

#COM2021 Bulletin



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AFRICAN FINANCE MINISTERS' MEETING OPENS WITH FOCUS ON SPECIAL DRAWING RIGHTS, DIGITALIZATION & DIVERSIFICATION

The fifty-third session of the Conference of African Finance Ministers (COM) opened in Addis Ababa with strong statements from high-level leaders, among them, the Prime Ministers of Ethiopia and Barbados, Abiy Ahmed, and Mia Motley respectively, commending Friday's move by the world's seven largest advanced economies to support the expansion of the IMF's Special Drawing Rights to help developing countries cope with the coronavirus pandemic. Commending the ECA for its role in helping advocate for the SDRs, Prime Minister Ahmed said: "Finance and development ministers from throughout the continent, together with UNECA, have been at the fore of discussions on the

response to the COVID19 crisis and have proposed solutions that have benefited not just the continent but the world, such as the Debt Service Suspension Initiative and now the quest for Special Drawing Rights." The Debt Service Suspension Initiative (DSSI) has delivered over \$5 billion to Africa in 2020. SDRs play an influential role in global finance and help governments shore up reserves as well as provide foreign currency for trade. They are also used as the basis of loans from the IMF's crucial crisis-lending facilities with the institution using the instruments to calculate its loans to needy countries. The Ethiopian Prime Minister called on global leaders and institutions to support

measures to ease the impact of COVID-19 on Africa's citizens and economies. "Africa has demonstrated that it is not only capable of facing this crisis, but it is also ready to formulate and implement solutions," he said, adding African countries must focus on digital transformation, climate-smart economy and the institutional framework for implementation and accountability as they respond and reset towards a green resilient recovery from the pandemic. "On the digital economy, we must scale up our investments - a trend turbocharged by the COVID-19 pandemic. The digital economy is both a source of growth and a key competitive enabler of other productive sectors."

EFFECTIVE POLICIES AND INFRASTRUCTURAL INVESTMENT WILL GEAR UP AFRICA'S INDUSTRIALISATION



Sustainable industrialisation is a feasible growth engine for Africa to build forward better in the aftermath of the coronavirus pandemic. Governments, however, need to invest in critical technological infrastructure and supportive policies to deliver economic development in the backcloth of the disruptive COVID-19 pandemic.

This was the consensus of African policy makers attending the annual Economic Commission meeting for African Ministers of Finance, Planning and Economic Development which opened in Addis Ababa Monday.

African ministers spoke during a high-level panel discussion on the

theme of the fifty-third session of the Commission, focusing on 'Africa's sustainable industrialization and diversification in the digital era in the context of Covid-19'.

The COVID-19 pandemic has hit Africa hard, triggering a recession in 25 years which has weakened economies and increased debt burdens.

Is industrialization still a viable strategy for economic growth in the digital era on the back of increased automation and the rising skills intensity of limited industrial work to absorb more than 170 million young people set to enter the job market in the next decade? Does climate change diminish viability of traditional pathways to

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AFRICA MUST LEVERAGE ON MULTILATERALISM FOR RAPID DEVELOPMENT

The unprecedented COVID-19 pandemic severely shook the global multilateral system but it did not break it. This was said Monday by Nigeria's Finance, Budget and National Planning Minister, Zainab Ahmed, in her lead contribution to the over-subscribed "Big Debate", a high level discussion panel during this year's Conference of African Ministers (COM) of Finance that started Monday.

The "Big Debate" addressed the question; "Was the multilateral system prepared for the COVID-19 crisis and did the private sector do enough?"

Ms. Ahmed reiterated that the pandemic was unexpected and helped bring out systemic and structural weaknesses in Africa's stressed health system. At the same time, she noted that COVID-19 had galvanized the world multilateral response. "The pandemic led to

unprecedented solidarity and helped mobilize resources," said Ms. Ahmed.

In the post-pandemic strategy adapted by Nigeria, the Minister outlined her government's efforts to build forward better, creating right responses for clean energy investment away from oil. "Africa needs a favourable energy transition policy to more, cleaner renewable energies for rapid development."

According to Ms. Ahmed, Nigeria was also exploring legislative and fiscal incentives to support economic recovery, reduce inequality and boost social support.

Alongside Minister Ahmed in the high-level panel was Arkebe Oqubay, who serves as Senior Minister and Special Adviser to Prime Minister Abiy Mohammed of Ethiopia. He called on the continent to adopt robust economic policies to attract foreign direct investments and solidify multilateral ties. Admitting that the



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ADEDEJI REMAINS A MAJOR FIGURE IN AFRICAN REGIONAL INTEGRATION

As the African continent deals with the global coronavirus (COVID-19) pandemic, regional integration and the implementation of the African Continental Free Trade Agreement (AfCFTA) have been noted as sure ways of attaining industrialization and economic development.

Delivering the annual Professor Adebayo Adedeji Lecture at the Economic Commission for Africa's (ECA) 53rd Session of the Commission and 2021 Conference of African Ministers of Finance, Planning and Economic Development, Rob Davies, former Minister of Trade and Industry in South Africa, recalled his time with Professor Adedeji and said, even in the 1990s, he was a major figure in discussions on the future of Africa's integration in the years immediately before South Africa's democratic transition.

According to Mr. Davies, Professor Adedeji was very well known and prominent as a former Executive Secretary of the ECA, where he articulated Pan-African views

and ideas. In this capacity, he said, he was renowned for the African Alternative Framework to the Structural Adjustment Programmes for socio-economic recovery and transformation (AAF SAP), which became a major beacon of hope and alternative to the externally-imposed Structural Adjustment Programmes, as the best, or only, way forward.

Mr. Davies said that many of the key messages of AAF SAP remain relevant more than thirty years on.

"AAF SAP's point of departure and major premise was, and I quote its very first sentence, 'The structure of the African economy defines the essential features of Africa's central problem of underdevelopment'. AAF SAP identified what it saw as the structural weaknesses in most African economies. They included a 'weak productive base' characterised by low productivity and productive activities dominated by either subsistence or export-orientated primary product production," he said.

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The Prime Minister urged the continent to "build resilient institutions capable of implementing reforms to help the continent withstand the challenges of the future."

"It requires reforms, consensus building, monitoring and course correction. It is the best anchor we can build as we prepare collectively for the next crisis. We need continental institutions, regional

institutions and national institutions to all stand together," he said.

Prime Minister Motley, who is also the Chair of the joint World Bank-IMF Development Committee, also commended the IMF for acting early to support countries but said countries especially middle income vulnerable countries needed more liquidity and asked that "rich countries pledge the other half of their additional and unused SDRs to developing countries" to help them

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ECA LAUNCHES LSF, A VEHICLE FOR DEBT MANAGEMENT AND FISCAL SUSTAINABILITY

In a bid to assist member States have access to a facility that will strengthen their liquidity in the short term and restart growth in the longer term, the Economic Commission for Africa (ECA) has partnered with PIMCO, an asset management corporation, to set up a Liquidity and Sustainability Facility (LSF) that would lower governments' borrowing costs by increasing the demand for their sovereign bonds.

This will be achieved by making it possible for existing sovereign bondholders to post such instruments as collateral for low-interest loans financed in part by a new issuance of Special

Drawing Rights (SDRs). The resources mobilized through such repurchase agreements will then be used to finance investments in emerging market sovereigns.

African policymakers are expected to seek increased lending from multilateral development banks so they can respond adequately to the COVID-19 pandemic.

Explaining the LSF during a panel discussion at the ongoing 53rd session of the Committee of Ministers of Finance, Thomas Venon, a partner at Eighteen East Capital, said the LSF was designed

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EQUATORIAL GUINEA NEW CHAIR OF THE BUREAU OF THE ECA'S CONFERENCE OF FINANCE MINISTERS

Equatorial Guinea has been elected the new Chair of the Bureau of the Conference of African Ministers of Finance, Planning, and Economic Development of the Economic Commission for Africa (ECA).

The new Bureau is made up of Equatorial Guinea (Chair), Madagascar (First Vice-President), Zambia (Second Vice-President), Sierra Leone (Third Vice-President) and Morocco (Rapporteur).

Speaking virtually from Malabo, the Minister of Finance, Economy and Planning of Equatorial Guinea, Mr. Valentin Maye Mba, congratulated members of the outgoing Bureau, which was chaired by Morocco, for the work they did with the Secretariat over the past two years, supporting the ECA's advocacy efforts for African countries to have fiscal space to adequately respond to COVID-19.

Mr. Mba said Africa should take the challenges availed by the pandemic and transform them into opportunities.

He said African governments should scale-up investments in digital technology going forward to aid sustainable and inclusive development.

The minister called on the ECA to help strengthen national and institutional capacities of Member States through capacity building so they can take full advantage of the benefits of the digital sector.

He appealed to African states to do more in the areas of infrastructure, electricity, and internet access.

Mr. Mba said Equatorial Guinea will continue to work with the ECA and other African institutions and countries towards implementation of agreed resolutions and commitments for the betterment of the continent.

The theme of the 53rd Conference of African Ministers of Finance is Africa's sustainable industrialization and diversification in the digital era in the context of COVID-19.



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industrialization in the face of growing shocks and can African countries chart new green routes to economic growth and diversify from current fossil fuel dependence and commodities? These were pressing questions that underlined the panel discussion.

"Sustainability, industrialization, diversification and digitization are the right strategies for Africa to recover from the disastrous impact of COVID-19 and to build more resilience, sustainable and inclusive growth and development," lead speaker, Rwanda's Minister of Finance and Economic

Planning, Uzzeil Ndagijimana, told the panel. He stressed that these industrialization strategies need investment in vaccine production, good governance, access to cheap long term financing, improved business environment and promotion of inter African trade.

Mr. Ndagijimana noted that Africa was vulnerable to fluctuations of international commodity prices and unfavourable trade because it continued to depend on the export of raw materials to developed and

emerging countries, and importing finished goods.

"Concrete measures are needed to accelerate industrialization and diversification of African economies," he said, adding the continent needs to take advantage of its growing young labour force and increased market through African Continental Free Trade Area (AfCFTA).

"It is time for Africa to shift from the position of supplier of raw materials to supplier of semi and finished products in the global trade," said

Mr. Ndagijimana, emphasizing that industrialization was one of the key pillars of the national strategy for transformation in Rwanda. The country is developing industrial parks and smart satellite cities and expanding technical and vocational training schools. It has established a Development Fund to support SMEs as well as an Innovation Fund to support young talent in digital technologies.

"Africa is making progress in digitalization technologies and has talented and enthusiastic youth but more efforts are needed in terms of

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hard and soft infrastructure, capacity building and ease of access finance for young entrepreneurs," Mr. Ndagijimana noted.

For his part, the Director General of the United Nations Industrial Development Organisation (UNIDO), LI Yong, underscored that the road to Africa's industrialization was challenging but African economies had opportunities to steam ahead.

Citing findings from the UNIDO Industrial Development Report 2020, Mr. LI said industrialization should be promoted in Africa because many countries on the continent were still an untapped market for digital technologies.

"This situation which is quite challenging for developing countries,

that is why the road to industrialization for Africa is very challenging especially under current situation of COVID-19 crisis," he observed, emphasizing that Africa needs robust digital infrastructure to associate with the new Fourth Industrial Revolution and skilled labour market.

Houlin Zhao, the Secretary General of the International Telecommunications Union (ITU), was pleased to see Africa prioritising digitalization. He said COVID-19 has made Africa recognise the importance of ICTs despite the digital divide. Africa has low internet connection and in the African cities almost 30 percent households have internet while in rural areas it is 6 percent, noted the ITU Chief.

It will cost \$100 billion to connect all of Africa on-line by 2030. Private sector

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to adequately respond to the health and economic crisis triggered by the pandemic.

On the issue of vaccine availability in developing countries, Prime Minister Motley said: "We cannot leave vaccinating the world to unchecked market forces. We need a global approach to vaccination. These are not nice to have, they are imperatives. There is no turning back. We must reform the line, redouble our effort, and press forward." "COVID-19 has stopped us in our tracks. We need a more comprehensive response to the deepest crisis of the last one hundred years."

For her part, ECA's Executive Secretary, Vera Songwe, said: "There is now real momentum for collective action on the SDRs at the IMF and World Bank spring meetings following the recent G7 finance ministers meeting and we welcome this." She added: "There has been a decoupling of the world's response between the advanced and developing countries. Advanced economies reacted swiftly to shore up their economies providing trillion dollars in liquidity. On vaccines, a decoupling in access and finally on fiscal policy. To build forward better and close these gaps, the

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pandemic had severely undermined the continent's economic progress, Mr. Oqubay gave the example of Ethiopia's Awassa industrial Complex, which demonstrates Addis Ababa's carbon neutral industrialization and commitment to green recovery.

"Africa needs to use the pandemic as an opportunity to focus on fundamental issues of the future," he said. "We should manage our expectations and work on our own economic transformation. What we have learnt during COVID-19 is that going forward we must always be ready."

Another member of the panel, Masood Ahmed, the President of the US-based Centre for Global Development (CGD), concurred with Nigeria's Finance Minister that the pandemic was a surprise to everyone and that COVID-19 had tested global

multilateral ties along with the response by the private sector.

"Going forward the private sector needs to be involved in the recovery efforts even as we find ways of reforming the readiness of the multilateral system to be adept in future," Mr. Massod said.

Also addressing the high-level panel was Abebe Aemro Selassie, the Director of the Africa Department at the International Monetary Fund (IMF). He admitted that the pandemic had affected the multilateral financial system.

"The multilateral financial landscape is going to change as well as the role of multilateral banks to design smarter and innovative financing mechanisms and guarantees as well as de-risking measures so as to create sustainable financial flows to help

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The former Minister said, from this, AAF SAP identified the central task as structural transformation of African economies. '... Africa has to break the apron strings of structural and relational dependence on producing a limited number of cheap primary commodities for export,' he said, quoting the document.

Mr. Davies suggested that the AfCFTA's real prize would be if it supported the emergence of regional value chains involved in the production of higher value-added goods and services.

"Such an outcome could expect to see components and other intermediate inputs being produced in a number of countries before being assembled into 'products of Africa' consumed by the

citizens of the continent and exported. Under such a scenario we could expect to see not just a quantitative increase in intra-regional trade but a qualitative change in its character. This would involve a greater absolute and relative intra-trade in components and intermediate products – which is in fact the largest and fastest growing part of global trade in goods. Respondent, Beata Habyarimana, Rwanda's Minister of Trade and Industry, emphasized the importance of digitalization as the continent looks to the AfCFTA as a game-change towards real economic integration, attaining industrialization and economic development.

"Africa's future development as a continent must be attained together,"

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LA CEA LANCE LA LSF, UN MÉCANISME DE GESTION DE LA DETTE ET DE VIABILITÉ BUDGÉTAIRE



Dans le but d'aider les États membres à avoir accès à une facilité qui renforcera leur liquidité à court terme et relancera la croissance à plus long terme, la Commission économique pour l'Afrique (CEA) s'est associée à PIMCO, une société de gestion d'actifs, pour mettre en place une Facilité de liquidité et de durabilité (LSF) qui réduirait les coûts d'emprunt des gouvernements en augmentant la demande de leurs obligations souveraines.

Cet objectif sera atteint en permettant aux détenteurs d'obligations souveraines existants de déposer ces instruments en garantie de prêts à faible taux d'intérêt financés en partie par une nouvelle émission de Droits de tirage spéciaux (DTS). Les ressources mobilisées au travers de tels accords de rachat seront ensuite utilisées

pour financer des investissements dans les emprunts de marchés émergents.

Les décideurs africains doivent rechercher une augmentation des prêts auprès des banques multilatérales de développement afin de pouvoir répondre de manière adéquate à la pandémie de COVID-19.

Expliquant l'initiative LSF lors d'une table ronde lors de la 53^{ème} session en cours du Comité des ministres des finances, Thomas Venon, partenaire de Eighteen East Capital, déclare que la LSF est conçue pour aider les marchés émergents à faire progresser les initiatives de développement durable et, plus immédiatement faciliter l'accès aux liquidités, aux prêts et aux investissements dans ces pays.

Afin de répondre à leurs besoins croissants de financement du développement, les

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investment and public partnerships are key to achieve this.

"I am very optimistic that because Africa has put ICT high on their agenda and talked of one common market and lone digital Africa market. . . Africa is not a long way behind others," Mr. Zhao said, calling for the upgrading of current technologies, investment, and innovation in the continent.

Ethiopia's Finance Minister, Ahmed Shide, told the panel discussion that while Africa was largely focused on the export of primary commodities and imports of finished products, it was time to change tack and drive economies using digital technologies.

"In today's era, industrialisation is not just creating linkages between and among sectors but also requires an innovative approach, supported with emerging technological opportunities. In this regard, the internet revolution and utilization can be an important tool for industrial development in Africa," he said.

Contributing to the discussion, Egypt's Deputy Minister of Planning and Economic Development, Ahmed Kamaly, said prior to COVID-19, his country has embraced a stabilisation and reform strategy which prioritised manufacturing and ICTs, leading to positive economic growth.

"African countries want to change their status to be consumers of technology and digital production to be producers of these very important products and sectors. If we do not do this, it will have important repercussion on inequality and digital divide," he said.

For his part, Albert Muchanga, the African Union Commissioner for Economic Development, Trade, Industry and Mining, noted that the AfCFTA would support industrialization and digitalization through broadening of markets and manufacturing sectors.

"For the market to work, it needs to be supported with agro-processing and services. We have mobilised the

private sector to do just that," Mr. Muchanga said, adding, "We need to promote inclusive and sustainable industrialisation. If we leave someone behind, then there will be no faith in the AfCFTA."

The African Union Commission has worked with UNIDO to develop a mapping exercise on regional value chains across Africa.

COVID-19 had disrupted supply chains, Mr. Muchanga noted, adding that the African Union Commission was developing 'Made in Africa' standards that will be used as criteria for countries to supply goods and services to the African market.

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SDRs provide the key to solutions for emerging and frontier economies.” Ms. Songwe said Africa was not out of the response phase yet. It needs liquidity to move from response to recovery and an extension of the DSSI to the end of the year, she said, adding issuance of new SDRs was urgently needed.

“As the developed world transitions from response to recovery, Africa should not be left behind,” she said, adding the continent’s recovery must be focused on job creation and green jobs.

The increase in poverty may lead to a “lower for longer” poverty traps, compromising past gains. This, Ms. Songwe said, meant additional liquidity must make its way to the private sector and small to medium scale enterprises, the engine of Africa’s economy. Countries must put in place enabling reforms, she added.

Ghana’s Finance Minister, Ken Ofori-Atta, speaking from Accra said: “Our

approach to beating this pandemic will make the difference between a lost decade and a rapid recovery that puts us on a sustainable growth trajectory.” He said placing climate-conscious industrialization and digitalization at the foundation of Africa’s recovery and structural transformation was key to a green recovery.

“Africa’s industrialization is a good strategy not only for Africa but the world,” the Ghanaian minister said. He added that now more than ever, Africa needed to prioritise building resilience, finding new financing models to support sustained recovery, stimulating domestic manufacturing capabilities to create jobs and mitigate the risks of the global supply-chain, leveraging African integration and regional value chains and; scaling digital transformation and inclusive innovation.

Outgoing COM Bureau Chair and Morocco’s Minister of Economy, Finance

and Administration Reform, Mohamed Benchaaboun, for his part said, “Indeed, new digital technologies not only make it possible to increase the resilience of African countries in the face of increasingly unpredictable exogenous shocks, but they can also initiate a sustainable industrialization process that would help to diversify African economies, increase their added value, reduce their dependence on the outside world, increase their productivity and improve their capacity for job creation.” Minouche Shafik, Director of the London School of Economics and former Deputy Governor of the Bank of England, said African countries have an opportunity to “leapfrog” to affordable universal health care that can help during such crises through digital and technological innovations.

She said the prevailing situation provided an opportunity “in which we can define a new social contract in Africa”.

The opportunity, Ms. Shafik said, derived from the fact that many African countries were transitioning from a social contract that relies heavily on family to one where the State helps to carry some responsibilities, like taking care of the sick and the unemployed. The goal, the LSE Director added, was to get a better balance of security and opportunity on the continent, drawing from the current COVID-19 crisis.

High-level panels focused on whether the multilateral system was prepared for the COVID-19 crisis and whether the private sector did enough; managing debt and liquidity and the role of the private sector, and whether Africa was ready to finance its own vaccine.

This year’s hybrid meeting is being held under the theme “Africa’s sustainable industrialisation and diversification in the digital era in the context of Covid-19.”

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developing countries to stabilize.” Mr. Selassie said.

Alastair Wilson, the Managing Director and head of Moody’s Sovereign Risk Group, admitted that debt will remain a burden for the continent. Mr. Wilson implored on Africa to start thinking of how they can use lessons from the last few months to build forward better. The financial risk expert also urged governments to streamline and roll out policies that would attract international and domestic capital flows.

Gabon’s Minister of Economy and Recovery, Nicole Jeanine Lydie Epse

Roboty, urged multilateral banks to sustain their economic support and financial cushioning on Africa to stabilize the continent’s economies and regional integration ties which have been dented by the pandemic.

An intensive and lively discussed between participants and the panelist ensued, focusing in particular on Special Drawing Rights (SDRs).

G7 Finance Ministers agreed Friday to support issuance of new SDRs to help developing countries better respond to the COVID 19 crisis.

ECA LAUNCHES LSF ...

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to support emerging markets sovereigns in advancing sustainable development initiatives and, more immediately, facilitate access to liquidity, lending, and investment into these countries.

In a bid to meet their growing development financing needs African countries have borrowed from private creditors. As a result, their debt landscape has changed in the last decade, with private debt assuming a little over 40 percent of its total debt stock. The interest rates on Africa’s private debt is, however, prohibitive hence, the need for a facility such as the LSF.

“Developed countries have long enjoyed the existence of large ‘repo’ markets for their government bonds, facilitating the creation of stable and additional funding sources,” Mr. Venon said.

“The LSF will replicate this dynamic for emerging market sovereign bonds, providing investors with competitive funding through repurchase agreements.”

He added, “The LSF’s governance will be aligned with public good mission and its adherence to the highest standards of transparency. It is estimated that the LSF could save

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LES PAYS AFRICAINS

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pays africains ont emprunté à des créanciers privés. En conséquence, le paysage de leur dette a changé au cours de la dernière décennie, la dette privée assumant un peu plus de 40% de l'encours total de leur dette. Les taux d'intérêt sur la dette privée de l'Afrique sont toutefois prohibitifs, d'où la nécessité d'une facilité telle que la LSF.

« Les pays développés bénéficient depuis longtemps de l'existence de grands marchés « repo » pour leurs obligations d'État, ce qui facilite la création de sources de financement stables et supplémentaires », affirme M. Venon.

« La LSF reproduira cette dynamique pour les obligations souveraines des marchés émergents, en fournissant aux

investisseurs un financement compétitif via des accords de mise en pension ».

Il ajoute : « La gouvernance de la LSF sera alignée sur la mission de bien public et son adhésion aux normes de transparence les plus élevées. On estime que la LSF pourrait permettre aux émetteurs africains d'économiser 11 milliards de dollars en frais d'intérêt sur une période de cinq ans ».

Cette facilité ouvrirait la voie à la communauté mondiale afin d'aider les décideurs africains à relancer et à réinventer une croissance durable, par exemple en introduisant des outils de financement innovants tels que des obligations liées à la poursuite des Objectifs de développement durable.

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she said, adding cooperation was key to achieving sustainable inclusive development.

In her remarks, Vera Songwe, the Executive Secretary of the ECA, gave tribute to Professor Adedeji and said he was one of the pioneers of the AfCFTA.

Speaking on behalf of the Adedeji family, Doyin Adedeji thanked the ECA for continuing to honour the memory of his father and described him as an "unrepentant believer in Africa's development." He noted that his late father would be full of smiles and gratification in the bosom of the Lord, as ECA celebrated his life and times.



AFRICAN COUNTRIES MUST ADOPT ...

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African issuers US\$11 billion in interest costs over a five-year period."

The facility would pave the way for the global community to assist African policymakers in restarting and reimagining sustainable growth, for example, by introducing innovative financing tools such as bonds linked to the pursuit of the sustainable development goals.

As a proportion of gross domestic product and of export earnings, Africa's debt of about \$544 billion is the highest of any developing region. The high debt levels impede public investment in infrastructure and human development and in turn deters private investment. According to the ECA, the continent's output losses because of COVID-19 will be just under \$100bn and would result in the significant reversal of gains made to fight poverty in the past few years

and push close to 30 million people into poverty. While developing countries have injected trillions of dollars into social safety nets, healthcare support and economic stimulus responses, Africa has lacked the fiscal space to respond similarly.

The continent faces four combined challenges: of heightened debt levels, currently estimated to be about 69% of GDP; high fiscal deficit of an average of 8.7% of GDP; the high cost of borrowing; and currency depreciations against major currencies.

According to the ECA, African governments are also under pressure to keep up payments on debt service and avoid stigmatization in financial markets associated with debt relief.

For African nations, healthcare expenditure is rising as revenues are

shrinking, exerting strong budgetary pressures on government financing, with the total fiscal deficit for Africa almost doubling from 4.7% of GDP in 2019, to 8.7% in 2020, according to ECA estimates.

The shape of the economic recovery in Africa will depend on down-sided risks, including potential emergence of financial crises and debt instability, because of weakened economies.

That is why the ECA has come up with the special purpose vehicle, the LSF, in co-operation PIMCO, to help African countries access new liquidity and entice private sector investors to re-enter or enter the market for the first time.

Aia-Eza DaSilva, Secretary of State for Budgets and Public Investments for

Angola, said the LSF initiative could bring some liquidity to sovereign debt.

"Liquidity is very important at this time as we are lacking fiscal space. The debt service is so huge, and it absorbs most of our budgets, so we need fiscal space to provide for our population and to keep us growing and be able to repay these debts," Ms. DaSilva said.

"We need additional space to breath so that we keep on the path of growth, and the LSF can provide that."

The 53rd session of the ECA's Conference of African Ministers of Finance, Planning and Economic Development is being held under the theme; Africa's sustainable industrialization and diversification in the digital era in the context of COVID-19.

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En proportion du Produit intérieur brut et des recettes d'exportation, la dette de l'Afrique d'environ 544 milliards de dollars est la plus élevée de toutes les régions en développement. Les niveaux d'endettement élevés entravent les investissements publics dans les infrastructures et le développement humain et découragent à leur tour les investissements privés.

Selon la CEA, les pertes de production du continent dues à la COVID-19 s'élèveront à un peu moins de 100 milliards de dollars et se traduiraient par un renversement significatif des gains réalisés pour lutter contre la pauvreté ces dernières années et pousser près de 30 millions de personnes dans la pauvreté. Alors que les pays en développement ont injecté des milliards de dollars dans les filets de sécurité sociale, le soutien aux soins de santé et les mesures de relance

économique, l'Afrique n'a pas eu cet espace budgétaire pour réagir de la même manière.

Le continent est confronté à quatre défis combinés à savoir, des niveaux d'endettement accrus, actuellement estimés à environ 69% du PIB, un déficit budgétaire élevé de 8,7% en moyenne du PIB, un coût d'emprunt élevé et des dépréciations de devises par rapport aux principales devises.

Selon la CEA, les gouvernements africains sont également sous pression pour maintenir les paiements du service de la dette et éviter la stigmatisation sur les marchés financiers associée à l'allègement de la dette.

Pour les pays africains, les dépenses de santé augmentent à mesure que les revenus diminuent, exerçant de fortes pressions budgétaires sur le financement public, le déficit

budgétaire total de l'Afrique doublant presque de 4,7% du PIB en 2019 à 8,7% en 2020, selon les estimations de la CEA.

La forme de la relance économique en Afrique dépendra de risques défavorables, notamment l'émergence potentielle de crises financières et l'instabilité de la dette, en raison de l'affaiblissement des économies.

C'est pourquoi la CEA a mis au point l'entité ad hoc, la LSF, en coopération avec PIMCO, pour aider les pays africains à accéder à de nouvelles liquidités et inciter les investisseurs du secteur privé à réintégrer ou à entrer sur le marché pour la première fois.

Aia-Eza DaSilva, Secrétaire d'État aux budgets et aux investissements publics de l'Angola, déclare que l'initiative LSF pourrait apporter une certaine liquidité à la dette souveraine.

« La liquidité est très importante en ce moment car nous manquons d'espace budgétaire. Le service de la dette est si énorme, et il absorbe la plupart de nos budgets, nous avons donc besoin d'un espace budgétaire pour subvenir aux besoins de notre population et pour nous permettre de croître et d'être en mesure de rembourser ces dettes », déclare Mme Da Silva.

« Nous avons besoin d'espace supplémentaire pour respirer afin de continuer sur la voie de la croissance, et le LSF peut nous le fournir ».

La 53^{ème} session de la Conférence des ministres africains des finances, de la planification et du développement économique de la CEA se tient sous le thème, « Industrialisation durable et diversification de l'Afrique à l'ère du numérique dans le contexte de la COVID-19 ».



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QUOTABLE QUOTES

There has been a decoupling of the world's response. Advanced economies have flooded themselves with liquidity. On vaccines, a decoupling in access and finally on fiscal policy. To build forward better and close these gaps, the SDRs provide the key to solutions for emerging and frontier economies.

Vera Songwe

Africa has demonstrated that it is not only capable of facing this crisis, but it is also ready to formulate and implement solutions.

Prime Minister Abiy Ahmed

Our approach to beating this pandemic will make the difference between a lost decade and a rapid recovery that puts us on a sustainable growth trajectory.

Ken Ofori-Atta

Africa is not out of the response phase yet. It needs liquidity extension of the DSSI and issuance of new SDRs is urgently needed. As the developed world transitions from response to recovery Africa should not be left behind. Africa's recovery must be focused on job creation and green jobs.

Vera Songwe

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QUOTABLE QUOTES**

COVID-19 has stopped us in our tracks.
We need a more comprehensive
response to the deepest crisis of the
last one hundred years.

Prime Minister Mia Motley

Africa should not follow East Asian model
of using export-oriented labor intensive
manufacturing as engine of poverty reduction
and growth. It should invest in digital skills and
infrastructure to create growth opportunities in
agriculture and manufacturing.

Barones Minouche Shafik

COVID19 underlined the importance of achieving
universal health care across Africa. Digital techs
open up the possibility of completely new models of
telemedicine for patients & at lower costs.

Barones Minouche Shafik

What is needed as AfCFTA moves into
operationalisation is that practical
implementation processes become firmly rooted
in addressing concrete development challenges
and providing more opportunities for Africa to
move towards higher value-added production.

Rob Davies

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