

**Scaling up innovative financing and leveraging partnerships
for
the Africa We Want**

Africa Day at the HLPF

**Side Event during the 2022 High-level Political Forum on Sustainable
Development**

Virtual Meeting

Date: Tuesday, 12 July 2022

Time: 8:30 AM - 11:30 AM EST/ 12:30 PM – 3:30 PM UTC



I. Background

In July 2018, at the margins of the High-level Political Forum on Sustainable Development (HLPF), the United Nations Office of the Special Adviser on Africa (UN-OSAA), the African Union Commission (AUC), the Economic Commission for Africa (ECA) and the United Nations Development Programme (UNDP) launched the first “Africa Day at the HLPF”, an annual Ministerial event designed to share good practices and lessons learned to overcome challenges facing African Member States in their efforts to implement and monitor the UN Sustainable Development Goals (SDGs) and the African Union Agenda 2063.

The annual Africa Day at the HLPF also aims to popularize and promote the outcomes of the Africa Regional Forum on Sustainable Development (ARFSD), which was established to follow up on and review the implementation of the 2030 Agenda for Sustainable Development in Africa and feed into the work of the HLPF. It also establishes a link between the ECA’s Conference of African Ministers of Finance, Planning and Economic Development (CoM) and the Ministerial Segment of ECOSOC. As such, the Africa Day at the HLPF has established itself as the primary forum to connect the dots between regional and global efforts underpinning implementation Africa’s sustainable development.

(a) Key messages from the ARFSD-8

The Eighth Session of the Africa Regional Forum on Sustainable Development (ARFSD-8) was held from 3 to 5 March 2022 in Kigali, Rwanda, on the theme “Building forward better: A green, inclusive and resilient Africa poised to achieve the 2030 Agenda and Agenda 2063”. Discussions held during ARFSD-8 took place amidst continued challenges to global development due to the COVID-19 pandemic, exposing pre-existing severe vulnerabilities and structural inequities in Africa. Moreover, the continent was already not on track, and in some cases regressing, in respect to attaining some of the goals set out in the 2030 Agenda for Sustainable Development and Agenda 2063: the Africa We Want.¹ The recovery from the COVID-19 pandemic has been largely uneven and inequitable and fallen short of what is needed to ensure Africa is on a path towards sustainable development.

In its attempt to offer solutions, ARFSD-8 addressed a variety of issues, among which the recovery from the pandemic and its socio-economic adverse effects, women’s empowerment and gender issues, education, life above land and life below water as well as sustainable financing and related partnership issues. The key messages also highlighted the urgency of harnessing the benefits of the launch of the African Continental Free Trade Area (AfCFTA) and of capitalizing on the continent’s demographic dividend by unleashing the full potential of its youth and women population. The Forum issued the Kigali Declaration with policy recommendations relevant for African Member States, local governments, and stakeholders as well as external partners.²

¹ For a snapshot of Africa’s progress in SDG implementation, please refer to the Secretary-General’s Report on Progress towards the Sustainable Development Goals (advance unedited version), available [here](#).

² For more details on the ARFSD outcomes, key messages and the full text of the Kigali Declaration, please see “Eighth session of the Africa Regional Forum on Sustainable Development: summary, key messages and the Kigali Declaration on

(b) CoM 2022 (May 2022 – Dakar, Senegal)

The 54th Session of the Conference of African Ministers of Finance, Planning and Economic Development (CoM 2022) took place from 11 to 17 May 2022 in Dakar, Senegal, on the theme of “Financing Africa’s Recovery: Breaking New Ground”. The Conference reviewed Africa’s current financing for development landscape, considering the opportunities and challenges for enhancing both the quality and quantity of Africa’s development financing to support the recovery from COVID-19 pandemic and unlocking the developmental potential of the AfCFTA, especially for SMEs and women-owned businesses. To that end, the AfCFTA Country Business Index, developed by ECA, has been featured as a monitoring and evaluation tool of an inclusive implementation of the AfCFTA in line with the private sector expectations.

As the outcome of the conference, the Ministers issued a communiqué that called for strengthened collective action for African Member States to step up their efforts to mobilize domestic resources, through effective tax policies, savings and the use of other innovative mechanisms, such as pension funds, sovereign wealth funds, diaspora bonds and remittances, to support African development projects as well as to implement policies that create an enabling environment for private sector activity and attract institutional investors, and to foster the use of a broad variety of financial instruments, such as blended financing, capital markets, pension funds, sovereign wealth funds, Sustainable Development Goal-linked bonds, green financing, project bonds, guarantees and risk-reducing instruments, among others, along with new incentives to reduce the cost of credit.

(c) Worsening food and energy security outlook due to war in Ukraine

In addition to these existing challenges, the war in Ukraine, which broke out on 24 February 2022, constitutes an exogenous shock impacting both the price and availability of food and energy in Africa. The policy brief entitled “Global Impact of war in Ukraine on food, energy and finance systems”, issued in April by the Secretary-General’s Global Crisis Response Group on Food, Energy and Finance (GCRG), indicated that Ukraine and the Russian Federation “provide around 30% of the world’s wheat and barley, one-fifth of its maize, and over half of its sunflower oil”.

Even before the onset of the conflict in Ukraine, the COVID-19 pandemic had already led to the worst economic recession in half a century across Africa, with real GDP contracting by 3% in 2020. As a result of the current situation in Ukraine, Africa’s GDP growth is projected to be reduced by 0.7% and inflation is forecast to rise by an extra 2.2%.³ As most African households spend the bulk of their income on food, increasing food prices and disrupted supply chains will significantly worsen food insecurity as well as erase the hard-fought development gains of the past decades by pushing millions more into extreme poverty.

building forward better from COVID-19 crisis and accelerating delivery of sustainable development in Africa” (ECA/RFSD/2022/11).

³ “Africa and the Ukraine crisis: Turning threats into opportunity”, UN Sustainable Development Group, 3 May 2022

(d) The urgency of addressing climate change and preparing for Africa’s COP in Sharm el Sheikh

Climate change is one of the most pressing development challenges for African countries, with ECA assessment showing that costs associated with climate change are expected to cost African economies on average 5% of their GDP by 2030 based on 2 degrees Celsius of warming above pre-industrial levels⁴. In some extremely vulnerable regions such as the Sahel, losses may be in excess of 10% of GDP in high warming scenarios.

Resource mobilization for climate resilience has fallen well short of the promised US\$100 billion, and perspectives for additional resource commitments are not promising in the aftermath of the pandemic and in the context of the ongoing negative global economic environment. African countries are also receiving limited private sector investment in climate resilience. Significant efforts are also required to meet the Glasgow commitment to double adaptation financing. African countries also need immediate mechanisms to address the constant and recurrent loss and damage incurred from climate related events. African countries require urgent investment into climate resilience from development partners as well as private sector investors. Diversified and innovative forms of finance also need to be mobilized to address this climate urgency and will be one of the most critical issues to address at the 27th Conference of Parties of the United Nations Conference on Climate Change to be held in Sharm el Sheikh, Egypt in November 2022.

(e) Record participation from African Member States in VNRs in 2022

Despite all these challenges in global conjuncture, the year 2022 will feature a high-water mark in that a record number of 21 African Member States are participating in Voluntary National Reviews (VNRs).⁵ Among these, the majority have participated in the VNR processes at least twice, with Togo notably presenting its VNR for the fourth time this year, and seven African Member States – namely Djibouti, Equatorial Guinea, Eritrea, Gabon, Guinea-Bissau, Sao Tome and Principe, and Somalia – are presenting their VNRs for the first time. The large number of African VNRs this year constitutes fertile ground for a frank exchange of experiences and best practices to overcome challenges and make the most of opportunities in building forward better from the COVID-19 pandemic while accelerating the joint implementation of the 2030 Agenda for Sustainable Development and Agenda 2063.

II. Focus of Africa Day at the HLPF 2022

Besides reviewing SDGs 4, 5, 14, 15 and 17, the HLPF 2022 will focus on redoubling efforts for a sustainable and resilient recovery from COVID-19 during the SDG Decade of Action 2020-2030. One year from now, the First Ten-Year Implementation Plan of the African Union’s Agenda 2063 will reach its deadline, providing all stakeholders with a timely opportunity for retrospection with a view to strengthening implementation and monitoring of this transformative agenda.

⁵ See Annex for list of African VNR countries

To address these multiple challenges, the Kigali Declaration⁶ adopted at ARFSD-8 called for:

“[...] the adoption of reforms to the international financial architecture that integrate innovative financing mechanisms that are initiated and led by African countries to ensure African debt sustainability and to support the development of nature-based solutions and a green and sustainable recovery from the COVID-19 pandemic; and

[...] renewed vigour on the part of African Governments, the entities of the United Nations system and development partners in the implementation of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, including with regard to strengthening opportunities to improve domestic resource mobilization through sustainable budgeting principles that are aligned with the 2030 Agenda, Agenda 2063 and the Paris Agreement, and for renewed global solidarity in respect of public investment in the implementation of these agendas on the basis of the principle of leaving no one behind.”

These recommendations will serve as the starting point of the deliberations at the Africa Day at the HLPF 2022. Further, with SDGs 4 (quality education) and 5 (gender equality and empowerment of women and girls) under review during the HLPF this year, Africa Day at the HLPF 2022 will also have a significant component dedicated to unleashing the full potential of the continent’s women and youth including by increasing the quality of education, which will furnish their digital skills in post-COVID new normal world and enhance training in Science, Technology, Engineering and Mathematics (STEM). This will help reposition them front and centre of Africa’s sustainable development as the international community explores ways to redouble efforts and financing to accelerate implementation during the Decade of Action.

Furthermore, the deliberations at HLPF 2022 on the implementation of SDGs 14 and 15, with their respective focus on life below water and life on land, will provide a critical backdrop as the international community will gear up from the ECOSOC HLPF/Ministerial Segment and intensify preparations for the COP 27.

In alignment with these objectives, Africa Day at the HLPF 2022 is being organized under the theme, **“Scaling up innovative financing and leveraging partnerships for the Africa We Want”**. Against the backdrop described above, it is clear that there is an urgent need to increase both the amount and the predictability of finance to ensure that that the continent is on a sustainable development path to meet its globally and regionally agreed development goals, as encapsulated in 2030 Agenda for Sustainable Development and Agenda 2063 respectively. Urgent action is also required to mobilise predictable flows of climate finance to be able to deal with immediate climate emergencies and also invest in a climate resilient future. Furthermore, the recurring debt sustainability issues continue to plague the continent’s economies and often present a trade-off between debt service and investments in building back better from the pandemic. In that context, the event will provide a timely opportunity to share experiences and

⁶ ECA/RFSD/2022/L.1

accelerate actions to build resilience to exogenous shocks, such as those that have recently hit the continent, including the COVID-19 pandemic and the crisis in Ukraine.

Financing needs to achieve the SDGs in Africa were estimated at \$200 billion per annum prior to the pandemic, and that gap has widened significantly since the onset of the pandemic.⁷ For Africa, the International Monetary Fund estimates the aforementioned financing gap to have increased by an additional \$154 billion per annum due to the socio-economic impact of the COVID-19 pandemic. The outcome of COP 26 held in Glasgow acknowledged the continued gap in mobilizing the required amount of climate finance in-line with the commitments first made in Copenhagen. Significant effort is required to facilitate additional private sector and innovative financing mechanism to unlock investment in climate resilience. CoM 2022 acknowledged that to build forward better from the pandemic and to get back on track to achieve the SDGs by the target date of 2030, Africa needs to scale up financing in infrastructure investment, health, education, climate action and response to the COVID-19 pandemic. However, the existing public financing in Africa falls short of what is needed in terms of both quantity and quality. ECA estimates the bulk of global financial assets, currently worth \$379 trillion, is in the hands of the private sector financial institutions and investors and recommends that a significant portion of these assets be mobilized to meet the financing needs of the continent.

There are two opposing forces that characterize the financing landscape in Africa: (i) commodity dependence and weak revenue collection and expenditure capacity in Africa have combined to heighten the vulnerability of the continent's economies to external price shocks and weakened Domestic Resource Mobilization (DRM) capacity, leading to an increased dependence on external financing and a consequent worsening of the debt sustainability⁸. ECA observes that the tax revenue to GDP ratio in Africa was at 14.9% in 2019 – well below the OECD average of 34.3% as well as other comparator regions, such as Latin America and the Caribbean (23.1%), and this ratio fell further to 11.9% in 2020 ; and (ii) relatively low levels of DRM is further exacerbated by the high levels of Illicit Financial Flows (IFFs) out of the continent, estimated by UNCTAD at \$89 billion in lost revenue annually.

Based on recent estimates quoted above, Africa needs \$354 billion per annum to meet the SDGs due to COVID-19 pandemic and the crisis in Ukraine. However, it is not on track to meet these needs as African Member States have constrained fiscal space: Although the fiscal deficit was narrowing from 6.3% of GDP in 2020 to 4.2% in 2021, the crisis in Ukraine is forecast to increase the deficit by around 0.7 percentage points. Similarly, while the debt-to-GDP ratio has fallen somewhat in recent years (from 71.1% in 2020 to 67.7% in 2021), this is still significantly above the pre-pandemic levels (around 61.9% of GDP), with many countries facing high debt levels and rising debt servicing costs at the same time.

⁷ Economic Commission for Africa, Committee of Experts of the Conference of African Ministers of Finance, Planning and Economic Development Issues Paper, Financing Africa's Recovery: Breaking New Ground, March 2022, E/ECA/COE/40/6.

⁸ Increased dependence on external financing had already exacerbated the debt levels and vulnerabilities prior to the pandemic. The continent's total debt-to-GDP ratio increased from 42% in 2014 to 60 % in 2019, while the external debt-to-GDP ratio rose spiking from 25.8% to 42.6% over the same period.

In this light, concerted efforts are needed to:

- (i) further explore and promote domestic resource mobilization to finance Africa's sustainable development and climate resilience to ensure local ownership and leadership;
- (ii) increase the role of the private sector in the discussions of restructuring and financing for development and climate resilience;
- (iii) explore inclusive and innovative financing mechanisms, including the proposed African Stability Mechanism, Liquidity and Sustainability Facility and others, to complement existing sources of development finance; and
- (iv) fundamentally rethink and strengthen international, regional and sub-regional partnerships to initiate transformative change in Africa from within the continent by investing in productive and decent job-rich sectors, structural reforms to build resilience to shocks including global pandemics and climate change, unlock the continent's DRM potential and harness its natural resources for the sustainable and responsible use of its current and future generations.

Leveraging on Africa's enormous untapped potential for green and blue economy inspired bonds and financial instruments as well as other innovative financing mechanisms, the Africa Day at the HLPF is a bridge towards Africa's COP in Egypt later this year and constitutes a timely opportunity to discuss and promote concrete actions to scale up innovative financing and partnerships to ensure that no one is left behind as the international community is building forward better from the pandemic.

III. Objectives

Africa Day at the HLPF 2022 will provide a global platform for African Member States to:

- (1) share ARFSD-8 and CoM 2022 key messages and good practices, and opportunities, in particular on scaling up innovative financing and partnerships for Africa's development;
- (2) mobilize greater technical and financial support, including through scaling up innovative finance, and renewed partnerships for accelerated implementation of the two Agendas during the Decade of Action; as well as for the implementation of the Paris Agreement on climate change;
- (3) highlight the role of women and the growing youth population in supporting the inclusive implementation of both Agendas;
- (4) exchange lessons on best practices in the implementation of the 2030 Agenda for Sustainable Development and Agenda 2063 and share country experiences on the VNR process, including successes, challenges and lessons learned; and
- (5) promote new and strengthened partnerships with Africa's development partners to support African Member States to address some of the challenges identified above.

IV. Expected Outcomes

- (1) strengthened dialogue among African policy makers and stakeholders at the continental, regional and national levels, the UN system entities and Africa's development partners on common challenges and successful implementation strategies;
- (2) increased awareness on key areas requiring further efforts to scale up innovative financing, and promote greater equality, inclusion and resilience;
- (3) enhanced sharing of strategies amongst African countries and development partners on addressing and leveraging the challenges presented by the COVID-19 pandemic with a view to building forward better; and
- (4) discussions at the technical level among experts to drive at forward-looking conclusions and policy recommendations on the themes of the event.

V. Key Outputs

A web-based report of the event, including key policy recommendations, will be produced, and disseminated among participants, policy makers and stakeholders.

VI. Format

The event will be held virtually with a high-level opening segment including addresses by the Chair of the ARFSD-8 Bureau (Government of Rwanda), and the President of the 76th Session of the ECOSOC, as well as a keynote address by the AU Commissioner for Economic Development, Trade, Industry and Mining. This will be followed by a high-level interactive segment for sharing experiences and best practices among African Member States and development partners. The event will conclude with a technical panel of experts and interactive Q&A with the audience.

VII. Participants

The virtual Africa Day event held during the 2022 HLPF will be open to all participants, in particular high-level government officials from all UN Member States, as well as representatives from African regional institutions, the UN system, bilateral and multilateral partners, representatives from women and youth groups, civil society, the private sector, academia, African Think Tanks, and the media.

VIII. Co-organizers

The co-organizers of the annual Africa Day at the HLPF are: UN-OSAA, UNECA, AUC, UNDP, and the African Institute for Economic Development and Planning (UN-IDEP).

Annex: African Member States' VNR History

- **2016:** Egypt**, Madagascar*, Morocco*, Sierra Leone**, Togo***, Uganda*
- **2017:** Benin**, Botswana*, Ethiopia*, Kenya*, Nigeria*, Togo***, Zimbabwe*
- **2018:** Benin**, Cabo Verde*, Congo, Egypt**, Guinea, Mali*, Namibia*, Niger**, Senegal*, Sudan*, Togo***
- **2019:** Algeria, Burkina Faso, Cameroon*, Central African Republic, Chad*, Congo*, Côte d'Ivoire*, Eswatini*, Ghana*, Lesotho*, Mauritania, Mauritius, Sierra Leone**, South Africa, Tanzania, Tunisia*
- **2020:** Benin**, Burundi, Comoros, DRC, The Gambia, Kenya, Liberia*, Libya, Malawi*, Morocco*, Mozambique, Niger**, Nigeria, Seychelles, Uganda*, Zambia
- **2021:** Angola, Cabo Verde*, Chad*, Egypt**, Madagascar*, Namibia*, Niger**, Sierra Leone**, Tunisia*, Zimbabwe*
- **2022:** Botswana*, Cameroon*, Cote d'Ivoire*, Djibouti, Equatorial Guinea, Eritrea, Eswatini*, Ethiopia*, Gabon, the Gambia*, Ghana*, Guinea-Bissau, Lesotho*, Liberia*, Malawi*, Mali*, Sao Tome and Principe, Senegal*, Somalia, Sudan*, Togo***

**Presenting for the second time*

***Presenting for the third time*

****Presenting for the fourth time as of HLPF 2022.*