



Expert Group Meeting

Crisis Resilience and Sustainable Development in North and West Africa

Marrakech, 1 - 2 November 2022

Concept note

I. Introduction

1- Worldwide, countries are facing high intensity and overlapping shocks of varied nature. Africa has been hit by a cascade of unforeseen crises it did not create – global financial crisis, climate change, Covid19, and Russia-Ukraine conflict. In addition, the continent is faced with structural challenges including climate change, insecurity and slow demographic transition. Strengthening resilience, at national, regional, and global level, is thus critical to safeguard progress achieved and advance sustainable and inclusive socio-economic development.

2- The COVID-19 crisis has had major impacts on Africa's development path. In the short term, growth, employment and fiscal spaces (as government rolled out sizeable counter measures) and rising poverty were the most affected areas while slowed accumulation of human capital presents longer-term setbacks. Among firms, micro, small and medium-sized enterprises (MSMEs) were disproportionately impacted partly because of limited access to finance as a source of resilience. Among vulnerable working groups, employment, wages, and work-life balance of women were more impacted than those of men. School-to-work transition for youth has become more challenging.

3- The Russia-Ukraine conflict has exacerbated the negative social and economic impacts of the COVID-19. For example, the rise in inflation, particularly for food and energy, and looming global food crisis. A recent UN report suggests that the world is facing the largest cost-of-living crisis of 21st century. The conflict also has long-term impacts, particularly on the organization of world trade and investment as well as trade links between countries with a view to diversify supply.¹

4- The ongoing climate change crisis makes pandemics on the scale of COVID-19 more likely and more frequent. There is a feedback loop between climate change and soil degradation, which affects water availability for agriculture and weighs on global food and water security. The increase in food prices in 2022 is an illustration of the nature of future crisis, with a juxtaposition of climate extreme events (the exceptional drought), conflict (the Russian-Ukrainian crisis) and a pandemic (the effect of the covid19 on supply chains).² Although Africa is responsible for less than 4% of greenhouse gas emissions, it is the continent most affected by climate change. Both North African and West African countries are heavily affected by the triple crises. North Africa, among the Mediterranean countries, is the subregion most affected by droughts according to the last Intergovernmental Panel on Climate Change report, posing a threat to infrastructures, agriculture, water supply and other job-generating sectors, such as tourism. With regards to West African countries are hardly hit by climate. Yet, 7 out of the region's 15 countries are in the Sahel region which is characterized by rising temperatures, devastating flooding, droughts, and the related food insecurity. 50% of the region's population are food insecure (OCHA 2021, and last evidences suggests that 28 million are in food insecurity).

5- Against this background, building more resilient and climate-proof economies that would provide basis for sustainable and inclusive socio-economic development is a critical imperative for the North and West African countries. Finally, worthy of note is that, in any crisis there are opportunities. Disruptions of global supply chains and the established trade links offer opportunities for Africa to leverage the AfCFTA and develop resilient regional supply chains. Acceleration of digitalization, a mega trend, is another development opportunity for the continent, but it also comes with risks of widening inequality unless the prevailing digital divide is markedly reduced.

² Many exporting countries, such as India for example, have experienced severe droughts which have a strong impact on their grain production. The climatic conditions in China have pushed the country to make a significant stock.

II. Context and motivation

6- To build resilience in the face of a world marked by rising instability and unpredictability, with crises that can have long lasting effects, capacity building and resource mobilization are critical. On the one hand governments are confronted with more complex and challenging issues that they often cannot address alone. On the other hand, the cascade of crises has generated a strong pressure on state's resources and its capacity to deploy effective policies. Against this new set of challenges, countries have been striving to design new development models with innovative approaches emphasizing on resilience and adaptability.

7- The Expert Group Meeting (EGM) will take place on 1 - 2 November and focus on the broad theme of **Crisis Resilience and Development Sustainability in North and West Africa**. It will cover several inter-linked topics that the past crises revealed as key for resilience and sustainability. The main objective of the EGM is to provide policy recommendations and identify priority actions related to address the multiples crises that hamper sustainable development, particularly in North and West Africa. The specific objectives are to (i) Building resilient and sustainable food and energy systems in North and West Africa (ii) enhance the financing and performance of MSMEs taking into consideration women, youth and planet prospective (iii) Taking advantage of the AfCFTA implementation to building forward resilient and sustainable Economies; (iv) seize the opportunities of demographic dividend and (iv) encourage the issuance of green bonds in North and West Africa.

8- The 1st topic relates to the focus of the ICSOE meeting and the reality that in the context of repercussions of climate change, the COVID-19, and the Russia-Ukraine crisis, the world economy has not only notably slowed down and is subject to elevated inflation, but it also faces looming food and energy crisis. North and West Africa are among regions most vulnerable to food insecurity, with a heavy reliance on food imports. The longer-term structural issues and new development have prompted African governments to rethink their food and energy strategies and seek innovative and technology driven solutions.

9- The 2nd topic relates to the imperative that a more resilient social fabric necessitates accelerated investment in the four pillars identified by the African Union to harness demographic dividend, namely employment and entrepreneurship, education and skills development, health and wellbeing and rights, governance, and youth empowerment. In that perspective, national policies, plans, programmes and budgets should be consistent with the identified demographic dividend pillars in African countries, in particular in West Africa.³ Moreover, harnessing demographic dividend and building resilience requires a more important contribution from the private sector, and particularly MSMEs. MSMEs, which contribute to more than 90% of employment in Africa, can be a key engine of economic growth, employment, and innovation. They also constitute a key channel for female employment in Africa and can help integrate women in labour markets while diversifying the labour force. MSMEs have an important role to play in a new development model that builds on lessons learned from past crises and would position countries to face future crises more effectively. MSMEs participation to the green transition is critical, both as a provider of solutions and transformation of activities for a green growth: SMEs should contribute to the protection of the climate, environment, and biodiversity through their products, services, and business practices.

10- The 3rd topic stresses the fact that effective implementation of the AfCFTA is expected to facilitate the creation of sub-regional value chains with a view to transforming the natural and mineral resources North and West Africa are endowed with, into value-added products. The AfCFTA is also expected to lead to an expansion in the production of tradable goods and services, thereby, resulting in increased productive jobs and income generation and consequently more economic resilience.

11- The 4th and last specific topic focuses on financing transition to a “green” development model. In this regard, Africa needs to invest about USD 200 billion per year by 2025 and even more by 2030⁴. Financing is a major issue in a context of growing debt and limited domestic resource mobilization. The sovereign debt burden in Africa (without North Africa) increased by about 6% between 2019 and 2020, reaching a record level over the last ten years (USD 702 billion). In North Africa this increase was even higher, 12%. Mobilizing sovereign green bonds, and even more importantly, utilizing the proceeds effectively towards productive green investments, can help in this regard.

⁴ <https://www.brookings.edu/blog/africa-in-focus/2022/02/08/the-criticality-of-climate-finance-for-africa/>

III. Expert group meeting objective

12- The main objective of the expert group meeting is to: (i) discuss the drivers of crisis resilience and development sustainability in a world subject to more frequent and high magnitude crises, and (ii) suggest new and innovative public policies.

IV. Participants

13- The Expert Group Meeting will bring together policy-oriented researchers, experts from member States and representatives of international institutions in the Food and energy security, Finance – Fintech, Digital, Agriculture, Energy, SMEs, Female entrepreneurship, Risk management, Environmental economics and Climate change.

V. Expert group meeting content

14- The EGM will be organized around 4 sessions, as follows:

Session 1: Resilient food and energy systems in North and West Africa

15- This first session will present salient facts of the multidimensional nature of current and forthcoming food and energy crises in North and West Africa. It will be composed of 2 parts:

- Crisis and food security in the North and West Africa, panel discussion;
- Energy and food security in West Africa;
- Fertilizers and food security in Africa;
- Challenges of building sustainable agriculture in Africa.

Session 2: Leveraging on the opportunities of demographic dividend and SMEs development, in the context of food and energy insecurity

16- The session will be divided in two parts. In a first part we discuss how to build long term resilience of the economy from the demographic and firms' side:

- Budget sensitive to demographic dividend: An initiative to accelerate the attainment of demographic to building more resilience against multiple crises;
- Building resilience to crisis, lessons from the covid19 crisis in Tunisia.

17- In a second part we discuss enterprises boosting:

- Female Entrepreneurship and family firms, panel discussion;
- West Africa Businesses Linkages Platform.

Session 3: Trade for building resilient and sustainable food and energy systems

18- The session will examine the role of trade in building resilient food and energy systems in Africa. It will examine the progress on the implementation of the AfCFTA in the two subregions, challenges and prospects and how the countries can leverage the opportunities of the agreement in the context of multiple crisis:

- Opportunities that AfCFTA brings for achieving food security in Africa, especially North and West;
- Implementation of the AfCFTA: Status and perspective from West Africa;
- African Trade Exchange Platform; Leveraging on AfCFTA to build food security;
- Building partnership to support the implementation of AfCFTA: Best practices with ECA/ITFC partnership.

Session 4: Financing the green transition - panel

19- This last session will discuss green financing issues and challenges:

- Experiences with green bonds issuance: lessons learned from selected North and West African countries;
- Debt-for climate swaps; lessons and opportunities for Africa.

VI. Expected outcomes

20- The expected outcomes of the EGM will be an increased awareness and knowledge on the part of key stakeholders regarding the following:

- Challenges for policy making from multiple crises and climate change from a food and energy security perspective;
- State's role in harnessing the potential of SMEs as a key driver in building policy responses to crisis, ensuring sustainability, inclusivity, resilience and green; transition;
- State's role in harnessing the demographic dividend;
- The implementation of the AfCFTA: Status and Perspectives from North and West Africa;
- Key public policies for building sustainable food systems and initiatives in green financing area.

VII. Outputs

21- Following the EGM, the following products will be developed and disseminated:

- Meeting report, including the conclusions and recommendations;
- Policy briefs issued based on the discussions of the EGM meeting.

VIII. Documentation and working languages

22- The working document and the programme of the EGM will be communicated to participants in due time. The working languages will be Arabic, English and French, and simultaneous interpretation will be provided.

IX. Dates and venue

23- The meeting will be held in Marrakech on 1-2 November 2022.

X. Contacts

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