

**AFRICAN UNION**

**الاتحاد الأفريقي**



**UNION AFRICAINE**

**UNIÃO AFRICANA**

---

**3<sup>rd</sup> Specialized Technical Committee on  
Finance, Monetary Affairs, Economic  
Planning and Integration  
Experts Meeting  
4-6 March 2019  
Yaoundé, Cameroon**

**Eco/STC/MAEPI(III)/EXP/Rpt**

**REPORT OF THE MEETING OF EXPERTS**

## **I. Introduction**

1. The meeting of Experts of the African Union (AU) Third Specialized Technical Committee (STC) on Finance, Monetary Affairs, Economic Planning and Integration was held at the Palais des Congress in Yaoundé, Cameroon, from 4 to 6 March 2019. The meeting was chaired by Mr. Gilbert Didier Edoa, Secretary General of the Ministry of Finance of Cameroon, and the Chairperson of the meeting of Experts of the STC.

### **A. Attendance**

2. The meeting was attended by representatives of the following Member States: Algeria, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Eswatini, Gabon, Gambia, Ghana, Guinea, Kenya, Lesotho, Liberia, Libya, Morocco, Malawi, Mali, Mauritania, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sahrawi Arab Democratic Republic, Senegal, Sierra Leone, South Africa, Sudan, Tanzania, Togo, Uganda, Zambia, and Zimbabwe.

3. The following Regional Economic Communities were represented: Common Market for Eastern and Southern Africa (COMESA), Economic Community for Central African States (ECCAS), Economic Community for West African States (ECOWAS), Inter-Governmental Authority on Development (IGAD), and Arab Maghreb Union (UMA).

4. Also present were representatives from the African Union Southern Africa Regional Office (AU-SARO), Permanent Mission of the African Union to the European Union and the African, Caribbean and Pacific (ACP) States, Permanent Representative of the African Union to the United Nations and the World Trade Organization, The African Capacity Building Foundation (ACBF), the African Securities Exchanges Association (ASEA), the Association of African Central Banks (AACB) Secretariat, United Nations Economic Commission for Africa, the African Peer Review Mechanism, African Risk Capacity, the Organization for Economic Cooperation and Development-Development Centre (OECD-DC) and technical departments of the African Union Commission.

### **B. Opening of the Meeting**

5. The Opening Session of the Experts' Meeting was moderated by Mr. Titus Alain Biloa Tango, Ministry of External Relations of Cameroon.

6. In his welcoming remarks, Mr. Gilbert Didier Edoa welcomed participants to the STC in Yaoundé, the town of seven hills and voiced the need for fruitful deliberations with a view to accelerate Africa's productive transformation.

7. Opening statements were made by Prof. Emmanuel Nnadozie, Executive Secretary of the ACBF, H. E. Prof. Victor Harison, Commissioner for Economic Affairs, and H.E. Mr. Louis Paul Motaze, the Minister of Finance of Cameroon.

8. In his opening remarks, Prof. Emmanuel Nnadozie, the Executive Secretary of the ACBF, welcomed all the participants and expressed his sincere appreciation to the Government and the people of Cameroon for the warm hospitality accorded to all the delegations and the facilities made available for the organization of the third STC. He also thanked the AUC for allowing the ACBF to jointly co-organize the third STC.

9. Prof. Nnadozie emphasized the relevance of the theme “public policies for productive transformation” and highlighted that industrialization is central to economic growth, creating employment opportunities, and to realize the attainment of Africa Agenda 2063 and the SDGs. He pointed out 6 areas that are critical to achieve productive transformation: (1) creating the right strategy that requires making the right industrial policy (2) making critical investment that requires mobilization of resources and building of human capital especially in the areas of engineering and ICT (3) creating an enabling business environment that requires coordination and addressing the financial requirement by providing the right incentives (4) mobilizing internal and external support that requires aggressive promotion of the country and opening up for business (5) taking actions to make things happen that requires addressing the communication gap and putting in place effective coordination mechanism and (6) leadership at various levels. He concluded his opening remarks by expressing the commitment of the ACBF to supporting human and institutional development of Member states.

10. H.E. Prof. Victor Harison, the Commissioner for Economic Affairs at the AUC, started his opening remarks by expressing his sincere appreciation to the Government and the people of Cameroon and all who contributed to the successful organization of the STC. He gave a brief overview of the macroeconomic situation of Africa and noted that is characterized by non-inclusive and jobless growth. He emphasized that demographic transition, spatial transformation, urbanization, climate change and regional integration offer an opportunity for technology transfer in Africa, and that accelerating productive transformation is essential to realize Africa Agenda 2063. He highlighted the important role that the African Union financial institutions can play in the implementation of African Continental Free Trade Area (AfCFTA) and the continental integration Agenda and urged Member States to sign and ratify the legal instruments of the financial institutions. He concluded his opening remarks by informing the meeting that the second edition of the Africa’s Development Dynamics report is at the finalization stage and it would be officially launched during the margins of the AU Summit taking place in July 2019 in Niamey, Niger.

11. H. E. Mr. Louis Paul Motaze, Minister of Finance of Republic of Cameroon welcomed all to the Third STC and thanked the Commission for selecting Cameroon to host the meeting. He stressed that the theme of the meeting “public policies for productive transformation” is important and timely. He highlighted that Africa has no choice other than to reduce its dependency on imported goods and start processing and add value to its own commodities. He indicated that productive transformation will enable the continent to achieve self-sufficiency, reduce the quantity of imported finished products, and lead to sustainable growth. He stressed the need for strengthening the capacity of small and medium enterprises and improving the business climate to attract foreign investment. He shared the experience of Cameroon in relation to the theme and the role of the private

sector to drive the transformation agenda. Lastly, H.E. Mr. Motaze declared the meeting officially opened and wished participants fruitful deliberations.

### **C. Election of the Bureau**

12. The Bureau for the STC was elected as follows:

<b>Chairperson:</b>	Central Africa- Cameroon
<b>First Vice-Chairperson:</b>	West Africa- Nigeria
<b>Second Vice-Chairperson:</b>	North Africa- Libya
<b>Third Vice-Chairperson:</b>	Southern Africa- Lesotho
<b>Rapporteur:</b>	East Africa- Sudan

13. The outgoing Bureau was constituted as follows:

<b>Chairperson:</b>	East Africa- Sudan
<b>First Vice-Chairperson:</b>	Central Africa- Central African Republic
<b>Second Vice-Chairperson:</b>	West Africa- Senegal
<b>Third Vice-Chairperson:</b>	North Africa- Egypt
<b>Rapporteur:</b>	Southern Africa- Lesotho

### **D. Adoption of the draft agenda and programme of work**

14. The meeting proposed that the following items to be added to the Agenda:

- Handover report of the outgoing Bureau on assessment of issues discussed during the first and second STC meetings;
- Consideration of the draft agenda of the ministerial meeting; and
- Consideration of the draft ministerial declaration.

15. The meeting also proposed that Session VII focuses only on progress on statistical development in Africa, and not on the draft statutes of the African Union institute of Statistics (STATAFRIC) and the Pan African statistical training center. Experts requested that the statutes be circulated to Member States, and that they be given three months to review the statutes and revert to the Commission. Further, Experts noted that the Statutes should be examined by the Committee of Directors General of Statistics prior to being submitted for consideration by the Fourth STC.

16. In addition, the meeting proposed that the following agenda items be only shared for information purposes, and that no recommendation should be made in the meeting:

- Session XII: Inclusive labor market governance for productive transformation;
- Session XV: African Risk Capacity Annual Activity Report; and
- Session XVI: Status of Africa population Report: A common African Position on Population

17. The meeting, therefore, adopted the amended agenda as follows:

- a) Opening of the meeting
- b) Election of the Bureau
- c) Adoption of the draft agenda and programme of work
- d) Presentations and Discussions under the theme “Public policies for productive transformation” ” and on “Capacity building for the formulation of public policies for productive transformation”
- e) Presentations and Discussions on:
  - i. Evaluation of Regional Integration: *African Multidimensional Regional Integration Index (AMRII) & Status of regional integration in Africa*
  - ii. Progress report on the establishment of the AU financial institutions and their roles in fostering productive transformation
  - iii. Report of the experts group on the refinement of the convergence criteria of the African Monetary Cooperation Programme (AMCP)
  - iv. Proposal of a monitoring framework and a peer review mechanism for macroeconomic convergence
  - v. Progress report on statistical development in Africa
  - vi. Agenda 2063 first ten year implementation plan M&E report
  - vii. Status and progress report on the Financing of the Union
  - viii. Report of the Workshop on the role of capital markets in mobilizing domestic resources in Africa
  - ix. Update on the establishment of the African Continental Free Trade -Area (CFTA)
  - x. Inclusive labour market governance for productive transformation (for information)
  - xi. APRM support to Member States in the field of rating agencies
  - xii. Revenue Statistics
  - xiii. Status of Africa Population Report: A Common African Position on Population (for information)
- f) Handover report of the outgoing Bureau on assessment of issues discussed during the first and second STC meetings
- g) Consideration and Adoption of the Experts’ Meeting Report
- h) Consideration of the draft agenda of the Ministers’ Meeting
- i) Consideration of the draft Ministerial Declaration
- j) Any Other Business
- k) Date, venue and theme of the Fourth Specialized Technical Committee
- l) Closing of the Meeting

## **II. Account of proceedings**

### **A. Presentation and discussions under the theme “Public policies for productive transformation” and on “Capacity building for the formulation of public policies for productive transformation”**

#### **Presentation**

18. Two presentations were made during this session.

19. In the first presentation, the representative of the African Union Commission explained the theme of the 3rd Session of the Specialized Technical Committee, namely "Public Policies for Productive Transformation". He highlighted Africa's recent economic performance over the last two decades, which was marked by an economic growth rate of nearly 5%. This remarkable performance, however, still falls short of the level required to achieve the transformation goals of Agenda 2063 and Agenda 2030. He also emphasized the importance of productive transformation as a strategic axis for strengthening the potential of African economies and for improving their resilience to asymmetric shocks. That strategy is also crucial for creating decent jobs for the thousands of young Africans entering the labour market every year.

20. In further explaining the two dimensions of productive transformation, namely economic complexity and diversification, he exposed the slow pace of productive transformation and the process of industrialization in Africa. He asserted that capacity building through investments in key technology sectors, including the digital economy, would make Africa a land of innovation. He also said there was a need to improve access to electricity in order to promote the integration of the African private sector into the process of productive transformation. Finally, he identified the low level of integration as a major constraint to productive transformation.

21. In the second presentation, the representative of the African Capacity Building Foundation expounded on the theme "Capacity building for the formulation of public policies for productive transformation". The speaker emphasized the importance of capacity building in attaining the aspirations of Agenda 2063 to accompany the process of productive transformation on the Continent. He also noted the importance of institutions, on the one hand, and skills development, on the other, in the formulation and implementation of effective public policies for infrastructure development and energy production for productive transformation.

### **Discussion**

22. Following the presentations, the debate focused on issues related to how to speed up the process of productive transformation, regional integration, as well as private sector development and its role in productive transformation in Africa.

23. On issues of productive transformation, Experts discussed the role of capacity building in the transformative areas of agriculture and agribusiness to foster innovation and Africa's integration into the 3rd Industrial Revolution (Industry 3.0). They underscored the importance of implementing systems of education that foster training in engineering to buttress the process of productive transformation.

24. With a view to ensuring the effectiveness of public policies, especially fiscal policies, in support of the process of productive transformation, the Experts stressed the

importance of good governance through efficient use of internal resources made available from curbing corruption.

25. Experts also highlighted regional integration as the driving force in speeding up productive transformation. In that regard, the discussions focused on the need to create regional value chains, as well as to promote the implementation of regional projects in the transformative sectors of infrastructure and energy.

### **Recommendations**

26. The following recommendations were made after the presentations and discussions:

a) Member States should, with the support of the African Union Commission and the African Capacity Building Foundation (ACBF), accelerate the development of skills in diverse and relevant areas at the local, national and international levels in order to increase the productivity, innovation capacity and competitiveness of the industrial and agro-industrial sector in Africa;

b) The Commission should undertake an assessment of productive transformation in Africa and set up a platform for sharing experiences on successful productive transformation strategies implemented within and outside the Continent in order to capitalize on past experiences and to identify successful industrial clusters in countries;

c) The Commission, Regional Economic Communities (RECs) and Member States should work together to promote the entrepreneurial spirit and entrepreneurship through access to financial services, to skills development, and affordable energy to enhance Africa's productive capacities;

d) Member States are encouraged to improve the effectiveness of existing legal, regulatory, and institutional frameworks through improved governance in support of public policies for productive transformation;

e) Member States should promote cross-border investments for developing regional projects in the areas of energy, trans-boundary waters, information and communication technology, as well as value chains and trade; and

f) Member States should improve the coherence of their public policies for effective productive transformation by harmonizing their fiscal, industrial and trade policies and aligning them with regional and continental initiatives.

## **B. Status of regional integration in Africa**

### **Presentation**

27. A representative of the Commission presented an overview of regional integration in Africa highlighting the key role of integration as a catalyzer of economic development in Africa and challenges to achieve the African economic community as enshrined in the Abuja treaty. He structured his presentation around two topics namely: (i) the status of African regional integration and (ii) ongoing work for the development of the Multidimensional African Regional Integration index.

28. On the status of regional integration, several challenges to deeper regional and continental integration were noted including: lack of financial resources; overlapping memberships; poor infrastructure networks and slow ratification of integration legal instruments. With regards to the Multidimensional African Regional Integration index, the meeting was informed that various technical meetings were organized to agree on its indicators and dimensions. More specifically, consultations were made with Association of African Central Banks and the National Statistics Offices to develop this Index.

29. In conclusion, he noted that achieving productive transformation will require that Member States accelerate the removal of tariff and non-tariff barriers to ensure the free movement of production factors to increase intra-African trade.

### **Discussion**

30. In the ensuing discussions, experts underscored the importance of Agenda 2063, and its flagship programmes and projects and regional integration challenges including: (i) limited political will; (ii) prevalence of violent conflicts; (iii) poor ratification of integration instruments; and (iv) poor infrastructure networks.

31. Underscoring the issue of overlapping memberships as a key obstacle to achieving deeper regional and continental integration, experts underscored the importance of implementing the Protocol on the Free Movement of Persons to ease the movement of African citizens across the continent.

32. Experts discussed the need for urgent operationalization of the AU Financial institutions as a means to accelerate regional and continent integration process. In order to accelerate the establishment of AU Financial Institutions, it was noted that the AUC should conduct a comprehensive study to identify the reasons behind Member States' reluctance to ratify the legal instruments for operationalization of African financial institutions.

33. Experts also discussed the rationale and reasons behind the inability of the Commission to organize the African Economic Platform as planned in 2018.



34. Regarding the Multi-Dimensional African Regional Integration Index, experts acknowledged that it will serve as an effective monitoring and evaluation tool for assessing the regional integration. However, it was observed that member states should have been more involved in the process.

35. Experts also discussed the division of labor between the AU Commission and RECs and noted that the 2019 June/July Summit on Coordination, would discuss this aspect as well as other related regional and continent issues.

### **Recommendations**

36. In the light of the discussion, experts formulated the following recommendations with a view to deepen regional integration process:

- a) The AU Commission should work closely with RECs, to explore effective mechanisms for rationalizing the activities of RECs,(including addressing the issue concerning overlapping memberships;
- b) Member States should take the necessary measures to fully implement the Protocol on Free Movement of Persons and the Single African Air Transport Market;
- c) The AU Commission should produce a bi-annual Regional Integration Bulletin and an Annual Regional Integration Review;
- d) Member States and RECs are encouraged to utilize the Multidimensional Regional Integration Index as a monitoring and evaluation tool for assessing regional integration in Africa;
- e) Member states and RECs are encouraged to nominate specific focal points in charge of integration and produce statistical information with a view to update the Index annually; and
- f) The AUC and RECs are encouraged to set up an awareness mechanism to sensitize African citizens on integration issues through an annual integration forum that will include professional, academics, women, private sector, diaspora and other African stakeholders.

### **C. Progress report on the establishment of the AU financial institutions and their roles in fostering productive transformation**

#### **Presentation**

37. A representative from the Commission gave a presentation on the progress report on the establishment of AU financial Institutions. He noted the importance of the pan-African financial institutions in facilitating productive transformation on the continent. He

mentioned that since the adoption of the legal instruments of the African Investment Bank (AIB) and the African Monetary Fund (AMF), the process of signing and ratifying has been slow. He informed the meeting that in response to several requests by Member States, the AUC had drafted a questionnaire to gather information on why Member States are not signing and ratifying the legal instruments. He also informed the meeting that the AUC would submit the AUC/AACB Joint Strategy on the establishment of the African Central Bank (ACB) to the AU Summit for adoption, following which the AUC would work closely with the AACB to implement the recommendations from the Joint Strategy. He concluded by offering recommendations aimed at increasing the numbers of the signatures and ratifications of the legal instruments of the AIB and AMF.

## **Discussion**

38. In the ensuing discussion, the Experts reiterated the support of Member States for the establishment of the AU financial institutions. Experts also highlighted crucial role that the financial institutions can play in the development of the continent, and therefore suggested that financial inclusion and technology or infrastructure must be included in the agenda of the financial institutions. However, they raised concerns about the financial burden of establishing the financial institutions on the Member States, and in that regard noted that it would be prudent to prioritize the establishment of the financial institutions and provide timeframes.

39. The Experts further expressed concern over the time lapse between the approval of the AUC/AACB Joint Strategy by the Assembly of the AACB and the STC on Finance, Monetary Affairs, Economic Planning, and Integration, in 2015 and 2016, respectively, and the submission to the AU Summit. Experts noted that the timelines for the establishment of the ACB has been overtaken by events, and therefore, there was need to reconsider submission of strategy, in its current form, to the AU Summit. In addition, it was noted that the context of the African economy has evolved over time since the adoption of the legal instruments of the AIB and AMF, rendering some provisions of the statutes obsolete.

40. In response, the Commission explained that the AIB will be fully African-owned, while the AfDB has some foreign ownership that influences the allocation of resources for national projects. On the prioritization of the financial institutions, it was explained that the timelines as provided in Agenda 2063 already determine which institution will be established first. The Commission also informed Experts that a questionnaire had been developed for the study on the reasons for the slow ratification of the AIB and AMF legal instruments.

## **Recommendations**

41. The Experts made the following recommendation:

- a) The Commission should undertake a study to find out why the signature and ratification of the legal instruments of the AU financial institutions are slow, and the

recommendations therefrom should be presented to the Fourth STC on Finance, Monetary Affairs, Economic Planning, and Integration;

- b) The AUC and the AACB should work together to revise the timelines for the establishment of the ACB using the AACB report on the refinement of the convergence criteria of the African Monetary Cooperation Programme as the reference document; and
- c) The AUC should work with Member States to revisit some of the provisions of the legal instruments establishing the AIB and AMF to make them relevant to the current economic context.

#### **D. Report of the experts' group on the refinement of the convergence criteria of the African Monetary Cooperation Programme (AMCP)**

##### **Presentation**

42. A representative of the AACB presented the report on the refinement of the convergence criteria of the African Monetary Cooperation Programme (AMCP) which was adopted by the Assembly of Governors in Pretoria, South Africa in 2017. He highlighted the timeline and sequence of the convergence process culminating in the adoption of a single currency and a common central bank for Africa by 2045. The presenter indicated the process before and after the revision of the AMCP. Furthermore, he underlined that 18 countries out of 52 have met all the primary criteria according to 2017 data after the refinement of the criteria against zero country in 2016.

##### **Discussion**

43. The meeting noted that the AACB did a stocktaking exercise of all the convergence criteria and thresholds adopted by the Regional Economic Communities (RECs) and the AACB sub-regions. It was found that the inflation rate for some RECs was lower than the one proposed in the AACB report. However, for some criteria, in particular, the government debt/GDP ratio was under the threshold adopted by some RECs which could be a challenge for some countries, given the nature of the development stage that needs investments in infrastructure projects.

44. The meeting suggested that growth is a key indicator of macro-economic achievement, and should be included as a secondary criterion since it is an equally important indicator for macro-economic convergence. However, it was noted that this indicator was already taken into account implicitly in the formula used to determine the optimal level of government debt as a percentage of GDP.

##### **Recommendations**

45. The meeting made the following recommendations:

- a) The report on the refinement of the convergence criteria and the timelines for the establishment of the African Central Bank should be submitted by the AACB to the Ministers for consideration;
- b) The AACB should include some degree of flexibility in the thresholds proposed, in particular, concerning the government debt to GDP ratio in the monitoring framework;
- c) Request the AACB in collaboration with the AU to determine acceptable macroeconomic convergence criteria taking into account the development needs of Member States; and
- d) Include the growth indicator as a secondary criterion in the macroeconomic convergence programme.

## **E. Proposal of a monitoring framework and a peer review mechanism for macroeconomic convergence**

### **Presentation**

46. The representative of the AACB presented the proposal of the monitoring framework and a peer review mechanism for macroeconomic convergence that was adopted by the Assembly of Governors in Sharm El-Sheikh, Egypt in 2018. The presentation also highlighted the proposals that were made pertaining to the monitoring framework. The monitoring framework assesses performance at the country level against identified thresholds for the convergence criteria. The assessment utilizes a heat map to assess the members' performance against each of the convergence criteria. The framework was established with inputs from all the RECs. It is also proposed that the peer review be undertaken by a secretariat composed of representatives from the AACB Secretariat as well as the AUC. This function would be assumed by the African Monetary Institute once it is established and fully functional. It is further proposed that the peer review be undertaken under the auspices of the African Peer Review Mechanism (APRM) through the African Union Specialized Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration. This would allow for a discussion of the convergence process by both the fiscal and monetary authorities.

### **Discussion**

47. The experts took note of the report and highlighted the importance of peer review to ensure compliance with the set convergence criteria. The meeting noted the importance of providing support to countries and RECs to ensure that all stakeholders comply with the criteria under the revised timelines, and in this regard, called upon the AACB and AUC to work together to provide the necessary support to Member States where needed.

## **Recommendations**

48. The meeting recommended the following:
- a) The report on the monitoring framework and peer review mechanism should be submitted by the AACB to the Ministers for consideration.
  - b) The experts further recommend that the STC approves that the peer review be undertaken jointly by the AUC and the AACB Secretariat.

## **F. Progress report on statistical development in Africa**

### **Presentation**

49. A representative of the Commission provided an overview of the main activities of the Statistics Division at the AUC and statistical development in Africa. She presented the achievements of each of the domains of statistics (trade statistics, national accounts, labour market, CRVS, revenue statistics, health statistics, African Statistical publications, etc), and noted the challenges both at national and regional levels. She highlighted the capacity building support provided to Member States and RECs under the Pan African Statistics (PAS) programme, supported by the European Union (EU), and the various collaborations with other partners on the development of statistics on the continent. She also briefed the meeting on the status of the operationalization of the African Union institute of Statistics and the Pan African statistical training center. She pointed out that the lack of adequate human and financial resources, lack of political will, weak coordination and difficulty in applying international concepts are some of the challenges that are hampering the development of statistics on the continent. She concluded by stating the next steps and priority statistical activities for 2019 and called upon Member States to communicate their capacity building needs.

### **Discussion**

50. Following the presentation, Experts noted the progress made in the development of statistics, both at the national and continental levels. Experts underlined that the informal sector plays a significant role in contributing to the economy of a country. However, it is difficult to measure the contribution of the informal sector due to paucity of data. In that regard, there is a need to design a survey that accommodates the informal sector to measure its contribution to the GDP and to fight money laundering.

51. Experts also highlighted the need for reliable gender disaggregated data to measure the role played by women in the economic sector, especially in the informal sector. They further underscored the need for statistical capacity building at national level and requested the Commission to provide the necessary capacity building support under the PAS program.

## **Recommendations**

52. After the discussion, the meeting made the following recommendations:
- a) Member States should align and adhere to new areas of statistical development such as big data, data revolution, and SDMX;
  - b) Member States should mobilize adequate and sustainable resources to the activities of statistics; and
  - c) The African Union Commission in collaboration with RECs and partners should develop a strategy for dissemination, communication and visibility of statistical data at continental level.

## **G. Agenda 2063 first ten-year implementation plan M & E report**

### **Presentation**

53. A representative of the AUC informed the meeting about the Joint Support Task Team and presented a comprehensive road map Agenda 2063 FTYIP M&E framework. She outline nine major action points, four of which were complete or almost complete. Her presentation also touched upon the important processes to further propel the roll out including the endorsement of the M and E architecture, and emphasizing the three main platforms of the process at national, regional and continental levels and noted the importance of the feedback mechanisms and reporting channels. She outlined the challenges in the roll out process, which underscored the lack of adequate funding for the roll out process, lack of human capacity in the area of M and E at the Member States and RECS and continental level and difficulties encountered to ensure regular consultative technical discussion of the joint task team. She concluded her presentation by suggesting the recommendations to enhance capacity monitoring and evaluation at MS, REC and Continental levels, support and enforcement of joint roll out activities and the endorsement of Agenda 2063 FTYIP M&E framework.

### **Discussion**

54. During the discussions, it was noted that regarding the kind of support to Member States for the roll out process, the meeting was informed of the plan of setting up a critical mass of community of experts to support the roll out process at the level of Member States and RECs. The need for improved coordination of activities/meetings related to Agenda 2063 was emphasized noting that the STC meeting in Yaoundé as well as the Ministerial meeting in Botswana were taking place at the same time. However, it was noted that the latter meeting was to provide a progress update to the Ministerial committee.

55. It was also noted that Agenda 2063 domestication missions have been conducted in 44 Member States and currently the focus is on the implementation and consequent monitoring and evaluation in the preparation for the review of the FTYIP that will be conducted in 2020. Further domestication will be part of the roll out process which has four main implementation stages that include; domestication and internalization, technical mainstreaming and alignment, evaluation, reporting and accountability platforms/processes and communication and advocacy. On the relationship between

national, continental and global development plans it was recognized that the alignment process enabled the review of national development plans, RECS strategic plans, the continental and global agenda and notable convergence was observed.

### **Recommendations**

56. The following recommendations were made:
- a) The AUC in collaboration with RECs and Member States should enhance capacity in Monitoring and Evaluation at national, regional and continental levels;
  - b) The AUC is requested to establish measures to enforce joint roll out activities and ensure active engagement and participation of all task team members;
  - c) AUC and NEPAD should prepare the biannual continental performance report; and
  - d) Endorsement of the Integrated M&E Architecture to guide the monitoring, evaluation, and reporting processes at national, regional, and continental levels.

## **H. Status and progress report on the Financing of the Union**

### **Presentation**

57. A representative of the Commission presented, for information an update on the implementation of the financing the Union initiative. He highlighted key Assembly Decisions that have underpinned the initiative. This ranged from Member States agreeing to finance 100% of operational budget, 75% of program budget and 25% of Peace Support Operations to agreeing on the mechanism for raising funds domestically by introducing the 0.2% import levy on eligible imports. He further highlighted the important role played by the Committee of Fifteen Finance Ministers in budget oversight which has led to instilling fiscal discipline at the AU. He also showcased key achievements with regards to the implementation of the financing the Union initiative that:

- i. Member States now support 100% of operational budget against 80% in 2015, 44% to the program budget against 5.3% in 2015, and 4% against 0% in 2015 to Peace Support Operations. This is in fulfillment of commitment under Johannesburg Assembly Decision 578;
- ii. Budget execution has improved from 77% in 2015 to 81% in 2018 for Operational budget and from 40% in 2015 to 84% for the program budget;
- iii. 16 Member States are currently collecting the AU 0.2% levy in 2019 against only 4 Member States in 2017;

- iv. 8 of the 9 Golden Rules that the Assembly endorsed in January 2018 are fully operational. Outstanding is the interface between ICT applications related to budgeting and it's exercise will be concluding by December 2019;
- v. Just over US\$90 million has been contributed by 50 Member States to the Peace Fund; and
- vi. The Committee of Fifteen Finance Ministers through its technical Committee fully participated in the deliberations of the 2019 budget, matters of Scale of Assessment and other human and administrative matters that have financial implication.

### **Discussion**

58. The meeting took note of the report and in the ensuing discussions, experts were informed that the new Sanctions Regime was adopted in November 2018 for its effectiveness in July 2019, which has introduced incentives such that the sanctions are now applied in 3 stages: cautionary, intermediary and comprehensive. It was reported that a Member States which fail to meet their obligations and have not settled at least 50% of their current assessed contributions after the second quarter (6 months) of each financial year in which the contribution is due shall be deemed to be in arrears, taking into account the budget cycles of Member States. To this end, the AUC will henceforth inform the STC about those Member States under sanctions at the commencement of its sessions to operationalize Assembly Decision Ext/Assembly/AU/Dec.3(XI) of the 11<sup>th</sup> Extraordinary Session of the Assembly of the AU held in Addis Ababa, Ethiopia, from 17 to 18 November 2018.

59. Experts also stressed that other than external debt, the Commission should consider the inclusion of domestic debt among the criteria for scale of assessment.

### **Recommendation**

60. The Commission should find a mechanism for sharing documents of the F15 Committee with other Ministers of Finance of all the AU Member States.

#### **I. Report of the Workshop on the role of capital markets in mobilizing domestic resources in Africa**

### **Presentation**

61. A representative from the African Securities Exchange Association (ASEA) made a presentation of the AUC/ASEA report on the role of capital markets in mobilizing domestic resource in Africa. The presentation indicated how capital markets are beneficial for governments as they can assist in financing economic development and fiscal deficits through borrowing from local markets and therefore leveraging on exchange rate risks. She pointed out that capital markets still face infrastructure and technology challenges as well as liquidity except for South Africa and Egypt who are currently dominant exchanges.



She concluded by indicating the recommendations from the report, which includes the establishment of an AUC/ASEA joint task force to monitor the implementation of the recommendations; promote regional integration initiatives through market(s) sensitization/capacity building; project funding, lobby for favorable regulatory environment; encourage balance between buyers and sellers; create market awareness; lobby for conducive tax regimes and for favorable regulatory environment; build strong infrastructure and technology by embracing technological advancement and facilitating infrastructure funding.

## **Discussion**

62. The meeting took note of the presentation and during the discussions that ensued underscored the importance of capital markets in generating resources for Africa's transformation. It stressed the need to develop pension scheme and strengthen financial institutions and promote transparency, accountability and good corporate governance.

63. Experts also discussed the role of the Commission in supporting Member States setting up capital markets. In that respect, the Commission informed the meeting about the ongoing process of drafting the Memorandum of Understanding (MoU) with ASEA and after that more can be done in terms of building the capacities of Member States. Also, countries can approach ASEA for technical assistance on issues relating to financial market.

## **Recommendation**

64. Following the discussions experts recommended that the Commission, in collaboration with ASEA, should raise awareness encouraging Member States to set up stock exchanges in their countries and fast-track the establishment of the Pan-African Stock Exchange.

## **J. Update on the establishment of the African Continental Free Trade Area (AfCFTA)**

### **Presentation**

65. A representative of the Commission gave an update on the status of the AfCFTA and informed the meeting that 52 Member States had signed the Agreement, 19 had ratified and 15 had deposited instruments of ratification. He outlined the outstanding work especially related to schedules of tariff concessions and specific commitments in the service sector, Rules of Origin as well as guidelines on Trade Remedies and treatment of goods from special economic zones. He also highlighted the work undertaken in parallel such as the establishment of the AfCFTA Secretariat including the designation of its host AU Member State, development of National AfCFTA Strategies, studies on the AfCFTA Adjustment Facility, development of a Pan African Payment and Settlement System, and the African Union Trade Observatory. The meeting was also informed that work on sensitization and advocacy for Signatures and Ratifications was also ongoing. In

addition, the meeting was informed that there would be a dedicated Extra Ordinary Summit in July 2019 in Niamey, Niger which would launch the operational Phase of the AfCFTA.

### **Discussion**

66. In the ensuing discussions, experts observed that there is need to assist AU Member States in the signature and ratifications process. The meeting further noted that there was need for implementation of flanking measures for the AfCFTA especially trade related infrastructure. In addition, the meeting emphasized the importance of the involvement of African Central Banks through the Association of the African Central Banks in the development of the Pan African Digital Payment and Settlement System. The meeting further underscored the challenges on the transit of goods especially through member states that were yet to ratify the agreement and as such, there is need to ensure that all Member States to ratify the Agreement.

### **Recommendations**

67. In the light of the presentation and discussions, the following recommendations were made:

- a) Member States should undertake the necessary processes required to accelerate the ratification of the Agreement of the AfCFTA;
- b) The Commission in collaboration with Afreximbank and the AACB should support the development of the Pan African Digital Payment and Settlement System;
- c) Member states should continue supporting the processes of the AfCFTA at the National, Regional and Continental levels by allocating adequate resources as may be required;
- d) Member States should support and actively follow the Phase II of the negotiations of the AfCFTA on investments, competition policy and intellectual property rights;
- e) The Commission in collaboration with the UNECA should provide technical support to Member states in the development of National AfCFTA Strategies;
- f) The Commission should continue strengthening advocacy work on the AfCFTA in order to encourage the remaining Member States to ratify and sign the Agreement.

### **K. Inclusive labour market governance for productive transformation**

#### **Presentation**

68. In his presentation, a representative of the Commission stressed that the labour market is an essential leverage for productive transformation, complementing the roles of

other markets such as the he capital market, in the development investment towards inclusive growth. In a context of high levels of unemployment and underemployment (75% on average), without employment insurance mechanisms, he underscored that access to decent jobs is the main channel to contribute to wealth creation and benefit from it. Effective participation of the labour markets in the productive transformation will be based on the transformation of the informal economy through decent jobs, the inclusivity of labour market services covering all categories of workers including workers in the informal economy and rural sector, investment in productivity improvement in micro, small and medium sized enterprises with fair repartition of productivity gains, and effective leadership in policy coherence. He concluded that the labour markets are recognized as important for stimulating productive transformation in African economies.

## **Discussion**

69. The meeting took note of the report and in the ensuing discussions, experts made the following comments: (i) enhance the role of the private sector on decent jobs creation, including through negotiation and implementation of public-private partnerships on decent jobs creation and inclusive growth; (ii) tap on the opportunities of the digital economy to promote inclusion of the informal economy in the formal economy; (iii) develop strategies to support the upgrading to formal enterprise and encourage youth to invest in productive agriculture; (iv) build a balance education/TVET system recognizing the importance of skills vs university graduation; and (v) pay equal attention to green economy and blue economy for productive transformation and creation of decent jobs.

70. In conclusion, the experts called upon the Commission to pay attention to:

- a) Enhancing political leadership, accountability and good governance in labour market policy planning, implementation, coordination, and evaluation;
- b) Improving capacity of labour institutions on labour force management to support productive transformation;
- c) Building demand-driven and integrated Labour Market Information Systems;
- d) Promoting decent work for the transformation of the Informal Economy;
- e) Developing and enhancing collaboration between ministries of labour, planning, and finance.

## **L. APRM support to Member States in the field of rating agencies**

### **Presentation**

71. The APRM made a presentation to the 3rd Specialized Technical Committee Experts on the APRM support to Member States on International Credit Rating Agencies. The presentation outlined the proposed APRM Support to Member States on International

Credit Rating Agencies (AMSRA). The presentation was made pursuant to Assembly Decision Assembly/AU/Dec.631 (XXVIII) adopted at its 28th Ordinary Session held in Addis Ababa, Ethiopia in January 2017, which directed the APRM to provide support to Member States in the field of Rating Agencies.

72. The presentation highlighted the mandate, progress to-date, rationale and proposed key elements for development of a draft framework and mechanism for the support to Member States in the field on International Credit Rating Agencies. The Support to Member States in the field of rating agencies emerged from concerns over the impact of poor ratings in African Countries by the three leading ICRA's, namely: Standard & Poor's (S&P), Moody's, and Fitch. The APRM thereafter proposed recommendations for discussion.

### **Discussion**

73. In the ensuing discussions following the presentation, Member States sought clarity as to the purpose of the presentation, as it was not clear if the aim was to create an African credit agency or support AU Member States in formulating the capacity to deal with ICRA's in the way the credit rating is being conducted.

74. Member states discussed the APRM proposal for the theme of the year and underlined that the mandate to set the theme of the year lies with the Ministerial Committee on Agenda 2063, and proposed that the theme be recommended for consideration by the Ministerial Committee on Agenda 2063 for 2021.

75. The Office of the Legal Counsel noted that cognizant to the Decision of the 34th Ordinary Session of the Executive Council of February 2019, which called for a moratorium on future initiatives by STCs in light of the concern that numerous proposals by STCs for the establishment of new bodies without submitting their financial, legal and structural implications. In light of the advice and comments the meeting noted that the proposal to establish a research and advisory bureau should not be included in the recommendations of the meeting.

### **Recommendations**

76. In the light of the presentation and discussions, the following recommendations were made:

- a) The APRM should present a concrete proposal on the support to Member States on ICRA's to the Fourth STC on Finance, Monetary Affairs, Economic Planning, and Integration; and
- b) The committee also advised that the proposal on the theme of the 2021 AU summit should be submitted to the Ministerial Committee on Agenda 2063, which is mandated to consider Annual Themes.

## **M. Revenue Statistics**

### **Presentation**

77. Representatives of the OECD-DC made a presentation on Revenue statistics in Africa: Latest findings and developments. The presenters noted that the report provides data in support of pan African Development Agendas including Agenda 2063, SHASA, SDGs and RECs strategic priorities. They underlined that in the 2018 edition of the report, the number of countries that participated in the exercise has increased from 16 to 21, and that a number of countries have expressed interest to participate in the 2019 edition. The presentation highlighted domestic resource mobilization (DRM) as a priority objective and key enabler for achieving Agenda 2063, and that tax revenues promote inclusive growth and are critical to support investment to ensure productive transformation. It was indicated that two thirds of the countries in the 2018 exercise have tax to GDP ratio between 13 and 20 percent, and that in most of the countries tax to GDP ratio rose between 2000 and 2016. It was also indicated that taxes on goods and services were the principal source of tax revenues for most of the countries that participated in the 2018 edition. The presenters informed the meeting that the 4th edition is under preparation and it will be published in October 2019 and invited Member States that are not participating in the exercise to join the effort.

### **Discussion**

78. During the discussions, the meeting welcomed the initiative as it will help in the harmonization of revenue statistics at the continental level and it will allow better coordination. It was noted that there is need for better coordination to reduce disparities of revenue statistics data from various sources to improve the quality of data. The meeting called upon the Commission to consider including analysis on revenue debt ratio in 2019 edition of the report.

## **N. African Risk Capacity Annual Activity Report**

### **Presentation**

79. A representative of the African Risk Capacity (ARC) Agency presented the Activity Report of the ARC to experts focusing on 2018 key activities, challenges, and proposed recommendations for the reporting period. He elaborated on the 'African Disaster Risk Financing Programme (ADRFi) Programme' developed in collaboration with the African Development Bank (AfDB). He underscored that ADRFi was one of the key 2018 initiatives that addresses premium financing issues for Member States.

### **Discussion**

80. In the ensuing discussions, experts took note of the ARC report and underscored that it has already been presented, considered and adopted during the 34<sup>th</sup> session of the Executive Council held in February 2019.

### **O. Status of Africa Population Report: A Common African Position on Population**

#### **Presentation**

81. A representative of the Commission gave a presentation on the theme “Status of population report: A common African Position on Population” highlighting the rationale and objectives justifying the drafting of the CAP. She put forward the recommendations of African Ministers with regards to the development of the CAP, and the 5-year review of the Addis Ababa Declaration, justifying the relevance of presenting the CAP on population to the STC on Finance, Monetary Affairs, Economic Planning, and Integration.

82. She elaborated on the pillars of the CAP, namely: Population dynamics, dignity and equality, Health, place and morbidity, governance, data and partnership and international pillars. She concluded by presenting the way forward for the drafting of the CAP and its relevance for the achievement of Agenda 2063.

#### **Discussion**

83. In the ensuing discussions, experts took note of the presentation and stressed the importance of population dynamics for Africa’s development. In that regard, the meeting called on the Commission to consider for the next STC examining how best the population can work for economic growth and structural transformation. The meeting also stressed that the CAP on population be presented to the STC on health, population and drug control and that for STC on Monetary Affairs, Economic Planning and Integration only relevant issues be included in the agenda and programme of work.

### **III. Handover report of the outgoing Bureau on assessment of issues discussed during the first and second STC meetings**

#### **Presentation**

84. The Rapporteur of the Outgoing Bureau, represented by Zambia on behalf of Lesotho, presented the implementation of recommendations from the first and second STC meetings, held in 2017 and 2018, respectively. She highlighted the achievements, the challenges, and the way forward for their successful implementation.

#### **Discussion**

85. The meeting took note of the report.

### **IV. Consideration and Adoption of the Experts’ Meeting Report**

86. The meeting considered and adopted the report with amendments.

#### **V. Consideration of the draft agenda of the Ministers' Meeting**

87. The Experts considered the provisional programme of work, and called upon the Commission to incorporate the suggestions proposed.

#### **VI. Consideration of the draft Ministerial Declaration**

88. The Experts requested the Commission to align the Ministerial Declaration to the recommendations from the Experts' report.

#### **VII. Any Other Business**

89. There were no discussions under this agenda item.

#### **VIII. Date, venue and theme of the Fourth Specialized Technical Committee**

90. In the absence of an offer from any Member State, the Fourth STC will be held in Addis Ababa, Ethiopia, from 9 to 13 March 2020. In the event that there is an offer to host from a Member State, the Commission shall inform other Member States accordingly.

91. The Commission will reach out to Member States to propose a theme for the Fourth STC.

#### **IX. Closing of the Meeting**

92. In his closing remarks, the Commissioner for Economic Affairs thanked the Experts for the fruitful deliberations. He said that the meeting was an indication of the interdepartmental collaboration of the Commission's Departments with a view to assisting Member States to achieve productive transformation as encapsulated in Agenda 2063, the Africa we want. He commended Member States willingness to share experiences and best practices on key areas such as regional integration, productive transformation, skills development, and industrialization. Alluding to the AU financial institutions, he called upon Member States to expedite the signing and ratification of the legal instruments with a view to accelerating their operationalization. He concluded by thanking the people and Government of Cameroon for the hospitality extended to all delegations and for the facilities availed for the success of the meeting.

93. The vote of thanks was given by the representative of South Africa, who paid tribute to the late Dr. Rene N'Guettia Kouassi, the late Director of Economic Affairs at the Commission. He acknowledged the huge contribution and leadership of Dr. Kouassi to the achievement of Africa's integration agenda and economic transformation. He thanked the Chairperson of the meeting of Experts for ably steering deliberations. Further, he thanked the people and Government of Cameroon for their hospitality.

94. In his closing remarks, the Chairperson of the Bureau thanked the Experts for the trust placed in Cameroon by appointing them as Chair of the session, and for their contributions towards making the meeting a success. He thanked the Commission for the arrangements, documents, and technical assistance provided for the meeting. On that note, he declared the meeting closed.