



Financing
Africa's
Recovery

Financement
de la relance
de l'Afrique

BREAKING NEW GROUND
TROUVER DES SOLUTIONS INNOVANTES

United Nations
Economic Commission for Africa



Daily Bulletin

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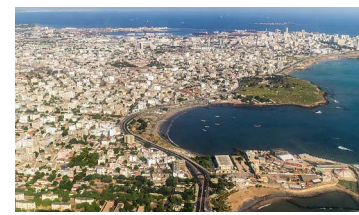
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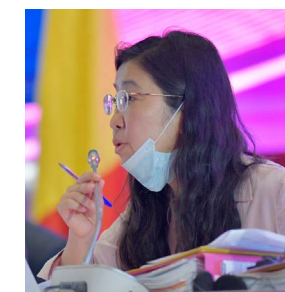
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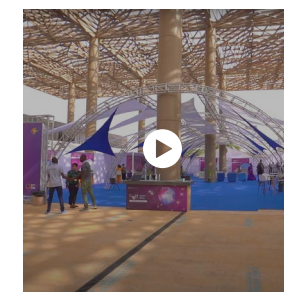
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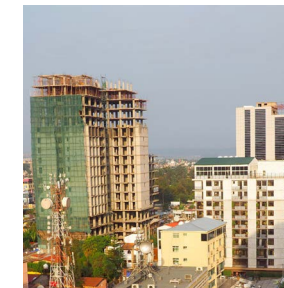
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Continental growth has been boosted by easing of pandemic restrictions, but new risks have emerged

African countries must strengthen their efforts to absorb shocks – Songwe

The Covid-19 pandemic has reversed two decades of development in Africa, driving an estimated 55 million people into extreme poverty in 2020, said Vera Songwe, Under-Secretary-General of the United Nations and Executive Secretary of the Economic Commission for Africa (ECA).

The continued effects of the pandemic and global shocks to supply chains and commodity prices will widen Africa's overall fiscal deficits by approximately -1.7% in 2022 and -2% in 2023, according to the ECA.

It is against this backdrop that the 54th session of the Con-

ference of African Ministers of Finance, Planning and Economic Development held a two-day meeting in Dakar, Senegal, under the theme 'Financing Africa's recovery: Breaking new ground'.

"It provides the context for us to deliberate on an important topical issue of concern for all our member countries today. It also helps us to examine the challenges and opportunities associated with improving the quality and scale of African development financing to support a long-term recovery from the pandemic, as well as to enhance our resilience to external shocks and volatility," said Songwe.

Rising inflation

Taking stock of the past year in Africa, Songwe added that foreign debt has increased with currency depreciation making debt servicing more costly and driving up inflation.

However, African GDP rebounded in 2021 as Covid-19 restrictions were lifted, with an estimated growth forecast for 3.6% in 2022.

Trade also appears to have staged a recovery in 2021 despite predictions by the World Trade Organization (WTO) that momentum will be disrupted by the Ukraine conflict.

Indeed, Russia's invasion of



3.6%

Africa's estimated growth forecast for 2022

Ukraine has caught African policymakers off guard as they were previously focused on recovering from the pandemic.

Various projections for global GDP growth show a 0.8% to 1% decline in the world economy due to the impact of the conflict.

"This may lead to further job losses as well as higher input costs resulting in lower margins as well as constrained demand. Further, increased investor risk aversion due to the conflict could result in capital outflows from developing nations," she said.

But it's not all doom and gloom as "there may be some winners in Africa", Songwe said.

The opening session of CoM 2022 at the Dakar's International Conference Centre this week

These include countries that are supplying oil and gas, metals and coal and even some agricultural products to the world.

Songwe reminded policy-makers that African countries need to strengthen their efforts to absorb shocks and member states should design targeted social safety nets to mitigate the impact of rising food and energy prices on the most vulnerable.

Region integration is critical

The African Continental Free Trade Area (AfCFTA) must be used to "industrialise and diversify economies, enhancing regional cooperation and resilience".

Songwe reminded delegates that "achieving effective regional integration has never been more critical".

The free trade area aims to eliminate over 90% of tariffs on goods and create a single African market of more than one billion consumers.



African countries must strengthen their efforts to absorb shocks – Songwe (continued)

The executive secretary said the pandemic has strengthened the coordination and integration of Africa’s healthcare structures, from knowledge sharing to supply chain management.

She noted that in 2020, the former chairperson of the African Union and President of South Africa, Cyril Ramaphosa, launched a key pooled procurement initiative to overcome the continent’s acute medicine supply shortages.

Infrastructure development is, however, critical to the success of the free trade area.

Tackling the financing gap

The rising financing gap significantly constrains Africa’s ability to meet its development needs in critical areas such as infrastructure, health education and climate, said Songwe.

“Africa will need investment of over \$3trn in mitigation and adaption by 2030 to implement its nationally determined contributions as per the Paris Agreement on climate change”.

Between \$130bn to \$170bn is needed for infrastructure, \$66bn for health and \$39bn to improve access to quality education.

Some of the strategies to shrink these gaps include strengthening tax administration capacities and promoting value addition to curb illicit financial flows and widen the tax base.

Songwe wrapped up her opening address by reminding ministers and delegates that “this year’s Conference of Ministers provides us with an invaluable opportunity to come up with more concrete ideas on financing Africa’s recovery and strengthening our efforts to make Africa a better place to live in”.



Le Sénégal à la tête de la CoM2022

Le Sénégal a été élu à la tête du Bureau de la 54ème session de la Conférence des ministres africains des finances, de la planification et du développement économique de la Commission économique pour l’Afrique (CoM2022). L’élection a eu lieu cette semaine à l’ouverture de la réunion du groupe d’experts de la CoM2022 à Dakar, au Sénégal.

Le Bureau comprend un président, trois vice-présidents et un rapporteur, représentant chacun une sous-région d’Afrique. Les membres du Bureau sont élus lors des premières réunions de chaque conférence, et changent tous les ans en fonction de leurs sous-régions.

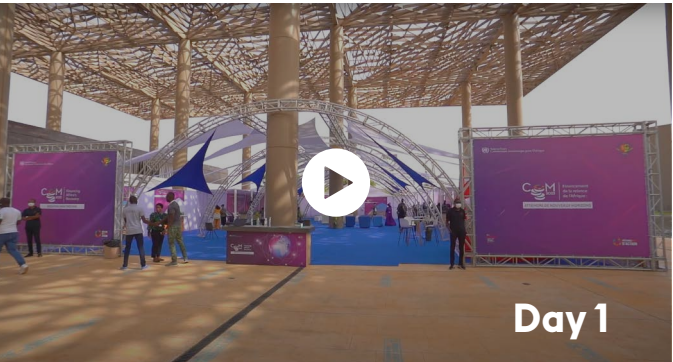
Le Sénégal, pays hôte de la CoM2022, était le nominé pour l’Afrique de l’Ouest, et sera en charge du processus de rédaction et d’ap-

probation des résolutions et des déclarations lors de la conférence.

Le pays succède à la Guinée équatoriale et sera assisté par Madagascar, de la sous-région d’Afrique de l’Est, et du Zimbabwe, de la sous-région d’Afrique australe, en tant que premier et deuxième vice-président. Des consultations sont toujours en cours pour désigner le représentant de l’Afrique du Nord qui rejoindra la Guinée équatoriale (Afrique centrale) en tant que rapporteurs auprès du Bureau.

Bamba Diop, directeur général de la planification et des politiques économiques au ministère de la planification économique et de la coopération du Sénégal, a accepté la présidence du Bureau au nom de son pays.

Daily Highlights in Motion



Africa's regional integration still lagging behind other regions

Africa's trade with the rest of the world far outweighs the level of trade between African countries, reducing the continent's ability to deal with external shocks, said Stephen Karingi, Director of Regional Integration and Trade Division at the United Nations Economic Commission for Africa (ECA).

A UNCEA report found that all regional economic communities in Africa, except the East African Community (EAC) and the Intergovernmental Authority on Development (IGAD), are importing more from the European Union than from within their own respective communities.

"The most shocking thing is that only 11% of Africa's agricultural produce is traded inside the continent," said Karingi, reinforcing the need for the continent to shorten supply chains as agricultural commodities face supply constraints due to Russia's invasion of Ukraine.

The African Continental Free Trade Area (AfCFTA) presents an enormous opportunity for Africa to boost intra-African trade, eliminating 90% of tariffs on goods and creating a single market of more than one billion



consumers with a total GDP of more than \$3trn.

However, even though the AfCFTA was signed in 2018 there is still "a long way to go" to implement the free trade deal across African Union member states, Karingi said.

There is currently a huge divergence between the level of intra-African trade among regions.

The East African Community (EAC) and the Economic Community of West African States (ECOWAS) show higher levels of intra-regional trade compared to the South African Development Community (SADC) and

the Economic and Monetary Community of Central Africa (CEDAO), for example.

One key area which has enormous unrealised potential is the services sector.

The sector has contributed to the continent's growth and overall development but it accounts for only 2% of global services exports.

All regional economic communities have some form of services trade agreement, though they vary in breadth and depth.

In 2012, SADC adopted a protocol on trade services and the EAC adopted a common market protocol in 2010 that focuses on the free movement of goods, labour, services and capital.

To make the AfCFTA work, the ECA recommends that policy-makers invest in critical infrastructure and energy projects while also focusing on social integration and governance, peace and security.

Karingi finished by saying: "We hope that by the end of the conference, those countries that have not ratified the AfCFTA and those that have not yet developed implementation strategies will ratify and start implementing".

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Voices from CoM2022

Hanan Morsy

Deputy Secretary General and Chief Economist, ECA, on Twitter



The impacts of #Covid19 & #UkraineCrisis are made worse for Africa by structural weaknesses: a large informal sector, weak tax collection, illicit financial flows and under-developed domestic capital markets.

Mama Keita

Director, Subregional Director for East Africa, ECA



The importance of the AfCFTA cannot be over-emphasised.

The AfCFTA is part of the solution to break with structural challenges.

Edlam Yemeru

Director, Gender, Poverty and Social Policy, ECA



During the pandemic, social protection for the most vulnerable expanded from 1.1% to 3.3% of GDP in Africa. So we know it can be done. But it must be sustained & handouts can be replaced by contributory social protection.



**Les domaines d'actions
de la CEA :**

Bilan des activités de la CEA en 2021

En 2021, pour faire face aux nombreux défis liés à la pandémie, la Communauté économique pour l'Afrique (CEA) a redéfini ses objectifs et intensifié ses efforts pour soutenir les États membres à avancer dans des domaines stratégiques de l'économie, a déclaré Said Adejumobi, directeur de la Division de la planification stratégique, de la surveillance et des résultats de la CEA.

**Production de
connaissances pour des
politiques plus efficaces**

**Développement
de politiques
macroéconomiques et
de diversification de
l'économie**

**Développement de
modèles de financement
innovants**

**Soutient sur les
questions régionales
et transfrontalières**

**Soutient du continent
sur le marché mondial**

30
milliards de dollars

**Économies potentielles
réalisées grâce à l'Initiative
de Suspension du Service
de la Dette**

Dans le but de limiter l'impact de la pandémie sur les économies africaines, plusieurs pays ont bénéficié de l'initiative de Suspension du Service de la Dette, leurs permettant d'économiser plus de 30 milliards de dollars. Des Droits de Tirage Spéciaux (DTS) ont également été octroyés, débloquent environ 33 milliards de dollars. En outre, la Facilité de Liquidité et de Soutenabilité a été lancée.

La CEA a joué un rôle de premier plan dans la négociation et l'acquisition de 35 % des vaccins nécessaires à l'Afrique. Au total, c'est 120 millions de vaccins qui ont été mis à la disposition des pays par l'intermédiaire de l'African Union Vaccine Acquisition Trust.

120
millions

**Nombre de vaccins octroyés
à l'Afrique à travers
l'African Union Vaccine
Acquisition Trust**

En partenariat avec la Commission de l'UA et l'Agence de développement de l'UA, le CEA a permis la visibilité de l'Afrique au niveau mondial en formulant une position commune africaine, qui a été présentée au Sommet du système alimentaire des Nations unies en 2021.

La Commission a soutenu la Zone de libre-échange continentale africaine qui, à ce jour, a été ratifiée par 42 pays. Des stratégies nationales de mise en œuvre ont également été élaborées dans sept nations, et l'Indice des entreprises nationales de la ZLECAf (ACBI) a été développé dans cinq pays.

Des indicateurs clés de performance ont été créés pour accélérer la mise en œuvre de la déclaration de Yamoussoukro

sur la politique aérienne en Afrique. Alors que l'Afrique compte 12 % de la population mondiale, elle ne représente que 1 % du marché aérien mondial, montrant la nécessité d'une mise en œuvre plus rapide de l'accord.

Sur le plan politique, de nombreuses initiatives ont été prises, notamment la production du Rapport économique sur l'Afrique 2021, la tenue de la Conférence économique africaine en partenariat avec la Banque africaine de développement et le PNUD, et le lancement du Réseau des jeunes économistes de la CEA dans le but d'encourager des jeunes talents à soutenir le développement du continent.

Enfin, la CEA a réalisé de grandes avancées en matière de capacity-building et de création de partenariats, et a accéléré la transformation numérique du continent. Dans ce dernier domaine, 15 000 jeunes filles ont été formées au codage informatique dans 15 pays africains afin d'améliorer leurs compétences et booster la création d'emplois.

Getting down to business @ CoM2022

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The uphill battle: Modernising Africa's statistics systems

There is a huge gap in Africa between the demand for national statistics by development organisations and the supply provided by governments.

National data forms the backbone of all effective development plans, leading to evidence-based decision making and accurate monitoring and evaluating processes.

The African Union's Agenda 2063 and the United Nations' Agenda 2030 both put data collection and evaluation at the centre of development plans. Yet African governments have struggled to meaningfully integrate data-backed processes into these plans.

Oliver Chinganya, Director at the African Centre for Statistics, said that in some cases the low levels of data-backed policies are the result of a lack of demand.

An ECA report found that "some African countries are stuck in a vicious cycle of low interest in and demand for quality statistics for evidence-based decision-making.

"This may result in weak statistical institutions that have poor governance structures; inadequate staffing levels, infra-

Director at the African Centre for Statistics, Oliver Chinganya



structure and tools; low human capacity of both data producers and users; and a lack of coordination and collaboration mechanisms within data systems."

Taking action

The Covid-19 pandemic exposed the lack of data in Africa as policymakers and health officials were struggling to record accurate numbers of cases and deaths.

In October 2020, the Statistical Commission for Africa approved the creation of an African group on the transformation and modernization of official statistics, composed of 10 national statistical offices.

The group asked the ECA to oversee the project to strategically guide and coordinate work

on the modernization and transformation of statistical systems in Africa.

The creation of an African group on the transformation and modernisation of official statistics was endorsed at the 2021 Conference of Ministers of Finance, Planning and Economic Development in Addis Ababa.

The objectives of the group are to develop the frameworks and guidelines to support the upgrading of official statistics in Africa.

The offices will be set up in Cameroon and Equatorial Guinea (Central Africa), Kenya and Rwanda (East Africa), Egypt and Morocco (North Africa), South Africa and Zambia (Southern Africa) and Niger and Nigeria (West Africa).

HOST PROFILE

Senegal expecting strong growth in 2022

Senegal has had the highest GDP growth rates among the 15 members of the Economic Community of West African States (ECOWAS) over the past five years.

Despite the fallout of Covid-19 lockdowns and trade disruption, the country is expected to enjoy a substantial economic growth of 5.1% in 2022 and 10.8% in 2023, according to the IMF's latest figures.

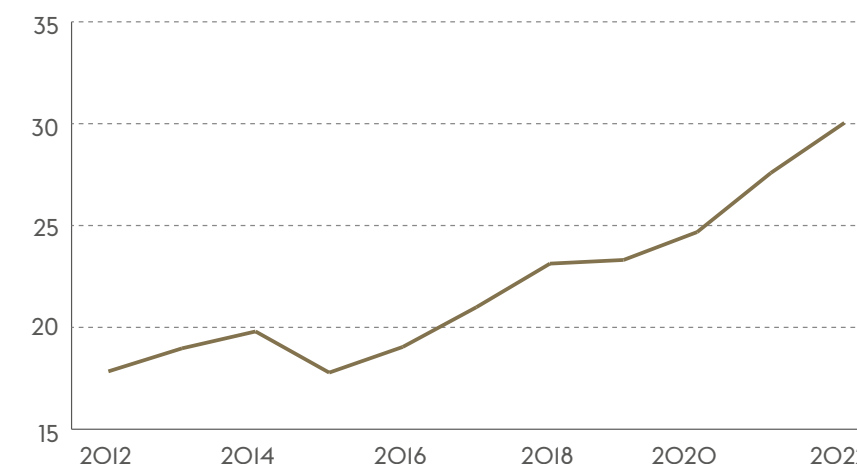
Senegal is the fourth-largest economy in the West African sub-region after Nigeria, Ghana, and Côte d'Ivoire; and occupies the second place after Côte d'Ivoire among Francophone African countries.

The resumption of public investments, the development of the hydrocarbon sector and improvements in the construction industry in the past few years support Senegal's long term economic growth and promote a fertile investment environment.

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Senegal's GDP (\$bn) in current prices 2012 to 2022



For 10 years, many reforms have been introduced in order to build a fertile environment for investment in Senegal.

The Business Environment and Competitiveness Reform Program (PREAC), launched in 2013, eased registration and operating conditions for businesses and implemented new Special Economic Zones with fiscal advantages for investors.

As a result, Senegal attracted \$211.4mn of private capital in 2021, occupying third place by deal volume in West Africa.

Inequality and vulnerability: Secretariat proposes theme for next CoM



41

African countries have been impacted by recent negative shocks to health, food and finance

The ECA Secretariat has proposed that the theme for 55th session of the Committee of Experts (CoM) will be ‘Fostering Africa’s recovery and transformation to reduce inequality and vulnerability’.

Stephen Karingi, Director of Regional Integration and Trade Division at the ECA, announced that the conference will be held in Addis Ababa between March and April in 2023, if the theme and location are agreed to by the Committee.

A member state can submit a proposal to host the conference or change the theme if it so wishes.

“We have talked a lot about the inequalities and the vulnerabilities that our economies are facing because of where we are now,” Karingi said.

“We need to have a detailed discussion to address the issues of inequality and vulnerability including the link to climate change, so that is the background for the next conference.”

The director added that 41 African countries have been impacted by recent negative shocks to health, food and finance.

The ECA’s 2021 economic report on Africa showed that inequality has increased in Africa

during Covid-19, highlighting the need to comprehensively address the multitude of issues facing the continent.

“While the issues of growing inequality and vulnerability are not new, the daunting challenges that they pose have yet to be examined by the Conference of Ministers in a systematic and holistic manner,” the ECA said.

“The way forward for African countries is to put in place integrated national financing frameworks that promote reliance on domestic resources, thereby expanding the policy space for reducing inequality and vulnerability,” the ECA said.



ECA implements key recommendations from CoM2021

The ECA has made serious headway in adopting and implementing many of the key recommendations set in last year’s Conference of Ministers held in Addis Ababa, Ethiopia.

The hybrid event was held under the theme Africa’s sustainable industrialisation and diversification in the digital era in the context of Covid-19 as officials and policymakers sought to bounce back from the pandemic.

Said Adejumbi, Director, Strategic Planning, Oversight and Results Division at the ECA, said that there has been progress in three key areas: regional integration and economic devel-

opment, development planning, statistical and data systems and the response and recovery from Covid-19.

On regional integration, the ECA has helped 10 African countries implement AfCFTA strategies and overseen the formulation of seven new national strategies.

It also developed a Country Business Index tool that uses high-quality data to assess the impact of the AfCFTA on the private sector, which was deployed in five countries.

The ECA developed and deployed nine country profiles on digital-trade regulatory integra-

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The ECA is focusing on industrialisation and economic diversification support

tion, helping to identify and overcome the challenges faced in terms of Africa’s digital economy.

On economic development, the ECA helped support and develop an industrialisation and economic diversification masterplan in Central Africa.

It also supported the Congo’s strategy to develop network connectivity for the 5th generation of mobile services and the incorporation of digital infrastructure and payments in e-government systems in five African countries.

It assisted five least developed countries to estimate their national illicit financial flows and successfully aligned current national development plans with 2030 Agenda and Agenda 2063 using ECA’s planning toolkit.

On development planning, the ECA helped build capacity in two countries as part of support to increase the adoption of the Integrated Geospatial Information Framework in Africa.

It also strengthened civil registration and vital statistics systems in 18 countries using a business improvement framework.

Snapshot of Today's Upcoming Events

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1. Launch of Economic Report on Africa 2021: Addressing Poverty and Vulnerability in Africa during the Covid-19 Pandemic

9am – 10.30am

The purpose of the launch event is to share the key findings of Economic Report on Africa 2021, which contains an analysis of the causes and consequences of the increase in poverty during the pandemic.

Policymakers and other stakeholders will receive evidence-based information on measures to address people's vulnerability to falling into poverty because of the pandemic and future shocks and how to hedge against risks to build forward better and resiliently.

2. Addressing the adaptation finance gap in Africa: a regional perspective on a global challenge

9am – 10.30am

In Africa, even if adaptation funding had covered adaptation costs in the years before 2020, it would still have been necessary

to increase annual funding for climate adaptation by 7% each year after 2020 to meet adaptation needs, regardless of whether the average global temperature is kept below 2°C above pre-industrial levels.

This side event will bring together a panel of high-level representatives from governments, international organisations and financial institutions as well as the private sector to deliberate on policy strategies and lessons learned in addressing the adaptation financing gap in Africa.

3. Innovative financing of small and medium-sized enterprises for resilient recovery in Africa: A gender and youth perspective

9am - 10.30am

In Africa, the pandemic has hurt women and young people the most because they are highly concentrated in the informal sector.

This event's main objective is to present analysis and actionable policy recommendations on innovative ways of financing small

and medium-sized enterprises, with a particular focus on creating jobs for women and young people.

The platform aims at facilitating automatic business linkages, resource-sharing, marketing referrals and resource-pooling.

4. Illicit financial flows in Africa: regional efforts to track, recover and return assets

11am – 12.30pm

Illicit financial flows in Africa are a major roadblock to domestic-resource mobilization, which poses a threat to the financing of development.

Corruption, tax evasion and aggressive tax avoidance through tax havens and offshore financial centres make it difficult to meet public-spending demands and limit access to international financial markets.

In this side event, policymakers will share their experiences in dealing with the challenges related to illicit financial flows

and devise a concrete package of proposals for alternative or supplementary asset-recovery frameworks.

5. Impact of the crisis in Ukraine on development financing in Africa: examples from selected countries

2pm – 3.30pm

What will be the social, economic, and environmental effects of the Ukraine crisis in African countries and how should they respond?

What are the expected gains and losses for oil-producing and non-oil-producing countries?

How will the crisis affect the Covid-19 recovery strategies of African countries, including their financing strategies? This side event seeks to answer all these questions by providing a guided assessment of the impact of the crisis on the sustainable development of African economies and their financing needs, using Angola, Mozambique and South Africa as examples.

6. Challenges in mobilising the capital market to finance a sustainable energy transition

2pm – 3.30 pm.

The side event is organized by the Kingdom of Morocco, which will present its commitment to a sustainable energy transition with the creation of a new development model.

The objectives are to present green-finance achievements in Morocco and their implications for the financial sector and the capital market. Participants will reflect on the contribution of the capital market to the financing of a sustainable energy transition and sustainable economic recovery at the continental level.

7. Alignment of national development plans with the UN integrated strategy for the Sahel

4pm – 5.30 pm

Sahelian countries are affected by significant political, governance and security development challenges, which weaken their capacity to finance development.

This side event aims at raising awareness among national authorities on the need to align their national development strategies with the United Nations integrated strategy for the Sahel, outlined in the United Nations Support Plan for the Sahel (2018–2030). Participants are invited to identify innovative and blended methods for financing development in the region, in the context of the Covid-19 pandemic, political instability and the impact of the Ukraine crisis on food security.

8. Innovative financing in capital markets for recovery in Africa

4pm – 5.30pm

The side event will provide a high-level platform for dialogue between the public and private sectors, including investors, on new developments and technological advancements in capital markets, as well as showcase how sovereign and strategic development funds can help to drive African development.