

## LUANDA DECLARATION

**Having** met in Luanda, the Republic of Angola, at our 2015 Caucus, hosted and chaired by Honorable Armando Manuel, Minister of Finance of the Republic of Angola and Chairman of the African Caucus of the International Monetary Fund (IMF) and the World Bank Group (WBG):

- We, the African Governors of the IMF and the WBG discussed ways and means the Bretton Woods Institutions (BWIs) can support our efforts to: (i) address the challenges of financing for sustainable development; (ii) combat tax evasion and eliminate illicit financial flows; (iii) invest in economic transformation and diversification; (iv) finance regional transformative infrastructure projects; and (v) enhance African voice and representation in the BWIs.

### IN THIS CONTEXT

*Mindful that the world's increasingly volatile financial markets outlook means that finding the resources to finance the Sustainable Development Goals (SDGs) will be difficult, and conscious that without the right financing and policies, we cannot achieve the set ambitions:*

- We submitted for support by the BWIs transformative solutions and actions - including strengthening public policies, harmonizing regulatory frameworks, developing public/private partnerships (PPPs), improving business climate, and restructuring sovereign debt - to unlock the potential of people and the private sector and incentivize changes in financing, consumption and production patterns in support of sustainable development.

*Acknowledging that illicit financial flows coupled with aggressive tax avoidance, repatriation of profits and debt repayments are tragically depriving our countries of hundreds of billions of dollars every year; and convinced that domestic resources that our countries can raise themselves will be our largest single resource for funding our countries' development:*

- We proposed some focus areas where BWIs' assistance could help our countries to raise new development finance through domestic resource mobilization by increasing, inter alia, tax collection, private finance, international public finance; and, in particular, reducing illicit financial flows by 2030, with a view to eventually eliminate them, including through trade, monetary and financial systems, strengthened global economic governance, and improved international tax cooperation.

*Underscoring that natural resource wealth presents vast opportunities for development; conscious that our countries that depend on it for export earnings and fiscal revenues face peculiar challenges and remain highly vulnerable to various external shocks; and concerned that more than two decades since the start of diversification programs, the lack of well-designed diversification strategies and inadequate monitoring mechanisms have not helped facilitate economic and export diversifications for Africa's transformation:*

- We suggested few actions that the BWIs could undertake in support of our countries to achieve economic and export diversification by spurring innovation and technologies in higher-value sectors - including agriculture, infrastructure, energy, manufacturing, services, data improvement, and capacity building - to unleash the spirit of entrepreneurship and drive Africa's transformation.

*Reaffirming that infrastructure development remains a key driver and a critical enabler for sustainable growth in Africa; expressing concern on the inadequacy of current international funding and delivery architecture in responding to Africa's infrastructure needs; noting that the current favorable economic landscape in the continent provides us with a unique opportunity to collectively address regional transformative infrastructure financing with a sense of urgency:*

- We proposed for Bank's support six regional transformative projects in energy and agriculture sectors; as well as a few innovative solutions to reduce Africa's growing infrastructure financing gap. We also called for BWIs' financial contributions into the African Development Bank's (AfDB) Africa50 initiative to unblock the challenges associated with infrastructure project preparation, bankability, and financial structuring as key prerequisites for attracting private capital investments.

*Reemphasizing the critical importance and urgency of increasing Africa's voice and representation within the BWIs:*

- We reiterated our position that the size of the IMF Executive Board be aligned with the institution's growing mandate and renewed our longstanding commitment to a third chair for Sub-Saharan Africa. We recalled the commitment of the Fund membership to complete the comprehensive review of the quota formula by January 2013, and our position for enhanced Africa's representation through quota shares that reflect our economic dynamism and underlying vulnerabilities. We agreed to maintain a concerted dialogue with the leadership at the IMF and the Bank to enhance the representation of African nationals and effectively promote their career development within the agreed institutional goals of diversity and mobility at all levels of staff.

## **FINALLY**

*Cognizant that IDA is and should continue to be the most important source of funding in achieving ambitious SDGs targets:*

- We renewed our support to the WBG's new financing initiatives to facilitate the transition from concessional to non-concessional funding, as well as the ongoing discussion of options to increase the resources available for development finance through IDA. We stand ready to be consulted on options that would be identified.

## **ACKNOWLEDGEMENT**

We, African Governors, thank His Excellency President José Eduardo dos Santos, the Government and the People of the Republic of Angola, for the hospitality and support they accorded us throughout our stay in the country.

Luanda, August 28, 2015  
African Caucus