AFRICAN DEVELOPMENT BANK GROUP

CONCEPT NOTE

ANNUAL MEETINGS 2021

BUILDING RESILIENT ECONOMIES IN POST COVID-19 AFRICA

23 – 25 June 2021

ECVP/ECAD DEPARTMENTS

April 2021
1. Introduction

1.1. The COVID-19 pandemic has caused an unparalleled health and economic shocks to the world. As of 23 April 2021, there were about 144,099,374 confirmed cases of infections since the start of the pandemic worldwide: the majority of which occurred in Europe (30.2%), followed by North America (26.3%), Asia (23.8%), South America (16.5%), and Africa (3.1%). To date, 88,471,177 cases have recovered globally, representing 61% of confirmed cases, while 3,061,912 deaths have been recorded. With the discovery and rollout of vaccination, a total of 889,990,259 vaccine doses have been administered globally as of 23 April 2021. In Africa, there are 3,210,159 confirmed cases, 2,904,178 recoveries and 81,042 deaths as of 23 April 2021. Forty-seven countries in Africa have received vaccines, 41 of which received vaccines from the COVAX Facility. In total, 34,584,860 vaccines doses have been delivered, with 16,738,355 doses administered across the continent.

2. Background and Rationale

2.1. While Africa has been relatively spared by the (direct) health consequences of COVID-19, the continent will likely face the most severe economic and social costs from the pandemic. Africa’s GDP in 2020 fell by 2.1%, the worst economic performance in half a century. An estimated 24.6 to 30 million jobs could be lost as a fallout of the pandemic, driving up the total number of people living in extreme poverty to 463 million. While recovery is projected for 2021 with a GDP growth of 3.4%, the outlook is, however, fraught with great uncertainty emanating from external and domestic risks.

2.2. Since the COVID–19 pandemic began in early 2020, governments have announced fiscal stimulus packages ranging in cost from about 0.02% of GDP in South Sudan to about 10.4% of GDP in South Africa. The Bank estimates that African governments need additional gross financing of about $154 billion in 2020/21 to respond to the crisis. To rebalance their economies and help citizens, businesses and public institutions cope with the crisis, governments are resorting to expansionary monetary and fiscal policies in unprecedented proportions, leading to a surge in government financing needs in Africa. These fiscal stimulus packages have largely had immediate, direct implications for budgetary balances, borrowing needs, and debt levels.

2.3. With the sluggish growth and increased need for financial resources to mitigate emerging challenges, fiscal deficits in Africa are projected to double, and debt levels to build up by an additional 10 percentage points of GDP by 2021. A long list of African countries may experience similar development in the months ahead. The COVID-19 shock is also inducing a deterioration of credit ratings of African countries. Indeed, jumpstarting growth and removing the debt obstacle to development is of utmost priority for Africa. Failure to do so may lead to debt overhang and have a critical toll on inclusive development.

2.4. Thus, Africa must turn the COVID-19 crisis into opportunities. The continent needs to intensify its current approach to containing the pandemic and beginning to prepare for the post-COVID era. As the premier development finance institution in Africa, the Bank has appropriately scaled up its efforts to mobilize global resources (financial and non-financial) as well as knowledge and experience sharing to build Africa’s resilience in a post COVID-19 world. The pandemic presents opportunities to embrace rapid industrialization, digitization of socioeconomic activities, increased investment in health infrastructure as well as medical and pharmaceutical capabilities, improved
macroeconomic and public financial management and architecture, large-scale institutional strengthening, increased prominence for public-private partnerships for inclusive development, etc.

3. Proposed Theme

3.1. The proposed theme for the 2021 Annual Meetings is “Building Resilient Economies in Post COVID-19 Africa”. This theme is chosen to provide a framework for Governors of the Bank to share their experiences in addressing the COVID-19 pandemic and the policy responses/measures they are employing to rebuild their economies. RMCs will have the opportunity to discuss the nature of the support they need from IFIs such as the AfDB, as well as the estimated cost of recovery for their economies. The knowledge events that will be organized around the theme will provide forums for exchanging views on strategies and promoting peer-to-peer learning and solution-oriented policy dialogue for building the Africa we want in the post-COVID-19 era.

4. Proposed Knowledge Events

4.1 High-Level Knowledge Event: “From Debt Resolution to Growth: The Road Ahead for Africa”

Following the practice over the past years, the findings and policy recommendations of the 2021 AEO will be discussed at a High-Level event at the Annual Meetings. The 2021 AEO discusses Africa’s debt situation in the wake of the pandemic, examines current challenges in the international architecture for debt resolution, and proposes policy options to keep relevant African countries on a sustainable debt path while reigniting growth.

The proposed event will provide an opportunity for Bank Governors to share their views on the key findings and policy recommendations of the report focusing on debt, public financial management and economic governance. Specifically, the discussion will cover topics such as: domestic resource mobilization; fiscal policy planning and management; deepening capital and financial markets; leakages, corruption, and illicit financial flows; debt data transparency; and policies to reignite growth.

4.2 Proposed Thematic Knowledge Events

In addition to the Special High-Level Event around the theme of the 2021 AEO, two Side Knowledge Events are proposed:

4.2.1 Building Climate Adaptation for Resilient Growth

To date, 7 out of the 10 most vulnerable countries in the world are in Africa, and 10 of the top 12 countries most at risk of droughts are in Africa. Despite Africa’s high and well-known climate vulnerability, the continent receives only 3% of global climate finance. Furthermore, on the global stage, adaptation and resilience are yet to achieve priority compared to mitigation, which receives 90% of global climate finance. The objective of this knowledge event is to critically examine the importance of climate adaptation for resilient growth in Africa. The discussion will focus on actions needed to build climate resilience in Africa post-COVID, the need to scale up adaptation finance including from public, private sources, domestic resources, and innovative financing instruments.
4.2.2 *Building Africa’s Healthcare Defense System*

The COVID-19 crisis has highlighted the need to build a vibrant healthcare system across Africa to effectively address endemic diseases and strengthen the continent’s capacity to contain future outbreaks. Pre-COVID-19, Africa’s healthcare system was adjudged the weakest globally, with significant investments needed across the entire healthcare system or ecosystem. This includes areas such as specialist workforce, medical products, service delivery, governance, and information and data systems, all needed to achieve quality and affordable universal health coverage.

As a result of the pandemic, the raging global competition for medical supplies and vaccines during the pandemic has also brought into focus Africa’s weak institutional capacity and production base; and over-reliance on imported pharmaceutical and medical supplies. RMC Governors have been reaching out to the Bank to understand how we can help going forward, and Africa’s healthcare system strengthening has been topical with African Heads of State and governments directly and through the AU, including the recently organized high-level Africa Vaccines Manufacturing Summit. The side event will provide a platform for dialogue on actions and investments needed to build Africa’s Healthcare Defense System for enhanced readiness against future pandemics.

5. **Format of the Knowledge Events**

5.1. Each knowledge event will feature:
   - Up to two “Conversation Starters” who will kick off each session with brief remarks lasting up to 10 minutes per speaker.
   - A Panel Discussion by Bank Group Governors pre-selected from both regional and non-regional member countries of the African Development Bank Group; and
   - A Professional Moderator.

5.2. The panel session shall be organized in a Davos-style format to enable the Panel of Governors and Conversation Starters engage in an interactive African-fireside style dialogue on the subject, facilitated by a Professional Moderator. The Panel session shall last for about one hour after which the session will be opened to the online audience for questions, comments, and contributions. The Q&A session shall last for about 30 minutes after which the Moderation shall summarize the key take ways and draw the dialogue to a close.
DETAILED DESCRIPTION OF KNOWLEDGE EVENTS

High Level Knowledge Event:
*From Debt Resolution to Growth: The Road Ahead for Africa*

Wednesday 23 June 2021
Time: 12:00 – 14:00
Venue: Virtual

This High-Level event will use the 2021 African Economic Outlook (AEO), the African Development Bank’s flagship economic publication, as background report. The thematic focus of this 2021 AEO is: “*From Debt Resolution to Growth: The Road Ahead for Africa*”.

With this 2021 AEO theme, the Bank has made a strategic and forward-looking choice to discuss a topic that could become a key policy concern on the continent: debt sustainability and growth. The pandemic shock together with large and increasing sovereign debt burdens could indeed pave the way for disorderly defaults and lengthy resolutions, which can hinder economic progress in many African countries.

The 2021 AEO report calls on African countries to innovate or keep abreast of innovations in financing instruments, both legal (such as collective action and aggregation clauses) and financial (such as value recovery and equity-like debt instruments). To reduce debt vulnerabilities, increased use of state-contingent debt instruments that link debt service payments to a country’s ability to pay can be considered.

It also recognizes that, ultimately, only bold governance reforms will help re-ignite growth and keep Africa’s debt on a sustainable path. The continent needs to put in place policies to re-ignite growth such as those related to digitalization and enhanced competition; as well as policies to reduce leakages in public resources and, critically, to enhance debt transparency.

The proposed event will provide an opportunity for Bank Governors to share their views on the key findings and policy recommendations of the report, focusing on debt, public financial management and economic governance. Specifically, the discussion will cover topics such as: domestic resource mobilization; fiscal policy planning and management; deepening capital and financial markets; leakages, corruption, and illicit financial flows; debt data transparency; and policies to reignite growth.

The session will consist of a short presentation (15 minutes) of the macroeconomic outlook for the continent, key findings, and policy recommendations from the AEO 2021. After short comments from a renowned scholar and senior African policymaker (5 minutes each), Bank Governors will share their thoughts before a Q&A session.
Side Knowledge Event 1:
Building Climate Adaptation for Resilient Growth

Thursday 24 June 2021
Time: 14:30 – 16:30
Venue: virtual

The objective of this knowledge event is to critically examine the importance of climate adaptation for resilient growth in Africa. The discussion will focus on actions needed to build climate resilience in Africa post-COVID, the need to scale up adaptation finance including from public, private sources, domestic resources, and innovative financing instruments.

To date, 7 out of the 10 most vulnerable countries are in Africa, and 10 of the top 12 countries most at risk to droughts globally are in Africa. Despite Africa’s high and well-known climate vulnerability, the continent receives only a paltry 3% of global climate finance. Further, at global stage, adaptation and resilience are yet to gain the same prominence as mitigation, as global attention has largely been skewed towards mitigation which receives 90% of global climate finance.

To improve Africa’s access to global climate finance and accelerate adaptation action, key challenges need to be overcome, including weak capacity; lack of governance and coordination; lack of prioritization of climate change in national development plans; and a lack of appropriate business models to support private sector investment in adaptation. In addition, the international community is yet to deliver on its commitment to provide USD 100 billion per year as climate finance to developing countries. Recently, the UN Secretary-General António Guterres recognized the existence of a “huge gap” in financing for adaptation in developing countries, and has called for 50% of all climate finance provided by developed countries and MDBs to be allocated to adaptation and resilience in developing countries by 2024.

Over the recent years, the Bank has prioritized adaptation in its project approvals, increasing the proportion of annual climate finance allocated to adaptation from 50% in 2018 to 67% in 2020, way surpassing the world average that stands at 10%. Moving forward, the Bank has committed to mobilize $25 billion for climate finance between 2020 and 2025, of which US$12.5 billion will be from its own sources, and working with key partners such as the Global Center on Adaptation to leverage a similar amount from all sources through a bold and ambitious flagship program - “the Africa Adaptation Acceleration program”. Of the US$25b, US$12.5 billion will be dedicated to adaptation.

This event will provide opportunities for African leaders to share their views on the role and importance of climate adaptation for resilient growth in Africa, discuss key challenges, options and opportunities to scale up climate resilience in Africa, including through Africa’s adaptation solutions such as the recently-launched Africa Adaptation Acceleration Program. The panel will also showcase existing adaptation and resilience initiatives in Africa, including the Africa Adaptation Initiative, the Africa Disaster Risk Financing Initiative, the ClimDev-Africa Special Fund, the Adaptation Benefits Mechanism, among others.
Questions for discussion will include:

- How can we overcome the existing and emerging barriers to climate finance and enhance climate adaptation for resilient growth?
- What has worked well so far and what needs further improvement in Africa’s adaptation and resilience initiatives?
- What are the best strategies for accelerating and scaling up adaptation actions in Africa post-COVID 19, and what would be the role of African and global leaders?
- What opportunities exist for enhancing African countries’ access to adaptation finance at scale to support resilient growth across the continent?
- How can Africa diversify and innovate the existing mechanisms for adaptation and resilience?
- How can Africa achieve green, inclusive and resilient post-COVID recovery?
Side Knowledge Event 2:
Building Africa’s Healthcare Defense System

Friday 25 June 2021
Time: 11:00 – 13:00
Venue: Virtual

The objective of this knowledge event is to examine key vulnerabilities in Africa’s healthcare system that have been dramatically exposed as a result of the COVID pandemic, so as to discuss how to rebuild Africa’s healthcare systems more boldly for greater healthcare security and resilience to future outbreaks. In other word, this event will discuss how to build Africa’s Healthcare Defense System.

Investment in Africa’s healthcare systems is key to inclusive and sustainable growth. Pre-COVID-19 pandemic, Africa’s healthcare system was said to be the worst in the world, especially sub-Saharan Africa. Health expenditure as a percentage of GDP averaged 5.1% in sub-Saharan Africa in 2018, the lowest globally. The myriad of issues in the African healthcare systems spans the entire ecosystem including: dire expert health worker shortages exacerbated by the brain drain phenomenon, need for better medical education, poor associated healthcare infrastructure, counterfeit drugs, poor governance and weak governments’ budget allocations, inadequate data systems and poor use of technology, lack of R&D centers even for the disease burdens peculiar to Africa, need for better collaboration with the WHO and UN healthcare agencies, and generally poor collaboration between public and private sector in healthcare for optimal quality, affordability and coverage, amongst others. The extremely low level of ICU beds, MRI and other diagnostic equipment per 10,000 people is unprecedented. With 26% of the global disease burden, and 16% of the world’s population, sub-Saharan Africa commands less than 2% of the world health expenditure. A pre-pandemic report from UNECA, indicated that there was an annual funding gap of circa US$66 billion, notwithstanding the increase in government budget allocation which still falls far short of the Abuja declaration where African governments made a historic pledge to allocate at least 15% of their annual budgets to the healthcare sector. This will be a larger problem today where governments fiscal abilities are limited amidst mounting debt burdens.

Today, because of the pandemic and the ensuing global health crisis, vulnerabilities in the global pharmaceutical supply chain (including vaccines), as well as the healthcare infrastructure system have been seriously exposed, particularly in Africa. We have witnessed the revival of protectionist behaviors, with countries keeping critical health products (PPEs, drugs, vaccines, etc.) for their own needs and banning exports. The global competition for medical supplies and vaccines has brought into focus Africa’s weak production base and over-reliance on imported pharmaceutical and medical supplies: up to 70% of the pharmaceutical products and almost all its vaccines are imported. Although Africa’s pharmaceutical industry is currently unable to produce the basic lifesaving therapeutics or vaccines locally, this crisis is a real opportunity to revitalize the African pharmaceutical industry to guarantee minimum security of supply and increase the continent’s health sovereignty; and hence healthcare defense system. A key example of the healthcare infrastructure deficiency exposed by the COVID-19 pandemic –relates to the fact that in January 2020, there were only two (2) referral laboratories on the continent, responsible for testing COVID samples from other Africa countries. As a result of urgent action taken, now preventive, diagnostic, and treatment measures have been improved, and all African countries can now diagnose COVID-19, with 14 countries performing over 100 tests per 10,000 people.

African leaders are seizing this opportunity to unlock the potential of African pharmaceutical manufacturing, including vaccine manufacturing as evidenced by the well-participated and attended African Vaccine
Manufacturing Summit on 12-13 April 2021, sponsored by the African Union and the Africa CDC. Acquisition and greenfield activities have accelerated over the past 5 years in the African pharmaceutical industry, demonstrating its viability. Despite its current small size, the African vaccines market is expected to continue to grow steadily, thanks to strong fundamentals such as a growing population (25% of world’s population by 2050), increased access to vaccines and expected new product introductions, such as the malaria vaccine.\(^1\) The size of this market is expected to reach almost 5 billion dollars by 2030, from a current size of 1.3 billion dollars.

This knowledge event will provide opportunities for stakeholders (political leaders, private sector, regulators, DFIs, researchers and innovators, etc.) to examine the healthcare system vulnerabilities exposed by developments during this pandemic. Questions for discussion could include:

- How are African leaders and other stakeholders prioritizing investments in their health systems to rebuild back better and with greater resilience?
- Which key reforms should be prioritized to facilitate access to quality healthcare, including institutional reforms on a pan-African basis e.g. expedited ratification of the African Medicines Agency?
- What steps should African Governments take to develop and retain a skilled workforce to support a stronger and more inclusive healthcare system?
- Can Africa afford to establish R&D centers, especially those geared towards disease burdens peculiar to Africa?
- How can Africa leverage the Fourth Industrial Revolution to improve coverage and quality of healthcare?
- How can the external Pharmaceutical Manufacturing Plan for Africa be implemented in line with the AU Agenda 2063?
- How can the principle of leveraging regional hubs e.g. for manufacturing pharmaceutical products including vaccines, be accepted politically and financially supported by African countries?
- How could the continent achieve such an aspiration of an African Healthcare Defense System? What should be the role of various stakeholders (governments, private sector, DFIs, researchers, etc.)? And what kind of partnerships will be required?
- What are the best strategies for attracting more funds in the health and pharmaceutical sectors?
- Which opportunities are well suited to public-private partnerships?
- How can the current global vaccine supply architecture be restructured to serve Africa better?
- What would it take to prepare Africa to deal with future health pandemics?

\(^1\) See AfDB (forthcoming) “Africa’s 2030 Vision for Local Pharmaceutical Production”.
### ANNEX A: ANNUAL MEETINGS THEMES 2011 – 2019

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