

REPUBLIC OF GHANA

53rd Session of the Economic Commission for Africa: Conference of African Ministers of Finance, Planning and Economic Development

Opening of the session (Agenda Item 1): Africa's Sustainable Industrialization and Diversification in the digital era in the context of Covid-19

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Key Takeaways:

- *Placing climate-conscious industrialization and digitalization at the foundation of Africa's recovery and structural transformation*
- *Africa's industrialization is a good strategy not only for Africa but the World*

1. Thank you, Chairperson, for giving me the floor to contribute to this timely discussion.
2. This is my “first day back” in office and my first international engagement since returning from a precarious medical treatment after experiencing post-COVID complications. The past few weeks have been surreal, but God has been merciful, and I am grateful to all of you for your prayers. I am also excited to share this panel with good friends to discuss how to fashion robust and climate-conscious industrialization and digitalization agenda for our Continent.
3. Indeed, Africa is at a profound turning point. In 2020, Africa showed remarkable resilience against the odds, effectively curbing the global pandemic's initial wave. Africa’s GDP contracted by 2.1% (African Economic Outlook 2021) compared to a 3.5% contraction in global GDP (World Bank). However, the second wave has depleted our buffers, our economies are contracting, and we are witnessing sharp increases in infections and deaths. These developments are overwhelming our health systems. As a result, the Real GDP in Africa is projected to grow by 3.4% in 2021(African Economic Outlook 2021), compared to the projected global growth of 5.5% (IMF, World Economic Outlook). The COVID-19 crisis brought political, economic and social disruptions, which have fundamentally changed the traditional context for decision making. For Africa, we are staring down the prospect of uneven economic growth unless we get our build-back strategy right.
4. Now more than ever, we need to prioritise:
 1. Building resilience
 2. Finding New financing models to support sustained recovery
 3. Stimulating domestic manufacturing capabilities to create jobs and mitigate the risks of global supply-chain
 4. Leveraging African integration and regional value chains and;
 5. Scaling digital transformation and inclusive innovation
5. I will anchor African’s build back strategy on 6 critical paths:

First, we need to focus on enhanced vaccination and COVID-19 protocols

6. 2021 is shaping up to be the year of the vaccine. Africa needs to vaccinate over 700 million of its population to achieve the 60% herd immunity recommended by WHO. Deliveries of vaccine supplies under the COVAX programme started in February 2021. The World Health Organization (WHO) backed program aims to supply 600 million doses to vaccinate at least 20%

of the population. So far, the COVAX initiative has delivered more than 16 million vaccine doses to 27 African countries. Ghana became the first country in the World to receive its first batch of 600,000 doses through the COVAX initiative¹. Also, under its pool supply arrangements on behalf of all 55 countries in the Continent, the African Medical Supply Platform is working assiduously to secure 270 million doses.

7. As it stands, Africa has secured less than 50% of vaccines required to achieve herd immunity. As of 21st March 2021, Africa's vaccination per 100 people is 0.6 compared to 3.6 for Asia, 6.4 for South America, 13 for Europe and 23 for North America. The World Health Organization projects only 20 percent of the Continent can expect to be vaccinated in 2021. A considerable vaccine gap exists partly due to limited access to supply. Western countries are oversubscribing to outright banning the export of vaccines, in what is now known as Vaccine Nationalism. Hoarding vaccines isn't just morally indefensible —its medically self-defeating.
8. More so, sustained vaccination programs will remain a significant fiscal burden in the short to medium term, particularly for vulnerable economies already struggling to manage the economic fallout of the pandemic. To restore lives and livelihoods, governments need to work in tandem with development partners and the private sector to ensure efficient procurement and administration of the COVID-19 vaccine. Without this partnership, Africa risks being left behind again.

Second, recovery plans should be anchored on fiscal discipline and macroeconomic stability

9. 2020 witnessed unprecedented expansionary fiscal policies in most countries to mitigate the impact of the pandemic. Going forward, the challenge for policymakers will be to balance fiscal discipline while stimulating critical sectors needed to revitalize the economy.

Third, Africa should focus stimulus to cushion the impact of Covid-19, revitalize its economy and stop importing unnecessary thing.

10. According to AfDB, Africa's food import bill of \$35 billion is estimated to rise to \$110 billion by 2025. Africa has a documented history of outsourcing much of its industrial capacity, and have lost the required capability to sufficiently produce its own food. COVID-19 taught us the need to build internal resilience. When push came to shove, our industries stepped up to produce PPEs, Sanitizers, ventilators, among others. This proves that Africa can develop its industrial hub.

¹ As of Wednesday, 10th March, 262,335 Ghanaians received the first dose of the vaccines.

11. It is time to move towards economic models which serve our society, not others. Ghana's indigenous solution to achieving this shift is the GHS 100 billion (US\$ 17 Billion) Ghana CARES "Obaatanpa" programme. The 3-year recovery programme will be financed 30% by the government and 70% by the private sectors. It aims to transform, revitalise and modernise our economy through:

1. Supporting and attracting educated youth into commercial farming;
2. Building the country's light manufacturing sector targeting agro-processing and food import-substitution, pharmaceuticals and textiles & garments sub-sectors;
3. Develop engineering/machine tools and ICT/digital economy industries;
4. Fast-tracking digitalization;
5. Developing Ghana's housing & construction industry to support local construction companies

Underpinning all of this is the will and determination of the general population to "do their part" and shift the national narrative from survival to prosperity. Building internal resilience on the African Continent brings us closer to an Africa Beyond Aid.

Fourth, leverage the AfCFTA to accelerate industrialisation, a prerequisite for job creation.

12. The pandemic has taught us that our economic prospects hinge on expanding regional value chains to support Africa's manufacturing and job creation. The AfCFTA, headquartered in Accra, is the largest trade block by country participation, which brings together 55 African countries with a combined population of about 1.3 billion and a combined GDP of more than US\$ 2.6 trillion. AfCFTA can consolidate this African market by making it easier for businesses to reach more economies of scale, promote regional value chains and lower the cross border costs of trading for enterprises, companies and consumers. The UNECA projects that the sole removal of tariffs on goods, could increase the value of intra-African trade from 15% (approx. \$50 billion) to 25% (approx. \$70 billion) by 2040. The AfCFTA could also boost Africa's income by \$450 billion by 2035 (UNECA 2019).

13. With the commencement of the AfCFTA, we must ensure that the financial mechanisms are in place to support trading. The pilot phase of the Pan African Payments and Settlements System (PAPSS) will commence piloting in 6 countries in April 2021 and fully launch in June 2021. The integration of PAPSS into the central banks will enable intra-African trade to be paid for in our

national currencies. This is a crucial trade facilitation step for our Continent. I call on all Finance Ministers and governors to support rapid Continent-wide implementation.

14. I envision AfCFTA, supported by initiatives such as an African Commodity Exchange, Derivate markets, Africa's own rating agency, to become essential tools for sustaining our organizational capital, deepening our financial markets and crucially, delivering innovation to unlock Africa's potential. Leveraging the AfCFTA is vital.

Fifth, accelerate digitalization to deepen Public Service Delivery and Transformation

15. Digitization is the new way of life. Before the pandemic, the World was already on a rapid digitization path on the back of the 4th industrial revolution. The convergence of lockdowns and digitization has fundamentally altered how we live, work, and relate to one another. Now, digitization has ushered the World into a new normal. Service sectors on the brink of shut down, such as education, health care and work, have been revitalized digitally. This has fostered the “zoom generation”, new ways of learning, working and services delivery. This new hyper digitized society poses a few critical challenges for the future. To begin with, how can the digital divide be bridged to ensure fair distribution of the benefits of digital disruptions? For instance, in sub-Saharan Africa, internet adoption is about 38%, compared to 91% in North America and 86% in Western Europe.
16. In Ghana, we caught wind of this early. We started implementing a host of digital initiatives, including a National ID & Digital Address System, Land Records digitization, and digitisation fiscal revenue collection. We have since enrolled more than 15.5 million Ghanaians on the National Identification Register. These 15.5 million taxpayers will now become the new base for Tax Identification, up from 3 million.
17. To place this in another context, consider the fact that raising Africa's Tax to GDP from our current average of 17.2% to the OECD average of 32.4% would create additional tax resources of nearly US\$ 900 billion. More than enough resources to fund our economic recovery. Once you couple this with the closure of “loopholes”, which causes over US\$ 88.6 billion loses to illicit financial flows, you can start to envision Africa being able to build back stronger from COVID-19.

Sixth, Africa needs to seek economic justice in financing economic transformation

18. What do Greece, Morocco and Cote D'Ivoire have in common? These countries are similarly rated Ba3, Ba1 and Ba3 respectively by Moody's credit rating service. Yet, the yields on their Euro-denominated 10-yr debt are trading at 0.80%, 1.70% and 4.50%, respectively (Bloomberg 2020). For many African leaders, paying interest almost six times more (as in Ivory Coast's case) is simply an unfair risk premium. Fundamentally, it reflects a global financial system incapable of producing outcomes necessary to finance sustainable development in Africa. It reflects a structural inequity and a lack of economic justice, reminiscent of modern capitalism's deficiencies. The COVID-19 pandemic has highlighted and deepened these structural inequities. Just as the Bretton Woods Institutions helped rebuild the ruined post-war global economy and rekindled international economic cooperation in 1944, we are at a watershed moment; there is a historic opportunity to reset the global financial system's economic rules to give African countries a fairer chance at development.
19. In conclusion, by 2050, Africa will be home to a quarter of the World's population, more than half of the global youth and about \$29 trillion of GDP (UNFPA 2020). It is, therefore, in the global collective interest to see Africa succeed. The current global arrangements of junk credit ratings without regard to economic fundamentals, high infrastructure financing costs, illicit financial flows, transfer pricing, profit shifting and lack of value addition do not enable Africa to finance its industrialization, transform and create jobs. Africa's industrialization is a good strategy not only for Africa but the World. In the words of the G20 Eminent Persons Group (EPG) Report on Global Financial Governance, "to bend the arc of history, we must succeed in Africa, where the poverty, demographic and environmental challenges are the largest — and so too the opportunities to contribute to world growth and the global commons.". 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.
20. Thank you. God Bless you all

HM Data Sheet

Global Cases as of 21st March 2021

Total Worldwide Cases	Recovered	Deaths	Recovery Rate
123 Million	69.5 Million	2.71 Million	57%

Africa Cases as of 20th March (WHO figures)

Africa Cases	Recoveries	Deaths	Recovery Rate
4.085 Million	3.668 Million	109,444	90%

West Africa Cases as of 11th March (OECD Figures)

W. Africa Cases	Recoveries	Deaths	Recovery Rate
427,421	383,286	5,858	90%

Ghana Cases as of 21st March (WHO)

Total Cases	Recovered	Deaths	Recovery Rate
89,276	85,222	716	95%

African Growth Before COVID (IMF figures)

GDP Growth Rates							
Country	2015	2016	2017	2018	2019	2020	Avg Growth (15-19)
Benin	1.8%	3.3%	5.7%	6.7%	6.9%		4.9%
Cote d'Ivoire	8.8%	7.2%	7.4%	6.8%	6.9%		7.4%
Ethiopia	10.4%	9.4%	9.6%	6.8%	8.3%		8.9%
Ghana	2.2%	3.4%	8.1%	6.3%	6.5%		5.3%
Kenya	5.7%	5.9%	4.8%	6.3%	5.4%		5.6%
Rwanda	8.9%	6.0%	4.0%	8.6%	9.4%		7.4%
Tanzania	6.2%	6.9%	6.8%	5.4%	5.8%		6.2%
Sub-Saharan Africa	2.8%	1.2%	2.5%	2.4%	2.3%		2.3%
World	2.9%	2.6%	3.3%	3.0%	2.5%		2.9%

GDP Contractions recorded in Q2 2020 in the aftermath of COVID-19 (IMF figures)

Country	Real GDP CONTRACTION Recorded in the Second Quarter of 2020
Nigeria	6.1%
South Africa	17.1%
Angola	1.8%

Projected GDP contractions from select African economies by the end of 2020 (IMF figures)

Country	Projected Real GDP contraction by the end of 2020
Nigeria	4.1%
South Africa	8%
Angola	4%
Congo	7%

Projected Revenue contractions from select African economies by the end of 2020 (IMF figures)

Country	Projected 2020 Revenue Contraction (UNCTAD)
Nigeria	11.4%
Egypt	10.6%
Malawi	10.2%
Ethiopia	8.5%

Macro Fiscal Impact of COVID-19 on Ghanaian Economy

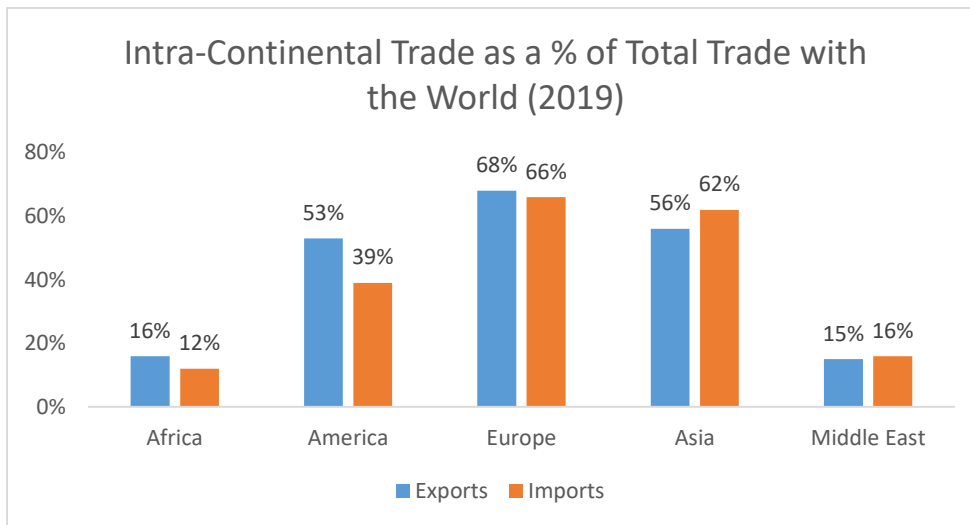
- Growth Projections knocked down from 6.8% to 0.9%
- GHC 13.6 billion shortfalls in Government Revenues
- GHC 11.7 billion rises in expenditures
- The fiscal deficit deteriorated from 4.8% in 2019 to 11.7% in 2020
- Near standstill of business activity across tourism and hotels sector

Looking Beyond Macro Fiscal Impact of COVID on Africa

- According to the UN, an estimated 297 million African students have been affected by school closures due to the pandemic. We have never experienced an educational disruption on such a scale
- Unlike our Western peers, we cannot just “move classes online”. In sub-Saharan Africa, UNESCO says 89% of learners do not have access to household computers, and 82% lack internet access
- Data from the WB highlights that between 2015-2017, Sub Saharan Africa averaged 5.11% of GDP on current health expenditure (healthcare goods & services), compared to the global average of 9.89%

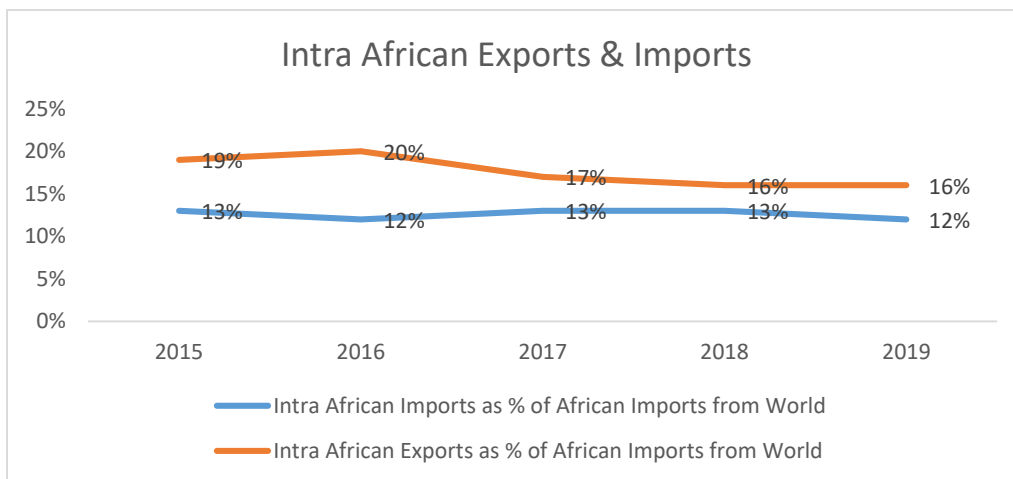
Medium Term Focus for Ghana (Lift from Budget)

Trade Statistics



Source: World Economic Forum statistics

- In 2019, intra-African trade totalled \$137.6 million, approximately 4.7% less than in 2018. Only 16% of total African exports and 12% of total African imports were to and from African countries in 2019.



Top 10 Supplying Markets in Africa (for products imported by Africa)			
Rank	Country	Value in \$	% share of Africa aggregation
1	South Africa	24,109,819	35%
2	Nigeria	10,959,661	16%
3	Egypt	4,767,434	7%
4	Ivory Coast	2,862,751	4%
5	Zimbabwe	2,644,221	4%
6	Namibia	2,368,389	3%
7	Morocco	2,242,924	3%
8	Kenya	2,185,757	3%
9	Eswatini	1,845,678	3%

10	Senegal	1,798,233	3%
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Top 10 importing markets in Africa (for products exported by Africa)			
Rank	Country	Value in \$	% share of Africa aggregation
1	South Africa	10,219,646	15%
2	Namibia	5,125,994	7%
3	Ghana	4,934,365	7%
4	Botswana	4,516,851	7%
5	Zambia	3,350,857	5%
6	Nigeria	3,084,951	5%
7	Mozambique	2,429,493	4%
8	Ivory Coast	2,425,327	4%
9	Congo	2,370,054	3%
10	Zimbabwe	2,298,412	3%

Population Stats

Region	2019 Population	2020 Population	2050 Population
East Asia & Pacific	2.34 billion	2.35 billion	2.41 billion
Euro Area	341.9 million	342 million	332.7 million
European Union	513.5 million	513.7 million	500.9 million
Latin America & Caribbean	647.2 million	653.2 million	761.4 million
Middle East & North Africa	456.7 million	464.5 million	661.2 million
OECD members	1.31 billion	1.32 billion	1.40 billion
South Asia	1.84 billion	1.86 billion	2.3 billion
Sub Saharan Africa	1.11 billion	1.13 billion	2.2 billion
China	1.39 billion	1.40 billion	1.34 billion
WORLD	7.67 billion	7.75 billion	9.67 billion

Region	% of World Population (2019)	% of World Population (2020)	% of World Population (2050)
Africa	14%	15%	23%
China	18%	18%	14%
European Union	7%	7%	5%
OECD members	17%	17%	15%

Region	% of Population between 15-64 (2019)	% of Population between 15-64 (2020)	% of Population between 15-64 (2050)
Africa	12%	12%	22%
China	20%	20%	13%
European Union	7%	7%	5%

OECD members	17%	17%	14%
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Data on Digitalization

- As of 2018, digitally deliverable services amounted to \$2.9 trillion globally (UNCTAD, 2019)
- According to a study by the Technical Centre for Agricultural and Rural Cooperation in 2019, from a sample of 50 impact study data points, digital technology solutions were found to increase average agricultural yields by roughly 20 per cent from advisory services, 70 per cent from market linkage services and 40 per cent from digital financial services. They can also contribute to climate resilience by better designing and disseminating crop insurance products and improving yields
- Jumia, the leading e-commerce platform of Africa, reported package orders up 30.4 per cent year-on-year in the first half of 2020, while Paystack, an African financial payments company with more than 60,000 merchants across Africa, reported to ECA that transactions on the platform were up five-fold compared with pre-pandemic levels
- MTN Communications, Nigeria's largest telecommunications operator, reported in its financial statements that revenue from Nigerian data consumption soared by 33 per cent year-on-year in 2020.
- In several African countries, policy has been accommodative: reduced fees and higher fee ceilings on mobile money payments supported a five-fold increase in mobile money transactions in Rwanda, with similar policies enabling a 12.4 per cent increase in M-Pesa customers in Kenya

Data on Climate Change

- Climate change and COVID-19 have significant implications for the industrialization path of Africa. Global warming has already reached 1.1°C above pre-industrial levels and reduced Africa's GDP by an estimated 3–5 per cent on average, and up to 10 per cent for the most vulnerable (ECA, AfDB and UNEP, 2019).
- Although Africa is responsible for a historically negligible share of global carbon emissions – only 3.8 per cent – it disproportionately shoulders the consequences. A 2019 study by ECA, the African Development Bank (AfDB) and the United Nations Environment Programme (UNEP) estimated that, with climate change, West and East Africa could lose up to 15 per cent of their GDP by 2050. North and Southern Africa could lose as much as 10 per cent of GDP, and Central Africa 5 per cent.
- In a high-warming scenario estimate, Sudan and the United Republic of Tanzania would lose an estimated 18.6 per cent of their GDP by 2050. Guinea-Bissau, Liberia and Mauritania would all lose more than 16 per cent of their GDP by that point. Niger could lose as much as 19.8 per cent of its GDP (AfDB, ECA and UNEP, 2019). The combined effects of climate change and insufficient growth had already left Africa off track for achieving the Sustainable Development Goals before the onset of COVID-19.

