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Economic Development

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

A. ATTENDANCE

1. The twenty-fourth Meeting of the Committee of Experts of the Conference of African Ministers of Finance, Planning and Economic Development was held in Abuja, Nigeria, from 11 to 13 May 2005. Mr. Keith Muhakamizi, Deputy Secretary to the Treasury/Deputy Permanent Secretary, Ministry of Finance, Planning and Economic Development, Uganda, who chaired the opening session, made some brief welcoming remarks. Opening statements were delivered by Mr. K.Y. Amoako, Executive Secretary of the United Nations Economic Commission for Africa (ECA) and Dr. Ngozi Okonjo-Iweala, Minister of Finance, Federal Republic of Nigeria.
2. Representatives of the following member States attended the meeting: Algeria, Angola, Benin, Botswana, Burundi, Cameroon, Central African Republic, Congo, Cote d'Ivoire, Democratic Republic of the Congo, Egypt, Equatorial Guinea, Ethiopia, Gambia, Ghana, Guinea, Kenya, Lesotho, Liberia, Libya, Madagascar, Mali, Mauritania, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Sudan, Swaziland, Tanzania, Tunisia, Uganda, Zambia and Zimbabwe.
3. The following United Nations bodies and specialized agencies were represented: International Fund for Agricultural Development (IFAD), International Labour Organization (ILO), International Monetary Fund (IMF), Office of the Special Adviser on Africa (OSAA), Regional Commissions New York Office (RCNYO), Joint United Nations Programme on HIV/AIDS (UNAIDS), United Nations Development Programme (UNDP), United Nations Fund for Population Activities (UNFPA), United Nations Industrial Development Organization (UNIDO), United Nations Children's Fund (UNICEF), United Nations High Commission for Refugees (UNHCR), Universal Postal Union (UPU), World Bank (WB), World Meteorological Organization (WMO), World Food Programme (WFP), World Health Organization (WHO), World Intellectual Property Organization (WIPO), and World Trade Organization (WTO).
4. Observers were present from the following organizations: Aide Ok Camp; All Africa Conference of Churches (AACC); African Export-Import Bank (AEIB); African Economic Research Consortium (AERC); All African Students Union (AASU); Banque de Developpement des Etats de l'Afrique Centrale (BDEAC); Banque Ouest Africaine de Developpement (BOAD); Centre for Environmental Resources and Sustainable Ecosystems (CERASE); Common Market for Eastern and Southern Africa (COMESA); Organization for Economic Cooperation and Development (OECD); Canadian International Development Agency (CIDA); Earth in Balance (EB); East African Community (EAC); Ghana Institute of Management and Public Administration (GIMPA); Madhavani International (MI); Economic Community of Central African States (ECCAS); Uganda Finance Trust Ltd (UFTL); Union économique et monétaire ouest africaine (UEMOA); Initiative for Community Development (ICD); Ministry of Cooperation and Integration in Africa (MCIA); and National Youth Council (NYCN).

B. ADOPTION OF THE AGENDA AND ELECTION OF THE BUREAU

5. The Committee adopted the following agenda and programme of work.
 1. Opening of the Meeting
 2. Election of the Bureau and adoption of the programme of work
 3. Survey of economic and social conditions in Africa 2004-2005
 4. Presentations by the secretariat on each of the issues in the theme paper, to be followed by general discussions. The presentations and discussions focused on the following:
 - Discussion on the theme of the Conference: Achieving the Millennium Development Goals in Africa;
 - Report on Mutual Review of Development Effectiveness in the Context of NEPAD.
 5. Special presentation: Overview of the Collaborative African Budget Reform Initiative
 6. Statutory Issues:
 - Consideration of the Annual Report on the work of the Commission, 2005, including reports of subsidiary bodies that have held meetings since May 2004
 7. Proposed Programme of Work and Priorities for the Biennium 2006-2007
 8. Any other business
 9. Consideration and adoption of the Report of the Committee
 10. Closure of the meeting

6. The programme of work was approved with a recommendation to address the key developmental and cross-cutting issues raised by the Executive Secretary of ECA and the Minister of Finance of Nigeria in their opening statements.

Election of the Bureau

7. The following Officers were unanimously elected by the Committee to form the new Bureau:

Chair:	Nigeria
First Vice-Chair:	Egypt
Second Vice-Chair:	Republic of Congo
Third Vice-Chair:	Lesotho
Rapporteur:	Ethiopia

C. ACCOUNT OF PROCEEDINGS

Opening Addresses

8. In his capacity as Chair of the outgoing Bureau, Mr. Keith Muhakamizi, Deputy Permanent Secretary, Ministry of Finance and Economic Development of Uganda, welcomed participants to the meeting and thanked the Government of Nigeria for accepting to host the meeting. He recalled some of the key recommendations made by the Committee in Kampala in May 2004 and reviewed developments at the regional and global levels since then and their implications for Africa. He urged the Committee to build on the success of the Kampala meeting by focusing discussions on issues and policies that would be useful for Africa's development.

9. The Executive Secretary of ECA, Mr. K.Y. Amoako, welcomed participants to the meeting and expressed gratitude to the Government and people of Nigeria for hosting the meeting. He also took the opportunity to pay tribute to President Olusegun Obasanjo for his efforts in searching for solutions to Africa's problems as well as his lead role in steering NEPAD.

10. He reviewed some of the positive changes that have taken place on the Continent in various areas during the last decade. African countries have made significant strides in the area of peace and security as several old conflicts have been brought to an end, while others were being resolved under the leadership of the African Union (AU) and NEPAD. In addition, several African countries have made progress towards strengthening good governance practices and expanding the political space as evidenced by increased participation of women in the media and civil society groups in the political process. Similarly, the economic landscape has improved with greater macroeconomic stability, higher economic growth rates, lower inflation compared to ten years ago and improved public sector management and accountability. Information technology has revolutionized the way of doing business and has positively affected the lives of millions of Africans. Efforts to build a new global partnership for development is yielding dividends as shown by the recent increase in ODA flows and the shift from conditionality to mutual accountability. Efforts to reverse Africa's declining trade performance have also been strengthened through the Doha development agenda.

11. The Executive Secretary noted that the reforms undertaken by the ECA secretariat over the last ten years had prepared it to correctly anticipate the key emerging challenges facing the continent and contribute to the advancement of the African development agenda. For example, ECA had been active in promoting good governance, advocating for the establishment of a capable and effective State for the protection of human rights, the delivery of services and the establishment of a climate for entrepreneurship and economic growth, as the foundations of development. Other key achievements include the increased capacity for analytical and advocacy work in the area of gender equality, including the development of indicators for tracking the performance of Governments towards meeting the goals enshrined in the Beijing Platform for Action. ECA has also played a key role in helping Africa to bridge the digital divide through its key role in the implementation of the African Information Society Initiative (AISII). Over 30 countries now have comprehensive national Information and Communication Infrastructure Plans (NICIs), namely e-strategies in place since the launch of this initiative in 1996.

12. However, despite the progress achieved, Mr. Amoako highlighted three fundamental issues related to the theme of the Conference on which further progress was still required. These include the issue of debt, HIV/AIDS and the overarching quest for poverty reduction. In the area of debt, the enhanced HIPC initiative had proven inadequate for addressing Africa's MDG financing needs. In this regard, he expressed support for the recent decision taken by African Finance Ministers in Dakar calling on African leaders to adopt a 'militant and forceful position' on debt cancellation at the Millennium Summit in September 2005.

13. Regarding HIV/AIDS, which is hampering Africa's effort to sustain positive economic growth rates and depleting the human capital, action is needed to scale up the fight against the disease. In this regard, he informed the Meeting of ECA's ongoing work in examining the crucial links between HIV/AIDS and Governance in Africa in the context of the Commission on HIV/AIDS and Governance in Africa established by the UN Secretary-General in 2003. The Commission's report, which will be published later this year, will present a comprehensive picture of the HIV/AIDS threat to African societies and economies, as well as provide a holistic package of options to inform policy making.

14. Mr. Amoako underlined the timeliness and appropriateness of the theme of the Meeting in view of the forthcoming AU Summit on the MDGs, the UN Special Session of the General Assembly to review progress towards the MDGs. He echoed the concerns that had been expressed in several recent reports that Africa would not reach the MDG targets by 2015 on current trends. In this regard, he welcomed several recent international initiatives intended to create a big push to help Africa achieve the MDGs. These initiatives include the reports of the Commission for Africa, which was established by the British Prime Minister, Tony Blair and the UN Millennium Project which was led by Professor Jeffrey Sachs.

15. However, implementing the recommendations on these reports would require extensive national and international efforts, to improve governance, promote entrepreneurship, mobilize domestic resources, substantially increase aid and improve the international trade regime to make it more development oriented.

16. In her opening remarks, the honourable Minister of Finance of the Federal Republic of Nigeria, Dr. Ngozi Okonjo-Iweala welcomed delegates to Nigeria. She thanked the Executive Secretary of ECA and the Chair and members of the outgoing Bureau of the Committee for making the meeting possible.

17. She described the theme of the Conference, “*Achieving the MDGs in Africa,*” as significant and appropriate, in view of the recent reports that Africa was unlikely to meet the MDGs by 2015 on current trends. She observed, however, that it was still possible to make progress towards the MDGs within the 10 years remaining to 2015 if bold steps were taken now. In this regard, she emphasized the need for greater political will to make available the resources needed to meet the shortfalls that countries faced in achieving the goals. The Monterrey Consensus provided an adequate framework to speed up progress in this regard. The Consensus required actions by both African countries and their development partners in order to make progress towards the MDGs.

18. For African countries, they should continue to deepen their ongoing structural reforms to strengthen governance, combat corruption, improve public institutions, adopt policies and make investments to drive economic growth and mobilize domestic resources to fund national development strategies. In turn, the developed countries are expected to complement these efforts with commitments to provide additional, predictable, timely, long-term and effective financial aid, benefiting from the opportunities offered by such new financing mechanisms as the International Finance Facility (IFF). They should double ODA from the 2001 levels and the increased resources provided should be effectively managed and utilized in line with the Declaration of Rome and the Paris Declaration on Harmonization. They should open their markets to exports from developing countries and should broaden and deepen debt relief, which must be examined for sustainability and compliance with the MDGs so as to stabilize growth and increase per capita incomes. She, however, commended the significant progress made by most African countries in reforming their economies, efforts that have resulted in macroeconomic stability, higher levels of growth, reduced inflation, improved governance and increased political stability. In this regard, she cited the example of Nigeria where the reform measures initiated by the current Government was yielding impressive results in terms of higher growth and improved economic management. She also informed the meeting of the Government’s drastic actions in combating corruption.

19. She challenged African countries to work harder towards reducing poverty and improving the climate for broad-based, private sector-led growth, including the need for increased investment in infrastructure, healthcare, education and other basic services, while creating more jobs. She urged that Africa and Africans must accept primary responsibility for the continent’s development. In this regard, Africa must drive its own development and create an environment to encourage growth that is equitable and just for the poor. She also emphasized the need to anchor actions in support of the MDGs in country-led and owned poverty reduction strategies.

20. She highlighted four key areas for consideration by the Committee. These were: (i) the extent to which the behaviour of African countries fetters their rate of progress towards the MDGs; (ii) the extent to which the structure of national budgets constrains progress towards the MDGs; (iii) how progress towards achieving the MDGs is actually measured; and (iv) the extent to which the debt burden hobbles economic growth. She concluded by calling for a monitoring framework based on mutual review that would enable both the developed and developing countries to take stock of and guide progress towards the MDGs.

Survey of economic and social conditions in Africa 2004-2005 [Agenda Item 3]

21. Introducing this session, the new Chair of the Bureau, Dr George T. Irele, Acting Permanent Secretary, Ministry of Finance of Nigeria, thanked the Committee for its confidence in electing the new Bureau. He also thanked the ECA secretariat for the excellent preparation for the meeting. On the theme of the conference, he noted that adequate levels of economic growth and commitment to home-grown and nationally-owned policies and strategies were pre-requisites for achieving the MDGs in Africa by 2015. In this regard he emphasized the need to build capacity, improve governance and institutions, pursue legal, judicial, administrative and financial reforms, and invest in people, as advocated by NEPAD and the APRM, as key elements for achieving sustained economic growth and poverty reduction. He urged African countries to scale up action in these areas and invited Africa's development partners to complement the continent's efforts.

22. The Committee then considered the document entitled "*Survey of Economic and Social Conditions in Africa 2004-2005*" (E/ECA/CM.38/4). The Committee was informed that Africa's GDP grew by 4.6 per cent in 2004, up from 4.3 per cent in 2003. The main factors that contributed to this increase in growth were high international oil prices combined with increased oil production, strong global economic recovery that increased the demand for African oil and non-oil commodities, improved agricultural performance across the continent in spite of the locust invasion in a number of West African countries, continued sound macroeconomic management, improved political situation in many countries, increased donor support in the form of aid and debt relief, as well as rising foreign direct investment and growth in the tourism sector.

23. The survey further noted that oil-exporting countries and post-conflict economies dominated the group of the fastest growing economies. High growth in post-conflict countries was the result of low initial conditions and high external aid directed towards reconstruction. On the other hand, the slowest growing economies were those experiencing high political instability and, to some extent, drought. It is projected that if the factors that drove growth in 2004 do not change dramatically in 2005, Africa would grow at an average of 5 per cent in 2005, which would be the highest growth rate in a decade.

24. In the ensuing discussion, the Committee noted that despite the improvement in economic performance, there were still several areas of concern. These include the risk of continued currency appreciation in some countries relative to the dollar and its adverse effect on export prices, low domestic savings and weak domestic investment, as well as the fact that growth has not been, so far, translated into employment creation and poverty reduction. For example, only four countries, namely Angola, Chad, Equatorial Guinea and Mozambique, achieved the growth rate of 7 per cent required to meet the Millennium Development Goal of reducing poverty by half by 2015. This occurred over the period 2000-2004. Moreover, Africa still has the highest rate of poverty in the world and its overall performance towards achieving the MDGs has been rather disappointing.

25. The Committee further noted that the deteriorating terms of trade remained a serious constraint to economic growth in Africa and that this issue needed to be given more coverage in the Report. For instance, African oil exporters' gains from high oil prices were partly lost due to higher import bills resulting from the appreciation of the Euro relative to the dollar.

26. The Committee observed that the low level of domestic savings and investment was also a constraint to economic growth. However, it recognized that high savings alone do not necessarily produce high investment. Institutional as well as financial factors are equally important in channelling savings into the most productive sectors. In this respect, the Committee highlighted the fact that there are huge financial resources in African banks which are not being used for development purposes due to, among other things, a lack of appropriate financial regulations.

27. The Committee acknowledged that growth did not necessarily lead to employment creation and poverty reduction. Consequently, for growth to create employment and reduce poverty, pro-poor growth strategies, including appropriate income distribution policies, must be pursued. In this regard, deliberate policies targeting sectors with high potential for employment creation should be encouraged. Furthermore, the Committee noted that the issues of social development and debt were not adequately addressed in the report and that the report should seek to compare Africa with other regions and show whether the prosperity gap is widening.

28. The following policy recommendations emerged from the discussions:

29. The Committee recommended that the secretariat should undertake the necessary studies and make appropriate recommendations as to the best course of action towards achieving the MDGs given that the majority of African countries are not likely to achieve most of the targets by 2015. In this regard, the Committee urged member States to provide up-to-date information to the ECA secretariat to enable it to conduct these studies appropriately. In addition, the Committee suggested that the criteria and methodology for evaluating the MDGs should be revisited in order to ensure that they fully reflect actual country situations. The Committee also underscored the need to assess the readiness of member States to put in place feed back and evaluative mechanisms to monitor progress towards achieving the MDGs and urged ECA to assist in this regard.

30. The Committee also stressed the need for member States to pay particular attention to the issue of income distribution in their development policies given its crucial importance for successful poverty-reduction strategies. In this regard, ECA was requested to develop appropriate policy proposals for addressing such inequalities in African countries.

31. With respect to the use of the financial resources dormant in a number of African banks, the Committee recommended that ECA should undertake a study on how these resources could be productively used to finance development, including the MDGs. This would reduce Africa's continued dependence on external financial resources.

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

- ***Discussion on the theme of the conference: Achieving the Millennium Development Goals (MDGs) in Africa***

32. Under this agenda item the secretariat made a presentation on the theme of the Conference, achieving the Millennium Development Goals (MDGs) in Africa. The presentation outlined the key development challenges facing Africa. This included poverty

and hunger, joblessness, disease, lack of shelter, environmental degradation and gender inequality. It was noted that African leaders adopted the MDGs and NEPAD in order to address these challenges.

33. The Committee was informed that while progress has been made towards achieving some of the MDGs in other regions of the World, Africa had been quite slow and uneven. Although some individual African countries have made remarkable progress on some of the goals, most African countries are not likely to meet the MDG targets by 2015. In particular, the number of people living in extreme poverty is expected to rise instead of fall by 2015. The factors mitigating against Africa achieving the MDGs include slow economic growth, HIV/AIDS, gender inequality, conflict, weak capacity to carry out the basic functions of government and ineffective policy targeting of the poor.

34. It was noted that African countries still had a chance of achieving the MDGs in the ten years remaining before 2015 because the world had at its disposal the technology, policy consensus and the financial resources to do so. However, as the Millennium Project has made clear, countries can only meet the MDGs through a massive scaling up of public investments, capacity building, domestic resource mobilization and substantial increase in ODA. For Africa to achieve the MDGs by 2015, a conceptual framework needs to be developed that utilizes an integrated approach to development, high quality growth and an equitable distribution of income. In this context, the secretariat recommended that MDGs should be fully integrated into Second Generation Poverty Reduction Strategies (SGPRSs) and particular attention should be given to addressing critical areas such as rural and urban productivity, health, education, gender equality, water and sanitation, environmental sustainability, and science and technology. Other elements cited as essential to the Second Generation PRSs in order to meet the MDGs were a broader time-frame of implementation (say 10 years), increased resources, improved capacity, and deeper ownership through wider stakeholder consultation.

35. The secretariat also underscored the need for a monitoring framework in the form of mutual review of development effectiveness to be developed in the context of NEPAD that is anchored on commitments of both African government and development partners. On the side of African governments, leaders should endeavor to put in place processes and institutions for improved governance while strengthening human capacity and providing an enabling environment for private sector led growth and development. Development partner commitments require more harmonization with national priorities, a substantial increase in aid, and more support for pro-poor growth strategies targeted at achieving the MDGs.

36. The secretariat ended the presentation by highlighting a number of issues for discussion. These included the need to strengthen political commitments, the integration of regional economic communities (RECs) in national PRS; the role of RECs in achieving the MDGs; appropriate policies for human capital formation, retention and stemming the brain drain; priority steps for creating and enabling environment for the development of SMEs and small farmers; and strategies for feeding the Mutual Review methodology into the APRM process.

37. With regards to MDG 8 on global partnership, it was noted that some progress had been made in the last two years in increasing ODA towards meeting the agreed target of 0.7% of GNI. The, however, increase has not been sufficient to ensure reaching the MDGs.

It was noted that while increased aid is necessary for meeting the MDGs in Africa, it was not a sufficient condition.

38. The discussion on the theme of the Conference was led off by the representative of the International Labour Organization (ILO) who emphasized the importance of employment creation for poverty reduction and meeting the MDGs. The discussant agreed that while economic growth was essential for poverty reduction, experience had shown that economic growth per se was not sufficient to reduce poverty unless it resulted in the creation of productive employment. The discussant lamented the fact that despite the centrality of employment in poverty reduction, it was not recognized as an explicit goal of the MDGs.

39. To ameliorate this, the discussant made the following recommendations, among others:

- A much higher priority must be given to employment issues in the second generation of PRS and more generally in development policies and strategies.
- There is need to encourage growth of sectors that stimulate employment such as agriculture, infrastructure, ICT, textile and tourism as well as upgrade employment and job opportunities in those sectors in which the poor work, mainly the rural and the informal economy.
- Ensure that the macroeconomic framework encourages job creation and stimulates entrepreneurship development at all levels, especially among young women and men.
- Put in place a labour market information system that tracks progress in employments, wages and other key indicators.
- Ensure in the review process of the MDGs that productive and decent work be placed as a cross-cutting goal that contributes to the realization of all the other goals.

40. In the general discussions that followed, the Committee picked up on a number of issues raised in the presentations and the opening statements of the Executive Secretary and the Nigerian Finance Minister.

41. The Committee particularly welcomed the emphasis on anchoring actions to achieve the MDGs in country-led and owned development strategies and endorsed the recommendation that a second generation of Poverty Reduction Strategies, based on enhancing and expanding existing PRSs, focus on the MDGs and address critical areas such as rural and urban productivity, employment creation, health including addressing HIV/AIDS and malaria, education, gender equality, water and sanitation, food security and nutrition, environment sustainability, regional integration, transport and strategies for responding to natural disasters and exogenous shocks. In this regard, the Committee requested ECA to assist African countries in capacity building for national ownership of the MDGs.

42. Recognizing that higher economic growth rates will be essential for achieving progress towards the MDGs, the Committee emphasized that sustainable and inclusive growth needs to be accelerated in many African countries, in particular through improving the environment for investment and private sector activity; strengthening good governance; improving public sector financial management; scaling up investment in infrastructure and paying attention to health care, education and other basic services.

43. The Committee also underlined the importance of statistics in monitoring country progress in achieving the MDGs and called for assistance to member States in improving

their national statistical capacity for generating reliable data for monitoring progress. The need to link national MDGs monitoring and evaluation systems with that of ECA and its subregional offices was also emphasized.

44. The Committee acknowledged that mobilizing sufficient resources to support the MDGs remained a pressing challenge for African countries. They endorsed the suggestion that African countries exert stronger efforts to mobilize more domestic resources and that they implement reforms that enhance their ability to attract more private, non-debt capital flows. The Committee also took note of the importance of additional debt relief for African countries and urged the international community to honour its commitments in this regard, including commitments to increase ODA significantly for accelerated progress towards the MDGs.

45. The Committee highlighted the crucial role of improved market access for African countries in boosting economic growth. They agreed that multilateral, non-reciprocal, non-discriminatory and equitable international trading system offered the best way for Africa to escape the poverty trap. They urged developed countries to lead by eliminating subsidies and other trade-distorting barriers in heavily protected agricultural markets. They also underlined the importance of an ambitious and successful outcome to the Doha development agenda in 2006, and called on the WTO to work with others to help African countries take advantage of the tariff preferences granted to them and in mainstreaming trade policy in national development strategies.

- **Report on *Mutual Review of Development Effectiveness in the context of NEPAD***

46. ECA and OECD/DAC secretariats presented a report entitled, “*Development Effectiveness in Africa – Promise and performance: applying mutual accountability in practice*”. The report is a culmination of the joint technical work launched in 2003 by ECA and OECD secretariats to develop a framework for mutual review of development effectiveness. In addition to presenting the overview of the report, the presentations covered the following areas: African agricultural performance and trade issues in perspective; Good governance and capacity building; aid flows and quality; and policy coherence.

47. The overview outlined the genesis and mandate for the report. The Committee was informed that the mandate for the work was given by the NEPAD Heads of State and Government Implementation Committee in November 2002. The Committee was further informed that the report was a result of a three-year joint effort between African governments and OECD development partners and its outcomes highlighted the significant impact of policies from both sides on development effectiveness. The report is enshrined in various international and regional commitments such as the Monterrey Consensus and NEPAD. These commitments emphasized the centrality of shared responsibility, country ownership and good governance in achieving the MDGs.

48. The report has been reviewed by both OECD and African experts. In addition, the Africa Partnership Forum discussed the modalities for aligning the mutual review with other monitoring efforts at the global and regional levels. The Committee was invited to make comments which would be used to fine-tune the proposals in the report. The next steps in

the process would be to submit the mutual review report to the OECD Council and the NEPAD Heads of State and Government Implementation Committee.

49. The presentation on “*African agricultural performance and trade issues in perspective*”, underscored the significance of the sector to achieving the MDGs, noting that the sector employs 60% of the total labor force in Africa and provides livelihoods for 90% of the rural population. Despite the importance of the sector, however, it is faced with a number of challenges including ineffective policies, incomplete and segmented markets, limited access to finance, poor infrastructure, low agricultural innovation and a lack of capacity to deal with risks from natural disasters. Externally, protectionist policies by OECD countries, including domestic agricultural support, export subsidies and dumping have hurt African agriculture.

50. The presentation listed the key actions that are needed on the part of African governments. These include: up scaling investment in agriculture and rural development in line with the Maputo Declaration; implementing the NEPAD Comprehensive African Agricultural Development Program (CAADP); promoting public-private sector partnerships to stabilize prices, reduce risks and help provide credit, infrastructure and extension services.

51. On the OECD side, the following issues need to be addressed: delivering on the Doha Development agenda with particular focus on the issue of market access, export subsidies and domestic support; up-scale aid to the agricultural sector and provide support for the NEPAD CAADP; assisting African countries to cope with trade adjustment resulting from commodity price trends and preference erosion; dealing with external shocks caused by extreme price fluctuations of key commodities; and assisting African countries to advance trade facilitation efforts.

52. The presentation on “*Good governance and capacity building*”, highlighted the progress made on political and economic governance, drawing on ECA’s findings in the African Governance Report (AGR), which covered such areas as adherence to constitutionalism and democratic principles; increased macro-economic stability; and adoption of Medium Term Expenditure Framework (MTEF). Additional improvements were observed in institutional effectiveness and accountability. The presentation also highlighted the persistence of traditional institutions of governance, which in many rural areas represented the predominant form of local government. In spite of these gains, however, a number of challenges remained. These include: violent conflicts; corruption; lack of gender equity; limited progress in human rights; weak economic growth; poverty; and weak state and non-state governance institutions, characterize by capacity deficits.

53. The action frontiers underscored the need to deepen and extend good governance across Africa; improve economic management and public financial systems; and strengthen systems for increasing transparency and accountability. Regarding capacity building, there is need to create national strategies for country specific capacity development; establish a monitoring process with performance indicators; address the brain drain; reform the civil service; and strengthen Africa-wide mechanism for mutual learning, such as the ECA’s PRSP learning group. On the part of OECD partners, action frontiers include support for AU conflict prevention and peace building capacities; assisting African countries in addressing policy and technical issues related to economic and corporate governance; and aligning donor approaches to capacity development.

54. The OECD/DAC presentation on aid flows and quality, and policy coherence observed that there had been a change in the aid paradigm from “donorship” to “ownership” requiring systemic capacities and accountabilities, and aid predictability. It further observed that the mutual review as it relates to aid is rooted in the Monterrey and G8 commitments. Recent estimates of aid requirements made by the UN MDG report, the Africa Commission and the World Bank Global Monitoring Report, all agree to substantially scale up aid.

55. Action frontiers on scaling up aid flows on the African side underlined the need to develop at the same time strong policies for domestic resource mobilization, while the development partners would accelerate progress to increase ODA levels and provide for a high degree of predictability and forward planning. There was also a need to take cognizance of problems faced by fragile states and address multilateral debt. On the issue of aid quality, the action frontiers defining the joint commitments and measurable targets for ownership, alignment, harmonization and result-based management are contained in the Paris Declaration on Aid.

56. With respect to policy coherence, the action frontiers underscored the need for a holistic approach to policy formulation. To this end, Africa would need to build capacity for harmonizing its position in international negotiations, rationalize the RECs and their mandates, and make concerted effort to address the issue of corruption. On the OECD side, the need for consistency in aid, trade and debt policies with the attainment of the MDGs, was underscored. OECD countries would also need to support a successful Doha Round outcome that facilitates better market access, eliminate export subsidies and reduce domestic support.

57. In the discussions that followed the presentations, the Committee underscored the importance of agriculture to the revitalization of African economies. In this context, a number of challenges were observed including the need to modernize rural areas, especially in the areas of health and infrastructure, rather than merely focus on agricultural development. The Committee further observed that issues of market access and the erosion of trade preferences were impeding Africa’s trade in agricultural products. Trade was also constrained by a wide range of technical non-tariff barriers to market access in developed countries.

58. With regard to aid volume, the Committee observed that it was well below the international commitments while the absorption capacity in a number of African countries was also low. This problem is further compounded by the complex and bureaucratic procedures for accessing ODA. The Committee noted in this regard that some donor policies may actually contradict the goals of the Paris Declaration. The Committee also noted that various terms and conditions are imposed on countries, irrespective of their individual circumstances, and used to deny them access to external resources.

59. While the Committee welcomed the mutual review report, it stressed the need for flexibility in its implementation to allow for new commitments to be accommodated. With regard to the periodicity of reviews, the Committee expressed the need for more frequent reviews than the proposed biennial reviews. The Committee underlined the need for reliable data to underpin the reviews and called for capacities to be strengthened in this critical area since, much of the present data relies on OECD sources. There was also need to involve the African multilateral institutions in the review process.

60. The Committee made the following recommendations in support of operationalizing the mutual review framework:

- African countries should demonstrate ownership of development outcomes through actions that are consistent with their national development vision and priorities. This should be supported by enhanced efforts to mobilize domestic resources to achieve development goals. The Committee urged development partners and ECA to help in this direction.
- Aid flows should complement national development strategies and such aid should be provided through budget support for MTEFs. In turn, capacities to design and implement MTEFs should also be strengthened. To this end, budget allocations need to be accompanied by performance benchmarks based on various commitments that African countries have made at the regional and international levels.
- Similarly, there should be greater harmonization and coordination in aid policy and management among donors. In addition to improving aid effectiveness, this would reduce the burden of reporting and reduce transaction costs.
- Africa should build capacities to promote international trade in agricultural products. Particularly, capacity building should be directed at understanding the technical barriers to trade.
- In addressing constraints to international trade, especially with respect to market access, tariff peaks and the erosion of trade preferences, Africa should seek to harmonize their positions to ensure that a strong African voice is heard within the negotiations in the WTO.
- There was need to address the issue of resource additionality in debt relief efforts to ensure that debt relief does not replace new ODA.
- Capacities for participating in the mutual review process should be strengthened. In this respect, ECA was requested to increase its assistance to African countries to determine the unfilled gaps with respect to commitments of development partners. Capacity building should also address weaknesses in availability of data from African sources to facilitate the reviews.
- African countries should explore ways and means to harness the expertise of Africans in the Diaspora, in addition to efforts to reverse the brain drain.
- The ECA should work with the AU, NEPAD and the ADB to further the work of the mutual accountability process.
- Welcomed the work of the APF to implement the mutual accountability process.

Special presentation: Overview of the Collaborative African Budget Reform Initiative;

[Agenda Item 5]

61. A special presentation was made by Mr. Neil Cole, a representative of South Africa, to the Committee on a new initiative known as the “*Collaborative Africa Budget Reform Initiative (CABRI)*” which was launched in Pretoria, South Africa, in December 2004 by the Minister’s of Finance of South Africa, Mozambique and Uganda. The long term objectives of the initiative were to support reform efforts in African countries, improve public financial management and contribute to improving service delivery and the attainment of social development objectives. The immediate objective of the initiative was to set up a forum that brings together senior budget officials (SBO) to share experiences, deliberate on issues

related to improvements and reform of budgeting systems, and promoting collaborative programmes in the area of budget reforms. The Committee was informed that the initiative has received support from OECD, EU and DCI. The first activity of this initiative, which was a seminar on budget reform was attended by sixteen African countries, the World Bank, AFRITAC, GTZ and MEFMI.

62. It was further explained that the initiative was driven by the fact that strong public financial management was critical for the functioning of an effective and democratic state and that an efficient budgetary planning exercise was a key determinant of success in the delivery of basic services. The expected results of CABRI were to improve national capacity for designing and implementing public financial management reforms and increase awareness and buy-in from political leaders.

63. The Committee was informed that the next meeting of CABRI would be held in Nairobi, Kenya, from 20 to 21 June 2005. The meeting is intended to launch the SBO Network. The activities of the proposed network were: to peer review Africa's public expenditure management system; organize annual thematic as well as networking meeting of senior African budget officials; and to serve as a repository for information on public expenditure management systems in Africa. All member States interested in the initiative were invited to participate at the Nairobi meeting in June 2005.

64. In the ensuing discussion, the Committee sought clarification on a number of issues related to the initiative. The Committee expressed concern about which continental organization (AU, ECA, ADB) would host this initiative and its network. In addition, the Committee observed that while economic reform was an integrated process, however, the initiative was considering only one aspect of the reform process (i.e. budget reforms) and wondered how the initiative will track public expenditures within the three phases of the national budget process, namely, planning, execution, monitoring and evaluation.

65. The Committee also underlined the need for the initiative to take into account external factors and monetary policies in addressing budgetary issues.

66. The Committee further noted that CABRI was a useful tool for assisting member States in incorporating international budgeting standards and practices in their national budgeting processes. The Committee took note of the offer from the World Bank to support and assist the consolidation of the initiative.

Recommendations:

67. Based on the above discussions a number of recommendations were made. It was recommended that policy issues (pro-poor growth and fiscal strategies), and budget implementation and monitoring aspects, including revenue collection, should be included in the mechanism. It was also suggested that statisticians, lawyers, parliamentarians and planners should be involved in the network and be invited to the June meeting to prepare themselves to have a better understanding of the initiative, to enable more African countries to buy into it.

Statutory Issues: [Agenda Item 6]

- *Consideration of the 2005 annual report on the work of ECA*

68. Under this agenda item, the Committee had before it a document entitled, Annual Report, 2005 for its consideration and comments. The report provides a review of the major activities undertaken by the Commission, including its subsidiary organs, during the period between June 2004 to May 2005. The Committee commended the secretariat for the quality and comprehensiveness of the report.

69. The secretariat highlighted the major accomplishments of the Commission in addressing Africa's development challenges mainly through each of its eight subprogrammes namely facilitating economic and social policy; fostering sustainable development; strengthening development management; harnessing information for development; promoting trade and regional integration; promoting the advancement of women; and supporting sub-regional activities for development. The Committee noted the importance of the new subprogramme on development planning and administration, which is implemented by its African Institute for Economic Development and Planning. Moreover, it took note of the major accomplishments with respect to assisting member States and their institutions in developing and strengthening capacities to design and implement development policies and programmes through technical cooperation activities.

70. The Committee was informed that the secretariat had intensified activities in the period under review aimed at supporting the efforts of member States in addressing the development challenges they confront. In this regard, the secretariat prepared member States for important international events of relevance for their development. These include the forthcoming Global review of progress in the implementation of the MDGs to be held in September 2005; the ten-year review of the implementation of the Beijing Platform for Action in February 2005; preparation for the International Conference on Population and Development in Africa (ICPD+10) in June 2004; preparation for the policy session of the Commission on Sustainable Development (CSD 13) in April 2005; preparation for the second phase of the World Summit on the Information Society (WSIS) to take place in Tunis in November 2005; and preparation for WTO Ministerial meeting to be held in Hong Kong in December 2005.

71. The Committee's attention was also drawn to several important flagship publications which were prepared and released during the reporting period. These included the *Economic Report on Africa (ERA) 2005* which addressed the critical employment-poverty nexus; the *African Governance Report (AGR)* focusing on governance issues and which was presented as a background paper at the Fourth African Development Forum (ADF IV) in October 2004; and the first report on the Assessment of Regional Integration in Africa (ARIA), launched in July 2004, which presents an assessment of progress towards regional integration in Africa. The latter was prepared in the collaboration of the African Union (AU), the African Development Bank (ADB) and the support of the European Union (EU), and the World Bank.

72. The secretariat also presented a summary of major recommendations from meetings held by its subsidiary bodies and intergovernmental committee of experts of the subregional offices (SROs) during the period under review including: the Committee on Human Development and Civil Society (CHDS); the Committee on Development Information

(CODI); the Intergovernmental Committee of Experts for North Africa; the Intergovernmental Committee of Experts for Central Africa; the Intergovernmental Committee of Experts for West Africa; the Intergovernmental Committee of Experts for East Africa; the Committee on Regional Cooperation and Integration (CRCI); and the Bureau of the Committee on Sustainable Development (CSD). The conclusions and recommendations of these meetings are provided in detail in the report.

73. In the discussions that followed the presentation, the Committee welcomed the improvements in this year's report, particularly the focus on tangible achievements. However, the Committee expressed concerns over some of the issues, which, if addressed adequately, could further improve the performance of ECA. Some of the major issues addressed by the Committee in this regard were the need to establish a more proactive and structured relationship with relevant Ministries in member States and establish a feedback mechanism to enhance communication and cooperation between ECA and its member States.

74. Within the context of ECA's technical cooperation programme, the Committee noted that ECA has an important role to play in enhancing technical cooperation and that it should continue to assist African countries in their development efforts.

75. Furthermore, the Committee appreciated the amount of work carried out by the ECA during the reporting year. However, the Committee observed that ECA needed a better outreach strategy to bring its activities closer to the member States, in particular to the conflict-affected countries and countries in special situation.

76. The Committee also noted that there was currently a dispersion of efforts in African countries by various development partners and proposed that ECA put in place a technical cooperation framework to ensure effective coordination and coherence among various organizations in order to avoid duplication of effort.

Recommendations

- ECA should establish a feedback mechanism for effective communication with member States;
- ECA should play a more active role in building capacities of African countries;
- ECA to put in place a technical cooperation framework to ensure better coordination and coherence among various organizations and avoid duplication.

Proposed Programme of Work and Priorities for the Biennium 2006-2007

[Agenda Item 7]

77. The secretariat presented a document entitled, "Proposed Programme of Work for the Biennium 2006-2007 (E/ECA/CM.38/3). The work programme was in line with the 2006-2007 Programme Plan, which was previously endorsed by the Conference of Ministers of Finance, Planning and Economic Development, at its session held in Kampala in May 2004. The programme of work was also based on the logical framework of the results – based management (RBM) framework of the United Nations, which aims at establishing

linkages between objectives, expected accomplishments, indicators of achievement and outputs to be delivered by the Commission. The proposed work programme also takes fully into account the goals and priorities of NEPAD and the internationally agreed development goals, including those contained in the United Nations Millennium Declaration and in the outcomes of the major United Nations conferences and international agreements.

78. The Committee was invited to carefully examine the programme of work and recommend its endorsement by the Conference of Ministers. The proposed biennial programme of work and priorities, together with the summary of the observations and amendments by the ECA Conference of Ministers and its Committee of Experts, will be submitted to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in June 2005 when it considers the Secretary-General's Proposed Programme Budget for the biennium 2006-2007 of the whole United Nations Secretariat.

79. In the discussions that ensued, the Committee expressed some concerns about the overlap between the current AU strategic plan and priorities and the objectives and activities contained in the ECA proposed programme of work. On this issue, the ECA Acting Deputy Executive Secretary informed the Committee of the ongoing efforts to coordinate activities of the two institutions. For instance, frequent meetings between the two chief Executives of these organizations have been instituted to discuss these issues on a regular basis. In addition, there is a regular interface between staff of both organizations at the technical level. It also noted that, at country level, there is inadequate coordination between ministries responsible for Finance, Economic Development and Planning that work mostly with ECA, and Foreign Affairs Ministries that work mostly with AU.

80. The Committee recognized that lack of sufficient resources may impede successful implementation of the programme and pointed out that the programme is silent on partnerships required for its full implementation.

81. Furthermore, the Committee observed that external factors may adversely affect the implementation of the programme and noted that efforts should be made by all stakeholders to minimize these negative effects. The Committee also observed that some performance measures included in the programme are not clear and that the modalities on how specific needs of post-conflict economies will be met are not adequately reflected in the programme.

Recommendations

82. In light of the above observations, the Committee made a number of recommendations. It urged ECA to work hand in hand with other continental institutions. For example, the Committee invited the ECA secretariat to coordinate its programme on statistics with relevant institutions such as AFRISTAT.

83. The Committee underscored the need for sufficient resources to allow ECA implement its work programme once it has been approved. More particularly, emphasis was placed on IDEP work programme given that the institution has, so far, relied heavily on country contributions which are sometimes unpredictable.

84. The Committee called upon the secretariat to use performance measures which are explicit enough for proper evaluation. The Committee also requested that ECA organize workshops on UN programme planning and budget procedures to help member states better

interpret the work programme and its evaluation. The Committee urged the secretariat to ensure that the concerns of member states are reflected in the final version of the work programme.

85. The Committee urged ECA to enhance its collaboration with the AU, particularly in organizing meetings in order to promote synergies and reduce duplication.

86. Finally, the Committee proposed that the objective of Subprogramme 7 read as follows: "To harmonize the various sectoral policies at the national level to foster subregional integration, bearing in mind all the cooperation and joint development initiatives taken at the subregional, regional and international levels, and adapting the general objective to each region's specific circumstance in terms of development needs, progress made and level of implementation of the MDGs and NEPAD."

87. In light of the above observations and recommendations the Committee endorsed the proposed biennial programme of work and priorities for the period 2006-2007.

Any Other business[Agenda Item 8]

88. No issue was raised under this item.

Adoption of the Report:[Agenda Item 9]

89. 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.

Closure of the meeting: [Agenda item 10]

90. In his closing remarks, the Executive Secretary of ECA, Mr. K. Y. Amoako expressed his appreciation to all the participants in making the meeting a success. He noted that the recommendations of the Committee will serve as an input into the Ministerial session and other events such as the next summit of the G8 and the General Assembly review of the MDGs which he observed would constitute an important input to the Ministerial Statement. He commended the commitment and dedication of the Committee members to the job and the richness of the discussions.

91. He, thanked the Government and People of Nigeria for their hospitality and all the facilities put in place for the meeting, the Chairperson of the Committee of Experts, all participants and ECA staff.

92. Following Mr. Amoako's statement, Dr. George T. Irele, Chairman of the Committee of Experts, thanked the Executive Secretary for his closing remarks and his efforts at ensuring qualitative deliberations. He also thanked all participants for their rich contributions, the secretariat of ECA and the staff of the Ministry involved in organizing the meeting. He reiterated Nigeria's willingness to host such meetings in the future.

93. The Chairman then declared the meeting closed.

DRAFT RESOLUTION

PROPOSED PROGRAMME OF WORK AND PRIORITIES FOR THE BIENNIUM 2006-2007

Recalling resolution 841 (XXXVII) of 22 May 2004 adopted by the Conference of African Ministers of Finance, Planning and Economic Development by which the Conference endorsed the ECA Biennial Programme Plan for the period 2006-2007;

Taking note of the programme structure endorsed by the Conference of Ministers, which includes a new subprogramme entitled “*Development planning and administration*”, which is implemented by the UN African Institute for Economic Development and Planning (IDEP);

Noting with appreciation, the ongoing work by ECA through the activities and outputs undertaken by its various organizational units in general and IDEP in particular, to strengthen capacities of member States and their intergovernmental organizations as well as civil society organizations;

Having examined the Proposed Programme of Work and Priorities for the Biennium 2006-2007, as contained in document E/ECA/CM.38/3,

Convinced that the activities contained in the proposed programme of work for the biennium 2006-2007 will help to foster accelerated and sustained growth for poverty reduction in Africa, as they are in line with priorities identified by member States;

1. Endorses the Proposed Programme of Work and Priorities of the Commission for the biennium 2006-2007, taking into account the discussion and related observations and amendments made at the meeting.
2. Calls upon the Advisory Committee on Administrative and Budgetary Questions (ACABQ), ECOSOC, the Fifth Committee and the General Assembly of the United Nations to:
 - (i) Ensure that adequate resources are made available to the Commission for the implementation of the work programme; and
 - (ii) Provide the UN African Institute for Economic Development and Planning (IDEP) the necessary resources by transforming its current grant into post and non-post regular budget resources in order to enable the Institute to implement effectively its new subprogramme on development planning and administration.