

**Economic Commission for Africa
Africa Regional Forum on Sustainable Development
Ninth session**

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Item 7(e) of the provisional agenda*

Parallel meetings for an in-depth review of progress made and peer learning on the sub-themes of the Regional Forum: parallel meeting on the sub-theme of partnerships**Accelerating innovative multi-stakeholder partnerships to advance solutions for an inclusive and green recovery, the Sustainable Development Goals, and Agenda 2063: The Africa We Want, of the African Union****I. Background**

1. The combination of the coronavirus disease (COVID-19) pandemic, the impact of climate change and the war in Ukraine has presented Africa with an opportunity to rethink, re-evaluate and redesign the ways in which inclusive and sustainable development and prosperity are pursued while ensuring green growth. There has been a call to transform the socioeconomic and governance systems to align the development model with the outcome document of the United Nations Conference on Sustainable Development, entitled “The future we want”, and to improve human well-being. There has been also a call to promote harmony between human development and nature.¹

2. It is crucial to revitalize international cooperation and partnerships and establish global, local and national institutions to deal sustainably with universal risks relating to data, trade facilitation, technology innovation and transfer, the closing of the digital divide, capacity-building, sustainable finance, debt management and crisis preparedness.

3. The key strategy is to prioritize predictable financing for African countries through domestic resource mobilization. This will help to mitigate the four shocks that countries have faced: the COVID-19 pandemic, climate change, the war in Ukraine and the long-term risk of reduced official development assistance (ODA).

4. Africa needs to boost its recovery and green growth by accelerating its implementation of the Agreement Establishing the African Continental Free Trade Area, thereby creating much-needed stimulus and driving the region’s inclusive and green long-term transformation. For trade to thrive, however, investment in critical sectors and a concerted effort by policymakers are necessary.

* ECA/RFSD/2023/1.

¹ United Nations Environment Management Group, *An Inclusive Green Recovery: An Essential Post-COVID-19 Paradigm Shift to Recover Better*, (New York, 2021).



5. Science and frontier technologies, including artificial intelligence, robotics and biotechnology, have shown tremendous potential to contribute to a green and inclusive sustainable recovery and development.² The time has come for African countries to harness the technological revolution that is presently underway to reduce the gaps that are holding back truly inclusive and sustainable development.

6. The availability of data on the Sustainable Development Goals in Africa has improved in recent years, with the number of indicators for which no data were available for African countries having declined from 79 to 52 between 2020 and 2021. The number of indicators with at least two data points for 40 per cent of African countries increased from 86 in 2020 to 124 in 2021. Nevertheless, substantial additional investment in African data systems is required.

7. Many African countries have demonstrated enhanced capacity for economic management and public policy governance in general. Most, however, have not reached the capacity levels needed to promote inclusive, green growth and accelerate the attainment of the 2030 Agenda for Sustainable Development and Agenda 2063: The Africa We Want, of the African Union. Investment in and support for regional capacity-building institutions are far below the levels expected.

8. The present paper is organized into five sections. Following the background information in section I, section II is a presentation of the key trends and progress in the main means of implementation (finance, trade, technology, data and statistics, and capacity-building). The focus of section III is on gaps, constraints and emerging issues. In section IV, opportunities and transformative actions, partnerships and other measures that can accelerate the implementation of the Goals and Agenda 2063 are examined. Several key messages for policymakers and other key stakeholders are presented in section V.

II. Key trends and progress in implementation

A. Finance

9. Unprecedented shutdowns and disruptions to manufacturing and trade around the world due to the COVID-19 pandemic caused real gross domestic product (GDP) in Africa to fall to 2.2 per cent in 2020. Although growth recovered to 3.8 per cent in 2021, projections for the next few years remain well below the 6 per cent level needed for the continent to return to its pre-pandemic growth trajectory.³ Furthermore, according to the International Monetary Fund, Africa would require additional financing of \$285 billion between 2021 and 2025 to meet the spending needs in response to COVID-19.⁴

10. Africa has long been financing its development predominantly from its domestic resources. As shown in the table, domestic resources (public revenues and private savings) have often accounted for more than four times as much as foreign direct investment, ODA, remittances and portfolio flows to the continent.

² See *Technology and Innovation Report 2021: Catching Technological Waves – Innovation With Equity* (United Nations publication, 2021).

³ *World Economic Situation and Prospects Report 2022* (United Nations publication, 2022).

⁴ See United Nations, *Financing for Development in the Era of COVID-19: The Primacy of Domestic Resources Mobilization*, which includes more detailed scenario analyses based on forecasts by the International Monetary Fund.

Table

Sources of financing for development in Africa, 2014–2018

(Billions of United States dollars)

	2014	2015	2016	2017	2018
Public revenues, excluding grants	524.7	438.2	394.2	425.9	483.6
Private savings	507.0	419.6	408.2	415.6	427.8
Inward foreign direct investment	53.9	56.9	46.5	41.4	45.9
Portfolio investments	30.4	22.2	6.2	57.1	36.5
Remittances	71.8	71.4	57.6	77.6	84.2
Official development assistance (net total)	54.1	50.1	50.4	53.8	55.3
Total foreign inflows	210.1	200.5	170.5	229.8	221.8

Source: African Union Commission and Organisation for Economic Co-operation and Development (2021), *Africa's Development Dynamics 2021: Digital Transformation for Quality Jobs*, Addis Ababa and Paris.

11. Africa still lags behind other regions in terms of domestic revenue generation as a proportion of GDP. Domestic revenue generation by sub-Saharan African countries declined from 16.5 per cent of GDP in 2019 to 15.0 per cent in 2020, before rebounding to 16.4 per cent in 2021. Tax collection capacity varies greatly from one African country to another (34.3 per cent of GDP in Seychelles and Tunisia versus 6 per cent in Nigeria). North Africa has the highest average tax collection-to-GDP ratio (22.7 per cent) and Central Africa the lowest (slightly above 10 per cent). Capacity-building is therefore needed to improve tax collection so that resources can be raised for investment in infrastructure, health and education to secure the medium-to long-term social and economic prospects of the continent's young and growing population.⁵ Furthermore, the average proportion of African government budgets financed by domestic taxes fell significantly, to 55.8 per cent in 2020, from 62.8 per cent in 2015.⁶ Furthermore, Africa loses about \$89 billion per annum (6 per cent of GDP) to illicit financial outflows⁷ that drain domestic resources. African countries must therefore make strong strides to boost the proportion of their budgets funded by domestic revenue to achieve the 75 per cent annual target needed to finance the implementation of Agenda 2063.⁸

12. According to the Organisation for Economic Co-operation and Development (OECD), net ODA to Africa was \$177.6 billion in 2021, up 3.3 per cent in real terms from the figure for 2020. Bilateral ODA to African countries by members of the Development Assistance Committee of OECD increased in real terms by 3.4 per cent to \$35 billion, mostly owing to support for COVID-19 vaccination programmes and in-donor refugee costs. While important, these should not come at the expense of cross-border ODA flows. Furthermore, FDI flows to Africa (\$83 billion in 2021) continue to lag behind flows to other regions, such as Asia (\$690 billion) and Latin America and the Caribbean (\$134 billion).⁹

13. As at 30 September 2022, of the 70 countries worldwide present in or at risk of debt distress, 39 were in Africa (8 in debt distress, 14 at high risk and 17 at

⁵ Ibid.

⁶ United Nations, "17.1.2", SDG Indicators Database. Available at <https://unstats.un.org/sdgs/dataportal/database> (accessed on 2 December 2022).

⁷ *Tackling Illicit Financial Flows for Sustainable Development in Africa* (United Nations publication, 2020).

⁸ African Union, African Development Bank, United Nations Development Programme and Economic Commission for Africa, *2022 Africa Sustainable Development Report* (forthcoming).

⁹ World Investment Report 2022: *International Tax Reforms and Sustainable Investment* (United Nations publication, 2022).

moderate risk).¹⁰ Debt servicing siphons off scarce financial resources from critical infrastructure projects and sustainable development. Debt servicing in sub-Saharan Africa increased from 27.9 per cent of exports of goods and services in 2019 to 32.8 per cent in 2020, before dropping to 29.5 per cent in 2021.¹¹ Furthermore, support from the international community has been skewed towards short-term liquidity relief measures at the expense of sustainable medium- to long-term solutions.¹²

14. Africa still invests little in environmentally sound technologies compared with other regions, such as Latin America and the Caribbean. Between 2015 and 2020, such investment declined from \$8.71 billion to \$6.05 billion.¹³

B. Technology and innovation

15. The ongoing technological and digital revolution is transforming economies and driving innovation and productivity across all sectors. Such frontier technologies as artificial intelligence, machine learning, cloud computing, robotics, 3D printing, biotechnology and nanotechnology have already brought enormous benefits through the accelerated development of COVID-19 vaccines.¹⁴ Indeed, the pandemic has accelerated the speed and effectiveness of technological adoption, innovation, policy and regulation. Building on this momentum, Governments can play a key role by putting in place policies to enable and disseminate technological innovations that promote social, economic and environmental sustainability. This momentum should be harnessed to close gaps in critical areas, including in research and development, human capacity and infrastructure. Bridging the skills deficiency gap in science, technology and innovation is vital to unlocking the potential of Africa and accelerating its economic growth and prosperity.

16. Financial technologies continue to provide access to digital financial services for unbanked people, thus supporting the achievement of the Goals. Investment in financial technologies that foster financial inclusion in Africa (such as mobile money financial services) is projected to reach \$4 billion by the end of 2022.¹⁵

17. More than 30 health technology firms provide affordable health-care services in Africa, including in Cameroon, Egypt, Ethiopia, Ghana, Kenya, Nigeria, South Africa, the United Republic of Tanzania and Uganda.¹⁶

18. Capacity-building initiatives enhance science on climate change by addressing skills gaps. The Partnership for Skills in Applied Sciences, Engineering and Technology, for instance, has made climate change a priority theme to support

¹⁰ See the list of debt-sustainability analyses of low-income countries eligible for Poverty Reduction and Growth Trust of the International Monetary Fund as at 30 September 2022, available at www.imf.org/external/Pubs/ft/dsa/DSAlist.pdf (accessed on 2 December 2022).

¹¹ International Monetary Fund (2022) World Economic Outlook Database (April 2022).

¹² See United Nations, “Strengthening partnerships for domestic resource mobilization”, in Financing for Development.

in the Era of COVID-19: The Primacy of Domestic Resource Mobilization, in which it is argued that partnerships need to be rethought and revitalized from the ground up to underpin the debt sustainability of Africa.

¹³ United Nations (2022). SDG 5 Report. United Nations Statistics Division. United Nations. Available at <https://unstats.un.org/sdgs/report/2022/Goal-05/>.

¹⁴ Sudipto Paul, “What is 3D printing? Streamline prototyping and production”, 28 January 2022.

¹⁵ Kingsley Ighobor, “Fintech, other knowledge-intensive services could drive Africa’s prosperity, boost inclusion”, 8 August 2022.

¹⁶ StartupList Africa, “HealthTech Startups in Africa”. Available at <https://startuplist.africa/industry/healthtech> (accessed on 2 December 2022).

transformative green technologies through graduate programmes with contributions from the Regional Scholarship and Innovation Fund,¹⁷ and collaboration on research and teaching has taken place at the African Centres of Excellence,¹⁸ in conjunction with development partners.

C. Trade

19. The African Continental Free Trade Area should diversify African trade and reduce the continent's dependence on other regions for critical goods. This should generate large returns for African economies.

20. Currently, the economy of Africa is half as diversified as the economies of other regions. African exports are highly concentrated in raw materials, with low export levels along critical value chains. Diversification of African exports moved only 5 per cent closer to global trade diversification levels between 2000 and 2021.¹⁹ Gains from successful implementation of the Agreement Establishing the African Continental Free Trade Area will help to reduce inequality and poverty in Africa.

21. The Agreement will also address long-standing issues surrounding gender disparities. The Economic Commission for Africa (ECA) has sought to further study the impact of the Agreement on gender issues.

22. The Agreement can reduce emissions by increasing the availability and affordability of environmental goods, services and technologies. The vast resources of Africa could help with this transition, since the continent hosts more than 40 per cent of global reserves of cobalt, manganese and platinum, key minerals needed for batteries and hydrogen fuel technologies. ECA, through the African Trade Policy Centre, together with the secretariat of the African Continental Free Trade Area and Global Affairs Canada, is undertaking a strategic environmental assessment of the Area to study its environmental implications.

D. Data and statistics

23. Over the past decade, national, regional and international data systems and official statistics have been at the centre of debates among Heads of State and Government, including at the General Assembly and the high-level political forum on sustainable development, to document progress towards realizing the common development agenda.

24. African statistical systems have remained robust to address ongoing initiatives and the development and harmonization of statistics in Africa. The African Charter on Statistics and the second Strategy for the Harmonization of Statistics in Africa are key frameworks that underpin efforts to strengthen the capacity of national statistical systems in Africa. The frameworks, together with the United Nations Fundamental Principles of Official Statistics and the Cape Town Global Action Plan for Sustainable Development Data, create an enabling environment for the enactment of national statistical laws and national strategies for the development of statistics.

25. By August 2022, a total of 22 African countries had conducted population and housing censuses within the 2020 round – albeit with increased costs – with

¹⁷ Scovian Lillian, “Climate-smart solutions can drive green growth in Africa”, 4 July 2022.

¹⁸ Eastern and Southern Africa Higher Education Centers of Excellence Project. Available at <https://ace2.iucea.org/> (accessed on 2 December 2022).

¹⁹ United Nations Conference on Trade and Development, “Merchandise: Product concentration and diversification indices of exports and imports, annual: exports”, UNCTADstat.

several countries having experienced implementation difficulties owing to the impact of the COVID-19 pandemic.

26. The availability and accessibility of data and statistical information on green growth, the digital economy and human rights are less than adequate when it comes to supporting better-informed decision-making processes.

E. Capacity development

27. Although some African countries have made significant progress during the past decade, individual, organizational and institutional capacity limitations in various domains continue to prevent African countries from achieving the two development agendas. Capacity-building and political will at all levels are critical. Cross-cutting components of policy choices and implementation frameworks are key enablers of the means to achieve the Goals. In this process, North-South, South-South and triangular cooperation frameworks are being used to build and share knowledge, expertise, technology and financial resources (target 17.16 of the Goals), as well as to foster public-private and civil society partnerships (target 17.17).

28. The COVID-19 pandemic shifted capacity development activities online, allowing for efficiency gains, but there are still technical challenges with online engagement across time zones. Nevertheless, digital delivery services promoted by the training centre of the Economic Commission for Africa, the African Institute for Economic Development and Planning, and the African Union Commission and its partners have broadened the reach of capacity-building services. The number of women participating in online training sessions has also been higher than in traditional, in-person sessions. These institutions have trained more than 3,000 people (including 861 women) from 45 countries on macroeconomic development and planning, regional integration, social development, and integrated natural resource management, with an emphasis on women and young people.

III. Challenges, constraints and emerging issues

1. Finance

29. The external debt-to-GDP ratio of African countries more than doubled, from 21 per cent in 2010 to 45 per cent in 2020, predominantly owing to the pandemic, while total external debt servicing also increased significantly, from 3.5 per cent to 6.3 per cent (see figure I). With shrinking fiscal space and being caught up in a trade-off between addressing the still unfolding effects of the COVID-19 pandemic and servicing their existing debt, many African countries had to divert vital resources away from the financing of measures to achieve the Goals.

Figure I
Growing debt of sub-Saharan Africa
 (Percentage of GDP)

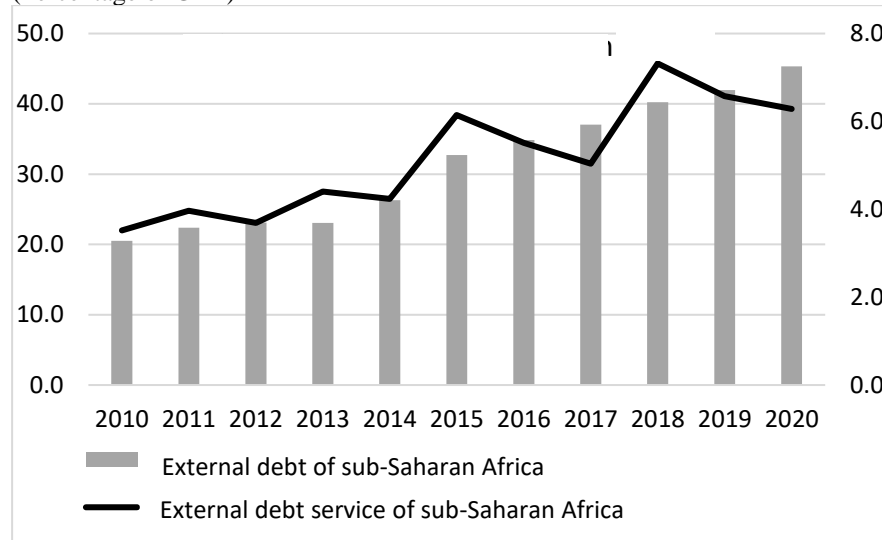
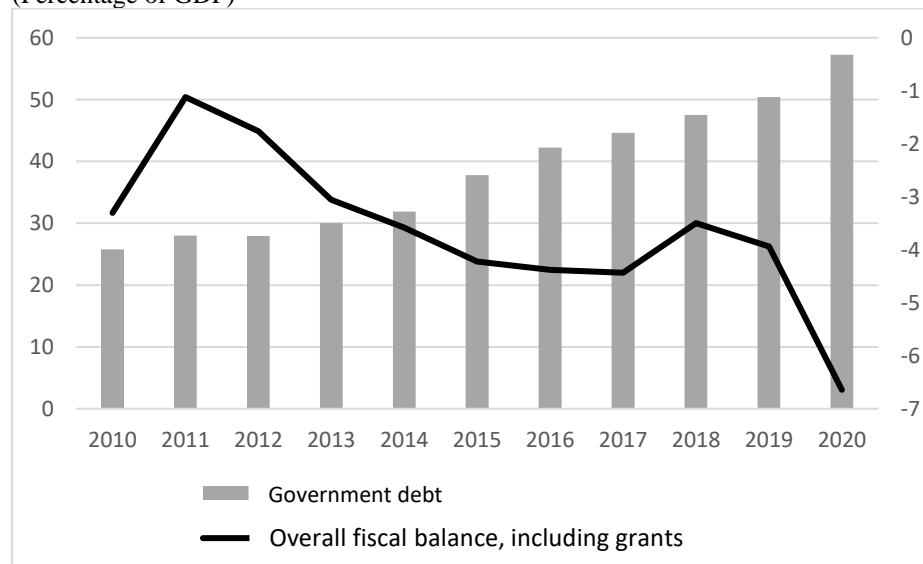


Figure II
Shrinking fiscal space in Africa
 (Percentage of GDP)



Source: Calculations by staff of the Office of the Special Adviser on Africa, based on International Monetary Fund, World Economic Outlook database, October 2021, as reported in United Nations, *Financing for Development in the Era of COVID-19: The Primacy of Domestic Resources Mobilization*, 2022.

30. As many Governments faced increasing health-care costs and had to borrow to meet their financing needs, they are now in serious danger of failing to meet their debt service obligations, which could have cascading effects on African economies, including through sovereign credit downgrades, currency depreciation and devaluation pressures, and strained foreign exchange reserves. These factors will constrain access to international finance on equitable terms at a time when it is needed the most. In the face of debt vulnerability attributable to the four shocks mentioned above, the global financial governance architecture has failed to alleviate the situation.

31. The creditor base of Africa continues to shift away from traditional multilateral institutions and lenders from the Paris Club of Industrial Country Creditors towards commercial, private and non-Paris Club creditors. It is also

shifting from external to domestic sources.²⁰ Furthermore, a proliferation of new and complex debt instruments and a growing share of non-concessional financing in public debt portfolios is complicating debt management, resulting in an increasing share of debt service payments to private creditors and a declining share of concessional financing.²¹ The increasing use of non-concessional loans at higher market interest rates is driving up the cost of debt servicing at shorter maturities, thereby exposing countries to higher refinancing, exchange rate and rollover risks in the revaluation of their debt.

32. Despite the establishment of the Debt Service Suspension Initiative and the Common Framework for debt treatments beyond the Initiative, both of which were designed for countries faced with unsustainable debt, not all eligible countries use the facilities for several reasons: countries fear being penalized by capital markets, the focus of the measures is on low-income countries rather than vulnerable lower-middle-income countries, there is the potential for credit rating agencies to downgrade countries' ratings (as occurred, for example, to Ghana and Nigeria), and the initiatives are not aligned with the implementation of the Sustainable Development Goals or the Paris Agreement.²²

33. The underrepresentation of Africa in international financial and decision-making institutions, including the Group of 20, contributes to the ingrained inequality of the special drawing rights quota system, as poignantly reflected in the inadequate allocation received by Africa in the recent allocation of special drawing rights worth \$650 billion to respond to the four crises.²³ A permanent seat for the African Union in the Group of 20 would be justified, in the same way that the European Union and the OECD are represented. This would bring the voice of more than one billion people into the processes of the Group.

34. Access to finance for African countries is inhibited by their higher borrowing costs and other less favourable terms than those faced by other countries with similar risk profiles. This so-called "Africa premium" is attributable to unfavourable ratings by the three leading international credit rating agencies, which have so far rated only 31 African countries. Although deficiencies in the methodologies, operations and regulation of credit rating agencies have been criticized, financial market regulators continue to require countries to have a credit rating from at least one of the three leading agencies to borrow from capital markets. There is a strong case to be made for rethinking the business model of these agencies regarding their ratings for African economies.²⁴

2. Technology and innovation

35. The combination of low innovation in research and development, inadequate supporting infrastructure such as Internet connectivity and power, skills shortages, and an inadequate enabling environment in terms of policy and regulation in most countries in Africa, has had a negative impact on the adoption of technology and innovation. This is compounded by emerging debt distress, increased need for capacity to effectively regulate emerging technologies, low

²⁰ African Development Bank, *African Economic Outlook 2021: From Debt Resolution to Growth: The Road Ahead for Africa* (Abidjan, Côte d'Ivoire, 2021).

²¹ World Bank, *International Debt Statistics 2022* (Washington, D.C., 2022).

²² Mma Ekeruche, "Africa's rising debt and the emergence of new creditors: a review of trends, challenges and prospects (2000–2021), African Debt Series, Vol. 2.

²³ For a detailed analysis of the recent allocation of special drawing rights by the Board of Governors of the International Monetary Fund, refer to box 6 in United Nations, *Financing for Development in the Era of COVID-19: The Primacy of Domestic Resources Mobilization*, 2022.

²⁴ Misheck Mutize M and McBride Nkhalamba, "International credit rating agencies in Africa: perceptions, trends and challenges", *International Journal of Sustainable Economy*, vol. 13, No. 1 (2021). For a detailed analysis of the role of the credit rating agencies in debt sustainability in Africa, please refer to Liwaaddine Fliss, "Eurobonds: debt sustainability in Africa and credit rating agencies", Policy Paper (Office of the Special Adviser on Africa, 2022).

digital literacy levels, and the impact of the war in Ukraine on supply chains and energy prices. Limited financing, a shortage of reliable data and statistics, low levels of inclusion and digitalization, and inadequate policies and awareness adversely affect sustainable recovery and development.

36. Agriculture has been slow to adopt new technologies, from improved seeds to mechanization for smallholders, who make up 80 per cent of farmers in sub-Saharan Africa. This slow adoption of technology is partly due to an underdeveloped private sector and the failure of market systems to bring new technologies swiftly to end users.

37. Lastly, there is limited allocation of the necessary resources, which include the financial and logistical resources needed at all levels of administration to develop and implement disaster-risk-reduction strategies, along with policies, plans, laws and regulations in all relevant sectors, including food security, health care, financial services and industry.

3. Data and statistics

38. Although Africa is producing increased quantities of data on the Sustainable Development Goals, data are still lacking for 52 indicators. The COVID-19 pandemic revealed that African statistical systems are fragile because of weak institutional set-ups, poor infrastructure and weak capacity to apply in a timely manner the solutions that are critically needed by decision makers. ECA supports efforts to strengthen collaboration among relevant stakeholders to address data and statistics issues in African statistical systems.

39. Statistical capacity-building in all areas, including the collection, analysis, disaggregation and dissemination of data, is essential for the monitoring and tracking processes involved in reporting on progress in national development plans, the 2030 Agenda and Agenda 2063.

40. Domestic financial resource mobilization for data and statistics on the continent is still low and was worsened by the severe impact of COVID-19 on government revenue in Africa at a time when national economies contracted. To mobilize the necessary resources, coordinated support from pan-African institutions and partners is critical.

4. Trade

41. Since the pandemic, the war in Ukraine has reduced the ability of Africa to secure critical supplies of food, since 15 African countries imported more than half of their wheat from the Russian Federation and Ukraine in 2021.²⁵ This dependence, coupled with increased international competition for critical goods and supply-chain disruptions, have stoked food price inflation across the continent. The financial capacity of African countries to insulate themselves from the growing macroeconomic crisis is also limited, with higher debt levels and depreciated currencies narrowing their fiscal space.

42. From a digital perspective, Africa suffers from a shortage of the infrastructure needed to conduct digital trade. A conducive regulatory framework for digital trade is important.

43. Preliminary results from a sample of 28 African countries show that, overall, restrictions on trade in digital services are relatively moderate in Africa, but they are still stronger than in the OECD countries and other regions for which similar information is available (i.e. Asia-Pacific and Latin America and the Caribbean).

²⁵ Data from UNCTAD Stat. Available at: https://unctad.org/system/files/official-document/osginf2022d1_en.pdf.

5. Capacity-building

44. Inadequate investment in capacity-development activities and in technical support at the local, sectoral, and national levels remains a major constraint on the effectiveness of measures to develop capacities to help to achieve the 2030 Agenda and Agenda 2063. The continent is not yet home to a critical mass of skilled and empowered individuals, institutions, think tanks and civil society organizations, which are central if they are to achieve the two agendas. Furthermore, fragmented capacity-building initiatives, the lack of assessment of the needs for effective capacity-building, the lack of country diagnostics to inform the design of capacity development programmes, and inadequate monitoring and evaluation of capacity development activities limit the effectiveness of capacity development.

IV. Transformative actions, partnerships and ambition needed

1. Finance

45. The integrated national financing framework initiative helps countries to map funding sources to the national priorities expressed in their national development plans and reflected in their budgets, by identifying affordable sources of funding for their sustainable development needs.²⁶ At least 40 African countries have volunteered to join the initiative, with 22 countries already developing integrated financing strategies and reforms associated with budgeting, taxation, public debt, investment, development cooperation, private sector development, diaspora investment and remittances.

46. Measures to address the underrepresentation of African countries in the international financial and decision-making architecture are long overdue. For instance, allocating a permanent seat in the Group of 20 to the African Union, akin to those already allocated to the European Union, OECD and other multilateral organizations, would be a step in the right direction.

47. Africa needs further adjustments to its international tax administration arrangements, based on the principle that taxes should be paid where value is created rather than where the taxpayer is domiciled. Greater commitment is needed to adopt and implement the global minimum taxation rules, such as through the operationalization of the United Nations model tax convention.

48. Initiatives to facilitate the return of assets lost through corruption and money-laundering have had limited success so far. The global financial governance architecture must provide for measures to curb illicit financial flows (including those lost through tax and commercial channels) and return assets to boost domestic resource mobilization to finance sustainable development.

49. The institutional set-up in Africa is promising, but there are areas for improvement.²⁷ A consortium of organizations tackling illicit financial flows was formed to coordinate African and international efforts to stop illicit financial flows and recover lost assets. The consortium incorporated the recommendations contained in the report of the High-level Panel on Illicit Financial Flows from Africa. In a recent report on economic governance,²⁸ ECA proposed 14 institutional tools to prevent excessive tax avoidance, many of which are not in

²⁶ United Nations, Department of Economic and Social Affairs, “Integrated National Financing Frameworks”. Available at www.un.org/development/desa/financing/what-we-do/other/integrated-national-financing-frameworks (accessed on 2 December 2022).

²⁷ United Nations, Economic Commission for Africa, “African institutional architecture to address illicit financial flows”, ECA Policy Brief, No. ECA/22/024, 2022.

²⁸ United Nations, Economic Commission for Africa, *Economic Governance Report I: Institutional Architecture to Address Illicit Financial Flows*, (Addis Ababa, 2021).

place in most African countries. A recent policy paper by the Office of the Special Adviser on Africa systemically examines ways in which illicit financial flows arising from taxation and illegal commercial practices can be tackled and provides policy recommendations that are tailored to each stakeholder group.²⁹

50. Although Africa makes only a marginal contribution to global carbon emissions (less than 4 per cent), it suffers disproportionately from the effects of climate change and faces problems in accessing financing for climate change mitigation and adaptation.³⁰ There is an urgent need to streamline modalities to access climate and sustainability finance (in the form of bonds) to provide more African countries access to affordable financing for longer-term development needs, including the building of smart infrastructure, job creation and productive transformation.

2. Technology and innovation

51. Partnerships established through innovative public procurement or public-private partnerships will provide the investment, risk-sharing and expertise needed for transformative interventions. Early dialogue will also help to maximize the longer-term economic, social and environmental impact of digitalization to bring about a greener recovery and sustainability.

52. Other pertinent areas of partnership for technology and innovation include finance, health care, agriculture, infrastructure, education and research. Robust monitoring, evaluation and learning are needed to track progress across all aspects of technology and innovation action.

53. Measuring and evaluating the impact of recovery policies on environmental, social and human rights over time is crucial, and a set of indicators covering a broad array of critical environmental dimensions for all sectors of the economy is proposed for this purpose.³¹

3. Data and statistics

54. Pan-African organizations such as the African Development Bank and the African Union Commission, together with the Partnership in Statistics for Development in the 21st Century and the Economic and Statistical Observatory for Sub-Saharan Africa (AFRISTAT), have continuously supported the design, implementation and evaluation of national strategies for the development of statistics at the country level. Bilateral and multilateral partners have also supported the formulation of national strategies for the development of statistics in various countries.

55. AFRISTAT has continued to provide technical support for the harmonization of statistical production methods with the aim of ensuring full comparability of data across its member States. AFRISTAT has revitalized its partnerships, in particular with Expertise France on the digital economy and with the Food and Agricultural Organization of the United Nations on specific indicators.

56. The 2022 edition of African Statistics Day was held on 18 November 2022 under the theme “Strengthening data systems by modernizing the production and use of agricultural statistics: informing policies with a view to improving resilience in agriculture, nutrition, and food security in Africa”. To strengthen the

²⁹ *Tackling Illicit Financial Flows*.

³⁰ United Nations Environment Programme, “Responding to climate change”. Available at www.unep.org/regions/africa/regional-initiatives/responding-climate-change (accessed on 2 December 2022).

³¹ OECD, “Making the green recovery work for jobs, income and growth”, Policy Brief, 6 October 2020.

capacity of African statistical systems, new technologies must be adopted to transform and modernize the data and statistical systems.

57. The Statistical Commission for Africa, at its eighth meeting, in October 2022, endorsed the principles and priorities proposed in the draft road map on the transformation and modernization of official statistics in Africa and called upon all stakeholders to support its implementation.

58. In the outcome document of the tenth meeting of the Forum on African Statistical Development, held on 23 October 2022 under the theme “Strengthening and coordinating efforts and support to accelerate the transformation and modernization of national statistical systems in Africa”, Governments, pan-African institutions, and partners were urged to strengthen their collaboration and to enhance coordination through a platform that maps and shares information on technical assistance provided to African countries.

4. Trade

59. Africa must harness its ability to collect data, especially disaggregated data, on the gender-specific and other goals of trade agreements and policies to assess their impact. ECA is utilizing the statistical framework of the United Nations Conference on Trade and Development for measuring trade and gender to strengthen the capacity of African countries to collect, analyse and disseminate official gender-disaggregated trade statistics, which are critical in enabling countries to formulate, implement and monitor trade policies to overcome gender disparities.

60. ECA, through the African Trade Policy Centre, is partnering with the African Union Commission and the African Export-Import Bank to develop a methodology for collecting data on informal cross-border trade. The partners have established a task force composed of representatives of regional economic communities, national statistical offices and other institutions to provide technical assistance and political guidance in developing the methodology.

61. So far, 24 States parties to the Agreement Establishing the African Continental Free Trade Area and regional economic communities – with a few more anticipated to join them by the end of 2022 – have designed national and regional strategies to implement the Agreement, including applying the methodology developed by ECA for mainstreaming gender considerations. To incorporate the ECA framework into national strategies, the African Trade Policy Centre has worked closely with States parties to the Agreement and has been able to effectively coordinate with ministries responsible for trade, gender and small and medium-sized enterprises. As a result, a focus on women, young people, persons with disabilities, and small-scale cross-border traders has been incorporated into the strategic objectives of many strategies. The African Trade Policy Centre, in partnership with the secretariat of the African Continental Free Trade Area, the United Nations Development Programme, the International Trade Centre and the Youth Alliance for Leadership and Development in Africa, also engages in capacity-building initiatives to ensure that gender and youth aspects are considered in implementation decisions.

5. Capacity-building

62. With less than 10 years remaining for countries to deliver on the 2030 Agenda for Sustainable Development, the time has come for them to capitalize on the lessons learned and to become more ambitious about capacity-building. Available indicators of capacity development towards the implementation of the 2030 Agenda and Agenda 2063 show that it is urgent to promote partnership, scale up investment and promote an innovative approach to capacity development interventions.

63. Capacity development to support the two agendas is cross-cutting in nature and should be undertaken at all levels – local, sectoral, national and regional – to

create a critical mass of talented, resilient and diverse workers with the right skills, attitudes and orientation to deliver the best development solutions. It is therefore necessary to support the development of national and sectoral capacity-building for strategies and plans to achieve the two agendas. The capacity-building must be based on a comprehensive capacity-needs assessment and country capacity diagnostics, and the strategies should be long-term ones focused on building a critical mass of government officials and other stakeholders, along with organizational and institutional capabilities. Modern technologies and innovations, effective partnerships and a combination of online, hybrid and in-person sessions should be leveraged to make capacity development more cost-effective.

64. Emphasis should be placed on major sectors and such regional initiatives as the African Continental Free Trade Area; data, statistics, science, technology and research and development; programme development and project management; economic policy management; domestic resource mobilization, public expenditure management, debt management, macroeconomic and fiscal policy management, and public accountability systems; and capacity for effective knowledge management and policy dialogue.

V. Key messages

65. The following recommendations are put forward with a view to accelerating recovery and the implementation of the two agendas:

(a) Improve access to finance for African countries, including new sources of climate-related finance, at affordable rates based on fair and transparent criteria (not solely based on the business models of credit rating agencies), and without the so-called “African premium”;

(b) Curb illicit financial flows, redouble efforts to recover assets lost through all illicit financial outflows, and establish a United Nations tax convention to enhance the revenue collection capacity of African countries;

(c) Urgently deploy a range of novel and existing financial instruments, including new and increased special drawing rights, to provide additional liquidity and fiscal policy space for African countries to address emergency fiscal space constraints;

(d) Urgently implement, in each member State, a road map for the modernization and transformation of the national statistical system, thereby enhancing the country’s ability to withstand shocks while facilitating the production of disaggregated data for reporting on the two agendas;

(e) Enhance the digitalization and efficiency of revenue collection and expenditure mechanisms to promote transparency and accountability on both the revenue and expenditure sides of the public budgets;

(f) Enhance policy on taxation and spending, institutions, human capacity, green financing, monitoring and evaluation interventions, and regulations that positively influence behaviour and accelerate green recovery and the implementation of human rights for all;

(g) Strengthen the capacity of small and medium-sized enterprises in financial technology, health technology, agribusiness technology and other innovations and improve their access to markets so that they can enhance their competitiveness and earnings and contribute to the implementation of the Goals.