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Concept Note

**Specialized Technical Committee on Finance, Monetary Affairs, Economic
Planning and Integration**

Addis Ababa, Ethiopia

12-17 April 2018

1. BACKGROUND

The Commission is organizing the Second Session of the Specialized Technical Committee (STC) on Finance, Monetary Affairs, Economic Planning and Integration as per 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.

The First STC was held in October 2017 in Addis Ababa, Ethiopia, under the theme “*Growth, employment and inequality*”. The STC highlighted corruption as one of the setbacks to sustainable inclusive economic growth. The meeting noted that corruption discourages investors and increases inequalities. In this regard, efforts have to be directed toward considering the correct mix of policies, auditing national laws and enacting laws in line with the changing global context. In addition, the meeting underscored the need to address Illicit Financial Flows (IFFs). To achieve this, it was noted that there was need for improved governance and accountability for reducing the financial haemorrhage of illicit financial flows through the fight against corruption. Overall, the meeting concluded that financing Africa’s development requires a comprehensive approach that harnesses the potential of domestic resources mobilization.

In the same vein, in recognition of the negative impact that corruption has on the development of African countries, the African Union has dedicated the year 2018 to the fight against corruption. Under the theme, “Winning the Fight against Corruption: A sustainable path for Africa’s Transformation”, African Union (AU) Heads of State and Government are resolute in their willingness to fight corruption on the continent. Consequently, the theme for the second STC is “Mobilisation of domestic resources: fighting against corruption and Illicit Financial Flows”.

2. DATE AND VENUE

The Second Session of the AU STC on Finance, Monetary Affairs, Economic Planning and Integration will be held from 12 to 17 April 2018 in Addis Ababa, Ethiopia.

3. OBJECTIVES

4. THEME AND SUB-THEMES

Africa needs to leverage its own domestic resources in order to finance its own development. The need for domestic resources mobilisation has become even more critical due to the increasing developmental requirements of the continent, including Agenda 2063 and the Sustainable Development Goals. Since the transformation of the Organisation of African Unity (OAU) to the African Union (AU) in 2002, African leaders have emphasized the importance of mobilising domestic savings for financing the development of the continent. In recognition of the massive resources that would be required to fund the new agenda of the AU aimed at dealing with the socio-economic and political challenges facing the continent, the Heads of State and Government of the OAU, at their Summit in Lusaka, Zambia, in 2001, requested the Secretariat to undertake studies on Alternative Sources of Financing the AU. Several

proposals were made on options to finance the Union, including a 0.2 percent levy on imports originating from outside the continent, which was adopted by Heads of State and Government in 2015. The levy is expected to collect substantial resources for the African Union, with the aim that the AU Member States will gradually cover 100 percent of the operational budget, 75 percent of the programme budget, and 25 percent of the peace and security operations by the year 2020.

Over the past two decades, African countries have experienced positive growth rates due to improved macroeconomic fundamentals and increased resilience to external shocks. The growth was driven by sound macroeconomic policy and improved public resource management overall. Corruption is threatening to erode the gains made in Africa over the years. In addition to the negative effects corruption has on African economies, it undermines good governance, distorts public policy and erodes development and economic growth.

Illicit financial flows, on the other hand, continuously drain the resources that are required for Africa's development. It is estimated that Africa loses up to US\$50 billion annually through illicit financial flows mainly through tax evasion, mispricing of trade of goods and services by multi-national companies. It is important for African countries to continue fighting against illicit financial flows through 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. In this regard, the recommendations of the High Level Panel on Illicit Financial Flows should be implemented.

The STC will discuss the theme under the following sub-themes:

- Domestic Resources Mobilisation
- Fight against Corruption
- Fight against Illicit Financial Flows

5. FORMAT

The meeting will be divided into three (3) sections: (1) Independent Experts' Meeting; (2) Meeting of Experts from the Ministries of Finance, Economic Planning and Integration, and from Central Banks, and; (3) Ministers' Meeting.

6. EXPECTED OUTCOMES

The STC on Finance, Monetary Affairs, Economic Planning and Integration is expected to deliberate on items on the agenda and propose recommendations for approval by the African Union Summit in June/July 2018. The independent experts' meeting will make proposals for consideration and deliberation by the Senior Officials' meeting.

7. PARTICIPATION

Participants to the Conference will be from the Ministries of Finance, Economic Planning, and Integration and Central Banks of AU Member States. Other participants will be from the Regional Economic Communities, African Development Bank, United

Nations Economic Commission for Africa, Friedrich Ebert Stiftung Foundation, and other partners.

8. ORGANIZATIONAL ARRANGEMENTS

A. Working languages

The working languages of the meeting will be Arabic, English, French and Portuguese.

B. Documentation

The Commission will send the documents (draft agenda, draft programme of work, relevant documents) to participants by electronic mail as soon as the latter have confirmed their participation. Documents will also be made available on the AU website. A separate information note for participants shall be sent to all confirmed participants.

C. Contact Information

For further information please contact:

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