



## Economic and Social Council

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**Economic Commission for Africa**  
**Conference of African Ministers of Finance,**  
**Planning and Economic Development**  
Fifty-fifth session

Addis Ababa (hybrid), 20 and 21 March 2023  
Item 5 of the provisional agenda\*  
**High-level round-table discussions**

### **Round table 1: policies and interventions to foster resilience and reduce poverty and inequality amid global shock**

#### **Concept note**

#### **I. Background**

1. Over the past three years, Africa has faced a perfect storm of three overlapping crises or shocks, namely the repercussions of the coronavirus disease (COVID-19) pandemic, the armed conflict that erupted in Ukraine in early 2022, and a series of severe natural disasters. Those shocks have pushed ever more people into extreme poverty and exacerbated inequality, both of which were pronounced in Africa even prior to the pandemic. Africa is falling further behind other global regions and now accounts for the largest share of the world's poor, while high levels of inequality remain a persistent challenge across the continent.

2. The impact of the three shocks is also seen in the deteriorating macroeconomic situation of many African countries. While there is a need for spending to mitigate the negative repercussions of the crises, the available fiscal space of many African countries remains limited. Several structural and circumstantial factors have, moreover, compounded the challenges facing the continent. They include:

##### *Low poverty-reducing effect of economic growth*

3. The poverty-reducing effect of economic growth in Africa has been lower than in other global regions. High levels of poverty, rapid population growth and pervasive inequality have all dampened the poverty-reducing impact of growth. The prevalence in many African countries of capital-intensive extractive industries partly explains low growth-poverty elasticities. Furthermore, the economic growth that has occurred has not led to a significant reduction in inequality. Indeed, even when high growth rates have been achieved, not everyone has benefited equally.

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\* E/ECA/CM/55/1/Rev.1.



*Limited fiscal space to tackle poverty and inequality*

4. Many African countries are facing declining revenues, rising debt stress and constrained fiscal space, all of which limit their capacity to respond to economic crises. In 2022, the average government debt-to-gross domestic product (GDP) ratio in Africa was 65 per cent, significantly higher than the (pre-pandemic) figure in 2019, when the ratio stood at 57 per cent. Recent global crises have narrowed the fiscal space of countries and constrained the capacity of Governments to finance social protection initiatives. Some 83 per cent of Africans lack any social protection at all. In response to the pandemic, African countries doubled their fiscal spending to 3.3 per cent of GDP on average. Per capita spending on social protection, however, still remains too low to have a significant impact on consumption by the poor.

*Global financial and trade barriers*

5. The continent faces some of the highest borrowing costs in the world owing to an entrenched bias towards African economies by credit rating agencies. This situation poses critical constraints on the ability of African Governments to mobilize financial resources to respond to socioeconomic shocks. In addition, trade costs are higher for African countries relative to other developing countries. Trade can be a powerful driver of poverty reduction, but high trade costs increase the price of goods, reducing the range of affordable goods for African populations and negatively affecting the welfare of the poorest sectors of society.

*Cost-of-living crisis*

6. Africa is heavily reliant on imports, making the continent extremely vulnerable to commodity price shocks. In 2021, 39 African countries were net importers of food products. Global shocks have had ripple effects on the poor across Africa by stoking inflation, which was about double the global average in 2022. Given that households in Africa spend, on average, around 40 per cent of their income on food, the impact of global crises has hit the poorest households particularly hard. Over 300 million Africans are currently experiencing some form of food insecurity.

*Implications of climate change*

7. Climate change accentuates poverty through its impact on lives, livelihoods and economies. Climate events have led to the migration and displacement of some 85 million people in the region. Increasing temperatures have already contributed to a reduction by a third in average agricultural productivity growth, while the continent's 38 coastal countries are facing climate-related threats to their blue economies.

## **II. Objective of the round table**

8. It is becoming increasingly unlikely that African States will achieve many of the targets set out in the Sustainable Development Goals by the 2030 deadline. Persistent poverty and inequality in Africa are likely to undermine prosperity, peace and security on the continent. It is therefore critical that African States and other stakeholders adopt an innovative people-centred development model and seek to mainstream poverty and inequality reduction into national and regional development strategies. Participants in the round table will therefore seek to unpack the complexity of the current global economic environment. The objective of the round table will be to articulate a set of clear messages and recommendations for member States on actions that can be taken to lessen their economic and social vulnerability, reduce economic inequality and accelerate poverty reduction in Africa.

### III. Issues for discussion

9. The Chairperson of the round table may raise the following key questions, among others, for discussion:

- (a) Which specific policies have maximized pro-poor and inclusive outcomes?
- (b) Faster structural transformation is needed to reduce poverty and promote the long-term resilience of African economies. Which policy measures have helped to accelerate structural change?
- (c) Which reforms are necessary at the global level to help reduce poverty and inequality in Africa?
- (d) Has your Government reconsidered its spending priorities in the light of the COVID-19 pandemic? If so, how?
- (e) Which strategies has your Government adopted to boost domestic revenue? Have they been successful?
- (f) In the past 12 months, rising inflation rates have become a key macroeconomic challenge in Africa. What can be done to reduce inflation to more tolerable levels?
- (g) Rising food prices have been a key component in the inflationary environment. How can agricultural reforms strengthen the resilience of the agricultural sector?
- (h) Debt levels have risen sharply in recent years, with that trend accelerating during the COVID-19 crisis. Which measures need to be taken to reduce pressure on the finances of African States? How can those measures be implemented in a pro-poor manner?
- (i) Intra-African trade remained robust during the COVID-19 pandemic. How can the continent leverage trade trends in a pro-poor manner following implementation of the Agreement Establishing the African Continental Free Trade Area?

### IV. Chair and list of panellists

10. The following individuals have been proposed to be members of the panel:

Chair: Deputy Executive Secretary (Programme) and Chief Economist, Economic Commission for Africa, Hanan Morsy

Panellists:

- Governor, Bank of Mauritius, Harvesh Kumar Seegolam
- Minister of Planning, Niger, Abdou Rabiou
- Minister of Finance, Ethiopia, Ahmed Shide
- Minister of Finance and Budget, Central African Republic, Hervé Ndobá
- Executive Director, Joint United Nations Programme on HIV/AIDS, Winnie Byanyima
- Acting Executive Secretary, Economic Commission for Africa, Antonio Pedro