

African Parliamentary Union



43rd Conference
Djibouti, 14 – 15 October 2021

R /151/43 (2021)

The Covid-19 pandemic and its effects on African economies: achieving economic recovery

*Resolution adopted by the 43rd Conference
(Djibouti, 15 October 2021)*

The African Parliamentary Union, meeting at its 43rd Conference in Djibouti on 14 and 15 October 2021,

Considering that the COVID-19 health crisis has had an economic impact on African countries resulting in, lower economic growth, higher inflation, higher budget deficits, higher public debt, lower external trade, in addition to social impacts on employment and the welfare of the population at large,

Indicating that that the economic downturn, declining development, rising unemployment rates and mounting poverty make it more difficult to mobilize additional domestic resources without compromising people's lives and livelihoods,

Noting that the economic impact of the COVID-19 pandemic on African countries has been exacerbated by their heavy dependence on outside sources for their food, medicine and equipment imports,

Aware that the interdependence of the African continent with the rest of the world has contributed to a decline in its productive activities, leading to a drop in government revenue and an increase in public debt,

Noting that, according to the United Nations and the World Bank, the continent's Gross Domestic Product (GDP) growth could drop by more than two percentage points and that this crisis will lead to a recession in African economies, the first in over 20 years,

Aware that this health crisis has harmed decades of steady development progress in Africa and that without additional and urgent financial support, it will be difficult for African countries to achieve the Sustainable Development Goals (SDGs),

Noting the wide disparity between African and Western countries in terms of investment for economic recovery at 0.8% and 8% of their GDP respectively,

Stressing the need for the international community to be involved in the African continent's efforts to effectively address the disastrous effects of this health crisis by putting in place sustainable solutions to withstand future shocks,

Emphasizing that the export revenues of the various countries of the continent are likely to decline sharply with the decline in global demand for raw materials and the lack of diversification of African economies; this decline is estimated at more than \$100 billion by the United Nations Economic Commission for Africa (ECA),

Aware that the decline in export incomes risks leading African countries, if there is not a substantial international aid, to resort to international financial markets, which could contribute to a higher debt than it was prior to the Covid-19 crisis, a debt estimated by the African Union at \$ 230 billion,

Convinced that accelerating the process of regional integration and developing transnational cooperation will help to prevent the disruption of supply chains in the event of a crisis and significantly reduce the cost of trade,

Further noting the entry into force of the African Continental Free Trade Area (AfCFTA) in January 2021, which will contribute to building resilience to external shocks with greater intra-African economic flows,

Indicating that on account of the global pandemic, it is difficult, if not impossible, for African countries to obtain the necessary funds to revive their economies through concessional financing, commercial borrowing or increased mobilization of domestic resources,

Further considering that all the financial mechanisms put in place at the international level to assist African countries faced with the financial and socioeconomic consequences of the COVID-19 pandemic will not be sufficient and that the solution lies, inter alia, in dealing effectively with the external debt,

Concerned that the burden of interest payments on debt continues to prevent African countries from releasing sufficient funds to mitigate the effects of the health crisis,

Recognizing that more than 40% of the continent's external debt is held by private creditors, thus influencing the budgets of African States, and that most of this private debt is short-term and at higher interest rates than those of public creditors,

Further indicating that the share of the increase in the special drawing rights (SDRs) of the International Monetary Fund (IMF) allocated to Africa, i.e.,\$34 billion out of the \$650 billion, will not be sufficient to meet the post-COVID needs of African countries,

1. *Stresses* that speedy economic recovery in Africa cannot be achieved without an effective immunization policy adopted and implemented by the governments of African countries;
2. *Affirms* that in order to achieve economic recovery, it is important to implement ambitious reforms that allow for job creation, a better distribution of the benefits of growth and sustainable development;
3. *Also affirms* the need to further promote a regional policy to address the needs of the people, at a time when attempts at isolation are emerging in countries outside the African continent;
4. *Stresses* the importance of building infrastructure and local and intra-African trade to bolster national and continental economic capacities and reduce import dependency and the shocks of crises such as the COVID-19 pandemic;
5. *Calls on* governments to support economic activity, particularly in sectors such as tourism and air transport, which have been heavily impacted by the Covid-19 crisis, in order to ensure their viability, including through measures to increase their liquidity and safeguard employment;
6. *Urges* governments to strengthen measures to safeguard livelihoods, including through facilitating access to bank credit and reducing corporate taxes;
7. *Encourages* African States to promote the COVID-19 vaccine production industry in Africa in order to have a positive impact on the psychology of our populations and also to benefit economically by pooling their efforts;
8. *Also encourages* opinion leaders to urge citizens to get vaccinated with a view to achieving at least 70% immunization coverage by 2022;
9. *Invites* African governments to build the capacities of our universities and research institutes to better address issues related to agriculture, education and research and development, and technological innovation;
10. *Further encourages* African countries to further develop infrastructure, reduce trade costs, promote digital inclusion and invest in renewable energy;
11. *Calls on* African governments to take measures to stabilize food prices at an affordable level, including through the temporary reduction of taxes on food products;
12. *Further stresses* that the entry into force of the African Continental Free Trade Area (AfCFTA) will cushion the negative effects of the health crisis by facilitating the recovery of African economies while allowing for the reorganization of markets and the establishment of new industries in key sectors;

13. *Emphasizes* the diversification of partners to make African economies stronger;
14. *Encourages* local processing of raw materials to curb unemployment;
15. *Also encourages* African countries to take advantage of the African Continental Free Trade Area to accelerate the process of integration into continental and global value chains;
16. *Urges* African countries to seek alternative sources of finance, including through greater mobilization of domestic resources, to manage the informal sector, increase production, create value-added and diversify the economy in order to reduce dependence on external sources to meet domestic needs;
17. *Emphasizes* the importance of investing in the green economy that can create millions of jobs in sectors such as energy, transport, agriculture and production in general, to contribute to the achievement of the African Union's Agenda 2063 and the Sustainable Development Goals (SDGs);
18. *Calls on* the international financial institutions and the international community at large to reform the international financial system in order to introduce more justice in development financing and more transparency in the use of funds;
19. *Urges* African governments to further promote good governance, the fight against corruption, the quality of our institutions, strong leadership, and equitable allocation of national resources;
20. *Calls on* the international community, including international and regional financial institutions, to strive for the involvement of private creditors in all negotiations on the debt of African countries;
21. *Urges* international financial institutions, G20 countries as well as bilateral partners, including private creditors, to continue efforts aimed at relieving the external public debt of African States in order to increase their budgetary resources, which are essential to contain COVID-19 and to face its repercussions;
22. *Supports* initiatives aimed at increasing the IMF's special drawing rights and allocating part of the rights of rich countries to African countries, in view of the magnitude of their financial needs, estimated at \$100 billion, for the economic recovery of post-COVID African economies;
23. *Calls for* the support of the entire international community to enable African countries to have more resources to tackle the disastrous effects of COVID-19 and for the resumption of growth. A more resilient and less dependent Africa is conducive to stability and further efforts towards the achievement of the Sustainable Development Goals (SDGs).