

Ministerial Statement, issued at the close of the Conference of African Ministers of Finance, Planning and Economic Development (19 - 20 October 2002) in Johannesburg, South Africa.

1. We, the Ministers of Finance and Planning and Economic Development—after meeting in Johannesburg, South Africa, on 19-20 October 2002, at our Conference under the auspices of the United Nations Economic Commission for Africa—have reached consensus on many issues of critical importance in accelerating Africa's progress and development and in meeting the challenges of implementing the New Partnership for Africa's Development (NEPAD).

2. We agree on the overall vision for Africa's development as enshrined in NEPAD: to bring the continent into a new age of peace, security, stability, economic growth, and prosperity. Africa has made great strides in recent years, setting the stage for growth through regional integration, by putting in place sound macroeconomic policies, improving trade policies, and attracting more foreign capital. The continent is thus well poised to fulfill its promise.

3. We believe that NEPAD needs to be better explained and better understood by all development stakeholders. It is not an implementation agency; instead it is a framework for collaboration and coordination under the African Union. It is also a mechanism to create the space to engage stakeholders beyond government in moving forward.

4. We agree that accelerating progress under the NEPAD starts with better mobilizing domestic resources, public and private, physical and human. Substantial capacity exists in Africa, but that capacity is not used or it is used inefficiently. That capacity must be tapped and strengthened. Also essential in accelerating Africa's progress is far more cross-border collaboration: to facilitate trade, to embark on joint projects for infrastructures, and to coordinate our activities with donors and the WTO.

5. We also concur that now is the time to move from vision to action. One immediate way to show concrete results is to anchor the foundations of NEPAD in rigorous analysis and to build NEPAD's objectives into national programs. A second is to engage parliaments and private and civil stakeholders in country owned development strategies. A third is to move forward on subregional projects, especially for infrastructure. A fourth is to move quickly on the African Peer Review (APR) mechanism. Moving boldly will naturally require unwavering leadership and considerable political will, engaging all stakeholders, all society, in the development process.

6. We thus need to strive for a heightened commitment to implement the NEPAD priorities.

Priorities in Implementing NEPAD

7. The implementation of NEPAD starts with national policies, moving to the subregional, regional, and then to the continental, all with the aim of achieving the Millennium Development Goals (MDGs). That will involve pursuing sound economic policies, unleashing the private sector for poverty reduction, enhancing capacity building for deeper integration into the global

economy, embracing the African Peer Review mechanism, and transforming our partnerships with donors through mutual accountability.

8. Improving economic policymaking. We concur that Poverty Reduction Strategy Papers (PRSPs) or other nationally owned development strategies would be the main instrument for incorporating continent-wide priorities into national poverty eradication programs, building the support of international partners, and accelerating progress towards meeting the Millennium Development Goals. We note, however, that we need to move beyond the preoccupation with short-term macroeconomic reforms—and towards policies for long-term investment and growth. And given the prominence of AIDS, malaria, and other infectious diseases as threats to African development, combating them must be part of the PRSP process. Greater attention must also go to formulating gender-sensitive policies for health, education, and other services.

9. Recognizing that we work under severe budget constraints, we underscore the importance of budget discipline by setting explicit priorities for expenditures and improving public expenditure management systems in our countries. In this respect, we believe that medium-term expenditure frameworks (MTEFs)—or other nationally owned medium-term expenditure mechanisms—are critical for achieving macroeconomic stability and reducing poverty. These frameworks can help improve budget processes and outcomes through greater clarity of policy objectives, more comprehensive coverage, and enhanced transparency in the use of resources.

10. In pursuing sound economic policies, we recommend that African policymakers integrate poverty reduction strategies with the macroeconomic targets in their development plans, strengthen public expenditure management systems to ensure the efficiency of resource allocation, and establish better statistical systems to monitor and evaluate progress. Important in this is ensuring greater policy coherence in countries and greater policy convergence across countries. Furthermore, we urge development partners to support capacity building in the technical areas needed for effective implementation of MTEFs — and to hold down the costs and increase the effectiveness of technical assistance by using African professionals in and outside the continent.

11. Unleashing the private sector. Domestic and foreign investment is a key ingredient in delivering prosperity through investment and job creation, yet Africa's private sector remains weak. The challenge is to create an enabling environment for the private sector—and to staunch the flight of capital from Africa. We recognize that good economic and corporate governance, financing facilities, and strategic partnerships are crucial in promoting the private sector in the continent's development.

12. We recommend that African policymakers vigorously pursue reforms of regulatory frameworks and competition policies, including the adoption and implementation of codes of economic and corporate governance. We need to ensure an appropriate mix of public-private partnerships, especially in the social services. Further, we need to address the limited access of small and medium-size enterprises to formal bank credit and the mismatch between the short-term financing available and the longer term requirements of productive investment.

13. Integrating with Africa and the global economy. Deeper integration into global markets remains a priority in our efforts to achieve NEPAD's goals. We reaffirm our belief that trade will continue to generate essential resources to finance development. We underscore the need to rejuvenate agricultural exports, identifying ways to regain market share. While commending the efforts by the WTO to launch a development round of trade negotiations, more needs to be done for trade liberalization. In this respect, we urge our international partners to remove all further barriers to trade—particularly OECD agricultural subsidies, tariff peaks, and numerous non-tariff barriers. And more needs to be done to improve African representation in global trade talks. We therefore welcome ECA's plans to open an office in Geneva, to support African delegations to the WTO and to strengthen African negotiating positions.

14. Especially urgent is providing duty-free, quota-free access for products originating from African countries. We also call for simplifying and harmonizing rules of origin to help ensure that African countries benefit from the market opportunities granted, particularly in value-added production.

15. On our part, a first step in integrating with the global economy is to increase market access and trade within Africa. That requires opening our markets to other African countries by reducing tariffs, dismantling cumbersome border procedures, and improving infrastructure. Of special importance is promoting interregional cooperation and rationalizing and strengthening the regional economic communities.

16. We also need to integrate trade into national development strategies and implement behind-the-border reforms that can ignite the supply response. Another key area of intervention relates to building national capacities for effective participation in multilateral trade negotiations. NEPAD provides a framework to develop common negotiating objectives that would enhance Africa's negotiation power at WTO meetings.

17. Moving to self-monitoring and peer learning. Monitoring performance and taking corrective measures when needed remains a priority in pursuing faster growth and reducing poverty. We strongly believe that the proposed African Peer Review (APR) mechanism, if effectively implemented, can provide a framework for monitoring and fostering better policies, standards, and practices.

18. We welcome the proposed APR mechanism as an African-owned process, based on peer learning and self-monitoring, to assist countries in taking actions to improve their political and economic environments and to share best practices. We concur that the basis for the APR mechanism is the assessment of key features of the capable state, looking at the political, economic, and institutional aspects of governance. In this regard, we welcome ECA's work on economic and corporate governance.

19. We urge African countries to participate in the APR mechanism, to guarantee that the peer review process is free from political interference, and to ensure that the APR is consistently conducted in an independent and technically competent manner. We also urge countries to act on the results of the peer reviews, which are envisioned to start in early 2003, with resources to come predominantly from Africa.

20. Transforming our development partnerships. A key feature of NEPAD is the principle of transformed partnerships underpinned by African ownership of the continent's development strategies. There should be mutual commitment to shared development goals. There should be mutual accountability in making progress towards those goals. And there should be a move to greater predictability and increased resource flows, particularly to countries that have a clear commitment to these shared goals—and a move away from tied aid.

21. The new relations with development partners will hinge on mutual accountability. For Africans, the commitment to self-monitoring and to peer learning is the linchpin to accountability. For partners, the key commitment is to ensure that all policies affecting African development prospects—including those for ODA, market access, and debt—are consistent with achieving the MDGs. Primarily this has to do with the quality and volume of support and the coherence of policies for trade and aid.

22. We acknowledge that institutional arrangements for mutual accountability already exist. Related to partners, there are several mechanisms currently being utilized. We welcome these efforts. Through the Strategic Partnership with Africa (SPA), chaired by the World Bank, work is ongoing to monitor aid practices, harmonize donor procedures, untie aid, sharpen development partners' assistance to the PRSP process through expanded and higher quality concessional support. Work is also under way to reduce transaction costs; strengthen the PRSP ideals of African ownership, comprehensiveness, participation and coordination; and make assistance more predictable and more dependable.

23. Further, at the continent-wide level, there are additional mechanisms in place, such as ECA's Big Table Forum and the African Learning Group on PRSPs. The idea is to review experiences, share best practices, and come up with African positions on the future of PRSPs and with informed African perspectives on key development issues. We also stress the need for promoting synergies between NEPAD and the Brussels Programme of Action for the Least Developed Countries, bearing in mind the potential for South-South cooperation.

24. It is also clear that the HIPC initiative is not working well enough. Only six African countries have reached their completion points, and for some of them the debt remains unsustainable. Several proposals are on the table for moving beyond HIPC to greater debt relief. What is needed is to move faster to increase relief, to align it with the pursuit of the MDGs, and to free up more resources for development. We also recognize the need to attend to the debt burden of non-HIPC countries.

25. In concluding, we thank ECA for bringing us all together to discuss the challenges of implementing NEPAD and accelerating Africa's progress and development. We wish to thank His Excellency, Mr. Trevor A. Manuel, Minister of Finance of the Republic of South Africa, for his excellent leadership and we also thank the Government of South Africa for hosting this important Conference.