



SECOND AFRICAN UNION STC ON FINANCE, MONETARY AFFAIRS, ECONOMIC PLANNING AND INTEGRATION

16-17 APRIL 2018
ADDIS ABABA, ETHIOPIA

DECLARATION

Preamble

We, the Ministers and Central Bank Governors of African Union Member States, meeting on the occasion of the Second African Union Specialized Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration in Addis Ababa from 16 to 17 April 2018;

Recalling Decision Assembly/AU/Dec.227(XII), reconfiguring the Specialized Technical Committees (STCs) and Decision Assembly/AU/Dec.365(XVII) requesting the Commission to operationalize the STCs from January 2013 and to abolish sectoral Ministerial Conferences;

Reiterating that each country has primary responsibility for its own socioeconomic development and **recognizing** the potential of mobilizing significant domestic resources from a variety of sources and their effective use to ensure sustainable development of the continent;

Recognizing the negative impact of corruption on economic performance of the continent as it discourages domestic and foreign direct investments, undermines public spending, increases unproductive investments, affects the quality of services delivery, increases inequalities, and erodes development and economic growth and thus disrupting the entire economic system of countries.

Reasserting the urgent need to combat illicit financial flows, which continue draining, annually, a large amount of financial resources that are required for Africa's development mainly through tax evasion and tax avoidance, illicit extraction of minerals, mispricing of trade of goods and services by both domestic and multi-national companies in order to achieve agenda 2063 and sustainable development goals in Africa.

Recalling adoption of the Strategy for the Harmonization of Statistics in Africa (SHaSA), the African Charter on Statistics (ACS) as well as the creation of the African Union Institute for Statistics to be based in Tunis, Tunisia, and the Pan African Training Center on Statistics (PANSTAT) to be based in Yamoussoukro, Cote d'Ivoire, by the Executive

Council Decision (EX.CL/Dec.987 (XXXII)); and inviting countries to allocate 0.15% of their national budget to statistics;

Recognizing the critical role of statistical information for the planning, designing, implementing, monitoring and evaluating sustainable and inclusive development policy that foster social cohesion and equitable society through the use of quality data within the frameworks of Agenda 2063 and 2030 Agenda for Sustainable Development; and

Taking note and adopting the Report and Recommendations of the Experts' Meeting held on 12-14 April 2018, in Addis Ababa, Ethiopia;

HEREBY AGREE TO:

Domestic Resource Mobilization (DRM)

Implement strategies towards more effective, efficient, and fair taxation systems; broaden the tax base coverage to include informal sector and effective administration; develop legal, regulatory and policy options to optimize tax incentives and rationalize tax exemptions put in place a proper monitoring and evaluation of fiscal spending, deal with abuses of transfer pricing by multinationals and taxing extractive industries, including royalties, and wealth (capital gain, real estate and inheritance) fairly and transparently; and ensure rule of law;

Develop domestic and regional financial markets by establishing more effective enforcement legal and regulatory frameworks and institutional systems that guarantee fair and transparent transactions and protect market participants; and increase access to financial market by lowering barriers, offering suitable financial products and services that meet customers' needs in urban and rural areas to improve financial inclusion; and

Ensure long-term financing mechanisms using insurance and pension schemes, issuance of bonds; and develop mechanisms to harness and invest remittances, reduce the cost and enhance their effective management.

Fight against Corruption

Take necessary measures to fight corruption by adopting best practices in open and transparent contracting to reduce corruption in government procurement, tax administration and land administration and ensure that the public can access national, regional and continental budget information, and that processes and procedures for budget development and auditing are open and transparent to the public;

Request Member States that are yet to sign and accede to the African Union Convention on Preventing and Combatting Corruption (AUCPCC) to do so and domesticate and enforce it; and increase focus on corruption enabling practices in accounting firms, banks, tax havens, and other intermediaries and develop a common African position on

recovering looted assets and enable Member States to manage their frozen assets and protect them from erosion; and

Request the AUC, in collaboration with relevant competent organs, to develop a transparent assessment system to measure the level of governance including combating corruption and curbing illicit financial flows.

Fight against Illicit Financial Flows

Commit to fully implement the recommendations of the High Level Panel on Illicit Financial Flows adopted by the AU Assembly by taking measures to strengthening legal and regulatory regimes, fighting corruption, building capacity for contract negotiation, tax administration and identifying and returning the resources lost through illicit financial flows; and

Request the AU to lead in the tax transparency and information exchange agenda for Africa, and foster stronger collaboration among countries and regions for tackling the root causes of IFFs by creating an AU Fiscal Governance Forum aimed at optimizing tax collection, strengthening tax cooperation to stem illicit flows and enhance domestic resource mobilization on the continent.

African Union Institute for Statistics and Pan African Statistics Training Center

Take note of the draft Statutes of AU Institute for Statistics and Pan African Statistics Training Centre and **request** the AU to submit to Member States the Statutes of the two institutions for comments in 30 days from the date of sending the two documents, or by 1 June 2018, to enable the Commission to finalise the two documents and submit them to the next STC;

Commend the Host Countries (Tunisia and Cote d'Ivoire) for taking the necessary actions for the operationalization of the Institute and the Centre by providing the necessary financial, material and human resources as per Assembly **Decisions No** Assembly/AU/Dec.462(XX) and Assembly/AU/Dec.490(XXII) on the creation of the Institute and the Training Centre, respectively; and

Request the AUC in collaboration with the African Development Bank (AfDB), the African Capacity Building Foundation (ACBF) and the United Nations Economic Commission for Africa (UNECA) to mobilise sustainable financial resources for the operationalization of the Institute and the Centre.

Employment and Social cohesion Fund

Take note of the progress report on the establishment of Employment and Social Cohesion Fund (ESCF);

Request AUC to undertake a feasibility study on the operationalization and implementation mechanism of ESCF;

Request AUC to submit the financial, organizational and technical frameworks of the Employment and Social Cohesion Fund to the F15 Ministers of Finance and the relevant Sub Committees of Permanent Representatives Committee for scrutiny and onward submission to the Executive Council and the Assembly of Heads of State and Government in January 2019, for adoption; and

Request AUC to organize a meeting between the Bureau of the STC on Finance, Monetary Affairs, Economic Planning and Integration and the Bureau of the STC on Social Development, Labor and Employment, to consider the Governance Structure, Administration, Business Model, Resource Mobilization Strategy, the operationalization and implementation mechanism of ESCF;

Done in Addis Ababa, Ethiopia on 17 April 2018