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Economic Commission for Africa
Committee of Experts of the Conference of African
Ministers of Finance, Planning and Economic Development
Forty-first meeting

Addis Ababa (hybrid), 15–17 March 2023

Item 7 of the provisional agenda[*]
Date, venue and theme of the fifty-sixth session of the
Economic Commission for Africa

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Note by the secretariat

I. Introduction

1. The present document sets forth suggestions by the secretariat for the consideration of the Committee of Experts. The Committee may wish to consider the dates and a theme for the fifty-sixth session of the Economic Commission for Africa, to be held in 2024, and to provide the secretariat with guidance in that regard.

II. Date and venue

2. The secretariat proposes that the fifty-sixth session of the Commission be held at its headquarters in Addis Ababa in March 2024. Alternatively, the Conference of African Ministers of Finance, Planning and Economic Development may decide otherwise, upon an invitation by a member State to host the said session, under the condition that, in accordance with General Assembly resolution 40/243, such member State has agreed to defray the actual additional costs directly and indirectly involved with holding the meeting away from the headquarters of the Commission.

III. Theme

3. The secretariat submits the following topic for the consideration of the Committee of Experts: Bolstering financing mechanisms and policy frameworks for the transition to prosperous, just and inclusive green economies in Africa.

[*] E/ECA/COE/41/1.

A. 23-00411

A. Background

4. Africa is the continent that is the most vulnerable to the impacts of climate change. According to the African Development Bank, the current cost of the increased frequency of extreme weather conditions on the continent is between $7 billion and $15 billion per year, and it is predicted that it could rise to $50 billion annually by 2030.[1] Africa needs about $124 billion annually to adapt to the expected effects of climate change, but it has currently mobilized only about $28 billion.[2]

5. According to the Global Center on Adaptation, Africa could face climate change adaptation costs of $50 billion per year by 2050, even if international mitigation efforts keep global warming below 2°C.[3] To mitigate the effects of climate change, the clean energy transition in Africa would require investments of about $190 billion per year over the period 2026–2030.[4] Moreover, climate risks affect returns on investment, and climate change has increased the cost of capital in the affected countries, resulting in higher interest payments.

6. These enormous financing needs are arising at a time when the average public debt relative to gross domestic product in Africa is high. As of the end of February 2023, among the 70 low-income countries that the International Monetary Fund and the World Bank listed as being at risk of debt distress, 39 are in Africa, and 8 of those countries are already in debt distress while 13 are at high risk of it.[5] The high debt servicing costs not only constrain African investment in critical infrastructures and an inclusive and green recovery, they also heighten government liquidity risks. Analysts have raised concerns about the elevated Eurobond rollover risks among selected African issuers because of tight financial conditions.[6]

7. The multiple global shocks (coronavirus disease (COVID-19), climate change and the war in Ukraine) have led to a global economic slowdown and elevated food prices. For Africa, the cost-of-living crisis and disrupted supply chains jeopardize food security, especially in countries that are dependent on imports. More specifically, in early 2023, the average food price inflation rate in African countries was 21.3 per cent.[7] The surge and volatility in food prices on the continent were driven by its exposure to global supply disruptions and by more frequent and severe occurrences of drought. High food prices raise the risk of social unrest on the continent.

8. In Africa, 600 million people lack access to electricity and 970 million people lack access to clean cooking.[8] According to the International Energy Agency, in order to establish universal access to clean cooking fuels and technologies by 2030, about 130 million people would need to shift to them every year.[9] Achieving African energy and climate goals more broadly will

[1] Omar Mohammed, "AfDB head: To tackle climate, Africa needs 'finance and more finance'", Devex, 11 October 2022.

[2] Ibid.

[3] Global Center on Adaptation, *State and Trends in Adaptation Report 2021: How Adaptation Can Make Africa Safer, Greener and More Prosperous in a Warming World* (Rotterdam, 2021).

[4] International Energy Agency, *Africa Energy Outlook 2022*, World Energy Outlook Series (2022).

[5] International Monetary Fund, "List of LIC DSAs for PRGT-eligible countries, as of February 28, 2023". Available at www.imf.org/external/pubs/ft/dsa/dsalist.pdf (accessed on 14 March 2023).

[6] Moody's Investors Service, "Sovereigns – Africa: Rollover risk increases amid tighter financial conditions and upcoming maturity wall", 28 June 2022.

[7] Trading Economics, "Food inflation | Africa". Available at https://tradingeconomics.com/country-list/food-inflation?continent=africa (accessed on 15 March 2023).

[8] International Energy Agency, *Africa Energy Outlook 2022*.

[9] Ibid.

require doubling energy investment this decade, with two thirds of that investment allocated to clean energy.[10]

9. The Paris Agreement provided for a new collective quantified goal to be set prior to 2025, taking into account the needs and priorities of developing countries. The overlapping development needs and climate resilience needs of African countries are such that African Governments must continue to ensure the provision of public resources and to insist that official development assistance and concessional lending through multilateral development banks be made available to meet the commitments made under the Paris Agreement consistent with limiting the temperature increase to no more than 1.5 degrees Celsius above pre-industrial levels.

10. In parallel with the efforts being undertaken to ensure that developed countries deliver on the climate finance commitments already made under the Paris Agreement, African countries have sought to energize their private sectors and leverage opportunities to mobilize the green finance potential of the continent.

11. The private sector, including small and medium-sized enterprises, can play a crucial role in transitioning specific sectors and the entire economy to green growth. It can also develop new products or services that are designed to meet local needs that help individuals and communities to adapt and raise their resilience and to identify and manage risks. Africa has a competitive advantage in several large, green growth sectors.

B. Tapping into the potential of green finance for Africa and delivering opportunities for growth driven by the private sector

12. An effective transition to a climate-resilient green economy requires comprehensive and coherent policy frameworks to drive green growth across multiple sectors or economies. Policies that enable the green transition through both government and private sector investments are a key part of such frameworks.

13. Despite the large financing gap, private sector contributions to climate financing have been very limited in Africa. The proportion of all climate finance in the continent that was mobilized from the private sector in 2019 and 2020 averaged only 14 per cent; most of the climate finance, 86 per cent, came from public sources.[11] Private sector investment will be essential to closing the climate adaptation financing gap and to developing more inclusive value chains around the green economy on the continent. Private investment in adaptation efforts will contribute to the provision of goods and services related to climate adaptation through the development of new technologies or robust risk management frameworks. To implement a green transition, Governments can leverage such financing instruments as sustainability-linked loans.

14. The mobilization of adequate and affordable financial resources is critical for the implementation of projects related to the Sustainable Development Goals in African countries and therefore for the attainment of the goals set out in the 2030 Agenda for Sustainable Development and Agenda 2063: The Africa We Want, of the African Union. To begin with, the issuance of green and blue bonds can ensure that financing is directed exclusively to projects that are targeting climate and environmental outcomes aligned with Sustainable Development Goals.

[10] Ibid.

[11] Chavi Meattle and others, *Landscape of Climate Finance in Africa* (Climate Policy Initiative, 2022).

15. The sustainable debt coalition launched by Egypt when it held the presidency of the twenty-seventh session of the Conference of the Parties to the United Nations Framework Convention on Climate Change is aimed at implementing the systematic use of debt freezes in the event of exogenous climate-related disasters, introducing debtor-defined key performance indicators to create a transparent framework to link investment from debt instruments with Sustainable Development Goals and climate resilience and increasing the use of blended finance resources to address the perceived risk that is associated with emerging markets, in particular in Africa. Existing debt instruments do not satisfactorily factor in the long-term costs of the effects of climate change and environmental degradation. The use of key performance indicators can help African countries to create a framework to reward those countries that are making positive investments by reflecting the reduced risks in terms of future costs that climate-resilient spending can deliver. Key performance indicators linking debt and climate resilience with the Goals should demonstrate the cost reductions that are possible through such investment and improve credibility for potential investors, while contributing to reduce the longer-term impact of exogenous shocks.

16. Furthermore, to help address the rising levels of debt in Africa and the increasing cost of debt servicing, debt-for-nature swaps envisage climate and nature transactions with positive environmental impacts that can also improve the debt sustainability of countries. Debt-for-climate investment swaps, when combined with blended financing instruments, help to attract private capital and combine it with development funding to scale up financing for development projects by addressing the perception of risk related to debt issuance in Africa. The large-scale provision of blended financing instruments would facilitate the opportunity for African countries to proactively refinance their existing expensive debts and prioritize investment towards climate resilience and effort to attain the Goals.

17. To enable African countries to mobilize alternative resources that can be applied to efforts to achieve the Goals and climate resilience, African countries have increasingly called for frameworks that would allow the continent to monetize its significant natural capital through access to carbon credit markets. Discussions at the twenty-seventh session of the Conference of the Parties that were aimed at further developing a mechanism for trade in carbon credits at the global level resulted in heightened awareness of the opportunity for Africa, with up to 30 per cent of the world's 2050 need for carbon removal potentially being addressed by nature-based solutions in Africa.[12] Recent research shows that nature-based-solutions could provide around 30 per cent of the cost-effective mitigation that is needed by 2030 to keep warming to below 2 degree Celsius.[13]

18. To assist African countries in the interim in building the capacity to raise resources from carbon credit markets, the Economic Commission for Africa, the African Export-Import Bank and the African Union Commission, at the request of several African Heads of State and ministers, are establishing a high-integrity African carbon market to build a steady supply of quality credits. The Economic Commission for Africa has supported 16 member States of the Congo Basin Climate Commission in establishing a regional carbon registry and harmonized protocols for carbon accounting and reporting. Ensuring the integrity of the issuance of carbon credits through such regional mechanisms will be critical to building capacity in African countries and strengthening credibility among potential investors. While the current price for carbon credits

[12] Climate Action Platform Africa and ECA, "Climate action: Africa's hidden commercial potential", presentation given at Sharing Strategies meeting, Working Group 1, Financing Global Public Goods, convened online by The One Campaign, 7 December 2021.

[13] Nathalie Seddon and others, *Nature-based Solutions in Nationally Determined Contributions: Synthesis and recommendations for enhancing climate ambition and action by 2020* (Gland, International Union for Conservation of Nature; Oxford, University of Oxford, 2019).

in Africa remains low, increasing the integrity of the market can help to drive an increase in the price and the benefits derived by Governments and local communities. By developing capacity at the regional level, African countries can establish the basis for a continental mechanism for carbon credits, potentially unlocking a new flow of resources that incentivize green investments.

C. Previous themes

19. For reference, a list of the themes of previous sessions of the Commission that have been held since 2000 is provided in the annex to the present document.

Annex

Themes of previous sessions of the Commission

Session	*Joint annual meetings of the Economic Commission for Africa and the African Union Commission*	*Year*	*Theme*
Fifty-fourth	N/A	2022	Financing Africa’s recovery: breaking new ground
Fifty-third	N/A	2021	Africa’s sustainable industrialization and diversification in the digital era in the context of COVID-19
Fifty-second	N/A	2019	Fiscal policy, trade and the private sector in a digital era: a strategy for Africa
Fifty-first	N/A	2018	African Continental Free Trade Area and fiscal space for jobs and economic diversification
Fiftieth	Tenth	2017	Growth, inequality and unemployment
Forty-ninth	Ninth	2016	Towards an integrated and coherent approach for the implementation, monitoring and evaluation of Agenda 2063 and the 2030 Agenda for Sustainable Development
Forty-eighth	Eighth	2015	Implementing Agenda 2063: planning, mobilizing and financing for development
Forty-seventh	Seventh	2014	Industrialization for inclusive and transformative development in Africa
Forty-sixth	Sixth	2013	Industrialization for an emerging Africa
Forty-fifth	Fifth	2012	Unleashing Africa’s potential as a pole of global growth
Forty-fourth	Fourth	2011	Governing development in Africa
Forty-third	Third	2010	Promoting high-level sustainable growth to reduce unemployment in Africa
Forty-second	Second	2009	Enhancing the effectiveness of fiscal policy for domestic resources mobilization
Forty-first	First	2008	Meeting Africa’s new challenges in the twenty-first century
Fortieth	N/A	2007	Accelerating Africa’s growth and development to meet the Millennium Development Goals: emerging challenges and the way forward
Thirty-ninth	N/A	2006	Meeting the challenge of employment in Africa
Thirty-eighth	N/A	2005	Achieving the Millennium Development Goals in Africa
Thirty-seventh	N/A	2004	Mainstreaming trade policy in national development strategies
Thirty-sixth	N/A	2003	Accelerating Africa’s progress and performance: the challenge of the New Partnership for Africa’s Development
Thirty-fifth	N/A	2002	Accelerating Africa’s progress and performance: the challenge of the New Partnership for Africa’s Development
Thirty-fourth	N/A	2001	Implementing the Millennium Partnership for the African Recovery Programme: compact for Africa’s recovery
Thirty-third	N/A	2000	The challenges of financing development in Africa