

Harnessing Water and Energy for Africa's Sustainable Industrialization and Inclusive Economic Transformation

Africa Day at the HLPF

Side Event during the 2023 High-level Political Forum on Sustainable Development

Virtual Meeting

Date: Wednesday, 19 July 2023

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

Venue: Virtual (zoom)



United Nations
Office of the Special Adviser
on Africa

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 United Nations Economic Commission for Africa (UNECA) and the United Nations Development Programme (UNDP) launched the first “Africa Day at the HLPF”, as an annual Ministerial event designed to share good practices and lessons learned to overcome challenges facing the 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 UNECA’s Conference of African Ministers of Finance, Planning, and Economic Development (CoM) and the Ministerial Segment of ECOSOC. As such, Africa Day at the HLPF has established itself as the primary forum to connect the dots between regional and global efforts on the implementation of Africa’s sustainable development priorities.

II. Focus of Africa Day at the HLPF 2023

Following a record participation by African Member States in Voluntary National Reviews (VNRs) in 2022, this year’s HLPF edition was again oversubscribed by Member States – albeit with only seven African Member States presenting their VNRs in 2023. Africa Day at the HLPF 2023 will focus on the challenges and opportunities related to ‘harnessing water and energy for Africa’s sustainable industrialization and inclusive economic transformation’ in Africa. It will be targeted not only towards the countries presenting their Voluntary National Reviews (VNRs) in 2023, namely Burkina Faso, Central African Republic, Comoros, Democratic Republic of Congo, Rwanda, Tanzania, and Zambia, but also to a broader African constituency and Africa’s development partners.

The objective is to create a platform for them to exchange views, experiences, and best practices with their peers and other stakeholders ahead of the SDG Summit of September 2023. This will constitute a timely opportunity to redouble efforts and 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. Africa Day at the HLPF 2023 aims to complement the interaction among policymakers with a panel discussion among experts on how to accelerate implementation by leveraging the interlinkages between water, energy, and industrialization and putting the lessons learned to good use.

Besides reviewing SDGs 6 (clean water and sanitation), 7 (affordable and clean energy), 9 (industry, innovation, and infrastructure), 11 (sustainable cities and communities), and 17 (partnerships for the goals), the HLPF 2023 will focus on the theme of “**Accelerating recovery from the coronavirus disease**”

(COVID-19) and the full implementation of 2030 Agenda for Sustainable Development at all levels” with a view to redoubling efforts for a sustainable and resilient recovery from COVID-19 during the SDG Decade of Action 2020-2030. HLPF in July 2023 should be considered a pre-summit meeting as it precedes and sets the stage for the HLPF to be convened at the Heads of State/Government level (SDG Summit 2023) as well as the associated High-level Policy Dialogue on Financing for Development under the auspices of the General Assembly. Similarly, the Africa Day at the HLPF will also take a long-term perspective to feed into the SDG Summit of September 2023.

Moreover, 2023 also marks the completion of the First Ten-Year Implementation Plan of the African Union’s Agenda 2063 providing all stakeholders with a timely opportunity to reflect on lessons learned for strengthening implementation and monitoring of this transformative agenda.

Midway towards 2030, most African countries are struggling and are generally off-track to meet most of the SDG targets. The impacts of the COVID-19 pandemic, the war in Ukraine, climate change, and the growing debt challenges in the region are undermining implementation efforts and threatening to reverse the gains made. Nine African countries are already in debt distress and an additional 13 are at high risk. These debt challenges are severely restricting the fiscal space for African countries to urgently upscale investments in several areas crucial for the delivery of SDGs. For example, 411 million people in Africa still lack basic drinking water service and 779 million lack access to basic sanitation services. Moreover, Africa remains the least electrified region, with 589 million without access to electricity. At the same time climate-induced disasters are increasing and disproportionately affect the continent. Africa lags in industrialization with manufacturing accounting for just 10.5% of African gross domestic product, and raw un-processed commodities still comprising 70% of the region’s exports. Without deliberate policies and investments to accelerate progress, by 2030, at least 492 million people will be left in extreme poverty and at least 350 million people by 2050 will remain below the extreme poverty line.

To address these multiple challenges, the Niamey Declaration¹ adopted at the 9th Africa Regional Forum for Sustainable Development in March 2023, among other key messages, called upon:

“[...] the Economic Commission for Africa, the United Nations system and other partners to continue to support African Member States in the pursuit of resource-based industrialization, including the promotion of a mineral value chain for lithium-ion batteries in Africa;

[...] all African countries to redefine and develop their economic models, integrating the protection of natural resources, including water and land, the promotion of renewable energy and a just transition, the implementation of green and resilient infrastructure that supports sustainable industrialization, and the development of urbanization that enables inclusive growth, while foregrounding a recognition of the value of human capital; and

[...] the entities of the United Nations system, the African Union Commission, the African Development Bank, the African Export-Import Bank, and other partners to continue and to expand their support to scale up and deliver initiatives, such as voluntary national and local reviews, debt-

¹ ECA/RFSD/2023/L.2

for-nature swaps, the regional digital carbon registry, the harmonization of greenhouse gas accounting and reporting protocols, capacity-building in relation to green, blue and sustainable bonds, the great blue wall initiative and the liquidity and sustainability facility, to overcome financing challenges, to bolster positive action in support of the climate and nature and to accelerate significantly the implementation of the 2030 Agenda and Agenda 2063.”

These recommendations will serve as the starting point of the deliberations at Africa Day at the HLPF 2023. In keeping with the co-organizers’ respective strategic priorities, Africa Day at the HLPF 2023 will also have a significant component dedicated to unleashing the full potential of the continent’s women and youth including by focusing on digital transformation as a key enabler for Africa’s inclusive economic transformation. By equipping Africa’s young and dynamic population with the skills that have become highly sought after since the onset of the COVID-19 pandemic, the continent will be able to reposition itself front and center as the international community explores ways to redouble efforts and financing to accelerate implementation during the SDGs Decade of Action.

Africa's major economic challenge is the transition from a resource-dependent to a dynamic, diverse industrial economy. The continent's natural resource wealth should serve as a foundation for inclusive economic transformation. However, supply-side restrictions have been a continuous challenge for African industrial development, including the lack of the required human and institutional capacities, inadequate investment and entrepreneurship, lack of energy and infrastructure and demand constraints due to the low purchasing power and a low aggregate demand from the public sector. This requires developing a suitable and cohesive policy environment. It is also critical to stimulate productivity, promote investment, provide infrastructure, generate skills and upgrade industrial operations, transfer technology, lower business costs, and introduce appropriate standards in order to increase local inputs into production and eventually integrate African manufacturing enterprises into the global value chains.

The Africa Day at the HLPF 2023 is being organized under the theme, **“Harnessing Water and Energy for Africa’s Sustainable Industrialization and Inclusive Economic Transformation”**. Against the backdrop described above, there is an urgent need to increase both the amount and the predictability of finance to ensure 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. To achieve that, Africa needs to revamp its industrialization efforts by capitalizing on its own strengths: Its vibrant human capital and abundant raw materials could constitute the backbone of a new drive for innovative and proactive sustainable industrial policy in Africa by leveraging on the opportunities afforded by the launch of the African Continental Free Trade Area (AfCFTA), which constitutes the largest free trade area since the adoption of the WTO with its combined population of 1.3 billion people and GDP of \$3.4 trillion.² To achieve sustainable industrialization in Africa, renewable energy inputs have a key role to play. To that end, urgent action is also required to mobilize predictable finance flows to ensure Africa’s “Just Transition” to renewable energy. In that context, the event will

² UNCTAD Economic Development in Africa Report (2022).

provide a timely opportunity to share experiences and accelerate actions to build resilience to exogenous shocks, such as those that have recently hit the continent, including the COVID-19 pandemic and the war in Ukraine. Against that backdrop, sustainable industrialization not only provides an economic diversification strategy to boost Africa's resilience against these multiple shocks but also constitutes an excellent strategy to accelerate the joint implementation of the 2030 Agenda and Agenda 2063.

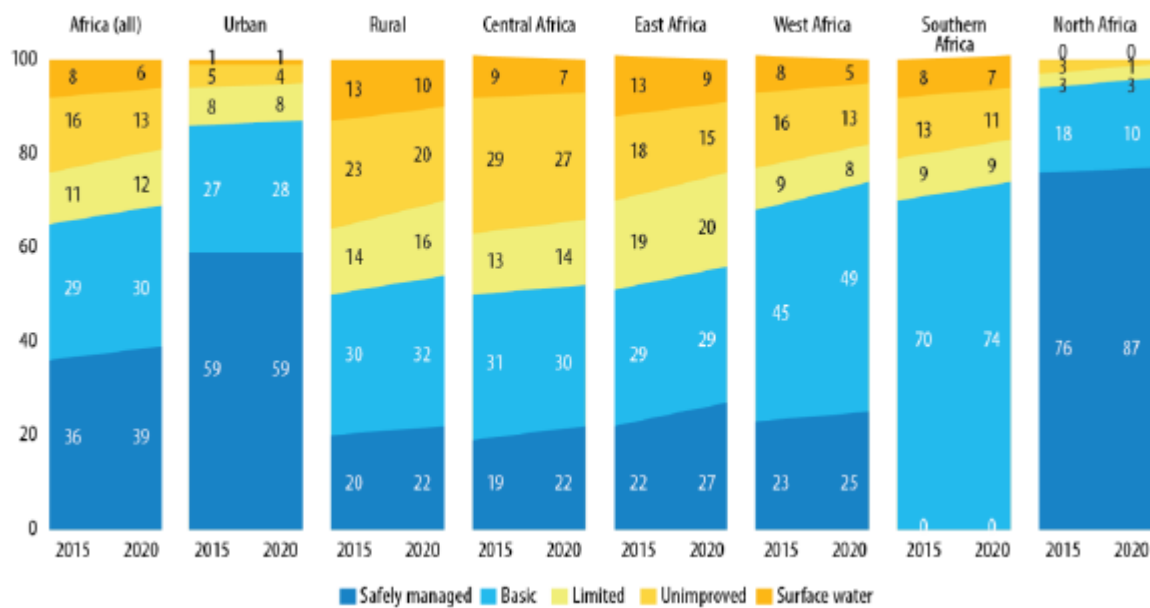
According to the African Union's own analysis, progress toward achieving the water and sanitation targets contained in Goal 1 of Agenda 2063 has been slow. Only 64% of Africans had access to safe drinking water in 2021 (up from 55% in 2013), while only 44% of the continent's citizens were able to use safely managed sanitation services in 2021 (up from 34% in 2013).³

A more detailed breakdown of the progress in water and sanitation targets is captured by Figures 1 a and b below. Figure 1a displays the trends between 2015 and 2020, broken down by the water source type, i.e., safely managed, basic, limited, unimproved and surface water, and by region (urban vs. rural and geographical) within Africa. The chart shows steady progress in all subregions and at all levels that was achieved prior to the COVID-189 pandemic. However, it also shows that the rate of improvement needs to pick up drastically in order to achieve the sustainable development goal of universal coverage by the target date of 2030. Figure 1b replicates the trends in sanitation practices for the same regions and period for sanitation practices. While the database shows some limited improvement over the period under consideration, it is a cause for concern that 208 million people were still practicing open defecation in 2020 – which is a fact that requires more awareness and serious discussion among all stakeholders.

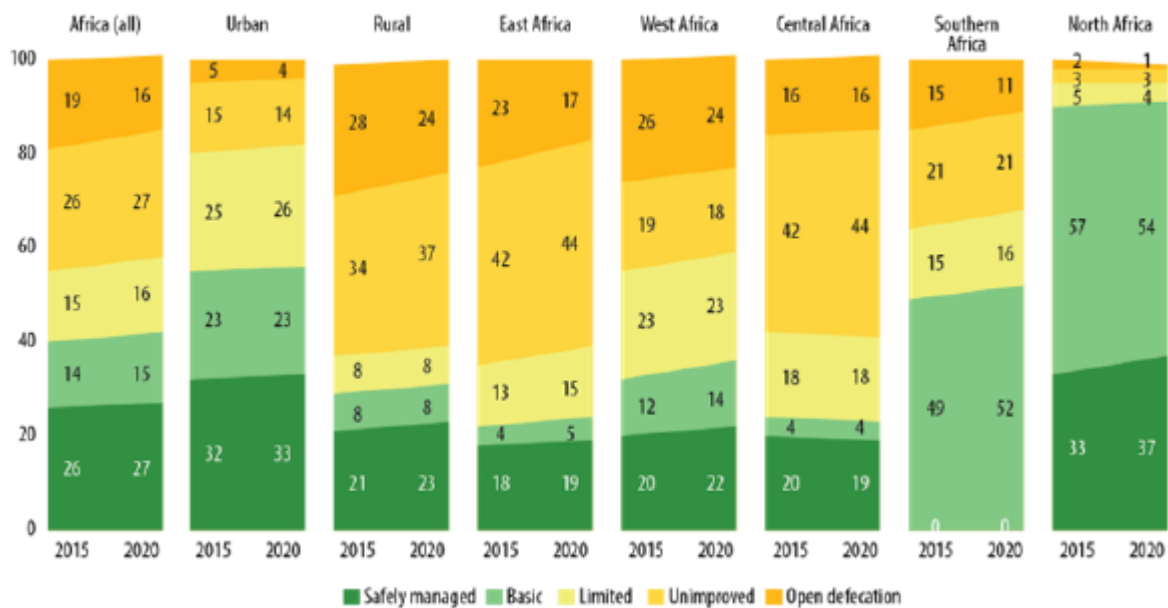
³ Second Continental Report on the Implementation of Agenda 2063, African Union Development Agency (AUDA-NEPAD), February 2022

Figure 1 a and b: Progress in Access to Drinking Water and Sanitation Practices

Trends in access to drinking water, by water source type and population percentage, 2015–2020



Trends in sanitation practices, by practice type and population percentage, 2015–2020



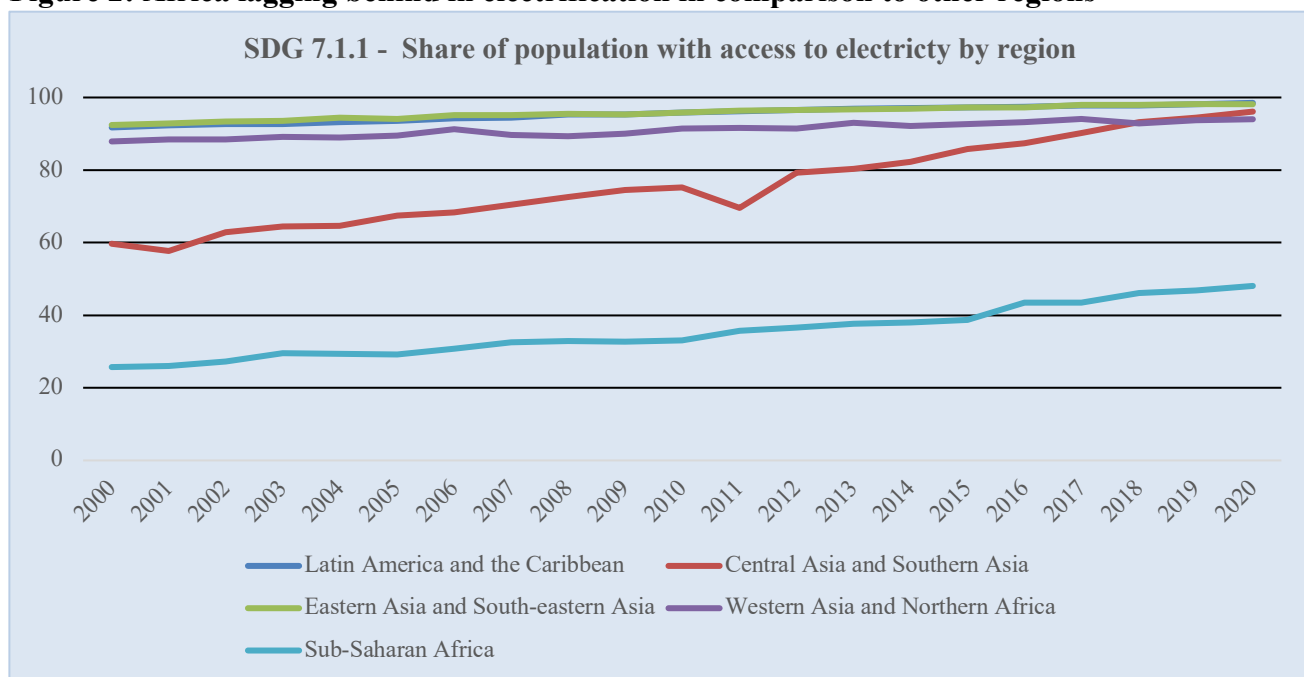
Source: WHO/UNICEF Joint Monitoring Programme for Water Supply, Sanitation and Hygiene, as reported by ECA Background Report for ARFSD-9 on SDG 6, ECA/RFSD/2023/5

The exclusion of populations from clean water and sanitation services can also be viewed through the lens of peace, security, and fragility in Africa. Exclusion in service delivery has the potential to amplify disparities and exacerbate the sense of hopelessness generated by poverty and marginalization. Further, it

may reinforce underlying structural inequalities, with the potential to aggravate grievances and even trigger conflict.

Even though Africa is home to 17% of the world’s population, the continent represents only 3.3% of global primary energy consumption, 1.1% of electricity generation, and 3% of global energy use in industry. As figure 2 below shows, Africa remains the least electrified region among all developing countries. Energy deficits limit Africa’s prospects for industrialization and mechanization of productive sectors including agricultural value chains and reinforce poverty, especially for women and people in rural areas. Indeed, resource-based value-addition to transform raw minerals and fossil fuels into more lucrative end products will require immense energy inputs. Moreover, the current investment and implementation rate for energy access is very slow. Africa currently accounts for just 4% of global power supply investment and even this is concentrated in a handful of countries across the continent. Achieving reliable electricity supply for all would require an almost fourfold increase, to around \$120 billion a year through 2040.⁴

Figure 2: Africa lagging behind in electrification in comparison to other regions



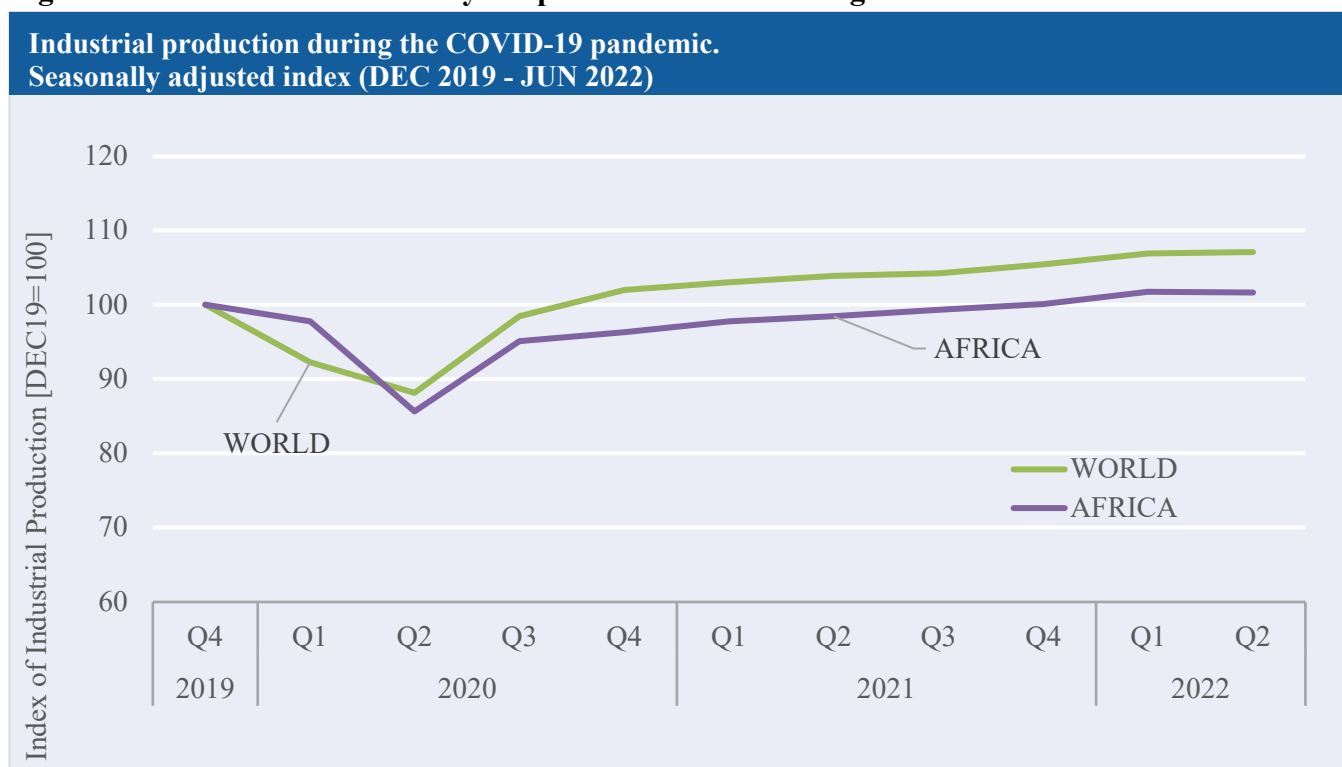
Source: World Bank et al. “Access to electricity”, Tracking SDG 7 database, as reported in ECA Background Report on SDG 7 prepared for ARFSD-9, ECA/RFSD/2023/6.

While addressing energy in Africa, it is critical to consider the nexus of poverty, energy, and climate, anchored in the “African Common Position on Energy Access” and “Just Transition”, in view of Africa’s huge spatial continent, natural resources, available infrastructure, and population. Against this backdrop,

⁴ Achieving Sustainable Development Goal 7 – affordable and clean energy – in Africa – background report prepared for the 9th session of the Africa Regional Forum on Sustainable Development, ECA/RFSD/2023/6.

Africa Day at the HLPF 2023 presents a timely opportunity for African Member States as well as the multilateral system to widely disseminate and boldly advocate for Africa’s position in energy.

Figure 3: Africa was hit harder by the pandemic and took longer to bounce back....



Source: UNIDO Quarterly Index of Industrial Production, as reported by the ECA Background Report on SDG 9 prepared for the ARFSD-9, ECA/RFSD/2023/7.

Inclusive and sustainable industrialization is crucial for the structural transformation of the continent’s economies creating more manufacturing value added and consequently more decent jobs for the continent’s women and youth to fight poverty and inequality by harnessing Africa’s demographic dividend. According to the United Nations Industrial Development Organization (UNIDO), Africa is one of the world’s least industrialized regions: Manufacturing accounts for only 10.5% of African GDP, which is substantially lower than the world average of 16.9% and lower than all other developing regions. In addition, although industrial production at the global level experienced a rapid recovery, reaching its pre-pandemic level by the end of 2020, industrial recovery in African countries has been much slower, reaching its pre-pandemic level only by the end of 2021, as captured by Figure 3 above. Furthermore, 87% of African countries have a comparative advantage in primary commodity exports. This means that there are in fact few economies that are globally competitive in manufacturing with total African trade accounting for merely 3% of global trade⁵.

By contrast, Africa has a rich renewable energy potential, with almost unlimited solar and hydropower, wind, and geothermal energy sources. Furthermore, Africa is home to 7% of the world’s proven natural

⁵ Data based on United Nations Industrial Development Organization, *World Manufacturing Production, Quarter II 2022 Report*; and *International Yearbook of Industrial Statistics 2022* (Vienna, 2022).

gas reserves and 7.2% of the world's proven crude oil reserves with an abundance of critical metals and minerals, which can underpin the continent's industrialization drive by taking advantage of adopting environmentally-sound cutting-edge technologies as a latecomer to the industrialization process. However, the continent has not been able to fulfill its potential for industrialization so far. This makes the focus of Africa Day at the HLPF on how to make the most of these two comparative advantages of the continent, namely water and energy, to leapfrog in industrialization more timely than ever before.

The Africa Day at HLPF will advocate for further capacity building to leverage Africa's potential to leverage innovative financing instruments. These include among others:

- Sustainable debt instruments such as green and blue bonds, using blended finance mechanisms where appropriate
- Debt for SDG investment or Debt for climate investment swaps
- High integrity carbon credit markets to improve domestic resource mobilisation for investment in climate resilience

Moreover, the Africa Day at the HLPF also constitutes a bridge towards CoP 28 in Dubai, UAE 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 2023 will provide a global platform for African Member States to:

- (1) share ARFSD-9 key messages and good practices, and opportunities, in particular on scaling up financing and partnerships for Africa's sustainable industrialization and inclusive economic transformation;
- (2) initiate an in-depth discussion on the interlinkages between clean water and sanitation, integrated water resources management and clean and affordable energy in Africa and how these could be leveraged to speed up Africa's sustainable industrialization and inclusive economic transformation;
- (3) in the lead-up to the SDG Summit of September 2023, mobilize greater technical and financial support, including through scaling up innovative finance, and renewed partnerships for accelerated implementation of the two Agendas; as well as for the implementation of the Paris Agreement on climate change in light of the outcomes of the CoP 27 (Sharm el Sheikh) and in anticipation of the CoP 28 later this year;
- (4) highlight the role of women and the growing youth population in supporting the inclusive implementation of both Agendas;
- (5) 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

- (6) 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) Increased awareness and uptake of the outcomes of the ARFSD-9
- (2) strengthened dialogue among African policymakers 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;
- (3) increased awareness on key areas requiring further efforts to scale up financing for sanitation, clean water, and energy in Africa, and promote greater equality, inclusion, and resilience to underpin Africa’s industrialization drive;
- (4) 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
- (5) 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, policymakers and stakeholders.

VI. Format

The event will be held in a virtual format with a high-level opening segment including welcoming addresses by the Chair of the ARFSD-9 Bureau (Government of Niger), and the 78th President of 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 presenting their VNRs with participation at the Ministers and/or Heads of Delegations level from Burkina Faso, Central African Republic, Comoros, Democratic Republic of Congo, Rwanda, Tanzania and Zambia and their development partners. The event will conclude with a technical panel of experts and interactive Q&A with the audience.

VII. Participants

This virtual Africa Day event at 2023 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).