
Meeting of Franc Zone Finance Ministers

Paris – 5 October 2012

Press Release

Under the chairmanship of Mr Pierre Moscovici, French Minister for the Economy and Finance, a meeting of the finance ministers, central bank governors and heads of regional institutions of the franc zone was held in Paris on Friday, 5 October 2012. Also in attendance was Mr Pascal Canfin, the French Minister Delegate responsible for Development. Mr Donald Kaberuka, President of the African Development Bank, and Mr Makhtar Diop, World Bank Vice President, likewise took part in the meeting. At the end of the meeting, H.E. Alassane Ouattara, President of the Republic of Côte d'Ivoire, opened a symposium titled "Regards croisés sur 40 ans de Zone franc" ("Diverse perspectives on the franc zone's 40 years in existence").

The participants discussed the economic situation in the franc zone's African member states and briefly reviewed the situation in the euro area. After mixed performance in 2011, growth could accelerate in 2012 to 5.5% in the West African Economic and Monetary Union (WAEMU), due to the rebound in Côte d'Ivoire. GDP should likewise increase by around 5.8% in the Economic and Monetary Community of Central Africa (CEMAC). In the Comoros, the growth rate should improve to 3%. The participants took note of the progress towards macroeconomic policy convergence achieved by the franc zone during 2011 and emphasised the need for further convergence and improvement of economic policies in a global economic environment currently marked by persistent uncertainty. The ministers, central bank governors and heads of regional institutions welcomed the detailed study carried out at their request by FERDI¹ on the gains that regional economic integration of the African countries in the franc zone can be expected to deliver. The estimate for additional growth potential is at least 2% of GDP per annum and per capita. This independent report expresses many suggestions on how to realise that potential. To identify the most effective paths to implementation the participants decided to set up a working group whose efforts, in liaison with the franc zone convergence committee, will be monitored at the next ministerial meetings. The Commissions and central banks have been given responsibility for driving the process.

The ministers, central bank governors and heads of regional institutions also discussed Public Private Partnerships (PPPs) as a tool for enhancing infrastructure in the franc zone. They agreed on the need to strengthen the institutional framework for such partnerships, placing special emphasis on the importance of appropriate formal legal structures. To disseminate best practices, they highlighted the need for a network of correspondents in each Union, to be run by the sub-regional development banks² in coordination with the World Bank (WB) and the African Development Bank (AfDB). They asked all these to look into the possibility of introducing special tools to support PPPs on a regional scale and to prepare a strategy for the ministerial meeting in the autumn of 2013.

On a more general level, while highlighting the disparity in legal capacity between African countries and some private sector organisations, the participants stressed the private sector's essential role in furthering development. The ministers were particularly interested in a proposed Fair Contract Initiative. In this connection, the World Bank presented a new Fund to Help African Countries Negotiate Best-Possible Deals focused on extractive industries, with France to play a pivotal role. Its purpose is to supplement the African Development Bank's African Legal Support Facility, whose substantial results were hailed by the ministers. Mr Pierre Moscovici also announced the creation of a Technical Assistance Fund managed by Agence Française de Développement to ensure that greater use will be made of French expertise in this area.

Lastly, the ministers, central bank governors and heads of regional institutions discussed preparations for the IMF and World Bank Annual Meetings to be held from 12 to 14 October 2012 in Tokyo. As advocated by African countries and France for many years, the IMF Executive Board recently voted to distribute the remaining windfall profits from IMF gold sales to the Poverty Reduction and Growth Trust (PRGT), three quarters of whose funding goes to Sub-Saharan Africa. The meeting's participants welcomed this move. They also noted with great satisfaction that both a large proportion of the franc zone member states and France have ratified the IMF Governance Reform of 2010, which rebalanced the institution so as to reflect today's world economy more adequately. They called on all IMF member countries to move swiftly to ratify the reform as well.

The participants voiced their concern over the political and humanitarian situation in the Sahel. They reaffirmed their commitment to the territorial integrity of Mali and their resolve to support those sectors of the population affected by the food crisis.

The participants expressed their heartfelt appreciation to the French authorities for organising the meeting so efficiently and extending them such a warm welcome. They acknowledged with satisfaction the commemoration of the monetary cooperation agreements signed in Paris forty years ago, which echoes the celebrations in the Comoros in December 2011. Further celebrations are scheduled to take place in November 2012 for WAEMU in Senegal, and for CEMAC in Equatorial Guinea. Mr Pierre Moscovici had this to say: *"As we celebrate the fortieth anniversary of*

¹ *Fondation pour les Etudes et Recherches sur le Développement International* (Foundation for Studies and Research on International Development).

² The West African Development Bank and the Central African Development Bank.

the monetary cooperation agreements between France and the African countries in the franc zone, the latter show an economic vibrancy that highlights how robust and modern the franc zone is. Energised by our shared history, we can resolutely and confidently address the future.” At the end of the proceedings, the participants accepted the offer by the Senegalese authorities to host the next meeting of franc zone finance ministers in Dakar in April 2013.