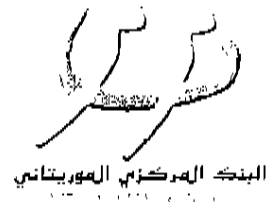


البنك المركزي الموريتاني
BANQUE CENTRALE DE MAURITANIE



Nouakchott le:August-1, 2008.... نواكشوط في

Le Gouverneur

المحافظ

**Nouakchott Declaration on Financing for Development in Africa
The role of nontraditional donors**

An international conference on the role of nontraditional development partners in financing development in Africa, hosted by Mr. Ousmane KANE, Chairman of the African Caucus of the International Monetary Fund (IMF) and the World Bank, was held on August 1, 2008, in Nouakchott, Mauritania. The main participants were African Governors of the Bretton Woods Institutions (BWIs), the Managing Director of the IMF, the President of the Islamic Development Bank, the Governor of the Development Bank of the Peoples' Republic of China, and senior representatives of the World Bank Group, the African Development Bank and the Arab Bank for Economic Development in Africa (BADEA).

The African Caucus expressed its appreciation to the Secretariat of the G-24 for the quality of its background paper that served as the basis for the discussions.

Recognizing the need to mobilize substantial additional resources for the attainment of the Millennium Development Goals (MDGs) and to redress the large infrastructure deficit facing African countries;

recalling the commitments made by the international community to increase ODA to Africa in the context of the Monterrey Consensus (2002), and reaffirmed at the 2005 UN Summit, notably the bringing of ODA to 0.7 percent of GNI and the doubling of aid resources to Africa by 2010;

welcoming the increased flows of concessional and nonconcessional loans from non-traditional development partners and their orientation towards infrastructure projects to meet the countries' urgent needs;

reaffirming the importance of mobilizing assistance on grant or highly concessional terms but recognizing that such financing may not be adequate to satisfy Africa's large unmet investment needs;

highlighting the barriers related to the management of the concessionality criteria attached to economic and financial programs supported by traditional donors and the BWIs that restrict countries' access to the financing from nontraditional donors;

underscoring the importance for African countries to pursue policies aiming at mobilizing financial resources in line with the countries' development ambitions;

recognizing the importance of macroeconomic stability and continued structural reforms to ensure levels of economic growth that can help reduce poverty substantially and achieve the MDGs;

underlining the need to incorporate into the development strategies the impacts of high food and energy prices, as well as the challenges of climate change;

noting with regret the failure of the recent WTO multilateral negotiations,

African Governors agreed to:

- a) consolidate macroeconomic stability and implement sound policies;
- b) ascertain ownership of development projects and programs at the national and regional levels;
- c) pursue development financing policies that reconcile the twin aim of mobilizing additional resources needed for development while maintaining debt sustainability over the medium- to long-term;
- d) ensure transparency in the negotiation of the financing agreements and in the use of resources, and make information on loans and grants from all sources available;

Furthermore, African Governors urged:

1. Traditional donors to:

- a) ensure that financial commitments to Africa are translated into real and predictable flows of resources in a timely manner;
- b) accelerate the implementation of the recommendations of the Paris Declaration on aid harmonization and alignment, particularly those related to budgetary support and use of country systems;
- c) provide targeted support to the agricultural sector in African countries through technical and financial assistance aimed at increasing productivity and value addition and alleviating soaring food prices caused by a combination of rising demand, high oil prices and the use of biofuel crops ;
- d) improve access of African countries' products to their markets;

2. Non-traditional donors to:

- a) improve the concessionality of their financing to widen the benefits of engagement to more areas and countries, and enable low-income countries to maintain debt sustainability;
- b) emphasize, in their investment projects, value addition, knowledge transfer and the capacity building aspects of development assistance;

3. The Bretton Woods Institutions to:

- a) introduce more flexibility in the application of the concessionality thresholds to reflect the development financing needs of African countries particularly as it relates to infrastructure, and also to take into account the profitability of each project ;
- b) better incorporate, in the debt sustainability analyses, the positive spillover effects associated with infrastructure projects and their potential impact on exports, growth and fiscal revenues;
- c) devise effective financing instruments to cushion against external shocks. In this connection, the revision by the IMF of the Exogenous Shock Facility (ESF) to make it less constraining and more accessible to low-income countries is a matter of high priority. In addition, the Fund should increase access to its resources for countries in need and under PRGF-supported programs;
- d) support the African countries, both at the individual and regional levels, with finance and policy advice to promote trade and meet the challenge of mobilizing investments for agricultural development;
- e) allow IDA-countries to have access to IBRD resources on soft terms and realize the 1-percent solution proposed by the World Bank President in conjunction with the sovereign wealth funds;

Lastly but not least, participants expressed their gratitude to the President, the Government and the People of the Islamic Republic of Mauritania for the hospitality and support they received throughout their stay in Mauritania.

Nouakchott, August 1, 2008.

For the African Caucus

Chairman of the Group, Ousmane KANE

