to 23 November 2006.

A. Recommendations of the Meeting of Experts

2. The Meeting of Experts that preceded the Conference made the following recommendations to the Ministers:

(a) Acceleration of the study on the rationalization and integration of regional economic communities (RECs), capturing their costs and benefits in the light of existing agreements;

(b) Rapid establishment of the steering committees of the three financial institutions;

(c) Involvement of regional economic organizations and actors in the establishment of these institutions;

(d) Development of a study on alternative financing by the African Union based on African and Asian experiences;

(e) Direct involvement of customs officials in any negotiations on integration and economic partnership;

(f) Rapid resumption of the Doha Round negotiations and integration of trade into development policies;

(g) Formulation of appropriate policies for the development of microfinance, while ensuring the viability and longevity of this system of financing that caters for the poor; and

(h) Organization, harmonization and development of statistics based on the capacities and experiences of international organizations, development of a charter and creation of a specialized statistics development of support fund.

B. Recommendations of the Conference of Ministers

3. Based on the proposals presented by the experts, the Conference of Ministers adopted the following recommendations:

(a) Development of new renewable energy sources;

(b) Strengthening of solidarity among African countries that are net importers and exporters of oil, and creation of a solidarity fund;

(c) Extension of the debt cancellation process to all African countries;

(d) Acceleration of the process to set up African financial institutions (African Central Bank, African Monetary Fund, African Investment Bank);

(e) Urgent call for the international community to fulfil its commitments to mobilize the necessary resources for the financing of development projects;

(f) Creation of an environment conducive to the diversification, modernization and rapid growth of production by promoting and developing the private sector;

(g) Rapid resumption of the Doha Round negotiations on trade and development;

(h) Removal of all obstacles to access by African products to the markets of the North;

(i) Involvement of African countries in the reorganization and reform of the Bretton Woods institutions; and

(j) Development of an African Charter on Statistics and creation of an African statistics development fund.

C. Implementation of the recommendations of CAMEF II

4. Less than two years after the formulation of these recommendations, the following observations can be made:

(a) The study on new and renewable energy sources is ongoing and meetings have been organized to raise awareness about new techniques that have been tried elsewhere;

(b) The study on the creation of an African solidarity fund for countries that are net importers of oil that began in 2006 and was conducted jointly by the African Union Commission and the African Development Bank will soon be completed. The conclusions and recommendations of this study will soon be submitted to the appropriate authorities of the African Union for review;

(c) Debt constitutes a roadblock to development in Africa. Some countries have been able to lighten their debt burden through poverty alleviation and growth promotion policies developed with the support of the Bretton Woods institutions. However, other countries that are not eligible for relief under the existing mechanisms have not been able to reduce the crushing weight of debt that is destroying all their development efforts;

(d) Inadequate economic policies, endless regulatory and fiscal barriers, high costs of factors of production, low recognition and reward of human resources and persistent policy steering and management problems are impeding the rapid development of intra-African trade, the free movement of goods and people and access to international financing;

(e) The commitments made by the international community to assemble the necessary resources for the financing of Africa's development have not been met. Public aid for development continues to stagnate in many African countries;

(f) Despite various pronouncements, the Doha negotiations have still not resumed;

(g) The study on the development of microfinance has been launched and its conclusions will be submitted to the appropriate authorities of the African Union for review; and

(h) The African Charter on Statistics has been developed. Following its review by the Ministers of Finance, Economy and Planning, the Charter will be submitted to the appropriate authorities of the African Union for a decision. These authorities also have to make a decision on the creation of the statistics development support fund needed to improve capacities to collect, process, analyse and publish economic and social data and to strengthen the tools available for policy steering and management.

D. The way forward

5. Given the current international environment characterized by economic deregulation and globalization, the effective implementation of the structural measures recommended by the Conference of Ministers requires new national and regional policies that are more voluntary and more stringent and that can speed up the integration process and ultimately achieve the objectives of growth and poverty reduction.

6. Priority economic policy measures will have to be taken rapidly in the following areas:

(a) Scaling-up of steering and management capacities at the national and regional levels with the adoption and implementation of the African Charter on Statistics;

(b) The rapid establishment of the statistics development fund provided for in the Charter will allow member countries and regional economic communities to improve their data collection, processing and analysis systems and to build their capacities to develop, implement and monitor integrated development policies and programmes;

(c) Economic integration, which is indispensable for the development of the African market, will have to be accomplished with high-performance transport and communication infrastructures. Development of basic infrastructures requires the optimal use of continental and international resources, reinforcement of public/private partnerships, development of a high-performance and competitive regional financial market and continuous improvement of the business environment, in order to support the growth of trade, control production costs, make the economy more competitive and diversified, and modernize and intensify means of production;

(d) Improvement of the business environment must be accompanied by widespread development of microcredit and easier access to credit for small- and medium-size enterprises and industries, in order to support development of the private sector, liberalize the economy, attract the maximum amount of foreign private capital, and intensify and diversify industry, agriculture and services;

(e) Development of trade must be based on a harmonized transaction settlement system and a diversified and competitive banking system. The creation of African financial institutions is one of the major levers for a successful process of economic integration in Africa. These institutions, like those in other regions around the world, will have to play a vital role in the integrated development policies and programmes of the continent; and

(f) Successful economic integration depends on policy harmonization and coordination. It is only by working together and speaking with one voice at international forums that African countries will be able to defend their interests effectively during the World Trade

Organization (WTO) negotiations (Doha Round), the restructuring and reorganization of the Bretton Woods institutions and the Economic Partnership Agreements.

7. These are the challenges that Africa faces to ensure its sustainable development in the face of globalization. Structural constraints continue to impede the development of member countries. Accordingly, Africa's political, economic and social leaders will have to undertake reforms that can unleash the creative energies and sense of initiative of its people, reverse the trend of marginalization of the continent in the world economy, mobilize and use African resources effectively, support strong and sustainable growth, and alleviate poverty in most of African countries.