



Opening remarks

AFRICAN ECONOMIC CONFERENCE 2020

Africa beyond COVID-19: Acceleration towards inclusive and sustainable development

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Virtual Conference



African Development Bank Group, Economic Commission for Africa, United Nations
Development Programme

H.E. Ms. Sahle-Work Zewde, President of the Republic of Ethiopia

Honorable Ministers

Ms. Vera Songwe, UN Under-Secretary General and Executive Secretary, United Nations Economic Commission for Africa

Ms. Ahunna Eziakonwa, Assistant Administrator and Director Regional for Africa, United Nations Development Programme

H.E. Prof. Victor Harison, Commissioner for Economic Affairs, AUC

Ambassadors and Heads of Diplomatic Missions

Researchers and Scholars from Africa and the rest of the world

Ladies and Gentlemen.

I am delighted to deliver these remarks on behalf of Dr. Akinwumi Adesina, The President of the African Development Group, who is unavoidable absent at this year's African Economic Conference (AEC. However, he has asked me to convey his warm welcome and best wishes for productive deliberations in finding solutions to COVID-19 pandemic.

Ladies and gentlemen,

The theme for this year's conference, "**Africa beyond Covid-19: Accelerating towards inclusive and sustainable development**", is of utmost importance to provide solutions to the global health crisis we face today.

As of end-November, the world has seen more than 62 million confirmed Covid-19 cases, resulting in about 1.5 million deaths. Africa had slightly more than 1.5 million confirmed cases, with about 35 thousand deaths. The daily number of newly confirmed cases peaked in Africa in July, but the situation could get worse again.

Beyond the tragedy of this pandemic's direct human toll, there are numerous significant economic consequences. These include debt sustainability challenges for a large number of African countries, permanently closed businesses, long-term employment losses, and lost education. These wide-ranging consequences make the deliberations of this year's conference critical for the policymakers and development partners tasked with forging sound macroeconomic policies for quick recovery.

The full impact of this pandemic and when it might end is difficult to predict given multiple resurgences of the virus across countries. However, there is hope. Hope in the promising efficacy of the various vaccines under development. Hope in lessons being learnt from this global health crisis on how to harness digital technology to shape our work environment to ensure business continuity. And yes, hope in advances in economic research on the Covid-19 crisis, which this conference is proudly part of.

Most challenging to policymakers and development partners in the aftermath of this pandemic is that there is no silver bullet solution to the disruptive impacts of the virus. Emerging evidence shows that these impacts are not equally distributed across or even within countries. Some countries or segments

of society may be experiencing effects that they are ill equipped to handle. This is worrying, particularly for African countries where governance systems face many challenges.

Ladies and gentlemen

The rapid shutdowns across the globe throughout this year to mitigate the pandemic's impact have led to a decline in almost every country's economic growth. It is projected that economic growth is likely to drop by 3.4% in Africa this year, compared with 7.8% in Latin America, 7.2% in European countries, and 4.5% in North America. The rapid growth recovery is potentially uncertain due to the virus's spontaneous resurgences in some of the countries that had registered tremendous efforts to reduce the spread.

As the pandemic continues to disrupt economies, governments are stepping in with relief efforts to keep them afloat. While necessary, this has unfortunately exacerbated many countries' debt situations. The situation is particularly worrying in African economies, where the debt-to-GDP ratio is expected to rise by about 10% since the onset of the pandemic. Compared with 2019, foreign direct investment (FDI) flows to Africa are projected to fall in 2020 by 40%, official development assistance (ODA) flows by 10%, and remittances by nearly 9%. Furthermore, some estimates indicate that Covid-19 restrictions are projected to contract African exports by 17% resulting in a 5% drop in public revenue losses.

Remittances are expected to become more important for African countries in 2020, even as they will probably decline due to disproportionately high losses of jobs and earnings by migrants. For the past decade, remittances to African countries exceeded FDI by nearly 50% and ODA by 53%, on average. Therefore, we must support the appropriate formulation of policies that deliver tangible impacts of remittances, and I hope deliberations in this conference will contribute to such a policy agenda.

In Africa, the pandemic has had a serious impact on the informal sector, which accounts for 80% of all non-agricultural employment and employs 90% of women and 83% of men. And youths are disproportionately at economic risk. More than one in six young people in Africa has lost their jobs since the beginning of this pandemic, and given the strong representation of females in hard-hit sectors like tourism, most of these job losses are suffered by women. We are at risk of reversing decades' worth of progress in labour market gender equality.

The Covid-19 pandemic has played havoc with education systems, threatening to erase decades of progress in this area too, and disproportionately harming the poorest and most vulnerable communities. In Africa, 9.8 million students are experiencing disruptions in their studies, and online learning is limited to few urban schools, given that only 24% of the African population has access to internet connectivity. And about 24 million additional students are likely to drop out of school next year, especially in developing countries, where the annual pre-Covid-19 education financing gap was estimated at USD 148 billion and is now expected to increase by up to one third.

Ladies and gentlemen

On the positive side, the pandemic has inspired innovative approaches in the education sector and e-commerce economy. To ensure continuity in the provision of education, online classes – once exclusive to tertiary institutions – are now the new normal for kindergarten, primary, and secondary

students. The digital economy is increasingly gaining ground. Emerging evidence shows that 64% of third-party online marketplaces have seen a spike in sales, although 58% of e-commerce companies selling products or services online have recorded a drop in monthly sales.

With these few examples of the disproportional impacts of the Covid-19 crisis, we as policymakers, researchers, development partners, and champions of policy change are challenged to design solutions that leave no country or community behind. For its part, the African Development Bank has deployed a mix of financing instruments to support regional member countries to combat the Covid-19 pandemic and its impact, including by building a strong and resilient health defence system for Africa.

Early this year, as the health crisis evolved into a global pandemic, Africa had 9 hospital beds per 10,000 people, compared to the global average of 27; 10 physicians per 100,000 people; and 2 laboratories with requisite capacity to conduct Covid-19 tests, and was importing up to 90% of its pharmaceutical and medical supplies. With such a weak healthcare system, one would have only expected the worst for Africa. But there have been concerted efforts to build relatively strong systems to prevent the pandemic from spreading like wildfire.

By July 2020, the African Development Bank had approved about **USD 3.4 billion** to support regional member countries under the Crisis Response Facility (CRF), of which about 97% was in the form of Crisis Response Budget Support (CRBS) operations. These operations are designed to (i) strengthen health systems to facilitate safe reopening of economies; (ii) enhance economic resilience to protect jobs; and (iii) strengthen social protection systems to protect vulnerable communities and businesses.

To date, the African Development Bank has also approved **USD 106.4 million** to support **Regional Economic Communities**, including the Central African Economic and Monetary Community (CEMAC); the East African Community (EAC); the Economic Community of West African States (ECOWAS); the Southern African Development Community (SADC); the G5 Sahel countries; and the Horn of Africa countries, as well as the following **Regional Bodies**: the Intergovernmental Authority on Development (IGAD); the World Health Organization (WHO); and the Africa Centres for Disease Control and Prevention (Africa CDC).

The major goal of the regional operations is to contain new infections and reduce Covid-19-related deaths, while strengthening institutional capacity and promoting the resilience of the continent's health systems.

Together with regional institutions, the Bank is committed to build a resilient and forward-looking health defence system for Africa. The current pandemic provides the opportunity to test and improve the region's response and adaptation capacity. As knowledge of the virus evolves, Africa has to learn fast and increase its resilience, converting knowledge into policy research and the resulting operational guidance.

I conclude by acknowledging and thanking the talented minds who have joined us in this conference. I urge and encourage all of you to reflect on the diversity of challenges across countries thrust upon us by the Covid-19 pandemic and come up with practical solutions that will help to recover the economic and social gains that we have been building for decades and which are being erased by the current health crisis.

I thank you and wish you fruitful deliberations.