

**Communiqué of the Sixth Meeting of the Committee of Ten of the
African Ministers of Finance and Central Bank Governors
19 April 2012, Washington, DC, USA**

1. We members of the Committee of Ten (C10) Finance Ministers and Central Bank Governors met on April 19, 2012 in Washington, DC, United States of America. The meeting was chaired by the President of the African Development Bank (AfDB), Dr. Donald Kaberuka, and was jointly organized by the AfDB, UN Economic Commission for Africa (UNECA), and the African Union Commission (AUC). This Committee was established under the auspices of African Finance Ministers and Central Bank Governors. The C10 meets to monitor the impact of the global financial and economic developments on Africa and discuss options for policy responses, advocate and enhance African participation in the governance of international financial institutions (IFIs); and enhance Africa's engagement with the G-20. The meeting was preceded by a meeting of Deputies on April 18, 2012.
2. The following countries and institutions participated in the meeting: Algeria, Botswana, Cameroon, Egypt, Kenya, Nigeria, South Africa, Tanzania, UN Economic Commission for Africa, the Central Bank of West African States (BCEAO), the Central Bank of Central African States (BEAC), the AUC and the AfDB.
3. We reviewed the impact of the recent global developments on Africa. We expressed our concerns about the possible negative spillovers on African economies stemming from the sovereign debt crisis in the Eurozone. In spite of recent signs of improvements in the US, we note that global recovery remains fragile, and that delays in fixing global imbalances risk imposing a severe toll on African economies and people. The AfDB has estimated that the combined impact of a 1 percentage point drop in the OECD growth rate, a 0.8 percentage point drop in emerging markets' growth rates and a 10 percent increase in oil prices, could translate into a 1.8 percent drop in Africa's growth in 2012, adding 36 million people to those under the poverty line.
4. Promoting fiscal sustainability is key to building buffers needed to protect our people from economic and social hardship. We urge African countries to continue implementing their ambitious structural reform programs to help generate sustainable growth and reduce current imbalances. We also support efforts in our mutual interest to accelerate regional integration. We call on our countries to intensify efforts at increased domestic resource mobilization. Depending on circumstances, this can be achieved through, among others, the formalization of the informal sector, growth promotion, tax reforms, deepening of the financial market, flotation of infrastructure bonds, and public-private partnerships. We note the AfDB's Africa Bond Initiative and request a formal discussion at the next meeting.

5. We highlight that Africa has the youngest population in the world and by 2030 nearly one in every four young people will be African. However, to realize the potential of this demographic dividend, growth will have to be inclusive and supportive of better employment opportunities to the youth, and women in particular. We agreed that employment creation will continue to be at the forefront of our policy agenda, with a particular focus on the youth, taking special care of the skills mismatch. We call on Pan African institutions to support efforts for achieving inclusive growth in Africa and help to coordinate such efforts with the international community.
6. We underscore that the recent pressure on inflation, sparked by rising global food and oil prices, has generated considerable burdens on African economies and people. The increase in food and fuel costs was compounded by a severe drought and rapidly depreciating exchange rates in many countries. We noted the importance of fiscal restraint and sound macroeconomic management in taming inflation in African countries. It is also crucial to achieve robust economic diversification aimed at dismantling existing structural bottlenecks, including weak productivity and underdeveloped internal trade infrastructure that hamper food supply response. We call on the AfDB to report on progress of its work on helping African governments to deal with volatility in international food prices before our next meeting.
7. Refocusing on agriculture to increase food production will be necessary in addressing food price inflation. We call on our countries to focus on increased investment in food processing, storage and transportation as well as the creation of markets and institutions for agricultural products. We request the AfDB and UNECA to further study this issue including best practices, and report back at the next meeting.
8. Tackling inflation requires a meaningful degree of central bank independence and a well-functioning financial system which effectively communicates monetary policy actions to the rest of the economy. In many countries, inflation targeting might be an option but the right institutions must be in place. We call for more efficient fiscal and monetary policy coordination as this has proved effective in a number of African countries.
9. We agreed that African countries need to address the issue of poorly-targeted subsidies, whose effects have been regressive. In this regard, where required, our countries need to formulate and implement smart, well-targeted and properly tailored subsidies. Effective public communication efforts and good databases are pre-requisites for the success of such smart subsidies. Safety nets that do not undermine long-term fiscal sustainability will be important.
10. Many African countries are discovering new, abundant oil and gas resources, among other natural resources. If well managed, these will help accelerate Africa's growth on a sustainable basis and eradicate absolute poverty. This will also mean less

dependence on foreign aid. Linked to this is the need for sustainable fiscal and debt management to avoid a return to the external debt overhang era and jeopardizing gains of many years of successful reforms.

11. We again call for greater transparency and competitive filling of senior positions in international organizations. Additionally, in a world that is increasingly interconnected, a greater African voice will be important for a more inclusive global development. Agreements regarding Africa's representation in international fora should be respected. These include the commitment to create a third chair for Sub-Saharan Africa at the IMF.
12. We recall that during the G8 Summit in L'Aquila in 2009, the Heads of States, Governments, International and Regional Organizations committed to mobilize \$20 billion over three years to implement L'Aquila Food Security Initiative (AFSI). We call upon developed countries and international organizations to accelerate ~~on~~ the implementation of this important initiative. We request the AUC to follow-up and report on the progress of the initiative by next June.
13. We recall the Busan principles of ownership of development priorities by developing countries, focus on results, inclusive development partnerships (openness, trust, and mutual respect and learning), transparency and accountability to each other. We urge the respective stakeholders – including the OECD countries, partners of South-South and triangular co-operation and civil society organizations - to fully implement the agreed Busan commitments based on these shared principles.
14. We reviewed progress on the implementation of the African Green Fund (AfGF). We welcome the adoption of the Green Climate Fund (GCF) in Durban during the COP 17 and call on the international community to deliver on their financing commitments. We request the AfDB to further develop, streamline and coordinate the existing thematic climate finance instruments within the Bank to support Africa's readiness and preparation for an increased access to the GCF and other future global climate-related funds. We urge all parties to strive for a successful Rio+20, that takes further, discussions on the green economy, sustainable development and poverty eradication based on the principles of justice, equity and inclusiveness.
15. We welcome the progress made by the G20 High Level Panel on Infrastructure, and urge the speedy implementation of the Multilateral Development Bank Action Plan on Infrastructure. We call upon the G20 to support scaling up of infrastructure investments in Africa, starting with the six key projects identified in the continent by the High Level Panel. We fully support all efforts to increase investment in infrastructure in Africa.

16. We thank Egypt for a job well done. The next meeting will be held in Algiers towards the end of 2012, with Algeria as Chair. Dates for the next meeting will be communicated to members in due course.

Washington, DC, April 19, 2012