

KHARTOUM II DECLARATION

Having met in Khartoum, The Republic of Sudan, at our 2014 African Caucus, chaired by His Excellency Bader Eldin Mahmoud Abbas Makhtar, Minister of Finance and National Economy, Sudan and Chairman of the African Caucus of Governors of the International Monetary Fund (IMF) and the World Bank Group (WBG);

Mindful that Africa's sustained growth, and poverty reduction and shared prosperity objectives are seriously challenged by the lack of adequate physical infrastructure and infrastructure financing instruments, slow growth in trade and low levels of industrialization, increasing level of urbanization and inadequate job creation;

Grateful for progress achieved so far, and support in fostering the development of transformative regional infrastructure projects in energy and agriculture;

Considering that without security, regional solutions and bold investments in key sectors such as agriculture, energy, transport, health and water, and ending fragility, eradicating extreme poverty, and boosting shared prosperity could be elusive goals;

Dissatisfied that our longstanding concerns on the IMF Quota and Governance Reforms still need to be addressed, that targets set for Africa's representation, as well as recruitment and promotion of African nationals in the BWIs still need to be achieved;

Disappointed by lack of progress by multilateral institutions and other creditors in providing debt relief for the remaining highly indebted African countries such as Sudan, South Sudan, Somalia and Zimbabwe;

Deeply concerned about the recent outbreak of the Ebola virus in some of our countries and the potential of its spread worldwide, the inadequate response to prevention and treatment and the slow pace of global action to prevent this crisis and its devastating impact on peoples' lives and economies; and

Noting with deep concern that the proposed Environmental and Social Safeguards Framework of the World Bank Group has not fully addressed the challenges of the existing Safeguards Policies, which have constrained implementation of critical projects and have provisions that go against national laws and the social fabric of our societies.

**WE,
THE AFRICAN GOVERNORS OF THE IMF AND THE WBG,
REITERATE, WITH A SENSE OF URGENCY, OUR CALL**

To *the World Bank Group* to:

- (i) Move quickly and effectively at establishing the Global Infrastructure Facility, with a dedicated window for Africa's infrastructure financing;
- (ii) Increase its IBRD enclave lending to IDA countries, to help in structuring large-scale transformational projects with regional impact;
- (iii) Explore, on a demand driven basis, the possibility of using IDA resources for project preparation, to attract a range of alternative financing modalities, including the private sector;
- (iv) Offer the guarantees and leverages needed to attract private sector investments and foster active public-private partnerships (PPPs) and increase IFC's resources under its Special Initiative for Infrastructure and its "Infra Venture" program in Africa;

- (v) Increase IFC and MIGA technical and financial support to African entrepreneurs, in order to develop their capacity to trade and build industries;
- (vi) Increase financial resources and mobilize additional contributions to support the development of water supply and agriculture development through the entire supply chain and support countries to attract investors into affordable renewable energy;
- (vii) Support Africa's transformation agenda by promoting optimal use of the continent's abundant resources through investments in manufacturing and value addition of raw materials;
- (viii) Support countries in their effort to develop a comprehensive plan of action to promote low cost housing programs, drawing from successful experiences elsewhere;
- (ix) Ensure that the revised Environmental and Social Safeguards Framework fully benefits from, among others, consultations with government, respects national laws, takes into account unique country circumstances and addresses concerns around controversial issues, such as, the treatment of indigenous peoples, which as stated in the current and proposed policy is inadequate and divisive; and
- (x) Strengthen collaboration with the African Development Bank (ADB) and other Development Finance Institutions in resource mobilization in support of infrastructure and other development needs.

To **the IMF** to:

- (i) Play a leading role in securing debt relief for the remaining African countries, including Sudan, South Sudan, Somalia and Zimbabwe from donors and other creditors;
- (ii) Take the necessary steps to raise additional resources, including through bilateral contributions and continued non-reimbursement to

- the General Resources Account (GRA) of administrative expenses of the Poverty Reduction and Growth Trust (PRGT);
- (iii) Support our investment agenda by not setting restrictive debt limits for Low Income Countries under Fund-supported programs. The Debt Limits Policy should be based on country circumstances with a non-intrusive operational framework;
 - (iv) Assist in building capacity in national debt management; and
 - (v) Enhance Africa's voice and representation at the IMF Executive Board through a third chair for Sub-Saharan Africa; through quota shares that reflect our economic dynamism and underlying vulnerabilities; and through an upward revision of basic votes as part of the Fifteenth General Review of Quotas.

To ***the two Bretton Woods Institutions*** to:

- (i) Build on diversity initiatives, and take concrete measures to achieve the set diversity objectives for Africans, at all levels of staff, in particular, recruit qualified and deserving Africans to senior managerial positions, and develop a pool of middle-level managers who can later transition, to senior managerial positions.
- (ii) Expand the pool of institutions from which their staff is recruited to include the top Universities and financial institutions in Africa;
- (iii) Given the emergency situation caused by the Ebola outbreak and the devastating impact on the post-conflict reconstruction and socio-economic development efforts in the countries

affected, to take, without further delay, the necessary steps to put in place emergency financial support, and technical and policy advice to build more resilient health systems that are better able to cope with such outbreaks, and help in providing the needed fiscal space to adjust to the social and economic shocks associated with the epidemic.

- (iv) Finally but not the least, assist our countries to create the necessary fiscal space to address other drivers of fragility, including refugee spillovers arising from security problems.

In closing, we, African Governors, thank His Excellency Omar Hassan Ahmed ElBashir, President of the Republic of Sudan, the Government, and the People of the Republic of Sudan for the hospitality and facilities they accorded us throughout our stay in Khartoum.

African Caucus
Khartoum, Sudan
September 4, 2014