AUDA NEPAD

REPORT OF THE SECRETARY-GENERAL

New Partnership for Africa's Development:

EIGHTEENTH CONSOLIDATED PROGRESS REPORT ON IMPLEMENTATION AND INTERNATIONAL SUPPORT

United Nations

A/75/918 (available in six languages)
United Nations General Assembly, Seventy-fifth session, Agenda item 66 (a)
14 June 2021

New Partnership for Africa's Development: progress in implementation and international support

This report (A/75/918) is prepared in response to General Assembly resolution A/74/301 requesting the Secretary-General to submit on an annual basis a comprehensive and action-oriented report on the implementation of the resolution, based on the provision of inputs from Governments, organizations of the United Nations system and other stakeholders in the **New Partnership for Africa's Development (NEPAD)**. The present report, which was prepared by the **Office of the Special Adviser on Africa (OSAA)**, reviews progress in the implementation of four key NEPAD's priorities that are fundamental to the realization of the 2030 Agenda for sustainable development and the Africa Union Agenda 2063. These are: regional integration; infrastructure development; industrialization; and health in the context of the COVID-19 pandemic. In implementing its mandate, OSAA engages with a broad range of stakeholders, including Member States, the African Union Commission, African Union Development Agency (AUDA NEPAD), African Peer Review Mechanism (APRM), Organisation for Economic Co-operation and Development (OECD), civil society organizations, the private sector, academia, as well as women and youth groups.

OSAA
Office of the Special Adviser on Africa

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Designed and produced by:
Department of Global Communications, United Nations, New York (21-00061—GDU)

eISBN: 9789210000963

United Nations General Assembly A/75/918.

New Partnership for Africa's Development

Eighteenth Consolidated Progress Report on Implementation and International Support

REPORT OF THE SECRETARY-GENERAL

Summary

The present report coincides with the twentieth anniversary of the adoption of the New Partnership for Africa's Development (NEPAD) in 2001. Since its adoption, NEPAD has served as an important framework for Africa's development, and has galvanized political commitment and increased financing towards the continent's priorities. The report is submitted pursuant to General Assembly resolution 74/301. In the resolution, the General Assembly also requested the Secretary-General to submit an addendum on the comprehensive review of international support to the implementation of NEPAD since its establishment, to complement the progress report.

In the report, the Secretary-General notes that the coronavirus disease (COVID19) pandemic unleashed a major health, social and economic crisis, affecting virtually every country around the globe, infecting and killing several millions and sending economies into a tailspin. With Africa's growth contracting for the first time since the millennium, the implementation of the Sustainable Development Goals and Agenda 2063 of the African Union could be negatively affected. Before the COVID-19 crisis, Africa was already not on track to meet the Goals, and now there is a heightened risk that the continent will fall further behind in their implementation. With less than a decade to the Sustainable Development Goal target date of 2030, redoubled efforts with regard to priority areas of Agenda 2063 during the decade of action for the Sustainable Development Goals will be critical in accelerating progress towards the aspirations of the Goals and of Agenda 2063.

I. Introduction

1. The present eighteenth consolidated progress report is submitted pursuant to resolution 74/301, entitled “New Partnership for Africa’s Development: progress in implementation and international support”, in which the General Assembly requested the Secretary-General to submit a comprehensive report on the implementation of the resolution.

2. In the report, the Secretary-General reviews progress in the implementation of four key thematic priorities selected according to their fundamental contribution to the realization of the 2030 Agenda for Sustainable Development and Agenda 2063 of the African Union: regional integration; infrastructure development; industrialization; and health in the context of the coronavirus disease (COVID-19) pandemic. In particular, the realization of regional integration through the African Continental Free Trade Area is the key to Africa’s transformation over the next several decades. With the rising share of manufactured products in intraregional trade, the Free Trade Area holds great promise for industrialization. Infrastructure development is vital to realizing the potential of the Free Trade Area and the continent’s industrialization. Furthermore, given the unprecedented impact of the COVID-19 pandemic, the situation of the health sector and measures taken in response to COVID-19 are also assessed. Complementary measures undertaken by Africa’s development partners, including through financing, trade, debt relief and South-South cooperation are reviewed. In addition, the support of the United Nations system is highlighted.

3. The methodology used for the preparation of the present report includes an indepth review of relevant documents and the collection of inputs from United Nations Member States through a survey. Other stakeholders involved in the implementation of the New Partnership for Africa’s Development (NEPAD) include the African Development Bank (AfDB), the Economic Commission for Africa (ECA) and the Organisation for Economic Co-operation and Development (OECD), while members of the interdepartmental task force on African affairs also contributed inputs. For each priority area, the Secretary-General highlights efforts undertaken by African countries and institutions. He also provides an analysis of the results, outcomes and impacts of interventions, including through the benchmarking of performance against the targets and indicators of the Sustainable Development Goals and Agenda 2063.

II. Action taken by African countries and organizations

A. INFRASTRUCTURE

4. Infrastructure development is a key driver of economic growth and gains in productivity. When economic growth is combined with strong income distribution policies it can enable sustainable development. The Programme for Infrastructure Development in Africa continues to serve as the framework for infrastructure development in Africa. With the implementation of phase 1 of the Programme, otherwise known as priority action plan I, which came to an end in December 2020, the African Union Development Agency focused efforts on the formulation of phase II of the priority action plan, which will define the plan for the implementation of the Programme for the period 2021–2030.

5. In line with their commitments, African countries continued to undertake efforts to promote infrastructure development. According to the African Union Commission,[1] as of December 2020, a total of 409 projects were being implemented under priority action plan I of the Programme for Infrastructure Development in Africa, including 193 on transport, 75 on information and communications technology (ICT) and 52 in the power subsector. Projects in water and sanitation, however, represented only 3 per cent of the total. Based on the midterm review undertaken by the African Union Development Agency, 37 per cent (150 projects) were at either the construction and/or operation stage. However, performance varied across the infrastructure sector. While most of the ICT projects were in either the construction and/or operation stage, in the transport sector slightly more than 40 per cent had reached those stages, and most of the projects in energy and water and sanitation were still in the pre-feasibility or feasibility stages. The main difficulty African countries face is overcoming the infrastructure deficit, and especially their weak capacity in moving projects to financial close, with 80 per cent of infrastructure projects failing at the feasibility and business plan stages.[2]

1 See www.au-pida.org/.

2 Kannan Lakmeeharan, Qaizer Manji, Ronald Nyairo and Harald Poeltner, “Solving Africa’s infrastructure paradox”, McKinsey and Company, 6 March 2020.

Table 1.

COMMITMENTS TO AFRICA'S FINANCING INFRASTRUCTURE BY SOURCE, 2015–2018

(Billions of United States dollars)

	2015	2016	2017	2018	Average (2015–2018)	Change (2015–2018)		Percentage of total commitments
						Amount	Percentage	
African national Governments	24	30.7	34.3	37.5	31.6	13.5	43	39
Infrastructure Consortium for Africa members	19.8	18.6	19.7	20.2	19.6	0.4	2	24
China	20.9	6.4	19.4	25.7	18.1	4.8	27	22
Arab Coordination Group	4.4	5.5	2.9	2.4	3.8	(2)	(53)	5
India	0.5	1.2	0.7	0.7	0.8	0.2	25	1
Other bilateral/multilateral institutions	1.7	2	2.2	1.9	2	0.2	10	2
New Development Bank	–	0.18	–	0.5	0.14	0.5	357	–
Private sector	7.4	2.6	2.3	11.8	6.03	4.4	73	7
Total	**78.9**	**66.9**	**81.6**	**100.8**	**82.05**	**21.9**	**27**	**100**

Source: Infrastructure Consortium for Africa, Infrastructure Financing Trends in Africa — 2018.

6. Despite these shortcomings, according to the Africa Infrastructure Development Index of AfDB,[3] all African countries improved their scores on infrastructure development. The overall index for the continent increased from 28.44 to 29.63 between 2019 and 2020, while 13 countries also increased their index score by a value greater than 1. This progress is mainly driven by developments in the ICT sector, which registered strong growth owing to the installation of new submarine and terrestrial cables that have increased transmission capacities.

7. There has also been progress in mobilizing financing for the infrastructure projects of the Programme for Infrastructure Development in Africa, with the share of African countries' financing of infrastructure increasing. Based on the most recent available data (see **table 1**), African countries committed more than $37.5 billion to infrastructure, representing 37.5 per cent of a total financing commitment amounting to $100 billion in 2018, with the balance coming from Africa's development partners, including China ($25.7 billion), members of the Infrastructure Consortium for Africa ($20.2 billion), the private sector ($11.8 billion) and other sources ($5.6 billion). Using a moving average of four years (2015–2018), total financing commitment to infrastructure averaged $82 billion, with African national Governments accounting for nearly 40 per cent of total commitments. Based on the annual infrastructure financing needs estimated at $130 billion to $170 billion, and the 2016–2018 average commitment level, Africa has an average financing

3 Comprising indicators for transport; power; information and communications technology; and water and sanitation.

UN Photo / The Global Fund/Juda Ngwenya

gap of $53 billion to $93 billion.[4] While infrastructure financing is rising, at an average of 3.5 per cent of gross domestic product (GDP) per annum,[5] McKinsey & Company estimated in 2016 that Africa's infrastructure investment should rise at least to 4.5 per cent of GDP, equivalent to $150 billion per annum from 2015 to 2025.[6]

8. Governance issues, including administrative layers, a lack of transparency and the relatively high cost of infrastructure development, are serious challenges to sustainable infrastructure development. Reported good practices in this area include reforms to insulate regulatory bodies from political pressure.[7]

9. Overall, priority action plan I of the Programme for Infrastructure Development in Africa had a positive impact, as evidenced by increased electricity generation, the number of roads constructed and upgraded, container depots built and ports upgraded, as well as an increase in ICT and mobile penetration. According to the International Telecommunication Union (ITU), mobile subscription increased from 44.3 per cent in 2010 to 77 per cent in 2018.[8] Electricity generation increased noticeably, with an overall score of 79 per cent against the 2019 target. Some countries, such as Uganda, Ghana and Senegal, made substantial progress in electricity generation and distribution, seeing an increase of 601 to 1,839 MW, 551 to 2,058 MW and 835 MW to 1,248 MW, respectively, during

4 African Development Bank, "Africa's infrastructure: great potential but little impact on inclusive growth", in *African Economic Outlook 2018* (2018).

5 China and India spend approximately 7.7 per cent and 5.2 per cent of GDP on infrastructure, respectively.

6 Kannan Lakmeeharan, Qaizer Manji, Ronald Nyairo and Harald Poeltner, "Solving Africa's infrastructure paradox".

7 OECD and African Centre for *Economic* Transformation, *Quality Infrastructure in 21st Century Africa: Prioritising, Accelerating and Scaling up in the Context of PIDA (2021–30)* (2020).

8 ITU, Statistics database, available at www.itu.int/en/ITU-D.

the period 2010–2018. Notwithstanding that progress, when benchmarked against Agenda 2063 targets, overall progress on infrastructure development is mixed. For example, the proportion of the population with access to the Internet and safe drinking water increased from 21.8 to 42 per cent and from 68.4 to 77 per cent between 2013 and 2019, respectively. However, the proportion of the population with access to electricity was weak, at only 26 per cent of the 2019 target. More than 548 million people in Africa (53 per cent of the population) lack access to electricity. A survey conducted by the United Nations in six African and Asian countries[9] showed that 25 per cent of health facilities surveyed were not electrified, with another quarter experiencing unforeseen power outages. The lack of reliable energy further weakened the capacity of African countries to respond effectively to and mitigate the effects of the pandemic.

10. Infrastructure development has also contributed to Africa's accelerated economic growth through improved productivity. According to AfDB,[10] increased investment in infrastructure has contributed to more than half of the improvement in Africa's growth performance in recent years. From 2010 to 2019, sub-Saharan Africa's GDP growth (measured in constant 2010 United States dollars) averaged 3.2 per cent per annum. During the same period, the region's GDP per person employed (purchasing power parity as expressed in constant 2017 United States dollars), which is a measure of labour productivity, increased from $9,620.6 in 2010 to $10,418.2 in 2019, representing an 8.3 per cent jump in labour productivity over the past decade (see **table 2)**.

Table 2.

GROSS DOMESTIC PRODUCT GROWTH AND LABOUR PRODUCTIVITY GROWTH IN SUB-SAHARAN AFRICA, 2010–2019

	2010	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*
GDP growth *(annual percentage)*	5.6	4.5	4.1	5.0	4.7	2.8	1.2	2.4	2.4	2.3
GDP *(billions of constant 2010 United States dollars)*	1 376.5	1 438.2	1 497.6	1 571.8	1 645.0	1 690.7	1 710.4	1 751.1	1 792.9	1 833.9
GDP per person employed *(purchasing power parity in constant 2017 United States dollars)*	9 620.6	9 804.4	10 067.7	10 349.4	10 587.6	10 617.9	10 543.9	10 517.7	10 465.3	10 418.2

Source: World Bank, World Development Indicators database, Available at https://databank.worldbank.org/source/world-development-indicators.

9 United Nations, *The Sustainable Development Goals Report, 2020*. Available at https://unstats.un.org/sdgs/report/2020/.

10 See www.afdb.org/en/knowledge/publications/tracking-africa%E2%80%99s-progress-in-figures/infrastructure-development.

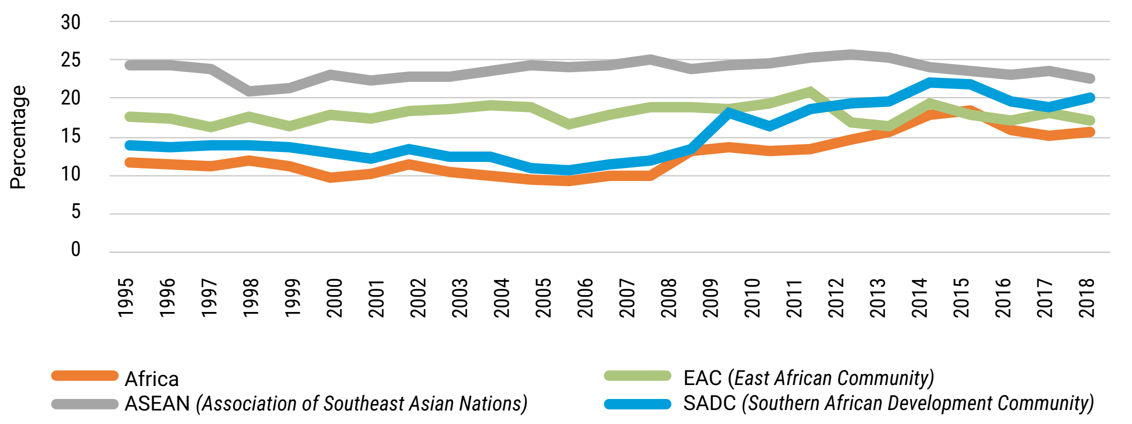
B. REGIONAL INTEGRATION AND TRADE

11. Since the 1960s, regional integration has been a long-cherished aspiration of African countries. Despite numerous efforts over the years, the depth of regional integration has remained weak. Intra-African trade has increased from 11.6 per cent in 1995 to 16 per cent in 2019 but remains low compared with other regions (see **figure I**). However, this figure may be an underestimate owing to the high-level of informal trade. Manufactured products continue to dominate intra-African trade, which is more diversified than Africa's exports to the rest of the world (see **figure II**). This suggests a greater scope for increasing manufacturing value added in Intra-African trade through the African Continental Free Trade Area.

12. The level of intra-African trade is uneven between the subregions and is mainly aligned to the depth of economic and political integration within the regional economic communities. The Southern African Development Community trades the most among itself, while from 2015–2017, Swaziland (now known as Eswatini) was the top Intra-African exporter, followed by Namibia, Zimbabwe, Uganda and Togo (see **figure III**).

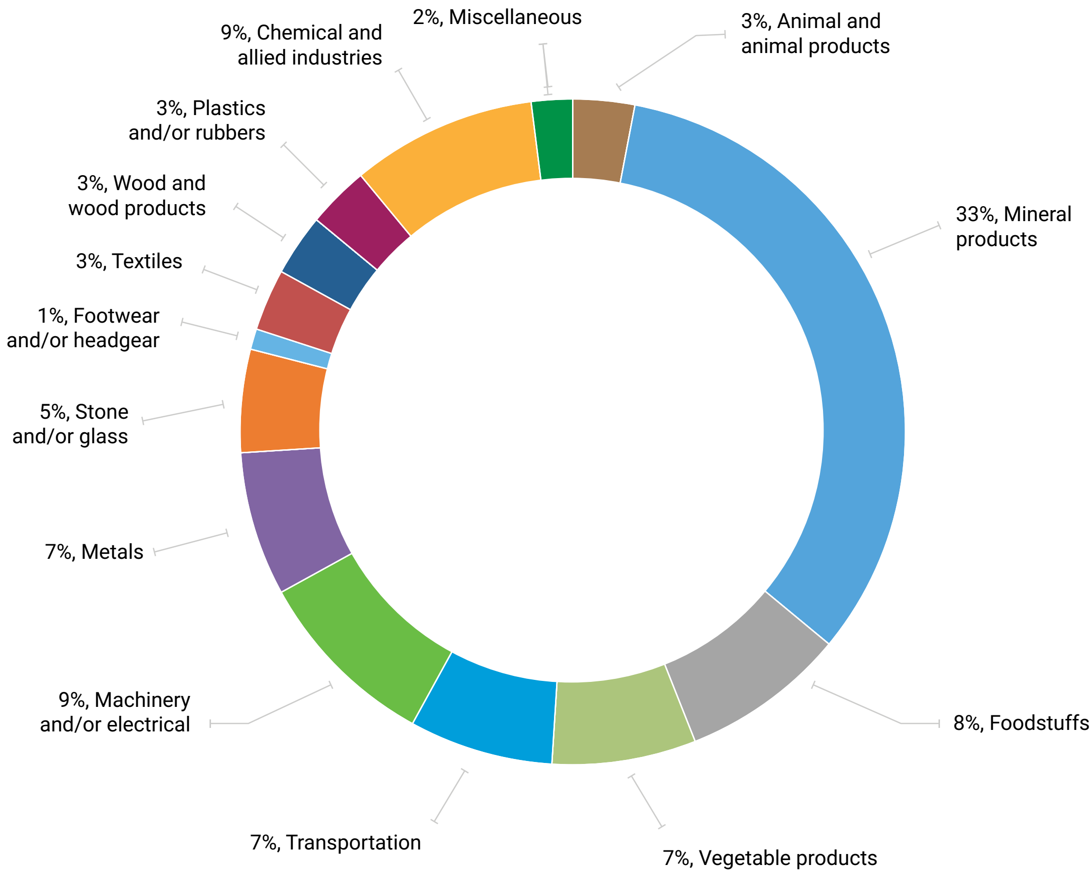
13. Since the launch of the African Continental Free Trade Area in July 2019, efforts have focused on laying the groundwork for the implementation of the Agreement Establishing the Area, including its ratification by African Union member States. As at 7 February 2021, 36 countries had ratified the Agreement. The official start of trading in the Free Trade Area was 1 January 2021 — an important milestone in the implementation of this flagship programme. African countries have agreed to progressively liberalize goods, with duties on 90 per cent of the tariff lines to be eliminated within five years. Regarding negotiations on the Free Trade Area, most of the phase I issues have been concluded. However, negotiations are still ongoing with regard to phase II related to intellectual property rights, investment and competition, as are negotiations on the annexes on trade in

Figure I. **EVOLUTION OF INTRA-AFRICAN TRADE, 1995–2019**



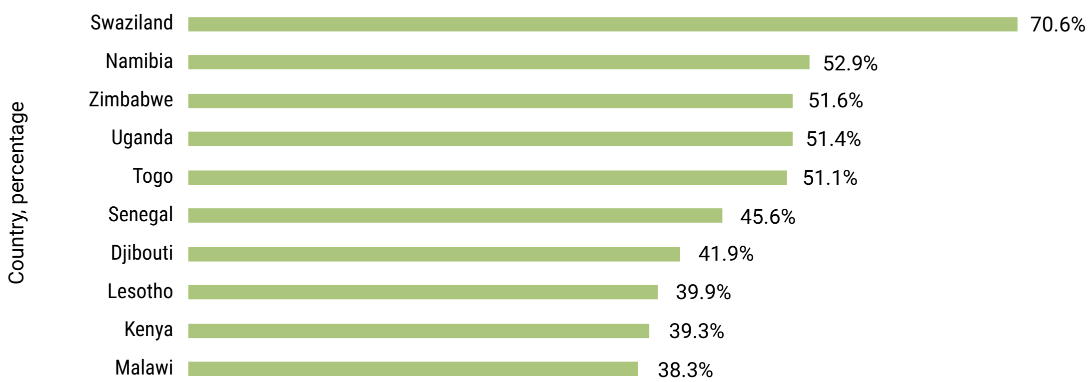
Source: United Nations Conference on Trade and Development (UNCTAD) database.

Figure II. COMPOSITION OF INTRA-AFRICAN EXPORTS, 2014–2016 AVERAGE



Source: *Economic Development in Africa Report 2019: Made in Africa – Rule of Origin for Enhanced Intra-Africa Trade* (United Nations publication, 2019).

Figure III. TOP 10 INTRA-AFRICAN EXPORTERS, 2015–2017



Source: UNCTAD data.

ILO Photo / Marcel Crozet

goods, schedules of commitments and rules of origin.[11]

14. Currently, there are multiple rules of origin in existence across the regional economic communities. This is likely to complicate the negotiation of the rules of origin under the African Continental Free Trade Area. Rules of origin that are too stringent may make it difficult for firms to source inputs and intermediate goods from domestic or regional markets, owing to poorly developed intra-African value chains. This may discourage firms from participating in intraregional markets.

15. While the full impact of the African Continental Free Trade Area will depend on the outcomes of negotiations and their implementation, preliminary assessments indicate that the Free Trade Area is likely to increase trade, output and the creation of employment across the region. A study by ECA shows that the removal of tariffs alone could result in an increase in intra-African trade by 33 per cent, while a World Bank assessment showed that the Free Trade Area could potentially raise Africa's GDP to $3.4 trillion by 2040.[12] Extreme poverty is estimated to decline to 10.9 per cent in 2035 from the current level of 34 per cent, translating into 67 million Africans lifted out of poverty.

16. Based on Africa's experience with regional integration, there are fears that the implementation of the African Continental Free Trade Area may falter as a result of two interrelated factors: (a) a low level of commitment to the Free Trade Area; and (b) a low level of implementation readiness of African countries. A baseline study by the AfroChampions

[11] See Michael Kottoh and others, "AfCFTA year zero report: an assessment of African Government's commitment and readiness for AfCFTA start of trading in light of COVID-19", part one, May 2020.

[12] See World Bank, *The African Continental Free Trade Area: Economic and Distributional Effects* (Washington, D.C., 2020).

Initiative[13] shows that despite the mounting excitement about the Free Trade Area, country commitment is low, with an overall average score of 44.48 per cent. Rwanda is the most committed country, with a score of 83.93 per cent, and South Africa has the highest readiness score at 68 per cent. Nevertheless, the average implementation readiness score is 49.15 per cent.

17. More worrisome is the high number of large African economies that appear in the bottom 10 of the commitment rankings. The rankings also reveal that, for countries that are at the bottom of the readiness ranking, trade-related infrastructure is low. The average score in trade facilitation and trade infrastructure readiness is 41.7 and 42.1 per cent, respectively.[14]

18. Cumbersome administrative procedures are a hindrance to intraregional trade and might undermine the benefits of the African Continental Free Trade Area. The cost of transporting goods could also be up to five times higher (per unit distance) in some African countries than in the United States of America. In the case of Ethiopia, the "cost of distance" is estimated to be about 3.5 times higher relative to the United States, while in Nigeria it is 5.3 times higher.[15] Border closures might become another obstacle resulting in millions in lost export revenues, as witnessed during the pandemic, making the need for a robust and credible dispute settlement mechanism crucial to the success of the Free Trade Area.

C. INDUSTRIALIZATION

19. Industrialization, duly leveraged by the African Continental Free Trade Area, is instrumental in addressing Africa's demographic dividend and is one of the four key areas of strategic priority in achieving regional integration. In 2020, the focus of the African Union Development Agency was on the operationalization of the Action Plan for Accelerated Industrial Development of Africa through the development, enhancement and implementation of norms, standards and quality assurance in manufacturing.

20. African countries continued to implement their industrial development strategies with the support of the African Union Development Agency, which, among other things, provided technical support to 33 countries in order to strengthen their capacities to align their industrialization policies with the framework of implementation of the Action Plan and the Third Industrial Development Decade for Africa (2016–2025).

21. African countries undertook measures to develop their food processing along regional value chains. They launched an initiative on integrated irrigation and agroindustry in 2020, which will irrigate 5 million hectares of arable land in 16 countries. Public-private partnerships are expected to play a critical role in this regard.

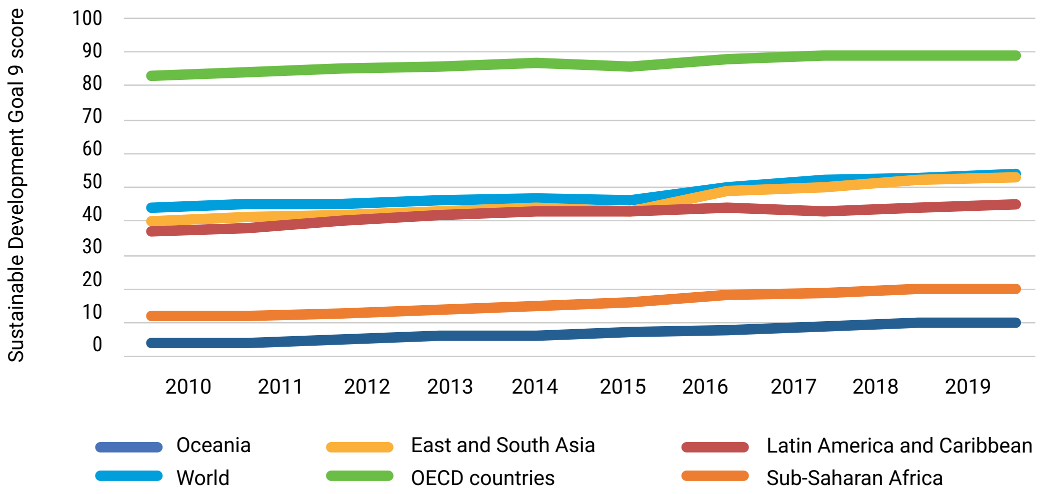
22. A gradual shift towards more investments in capital-intensive industries, such as the

13 See Michael Kottoh and others, "AfCFTA year zero report".

14 Ibid.

15 David Atkin and Dave Donaldson, *Who's Getting Globalized? The Size and Implications of Intra-National Trade Costs*, NBER Working Paper, No. 21439 (Cambridge, Massachusetts, National Bureau Of Economic Research, 2015).

Figure IV. PROGRESS ON THE IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT GOAL 9



Source: Jeffrey D. Sachs and others, *The Sustainable Development Goals and COVID-19: Sustainable Development Report 2020*.

automotive industry, the electrical industry and electronics and aeronautics, has been observed. In fact, some African countries managed to put in place successful aerospace manufacturing, and include South Africa ($1.8 billion in investment), Morocco ($1.1 billion) and Tunisia ($430 million), placing them among the top 45 countries in the global aerospace industry.

23. Owing to the lack of competitiveness, the importance of textiles and the clothing sector is declining in many of the countries in Africa that traditionally produced and exported those things, while other countries such as Ethiopia have succeeded in attracting investment because of rising wages in other regions. South Africa is moving forward in developing technical textiles that contain hemp to support its aeronautics products.

24. Enhancing the productive capacities in intermediate and oil-based industries, particularly chemicals, petrochemicals, fertilizers and plastics, has been a priority of many oil-producing African countries. The African private sector continues to invest in and deploy efforts to move up global value chains, as demonstrated by the ongoing construction in Nigeria of Africa's biggest oil refinery and the world's biggest single-train facility.

25. Despite these efforts, Africa's progress in implementing the goals and targets related to industrialization as called for by the 2030 Agenda for Sustainable Development and Agenda 2063 of the African Union has been limited. Sub-Saharan Africa's performance on Sustainable Development Goal 9 was also weak, with a score of 20[16] compared with the world average of 55 (see **figure IV**).[17]

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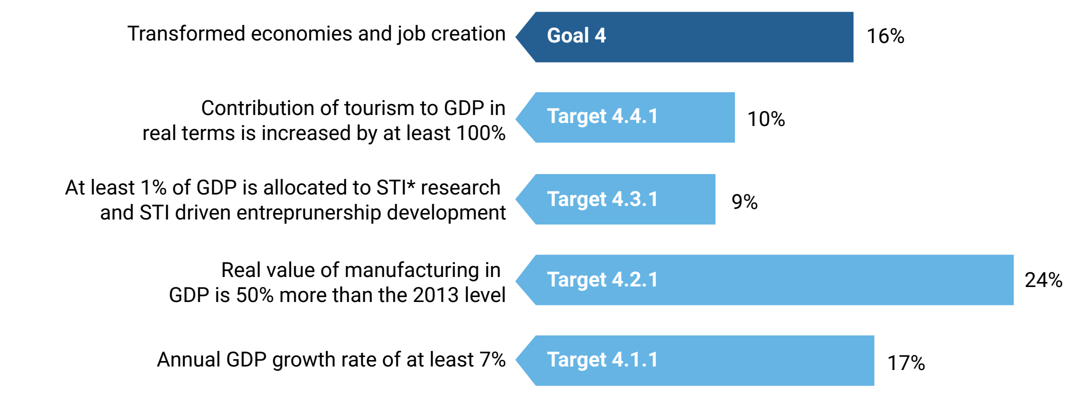
16 0 being the worst and 100 the best.

17 Jeffrey D. Sachs and others, *The Sustainable Development Goals and COVID-19: Sustainable Development Report 2020* (Cambridge, United Kingdom of Great Britain and Northern Ireland, Cambridge University Press, 2020).

Similarly, Africa's progress on the implementation of Goal 4 of Agenda 2063, related to transformed economies and job creation, was also weak at 16 per cent (see **figure V**).

26. Africa's share of manufacturing value added remained at 11 per cent (1990–2019), 10 percentage points lower than Asian countries and 5 points under the world average (see **figure VI**). Primary products account for 52 per cent of the structure of African exports, and resource-based manufacturing represents 41 per cent of Africa's exports and half of total manufacturing value added. Some

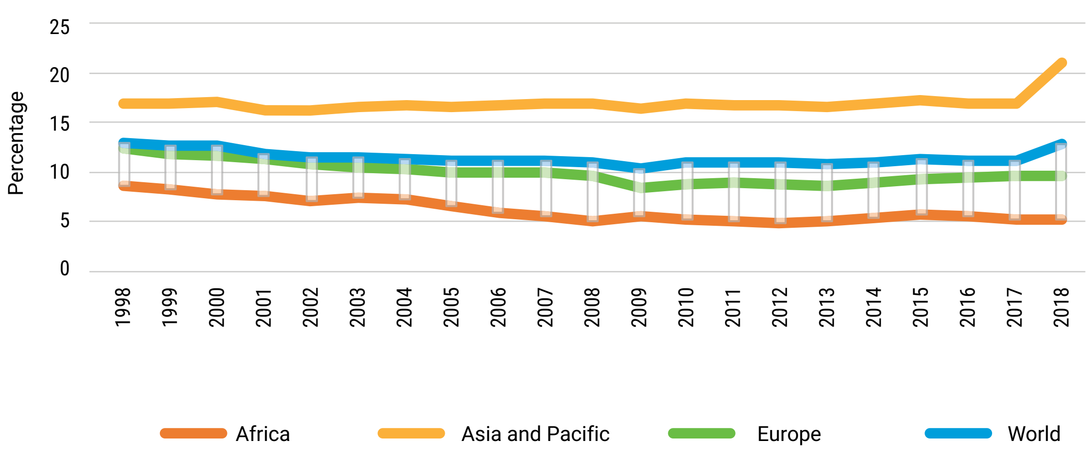
Figure V. PROGRESS ON THE IMPLEMENTATION OF GOAL 4 OF AGENDA 2063



*STI, science, technology and innovation.

Source: African Union, *First Continental Report on the Implementation of Agenda 2063*.

Figure VI. MANUFACTURING VALUE ADDED AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT, 1998–2018



Source: UNIDO data.

resource-rich African countries, such as Botswana, took the initiative to adopt policies and regulations to stimulate value addition in the extractive industries, create clusters of manufacturing, promote linkages with other economic sectors and build successful public-private partnerships.[18] However, manufacturing production continues to be concentrated in lower value-added activities and low-technology products that offer few opportunities for learning and upgrading, despite a growth in the automotive industry in South Africa, Morocco and Rwanda.

27. The African Continental Free Trade Area provides opportunities to benefit from

[18] *Economic Report on Africa 2020: Innovative Finance for Private Sector Development in Africa* (United Nations publication, 2020).

ILO Photo / KB Mpofu

economies of scale; foster a more competitive manufacturing sector; promote value addition, industrialization and economic diversification; and develop local and regional value chains. If the Free Trade Area is successfully implemented, Africa's manufacturing sector is forecast to double in size, with annual output increasing from $500 billion in 2015 to $1 trillion in 2025 — creating an additional 14 million jobs.[19]

28. Africa's downstream involvement in global value chains is low, although some African countries have positioned themselves downstream in global value chains owing to their good transport infrastructure and logistics and human capital. These are mainly Egypt, Morocco, South Africa and Tunisia.[20] Overall, at the regional level, Africa ranks last on the UNIDO Competitive Industrial Performance Index[21] with an average ranking of 113 compared with other regions,[22] which highlights Africa's limited industrial competitiveness in the world. This weakness is manifested in the limited capacity to produce and export manufactured goods (1.3 per cent of world's manufactured exports in 2019).[23] In 2020, Africa's manufacturing sector output was forecast to contract by at least 10 per cent (more than $50 billion) owing to the impact of the COVID-19 pandemic.[24]

D. HEALTH

29. African countries continued to undertake efforts to improve health outcomes, including through the implementation of the Africa Health Strategy 2016–2030.[25] A notable effort by African countries includes the integration of universal health coverage as a goal in their national health strategies.

30. In an effort to address the financing shortfalls in the health sector and to scale up progress towards the Abuja Declaration target of 15 per cent of national budgets allocated to the health sector, African countries launched the Addis Ababa Call to Action initiative in February 2019 to increase financing for health by improving the impact of spending and ensuring the achievement of universal health care.

31. In the light of the COVID-19 pandemic, African countries undertook major efforts, including through multisectoral collaboration, to respond to and mitigate its impact. At the national level, African countries deployed efforts to respond to the pandemic, including: (a) legal and institutional mechanisms; (b) disease prevention and containment

19 Jacques Bughin and others, "Lions on the move II: Realizing the potential of Africa's economies", McKinsey Global Institute, September 2016.

20 World Bank, *World Development Report 2020: Trading for Development in the Age of Global Value Chains* (Washington, D.C., 2020).

21 UNIDO defines competitive industrial performance as the capacity of countries to increase their presence in international and domestic markets while developing industrial sectors and activities with higher value added and technological content.

22 Latin America (83), Asia and Pacific (76), North America (53) and Europe (42). See UNIDO, *Industrial Development Report 2020: Industrializing in the Digital Age* (Vienna, 2020).

23 UNIDO data.

24 Kartik Jayaram and others, "Reopening and reimagining Africa", McKinsey and Company, 29 May 2020.

25 The African Union policy framework is premised on a number of continental and global health policy commitments and instruments.

measures; (c) social and humanitarian measures; and (d) fiscal and monetary measures.[26]

32. At the regional level, African countries, through the Africa Centres for Disease Control and Prevention, developed the Africa Joint Continental Strategy for COVID19 Outbreak and established the multisectoral Africa Task Force for Coronavirus Response, which led to the creation of platforms for pooled procurement mechanisms and for establishing relevant policies, including testing protocols, face masks and the creation of the vaccine trials consortium.[27] Through these efforts, 48 African countries had testing laboratories by the end of the reporting period. Furthermore, through the African Vaccine Acquisition Trust, African Member States will have access to 220 million doses of the Johnson & Johnson single-shot COVID19 vaccine, with the potential to order an additional 180 million doses.[28] According to the World Health Organization (WHO), a total of 46 African countries are eligible for support under the COVAX Advance Market Commitment.[29]

33. To mobilize funding for COVID-19, the African Union launched the COVID19 Response Fund, aimed at mobilizing $450 million to address the social, economic and humanitarian impact of the pandemic. By the end of the reporting period, a total of $350.7 million had been pledged and $167.9 million had been received. Of the total amount of $40 million pledged by African countries, 67 per cent was received, compared with 100 per cent from foundations, 79 per cent from bilateral partners and 73 per cent from the private sector (see **figure VII)**.

34. Despite COVID-19, advances in many areas of health continued, although the rate of progress was not sufficient to meet most of the targets of Sustainable Development Goal 3 and the 2019 health targets of the first 10-year implementation plan (2014–2023) of Agenda 2063 (see **figure VIII**).

35. According to the African Union's first progress report on the implementation of Agenda 2063, satisfactory performance of 62 per cent against the 2019 target was registered in reducing maternal mortality rates. The continental maternal mortality rates dropped from 341 to 269 per 1,000 live births between 2013 and 2019.[30]

36. Slow progress in reducing the incidence of malaria was recorded during the reporting period, with a low score of 27 per cent in relation to the 2019 target, with the incidence moderately reduced from 94.1 to 86.4 per 1,000 people.[31]

37. Africa's coronavirus case fatality rate was below the global average at 2.4 per cent.[32] The relatively low figures have been attributed

[26] African Union, *Africa's Governance Report to COVID-19: Preliminary Report 2020* (Johannesburg, 2020).

[27] Africa Centres for Disease Control and Prevention, "Africa annual progress report 2020", January 2021.

[28] African Export-Import Bank, "Africa signs historic agreement with Johnson & Johnson for 400 million doses of COVID-19 vaccines", 29 March 2021.

[29] See www.who.int/initiatives/act-accelerator/covax.

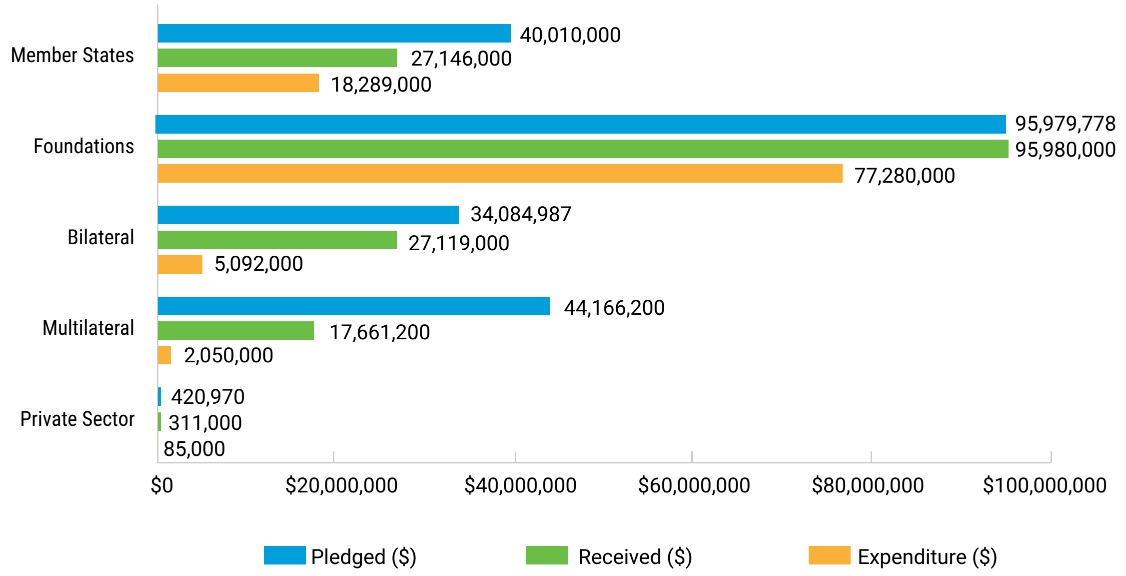
[30] African Union, *First Continental Report on the Implementation of Agenda 2063*, February 2020.

[31] Ibid.

[32] African Union Development Agency, "Outbreak brief #52: Coronavirus disease 2019 (COVID19) pandemic", 12 January 2021.

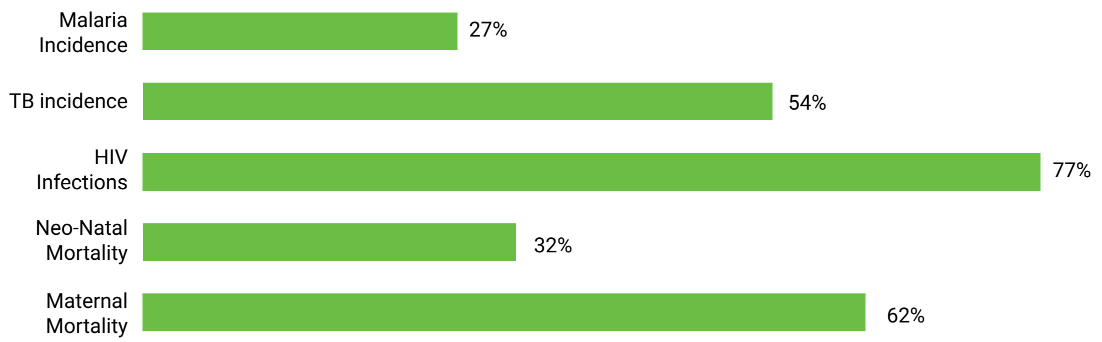
to a number of social and ecological factors, such as favourable demographics, low population density and mobility, among others.[33] Testing rates of most countries remained low and was inequitably distributed. This was attributed to the lack of trained human capital, infrastructure, testing kit availability and logistics constraints.

Figure VII. COVID-19 FINANCIAL MOBILIZATION BY SECTOR, 1 January 2021 (United States Dollars)



Source: Africa Centres for Disease Control and Prevention and African Union, "Africa annual progress report 2020", January 2021.

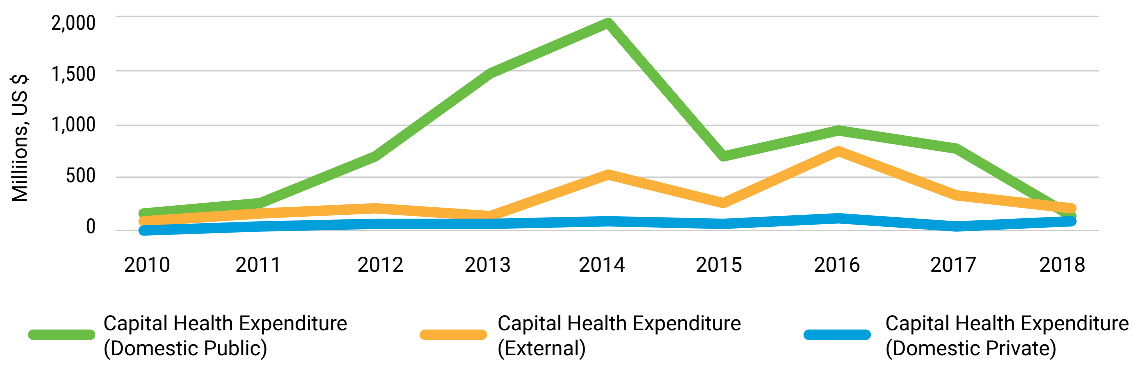
Figure VIII. PROGRESS TOWARDS IMPROVING HEALTH STATUS IN AFRICA, 2013–2019 (Percentage)



Source: African Union, First Continental Report on the Implementation of Agenda 2063.

33 WHO Regional Office for Africa, "Social, environmental factors seen behind Africa's low COVID-19 cases", 24 September 2020.

Figure IX. **CAPITAL HEALTH EXPENDITURE IN AFRICA, 2010–2018 (Millions of United States dollars)**



Source: WHO database

38. Government spending on health, as a proportion of total expenditure, has decreased in Africa during the past three years (see **figure IX**). In addition, declining donor funding contributed to a decline in overall health expenditure. With low government spending, out-of-pocket payments by households became a prominent source of finance for health systems in the region. The persistently high rates of out-of-pocket payments raises concerns about the prospect of achieving the goal of universal health care in the region, especially given that it is primarily the poor who make such payments.

39. The reallocation of public funds to respond to COVID-19 disrupted the delivery of essential health services, including routine immunizations. In 2019, immunization coverage in Africa stagnated at 74 per cent for the third dose of tetanus vaccine and at 69 per cent for the first dose of the measles vaccine — far below the regional target of 90 per cent. These gaps in coverage were exacerbated in 2020 by the COVID-19 pandemic, putting millions of children at risk for deadly diseases.[34]

40. By the fourth quarter of 2020, progress in the preparedness of most African countries to roll out the COVID-19 vaccine was recorded. However, according to WHO, the need for African countries to set up the required systems and infrastructure to expedite the approval of a candidate vaccine was a challenge.

41. Many African countries lacked the fiscal space to scale up financing to the health sector. As of October 2020, African countries were spending between $8 to $129 per capita on health compared with $4,000 for high-income countries.[35]

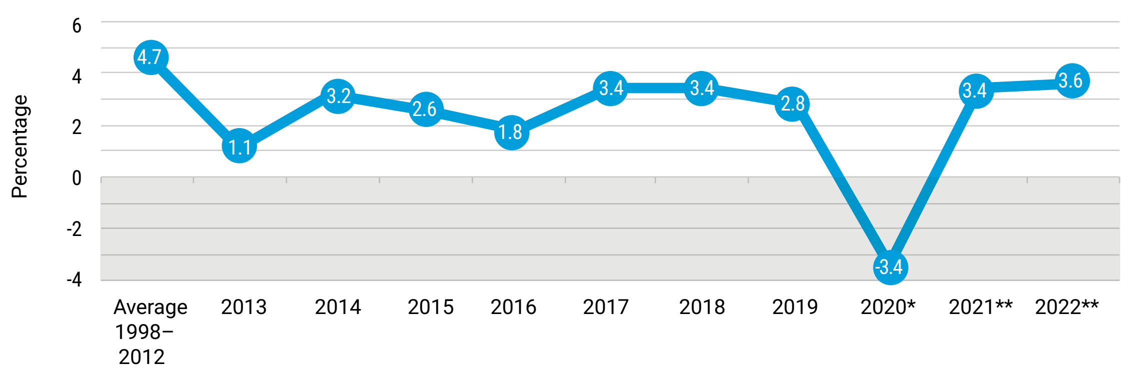
[34] WHO Regional Office for Africa, “WHO and experts call for urgent action to safely resume immunization services amid COVID-19 pandemic”, 23 November 2020.

[35] Agnes Gatome-Munyua and Nkechi Olalere, “Public financing for health in Africa: 15 per cent of an elephant is not 15 per cent of a chicken”, *Africa Renewal* (October 2020).

III. International support to Africa's development

42. African countries continue to take measures at the national, subregional and regional levels to promote sustainable development, peace and stability. Sustained progress is contingent on a supportive international environment, including with regard to financing for development, trade and South-South cooperation in particular, taking into account that the COVID-19 pandemic and the ensuing economic crisis are reversing decades of hard-won gains on the socioeconomic development front. In 2020, Africa's GDP growth fell sharply to an estimated -3.4 per cent in 2020,[36] interrupting 27 years of sustained economic growth (see **figure X**). While the impact was lower than the global average (-4.3 per cent), this figure may underestimate the real impact, owing to the high level of informality in the economies of countries in Africa. In order to address the economic downturn and its social consequences, the Secretary-General called for increased international solidarity and urged the leaders of the Group of 20 to adopt a coordinated global response and a stimulus package for developing countries, and a $2 billion global humanitarian response plan.

Figure X. GROWTH IN AFRICA'S GROSS DOMESTIC PRODUCT, 1998–2021 (%)



Source: Department of Economic and Social Affairs database. * Estimated **Forecast

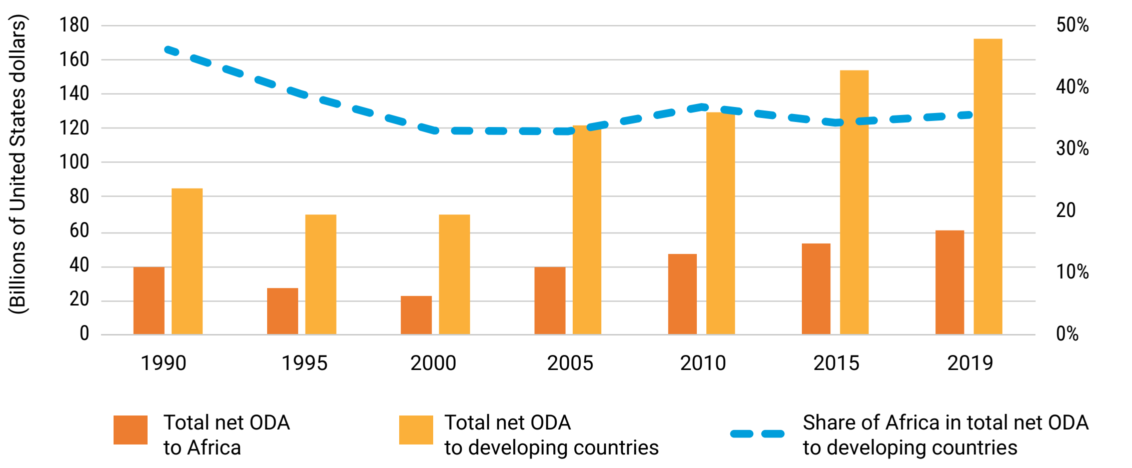
36 *World Economic Situation and Prospects 2020* (United Nations publication, 2020).

A. FINANCING FOR DEVELOPMENT

Official development assistance

43. According to OECD, overall total official development assistance (ODA) flows from members of the Development Assistance Committee of OECD increased to $161.2 billion,[37] driven by increased spending for pandemic-related activities, representing an increase of 3.5 per cent in real terms over 2019. The entire increase of $12 billion in total ODA was to provide support for COVID-19 response,[38] leaving very little for investment in productive sectors, including agriculture, manufacturing and infrastructure development, which is critical to long-term sustainable development and structural transformation. Institutions of the European Union spent $9 billion on COVID-19 in 2020. As a proportion of Development Assistance Committee gross national income (GNI), ODA to developing countries increased to 0.32 per cent, up from 0.30 per cent in 2019. Despite the increase in total ODA in real terms in 2020, it is still considerably below the 0.7 target set by the United Nations and reaffirmed in the Addis Ababa Action Agenda. Only the following six countries met or exceeded the ODA/GNI target of 0.7 per cent: Denmark (0.73 per cent), Germany (0.73 per cent), Luxembourg (1.02 per cent), Norway (1.11 per cent), Sweden (1.14 per cent) and the United

Figure XI. TOTAL NET OFFICIAL DEVELOPMENT ASSISTANCE TO AFRICA AND DEVELOPING COUNTRIES FROM ALL OFFICIAL DONORS (US$ Billion)



Source: OECD.Stat.

[37] Total ODA includes an ODA grant equivalent subtotal of $158 billion and $3.18 billion in private sector instruments. It is important to note that the grant equivalent subtotal includes $541 million in debt relief.

[38] Within this amount, Development Assistance Committee countries spent $12 million on COVID19-related activities. Based on a survey conducted by OECD in 2020, donors indicated that they channelled resources from existing 2020 development programmes for COVID-19-related activities.

Kingdom of Great Britain and Northern Ireland (0.70 per cent).[39]

44. In 2019, total net ODA from all official donors to Africa reached $60 billion (in 2018 United States dollars), which was 35.6 per cent of the total net ODA to all developing countries ($171.6 billion). Over the past three decades, Africa's share of total net ODA to the developing world has seen a steady decline (see **figure XI**). Data on total ODA to Africa for 2020 was not available at the time of writing.

45. According to OECD, overall total ODA flows from Development Assistance Committee members reached $149.3 billion in 2019, a slight fall of 0.45 per cent from 2018. This ODA figure includes in-donor refugee costs, which, after having peaked in 2016 at $16.7 billion, tapered off slightly to $9.6 billion in 2019.

46. Net bilateral ODA from Development Assistance Committee countries to Africa was $30.1 billion in 2019, having fallen by 1.1 per cent year-on-year from 2018, accounting for about 20 per cent of the total disbursement to developing countries. However, preliminary data for 2020 indicate a 4.1 per cent increase in net bilateral ODA from Development Assistance Committee members to Africa in real terms in 2020 compared with 2019, reaching $39 billion, or around 24 per cent of the total net ODA flows by those countries ($161 billion). Net bilateral ODA to the least developed countries, however, grew slowly, by 1.8 per cent in 2020. This is disconcerting, particularly in the light of the large financing gap for the achievement of the Sustainable Development Goals in those countries.

47. The latest available data on the sectoral distribution of bilateral ODA flows to Africa from Development Assistance Committee countries in 2020 show that social infrastructure and services received the lion's share (45 per cent of total ODA), followed by humanitarian aid with 18 per cent and economic infrastructure and productive sectors with 15 per cent and 9.2 per cent, respectively. Only 0.01 per cent goes to actions relating to debt (see **figure XII**). This shows that Africa's major Development Assistance Committee donors, except Japan, were channelling ODA towards humanitarian assistance and social services at the expense of productive sectors. In 2019, Japan allocated 42 per cent of its total ODA to Africa to economic infrastructure projects, followed by 23 per cent to social infrastructure and services and 13 per cent to the production sector.

48. Over the years, the share of ODA in Africa's total external inflows declined from more than 40 per cent between 2000 and 2004 to 18 per cent in 2017.[40] Despite this sharp decrease, moving forward, ODA contributions to financing for development could play a catalytic role in strengthening governance and institutional development in Africa and supporting countries in mobilizing domestic resources to fill the current tax gap, estimated at 3 to 5 per cent of GDP in sub-Saharan Africa.[41] ODA could also be leveraged to unlock increased private financial resources by mitigating risks inherent in private investment in Africa.

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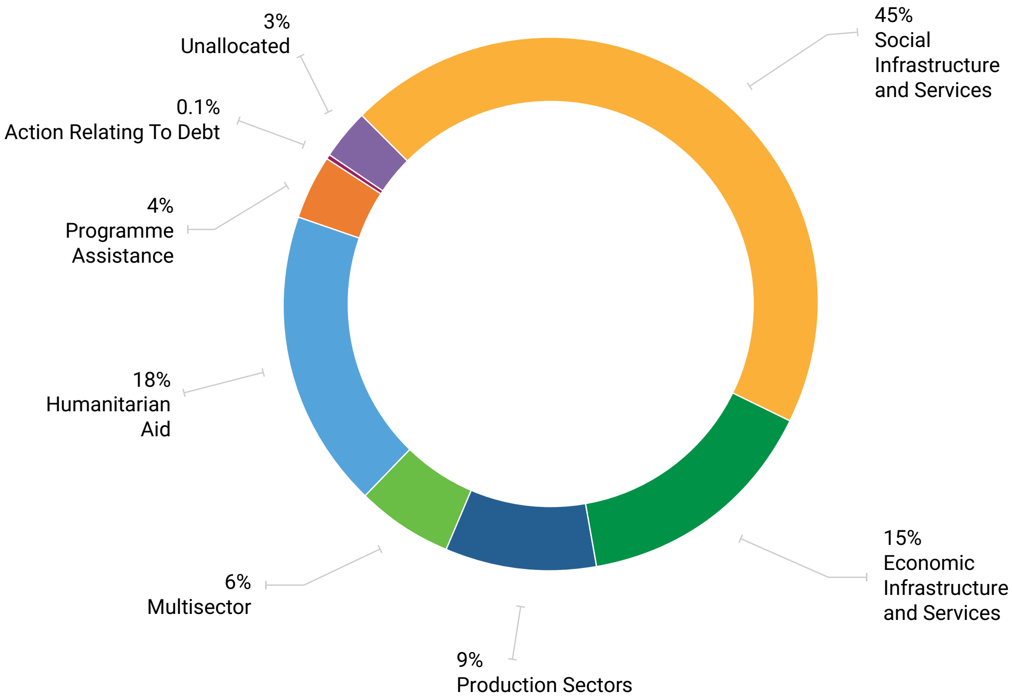
39 OECD, "COVID-19 spending helped to lift foreign aid to an all-time high in 2020", detailed note, 13 April 2021.

40 African Union Commission and OECD, *Africa's Development Dynamics 2019: Achieving Productive Transformation* (Addis Ababa and Paris, 2019).

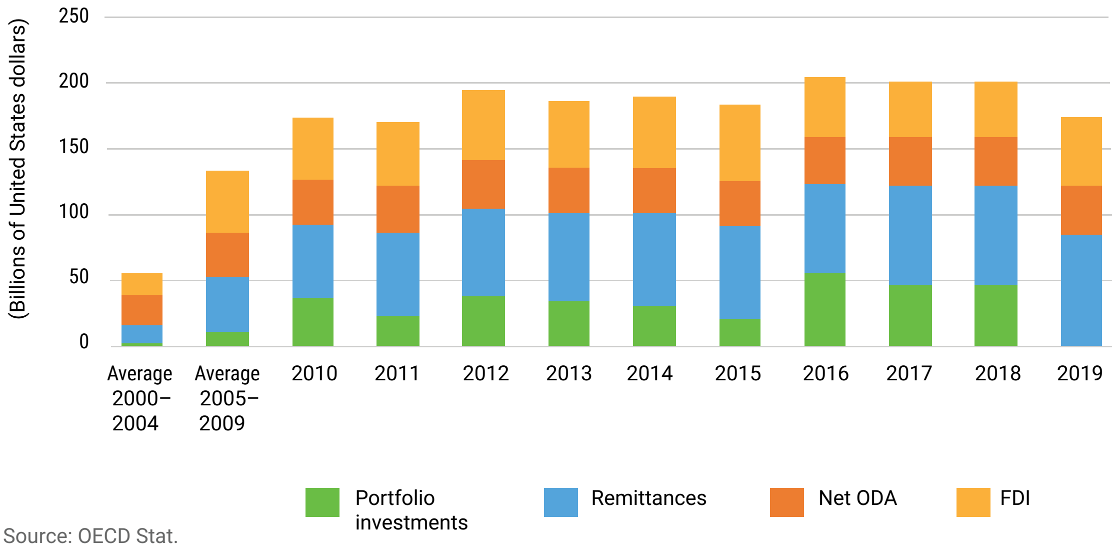
41 International Monetary Fund (IMF), *Regional Economic Outlook: Sub-Saharan Africa — Domestic Revenue Mobilization and Private Investment* (Washington, D.C., 2018).

Figure XII. **BILATERAL OFFICIAL DEVELOPMENT ASSISTANCE COMMITMENTS TO AFRICA BY SECTOR, 2019**



Source: OECD.Stat.

Figure XIII. **EXTERNAL FINANCIAL INFLOWS TO AFRICA, 2000–2019 (US$ Billion)**



Source: OECD Stat.

Foreign direct investment and other private flows

49. UNCTAD estimates that foreign direct investment (FDI) flows to Africa fell by 18 per cent, from $46 billion in 2019 to $38 billion in 2020. Despite representing a dramatic drop, this is lower than the global average of 42 per cent for that same year. Global FDI is projected to remain bleak in 2021.[42]

50. In 2019, FDI to Africa declined by 10 per cent to $46 billion (see **figure XIII**). Egypt, Ethiopia and South Africa continued to attract most of the FDI flows. Africa's share of global FDI remains low at 2.9 per cent, underlining the continent's weak integration into global finance. Furthermore, most of the FDI flows continued to be directed to the oil and gas sector, reflecting Africa's dependency on commodities, and its consequent vulnerability and exposure to external shocks.

51. In 2019, North Africa's FDI declined by 11 per cent to $14 billion, mainly due to a sharp slowdown (55 per cent) in flows to Morocco, despite the 11 per cent increase in flows to Egypt. FDI flows to Southern Africa increased by 22 per cent to $4.4 billion. South Africa consolidated its recovery from 2018 with FDI inflows of more than $4.6 billion. East Africa's FDI inflows decreased by 9 per cent to $7.8 billion and flows to West and Central Africa decreased by 21 per cent ($11 billion) and 7 per cent ($8.7 billion), respectively.

52. According to the Infrastructure Consortium for Africa, new financial commitments to African infrastructure development totalled $100.8 billion in 2018, which represents an increase of approximately 12 per cent compared with 2017. However, disbursements of funds by Consortium members totalled only $12.1 billion in 2018 compared with commitments of $20.2 billion.[43]

Debt relief

53. Achieving the Sustainable Development Goals will depend on countries being able to sustain their economies and access financial resources. COVID-19 has hampered this prospect significantly, as slowed economic activity has made it difficult for countries to service debt. At the same time, the risk of debt distress and default limits access to additional financing to mitigate the impact of the pandemic. In this context, in March 2020 the Secretary-General called for a large-scale, coordinated and comprehensive multilateral response amounting to at least 10 per cent of global GDP.[44]

54. As African countries continue their efforts to fight the COVID-19 pandemic, the World Bank and IMF have called for the suspension of debt payments for 73 of the world's poorest countries. In April 2020, IMF approved immediate debt service relief to 19 African countries,[45] which covered their IMF debt obligations for an initial period of

[42] UNCTAD, "Global foreign direct investment fell by 42 per cent in 2020, outlook remains weak", 24 January 2021.

[43] Infrastructure Consortium for Africa, *Infrastructure Financing Trends in Africa — 2018* (2018).

[44] United Nations, "Shared responsibility, global solidarity: responding to the socioeconomic impacts of COVID-19", March 2020.

[45] IMF, "IMF Executive Board approves immediate debt relief for 25 countries", press release No. 20/151, 13 April 2020.

six months. The initiative was extended to 15 October 2021 and included 23 African countries in total.[46]

55. The Group of 20 Debt Service Suspension Initiative, established in April 2020, has been extended twice until the end of 2021. As of April 2021, the Initiative has resulted in $5.7 billion in debt service relief for 29 African countries.[47] In addition, in October 2020, the Group of 20 agreed on the Common Framework for Debt Treatments Beyond the Debt Service Suspension Initiative, opening the door to more extensive forms of debt relief on a case-by-case basis.

56. However, the Debt Service Suspension Initiative and the Common Framework apply only to official bilateral debt owed to members of the Group of 20, which represents around one third of external debt service for eligible countries. While the private sector is strongly encouraged to participate, no commercial creditor has joined. In addition, liquidity-constrained middle-income countries are not eligible. Furthermore, credit rating agencies are considering adherence to the Initiative as indicative of a risk of default, and have downgraded the rating of some benefiting countries, which aggravates their financial situation and undermines debt relief efforts. In February 2021, Fitch Ratings downgraded the rating of Ethiopia from B to CCC, expressly referring to the country's adherence to the Common Framework as the reason.[48] This partly explains the limited uptake of the Initiative (45 countries out of 73) and especially of the Common Framework (just 3 out of 73 eligible countries have joined so far, all 3 in Africa).

57. As of February 2021, debt reduction packages under the Heavily Indebted Poor Countries Initiative have been approved for 37 countries, 31 of them in Africa. Somalia is the latest country to benefit from the Initiative, while Eritrea and the Sudan are still at the pre-decision point (see **table 3**).

Table 3.

CURRENT AND POTENTIAL BENEFICIARIES OF THE HEAVILY INDEBTED POOR COUNTRIES INITIATIVE AND THE MULTILATERAL DEBT RELIEF INITIATIVE, FEBRUARY 2021

Status	*Countries*
Post-completion point	Benin, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Ethiopia, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Togo, Uganda, United Republic of Tanzania and Zambia
Decision point	Somalia
Pre-decision point	Eritrea and Sudan

Source: IMF

[46] IMF, "The IMF Executive Board extends immediate debt service relief for 28 eligible low-income countries for another six months", press release No. 20/304, 5 October 2020.

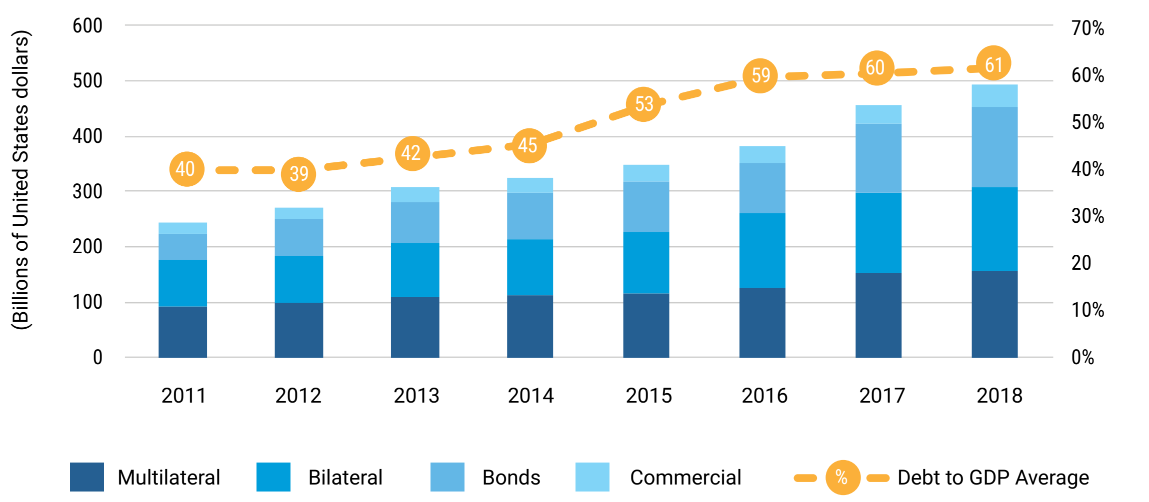
[47] World Bank, *Global Economic Prospects, June 2021* (Washington, D.C., 2021); and World Bank, "COVID 19: debt service suspension initiative", 8 April 2021.

[48] Fitch Ratings, "Fitch downgrades Ethiopia to 'CCC'", 9 February 2021.

58. Africa's average debt-to-GDP ratio increased from 40 to 61 per cent during the period 2011–2018, making it the fastest debt accumulating region. However, that is still considered low compared with the average of developed countries (105 per cent).[49] In addition, the share of commercial borrowing of Africa's public debt has been rising over the years and much of it is in foreign currencies. This could exacerbate the vulnerabilities of African countries by increasing their exposure to exchange rate risk. For example, over the next four years, 53 per cent of the external debt payments of Chad, Ethiopia and Zambia (the only three countries to have joined the Common Framework) come due to private lenders, while 24 per cent come due to China, 16 per cent to multilateral institutions and 7 per cent to other countries.[50] With an unprecedented surge in global debt of $24 trillion in 2020,[51] the region's average debt-to-GDP ratio is likely to have only further increased because of the COVID-19 pandemic (see **figure XIV**).

59. Much of Africa's sovereign debt has been used to finance infrastructure projects, totalling more than $600 billion in loans since 2013.[52] However, in the past 10 years, the average external debt service payment has almost tripled, representing 13 per cent of African government revenues. In 2018, interest payment as a percentage of revenue was reported at 9.0 per cent in sub-Saharan

Figure XIV. AFRICA'S EXTERNAL DEBT TO GROSS DOMESTIC PRODUCT RATIO, 2011–2018 (US$ Billion)



Source: World Bank, Fiscal risks database.

[49] IMF, Global Debt Database.

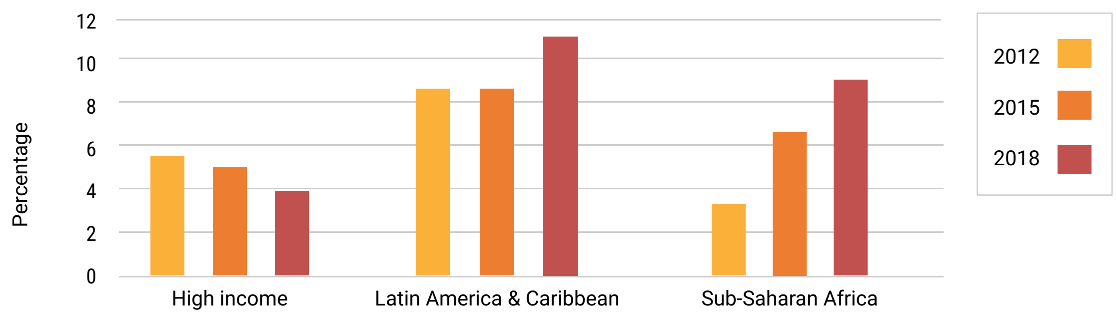
[50] Tim Jones, "Private lenders main recipients of debt payments from crisis countries", Jubilee Debt Campaign, 9 February 2021.

[51] See www.iif.com/Research/Capital-Flows-and-Debt/Global-Debt-Monitor.

[52] Zega Ras-Work, "After COVID-19: Africa's sovereign debt crisis and a new international economic order", Medium, 2 February 2021.

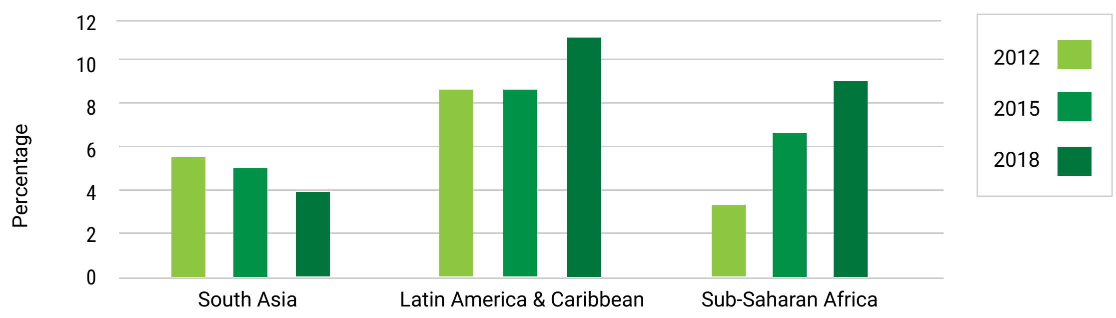
Africa, compared with 3.9 per cent in high-income countries and 11.0 per cent in Latin America and the Caribbean (see **figure XV**). In 2019, total debt service accounted for 3.5 per cent of sub-Saharan Africa's GNI, compared with 2.1 per cent in South Asia and 7.0 per cent in Latin America and Caribbean (see **figure XVI**). Excessive costs for debt servicing limits the resources available for development, productive sectors and social services, such as health and education. In this regard, addressing all internal and external factors that have an impact on debt management requires prioritizing the establishment of the right institutions to tackle domestic resource mobilization as the driving force for financing for development.

Figure XV. INTEREST PAYMENTS AS A PERCENTAGE OF REVENUE IN SUB-SAHARAN AFRICA AND OTHER REGIONS, 2012–2018



Source: World Bank, World Development Indicators database, available at *https://databank.worldbank.org/source/world-development-indicators*.

Figure XVI. TOTAL DEBT SERVICING AS A PERCENTAGE OF GROSS NATIONAL INCOME IN SUB-SAHARAN AFRICA AND OTHER REGIONS, 2012–2019



Source: World Bank, World Development Indicators database, available at *https://databank.worldbank.org/source/world-development-indicators*.

Illicit financial flows

60. Every year, an estimated $88.6 billion leaves the continent as illicit financial flows — about half of what Africa needs to achieve sustainable development.[53] These originate from three main sources: commercial, including tax evasion, trade misinvoicing and abusive transfer pricing (65 per cent); criminal activities (30 per cent); and bribery and theft by corrupt government officials and their collaborators (5 per cent).[54]

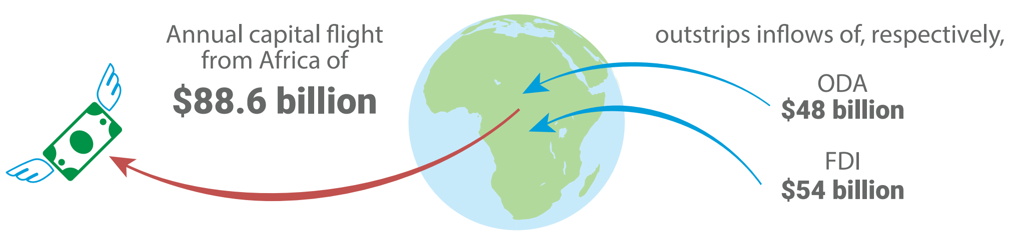
61. Africa's annual illicit financial flows are equivalent to 3.7 per cent of its GDP. The total illicit capital flight from Africa amounted to $836 billion during the period 2000–2015, an average of $56 billion per annum, which makes Africa a net creditor to the world compared to its total external debt stock of $770 billion in 2018.

62. Lack of adequate international tax cooperation with countries that receive illicit financial flows has a negative impact on the capacity of African Member States to recover them. So far, only a total of $1.53 billion has been recovered and returned to Africa, which represents no more than 0.2 per cent of total illicit financial flows for the region. Curbing these flows is a top priority and a joint responsibility of the international community.

B. TRADE

63. Trade remains a major channel through which Africa can mobilize resources for its transformation and shape its integration regionally and globally. According to UNCTAD, for the period 2015–2019, Africa's total trade averaged $760 billion annually, representing 29 per cent of Africa's GDP, and intra-African trade accounted for only 16 per cent of total trade. According to ECA, Africa's export revenues from fuels are expected to decline by

Figure XVII. **ILLICIT FINANCIAL FLOWS OUT OF AFRICA COMPARED TO ANNUAL ODA AND FDI**



Source: *Economic Development Report in Africa 2020: Tackling Illicit Financial Flows in Africa for Sustainable Development* (United Nations publication, 2020).

53 *Economic Development Report in Africa 2020: Tackling Illicit Financial Flows in Africa for Sustainable Development* (United Nations publication, 2020).

54 Economic Commission for Africa, *Illicit Financial Flows: Report of the High-Level Panel on Illicit Financial Flows from Africa* (Addis Ababa, 2015).

$65 billion to $101 billion in 2020 because of the collapse in oil prices.

64. The Aid for Trade initiative continued to contribute to cross-border infrastructure and regional integration in Africa through the financing of cross-border road projects, increasing private sector development funds and encouraging trade facilitation, agricultural development, energy generation and support for small producers. Global Aid for Trade disbursements reached approximately $45.4 billion in 2018, an increase of 4.1 per cent from 2017, and further increased to $45.6 billion in 2019. Of this, $18 billion, or 39.5 per cent of the total, went to Africa in 2019. The largest share of Aid for Trade disbursements to Africa in 2019 were directed to energy ($4.8 billion), agriculture ($4.1 billion), transport and storage ($3.6 billion), and banking and financial services ($2.3 billion).[55]

C. SOUTH-SOUTH COOPERATION

65. South-South and triangular cooperation continued to play a significant role in the development of Africa. South-South cooperation has become important for Africa's infrastructure development. In particular, infrastructure financing provided by China, including through its Belt and Road Initiative, amounted to $25.7 billion in 2018 — an increase of 32 per cent over the previous year and an increase of 65 per cent over the average for 2015–2017. In fact, the commitment by China to infrastructure development was the second largest, at $25.7 billion (26 per cent), following those of African Governments, at $37.5 billion (37 per cent).[56] India committed $762 million in 2018 for Africa's infrastructure development in the water and sanitation and transport sections, slightly higher than the $700 million it committed in 2017.[57] In 2020, India also extended $338.71 million in concessional lines of credit to seven African countries for the construction of hospitals and parliament buildings and for power transmission lines and solar and water projects.[58] Arab States and Brazil, the Russian Federation, India, China and South Africa (BRICS) also provided sizeable financing commitments to infrastructure development, amounting to $2.4 billion and $500 million, respectively, in 2018.[59]

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55 See www.oecd.org/dac/aft/aid-for-tradestatisticalqueries.htm.

56 Infrastructure Consortium for Africa, *Infrastructure Financing Trends in Africa — 2018*. This excludes South Africa, a member of the Consortium, which invested $1.055 billion in 2018.

57 Infrastructure Consortium for Africa, *Infrastructure Financing Trends in Africa — 2018*.

58 Comoros, Eswatini, Gambia, Guinea, Kenya, Nigeria and Sierra Leone.

59 Infrastructure Consortium for Africa, *Infrastructure Financing Trends in Africa — 2018*.


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IV. Support provided by the United Nations system

66. With the COVID-19 pandemic, the United Nations system expanded efforts to support the response of African countries to COVID-19. These efforts focused on strengthening the African Union's regional response through advocacy and policy support, and its operational responses on the health, humanitarian and socio-economic sectors. Through its advocacy activities, the United Nations echoed the African Union's request for special measures to create fiscal space and supported decision-making processes by providing specific policy recommendations. In this regard, the Secretary-General issued one policy brief focused on the impact of COVID-19 in Africa and over 20 on thematic issues,[60] including debt, disabilities, women, older persons, children, food security, universal health coverage, tourism, education and work, among other issues. The Global Humanitarian Response Plan for COVID-19, coordinated by the Office for the Coordination of Humanitarian Affairs, aimed at addressing the direct health impact of COVID-19 and secondary impacts on people and systems. It included 26 national plans and three regional plans in Africa. More than $1.2 billion was mobilized, accounting for 33 per cent of the identified needs in African countries. The United Nations Framework for the Immediate Socioeconomic Response to COVID-19 aimed at providing an urgent socioeconomic response within a 12- to 18-month time frame. Forty-seven United Nations country teams in Africa finalized their socioeconomic response plans, amounting to a total of $12.1 billion.[61] With regard to the health sector, the United Nations supported the response led by the Africa Centres for Disease Control and Prevention. For instance, WHO participated in the Africa Task Force for Coronavirus Response and ensured coordination with the United Nations system. The United Nations Children's Fund co-chaired a working group on supply chains and the World Food Programme provided essential support in the stockpiling of health supplies through United Nations "Solidarity flights". ECA supported the conceptualization of the Africa Medical Supplies Platform to facilitate the procurement of cost-effective strategic and certified medical equipment. The United Nations continues to support efforts to ensure universal access to vaccines through the COVAX facility allocation

[60] The full list of the policy briefs of the Secretary-General is available at www.un.org/en/coronavirus/un-secretary-general.

[61] Figure includes a small number of joint Government-United Nations plans.

mechanism. Greater detail regarding the United Nations response can be found in the report of the Secretary-General on United Nations system support for the New Partnership for Africa's Development (E/AC.51/2021/8).

67. The United Nations system also continued to provide programmatic support to African Union institutions and African Member States in strengthening regional integration, infrastructures and industrialization. For example, ECA launched the African Trade Exchange, an online platform to promote business-to-business e-commerce based on the rules of the African Continental Free Trade Area. UNCTAD organized coaching and capacity-building sessions for more than 100 young women entrepreneurs on the opportunities available through the Free Trade Area. The International Atomic Energy Agency launched projects to improve energy infrastructure in several African countries.[62] Furthermore, United Nations entities adapted their existing programmes. For example, taking into account that the pandemic has had a negative impact on global, regional and national value and supply chains, UNCTAD and the International Trade Centre worked with the East African Community and Economic Community of West African States, respectively, to promote tools targeted at adapting trade and business strategies in response to COVID-19. The Common Fund for Commodities established an emergency liquidity facility to provide urgent capital support to qualifying small and medium-sized enterprises in the agricultural sector, which were struggling with the impact of COVID-19 on global commodity value chains.[63]

62 Egypt, Eswatini, Ghana, Kenya, Morocco, Niger, Rwanda and Sudan.

63 More details can be found in the progress report on the implementation of the Third Industrial Development Decade for Africa (2016–2025), UNIDO, document IDB.48/9-PBC.36/9.

V. Conclusion and recommendations

68. African countries continued to advance the implementation of their development priorities, including in infrastructure development, industrialization and health. The start of trading under the African Continental Free Trade Area and the launch of phase II of the Programme for Infrastructure Development in Africa are significant milestones in this regard. Nevertheless, as highlighted in the present report, efforts made by African countries in 2020 were marked by considerable difficulties triggered by the COVID-19 pandemic.

69. The COVID-19 pandemic threatens to reverse the hard-won gains of the past several decades in Africa. It has multiplied the amount of funding needed to provide essential socioeconomic services. Partial closures of schools and growing strains on health-care systems have had a negative impact on Africa's most precious resource: its human capital. Shutdowns and production halts have weakened Africa's productive capacities. Furthermore, the pandemic has underscored African countries' heavy external dependence on areas that are key for their development, such as the health industry. If urgent measures are not taken, there is a high risk that the African continent will be left behind. Against this backdrop, concerted actions will be required by African countries and their partners, including the United Nations system, to ensure that the crisis response strengthens the continent's resilience to future shocks and accelerates progress toward the Sustainable Development Goals.

70. Beyond its negative impact, the pandemic presents opportunities for African countries' development. In the wake of COVID-19, countries have turned to local and regional markets to procure essential goods, such as medical supplies and protective equipment. Recovery efforts should focus on shifting from reliance on global supply chains to the establishment and strengthening of regional and local supply chains that will reduce the continent's dependence and increase its resilience.

71. The start of trading under the African Continental Free Trade Area creates a friendly environment for the establishment of strong regional value chains. However, the growth of value-added products under the Free Trade Area will have a crucial dependence on the rules of origin adopted during its negotiations. The African Continental Free Trade Area negotiations should aim at a progressive harmonization of existing regulations within the regional economic communities in order to gradually reduce the number of product-specific rules and move towards the application of general co-equal rules.

72. Because of their comparative advantage and diversified economies, the top-ranked African countries on the economic complexity index are expected to play an important role in

creating more integrated regional value chains and boosting intra-African trade. Their commitment to an early implementation of the African Continental Free Trade Area will be crucial for pushing regional integration forward.

73. The simplification and standardization of administrative procedures will be necessary to prevent them from delaying the implementation of the African Continental Free Trade Area. In addition, the establishment of a robust and credible dispute settlement mechanism will be of critical importance to avoid costly border closures and ensure the success of the Free Trade Area.

74. The Programme for Infrastructure Development in Africa has established itself as an important framework for infrastructure development in Africa. It has helped galvanize political commitment and has mobilized increased financing towards infrastructure development on the continent. African countries will have to make efforts towards transitioning to a green economy and mobilizing increased private sector financing for infrastructure, while simultaneously addressing governance and institutional development, including through regulatory reforms. Leveraging digitization could help in improving scale and efficiency and prevent corruption through increased transparency.

75. The recovery presents opportunities for African countries to promote green transitions and industries such as agroprocessing and pharmaceutical manufacturing that will increase the continent's resilience and its capacity to respond to disruption in the food and medical supply chains. Commendable initiatives are already under way, such as the African Union Development Agency's Pandemic Resilience Accelerator for African Health-related Businesses. In order to fully seize this opportunity, African Governments need to tackle long-standing structural and institutional barriers to industrialization.

76. The capacity of African countries to address health-care challenges remained hindered by a lack of data coverage stemming from weak statistical capacity, despite its importance for evidence-based decision-making and policy formulation. This represents a significant challenge for the timely production of quality data that needs to be prioritized in view of its relevance to ensuring the efficacy and effectiveness of policy responses.

77. The health sector was also negatively affected by the lack of fiscal space to scale up financing at a critical time. While African countries have taken steps to increase self-reliance and reduce their dependence on foreign aid, more efforts are required to increase domestic resource mobilization to underpin financing for development in Africa. In this regard, African countries should leverage increased domestic private sector financing, including by tapping into the growing pension and insurance fund market, estimated to be more than $1 trillion by 2019.

78. As shown in the present report, illicit financial flows have a serious impact on Africa's development. In order to address this issue, there is a need for enhanced financial accountability and transparency within a stronger international governance system that leads to global standards and norms and promotes strengthened tax cooperation, in line with the recommendations of the report of the High-level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (A/75/810, annex). In this regard, African countries are called upon to strengthen their national tax,

customs and law enforcement authorities and regulatory frameworks to provide them with the necessary tools to curb illicit financial flows and partner countries are called upon to increase their cooperation in the identification and repatriation of illicit financial flows. The General Assembly is invited to launch efforts towards the establishment of a comprehensive framework that addresses illicit financial flows in an integrated way that addresses existing regulatory gaps.

79. Mitigating the impact of the pandemic and "building forward better" depends on debt relief efforts and the capacity of African countries to access financing on the international capital markets. However, these efforts are hindered by the downgrading of the sovereign credit of African countries by credit rating agencies. There is a need for greater dialogue and multi-stakeholder partnerships between Member States and credit rating agencies with a view to adopting a standardized and fair credit rating criterion for African countries.

80. The failure to complete the Doha Development Round and its unfulfilled promises continue to hamper Africa's efforts to harness the benefits of trade for its development. This situation has been exacerbated by the recent additional trends of trade protectionism, especially with regard to medical supplies, owing to the pandemic. More than ever before, the international community has been put to the test to work together towards collectively restoring confidence in the World Trade Organization's negotiation process and building forward better.

81. FDI is an important source of finance, representing 20 per cent of Africa's external financial inflows in 2018, and has the potential to assist African countries in reinforcing their economic resilience during crises and support and maintain employment and growth throughout the recovery period. However, its strong focus on extractive industries contributes to Africa's vulnerability to external shocks. Steps should be taken to promote a diversification of FDI towards other industrial sectors and infrastructures.

82. While ODA continues to be mainly channelled towards social infrastructure and humanitarian assistance, it could play a transformative role if more support were directed towards complementing the efforts of African countries to strengthen productive capacities and institution-building. The 2030 Agenda and Agenda 2063 highlight ownership and empowerment as two principles to guide international partnerships. In this regard, efforts should focus on priority issues that will strengthen Africa's ownership of its resources and capacities, in particular domestic resource mobilization; industrialization; trade and regional integration; science, technology and innovation; energy; human capital; and governance.

83. Significant changes have taken place at the regional and global level since the African Union established NEPAD as the road map for development on the continent and the General Assembly of the United Nations adopted it as the framework for international support to Africa's development. The approval of the 2030 Agenda by the General Assembly and of Agenda 2063 by the African Union Summit in 2015 represented a step towards greater alignment between African priorities and the support provided by international stakeholders. While the 2030 Agenda and Agenda 2063 have become the main road map towards Africa's development, there is a need for increased coherence, particularly through strategic and operational prioritization and coordination

in the joint implementation of both agendas. In this regard, I recommend that the General Assembly formally adopt Agenda 2063 as the framework for international support to Africa's development and introduce in the agenda of its seventy-sixth session an item on progress in the implementation and international support for Agenda 2063.

84. The COVID-19 pandemic has underscored the need for a paradigm shift towards a multilateral trading and financial system that is fit for purpose to advance sustainable development and promote fair globalization. Let us seize this opportunity to build a stronger multilateral system. As Africa prepares to build forward better, there is a need to renew the call for global solidarity, particularly with regard to equitable access to vaccines. The United Nations will continue to support African countries in their path towards sustainable development.