



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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LEAD STORY

**President Macky Sall  
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The AU Chair wants to reshape the global financial architecture to address Africa's marginalisation, which makes it tough for countries to recover from the pandemic and deal with new risks resulting from the war in Ukraine.

## President Macky Sall calls for a better deal for Africa

In a fiery speech in which he criticised international organisations for giving Africa a bad deal, Macky Sall, President of Senegal and current Chairman of the African Union, also recognised the leading role played by the African Development Bank and Afreximbank in supporting development.

However, Sall argued that the current deal for Africa in the international system is a hand-brake on its development.

"The rules are unfair, outdated, and need to be disputed," he told delegates attending the ECA's Conference of African

**"What must Africa do? What is our place in the world?"**

Ministers of Finance, Planning and Economic Development in Dakar's plush conference centre yesterday.

Risk is overstated by rating agencies and the system is skewed negatively towards the continent generally, he said.



## President Macky Sall calls for a better deal for Africa (continued)

This has made it impossible for countries to borrow money at fair rates, even if “the return on investment is greater in Africa than anywhere else”.

He spoke about the high-speed train that was completed within five years and started running in late 2021. There were many other major projects that were funded and delivered on time, he said.

“Explaining under-development in Africa is very simple. The rules set up by international institutions have put us in a straitjacket.”

It is time for Africa to speak out. The voices should not just be those of leaders but of finance ministers and others affected by a system that works against the continent. “We must look for innovative solutions. “

Sall called for a new deal on Special Drawing Rights, which he confessed has been an obsession of his for the past year.

He regretted that Africa had received a mere \$33bn of the \$650bn allocated for Covid-19 recovery, with the US, Japan, China and Germany receiving more allocations individually than the whole continent.

He said this highlights the

# “The return on investment is greater in Africa than anywhere else”

weighting given to Africa in the global economy by the Bretton Woods institutions.

“The allocation doesn’t meet the scale of the crisis we are facing. What must Africa do? What is our place in the world?” he asked.

“We must be brave enough to question this. We are told we can no longer ask for reallocation of the SDRs. But we must talk about a new allocation as countries have already drawn down on this.”

In addition, Sall pointed out the high cost of borrowing from the OECD which slows development in Africa. He said interest rates should be lowered to 5%, compared to the actual 15%, and he will engage in a discus-



# “The rules are unfair, outdated, and need to be disputed”

sion with member countries in Paris in June to reconsider the credit terms.

“We don’t want to hear about financial aid anymore. We are making economic partnerships and we want fair access to the financial market,” he said.

He said Senegal had diversified partnerships with different parties and it was not looking for exclusive partners “as long as our interests are being served”.

Sall called on central banks to allow more flexibility on monetary policies which often constrain African countries’ spending. Solutions include the introduction of long-term loans in exchange for sizable infrastructure projects, without unrealistic conditions.

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“We want to change the rules of credit. Let’s look at the reality and make sure the terms support development.”

The war in Ukraine is compromising Africa’s post-pandemic recovery and the continent had to act collectively to address this new challenge, which was pushing up prices and increasing inflation in African countries.

Sall said he had a mandate from his African peers to go to Moscow to ask Russian President Vladimir Putin to allow Ukraine to be able to export grain. He said some sanctions should be removed to alleviate Africa’s suffering in the wake of the war.



# Raising capital in a tough global environment

The global financial system finds itself in a very different situation from a few years ago when interest rates were at multi-year lows and stock prices were at all-time high highs, said Bertrand Badré, CEO of BlueOrange Capital.

Speaking at the Ministerial high-level policy dialogue at the ECA's Conference of African Ministers of Finance, Planning & Economic Development in Dakar, he said, "In 2015 we all believed that financing the SDGs would be relatively straightforward in the era of multilateralism and globalisation, but things have not happened like we thought they would happen."

In the context of Covid-19, Russia's war on Ukraine and creeping isolationist policies across the world, investors are looking at "nearshoring" – investing closer to home rather than looking at riskier regions like Africa.

This could have profound impacts on Africa, a continent that requires billions of dollars each year to finance its development objectives.

To counter negative market conditions, Africa must "step up and participate" aggressively in the global financial system to attract finance.

One way to do this, Badré said, is for Africa to position itself as a key destination for environment, social and governance (ESG) funds.

Investors are still keen to finance the space, allocating significant portions of their portfolios to development-led investments.

Mohamed Maaït, Egypt's Minister of Finance, said that he would not go to the international markets in the current environment, fearing that any issues will most likely be under-subscribed.

This is in stark contrast to 2020 when Maaït went to the market to raise \$3bn but returned with \$5bn due to high levels of investor interest.

"At the time, I was even being offered as much as \$24bn at a very reasonable cost so I decided to increase our demands," he said.

Maaït says that African countries "must diversify" cap-



Investors are looking at "nearshoring" – investing closer to home

Africa requires billions of dollars each year to finance its development objectives



ital-raising strategies if they want to invest in critical sectors, pay off steadily ballooning debt and deal with rising commodity prices.

The minister suggested green bonds and loans from commercial banks as ways to do this.

Rindra Hasimbelo Rabarinirison, Madagascar's finance minister, echoed the Egyptian minister's sentiments, saying

that "alternative and innovative sources of funding must be found".

One key area is to encourage the diaspora to send funds back to Madagascar, she said.

The country will also look at increasing the tax base and raising funds through green and blue bonds to tackle the lack of fiscal space and dearth of opportunities to plug gaps on the international market.

Serge Ekué, President of the West African Development Bank, said that the IMF's special drawing rights (SDRs) have not been deployed to their full potential in Africa.

Africa has received a fraction of the SDRs, despite being one of the poorest regions in the world, reinforcing the need for the continent's finance ministers to push Bretton Woods institutions for increased funding at more favourable terms.



# Calls for reform of international system to better respond to crises

Africa was a victim of global events in which it had no part, said Vera Songwe, ECA Secretary General and UN Under Secretary General.

Speaking at the opening session of the Council of Ministers 2022 meeting in Dakar, she said the continent was fighting many wars – against climate change, against poor governance, terrorism and on other fronts.

“Ministers of finance have been at the forefront of many of these and have shown “legendary resilience”.

She referred to the different crises which the continent now found itself facing. “We thought it {Covid-19} was just a pandemic but then realised we also had an economic crisis.” Coupled with a new crisis – Russia’s invasion of Ukraine and the attendant effect on prices of key commodities – was affecting countries’ ability to plan and by extension, their trajectory towards growth and prosperity.

“We are facing several exogenous shocks and because of them, we are going to have

to see how we can reorient our course.”

Solutions included examining how the financial system can change. One area that needed to be tackled more decisively was the search for ways to strengthen domestic resources. “We have spoken about it a lot but have not even got to 30% of internal revenue mobilisation.”

Rebecca Grynspan, Secretary General of the UN Conference on Trade and Development (UNCTAD), said African countries were indeed facing a perfect storm and they were not alone. More than 100 nations globally are being affected by of the dimensions of crisis, whether it be the fallout of Russia’s war with Ukraine, climate change or the impact of the pandemic.

But developing countries were particularly hard hit as they are most vulnerable, with most experiencing rising inflation and debt distress. “We need to bring instruments to the table to help cushion the blow.”

More flexibility was needed to respond to exogenous shocks,

she said. “We also need liquidity and debt instruments for an orderly and rational way of dealing with these current crises.”

Michael Camdessus, former managing director of the IMF, criticised the size of the allocation to Africa from the \$650bn in new Special Drawing Rights (SDRs) to its members to combat the effect of Covid-19.

Just \$33bn of this is directed to Africa, despite it being one of the regions of greatest need. “This shows the inadequacy of the existing system to deal with the issues,” he said.

This showed the urgent need for international monetary architecture reform to ensure better support for Africa and other regions in need.

“We cannot dream of a radiant future for the planet if we don’t look inwards to the continent where most of the young

people in the world live.”

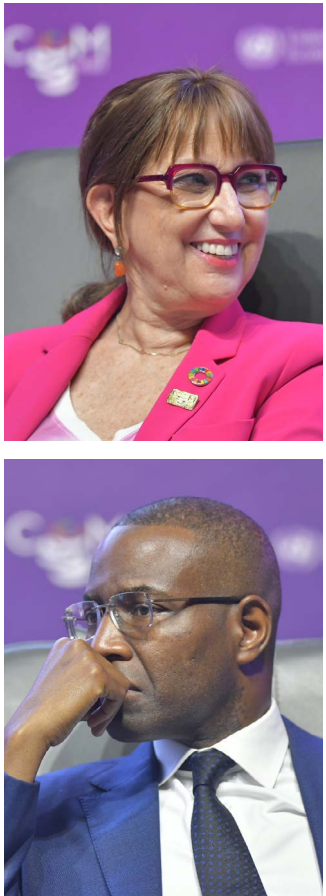
Ngozi Nkonjo Iweala, Director General of the World Trade Organisation, said trade was an important part of the policy mix needed to deliver equitable and sustainable growth.

Trade had been increasing in recent times as the pandemic eased and there had been no rush to exit from global value chains, even though businesses had had to shift their strategies.

“But Russia’s war on Ukraine had “cast a shadow”. Although the two countries represented a low share of global trade they were “outsized” suppliers of a few critical goods.

She warned that trade had started to become infected with mistrust and toxic narratives, particularly in the China-US axis.

Trade has been a driver of resilience and recovery overall. “But the weaponization of trade will increase the risk of uncertainty in the world.”

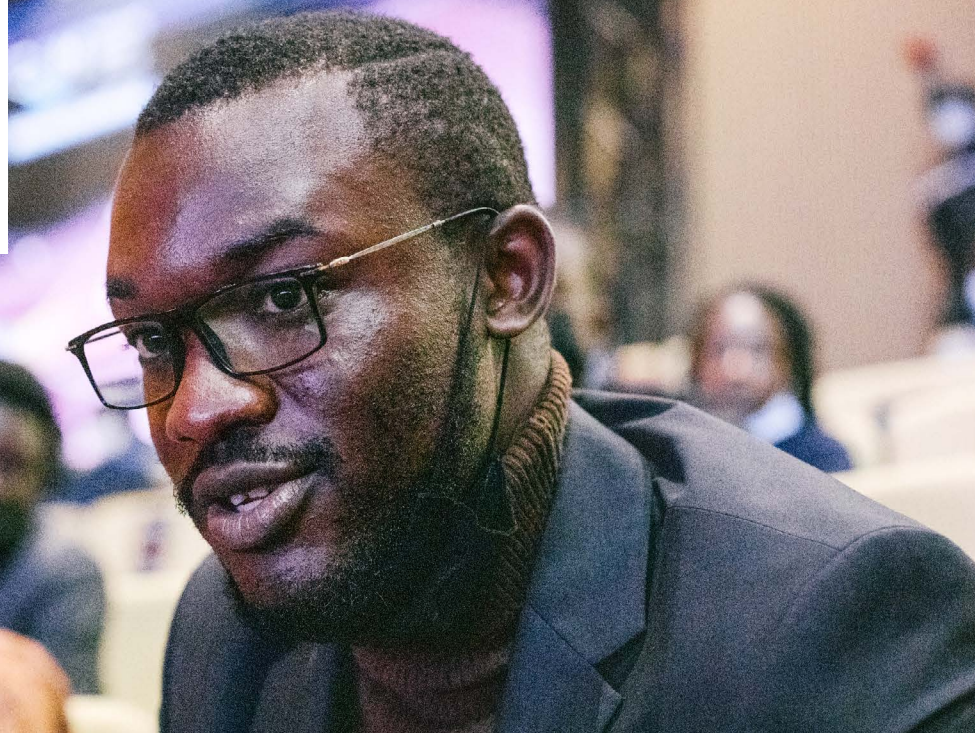


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## In Conversation



Nous avons discuté avec Brice Tchinde, originaire du Cameroun, étudiant en troisième année à l'École Nationale de la Statistique et de l'Analyse Économique (ENSAE), des défis économiques auxquels le continent est confronté.

### La dépendance au commerce international

« Après la relecture de plusieurs études statistiques, je me suis rendu compte de l'impact dévastateur qu'a eu la pandémie sur les économies africaines. La fermeture des frontières nous a montré à quel point nos pays dépendent des importations. Plus récemment, la crise ukrainienne a mis en lumière la grande part qu'occupe la Russie et l'Ukraine sur le marché du blé et des fertilisants en Afrique. En tant que statisticien, l'enjeu est de construire des modèles qui nous permettent d'analyser l'impact de ces crises et de trouver des solutions pour y pallier.

### Appui des politiques publiques

En plus des démarches scientifiques, il est important d'avoir le soutien des politiques publiques. Il faut que les recommandations des économistes, faites à partir d'observations fiables, soient prises en compte lors de la formulation des politiques publiques. Si ce n'est pas le cas, le travail des chercheurs est en vain. Par exemple, dans un contexte de crise internationale, il est nécessaire que les pays africains redynamisent les échanges au sein des zones économiques régionales. C'est seulement ainsi que la croissance économique du continent augmentera.

### La conférence

La 54ème conférence des ministres africains, organisée par la Commission Économique pour l'Afrique, arrive à un point où l'Afrique en a vraiment besoin. Je trouve que le thème de cette année, 'Financer la relance de l'Afrique', est très pertinent car il s'agit du principal défi à relever dans les années à venir. Alors que la pandémie sévit dans tous les pays africains, la question du financement de la reprise économique n'a jamais été aussi importante.

## HOST PROFILE

### Macky Sall : 10 ans de progrès

À son arrivée au pouvoir, Macky Sall a lancé le Plan Émergent Sénégal, destiné à rendre son pays plus performant sur la scène économique internationale. 10 ans après, l'économie sénégalaise a été restructurée et le pays jouit d'infrastructures plus innovantes que jamais.

En 10 ans, des chantiers colossaux ont été réalisés dans le domaine de la mobilité, avec une autoroute de 221km, deux autoponts, cinq ponts et plusieurs routes de désenclavements. En parallèle, les transports se sont modernisés. Le nouveau TER, qui relie Dakar à Diamniadio, a été emprunté par plus de 5 millions de personnes depuis sa mise en service.

En 2017, le nouvel aéroport international Blaise Diagne a fait de Dakar un véritable hub aérien.



Toutes avancées ont été présentées lors de la 54ème Conférence de Ministres à Dakar ce Lundi, dans une vidéo explicative du gouvernement sénégalais.

Le Sénégal a également fait des progrès notables en termes d'assainissement, d'éclairage public et d'aménagement paysager. Cette année, l'achèvement de la réhabilitation de la grande mosquée Blanchot, en plein cœur du centre-ville de Dakar, fut célébré le dernier jour du ramadan.

La nouvelle ville de Diamniadio, avec son parc industriel, a accueilli une multitude d'infrastructure innovantes : Le CICAD, La Maison des Nations Unies, le Stade du Sénégal, le Parc des Expositions, un Data Center...etc.

Enfin, le projet de construction du port en eaux profondes Ndayane, à 70km de Dakar, a été lancé en janvier dernier. Ce nouveau projet du Président Macky Sall, si complété, donnera naissance au plus grand port d'Afrique de l'Ouest.