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**EXECUTIVE COUNCIL**

**Fortieth Ordinary Session**

**20 January - 03 February 2022**

**Addis Ababa, Ethiopia**

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**REPORT OF THE 2<sup>ND</sup> EXTRAORDINARY STC ON FINANCE,  
ECONOMIC PLANNING, MONETARY AFFAIRS AND INTEGRATION,  
17 DECEMBER 2021**

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**Second Extraordinary Specialized Technical Committee on  
Finance, Monetary Affairs, Economic  
Planning and Integration  
Ministers' Meeting  
17 December 2021  
Virtual**

**Eco/STC/MAEPI(Extra. II)/MIN/Rpt**

**REPORT OF THE MEETING OF MINISTERS**

## **I. Introduction**

1. The meeting of the Second African Union (AU) Extraordinary Specialized Technical Committee (STC) on Finance, Monetary Affairs, Economic Planning and Integration was held virtually on 17 December 2021. The meeting was chaired by Hon. Ofori-Atta, the Minister for Finance, Republic of Ghana, and Chairperson of the 4<sup>th</sup> STC on Finance, Monetary Affairs, Economic Planning, and Integration.

### **A. Attendance**

2. The meeting was attended by representatives of the following Member States: Algeria, Angola, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Congo, Democratic Republic of Congo, Côte d'Ivoire, Egypt, Equatorial Guinea, Eritrea, Eswatini, Ethiopia, Gabon, Gambia, Ghana, Guinea, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Sahrawi Arab Democratic Republic, Seychelles, Sierra Leone, South Africa, Sudan, Tanzania, Togo, Tunisia, Uganda, Zambia, and Zimbabwe.

3. The following Regional Economic Communities were represented: Common Market for Eastern and Southern Africa (COMESA) and Southern African Development Community (SADC).

4. Also present were representatives from the African Peer Review Mechanism, The African Capacity Building Foundation (ACBF), the African Tax Administration Forum (ATAF), the Association of African Central Banks (AACB) Secretariat, United Nations Economic Commission for Africa (ECA), and technical departments of the African Union Commission (AUC).

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

5. The welcome remarks were delivered by H. E. Dr. Monique Nsanzabaganwa, the Deputy Chairperson of the African Union Commission and the opening statement by Hon. Ken Ofori-Atta, Minister for Finance of the Republic of Ghana, and Chairperson of the STC. H. E. Dr. Vera Songwe, the Executive Secretary of the United Nations Economic Commission for Africa and United Nations Under-Secretary General also addressed the STC.

6. In her welcoming remarks, H. E. Dr. Monique Nsanzabaganwa highlighted the pertinent issues requiring the guidance of the Ministers that will promote prosperity and deeper integration across Africa in a spirit of inclusiveness. She encouraged the STC to establish new momentum that would enable the execution of Africa's mission of creating the Africa We Want in line with the Pan-African vision of 'An integrated, prosperous, and peaceful Africa, driven by its own citizens, representing a dynamic force in the international arena'. She called upon the Ministers and Governors to fully support the Champion, His Excellency Nana Akufo-Addo in realizing his vision of galvanizing the

process of establishing the African Union Financial Institutions. She concluded by informing the Ministers of a study to be commissioned by the Commission, in collaboration with the African Union Development Agency (AUDA-NEPAD) and the African Development Bank to position Africa on a sustainable development path.

7. In her remarks, H. E. Dr. Vera Songwe indicated that the rising world interest rate would put pressure on increasing African debt, necessitating the establishment of the African Financial Stability Mechanism. She noted that there was an increase in on-lending of the International Monetary Fund's Special Drawing Rights and the need to continue lobbying for an increase to Africa. She called on Africa countries to continue in their efforts to increase domestic resources mobilisation, stating that the ECA was working with several countries to improve their excise tax laws. She stated that the G20 framework for debt sustainability was not good for African countries and called for the involvement of African countries for its restructuring. She concluded by commending the World Bank for approving the twentieth replenishment of the International Development Association (IDA20) to the effect of US \$93 billion and called for the mobilisation of two thirds of that amount to African countries.

8. In his opening remarks, Hon. Ken Ofori-Atta welcomed Ministers and Governors to the Second (2<sup>nd</sup>) AU Extraordinary Session of the STC on Finance, Monetary Affairs, Economic Planning and Integration. He stated that the world economy and Africa continues to grapple with the impacts of climate change and the COVID-19 pandemic. He noted that Africa uses about 48.14% of its revenues for debt service, which is not sustainable. To that end, he called for the championing of a global campaign for debt suspension and relief so Africa can channel domestic resource mobilisation towards development. On a more positive note, he indicated that the general macroeconomic situation of the continent was improving, with real GDP in Africa expected to grow by 3.4 percent in 2021, underpinned by a resumption of tourism, a rebound in commodity prices, and the rollback of pandemic-induced restrictions. He highlighted the need to collectively take bold steps for effective deployment of vaccines for COVID-19 on the continent, support the implementation of the Africa Continental Free Trade Agreement, support the African Union Financial Institutions and continue progress in structural transformation. He welcomed the launch of the 2021 Revenue Statistics Report and the Smart Finance and Digital Banking for MSMEs as part of the agenda of the STC, indicating that the two initiatives required the support of Ministers of Finance and Central Bank Governors. He concluded by emphasizing the significance of the meeting to realize the African vision, that the continent secures financial autonomy and strong economies.

### **C. Adoption of the agenda and programme of work**

9. The meeting adopted the agenda as follows:

- i. Opening of meeting
- ii. Adoption of the draft agenda
- iii. Consideration and adoption of the Report of Experts Meeting and Draft Ministerial Declaration

- iv. Launch of the 2021 Revenue Statistics in Africa Report
- v. Launch of Smart Finance and Digital Banking for MSMEs
- vi. Any other Business
- vii. Closing of the Meeting

## **II. CONSIDERATION OF THE OUTCOME DOCUMENTS OF THE MEETING**

### **A. Consideration of the report and recommendations of the Experts' meeting**

10. The Ministers took note and endorsed the report of the Experts' meeting.

### **B. Consideration and adoption of the Ministerial Declaration**

11. The meeting considered the Ministerial Declaration and deliberated on the African Union Legacy Project on Diaspora Investment at length. Some Member States indicated that the investment policy of the African Diaspora Finance Corporation (ADFC) was not clear and thus a feasibility study should be undertaken before the STC could recommend the ADFC for adoption by the AU Assembly of Heads of State and Government. It was agreed that the STC would recommend the Strategic, Business and Operational Framework for an ADFC be submitted for adoption by the 35<sup>th</sup> Ordinary Session of the AU Assembly of Heads of State and Government scheduled to take place in February, 2022. However, the reservations of some Member States were noted.

12. Following the discussion, the meeting adopted the Ministerial Declaration with amendments.

## **III. Launch of the 2021 Revenue Statistics in Africa Report**

13. The 2021 Revenue Statistics in Africa Report was launched by H. E. Dr. Monique Nsanzabaganwa, the Deputy Chairperson of the African Union Commission, H. E. Mr. Jeffrey Schlagenhauf, the Deputy Secretary General of the OECD, and Mr. Logan Wort, the Executive Secretary of ATAF.

## **IV. Launch of Smart Finance and Digital Banking for MSMEs**

14. The launch of the Smart Finance and Digital Banking for MSMEs was graced by H. E. Dr. Monique Nsanzabaganwa, the Deputy Chairperson of the African Union Commission, Mr. Muluaem Syoum, CEO and Chairman of AeTrade Group, Hon. Majazi Sithole, Governor of the Central Bank of Eswatini, and H. E. Mr. Hailemariam Desalegn, Boshe, Ae Trade Group Patron and former Prime Minister of Ethiopia.

## **V. Closing of the meeting**

15. In her closing remarks, the Deputy Chairperson thanked the Ministers and Governors for the guidance in moving forward with the agenda items and indicated the readiness of the Commission to ensure their implementation. Further, she mentioned the

importance of tapping the potential of diaspora as an alternative source of finance for Africa's development. Lastly, the Deputy Chairperson thanked the interpreters and the organizing team for their efforts to ensure the success of the meeting.

16. The Minister thanked the Ministers and Governors for the thorough, fruitful, and meaningful discussions. He noted that the Experts have discussed and deliberated extensively on the key issues and recommendations raised at the Ministerial Meeting of the 4th AU STC held in May 2021. He stated that some of the recommendations will be submitted for consideration and adoption by the Assembly of Heads of State and Government. He extended his gratitude to Commissioner Muchanga and all partners involved for the tremendous support leading to the Launch of the 2021 Revenue Statistics Report and the Smart Finance and Digital Banking for MSMEs. The Minister thanked the Deputy Chairperson for availing time to participate in the meeting. Lastly, he expressed his gratitude to the STC organizing team and wished participants pleasant holidays.

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**SECOND EXTRAORDINARY AFRICAN UNION SPECIALIZED TECHNICAL  
COMMITTEE ON FINANCE, MONETARY AFFAIRS, ECONOMIC PLANNING AND  
INTEGRATION**

**17<sup>th</sup> DECEMBER 2021**

**VIRTUAL MEETING**

**MINISTERIAL DECLARATION**

**Preamble**

**We**, the Ministers of Finance, Economic Planning and Integration and Central Bank Governors of African Union (AU) Member States, meeting on the occasion of the Second Extraordinary Session of the African Union Specialized Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration, virtually on 17 December 2021;

**Having deliberated** on some items that were not concluded during the Fourth Ordinary Session of the STC held in May 2021 including i) proposals on the timeline and macroeconomic convergence criteria for the establishment of the African Central Bank; ii) APRM study results and methodology on the African Principles and Guidelines on Corporate Governance and Policy Framework on support to the Member States on Credit Rating Agencies; and iii) the African Union Legacy Project on Diaspora Investment, Innovative Finance, and Social Enterprise in Africa;

**Having also considered** new items such as the report of the workshop of Ministers of Finance and Central Bank Governors on the African Union Financial Institutions (AUFIs), the Reallocation of the Special Drawing Rights, Vaccine Acquisition and Financing and the Establishment of the African Financial Stability Mechanism held in November 2021, the draft terms of reference for the technical study to address the technical issues surrounding the implementation of the AUFIs and the draft concept note targets of the African Union Agenda 2063, United Nations Agenda 2030 and the High 5S for transforming Africa, anchored on attaining and sustaining 7 to 10 percent annual growth rates;

HEREBY AGREE TO:

- I. **Report of the Ministers' Workshop on African Union Financial Institutions (AUFIs), the Reallocation of the International Monetary Fund's Special Drawing Rights, Vaccine Acquisition and Financing and the Establishment of the African Financial Stability Mechanism held on 3 November 2021**
  - a) **Take note** of the report of the Ministers' Workshop on African Union Financial Institutions (AUFIs), the Reallocation of the International Monetary Fund's Special Drawing Rights, Vaccine Acquisition and Financing and the Establishment of the African Financial Stability Mechanism held on 3 November 2021.
  - b) **Endorse** the report and recommend its recommendations for adoption by the 35<sup>th</sup> Assembly of the Heads of State and Government of the African Union.
- II. **Timeline and Macroeconomic convergence criteria for the establishment of the African Central Bank**
  - a) **Endorse** the macroeconomic convergence criteria as approved by the Assembly of Governors of the AACB and recommend them for adoption by the 35<sup>th</sup> Ordinary Session of the Assembly of Heads of State and Government of the African Union;
  - b) **Request** the RECs to commit themselves to implementing the macroeconomic convergence criteria; and
  - c) **Urge** the Commission to build its capacity to monitor the implementation of the macroeconomic convergence criteria.
- III. **Draft terms of reference of the technical study to address all the technical issues surrounding the implementation of the AUFIs**
  - a) **Request** the Commission to revisit and strengthen the scope of work of the TORs;
  - b) **Call upon** the Commission to utilize in-house capacity to execute the assignment and only consider outsourcing when there is inadequate capacity within the Commission;
  - c) **Urge** the Commission to consider establishing a technical committee to undertake the task instead of recruiting a consultant;
  - d) **Also request** the Commission to work with the United Nations Economic Commission for Africa (UNECA), African Development Bank (AfDB), African Export-Import Bank (AfreximBank) and other relevant stakeholders in bridging the technical and financing gap to undertake the study; and



- e) **Further request** the Commission to draw experiences from other already established financial institutions, specifically the recently established BRICS financial institution, in supporting the setting-up of AUFIs.

IV. **In-Depth Study on positioning Africa to build back better and achieve the Goals and Targets of the Agenda 2063, Agenda 2030 and High 5 for Transforming Africa, anchored on attaining and sustaining 7 to 10% annual growth**

- a) **Take note** with appreciation the draft concept note for an in-depth study on positioning Africa to build back better and achieve the goals and targets of the African Union Agenda 2063, United Nations Agenda 2030 and the High 5S for transforming Africa, anchored on attaining and sustaining 7 to 10 annual growth rates;
- b) **Commend** the AU Commission for the initiative which will allow to come out with an action-oriented and practical intervention to drive African countries towards growth on the African continent that exceeds 7% levels in a period of 10 to 30 years in order to achieve structural transformation, inclusive sustainable development as well as achieve macroeconomic convergence all which are critical to Africa deepening continental economic integration in line with the 1991 Treaty Establishing the African Economic Community;
- c) **Call upon** the Commission to use in-house capacity and seek assistance from other AU organs and African institutions to undertake the study;
- d) **Request** the AU Commission to incorporate comments/inputs and finalise the concept note; and
- e) **Also request** the AUC to work with AUDA/NEPAD and AfDB to commission the study and report on progress made to the 5<sup>th</sup> STC.

V. **Draft Policy Framework on APRM support to Member States on Credit Rating Agencies**

- a) **Take note** of the presentation on the Policy Framework on APRM Support to Member States on Credit Rating Agencies.
- b) **Endorse** the Policy Framework on APRM support to Member States on Credit Rating Agencies and request the APRM and AUC to implement the support mechanisms of the Policy Framework to assist Member States to improve their credit ratings;
- c) **Recommend** that the Policy Framework on support to Member States on Credit Rating Agencies be submitted for adoption by the 35<sup>th</sup> Ordinary Session of the AU

Assembly of Heads of State and Government scheduled to take place in February 2022; and

d) **Request** the APRM Secretariat to reflect the proposals by Member States as indicated in paragraph 23 of the Experts' Meeting Report, in the final version of the document as the basis of their endorsement.

#### **VI. The African Principles and Guidelines on Corporate Governance**

- a) **Take note** of the presentation on the African Principles and Guidelines on Corporate Governance and request that the APRM should send the final document to Member States for further consultations to be made and submit the comments/inputs to the Secretariat by 15 January 2022.
- b) **Request** that the final version of the draft framework which incorporates comments should be submitted to Member States by 4 February 2022 to enable Member States at least a month before the 5<sup>th</sup> STC for our consideration and endorsement.

#### **VII. African Union Legacy Project on Diaspora Investment**

- a) **Endorse** the AUC report on 'Strategic, Business and Operational Framework for an African Diaspora Finance Corporation' as the framework for the African Union legacy project on diaspora investment;
- b) **Recommend** that the 'Strategic, Business and Operational Framework for an African Diaspora Finance Corporation' be submitted for adoption by the 35<sup>th</sup> Ordinary Session of the AU Assembly of Heads of State and Government scheduled to take place in February, 2022;
- c) **Request** the AUC to undertake a feasibility study on the establishment of the African Diaspora Finance Corporation (ADFC) that will cover business operations, investment planning and criteria, and the application and administration of ADFC funds; and
- d) **Take note** of the reservations from some Member States on recommendations a) and b) of above.

#### **VIII. Launch of the 2021 Revenue Statistics in Africa Report**

- a) **Commend** the African Union Commission (AUC), the African Tax Administration Forum (ATAF), and the Organisation for Economic Co-operation and Development (OECD) for producing the 2021 Report on Revenue Statistics in Africa, an annual publication, which provides accurate, complete and reliable statistics on public revenues for tax policy development; and

- b) **Encourage** Member States who are not part of the Revenue statistics initiative to join, as it contributes to improving domestic resource mobilisation as set out in the African Union's Agenda 2063.

**IX. Launch of Smart Finance and Digital Banking for MSMEs**

- a) **Welcome with appreciation** the launch of the Smart Finance and Digital Banking for MSMEs initiative which will provide access to affordable financial products and services at the grassroots level across the continent; and
- b) **Encourage** the AU Commission and the AeTrade Group to promote and facilitate digital and financial inclusion in collaboration with the public and private sector, development finance institutions in Africa as well as relevant international organisations and **Endorse** the Memorandum of Understanding between the African Union and the AeTrade Group's objectives to implement digital capacity building initiatives including the Sokokuu platform as an enabler for SMES, women and youth to access regional, continental and global markets;
- c) **Congratulate** H.E. Hailemariam Desalegn, former Prime Minister of Ethiopia, for his appointment as the Chairman of the Board of the AeTrade Group and the foundation laid during the past three years under his leadership as the Patron.

**X. Support to the World Bank IDA 20 Replenishment**

**Reiterate** our support for the replenishment of US \$93 billion to the World Bank International Development Association (IDA20) and commit to continue advocating for two thirds of the funds to be dedicated to Africa.

**Done Virtually, on 17 December 2021**

**DRAFT**  
**DECISION ON THE REPORT ON THE FOURTH (4TH) SPECIALIZED TECHNICAL COMMITTEE ON FINANCE, MONETARY AFFAIRS, ECONOMIC PLANNING AND INTEGRATION HELD IN MAY 2021 AND THE SECOND (2ND) EXTRAORDINARY SESSION OF ON FINANCE, MONETARY AFFAIRS, ECONOMIC PLANNING AND INTEGRATION HELD IN DECEMBER 2021**

**The Executive Council,**

1. **TAKES NOTE** of the Reports and the Declarations of the fourth (4th) Specialized Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration, May 2021 and the second (2nd) Specialized Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration held in December 2021;
2. **COMMENDS** the STC on the deliberating on the critical theme of Developing Integrated and Complementary Value Chains for sustainable recovery and Reinforcing operationalization of the AfCFTA as the continent grapples with the adverse effects of the COVID-19 pandemic;
3. **ADOPTS** the Reports and the Declarations of the 4<sup>th</sup> ordinary session of the STC and the 2<sup>nd</sup> Extraordinary session of the STC;
4. **ALSO ADOPTS** the establishment of a Continental Platform on African Tax Issues to improve Domestic Resources Mobilization and fight against IFFs on the continent and requested the Commission and the stakeholders involved to commence preparation of annual Sub-Committee meetings; **ENCOURAGES** the Member States to utilize the Sub-Committee in discussing and agreeing on a common approach when negotiating for taxing rights and issues with the international community; and **REQUESTS** the AUC, the African Tax Administration Forum (ATAF) and other relevant stakeholders to strengthen their collaboration in providing the required technical assistance to Member States to improve DRM and fight against IFFs;
5. **ADOPTS** the Statutes of the AIMEC and Requests the AUC to finalise the structure of the AIMEC and the budget working with the Permanent Representative Committee.
6. **FURTHER ADOPTS** the statutes of STATAFRIC and PANSTAT; **ENDORSES** the Terms of reference of the establishment of the Civil Registration and Vital Statistics (CRVS) Sub-Committee and **REQUESTS** the AUC to fast track the operationalization of the Sub-Committee of the CRVS;
7. **ADOPTS** the Policy Framework on APRM support to Member States on Credit Rating Agencies and request the APRM and AUC to implement the support

mechanisms of the Policy Framework to assist Member States to improve their credit ratings;

8. **REQUESTS** that the final version of the draft African Principles and Guidelines on Corporate Governance, which incorporates comments should be submitted to Member States by 4 February 2022 to enable Member States at least a month before the 5th STC for our consideration and endorsement;
9. **REQUESTS** the APRM in collaboration with AUC to resubmit the proposal for the AU annual theme, “improving access to global capital for accelerated transformative economic growth,” to the Ministerial Committee on Agenda 2063, which is mandated to consider AU annual themes;
10. **ADOPTS** the ‘Strategic, Business and Operational Framework for an African Diaspora Finance Corporation’ as the framework for the African Union legacy project on diaspora investment;
11. **REQUESTS** the AUC to undertake a feasibility study on the establishment of the African Diaspora Finance Corporation (ADFC) that will cover business operations, investment planning and criteria, and the application and administration of ADFC funds;
12. **COMMENDS** the AUC, the ATAF and the Organisation for Economic Co-operation and Development (OECD) for producing the 2021 Report on Revenue Statistics in Africa, an annual publication, which provides accurate, complete and reliable statistics on public revenues for tax policy development; and
13. **ENCOURAGES** Member States who are not part of the Revenue statistics initiative to join, as it contributes to improving domestic resource mobilisation as set out in the African Union’s Agenda 2063.
14. **WELCOMES** with appreciation the launch of the Smart Finance and Digital Banking for MSMEs initiative which will provide access to affordable financial products and services at the grassroots level across the continent; and
15. **ENCOURAGES** the AU Commission and the AeTrade Group to promote and facilitate digital and financial inclusion in collaboration with the public and private sector, development finance institutions in Africa as well as relevant international organisations and **ENDORSES** the Memorandum of Understanding between the African Union and the AeTrade Group's objectives to implement digital capacity building initiatives including the Sokokuu platform as an enabler for SMES, women and youth to access regional, continental and global markets;
16. **CONGRATULATES** H.E. Hailemariam Desalegn, former Prime Minister of Ethiopia, for his appointment as the Chairman of the Board of the AeTrade Group

and the foundation laid during the past three years under his leadership as the Patron.

17. **REITERATES** our support for the replenishment of US \$93 billion to the World Bank International Development Association (IDA20) and commit to continue advocating for two thirds of the funds to be dedicated to Africa.

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