

Communiqué of the Committee of Ten African Ministers of Finance and Central Bank Governors Meeting

6 October 2010, Washington, D.C.

- 1.** The meeting of the Committee of Ten (C10) Finance Ministers and Central Bank Governors took place on 6 October 2010 in Washington, D.C. The meeting was jointly organised by the African Development Bank (AfDB), the UN Economic Commission for Africa (UNECA), and the African Union Commission (AUC). The meeting was chaired by the Honourable Pravin Gordhan, Minister of Finance of South Africa and it was preceded by the Deputies meeting on 5 October 2010.
- 2.** The following countries and institutions participated in the meeting: South Africa, Botswana, Cameroon, Egypt, Kenya, Nigeria, Tanzania, and Central Bank of West African States (BCEAO) and Central Bank of Central African States (BEAC).
- 3.** Our objectives were to discuss (i) measures to support ongoing Africa's recovery and turn it into a high growth path; (ii) strengthening mobilisation of domestic resources; and (iii) options for financing sustainable energy solutions. We discussed the IMF governance reform agenda with the objective of amplifying the African voice in key financial institutions.
- 4.** We also took note of the paper on 'Achieving Strong, Sustained, and Shared Growth in Africa', that was prepared for the recent Korea/Africa Ministerial Conference and endorsed its conclusions. South Africa, as the current Chair of the C10 will circulate a summary of the paper to all G20 members in advance of the Seoul Summit in November 2010.
- 5.** We reviewed the economic performance of the continent and its various sub-regions in 2009 and the outlook for 2010 and 2011. We are pleased that Africa is recovering and regaining momentum. However, as underlined at the recent UN Summit on the MDGs, Africa still faces considerable development challenges and resource gaps.
- 6.** We also underscored that while Africa weathered the crisis overall, vast differences in outcomes have emerged across countries and sub-groups. Exit strategies from crisis interventions thus also need to vary. Nevertheless, where fiscal space allows, African governments may want to keep somewhat accommodative fiscal policies in 2011, while refocusing on medium-term objectives. When designing their own exit strategies, advanced economies need to take into account impacts of these measures on developing countries' recoveries. They should also abolish all forms of protectionist measures adopted during the crisis and remove agricultural subsidies.
- 7.** We note that in the aftermath of the global financial and economic crisis, the poverty reduction agenda should focus on building a prosperous Africa; this can be reached through strong, sustained and shared growth. Africa's pre-crisis growth and the quick rebound have demonstrated the continent's capacity to become a new global growth pole and therefore a major consumer market. G20 support to Africa's efforts to realise this potential would contribute to a stable and prosperous global economy over the longer term.

8. We agreed that in order to reach strong, sustained and shared growth; macroeconomic frameworks would need to become more flexible, coherent, and credible. Equally important, is that the objectives for macroeconomic policy refocus from over-emphasising stabilisation to growth.
9. We discussed the measures needed to stimulate growth and increase domestic resource mobilisation. There is no single prescription; thus, each country will make a policy choice depending on its own circumstances. These choices include broadening the tax base and the efficiency of tax collection, and improving the investment climate to encourage private sector development. Many African countries should also mobilise additional domestic resources including by further development of financial sectors to mobilise untapped savings.
10. To close the vast infrastructure deficit, we will need to establish more public-private partnerships and develop new innovative forms of financing. In that regard, we will also rely on sustained levels of support from the AfDB and other international institutions. For our next meeting, we requested the AfDB to produce an assessment that would leverage additional funding for multinational infrastructure projects, drawing on both AfDB and ADF resources. We agreed to also exchange current national approaches and experiences in public-private partnerships.
11. For a number of our countries, external assistance remains an important element in development spending. The aftermath of the crisis is not the time for our development partners to reduce their support; they should deliver existing commitments, complementing Africa's own efforts. Whilst continuing our efforts to increase transparency and reduce capital flight, we urge the G20 to ensure that action is taken to stem illicit flows to tax havens and to improve information exchange on this key issue.
12. Africa has a massive energy deficit, which limits private sector development, reduces growth, and adversely impacts delivery of basic health and education services. At the same time, Africa has considerable untapped potential, particularly for renewable energy. Closing the gap is an opportunity: to promote clean energy; to chart a lower carbon development path; to increase private sector involvement; and to be innovative.
13. Africa has contributed little to global warming but is projected to be most affected by climate change. We note the commitment to seek new and additional climate action funding, reaching US\$100bn per year by 2020. These resources should not come at the expense of other development needs. We endorsed the position taken in Copenhagen that Africa should be allocated an appropriate share of the additional finance for climate action, including adaptation and that in order to ensure that investments are determined by African needs and priorities, the additional resources should be channelled and managed by the AfDB. We welcome the commitment by the AfDB to develop a Green Fund for Africa.
14. We remain concerned that Africa is not adequately represented in key international fora, including the G20. Africa's participation should not depend on ad hoc invitations from the G20 Summit host. In this regard, we took note of the AU recommendation that Africa's participation be formalised within the G20. We hope that the forthcoming G20 Summit will extend membership accordingly.

- 15.** We took note of the establishment of the G20 Working Group on Development and tasked South Africa to articulate Africa's issues and concerns.
- 16.** Given the fragile recovery in some traditional partners, we reiterated the fundamental importance of economic integration, policy harmonisation, increased intra-African trade, investment and labour mobility. Equally important, is the development of South-South partnerships. Stimulating domestic demand and increasing investment in infrastructure and productive sectors will lead to higher growth, unlock supply side constraints, and eventually increase domestic resource mobilisation.
- 17.** We urged for an early conclusion to the discussions on improving the governance and effectiveness of the IFIs and welcome the support expressed by key G20 countries to ensure that the number of African chairs on the IMF Board should be increased. This will enhance the legitimacy of the IMF and protection of lower income countries' representation and voice.
- 18.** We welcomed the 'Invest Africa' Initiative to be launched in Egypt in late 2011, as one of the vehicles to attract new investments in Africa at regional and national levels. The initiative would also contribute to and help co-ordinate the various efforts aimed at improving the prosperity of African economies and people. In addition, it was agreed that a task force comprising representatives from South Africa, Nigeria, Kenya and Egypt be established to prepare for the 'Invest Africa' Initiative Conference.
- 19.** We agreed on a number of proposals to strengthen the institutional basis of the C10, to ensure that African countries participating in future G20 Summits are invited to C10 meetings, and to improve our outreach and communication with all African Finance Ministers and Central Bank Governors.
- 20.** The next meeting will be held in Cairo at the end of March 2011, with Egypt as Chair.