



Driving a Green and Sustainable

POST-COVID-19

RECOVERY IN AFRICA:

Recommendations for Policy Actors



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A. INTRODUCTION

This report makes the case that African countries should integrate climate change action as a central objective in the planning and implementation of their post-Covid-19 economic recovery plans. It also provides concrete recommendations for how this objective might be achieved. The report draws from three case studies conducted in East Africa, West Africa, and North Africa, all of which explored the impact of the Covid-19 pandemic in different parts of Africa and looks at current efforts to reboot economic growth and at policy initiatives that could help facilitate a green and resilient recovery in Africa. It assumes a triple goal of climate and environmental action, social justice and inclusive economic growth.

This document presents the key findings of the report, identifying the rationale, priorities, and strategies for the pursuit of green and sustainable post-Covid-19 recovery in Africa. The recommendations include actions that African policy actors can take on their own and those that can best pursued through coordination with international development partners. The recommendations are not intended to be exhaustive but are focused on quick wins, that is, actions that can be implemented within a short time with demonstrable impact while providing the basis for longer-term action to address the problem.

B

THE ECONOMIC AND SOCIAL IMPACT OF COVID-19 IN AFRICA

Covid-19 has disrupted a long stretch of steady economic growth in Africa and triggered an unprecedented economic recession with far-reaching social development impacts in the continent. Although case fatality rates for Covid-19 vary by region and country, (see Figure 1 below), the pandemic's social and economic impact in Africa are equally devastating and potentially long-lasting. Economies in Africa were growing at about 3% GDP before Covid-19 but are now projected to suffer between 2% and 8% recession as a result

of the pandemic. The African Development Bank indicates that the continent's economy will contract between \$173.1 and \$236.7 billion in 2020/2021¹. The region is also expected to witness inflation of up to 5%, alongside a dramatic fall in remittance and Foreign Direct Investment (FDI) in 2021 and beyond. Some projections indicate that up to 30 million jobs could be lost and between 28 and 49 million people could be pushed into extreme poverty².

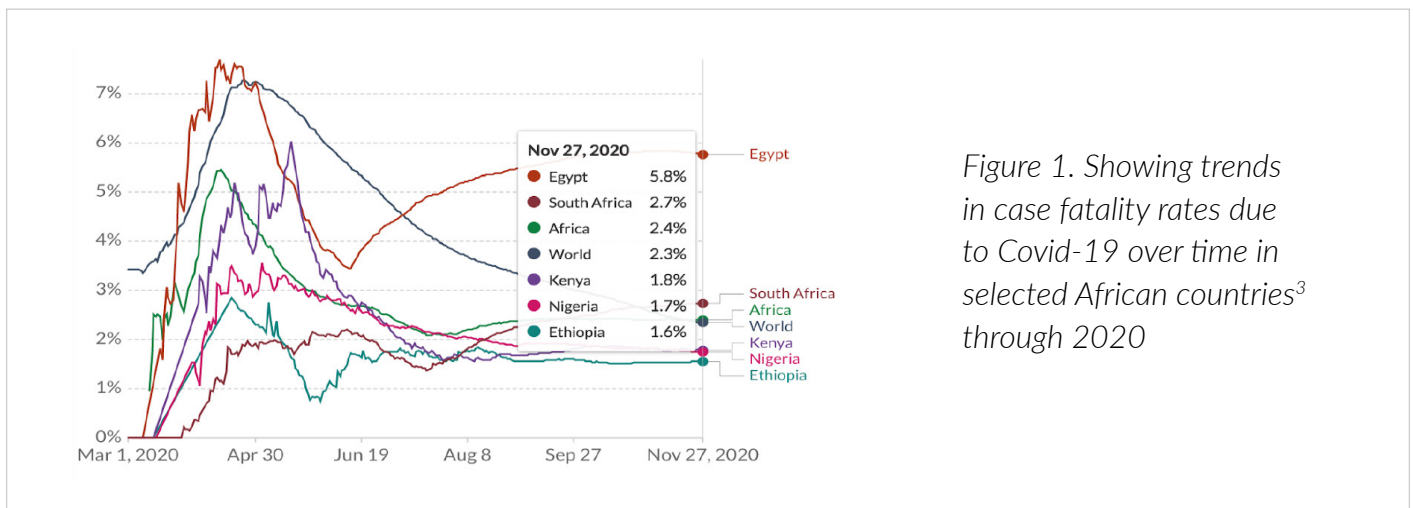


Figure 1. Showing trends in case fatality rates due to Covid-19 over time in selected African countries³ through 2020

The Covid-19 Pandemic has also exposed Africa to high levels of social and economic vulnerability. In most of the region, social safety nets are weak, and the necessary support systems are not currently in place. The economic losses associated with the pandemic have yet to be costed comprehensively. A large pool of youth (those under 25 years of age) and women, very often with low education levels, are severely exposed as vulnerable groups that require immediate and strategic assistance. This has immediate and wide-ranging implications for those in precarious living conditions who are likely to be pushed deeper into extreme poverty. It also creates a new category of vulnerability arising from sudden unemployment. Structurally, Covid-19 has increased the depth of inequality and wealth bands on the continent. All of this means that urgent political and policy action is needed to achieve redress during the recovery and rebuilding period and far beyond.

The Covid-19 pandemic has worsened climate change impact in Africa. Even before the onset of the pandemic, much of Africa was already suffering from the widespread and multidimensional impacts of climate change, including flooding, sea-level rise, forced migrations due to climate disasters, drought, locust invasion and crop failure, all of which constitute serious constraints on economic development and aspirations. Covid-19 has clearly exacerbated these climate vulnerabilities by decreasing the adaptive capacities of affected countries and the resources available to respond to climate change. Addressing climate change appears to have been deprioritized, whereas in fact, it represents a unique chance to create new jobs and drive new growth opportunities.

1. African Development Bank, (2020); African Economic Outlook 2020 – Supplement Amid Covid-19, p.1.

2. Ibid.

3. Epidemic/Pandemic Response in Africa: Covid-19 in Egypt, Ethiopia, Kenya, Nigeria and South Africa (2020); Report available: https://assets.websitefiles.com/5fdjca1c14b4b91eaa7196a/5ffd408b0e86740eb6d95eb_EPRiA%20Report%202020.pdf (page 6, accessed on 18th February 2021).



A GREEN AND SUSTAINABLE POST-COVID-19 RECOVERY IN AFRICA

While Covid-19 has wreaked havoc on the economic growth of Africa, it is possible to use recovery efforts as opportunities to scale up investment in order to address climate change and Sustainable Development Goals. As Africa joins the rest of the world in seeking ways to rebuild following the impact of Covid-19, it is important to ensure that recovery efforts are designed in ways that facilitate action on climate change. This will guarantee that investments are resilient and sustainable in the longer term. The concept

of green and resilient recovery is highly relevant for Africa as it looks to innovative and cost-effective actions that can conserve natural resources while yielding environmental and climate change, as well as tangible inclusive economic benefits. Africa should not only embrace green recovery but strongly advocate it for the rest of the world, bearing in mind that its vulnerability to the twin crises of climate change and Covid-19 are also global problems that require concerted global response and solidarity.

A green and sustainable post-Covid-19 Recovery is relevant for, and applicable to, all African countries, with no distinction as to growth levels. Although the specific programmes and approaches to implementation may need to vary depending on context, there are basic principles that each African country or sub-region can adapt. These will increase the likelihood that economic stimulus recovery packages are sustainable in the long run rather than supporting exploitative models of development that threaten the planet and social equity. There is also a need for innovative institutions, financing and international collaboration to promote sustainable and green economic rebuilding in Africa.

A narrow focus on economic recovery that ignores climate change and the broader objectives of sustainable development will cost Africa more economic pain in the long run. African policymakers, like their counterparts globally, will face pressure to pursue short-term economic recovery focused on macroeconomic growth. However, analyses show that recovery efforts that integrate climate change and broader goals of sustainability – including incentives for increasing household consumption and commercial investment, boosting employment opportunities and reducing pollution – will be a better fit to address long-term resilient recovery and to ensure that rebuilding focuses on people-centered socioeconomic development.

Green recovery plans and initiatives can present opportunities for African countries to be more economically competitive. Recovery efforts that incorporate a long-term outlook and strong action on climate change can increase economic competitiveness by scaling up investment in clean production and quality jobs across African economies. Focusing on long term socioeconomic benefits for the most vulnerable by using smart public spending and investments in energy efficiency, harnessing solar power, planting and

growing trees, extending connections to the national grid and ensuring better ecosystem stewardship will not only reduce emissions but will also enhance economic growth, inclusiveness, and resilience.

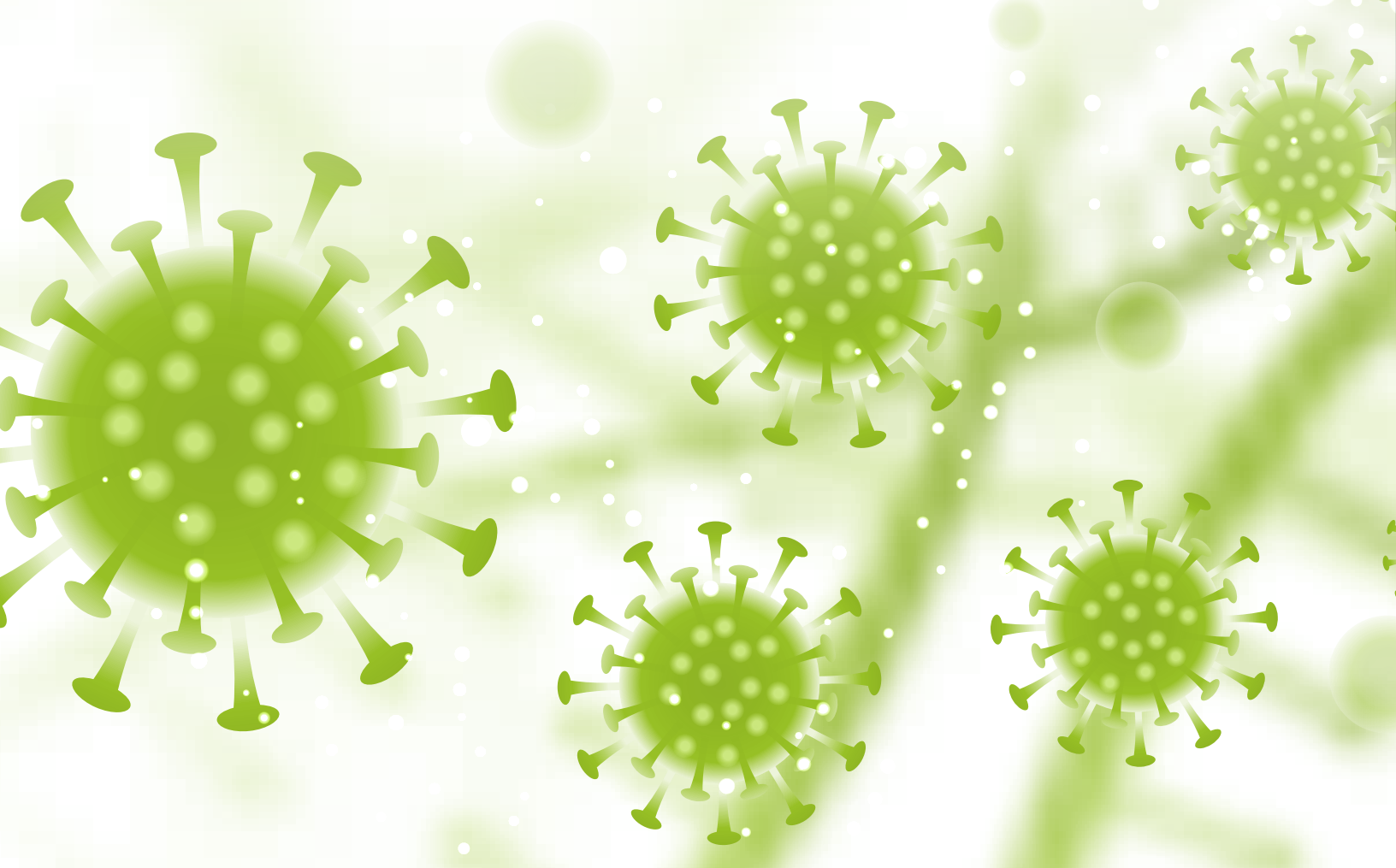
African countries are already incorporating climate action in their evolving post-Covid-19 recovery plans. There is evidence that some African countries are already making good efforts to incorporate climate action into their post-Covid-19 economic recovery plans. Nigeria's post-Covid-19 recovery plan, for example, seeks to install home solar systems and mini-grids for 5 million households not currently connected to the national grid. If successful, the project would provide 250,000 additional jobs to help cushion the unprecedented rate of unemployment resulting from the Covid-19 lockdown. In Ghana, the government is undertaking a National Adaptation Planning (NAP) process as part of its post-Covid-19 recovery plan with a view to mitigating the negative impacts of climate change by developing projected rainfall and temperature change scenarios for the next 60 years. However, the general issue of climate change remains a marginal consideration in the recovery efforts of many African countries.

The impacts of climate change, if unchecked, could erode Africa's recovery plans. Failure to recognize the effects of climate change and its centrality to the quality of growth will lead to increasing vulnerabilities and fragility in local development across Africa. Such vulnerabilities will continue to choke and stagnate economic growth in the continent. The immediate and related effects of climate change on the quality of growth in Africa include growing desertification and biodiversity loss in the Sahel, Maghreb and Southern Africa regions, chronic food production failure resulting in food and nutrition insecurity for more than 450 million people who are food insecure, and negative impacts on human development

due to the pollution and dilution of ecosystems. Furthermore, climate-related conflicts arising from water scarcity, land degradation and issues associated with droughts, floods, and other adverse risks are likely to immediately diminish the local and foreign economic investment which will be needed to boost structural transformation within the window for recovery and rebuilding.

Africa has comparative strengths for implementing a green and sustainable post-Covid-19 recovery. With diverse potential renewable energy sources, low electricity connectivity, and a low stock of infrastructure, African countries have a comparatively strong opportunity to use the massive investment targeted at post-Covid-19 recovery to lay a firm foundation for infrastructural growth that does not rely on carbon-intensive emission pathways. However, leveraging post-Covid-19 recovery in order to pursue long-term climate-compatible development will require careful broader policy planning. This should align climate-aligned recovery investment with a focus on long-term resilience so as to build inclusive and more equitable societies.

Green recovery plans can enhance international investment and trade while 'brown' recovery plans can hinder future investment and trade. The landscape of international finance and investment is changing quickly, with several countries and corporations that are important economic actors in Africa declaring ambitious climate actions and plans to divest from fossil fuel. For oil-dependent economies like Nigeria, the planned divestment of corporations from fossil fuel could have far-reaching social and economic consequences. For countries currently trading at a high level with Europe, the European Green Deal (EGD) could become a barrier to trade. Morocco and Tunisia, for example, who have until now been worldwide players in the textile industry, now face new 'non-tariff barriers' following the EU's updated environment compliance regulations. At the same time, though, green recovery planning can be used to prepare a country to consolidate current green trading grounds or gain new ones. Green recovery can also help countries to leverage the growing volume of climate finance to increase investment in clean energy, green infrastructure and indigenous technology innovation and to boost other efforts to achieve SDGs (Sustainable Development Goals) in the continent.





PRIORITIES AND POLICY OPTIONS FOR GREEN AND RESILIENT POST-COVID-19 RECOVERY IN AFRICA

Bearing in mind the huge variety of context in African countries, and the need for context-specific considerations in interpretation and approach to implementation, the following are some of the top policy priorities for a green, resilient and sustainable post-Covid-19 recovery in the continent:



i. Linking Clean Energy with Post-Covid-19 Recovery Efforts

Green energy is an obvious frontline candidate for green recovery in Africa. Post-Covid-19 recovery policies present an opportunity to combine climate action with the effort to solve the perennial energy problem on the continent by scaling the generation of both on-grid and off-grid electricity through modern renewable sources like solar, wind, tidal and geothermal. Investing in green energy will be pivotal in promoting climate-change-resilient development, healthier societies and economic empowerment. Renewable energy investments have become more important in the face of the pandemic as the need for a consistent energy supply and stresses on existing energy systems both continue to increase.

There is notable progress in clean energy development in Africa but also plenty of capacity for further investment. Morocco and Kenya are just two examples of countries that have made great leaps in clean energy investment, especially in solar energy. Africa is richly endowed with vast renewable energy sources, offering significant potential for additional growth in investment which will further support sustainable recovery. Large investments are needed to bridge the huge gap in grid connections and to put in place additional energy infrastructure development in most parts of Africa – especially in rural areas. Increased investment and new financing models have the potential to incentivize and promote renewable energy for all stakeholders in the short and the long term.

Clean energy investment has a multiplier effect on other sectors relevant to African economic growth, including job-creation. Africa's recovery efforts are set to benefit from low-carbon energy sources like solar and hydro energy with significant implications for agricultural production and those forms of industrialization that are sensitive to emissions.

Critical investment to address energy poverty for more than 620 million people on the continent has the potential to unlock clean growth pathways. These will reliably and sustainably improve the quality of growth in all spheres, including health systems development, tourism, and the digital economy.

Investment in green energy can create jobs. The African Green Stimulus Programme indicates that “investments in clean energy create three and a half times the number of jobs as the same size investment in fossil fuels” and “would enable further economic benefits such as improved healthcare services, especially in the most remote areas” while supporting further “the empowerment of women, who represent an estimated 35% of the renewable energy labour force and whose role will become more prominent, notably through the productive use of renewable energy”^[4]. In Egypt, for example, the latest selling prices for solar PV projects through the Power Purchase Agreement with government reached a record high of \$ 0.02752 / kWh for the Kom Ombo project (200 MW). Morocco's ambition to increase its share of renewable energies to 52% of electricity production by 2030 is expected to create some 50 000 jobs in this sector.

Harnessing clean energy investment to boost recovery efforts requires planning, agile institutions and policy coherence. Setting up the right mix of institutions to guide infrastructure development and actual site development is key in shaping the required resource pool for powering new competitive renewable energy on the continent. A crucial step is to identify an efficient way to integrate energy needs with economic and social development imperatives. Concerted efforts to address and end policy silos which create implementation lacunae are also required. Once policy coherence is catered for, the focus should be on creating an environment that encourages competitiveness in the energy

4. African Green Stimulus Programme, Draft of 8 January 2021, <https://wedocs.unep.org/bitstream/handle/20.500.11822/34409/AGSP.pdf?sequence=3>

market so as to provide opportunities for investments in low carbon sources from both public and private funds. Inclusive and participatory decision-making processes for integrating grids in rural areas into wider efforts to empower and increase clean energy supply while also offering bundled health benefits for local communities are vital to ensure that increased energy investments promote equity and social development.

Energy efficiency can play an important role in green recovery efforts. Despite the fact that Africa produces and supplies energy far below the level of demand, a good deal of energy is still wasted. Countries have weak grids with generation and transmission losses. In Nigeria, for example, about 40% of the meagre 5000 MW electricity generated

is lost in the course of transmission. At the same time, the majority of homes and organizations use energy-guzzling incandescent bulbs as well as other energy-inefficient appliances. The adoption of smart energy management systems (e.g. smart switches) in homes and offices across Africa could substantially reduce energy consumption and carbon emissions. The recovery process should therefore be matched with a rigorous energy efficiency campaign to shape both technological and behavioural responses. Technological responses would focus on energy-efficient conversion systems and Grade A and B energy-performance-certified appliances, while behavioural responses would look to improve energy-use behaviours, including car-sharing, reduced use of appliances, a travel-when-necessary mentality, greater understanding of energy bills, etc.



ii. Climate-Smart Agriculture

Scaling-up investment in climate-smart agriculture should be a priority for green recovery in Africa because it impacts food security for vulnerable populations. One of the most significant ways in which climate change is affecting development and livelihoods in Africa is through its impact on agriculture. Over 86% of agriculture in Sub-Saharan Africa is rain-fed. When food systems are supplied by rain-fed agriculture, even moderate changes in rainfall patterns can have a huge negative impact on productivity and food security. Agriculture is the key source of food in Africa. In some countries like Nigeria, agriculture employs over 70% of the country's labour force and contributes up to 40% of its national economy⁵. Extreme climate events like flooding, drought, and highly variable temperatures have resulted in soil degradation, which has led to low crop yields for most small-scale farmers. It is therefore vital that African countries scale up investment in climate-smart agriculture as a major way of linking their post-Covid-19 recovery with climate action.

A focus on reducing post-harvest losses will enhance recovery and climate change efforts. Post-harvest loss is a major cause of food insecurity in Africa, with up to 8% of harvested crops wasted every year according to FAO figures.⁶ Lack of storage leads to high cost out-of-season food produce in Sub-Saharan African countries. As well as the problem of raised cost, there is also the issue of the environmental impact of current agricultural practices to consider, especially in terms of air quality, environmental degradation and emissions. To build back better, governments, working on

their own and with the private sector, will need to promote additional investment in technologies and efficient market systems to reduce post-harvest loss.

Smart investment in agriculture can support both improved productivity and small-scale adaptation so that overall, climate resilience projects offer a high return on investment. Climate-smart agricultural initiatives offer a unique opportunity to counter the impact of climate change whilst also ensuring food security and environmental sustainability. Investment in smart and innovative irrigation technologies for dry-season crop and vegetable production could significantly increase productivity and cut down on the importation of vegetables and other food commodities. Production of fruits and vegetables locally in greenhouses, which is gradually gaining a foothold in Ghana, for example, could significantly help to reduce both imports and carbon footprint. Morocco's agricultural strategy of building resilience by channeling more investments to thousands of small projects with tangible local impacts is already underway. Post-Covid-19 economic recovery that focuses on structural reforms in the agricultural, energy, forestry, transport, water and waste management sectors, including sustainable irrigation projects and small energy infrastructure, can enhance productivity while building resilience.

Climate-smart agriculture can help reduce conflict and violence and stabilize large parts of the African continent. Peace and stability are the foundations for economic growth and sustainable development. Climate change is helping to

5. NBS. (2017). *Nigerian Gross Domestic Product Report*. National Bureau of Statistics.

6. FAO. G. (2011). *Global food losses and food waste—Extent, causes and prevention*. SAVE FOOD: An Initiative on Food Loss and Waste Reduction

fuel conflict and violence in many parts of Africa, which in turn endangers not only lives and livelihoods, but the effort to tackle climate change and build back better. In Nigeria, for example, conflicts and violence between northern herders and pastoral farmers in the South are leading to growing insecurity in the country and are compromising the government's efforts to implement post-Covid-19 recovery. Incorporating smart agricultural practices like rainwater harvesting, agroecology, ranching, irrigation, coastal zone

management and the introduction of climate-change-compatible breeds of livestock can form an important part of post-Covid-19 recovery efforts in some African countries. Reclaiming and rehabilitating degraded landscapes with fast-growing tree species such as *Leucaena* and bamboo could offer an alternative resource for the restoration of depleted forest landscapes, as well as supplying biomass for pellet production and sustainable architectural structures to lock in carbon dioxide.



iii. Other Priorities

GREEN TRANSPORTATION:



The transportation sector is one of the major consumers of fossil fuel, contributing between 20% and 30% of total emissions in African countries. The post-Covid-19 recovery plans of African countries should include efforts to promote public mass transportation, offering low-cost options including world-class electric battery buses and trains and high-speed rail. Heavy-duty vehicles could also be made to run on blends of biodiesel, to minimize pollution emanating from diesel trucks. Alongside this, governments should also incorporate electric vehicles into their transition plans. This is crucial in enhancing fuel-efficiency and mitigating against the consequences of carbon-based fuel. However, it will require the installation of electric vehicle-charging infrastructure in a good number of public locations throughout the continent. Further reducing emissions from light-duty vehicles will also necessitate improvements in renewable electricity generation capacity, and in continent-wide transmission and distribution, but this comes with great benefits, including lower operating and maintenance costs, and reductions in both GHGs and fuel imports.

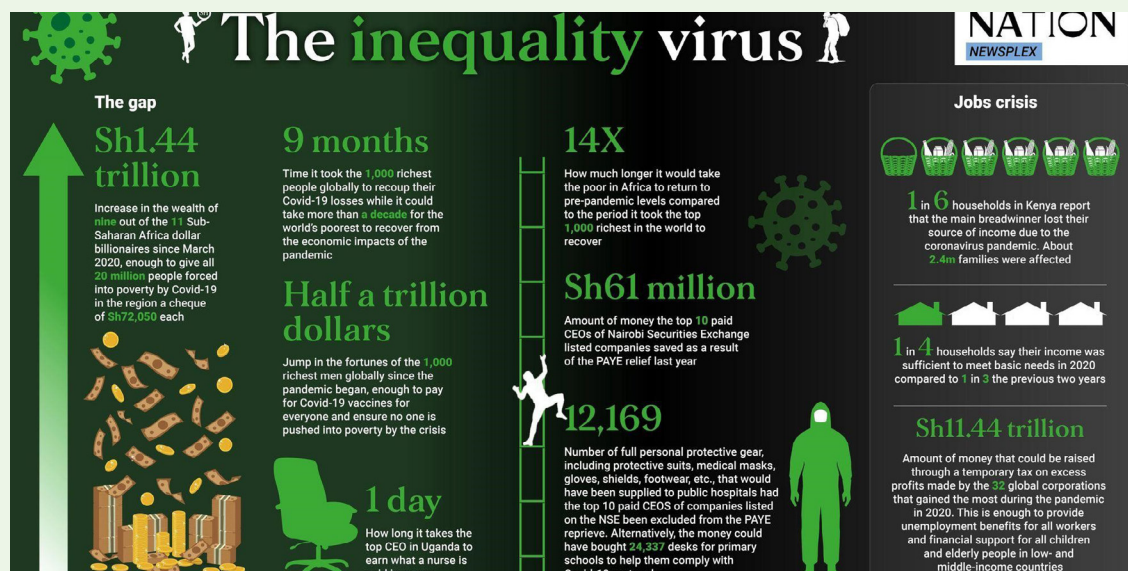
QUALITY DATA TO DRIVE THE DIGITAL ECONOMY



has become an important new area of focus during the pandemic. Structural transformation has been driven partly by developments in Fintech in Kenya, Nigeria, Rwanda, Mozambique, South Africa, and Ghana, and this has accelerated financial deepening services along with massive investment in technology-driven tourism and startups in Morocco. One of the strategies that helped many developed economies during the Covid-19 lockdown was the promotion throughout the economy of digital services, including e-commerce, e-health, e-learning, e-banking, and video conferencing technologies. E-commerce assisted with buying and selling, avoiding the need for the physical presence of buyers in stores. E-banking allowed bank transactions to be executed without any need for physical presence in banking premises. Limiting human movement and transportation in these ways has helped to reduce carbon emissions. A digital economy strategy for African countries (and it should be noted that some countries are already digital champions) will be beneficial to both the economy and the environment, as long as it is strongly supported by policy and politics. It is clear that there is a need to expedite improvements in technology and its application as well as to facilitate its wider adoption and replication as a way to sustainably tackle current and future crises. At the African Union level, at subregional levels like ECOWAS, and at a national level, there should be a concerted effort to set an agenda for intensifying technology use and access across the subregion. This must be supported by comprehensive and contextualized research and innovation. Robust and clear frameworks to channel additional resources into post-pandemic investments will mean inclusive, green, and sustainable growth in the digital economy and will offer lucrative pathways for recovery.

SOCIAL PROTECTION AND TACKLING INEQUALITY

in the continent is both an immediate and long-term struggle. Low levels of investment in quality jobs together with large informal sector growth in Africa means that inequality has deepened. Covid-19 has further exacerbated this inequality, due in part to significant variation in public spending, low private investment in social development, large scale illiteracy, increased urbanization without the necessary concomitant support in urban governance and infrastructure, and mass unemployment, especially among the youth and women. Figure 2 below shows how the inequality gap has widened in Sub Saharan Africa, with over 20 million people forced into poverty during the pandemic while at the same time the leading billionaires attracted more wealth both on the continent and globally. Governments on the continent must rethink labour market policy reforms to incentivize entities that offer more responsive and progressive social protection programs. Structural weaknesses in governance systems have shown up the high levels of inequality and the weakness of social protection programs. These issues require serious government engagement if they are to be solved in the long term, but they further remind us, as the realities of Covid-19 have done, that governments exist not for their own sake but for the wellbeing of the people they govern. It takes the state to address this range of policy problems in the middle of a pandemic by setting up targeted programs to bridge existing gaps. Improving the social contract between the people and their governments will become even more significant in the future. Morocco's recent announcement of the generalization by 2025 of social protection for the whole population is an illustration of how social justice must be taken into account to implement a truly inclusive recovery scheme.



Source: Nation, Figure 2 showing the inequality impact of Covid-19 on Sub-Saharan Africa & East Africa

GREEN INDUSTRIAL POLICY

is important to protect the ecosystem and to promote environmentally friendly technologies, innovations and investments. These will support the development and growth of meaningful regional integration efforts to underwrite continental free trade. As Stieglitz pointed out in 2007, "past polluters have a responsibility to support efficient technologies that produce less pollution in developing and emerging economies". African governments and private enterprises should not abandon or neglect investment in the environment during their recovery efforts. Such investment underwrites the region's industrial development, institutional agility, and economic transformation, supported by long-term investment in infrastructure.



ENVIRONMENTAL TAX⁷



has been and remains an important missing link for incentivizing accelerated ecosystem stewardship for long-term development. Setting up an environmental price like the carbon price to reflect the social cost of CO₂ emissions is likely to stimulate investment in green industrial policies⁸. This type of tax is driven by the need to make the market work for the benefit of development and the environment, signaling as it does the appropriate price for environmental protection and giving support in raising the funds required to finance public engagements. In 2017, South Africa became the first country in Africa to introduce a carbon tax and there is a need for other African countries to learn from South Africa's experiences and outcomes in this area.

TOURISM, INDUSTRY AND TRADE COMMODITIES



will require significant work to regain their pre-Covid-19 momentum. Restrictions on global air transportation, along with other fears arising from the pandemic, were devastating for tourism, industrial production, and trade at all levels. Although recovery is slowly taking shape, for the many countries in the region reliant on tourists from Europe, the far East, North America, and Australia, full recovery in Africa's tours and travel, events, and conference trade will take much longer to achieve.



7. Stiglitz et al., (2019); *The Quality of Growth in Africa*, New York; Columbia University Press, p. 365.

8. Stiglitz Joseph, (2016); *An Agenda for Sustainable and Inclusive Growth in Emerging Markets*, *Journal of Policy Modeling*, 38 (4): 693-710.



FINANCING A GREEN AND SUSTAINABLE POST-COVID-19 RECOVERY

Implementing a green and sustainable post-Covid-19 recovery requires a special focus to ensure the integration of climate and green projects and initiatives into the planning and budgeting processes that are part of economic recovery strategies. These must include stimulus packages aimed at supporting recovery and rebuilding.

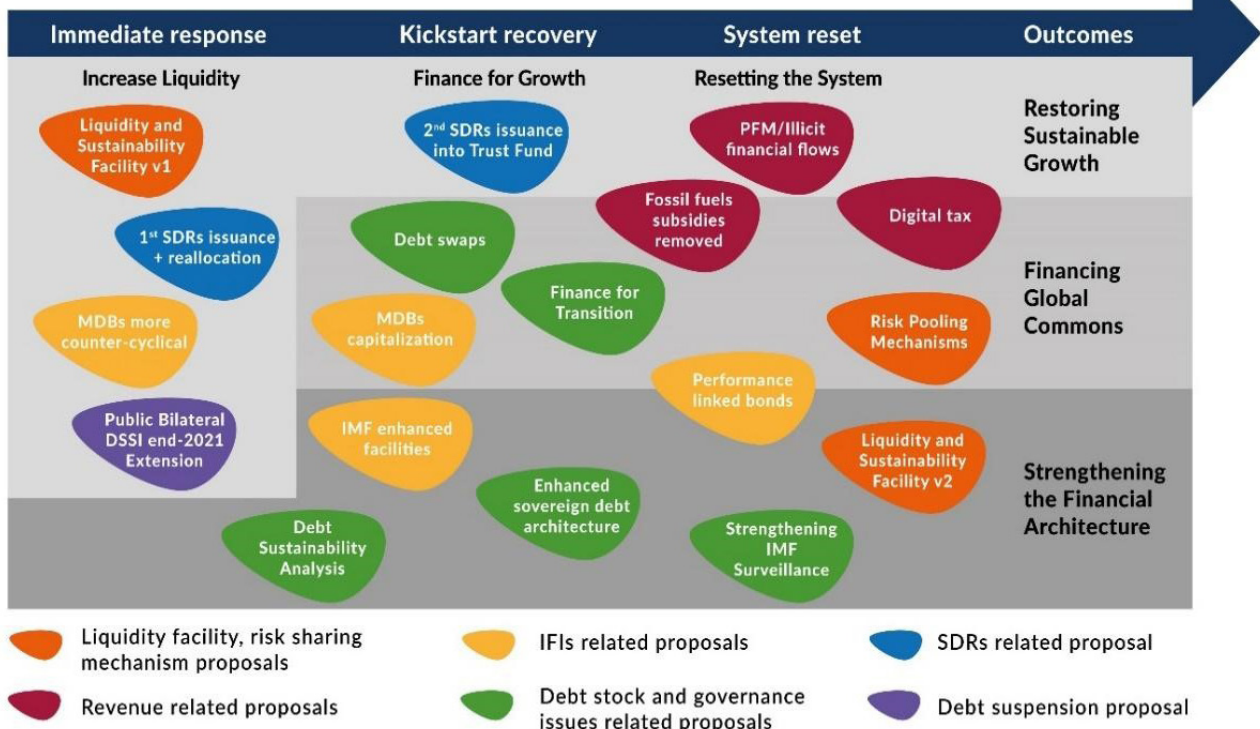
In the last ten months, the Covid-19 crisis has deepened an already existing fault line in Africa’s development financing.

Most countries are reeling under the weight of large domestic and external debt. From Ghana to Zambia and Kenya to Nigeria, fiscal policy and macroeconomic management of the recovery process faces additional revenue constraints arising from the need to contain the pandemic, buy vaccines and sustain economic recovery at the same time as addressing climate change.

National Treasuries and Central Banks have to work in concert to address the new debt trap that many African countries find themselves in. Playing catch-up will significantly affect their choice of investment priorities and sectors at the

same time that they are trying to reduce government tax pressure on a suffering population. Limited foreign reserve facilities mean that most of Africa does not have the luxury to sit back and let matters unfold. As part of recovery, political action and engagement will be necessary. This must include the benefits of re-imagined policy choices and tools to inform national climate action and inclusive growth and must also look to regional efforts for collaborative, green and just actions that will drive better recovery. Private-sector players should be encouraged to increase their investment portfolios as part of the regionalization process whose momentum has been building following the Continental Free Trade Area operationalization which began in January 2021.

Source: UNECA; Figure 4 – Financing Process Flow in the Response, Recovery & Reset Post-Covid-19⁹



9. Figure 4 abbreviations; SDRs – Special Drawing Rights (that countries have as members of the IMF); MDB – Multilateral Development Banks; PFM – Public Finance Management.

Political action is also necessary throughout the value chains in order to increase liquidity within the response framework. There is a need to establish collaborative institutional responses in order to kickstart recovery and finance inclusive growth, while also aiming for bold investment options to reset key economic pillars in post-Covid-19 development. Figure 4 above shows the sequencing of options across different phases that governments can employ, and sets out the negotiations within international development financing architecture and frameworks that have evolved. These are based on each country's or region's liquidity and needs in terms of building back better and achieving long-term sustainability growth. The raft of policy proposals available for consideration and the African Union's institutional arrangements could be useful in supporting the continent's needs and initiatives, including those for debt relief and cancellation.

Reforming the International Development Financing Framework is important to free up the financial resources required to support poor and developing countries (including emerging economies) to deal robustly with post-Covid-19 recovery and rebuilding efforts. Such reform would go a long way towards addressing the sovereign debt challenges that have accumulated in many countries. The spread of Covid-19 calls for concerted regional and global cooperation between governments, international organizations, development and donor partners, and the business community in the private sector. Multi-level partnerships and multi-stakeholder cooperation remains important as the strategic enabler by which the private sector can unlock capabilities for sustainable commercial growth and industry development during recovery through the remainder of 2021 and beyond.

Private sources of finance can play an important role in green and sustainable post-Covid-19 recovery in Africa. In this context, the private sector's strategic Covid-19 Small and Medium Enterprises (SMEs) action support program for recovery can encourage a focus on achieving sustainable recovery to facilitate inclusive post-pandemic growth objectives. The various regional and national chambers of

commerce and industry can work collaboratively with local and national governments to mobilize additional financial resources for supporting SME investments and recovery. Some of the suggested Key Performance Indicators (KPIs) for the large corporates and SME-led recovery program by the end of two to four years include: (i) a better empowered SME business community capable of driving private-sector-led growth and sustainable development/transformation during and after the Covid-19 crisis; (ii) an improved recovery process that attracts and retains jobs, allowing SMEs to build back better and invest in sustainable businesses that are innovatively driven towards recovering lost jobs and creating new opportunities; (iii) more productive and competitive SMEs capable of attracting new investments to the tune of over \$10 trillion, so as to finance Africa's business investments and portfolio growth.

There is a need to incentivize climate-compliant SMEs so that they will invest more and create value for sustainable and shared prosperity. This can be achieved through increasing the number of SMEs targeting external and foreign markets, leading in turn to increased earnings and expansion of Africa's export trade portfolio as a direct benefit from AfCFTA and to other trade pacts with the US (similar to AGOA with China and the EU's ACP trade deal). Public parastatals and large private corporations could also leverage and capitalize on post-pandemic growth packages, making accelerated investments and thereby rendering Africa's quality investment matrix more agile. Improvements in local policy and the climate of trade regulation for investment can be achieved by amalgamating the country chapters of National Chambers of Commerce to create Regional Recovery, Competitiveness & Innovation Hubs for Business and Innovation Excellence. At the same time, the continent should aim for a significant reduction (estimated at 30%) in the failure of SMEs because of misgovernance and sustainability issues. This reduction could be achieved by adopting a contextualized Environmental Sustainability Value Index (ESI) which would go a long way towards buttressing recovery efforts by addressing local and national recovery and business governance needs.



F

KEY POLITICAL ACTIONS FOR IGNITING SUSTAINABLE AND CLIMATE-ALIGNED GROWTH IN POST-COVID-19 RECOVERY

The previous sections have highlighted the immense challenges and also the opportunities for building back better as part of the continent's post-Covid-19 response outlook. It is evident that strong political action is needed to address these challenges and to take advantage of this unique opportunity for re-imagining and implementing strategies to help Africa leverage its post-Covid-19 responses and build a more sustainable, just and prosperous future. Below are some of the important political asks that could guide practical actions and that can be taken with optimum impact as rebuilding gets underway:



Work with national and local legislatures to improve existing legislative and policy frameworks, supporting people-centered budgets and financial planning to promote quality of growth and sustainable socioeconomic transformation.



Use all available avenues and resources to redress the sovereign and commercial debt burdens which limit African countries' capabilities for financing post-Covid-19 rebuilding and growth. Also focus on addressing institutional challenges so as to sustain the necessary momentum for raising additional revenue for post-Covid-19 recovery efforts.



Integrate robust innovative support programs for SMEs between governmental agencies, and corporations, thereby enabling effective recovery that delivers local development aspirations and actively supports protection of the environment through targeted policy mechanisms and tools like environmental tax and green industry policy.



Engage the International Monetary Fund (IMF), bilateral and other multilateral creditors to offer debt-relief packages and rapid disbursement of a credit facility. This will help African countries facing the adverse negative economic impacts of the pandemic, creating dynamic policies to guide building back better.



Provide deliberate social protection and better regulation of the labour market regulation so as to structurally address the systemic and institutionally-inbuilt inequality which suffocates opportunities for Africa to create wealth competitively and become more productive for its people.



Make concerted efforts to shift policy towards sustainable investments. High demographics and urbanization are tied together. Policy shifts are needed to develop better urban governance facilities and to create more quality job opportunities, especially for the youth and women, who have been affected the most by Covid-19.



Integrate climate change adaptation, resilience building and green investments into post-Covid-19 recovery planning and budgeting processes to reap multiple benefits for the people, planet and the economies.

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**African Green Stimulus Programme, Draft of 8 January 2021;
<https://wedocs.unep.org/bitstream/handle/20.500.11822/34409/AGSP.pdf?sequence=3>**