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Item 7 (i) of the provisional agenda\*  
**Parallel meetings for an in-depth review of progress made  
and peer learning on the sub-themes of the Regional Forum:  
parallel meeting on the sub-theme of partnerships**

## **Revitalizing partnerships to promote post-pandemic recovery: building back better and accelerating sustainable development**

### **I. Background**

1. Sustainable Development Goal 17 lies at the heart of the 2030 Agenda for Sustainable Development in that its achievement can accelerate the realization of the other 16 Goals. The ongoing coronavirus (COVID-19) pandemic has had a very severe impact on African economies, many of which have contracted at a faster rate than at any time since the Great Depression. Strong and inclusive partnerships at the global, regional, national and local levels are now needed to ensure that countries recover quickly from the pandemic, sustain hard-won development gains, build back better and accelerate progress towards the achievement of all Sustainable Development Goals. This will require strong leadership, foresight, innovative financing and trade facilitation mechanisms, the leveraging of emerging technologies and close collaboration among all governments and key stakeholders.

2. The availability of data on the Goals in Africa has improved in recent years and the number of Sustainable Development Goal indicators for which no data was available for African countries declined from 77 to 52 between 2019 and 2020. Nevertheless, monitoring implementation of Goal 17 will still require substantial additional investment in African countries' data systems.

3. Sustainable Development Goal financing remains a significant challenge in Africa. Indeed, even prior to the COVID-19 pandemic, Africa faced formidable financial challenges and many Africa countries were already struggling to deal with high debt-to-GDP ratios and fiscal deficits, high borrowing costs and the depreciation of their currencies. The COVID-19 pandemic and policy responses to contain the virus, including social distancing measures, lockdowns and border closures, are likely to further exacerbate those challenges.

4. Building on the analysis of Goal 17 conducted to inform the deliberations of the sixth session of the Africa Regional Forum on Sustainable Development, held in Victoria Falls, Zimbabwe in February 2020, this paper reviews the status of partnerships and cooperation to support implementation of the other 16 Goals in the context of the ongoing COVID-19 pandemic, and considers, in particular,

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\* ECA/RFSD/2021/1/Rev.1.



the interconnected themes of finance, technology, trade, capacity-building and statistics.

5. This paper also reviews progress achieved in the context of Agenda 2063: The Africa We Want, of the African Union. It should be noted that Sustainable Development Goal 17 is closely aligned with goal 19 of Agenda 2063.

6. The paper is organized into five sections. Section I provides background information, Section II highlights key trends and progress achieved, Section III focuses on gaps, constraints and emerging issues, and Section IV examines opportunities and transformative actions, partnerships and other measures that can promote sustainable recovery from COVID-19 and accelerate implementation of the two Agendas. Section V sets out a number of key messages for policy makers and other key stakeholders.

## II. Key trends and progress

### A. Finance

7. Average gross domestic product (GDP) growth in Africa between 2017 and 2019 (prior to the COVID-19 pandemic) was a modest 3.2 per cent.<sup>1</sup> Net foreign direct investment (FDI) inflows to Africa during that period declined, African countries' revenue to GDP ratios worsened and illicit financial flows increased. On the positive side, low global interest rates, precipitated by quantitative easing measures, were strengthening African countries' access to capital markets, particularly as investors were increasingly attracted to the relatively high yields on African sovereign bonds.

8. The COVID-19 pandemic has resulted in a severe economic slowdown across the continent, rising unemployment and falling incomes. ECA estimates that African GDP will register a decline of between 1.8 and 5.4 per cent in 2020, primarily as a result of slowing economic activity, weakened trade, disruptions in supply chains, a decline in overall demand, a slump in commodity prices, and a dip in development financing.<sup>2</sup>

9. African countries rely heavily on external financing sources, including FDI, remittances from abroad and official development assistance, all of which have been severely affected by the COVID-19 pandemic and States' responses to contain the virus.

10. Remittances from outside the continent are the most significant form of external financial support to Africa. Those remittances reached some \$85.8 billion in 2019 but are expected to decline to some \$78.4 billion in 2020, equivalent to a reduction of 9 per cent. That precipitous drop is expected to occur as a result of reduced economic activity in advanced economies, and falling incomes and rising unemployment among diaspora Africans.<sup>3</sup>

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<sup>1</sup> ECA calculations.

<sup>2</sup> ECA, *Macroeconomic impact of COVID-19 on Africa: Evidence from Africa-wide aggregate macroeconomic model*. (Addis Ababa, 2020); Mma Ekeruche, "COVID-19 in Africa: The implications for macroeconomic and socioeconomic dimensions", 2020. Available at: [unece.org/sites/default/files/AEC/2020/presentations/covid-19\\_in\\_africa\\_-\\_the\\_implications\\_for\\_maeconomic\\_and\\_socioeconomic\\_dimensions1.pdf](https://unece.org/sites/default/files/AEC/2020/presentations/covid-19_in_africa_-_the_implications_for_maeconomic_and_socioeconomic_dimensions1.pdf)

<sup>3</sup> Global Knowledge Partnership on Migration and Development (KNOMAD), "Phase II: COVID-19 Crisis Through a Migration Lens", Migration and Development Brief 33 (October 2020). Available at [www.knomad.org/publication/migration-and-development-brief-33](http://www.knomad.org/publication/migration-and-development-brief-33)

11. Looking beyond official development assistance, it should be noted that the cost of borrowing on international financial markets has increased significantly since the start of the COVID-19 crisis. In that connection, the International Monetary Fund (IMF) calculates that the region will face a stark funding shortfall between 2020 and 2023, with external financing needs of some \$890 billion. Without additional support from the international community, many countries may find themselves in dire economic circumstances, in which the modest progress they have achieved in the context of the Sustainable Development Goals is unlikely to be sustained and may even be reversed.<sup>4</sup>

12. The international community should therefore strengthen collaboration among multilateral partners and donors, ensure that funding is aligned with key global development agendas, including the 2030 Agenda, the Paris Agreement on climate change and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, and formulate and launch a coordinated, global response in which all available resources are mobilized.

## **B. Technology**

13. Technology has been the cornerstone that has kept the world economy moving and saved countless lives in what has been a very difficult year. As has been the case in other parts of the world, millions of workers and students in Africa have used digital technologies to perform their work and study remotely during the COVID-19 pandemic. Technology has also been at the heart of efforts to combat the virus: libraries and schools with three dimensional printers have become factory floors for the production of personal protection equipment (PPE) and medical devices, while advances in biotechnology have significantly reduced the time needed to develop and manufacture vaccines that can be used to curb the spread of the COVID-19 virus to less than a year.

14. Global partnerships also intensified in 2020 and many stakeholders collaborated closely with a view to sharing key information on COVID-19. Although it is well known that countries shared data in order to track the spread and impact of the virus, sharing data on how to diagnose, manage and treat patients with COVID-19 also saved many lives. Countries around the world also shared the outcomes of relevant research. For example, research teams in South Africa, Spain, Uganda and the United Kingdom shared their designs for PPE and medical devices.

15. African Governments are harnessing digital transformation opportunities, including opportunities to integrate online and offline multichannel delivery, develop responsive digital services, expand e-participation and partnerships, adopt datacentric approaches, strengthen digital capacities to deliver people-centric services, and use innovative technologies, including artificial intelligence and blockchain, especially in the development of smart cities. Efforts in those areas can help to strengthen digital literacy (Goal 4), digital inclusion (Goals 5, 8 and 10), digital connectivity (Goal 9), and digital identity (Goal 16).

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<sup>4</sup> IMF, *Regional Economic Outlook: Sub-Saharan Africa: A difficult road to recovery* (Washington, D.C., October 2020). Available at: [www.imf.org/en/Publications/REO/SSA/Issues/2020/10/22/regional-economic-outlook-sub-saharan-africa](http://www.imf.org/en/Publications/REO/SSA/Issues/2020/10/22/regional-economic-outlook-sub-saharan-africa)

## C. Trade

16. The Agreement Establishing the African Continental Free Trade Area is a powerful instrument that can facilitate the achievement of the Sustainable Development Goals. Implementation of the Agreement, which was scheduled to begin on 1 January 2021, is expected to promote trade and industrialization in Africa and could play a significant role in helping African States respond to and build back better from the COVID-19 pandemic.

17. The establishment of the African Continental Free Trade Area is also expected to offer dynamic opportunities for service provision across African borders, as the Agreement prohibits discrimination against African services and service suppliers, specifically in five priority sectors, namely business, communications, finance, tourism and transport.

18. The free ~~of~~ movement of persons within Africa, as enshrined in Agenda 2063 and the Protocol to the Treaty Establishing the African Economic Community Relating to Free Movement of Persons, Right of Residence and Right of Establishment, will also support industrialization on the continent, promote sustainable development and foster prosperity.

19. Implementation of the Agreement Establishing the African Continental Free Trade Area is expected to facilitate the achievement of Goal 17 in numerous ways, including as follows:

20. Firstly, as the Agreement requires State Parties to progressively eliminate at least 90 per cent of tariff lines representing at least 90 per cent of import values, its implementation will contribute to reducing the worldwide weighted tariff-average (Sustainable Development Goal indicator 17.10.1). Tariffs on goods must be eliminated within 5 years as of 1 January 2021 by African developing countries and within 10 years by African least developed countries. An additional five years is allowed under the Agreement for the removal of tariffs on at least an extra 7 per cent of product lines included under the so-called “sensitive product” lists.<sup>5</sup> No more than 3 per cent of product lines are to be excluded from the trade liberalization measures prescribed in the Agreement.

21. Secondly, and as highlighted by recent empirical data collated by ECA, merely reducing tariffs on goods and services within Africa under the terms of the Agreement is expected to boost trade among African countries by between 15 and 25 per cent (between \$50 billion and \$70 billion) by 2040, compared with envisaged growth in trade under the tariff regimes in place prior to the adoption of the Agreement. Analysis by ECA has, moreover, revealed that some two thirds of those gains will accrue in manufacturing, thereby offering opportunities for industrialization across the continent.<sup>6</sup> Together with the development of regional value chains, the development of manufacturing industries should reduce the continent’s overdependence on exports of commodities with low value added content. Indeed, at present, more than 60 per cent of the continent’s total exports comprise fuels and other primary products.<sup>7</sup> As such, the implementation of the Agreement will provide impetus towards meeting Sustainable Development Goal target 17.11, namely “Significantly

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<sup>5</sup> Under the terms of the Agreement, trade liberalization requirements may be waived on a temporary basis for products that countries identify as strategic, such as products that generate tariff revenues, maintain livelihoods or strengthen food security.

<sup>6</sup> For further information, see ECA African Trade Policy Centre, *An empirical assessment of the African Continental Free Trade Area modalities on goods* (November 2018). Available at: [knowledge.uneca.org/ATPC/node/927](https://knowledge.uneca.org/ATPC/node/927)

<sup>7</sup> ECA calculations for the period 2016–2018 on the basis of UNCTADStat data.

increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020".

22. Thirdly, implementation of the Agreement will accelerate efforts to meet target 17.12 by enhancing indicator 17.12.1, namely "Average tariffs faced by developing countries, least developed countries and small island developing States", particularly as 33 out of the 47 least developed countries, and six small island developing States are in Africa.<sup>8</sup>

23. Lastly, implementation of the Agreement and deepening regional integration in Africa more generally, including within the context of efforts to establish an African customs union and harmonize tariffs imposed by African countries on goods imported from outside the continent, will strengthen indicator 17.14.1, namely "Number of countries with mechanisms in place to enhance policy coherence of sustainable development". It should also be highlighted that ECA, in close collaboration with the African Union Commission and with financial support provided by the European Union, is currently supporting efforts by more than 30 African member States to develop national and regional strategies to implement the Agreement Establishing the African Continental Free Trade Area, and is helping to ensure that those strategies have a strong focus on inclusion and gender.

#### **D. Statistics**

24. The COVID-19 pandemic has had a serious negative impact on data collection initiatives on the continent and revealed weaknesses in many statistical and traditional data collection systems. Governments have implemented various strategies to contain the pandemic, which have, in many cases, significantly affected the timely collection of the data required to inform decision-making.

25. An assessment made in early 2020, just prior to the onset of the COVID-19 pandemic in Africa, revealed that many African States were increasing their investments in statistical capacity-building, a key requirement for meeting target 17.19, namely "By 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement gross domestic product, and support statistical capacity-building in developing countries". A large proportion of those resources have, however, been redirected to address emerging, COVID-19-related priorities and the resources currently available are insufficient to meet statistical needs in many Africa countries.

#### **E. Capacity-building**

26. As is the case in other parts of the world, the COVID-19 pandemic has severely undermined institutional and individual capacity-development activities in Africa, and many African countries have been compelled to redesign in-person training courses so that they can be delivered using digital platforms.

27. Digital delivery has enabled capacity-building service providers to reach many more countries and beneficiaries than they previously could through in-person training sessions. The proportion of women participating in online training sessions is also higher than the proportion of women in traditional in-person workshops. Interactive digital courses have proven that they are not only

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<sup>8</sup> The United Nations lists of least developed countries and small island developing States are available, respectively, at: [unctad.org/topic/least-developed-countries/list](http://unctad.org/topic/least-developed-countries/list) and [sustainabledevelopment.un.org/topics/sids/list](http://sustainabledevelopment.un.org/topics/sids/list)

an emergency substitute for traditional courses, but also an excellent complementary means to deliver institutional and individual capacity-development programmes.

28. ECA, in collaboration with the African Union Commission, is promoting the use of innovative digital technologies in African countries and regional economic communities with a view to accelerating implementation of the two Agendas.

29. To help train a sufficient number of planners and policymakers at the national and regional levels who can support implementation of the two Agendas, ECA and its partners have successfully delivered digital training courses to individuals in more than forty member States. Major training initiatives include: (a) “Making the AfCFTA work”, a general and comprehensive course that provides an overview of the Agreement Establishing the African Continental Free Trade Area and the steps that should be taken by a range of stakeholders to ensure its successful implementation; (b) a course on mobilizing the necessary resources for the successful implementation of the 2030 Agenda and Agenda 2063 in Africa; (c) a course on data analysis to support sustainable development in Africa; (d) a course on urbanization and inclusive growth in Africa that has been designed to deepen understanding of how urbanization can support implementation of the two Agendas; and (e) a course on macroeconomic modelling to support sustainable development planning.

### III. Gaps, constraints and emerging issues

#### A. Finance

30. The COVID-19 crisis will severely curtail the financial resources available for sustainable development initiatives in Africa. Pressures on African countries’ public budgets, challenges related to the sustainability of countries’ debt burdens, and reduced external financial inflows, including falling FDI, remittances from abroad and official development assistance, will all undoubtedly exacerbate the continent’s financing gap, which, even before the COVID-19 crisis, was expected to reach a staggering \$19.5 trillion per year by 2030<sup>9</sup> as a result of rapid population growth.<sup>10</sup>

31. Although tax revenue-to-GDP ratios in many Africa countries were relatively steady prior to the pandemic, it may prove increasingly difficult to mobilize domestic resources for development and recovery as African economies contract. Falling revenue, combined with a sharp increase in expenditure, will further increase the continent’s fiscal deficit, which is believed to have widened from -4.7 per cent of GDP in 2019 to some -8.7 per cent of GDP in 2020.<sup>11</sup>

32. Efforts to maintain security, combat terrorism and counter extreme violence has led to a significant increase in military and security expenditure in certain African countries, particularly in the Sahel. In fact, military spending in the Group of Five for the Sahel countries increased from less than 0.5 per cent of GDP in 2000 to more than 2 per cent of GDP in 2018, and in Mali reached a staggering 2.9 per cent of GDP. Increasing military and security expenditure has

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<sup>9</sup> ECA, *Economic Report on Africa 2020: Innovative Finance for Private Sector Development in Africa* (15 December 2020). Available at: [www.uneca.org/era2020](http://www.uneca.org/era2020)

<sup>10</sup> The population of Africa is projected to increase by 45 per cent between 2020 and 2050.

<sup>11</sup> ECA calculations on the basis of IMF data.

limited the financial and operational capacities of certain States to respond to other crises, including the COVID-19 pandemic.<sup>12</sup>

33. The pandemic has also worsened the debt burden of many African countries, which was already high even before the COVID-19 crisis. The continent's average debt-to-GDP ratio has increased significantly in recent years, rising from 39.5 per cent of GDP in 2011 to an estimated 61.3 per cent of GDP in 2019, with 22 African countries having debt-to-GDP ratios above the African average of 61 per cent. Public debt is further expected to increase to 65.1 per cent in 2020.<sup>13</sup> Overall, borrowing costs for African countries are relatively high compared to the costs for developed and certain emerging economies, making it particularly challenging for many African countries to raise additional funding.

34. The decline in the levels of external financial flows to Africa as a result of the COVID-19 pandemic is expected to weigh on countries' external balance of payments, undermining macroeconomic and financial stability across the continent.

## **B. Technology**

35. Although COVID-19 offers a unique opportunity for the global community to work together to promote technology transfer and research and development, Africa is largely absent among the teams developing the 56 COVID-19 vaccines in clinical trials and the 166 vaccines in pre-clinical stages. Indeed, almost all COVID-19 vaccine research is taking place in developed and wealthier developing countries, with the notable exception of Egypt. This has very negative implications for the continent's development. Some developed countries have already prepaid for vaccine doses to immunize the majority of their citizens, while others are considering placing restrictions on the export of vaccines until their national needs are met. Even if vaccine formulas are made available free of charge, very few countries in Africa have the necessary know-how and experience to launch domestic human vaccine production programmes.

36. Limited investment in research and development, and inadequate human capital and high-tech manufacturing capacity, all of which are needed produce knowledge-intensive products, remain major constraints across the continent. Africa has few knowledge-intensive industries and is often compelled to pay significant royalties and licensing fees to producers outside Africa.

37. This situation continues to undermine the continent's competitiveness. In fact, Africa is losing out in terms of trade (the continent accounts for a mere 0.1 per cent of global exports) and in terms of the learning opportunities associated with the growth of high-tech sectors, including in the pharmaceutical, automobile, electronics and software industries.

38. Hi-tech sectors have played a key role in addressing the COVID-19 pandemic, including in the development and manufacture of medical devices, PPE, software, vaccines, treatments and tracking and tracing solutions. While Africa has demonstrated incredible levels of ingenuity and creativity in developing PPE and medical devices, the continent has had a limited presence in the design of digital solutions, medical devices and treatments. Furthermore, many of the products developed in Africa are unlikely to enter or remain on the market as superior products from outside the continent become available. Increasing investment with a view to building a sound scientific, technological

<sup>12</sup> ECA 2020 progress report on agendas 2030 and 2063 in West Africa

<sup>13</sup> ECA calculations on the basis of IMF data.

and industrial base is urgently needed so that Africa can narrow current gaps and build back better.

### C. Trade

39. COVID-19 has highlighted the urgent need for Africa to build a solid industrial base for the manufacture of high quality pharmaceutical products. African countries' trade in pharmaceuticals, including medicines and medical equipment, has increased steadily in the previous two decades. Nonetheless there is a growing gap between the continent's exports and imports and, although African total exports increased rapidly from only \$200 million in 1998 to some \$1.4 billion in 2018, Africa's total imports increased from \$4.2 billion to more than \$20 billion over the same period, leading to a net negative trade balance of more than \$18.6 billion in 2018.<sup>14</sup>

40. The COVID-19 crisis has also highlighted significant failings in the provision of health and education services. African States should therefore consider adding health and education services to the list of priority service sectors that are to be liberalized under the terms of the Agreement Establishing the African Continental Free Trade Area, as doing so could facilitate the emergence of robust and resilient African health sector supply chains.

41. Additionally, the ongoing COVID-19 crisis offers an opportunity to frontload the issue of e-commerce in negotiations within the context of the African Continental Free Trade Area, and to upgrade e-commerce from Phase III to Phase II. Indeed, a series of joint surveys conducted by ECA and International Economics Consulting Ltd, an independent management consultancy firm, to assess the impact of COVID-19 on African businesses revealed that numerous business enterprises have been severely affected by the COVID-19 crisis.<sup>15 16</sup>

42. It should be noted, moreover, that although Part VIII of the Agreement Establishing the African Continental Free Trade Area contains provisions on general exceptions (article 26), security exceptions (article 27) and the balance of payments (article 28), there are no provisions on assisting State Parties to the Agreement during emergencies, crises or pandemics. States Parties should therefore consider amending the Agreement to include provisions on the provision of assistance in such cases. In that connection, the United Nations and the World Trade Organization recently launched the Initiative on Model Provisions for Trade in Times of Crisis and Pandemic in Regional and Other Trade Agreements with a view to formulating model provisions to promote trade cooperation and predictability in times of crisis and pandemics and accelerate post-crisis recovery.

### D. Statistics

43. Africa produces increasing quantities of data on the Sustainable Development Goals, with African countries currently generating data to inform between 103 and 177 of the Sustainable Development Goal indicators. There are, however, 52 indicators for which no data is available for African countries.

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<sup>14</sup> ECA calculation on the basis of data provided by *Centre d'études prospectives et d'informations internationales* and/or contained in the UN Comtrade Database.

<sup>15</sup> For further information, see ECA, *Reactions and Outlook to COVID-19 in Africa* (July 2020).

<sup>16</sup> ECA and African Trade Policy Centre and International Economics Consulting Ltd., *Insights on African businesses' reactions and outlook to COVID-19* (30 April 2020). Available at: [www.tradeeconomics.com/wp-content/uploads/2020/04/ECA-IEC-survey\\_COVID-19-Africa\\_English\\_Final.pdf](http://www.tradeeconomics.com/wp-content/uploads/2020/04/ECA-IEC-survey_COVID-19-Africa_English_Final.pdf)



Every effort should be made to strengthen collaboration among relevant stakeholders to address those critical statistics gaps

44. Overall, coordination among statistical stakeholders in Africa remains weak, undermining data gathering and use and lessening the impact of statistical capacity-building activities in African countries. Many statistical activities conducted on the continent fail to address even priority data needs, as expressed in African countries' national sustainable development strategies.

## **E. Capacity-building**

45. Overall, the COVID-19 crisis has compromised the delivery of in situ activities that require hand-on practice.

46. Despite ongoing efforts, African countries continue to face challenges in terms of aligning their national development plans with the 2030 Agenda and Agenda 2063. Other noticeable challenges relate to monitoring and evaluating the impact of programmes, and coordination among government institutions and with non-governmental stakeholders.

47. African countries face enormous challenges, both in terms of measuring indicators for the development Agendas and developing the statistical capacity required to collect the data to inform those indicators, especially in rural areas.

## **IV. Opportunities and transformative actions, partnerships and other measures that can promote sustainable recovery from COVID-19 and accelerate implementation of the two Agendas, in line with the Decade of Action**

### **A. Finance**

48. One of the most notable economic effects of COVID-19 has been the reduction in countries' fiscal space and resource mobilization capacity. This has been particularly difficult for African countries, many of which were already facing formidable financial challenges prior to the COVID-19 pandemic. For the most part, fighting COVID-19 and building back better is contingent on countries' ability to mobilize resources to support productive sectors of their economies.

49. To reduce borrowing costs and liquidity constraints in Africa, innovative financing measures are required, such as debt standstills for poor countries, access to concessionary financing, including the issuance of new special drawing rights, and the establishment of a liquidity and sustainability facility. To achieve that objective, international development partners must strengthen African countries' macroeconomic oversight, push for substantial debt relief, and provide relevant technical assistance with a view to enhancing domestic resource mobilization and encouraging private sector investment in African economies.

50. It is imperative to reduce borrowing costs, improve debt sustainability and minimize default risks in Africa. To that end, the Group of 20 Debt Service Suspension Initiative (DSSI) was launched in May 2020 to help African countries cope with increasing debt service ratios during the COVID-19 crisis. It should be noted, however, that, as of November 2020, only 21 African countries had signed memorandums of understanding under the terms of the Initiative. The Initiative has therefore been extended until June 2021 and efforts

are being made to broaden its scope and the range of multilateral and private sector creditors involved. Addressing many African countries' unsustainable debt levels beyond DSSI will prove critical in the years ahead, as that will strengthen their capacity to avoid costly defaults, help to avert wide-spread debt crises and increase the availability of resilient investments to promote recovery.

51. Reducing borrowing costs and sharing risks equitably between the private and public sectors through the establishment of bold and ambitious financial instruments, such as a liquidity and sustainability facility, could play a vital role in that regard as it could facilitate access to cheaper development financing. Such a facility could, for example, provide credit enhancements backed by the Organization for Economic Cooperation and Development, or provide for repurchase agreements for emerging market sovereign bonds. The resources generated by the facility could then be used to retire higher cost sovereign bonds and/or invested in projects that advance efforts to attain the Sustainable Development Goals in highly indebted countries.

52. While innovative measures could be used to free up critical financial resources for African countries, those resources are unlikely to be used efficiently unless they are subject to effective public sector financial oversight. This is particularly important in crisis situations, including the ongoing COVID-19 pandemic. A number of key measures can be taken to ensure efficient financial management, including the adoption of contingency appropriations when drawing up national budgets, and the establishment of robust oversight mechanisms that ensure that all budgetary allocations are spent in a judicious and transparent manner. Expenditure reprioritization can also create fiscal space to accommodate additional budgetary requirements.

53. There is also broad recognition of the important role played by progressive tax systems in redistributing resources among poorer sectors of society. In addition to aligning taxation policies with climate objectives, progressive tax policies also increase the revenue space for developing countries. African countries should therefore draw up coherent taxation frameworks that incentivize sustainable investments and consumer and business behaviour. Those frameworks should, moreover, include an effective carbon pricing component.

## **B. Technology**

54. Increasing resources are being invested in research and development in Africa and a small but growing manufacturing sector is emerging across the continent. The proportion of researchers in the general population in some African countries is now similar to that proportion in the Republic of Korea in the 1970s and Malaysia in the 1980s. Those countries successfully entered new emerging technology fields that, in turn, enabled them to increase their research and development capacity and human capital base and diversify their trade. As one report has noted "Africa needs 'advanced manufacturing', which takes raw inputs, combines them with intellectual capability, and adds value to create a functionality the world needs".<sup>17</sup> African countries must, therefore, support research and development with a view to promoting technology acquisition and the emergence of start-ups in innovative technological fields.

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<sup>17</sup> Craig Arnold, "How to Turn Africa's manufacturing sector into a high-tech powerhouse" (World Economic Forum, 26 August 2019). Available at: [www.weforum.org/agenda/2019/08/how-to-turn-africas-manufacturing-sector-into-a-high-tech-powerhouse/](http://www.weforum.org/agenda/2019/08/how-to-turn-africas-manufacturing-sector-into-a-high-tech-powerhouse/)

55. FDI is a major driver of international trade. As a result of falling global demand for commodities, especially petroleum and mineral products, FDI in Africa has declined by some 10 per cent in recent years, and stood at approximately \$45 billion in 2019.<sup>18</sup> That downward trend is a matter of some concern, as the continent requires sustained investment flows to meet many of its development needs. As many researchers have noted, however, although investments in extractive industries accounted for over half of total FDI prior to 2011, other economic sectors were the destination for most FDI between 2011 and 2018.<sup>19</sup> A number of African countries, including Ghana, Kenya, Morocco and South Africa, are emerging as technology hubs that can attract global players, and are seen as attractive destinations for FDI because of the availability in those countries of relevant technology, a large pool of young and increasingly educated workers, and increasing political stability.

### C. Trade

56. To facilitate trade in Africa and address current trade trends, gaps, constraints and emerging issues, every effort must now be made to ensure the successful implementation of the Agreement Establishing the African Continental Free Trade Area, which was officially launched on 1 January 2021. If successful, implementation of the Agreement is likely to accelerate the attainment of the Sustainable Development Goals, including Goal 17. The assistance provided by ECA to member States to support the formulation and roll out of national implementation strategies is likely to prove decisive in that regard. ECA is, moreover, currently developing a country business index to help African businesses identify challenges impeding implementation of the Agreement, which will constitute a useful monitoring tool. It should, in that connection, be emphasized that the private sector accounts for most of the continent's trade and creates most of its jobs. Efforts should also be exerted to ensure the ratification of the Agreement by all African Union member States<sup>20</sup> and discourage implementation by countries at different speeds.

57. There is also an urgent need to address e-commerce issues within the context of the Agreement. Digital trade and e-commerce offer numerous opportunities to respond to the current crisis and are expected to gain in importance moving forward. Furthermore, the use of innovative technologies within the context of the Agreement could promote more environmentally friendly lifestyles and trade-based industrialization.

### D. Statistics

58. African Statistics Day 2020 was held on 18 November 2020 under the theme “Modernizing national statistical systems to provide data and statistics to support sustainable peace and development in Africa”. The COVID-19 pandemic has made clear the need to modernize and digitize national statistical systems in Africa. Indeed, those systems have been overwhelmed by requests for data, statistical services and other relevant information during the pandemic. To strengthen their capacity to provide the data and statistics needed to support

<sup>18</sup> United Nations Conference on Trade and Development (UNCTAD) *World Investment Report 2020: International Production Beyond the Pandemic* (16 June 2020). Available at: [unctad.org/webflyer/world-investment-report-2020](https://unctad.org/webflyer/world-investment-report-2020)

<sup>19</sup> EY Global, “Why Africa is becoming a bigger player in the global economy”, 11 September 2020. Available at: [www.ey.com/en\\_gl/tax/why-africa-is-becoming-a-bigger-player-in-the-global-economy](https://www.ey.com/en_gl/tax/why-africa-is-becoming-a-bigger-player-in-the-global-economy)

<sup>20</sup> As of 11 December 2020, 54 of the 55 African Union member States have signed the Agreement and 34 member States had ratified it.

sustainable development in Africa, those systems must be enhanced through the adoption of new technologies and by making optimal use of new data sources.

59. The seventh meeting of the Statistical Commission for Africa, held from 13 to 15 October 2020, reviewed current trends in statistics and innovative statistical tools that could be used to strengthen national statistical systems in the context of the pandemic. The meeting discussed a number of statistical issues of relevance to Goal 17. Key recommendations included the creation of an African group on the transformation and modernization of official statistics.

60. The ninth meeting of the Forum on African Statistical Development was held on 14 December 2020 under the theme “Harnessing the impact of the COVID-19 crisis to accelerate the transformation and modernization of national statistical systems in Africa”. At the meeting, pan-African institutions, partners and organizations underscored that they would continue to support African countries’ statistical development initiatives.

## **E. Capacity-building**

61. African countries, regional economic communities and the African Union should continue to formulate and implement capacity-building programmes to support human resource development across the continent.

62. National and subregional capacity-building plans and strategies should be informed by an assessment of capacity constraints faced by different stakeholders. Continuous learning opportunities should be offered to individuals and organizations across society to enhance their capacity to integrate all dimensions of sustainable development in their work, partner across sectors, and monitor, evaluate and report on progress achieved.

63. African countries are fully cognizant of the fact that, in order to promote institutional and human capacity development and prepare for a future in which pandemics such as COVID-19 and other disruptive phenomena may become part of our daily lives, it is critical to promote the use of digital technologies and online learning management systems.

64. Domestic resources, private sector collaboration, and South–South and North–South cooperation should be promoted in order to mobilize the investments required to train a critical mass of skilled individuals able to support and implement actions for the realization of the 2030 Agenda and Agenda 2063.

## **V. Key messages**

65. International development partners should strengthen multilateral cooperation mechanisms, ensure the full and timely disbursement of their financial pledges and meet their official development assistance commitments. Efforts should be made to strengthen countries’ domestic resource mobilization and public expenditure oversight mechanisms

66. African economies should strengthen domestic resource mobilization by promoting capital market development, addressing administrative and tax policy loopholes and combating illicit financial flows.

67. Africa must increase investment in research and development, infrastructure and human capital development so that the continent is partner and investment ready.

68. The establishment of the African Continental Free Trade Area is expected to boost intra-African trade, promote industrialization and facilitate African

countries' integration into the world economy. As such, the Area will facilitate efforts by African countries to recover from COVID-19 and build back better in a post-pandemic world.

69. The African Union, United Nations system, regional economic communities and member States should all take action to strengthen national capacities to make effective use of innovative technologies and big data when drawing up development policies and priorities.

70. The United Nations development system should forge stronger partnerships across Africa and beyond so as to leverage the expertise and capabilities of relevant sustainable development stakeholders, particularly in the context of mobilizing resources to facilitate the achievement of the Sustainable Development Goals and the full implementation of the Agreement Establishing the African Continental Free Trade Area.

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