

G20 Compact with Africa
Ministerial Meeting – Accra, Ghana
September 6, 2017

Consensus Statement

Ministerial Highlights and Points of Consensus

The Compact with Africa (CWA) Governments convened on September 6, 2017 in Accra, Ghana to express commitment and support to the Compact agenda; to provide a stocktaking of progress to date; and to outline next steps, including a peer learning framework to address common challenges over the next three years. CWA countries represented included Ghana (host), Cote d’Ivoire, Morocco, Rwanda, and Senegal. Additional countries, which aspire to join the CWA, included Benin, Burkina Faso, Gambia, and Guinea. The World Bank, African Development Bank and IMF (the IFIs), and Germany, as G20 Presidency, also participated.

The meeting provided an opportunity for the Ministers to share experiences from their countries to and learn from each other on reforms related to increasing private investment, and in particular related to implementation of the CWA. The representatives of the IFIs provided overviews of the three CWA frameworks—Macroeconomic (IMF), Business (World Bank), and Financial (AfDB)—and the roles that their institutions plan to play in supporting implementation of the CWA.

Consensus

The Ministers expressed their strong commit to the CWA objectives of strengthening fiscal management and increasing private investment, which they noted are aligned with their own national development strategies and efforts. They expressed strong commitment to ensure rapid and robust implementation of policy commitments outlined in CWA documents from their countries. There is also strong interest among other countries to join the CWA. The Ministers highlighted the historic nature of the G20 Partnership with Africa and the Compact with Africa and emphasized the importance for continuity regarding commitment to the CWA as the G20 Presidency rotates from year to year.

From the discussion, the Ministers highlighted the need for the CWA to help support national economic transformation strategies that:

- Maintain fiscal discipline and macroeconomic stability as a fundamental platform for development

- Diversify African economies and make them more resilient
- Pursue inclusive growth and reduce inequalities
- Focus on addressing the growing youth unemployment problem in Africa
- Target both domestic and foreign private investors; and
- Take into account the regional dimensions of attracting investment and also regional infrastructural connectivity.

Towards this objective, within the context of the CWA, the Ministers reached consensus on:

- **Domestic Resource Mobilization (DRM).** Ministers affirmed their resolve to deepen their efforts to increase DRM. In this regard, they noted that raising additional revenues has to go hand in hand with improving the efficiency of public expenditures and delivery of public services—in effect, a Compact between citizen taxpayers and their governments. Ministers highlighted the following actions:
 - Modernize tax system and treat modernization of tax system as an investment spending.
 - Foster peer-to-peer learning between CWA countries in DRM.
 - Bring tax payers closer to tax administration, established centers for that
 - Explore ways of taxing the informal sector, but balance taxation with need to encourage innovation.
 - Deploy technology in modernizing tax administration and as a build-up to a digital economy.
 - Strengthen capacity for planning and managing public investment, including PPPs; in particular countries should consider creating capacity to prepare feasibility studies on prospective projects that could be used to attract private investment partners.

- **Business Framework.** Ministers agreed on the need for a public administration that prioritizes responding to investors--both domestic and foreign--and dealing expeditiously with their concerns. In this regard they highlighted their commitment to:
 - Improved coordination w/ government on improving business environment
 - Strengthened public/private dialogue
 - Improved legal frameworks to give clarity and expeditious resolution of issues for investors
 - Strengthened investment agencies e.g. providing a list of pre-prepared feasible projects
 - Regional approach - Push for neighbors to reform to attract FDI to region not just country
 - Significantly improve their rankings in the doing business rankings

- **Financial Framework.** Ministers undertook to collaborate with the IFIs and other relevant institutions to develop and deploy de-risking financial instruments that enable African countries to attract foreign private investment without sovereign guarantees.
 - A fundamental question to be addressed is the rising levels of debt-to-GDP ratios in African countries and their constraining effects on economies. There is a need to examine innovative instruments to address the debt burden so as to enable CWA countries to benefit from the relatively low global interest rate regime
 - Regional stock exchanges to connect countries
 - Need for clear financial regulatory frameworks to ensure robust domestic financial and capital markets
 - Mobilize and leverage diaspora funding.
 - CWA should help reflect the positive image of Africa in international financial markets

- **Expectations from IFIs.** There is a shared expectation that the World Bank, IMF and African Development Bank will develop action plans specific to the CWA commitments of each country to support key policy reforms and transformational policy agendas.

- **Expectations from G20 Countries.** There is a shared expectation that the G20 countries will promote specific and meaningful investment in Africa, particularly to address the infrastructure gap. Significant G20 investment and trade promotion, financing, and risk mitigation are needed for the private sector to commit to new investments in Africa. The level of preparedness of the CWA countries now makes it imperative for the G20 countries to be more specific and detailed on how they would assist in attracting the required significant additional private investment to the CWA countries who are pursuing reforms and de-risking their countries.

- **A Peer Learning Platform For Finance Ministers.** Ministers noted that they found the day's discussion very helpful and saw great value in building upon it to create a "Club" that would provide a platform for Ministers to continue to learn from and motivate each other in pursuing their national economic development agendas, and the CWA in particular. Such a platform will provide an opportunity to understand best practices and key challenges in Africa, and learn from global best practice. To this end, Ministers:
 - Expressed the appreciation to the Minister for Finance for Ghana for having convened the meeting
 - Expressed their appreciation to the African Center for Economic Transformation (ACET) for helping to convene and prepare substantive background materials for the meeting, and requested ACET to be a Secretariat for the Peer Learning Platform.
 - Ministers noted that a robust process of analysis and research will inform the peer-to-peer learning process. This research will draw upon analysis of the IFIs, but will also include multi-country case studies, cross-regional comparative

analysis, data sourcing and surveys, and tailored macroeconomic assessments. They agreed on the need to start with a study on DRM.

- **Peer Review Mechanism.** A peer-review mechanism for the CWA will promote mutual accountability, provide peer learning opportunities and serve as an honest-broker mechanism for CWA countries. It will also allow for robust and real-time monitoring of progress across CWA countries. This will draw lessons from the African Peer Review Mechanism (APRM), and incorporate good practice from other experiences, for example from the OECD.
- The African Center for Economic Transformation (ACET) will - in partnership with institutions in CWA countries, and with regional institutions such as the Economic Commission for Africa – undertake a coordination role in CWA implementation and facilitation of the peer learning, analysis and peer review interventions.
- **Convening at the October 2017 World Bank/IMF Annual Meeting.** This consensus statement should be shared with the G20 and IFIs, and an information sharing session should be organized at the 2017 World Bank/IMF Annual Meetings. This session will provide an opportunity for CWA Ministers of Finance to share the outcomes of the Ministerial meeting with G20 representatives and other stakeholders.

Conclusion

There was strong agreement that a partnership approach will benefit CWA implementation. African governments, IFIs, and the G20 will work collaboratively to meet the goals of the CWA, while ACET and other African institutions will support implementation. The Ministers recognized Germany's outstanding leadership of the G20 and noted appreciation for the steadfast focus on Africa during Germany's G20 Presidency. The Ministers noted appreciation to the African Development Bank, the World Bank, and the International Monetary Fund for their participation and support to the CWA. The Ministers also noted appreciation to the Government of Ghana, and particularly to Finance Minister Ken Ofori-Atta and the Ghana Ministry of Finance for graciously hosting the meeting. Lastly, the Ministers conveyed their appreciation and thanks to all the teams in the CWA countries that are helping with implementation of this very important initiative.

Ministers look forward to convening at the World Bank/IMF Annual Meeting in Washington, D.C. in October 2017 and establishing a working technical group from the various CWA countries' finance ministries.