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AFRICAN UNION

*Ninth session of the Conference of African
Ministers of Economy and Finance*

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of African Ministers of Finance, Planning and
Economic Development and AU Conference of
Ministers of Economy and Finance

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Ministerial Statement

We, African ministers of finance, planning and economic development, meeting in Abuja on 29 and 30 March 2014 for the seventh Joint Annual Meetings of the Economic Commission for Africa Conference of African Ministers of Finance, Planning and Economic Development and African Union Conference of Ministers of Economy and Finance,

Welcoming the presence and participation of the President of the Federal Republic of Nigeria, His Excellency Mr. GoodluckEbele Jonathan, the President of the Republic of Liberia, Her Excellency Dr. Ellen Johnson Sirleaf, the former President of the Republic of South Africa, Mr. Thabo Mbeki, the Deputy Secretary-General of the United Nations, Mr. Jan Eliason, ministers of trade and industry, the governors of our national and regional central banks, and other high-level dignitaries and special guests,

Therefore declare:

1. We deliberated on the theme, “Industrialization for inclusive and transformative development in Africa”, a subject that has gained momentum owing to the renewed recognition of its potential, role and importance in accelerating and sustaining Africa’s growth and emergence. We debated the theme with the shared conviction that industrialization is one of the most viable paths to employment-generating growth and development, and a core prerequisite for the structural transformation of the continent. Our discussions built on the key messages that emanated from the sixth Joint Annual Meetings, which were held in Abidjan, Côte d’Ivoire, in March 2013.

2. We note that, although Africa’s growth rate slowed from 5.7 per cent in 2012 to an estimated 4.0 per cent in 2013, it is still almost twice as high as the global average. We also note with satisfaction that the growth success recorded in 2013 applied both to natural resource-rich and less resource-rich countries. We applaud this track record of success despite existing challenges and reaffirm our commitment to the pursuit of reforms needed to consolidate and sustain this growth momentum. It is encouraging to observe that some of the growth was underpinned by the successful application by several African countries of sound industrial policy and planning, thereby rekindling a much welcomed continent-wide interest in industrialization as the key to sustaining and boosting growth, among other benefits.

3. We also acknowledge that, in spite of the average growth rate of 5 per cent achieved over the past decade, our countries have had some difficulties in making growth fully inclusive and in reaping maximum productivity gains. As a result, overall factor productivity has been lackluster, unemployment – especially among young people – remains rampant, and inequalities are worsening. Poverty remains an enduring concern and a source of continuing worry to us.

4. We recognize the imperative of overcoming the various shortcomings of our current growth experience by taking immediate and appropriate action to promote inclusive and equitable development that will propel Africa towards structural transformation. To this end, redressing the continent's continued overreliance on the exploitation of raw materials, with limited value addition, is of critical importance. The urgency of doing so is underscored by the fact that the current commodity-based growth trajectory has not proved capable of generating jobs at a rate sufficient to bring people into gainful and productive employment on a large scale.

5. We salute the efforts that have already been made by African Governments to increase the domestic processing of agricultural and mineral raw materials, nurture upstream and downstream linkages, foster national and regional value chains, revive local manufacturing activities, improve the policy environment to encourage domestic and foreign investment in manufacturing, and promote the competitiveness of national economies. In encouraging the further acceleration of these efforts, we note with satisfaction that the various comprehensive industrial development strategies and frameworks that Governments have launched over the last year are premised on a shared commitment to ensuring that the industrial sector serves as a key driver of the national and continental transformation agenda.

6. We applaud the wisdom of our leaders in proposing Agenda 2063 to guide continental transformation for the next fifty years and achieve a paradigm shift away from short-term approaches and scenarios. We commend the strong emphasis in the process of framing Agenda 2063 placed on the central role that industrialization must play in ensuring that our continent is able to achieve its aspirations for a structural transformation that boosts our economies, empowers our citizens and advances African integration.

7. We commit ourselves to working closely with our counterparts responsible for industrial policies and with other relevant line ministries in our countries, with a view to forging an integrated approach within the governmental system to overcome the various constraints that remain in the way of our efforts to unleash the full potential of Africa as a key industrial hub. To this end, we will address the problem of securing long-term financing for investing in manufacturing, including by reviving development banking and recalibrating financial markets to make them more supportive of Africa's industrialization efforts. We will also encourage the inflow of quality foreign direct investment, which contributes to the expansion of domestic production, the diversification of exports, the transfer of technology, the upgrading of local skills, the development of local innovation, and the deepening of economic linkages.

8. We will continue to work to sustain a supportive macroeconomic policy environment that will help to nurture the industrial sector. We will play our part in ensuring that policies relating to trade and trade facilitation, investment, energy, infrastructure development, logistics and supply chain management, science, technology, education and industry are more closely aligned. We will also provide policy incentives that will ensure that industrial investments serve the social policy goals and aspirations of our countries, including the empowerment of women. In this respect, we salute the newcontinent-wide initiative on gender equality and women's empowerment and encourage the Economic Commission for Africa and the African Union Commission to expedite its effective implementation. All of these actions will ensure better outcomes as we move towards the goal of an inclusive structural transformation.

9. We also urge that much greater attention be given to expanding and strengthening local entrepreneurship, removing the various structural obstacles to redressing Africa's infrastructural deficits, and accelerating the efforts that have been made to date to remove practices that increase transaction costs to the detriment of industrial development. In particular, we call on the relevant arms of our Governments to encourage the development of female entrepreneurship as a credible strategy for inclusive growth. In the same vein, we call for a better leveraging of opportunities for youth entrepreneurship as part of a deliberate strategy to ensure that Africa's youthfulness is translated into a full dividend.

10. We believe that there is an urgent need to create jobs for the growing labour force, particularly for young people and other vulnerable groups. We deplore the fact that a significant share of the labour force is engaged in vulnerable employment – which is often characterized by low productivity – mostly in the informal or traditional sectors of the economy. In order to increase employment, we commit ourselves to working with our counterparts, nationally, regionally and continentally, to drive the efforts that are needed in order to increase the productivity and growth rate of the agricultural, manufacturing and modern services sectors in support of transformative outcomes.

11. We are encouraged by the fact that Africa's labour force is increasingly educated and healthy and hence likely to be productive, given the right government policies and interventions. Therefore, in order to accelerate employment growth, large sectors with high employment elasticity need to constitute the main engine of growth. Initiatives and policies that will support public universities in moving towards subjects based on science, technology and innovation are crucial to a more flexible and dynamic labour market. Well-designed policies and incentives for internship programmes can boost skills and competences and increase the chances of young people finding decent jobs. Given the importance of the informal sector, systems and courses for the development of technical and vocational skills must also take into account the specific needs of that sector.

12. We call on the African Union Commission, the Economic Commission for Africa and the African Development Bank to work closely together to ensure a better interface between the Comprehensive Africa Agriculture Development Programme, the Africa Mining Vision, the Action Plan for the Accelerated Industrial Development of Africa, the Programme for Infrastructure Development in Africa, the Social Policy Framework for Africa, the Continental Free Trade Area, Boosting Intra-African Trade and other related continental policy standards, frameworks and strategies, to ensure that they complement and reinforce one another in pursuit of the common goal of inclusive continental transformation. The funding of these initiatives will require the creative use of our own resources as a means of ensuring greater ownership of our development agenda.

13. We underline the urgency of combined national, regional and continental efforts to redress all aspects of Africa's infrastructure deficits in order to make it possible to strengthen

the viability and competitiveness of local industrial enterprises, which are essential to the building of modern and dynamic economies. We also welcome the proposed Africa 50 Fund as an additional innovative financial solution, designed to accelerate the expansion of the continent's infrastructure stock.

14. We commend current initiatives to identify and promote industrial growth poles that serve national, regional, continental and global markets. We urge that every effort be made to ensure that these poles do not ultimately become enclaves. Instead, they should be interfaced with and mainstreamed into the rest of our economies through multiple linkages and value chains that can ensure that they feed into a job-creating and infrastructure development momentum. We also encourage the alignment of the continent's growth poles and industrial corridor strategies with the regional integration agenda, anchored on comparative advantages and specializations.

15. We reaffirm that the goal of making growth inclusive and sustainable requires a clear vision, committed leadership, coherent strategies and long-term planning frameworks. It also calls for robust institutions and accountable governance structures to enable optimal interaction between State and non-State actors, most notably the private sector.

16. We acknowledge that the quest for the structural transformation of Africa requires a wholesale rethinking of the design and management of industrial policy that is anchored on a clear division of labour among the relevant agencies within an integrated policy framework and a comprehensive action plan that encompasses targets and milestones. It also calls for a better understanding of the opportunities for building competitive lead firms, nurturing national champions, enhancing local and regional value chains and economic linkages, and tapping the growing opportunities offered by domestic and regional markets. Furthermore, we support the resurgence of interest in exploring opportunities to deepen South-South cooperation because of the benefits that it could have for Africa's industrial transformation.

17. We further underscore the need to build political coalitions, as well as the importance of intersectoral coordination and regulatory effectiveness to ensure policy consistency, coherence and continuity in favour of industrialization. In addition, effective public-private dialogue and partnerships will be key in driving industrial policies. While the private sector

needs government support to address market failures, as well as a host of important public goods such as infrastructure, certification and property rights, Governments need information about the obstacles and opportunities that the private sector faces in order to design policy interventions to address these constraints.

18. We acknowledge that the acceleration of growth will depend on enabling the public and private sectors to build, explore and renew industrial capacities and to take advantage of complementarities between sectors, emerging value chains, and the upgrading of products, processes and functions.

19. We recognize the centrality of strong and autonomous institutions for supporting industrial development strategies and for the effective monitoring and tracking of Africa's progress in bringing about structural transformation.

20. We deplore the unfortunate situation whereby Africa loses \$50 billion a year in illicit financial flows. These flows relate principally to commercial transactions, tax evasion, criminal activities (money laundering, and drug, arms and human trafficking), bribery, corruption and abuse of office. Countries that are rich in natural resources and countries with inadequate or non-existent institutional architecture are the most at risk of falling victim to illicit financial flows. These illicit flows have a negative impact on Africa's development efforts: the most serious consequences are the loss of investment capital and revenue that could have been used to finance development programmes, the undermining of State institutions and a weakening of the rule of law.

21. We pledge to take the necessary coordinated action nationally, regionally and continentally to strengthen our economic governance institutions and machinery, focusing especially on tax administration, contract negotiations, and trade-related financial leakages. In addition, we will engage with the international community, in the context of the ongoing discussions on the reform of global economic governance, in order to highlight our concerns regarding illicit transfers, including the question of tax havens.

22. We commend the adoption of the Common African Position on the Post-2015 Development Agenda and welcome the overarching goal of the Common African Position,

which is to place Africa's structural transformation goals at the heart of the post-2015 global development agenda. We strongly urge the international community, including all of our development partners, to embrace the Common African Position when formulating the global agenda.

23. We salute the African Central Bank Governors, who have just held their first caucus meeting, for the inclusion of an agenda on Africa's structural transformation in their mandate.

24. We commit ourselves to the vigorous pursuit and implementation of the policy recommendations emanating from our deliberations and to aligning these with our national industrial development strategies in order to ensure that tangible results are achieved. We aim to use these results as a basis for peer learning and experience-sharing at our annual joint meetings. To this end, we call on the African Union Commission and Economic Commission for Africa to facilitate the process of making our meetings even more action-oriented, and underpinned by evidence-based research. We therefore mandate the commissions to generate the necessary documentation on the basis of sound statistical information and analyses.

25. While underscoring the fact that Africa will be the architect and author of its structural transformation agenda, we recognize and appreciate the role that properly aligned international partnerships can and should play to support our efforts. In this respect, we welcome the holding of the 2014 meeting of the United Nations Regional Coordination Mechanism for Africa in parallel with our joint annual meetings, as an opportunity to advance dialogue and build greater synergies for maximum scale and development impact.

26. We thank the Government and people of Nigeria for the warm hospitality extended to each and every one of us during the seventh joint annual meetings. We also congratulate the African Union Commission and Economic Commission for Africa for the efforts that they deployed in order to ensure fruitful and successful meetings.