



G20 COMPACT WITH AFRICA

MONITORING REPORT

AFRICA ADVISORY GROUP MEETING

April 2021

CwA Countries:

- Benin • Burkina Faso • Côte d'Ivoire • Egypt • Ethiopia
- Ghana • Guinea • Morocco • Rwanda • Senegal • Togo • Tunisia •

In collaboration with:



Report prepared by:



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Executive Summary

EXECUTIVE SUMMARY

The G20 Compact with Africa (CwA) was launched in 2017 under the German G20 Presidency to promote private investment in Africa through improvements of the macro, business and financing frameworks. It brings together reform-minded African countries, international organizations and bilateral partners to support reforms and promote private investments. The initiative is demand-driven and open to all African countries. The Africa Advisory Group (AAG) reports bi-annually to Ministers and Governors on progress and future ambitions. The main conclusions of this CwA Monitoring Report are:

1. Macroeconomic, FDI and trade overview:

- Despite the COVID pandemic, growth in CwA countries (1.1% in 2020) continued to outpace peers and is expected to rebound to 3.4 percent in 2021, while public debt is expected to increase to 80% of GDP in 2021 (from 71% in 2019). As a sign of market trust, two CwA countries issued oversubscribed Eurobonds in 2020. Vaccination is now the focus for a complete and safe recovery.
- Like in the rest of the world, FDI dropped in CwA countries in 2020 (-76%), improving slowly in the second half of the year. Short term priority is to retain FDI and convince investors who held off because of COVID-19. FDI strategies should be adapted to this new uncertain global context.
- CwA countries continued to outpace peers in export performance which is almost back to pre-COVID levels. Air travel is back at 60% of pre-COVID levels from a low of 20% in Q2 2020. As the sanitary crisis eases, CwA countries should remove the restrictive measures they put in place (e.g. export bans) and further facilitate trade, leveraging the new AfCFTA....
- The AfCFTA, signed by 54 of 55 countries, will, once implemented, help African countries, CwA countries in particular, be more attractive to FDI, competitive and resilient through economies of scale and diversification including through regional value chains.

2. Progress on 2018 reform commitments and additional reform initiatives:

- Progress on 2018 reform commitments has been quite strong along most of the committed reforms. Most CwA countries strengthened their macroeconomic frameworks (most with IMF support in 2020), their business frameworks by leveraging digital solutions (e.g. e-taxes, online one-stop-shops for business registration and customs) and their financial frameworks by facilitating secured lending (e.g. property rights, leasing and commercial courts).
- Additional reform initiatives informed by Country Private Sector Diagnostics (CPSDs) include the publication of fiscal risk analyses, SOE reforms/divestments, operationalization of PPP frameworks, establishment of competition authorities, use of digital platforms to facilitate access to agriculture inputs, streamlining of business procedures in key value chains, acceleration of reforms for digital payments and enactment of new insolvency laws.

3. Leveraging new growth opportunities:

- The digital economy, brought to the fore by the COVID-19 crisis, offers CwA countries boundless opportunities (e.g. easier access to markets and knowledge, export of digital services) requiring enabling policies as well as investments in connectivity and skills.
- The green economy offers CwA countries the opportunity to leverage sustainably the continent's plentiful natural riches through smart agriculture, eco-tourism, circular economy and renewable energy practices also requiring enabling policies and public support.

4. Independent review by the African Center for Economic Transformation (ACET):

- ACET welcomes the good progress on 2018 reform commitments and the new reform initiatives.
- ACET emphasizes the importance of working on the digital economy enablers going forward.
- ACET supports South Africa's suggestion of a workshop for CwA countries to discuss their reform initiatives, informed by diagnostics (e.g. CPSDs and Digital Economy Diagnostics), paving the way for CwA Reform Matrices 2.0.

7.

*Macroeconomic,
FDI and trade
overview*

1. MACROECONOMIC, FDI AND TRADE OVERVIEW

MACROECONOMIC OUTLOOK

Compact with Africa countries entered the COVID-19 crisis strengthened by several years of steady progress toward stronger macroeconomic management. Eight of the Compact countries –Benin, Burkina Faso, Côte d’Ivoire, Guinea, Rwanda, Senegal, Togo, and Tunisia– had an IMF program in place in 2019. In addition, Ghana’s Extended Credit Facility was completed in March 2019 and Egypt’s Extended Fund Facility (EFF) was completed in July 2019. In 2020, 10 of the 12 Compact countries received emergency financing from the IMF. In addition, Benin and Togo augmented their existing programs, and Egypt’s new Stand-By Arrangement (SBA) was approved in June 2020.

Growth performance. Growth in CwA countries has remained relatively strong since the initiative’s launch. Due in part to efforts to shore up macroeconomic fundamentals prior to the crisis and supportive policy actions since the start of the pandemic, (weighted) GDP growth was 1.7 percent in 2020 (compared to –2.2 percent in EMDEs). The contraction for 2020 was 0.6 percentage points smaller than projected for CwA countries due to higher than expected economic activity after lockdowns were eased and work modalities adapted in the second half of 2020.

A global recovery powered by expanded access to vaccines and easing of lockdown in advanced economies, paired with supportive fiscal measures in a few large economies, will lay the foundation for more robust (weighted) GDP growth of 3.3 percent in 2021 and 5.7 percent in 2022 in the CwA. However, the outlook will vary significantly across countries reflecting differences in policy space and responses, trajectory of the pandemic, domestic progress toward vaccinations, dependency on fossil fuel exports and tourism, share of jobs in contact-intensive sectors and the ability for economic activity to adapt to subdued mobility.

Compact countries in North Africa (NA) will continue to focus on combatting the pandemic as they also turn their attention to promoting economic recovery. GDP growth in NA CwA countries is projected to be 3.6 percent in 2021 and 4.0 percent in 2022, reflecting these efforts.¹

Sub-Saharan Africa (SSA) CwA countries are still in the midst of a health emergency, with policy responses focused on containing a second wave and new variants. However, in some countries the impacts of these health challenges will be partially offset by a more supporting external environment and an easing of financing conditions. As a group, SSA CwA countries are expected to grow by 4.6 percent in 2021 (compared to an average of 4.1 percent between 2016–19). Commodity exporters also stand to benefit from a firming up of commodity prices in the months ahead, whereas tourism reliant economies will likely continue to be most affected.

The enduring impacts of the global economic collapse in 2020 is also coming into sharper focus. As noted in the April 2021 World Economic Outlook, the chasm between living standards in EMDEs and advanced economies is likely to widen as different countries embark on divergent growth trajectories.

Cumulative per capita income losses over 2020–22, compared to pre-pandemic projections, of 20 percent of 2019 per capita GDP in emerging markets and developing economies (excluding China), will be nearly double those of advanced economies, at 11 percent. Years of gains in poverty reduction could be reversed as a result, with up to 95 million additional people falling into extreme poverty, and 80 million more undernourished than before.

¹ See IMF Regional Economic Outlook for Middle East and Central Asia (March 2021).

Debt vulnerabilities.

A significant number of countries entered the pandemic with elevated levels of debt. A recent update of the IMF's [Global Debt Database](#) shows that global debt—public plus private—reached \$197 trillion in 2019, up by \$9 trillion from the previous year. As economic activity collapsed and governments acted swiftly to provide support during the pandemic, many countries experiences a debt surge.

As a result, some highly indebted emerging market and developing economies are starting to find it more difficult to borrow to support the response to the pandemic.

As countries used all available fiscal space for pandemic policy responses, CwA debt vulnerabilities also worsened significantly. The hard-earned decline in public debt ratios among CwA countries from 80 to 71 percentage points of GDP between 2017-19, is expected to be completely reversed by 2021 when public debt once again averages 80 percent of GDP.

The fiscal adjustment achieved through expenditure compression that made the earlier decline possible will be out of reach as countries continue to face significant spending pressures to save lives and livelihoods, and lay the foundation for a recovery.

Wide disparities in debt vulnerabilities across CwA countries mean that for a handful of countries the situation is even more challenging, and a few will be at continued high risk of debt distress. Putting CwA countries back on a downward debt trajectory will require a coordinated approach by the international community to ensure access to financing and greater transparency in lending.

RECENT FDI TRENDS

After a strong performance in 2019, FDI in CwA countries dropped in 2020 due to COVID.

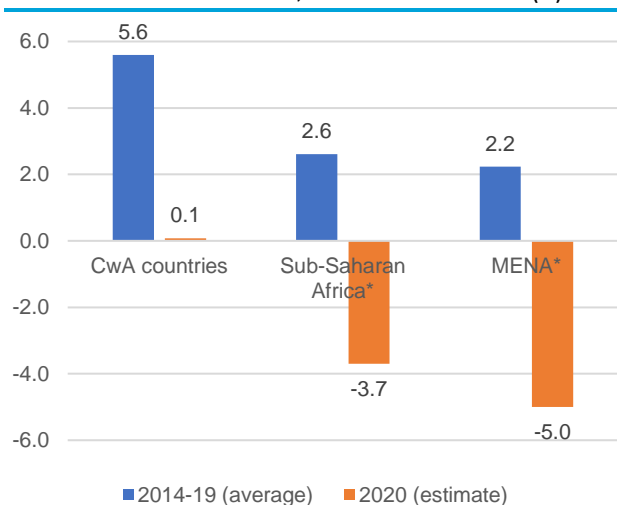
- The COVID-19 pandemic has had devastating effects on livelihoods, employment, and investor confidence. According to the World Bank Global Investment Competitiveness Report 2019-20, two thirds of multinational investors in developing countries are reporting disruptions in supply chains, declines in revenues, and falls in production within months of the outbreak.²
- As a result, global FDI flows have collapsed in 2020, falling by 42% to an estimated \$859 billion, from \$1.5 trillion in 2019. Such a low level was last seen in the 1990s and is more than 30% below the investment trough that followed the 2008-2009 global financial crisis.³

²World Bank Group. 2020. Global Investment Competitiveness Report 2019/2020: Rebuilding Investor Confidence in Times of Uncertainty. Washington, DC: World Bank

³UNCTAD Investment Trends Monitor, January 2021. Available at: https://unctad.org/system/files/official-document/diaeiainf2021d1_en.pdf

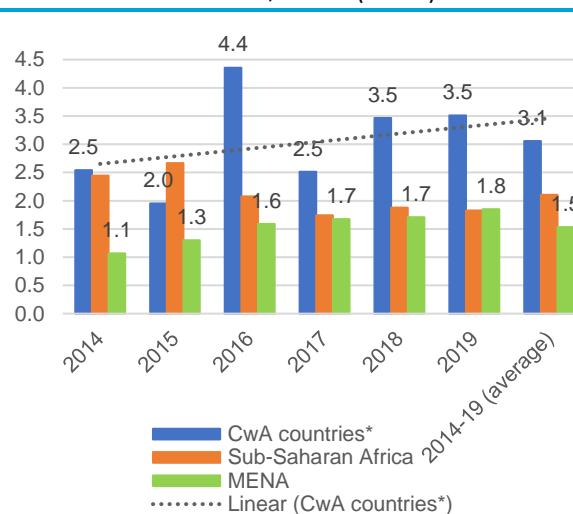
- The decline in FDI was concentrated in developed countries, where flows plummeted by 69% to an estimated \$229 billion. Flows to Europe fell by two thirds to -US\$4 billion (including large negative flows in several countries). A sharp decrease was also recorded in the United States (-49%) to US\$134 billion.
- In developing economies, the decline in FDI flows was relatively measured in 2020 (-12%), with the share of developing economies in global FDI reaching an all-time high at 72% of global FDI and China topping the ranking of the largest FDI recipients globally in 2020 – outpacing the United States. The Chinese economy brought in US\$163 billion in inflows (compared to US\$140 billion in 2019), while the US received US\$134 billion in inflows vs. US\$251 billion in 2019.
- The fall in FDI flows across developing economies was uneven and slightly more measured in Africa overall. FDI flows fell by 37% in Latin American and the Caribbean and by 18% in Africa – to an estimated US\$38 billion (from US\$46 billion in 2019).
- In Africa, greenfield project announcements (an indication of future FDI trends) fell by 63% to US\$28 billion (from US\$77 billion in 2019). The weakest performance was registered in H1-2020 due to uncertainty amid the pandemic: activity declined sharply in the first half of 2020 as investors turned cautious in the face of the pandemic. Over the second half of 2020, the situation improved albeit slowly as uncertainty remained elevated.
- In terms of greenfield project announcements, using the Financial Times’ FDI Markets database, the drop was more pronounced in CwA countries compared with the rest of Africa – by 76% year-on-year in volume and by 55% in new investment projects (vs. by 41% and 45% respectively in the rest of Africa). This can be attributed to a variety of factors. Overall CwA countries’ growth performance over the past five years (2014-2019) has proven to be superior to regional and sub-regional averages (Figure 1), with higher, and increasing, contributions of FDI inflows to GDP (Figure 2). In 2020, the sudden slowdown in economic activity and FDI flows globally, which affected principally developed economies and traditional FDI source countries such as Europe, the US and Gulf Cooperation Countries (GCC), has resulted in sharper drops in FDI inflows to Compact countries. This, combined with the decline in most commodity prices during H1-2020 (particularly key commodity exports such as cocoa, coffee and crude petroleum), explains the sharp slump in “announced greenfield investments” to Compact countries measured in Figure 3 and Figure 4. Other factors include country idiosyncrasies, such as the deteriorating political and security environments in some Compact countries (Cote d’Ivoire, Ethiopia, Guinea) – a further deterrent for foreign investors.

FIGURE 1 REAL GDP GROWTH, 2014-19 AND 2020 EST. (%)



* 2020 estimates for SSA and MENA are derived from World Bank GEP 2021.

FIGURE 2 FDI NET INFLOWS, 2014-19 (% GDP)



* Data for Ethiopia, Ghana, Senegal and Tunisia are incomplete or missing.

FIGURE 3 GREENFIELD FDI INFLOWS, 2016-20 (USD BILLION)

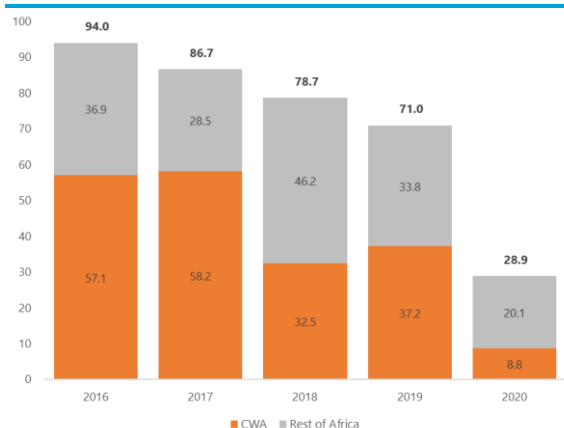
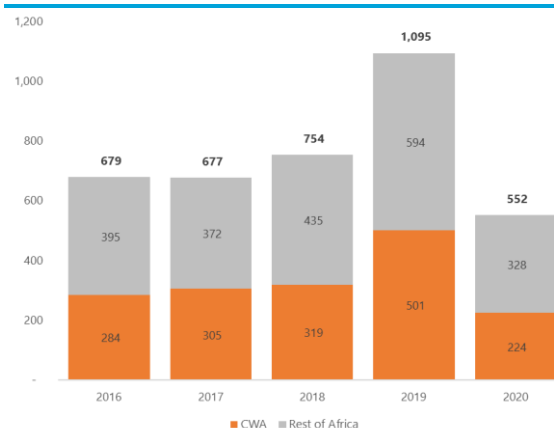


FIGURE 4 GREENFIELD FDI INFLOWS, 2016-20 (NUMBER)



Source: FDI Markets, a service from the Financial Times Ltd.; IMF International Financial Statistics and Balance of Payments database; IFC staff calculations.

Among Compact countries, Morocco, Ghana and other “smaller” economies fared relatively better, receiving relatively greater shares of FDI in 2021 compared to previous years.

- In Africa, Egypt remained the top FDI recipient despite a significant decline in inflows (-39%) to an estimated US\$5.5 billion. The share of Egypt, the largest FDI destination among Compact countries in 2016-2019, has been declining from 33% to 19% of total CwA inflows in 2020 (Figure 5, Figure 6), with all CwA countries, like most African countries, seeing a decrease in greenfield FDI announcements (Figure 7). FDI in Egypt is driven by oil and gas, followed by telecommunication, consumer goods and real estate, all of which have taken a hit in 2020 as a result of COVID. Furthermore, traditional sources of FDI in Egypt are the UAE, UK, China, Russia, Saudi Arabia and other GCC countries – all of which have reduced their investments in Egypt as a result of lower post-COVID investment appetite. In particular, GCC countries have been severely affected by the oil price slump in 2020.
- In North Africa, only flows to Morocco were robust and stayed almost unchanged at US\$1.6 billion as the country’s FDI profile is relatively diversified with the established presence of several major MNEs in manufacturing industries (including automotive, aerospace and textiles). Out of all CwA countries, Morocco attracted most greenfield projects announced in 2020, with three large deals in the pipeline – in the extractives and automotive sectors (Figure 8).
- In Sub-Saharan Africa, FDI flows decreased by 11% to an estimated US\$28 billion. FDI inflows to both Nigeria and South Africa, two of Africa’s largest economies, declined significantly to US\$2.6 billion (from US\$3.3 billion in 2019) and US\$2.5 billion (from US\$4.6 billion). Senegal is among the few economies with higher inflows in 2020, registering a 39% increase to US\$1.5 billion supported by rising investments in energy. Inflows to Ethiopia declined by 17% but were still substantial at US\$2.1 billion. Significant investments took place in the manufacturing, agriculture and hospitality sectors. Amid lower overall volumes, the FDI share of “smaller” CwA economies also seems to have been growing overall – e.g. Ghana.

FIGURE 5 CWA FLOWS IN 2019 BY COUNTRY

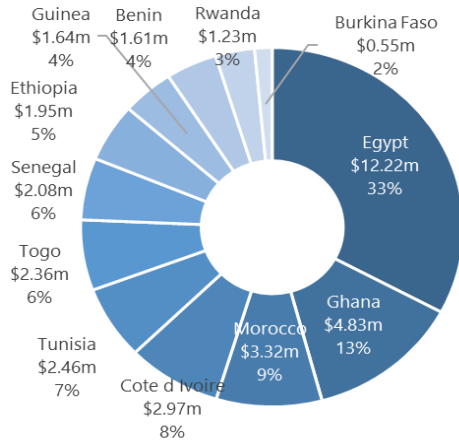


FIGURE 6 CWA FLOWS IN 2020 BY COUNTRY

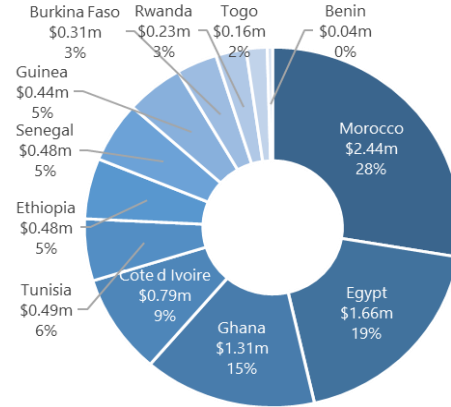
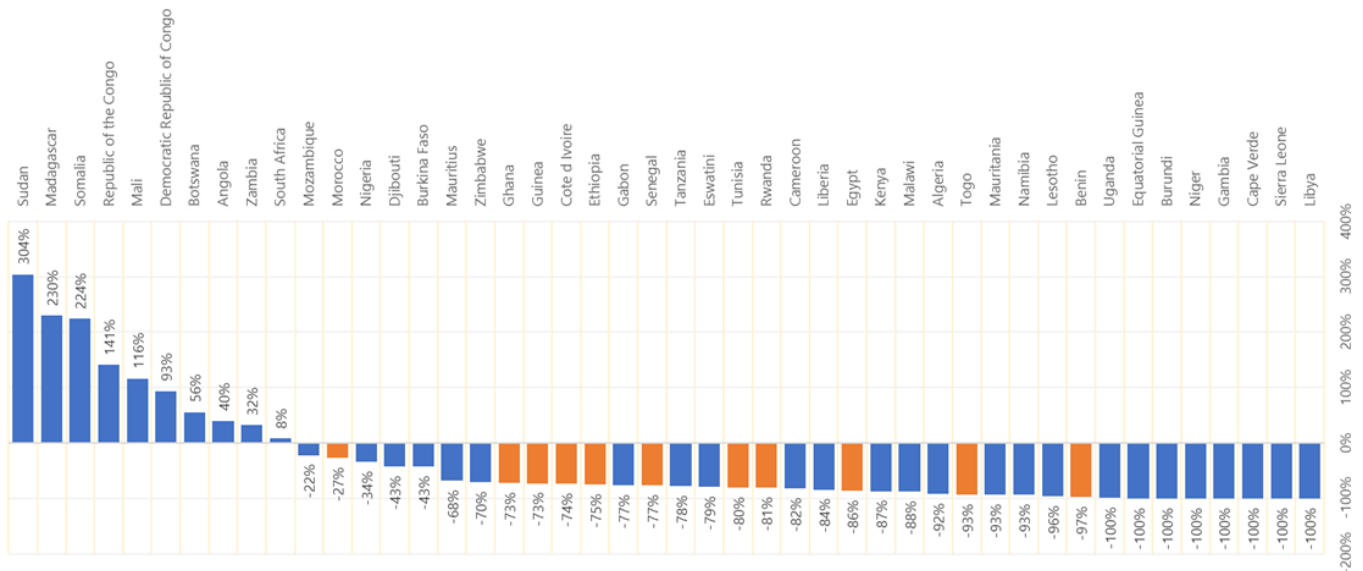


FIGURE 7 CHANGES IN “ANNOUNCED GREENFIELD” FDI IN AFRICA, 2019-20*



*The data covered refers to the cross-border greenfield investment (CBI) projects captured in the fDi Markets database of the Financial Times. Source: fDi Markets, a service from the Financial Times Ltd.; IMF International Financial Statistics and Balance of Payments database; IFC staff calculations.

In terms of sector composition, foreign investor appetite has gradually skewed away from traditional sectors over the past five years.

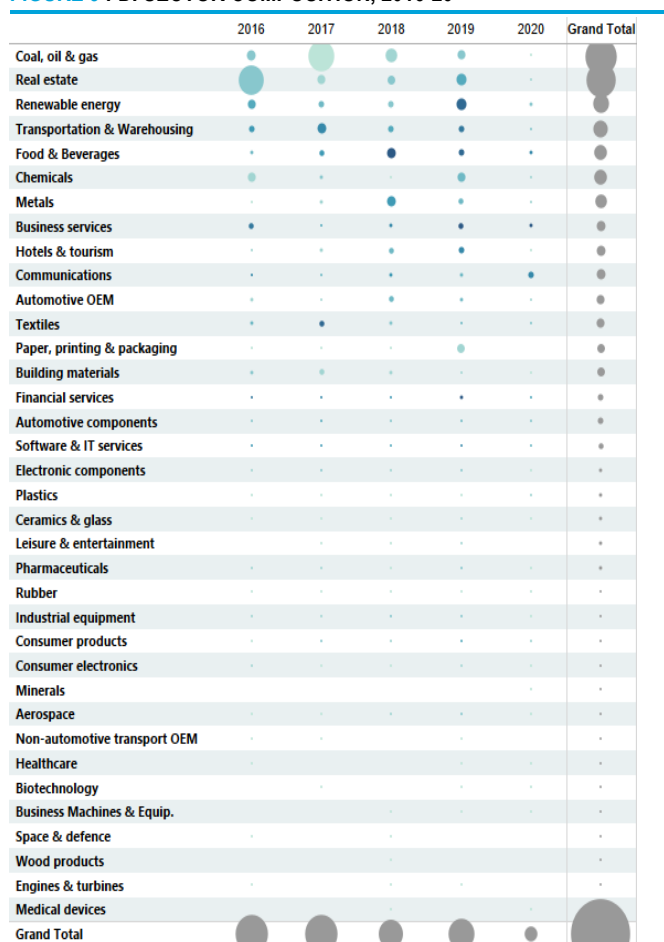
- Since 2016, investors’ interest in Compact countries has been slowly moving away from traditional sectors such as real estate and fossil fuels, towards renewable energy, transportation/logistics, agribusiness/food & beverages (Figure 9).
- In 2020, across Compact countries, information, communications and business services (with greenfield investments growing by 18% globally) were among the few sectors that saw a rise in the value of projects (which makes sense as COVID is accelerating digitalization). The food and beverages segment is holding up a little better. Construction, services, and, to a lesser extent, extractives and manufacturing industries were affected the most – owing to weaker global demand and the impact of pandemic containment and mitigation measures.

- A joint analysis conducted by the World Bank and IBM PLI I in 2020—a consultancy specialized in advising on the location strategies of multinational corporations—identified the following opportunity sectors for FDI in emerging markets:
 - In the short term, the top five resilient sectors include (a) medical-supplies manufacturing, (b) information technology (IT)-enabled services (including business process outsourcing and customer support), (c) financial services, (d) food processing, and (e) horticulture.
 - Across both shorter- and longer-term time horizons, the main opportunities for developing countries are in (a) food processing, (b) garments and textiles, (c) automotive component manufacturing, and (d) IT-enabled services. These sectors are characterized by their relative resilience, employment generation, and exports orientation in developing countries.

FIGURE 8 TOP FDI GREENFIELD PROJECTS, 2020

#	Parent Company	Source Country	Dest. Country	Sector	Investment, \$m
1	Emmerson PLC	GBR	MAR	Minerals	400
2	Groupe PSA (PSA Peugeot-Citroen)	FRA	MAR	Automotive OEM	357
3	Maya Gold & Silver	CAN	MAR	Metals	309
4	KOFARB Poland	POL	GHA	Chemicals	281
5	Croda	GBR	TUN	Chemicals	281
6	BBK Electronics	CHN	EGY	Communications	209
7	Electricite de France (EDF)	FRA	MAR	Renewable energy	185
8	Dubai World	ARE	RWA	Transportation & Warehousing	183
9	Schneider Electric	FRA	GHA	Renewable energy	165
10	Schneider Electric	FRA	BFA	Renewable energy	165

FIGURE 9 FDI SECTOR COMPOSITION, 2016-20



To date, policy responses to the unprecedented economic shocks caused by COVID-19 across CwA countries have given limited attention to the retention of FDI, which has a major role to play in the recovery. Beyond FDI retention, it is critical that Governments and IPAs also reach out to prospective investors that have postponed their investment decisions to ensure they commit once conditions are “back to normal”.

- The most common government support measures used to help cash-strapped small businesses in CwA countries, as elsewhere across the globe, have included: financial assistance such as grants, followed by public guarantees on loans, delays in loan repayments, tax relief, and lower interest rates.
- Limited attention has been given to the issue of FDI retention. Yet there are two strong justifications for activating FDI retention policies in times of uncertainty. First, falling global FDI flows make it vital to maintain a country’s existing FDI stock. Second, 30% of FDI inflows every year are reinvestment from investors already in the country (World Bank, Global Investment Competitiveness Report 2017/18).
- During the crisis: There are certain actions that CwA Governments and Investment Promotion Agencies (IPAs) should consider in order to strengthen their investment competitiveness and leverage FDI for a robust economic recovery.
 - **FDI barriers:** New barriers to FDI entry should be clearly defined, and COVID-19 measures time bound and subject to review. Since the onset of the crisis, there has been a proliferation of new barriers to FDI (at least 42 such barriers were identified between April and July 2020, mostly in the form of FDI screening and the suspension of foreign work visas).⁴ While some have been levelled on all incoming FDI, most measures specifically target either healthcare or “strategic” sectors (e.g., infrastructure, utilities).
 - **FDI retention:** Investment promotion agencies (IPAs), whose principal roles are marketing, information provision, assistance, and advocacy services, have a critical role to ensure the retention of existing investors. Successful IPA emergency retention responses should focus on supporting investors seeking to manage immediate disruptions, by: maintaining business continuity by working remotely (Austria, Costa Rica, Jordan), continuously communicating with investors on all government measures (Chile, Ireland, Republic of Korea), providing direct problem-solving assistance, prioritizing investors with important supply chains (Abu Dhabi, Egypt, Ethiopia), and bolstering advocacy to convey to governments the challenges faced by foreign firms (India, Saudi Arabia, Tunisia). Technological adaptation is also required to carry on investor meetings and site visits – requiring of IPAs to act virtually and innovate their investment-attraction tools.
- In the recovery phase, CwA Governments should consider resetting their FDI policy framework through a four-step process to help them overcome the pandemic’s impact on FDI flows and account for market signals and new growth drivers in the post-COVID-19 era:
 - **Review past FDI strategies:** Governments should revisit FDI attraction strategies to test which of their previous FDI target segments remained resilient in the post-COVID-19 economy. For example, while apparel, automobiles, retail, and leisure industries have been negatively affected, medical supplies, pharmaceuticals, ICT-enabled services, logistics, and some media have been less impacted or grown in importance. Reviewing involves re-assessing the exposure of segments in which investor outreach was being pursued pre-COVID-19 and identifying emerging competitive segments that may arise from the global value chain/FDI footprint remapping. For instance, near-shoring will create prospects for countries that have not previously been significant FDI destinations but are located close to major markets.
 - **Adjust to new FDI priority segments:** Once identified, the priority segments should be confirmed. This entails prioritizing the activities of ministries and agencies responsible for business registration and operations (including licenses, work permits, visas, incentives administration), with IPAs ensuring coordinated action.
 - **Implement FDI policy reforms:** The next generation of FDI policy reforms should seek to improve the value propositions of current and emerging priority segments. This may require (i) phasing out any crisis-related screening mechanisms; (ii) aligning the incentive regime with the new target segments; and (iii) reviewing international investment agreements and laws to address problematic issues raised by the pandemic (e.g., clarity of rights and obligations in *force majeure* situations, preemptive investor-state grievance mechanisms).

⁴ Team research of the Investment Climate Unit, World Bank Group, July 2021.

- **IPA aftercare and outreach:** Countries should promote new segments identified as relevant in the post-COVID-19 environment, with IPAs undertaking investor outreach and facilitating investments through new strategies incorporating digital marketing, virtual meetings and onsite visits – thereby broadening the mix of investor services. The work of IPAs should also focus on aftercare throughout the recovery phase.
- Going forward, CwA governments should act decisively to rebuild investor confidence and fortify the role of FDI in the post-COVID-19 recovery and national development agendas. This requires a good understanding of and adaptation to the new sectoral landscape, leveraging lessons learned from the crisis based on: policy predictability, regulatory certainty and targeted investment promotion. Also, and as discussed in the next two sections, deeper integration into the world economy, leveraging the new Africa Continental Free Trade Area (AfCFTA), will make Africa, CwA countries in particular, more attractive to FDI by providing them access to a much larger market.

Key Findings from the World Bank Global Investment Competitiveness Report 2019/20

Between June and November 2019, and then again in March and April 2020, the World Bank Group conducted an extensive survey of over 2,400 global business executives in 10 large, middle-income countries. Results of the surveys, as well as the report's new global database of regulatory risk, highlight the critical role of government actions in reducing investor risk and increasing policy predictability for rebuilding investor confidence and influencing FDI location decisions.

Below are some key take-away from the report:

- Foreign investors cite supportive political environments, stable macroeconomic conditions, and conducive regulatory regimes as their top three investment decision factors—even more important than low taxes, low labor and input costs, or access to natural resources.
- Even before the COVID-19 outbreak, global foreign direct investment (FDI) was in decline due to trade policy uncertainty, rising protectionism, falling rates of return on FDI, and changing forms of international production.
- The COVID-19 crisis is presenting a new, unprecedented source of investor risk that is depressing business confidence to historic lows. More than two-thirds of multinational investors in developing countries are reporting disruptions in supply chains, declines in revenues, and falls in production as a result of COVID-19.
- Foreign acquisitions of local firms in developing countries have doubled as a share of FDI over the past decade, and they have made the acquired companies more export-oriented, productive, and diversified in their product offering.
- At the same time, the possible adverse effects of FDI on income inequality and on lower-skilled workers emphasize the critical mitigating role of labor market and education policies.
- Government actions—such as reducing investor risk and increasing policy predictability— can rebuild investor confidence, based on the report's new global database of regulatory risk.
- Investment promotion agencies can boost their countries' investment competitiveness by better aligning their FDI attraction and retention efforts with market signals and changing investor preferences.
- Governments can leverage FDI for robust economic recovery from COVID-19 by avoiding protectionist policies, seizing new opportunities from changing FDI and supply chain trends, and fostering global cooperation.

Source: "World Bank Group. 2020. Global Investment Competitiveness Report 2019/2020: Rebuilding Investor Confidence in Times of Uncertainty. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/33808> License: CC BY 3.0 IGO."

IFC supporting the private sector weather the COVID-19 crisis in Compact countries

Examples of transformative investments that IFC in collaboration with development partners have supported in 2020 across Compact countries include:

- **In Tunisia**, IFC advised Tunisia's National Sewerage Utility (ONAS) on two PPPs for sanitation services following an innovative structure, whereby IBRD will finance the bulk of the capital works and private partners will bear the associated execution risks under a PPP contract. The project, which has been in the works for 7 years, will benefit 2 M people and demonstrates the tenacity of the WBG. The bid evaluations were completed during COVID-19 and the winning bidders are expected to be announced soon, sending positive signals for more PPPs in the country.
- **Transportation in Senegal**: IFC Advisory is advising the government of Senegal for the development of a greenfield BRT line under a PPP scheme in Dakar. The World Bank shall invest around US\$200 M in the required infrastructure (roads, stations, signaling system, etc.) and the private operator shall invest in the buses, and the related facilities. IFC, AfDB and other lenders are interested in funding the private debt part of the project.
- **Humania, Egypt and Morocco**: IFC invested and mobilized financing support that will help Humania develop a network of high-quality tertiary hospitals in Egypt and Morocco. The project comes as the COVID-19 pandemic puts pressure on healthcare services in the Middle East and North Africa region. For IFC, this demonstrated a rapid response to the crisis in the region, both through investment services, but also via Advisory services provided to the client in the development and implementation of the project.
- **NSIA Banque, Cote d'Ivoire**: In FY20, IFC led and anchored an investment of up to US\$30 M in a securitization by NSIA Banque Côte d'Ivoire to increase access to finance for SMEs. This is the first securitization of SME loans originated by a commercial bank in the West African Monetary Union and the first with a scheduled maturity of 5-years. It will help open a new channel for SMEs to access long-term finance and for similar initiatives by other FIs in the region.
- **In Senegal, under the Scaling Solar Program**, IFC Advisory is advising the government of Senegal for the development of 2 PV plants using the Scaling Solar methodology. MIGA has been mandated by the winning bidder and should provide Partial Risk Insurance (PRI). Proparco, EIB, and IFC Investment have been selected as lenders – they will provide commercial debt to the projects.
- **Hydropower in Togo**: Under broader WBG support to the energy sector in Togo, IFC Advisory supported the structuring of Togo's Small and Medium Hydro National Program. Out of eight potential hydropower sites, the three largest ones - accounting for 100 MW installed capacity and US\$465 M in CAPEX investments- are of interest to the private sector. Ensuring competitive procurement for these projects, coupled with appropriate risk mitigation instruments, could allow for leveraging significant amount of private capital, rather than depending on scarce public funds to finance the projects.

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RECENT TRADE DYNAMICS

In recent years, export performance in CWA countries outpaced peers – a distinct bright spot. Pre-pandemic export growth averaged 6.6 percent in 2019, significantly outpacing emerging markets and developing economies (0.9 percent). However, CWA countries experienced a reversal of fortunes in 2020, with export growth plummeting to –7.7 percent in 2020. Whereas global trade in goods has rebounded to pre-pandemic levels, cross-border services trade remains subdued due to a prolonged need for containment measures in many countries. Therefore, export growth in CWA countries is expected to be –5.4 percent in 2021. CWA countries that rely heavily on tourism and commodity exports, and where there was comparatively less policy space when the crisis hit, have been most affected. Import compression due to subdued demand and lower oil prices in non-oil exporters offset the loss of tourism receipts and remittances, leading to a modest narrowing of the (weighted) average current account deficit 4.1 percent in 2020. As the recovery takes hold in 2021, we expect import demand to pick up leading to a widening of the current account to 5.0 percent in 2021.

Main messages

- Global goods and services trade values dropped by 10 percent in 2020, amid pandemic and widespread lockdowns. Different from past crises, the impact has been more severe on services trade compared to goods trade.
- The COVID-19 crisis has not spared trade in the Compact with Africa (CwA) countries. On the one hand, goods exports and imports of the CwA countries have declined collectively by 6 and 13 percent, respectively, in 2020 compared to 2019. The drop in exports is consistent with that seen by other African countries as well as other countries in the world. The drop in imports is milder compared to the 21 percent for other African countries but more severe than the 7.4 percent for other countries in the world. Beyond the averages for the CwA group there is significant variation in the magnitude and patterns of the trade growth across CwA countries. On the other hand, services trade data available for Morocco point to a larger drop in services trade than in goods trade, in line with global trends. Yet, recovery is well underway in the air transport services of most CwA countries, as suggested by the encouraging trends in the air passenger seating capacity, particularly in Togo, Ethiopia and Ghana.
- Trade among CwA countries declined in 2020 compared to 2019 and has seen little change in its share in the total CwA goods trade which is currently less than 4 percent.
- At the sectoral level, the trade dynamic has been driven by the manufacturing and extractive sectors (with agriculture trade being remarkably stable during and after the crisis), and within the former, by textiles and apparel, stone/glass as well as machinery, electrical and transportation equipment, depending on the country. While imports of medical products, including COVID-19 related, surged compared to prior years for most CwA countries, the North African CwA members as well as Ethiopia and Rwanda appear to have substantially increased their exports of these products.
- To cope with the consequences of the COVID-19 outbreaks and the ensuing economic crisis, several CwA countries have implemented trade policy measures, some of which were liberalizing (e.g. reducing tariffs on foodstuffs or medical equipment to ease domestic constraints), and others restrictive (e.g. export bans and licensing requirements). In addition, travel restrictions remain in place in most CwA countries.
- We recommend that CwA countries “take advantage” of this crisis to deepen its trade integration with the world, its main trading partners and leverage the African Continental Free Trade Area including by deepening further integration within regional blocks (discussed in the next section).

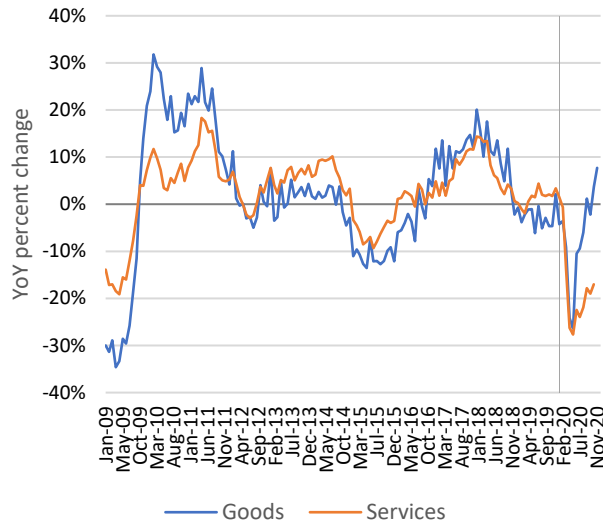
Global trade in the COVID-19 year

The COVID-19 crisis triggered the largest annual drop in global real GDP in more than seventy years and the largest drop in annual goods and services trade volumes since the Great Recession. According to estimates from the most recent issue of the World Bank Global Economic Prospects, in 2020, real GDP plunged by 4 percent, twice as fast as during the Great Recession, while global goods and services trade volumes plummeted by 10 percent, about the same as during the Great Recession.

FIGURE 10. GOODS AND SERVICES TRADE VALUES IN CURRENT U.S. DOLLARS

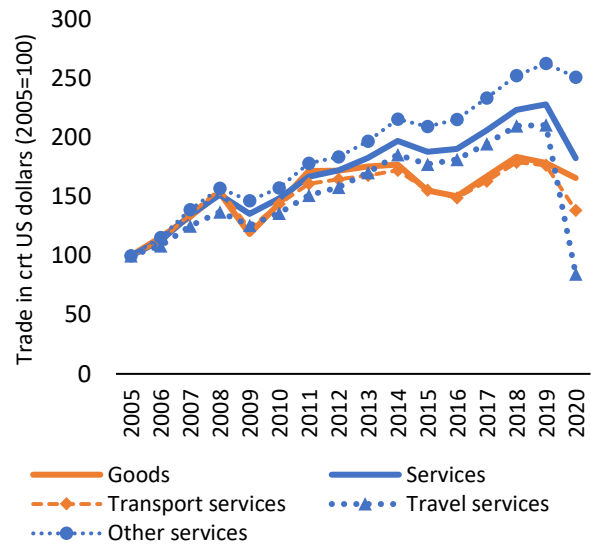
a. Trends in global goods and services trade, monthly

Goods trade plunged close to depths seen during Great Recession but rebounded quickly; services trade dropped faster than during Great Recession and recovered at slower pace compared to goods trade.



b. Trends in global goods and services trade, yearly

Services trade was hit harder than goods trade, due to historic plunge in the trade of transport and travel services.



Source: forthcoming GVC COVID-19 report; panel b based on data from CPB World Trade Monitor and the WTO.

The annual aggregate trade picture masks significant differences in the monthly trade patterns for goods and services during the two crises. On the one hand, the drop in merchandise trade values was slightly milder and the recovery significantly faster in 2019 than in 2020 (figure 10a). On the other hand, the drop in services trade was more severe in 2020 than in 2009. Moreover, in 2020, services trade has been recovering at a much slower pace compared to merchandise trade.⁵

The severe impact of the COVID-19 crisis on services trade in 2020 was driven by transport, travel services as well as tourism, the negative contribution of which was only in part offset by the resilient traded digital services. Widespread lockdowns and travel restrictions, implemented globally within and among countries to help contain the virus spread, affected disproportionately services such as transportation and travel, that rely on human interaction and cannot be easily moved to an online environment. Many of these restrictions persisted even after the acute phase of the crisis, compounded by people’s reluctance to travel for either personal or business purposes until the virus threat is reduced by vaccines or therapeutics. The implication of these complex factors for trade in services was a historic drop in transport and travel services (figure 10b). In recent months, this drop was alleviated but not fully offset by trade in other services, notably traded digital services, including but not limited to financial services as well as telecom, computer and IT services (see Figure B1 in the latest issue of the COVID-19 Global Trade Watch series).

⁵ For more details on the global trade slowdown and recovery see the World Bank’s COVID-19 Trade Watch series at <https://www.worldbank.org/en/topic/trade/brief/trade-and-covid-19>.

Trends in the aggregate goods trade of CwA countries

The CwA countries experienced goods trade declines of varying magnitudes in connection with the COVID-19 outbreak. The goods exports and imports of the CwA countries as a group declined by 6 and 13 percent, respectively (Table 1).⁶ The main contributors to the CwA averages were the group's largest economies (Egypt, Morocco, and Tunisia), the exports and imports of which plunged by about 8 and 18 percent, respectively, due primarily to large double-digit drops in the second quarter of 2020 (Table 1). For the North African countries in CwA, the trade dynamic at the quarterly level mimics the global and other regions' trends, albeit there is significant variation in the magnitude of the growth rates.

TABLE 1. CWA EXPORTS AND IMPORTS GROWTH, JAN-DEC 2020 (YOY PERCENT CHANGE)

	2019 Billions crt. USD	EXPORTS 2020 VS 2019				IMPORTS 2020 VS 2019					
		Jan/ Dec	Q1	Q2	Q3	Q4	Jan/ Dec	Q1	Q2	Q3	Q4
CwA countries*		-6	-5	-21	1	2	-13	-10	-25	-12	-3
CwA countries (NA)	225	-8	-8	-28	0	3	-18	-17	-31	-17	-7
Egypt	107	-11	-5	-28	-5	-6	-23	-26	-30	-23	-10
Morocco	80	-6	-11	-28	7	11	-13	-6	-31	-10	-1
Tunisia	36	-7	.4	-28	-4	7	-15	-6	-34	-12	-7
CwA countries (SSA*)	110	-1	1	-9	4	-1	-1	5	-12	1	5
Benin	4	27	44	20	7	56	-18	-51	-46	-7	84
Burkina Faso*	7	39	n/a	n/a	n/a	n/a	29	29	20	40	26
Cote d'Ivoire	23	-7	-1	-20	7	-11	8	-7	-4	9	38
Ethiopia	28	1	7	-7	-1	7	-10	19	-24	-24	-8
Ghana	26	-8	-3	-13	-7	-7	5	-19	-4	4	13
Guinea	6	45	-7	59	58	76	6	3	11	12	1
Rwanda	4	43	28	22	96	14	9	27	-2	16	-3
Senegal	12	-1	14	-8	-5	-5	-4	22	-2	-11	-19
Togo	3	-56	-24	-76	-67	12	18	58	-17	47	8
Reference											
<i>World</i>		-6	-6	-20	-4	4	-8	-6	-21	-6	2
<i>Other Africa</i>		-4	2	-31	-1	12	-20	-8	-37	-26	-10
<i>Other regions</i>		-6	-6	-20	-4	4	-7	-6	-21	-6	2

* IMF export data for Burkina Faso was excluded as the very high annual growth estimate (500%) could not be explained - WTO annual export growth estimate (39%) used instead.

Sources: World Bank estimates based on World Bank Global Economic Monitor (Egypt, Morocco, Tunisia and exports of Ghana), IMF Direction of Trade (the other countries), World Bank World Development Indicators. **Note:** Recent months based on preliminary data some of which may be subject to significant revisions. NA: North Africa; SSA: Sub-Saharan Africa. Annual trade values are the sum of exports and imports.

⁶ Burkina Faso is excluded from the export aggregate as an outlier.

The picture is significantly different for the Sub-Saharan African CwA members (Benin, Burkina Faso, Cote d'Ivoire, Ethiopia, Ghana, Guinea, Rwanda, Senegal and Togo).⁷ The collective exports and imports of these countries saw only a mild decline. This finding reflects the mixed performance across countries. Thus, Benin, Burkina Faso, Ethiopia, Guinea and Rwanda have seen their exports increase in 2020 compared to 2019 while the other countries have experienced declines. Similarly, Benin, Burkina Faso, Ethiopia, Guinea and Rwanda have imported more goods, as other imported less goods in the pandemic year. Setting aside the caveat of inaccurate preliminary trade estimates and the likelihood of significant revisions in subsequent months, it is notable that most of the CwA countries in Sub-Saharan Africa did in fact experience large declines in exports and imports in the second quarter of 2020, the period when the COVID-19 crisis was the most acute. These declines are unparalleled in the previous years, hence a clear indication that the pandemic affected the CwA countries in Sub-Saharan Africa.

Last but not least, it should be mentioned that for most CwA countries the annual decline in exports was generally milder than the decline in imports, ruling out the perspective of an immediate deterioration in the goods trade balance.

Trends in the services trade of CwA countries

The monthly trade in services in 2020, which is available so far for Morocco only, points to a much larger negative impact of the COVID-19 crisis on services trade compared to goods trade. From January to November 2020, Morocco's services exports and imports plummeted by 32 and 28 percent, respectively, i.e. more than five times as much as the drop in goods exports and two times the drop in goods imports. Morocco's drop in services trade reflects in part a plunge in travel services trade by over 50 percent, amid COVID-19 related lockdowns.

Where high frequency international services trade data are unavailable, alternative statistics can help. Thus, air passenger seating capacity in CwA countries offers a glimpse into the current state of air transport. That this capacity has already recovered to more than 50 percent is a positive sign that transport services are slowly returning to normal. Following the global and historic plunge in the second quarter of 2020, which also affected CwA countries, air passenger seating capacity has been on a steady recovery path for the rest of the year and in the beginning of 2021 (Table 2). The most recent 2021 statistics suggest that more than half of the capacity in most CwA countries is back in use and that the group is recovering faster than the average country in MENA and SSA. Togo, Ethiopia and Ghana are leading the CwA group, with capacity at over three quarters already, while Morocco and Tunisia are yet to exceed 30 percent capacity.

⁷ For many of the SSF countries, the preliminary estimates are obtained from the IMF DOT and based on mirror trade data. They may be subject to substantial revisions in the following months.

TABLE 2. EVOLUTION OF AIR PASSENGER SEATING CAPACITY (INDEX, JANUARY 1ST 2020=100)

Destination	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Latest 2021
Europe & Central Asia	89	11	57	39	29
East Asia & Pacific	73	33	57	64	53
Middle East & North Africa	83	12	31	40	44
North America	94	28	50	53	54
South Asia	92	10	33	55	68
Sub-Saharan Africa	90	9	27	49	52
Benin	92	13	42	66	63
Burkina Faso	84	12	36	58	64
Côte d'Ivoire	99	8	45	66	71
Egypt	82	7	23	35	43
Ethiopia	90	28	54	71	76
Ghana	93.	9	32	66	75
Guinea	90	12	34	55	68
Morocco	78	2	17	28	31
Rwanda	96	12	49	47	48
Senegal	91	12	44	70	73
Togo	97	22	53	99	102
Tunisia	79	4	52	28.	29

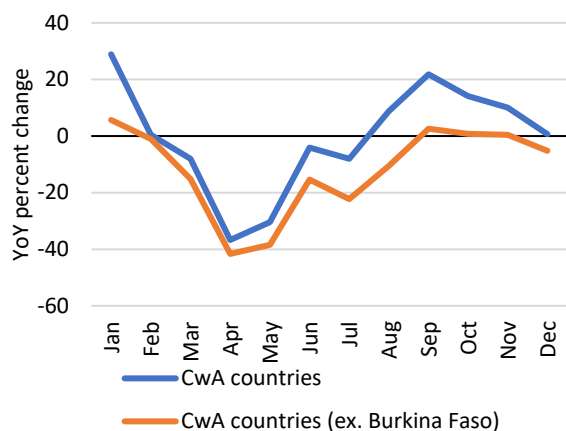
Impact of COVID-19 on the integration of the CwA countries

Goods trade among CwA countries declined in 2020, but its share in total trade did not change. Intra-regional trade for the CwA countries declined in 2020 compared to 2019 by 13.2 percent.⁸ Trade among the CwA countries plunged by almost 40 percent in the second quarter of 2020 but recovered to the previous year's level by the fourth quarter (Figure 11a). The annual share of intra-regional CwA trade in the overall trade of the CwA countries remained at about 3.5 percent. This small share hides significant variation at country level, as relates to both the level in 2020 and the change relative to 2019 (Figure 12b).

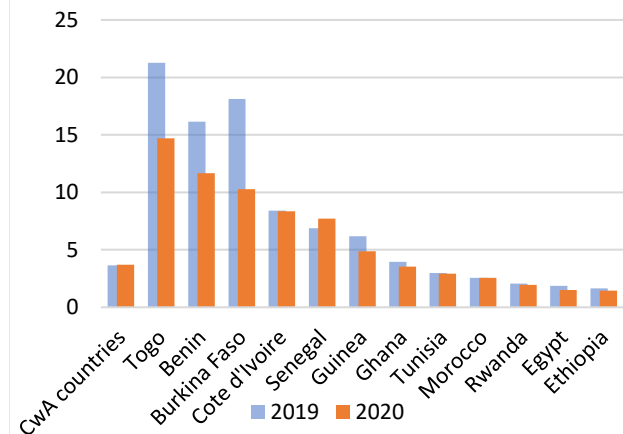
⁸ Burkina Faso is an outlier due to its high growth in exports in 2020.

FIGURE 11. TRADE AMONG CWA COUNTRIES

a. Intra-regional CwA trade in 2020, monthly



b. Share of goods trade with CwA countries in total



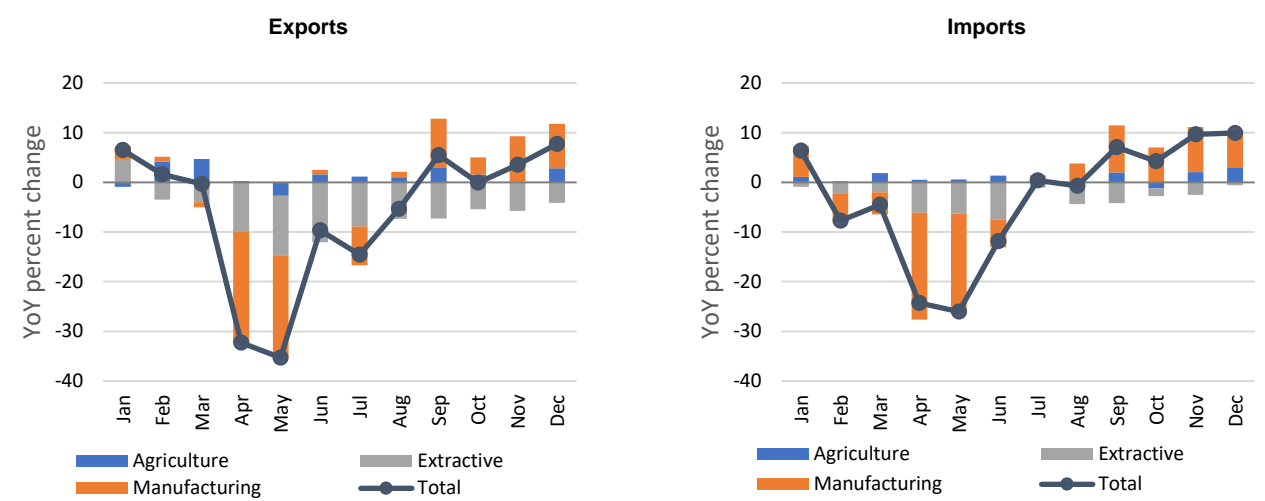
Source: World Bank staff estimates based on IMF Direction of Trade Statistics. Note: trade represents the sum of exports and imports.

Trends in the product-specific trade between the CwA countries and selected trading partners

The year-on-year declines and recovery in the aggregate CwA countries' goods trade were led by manufacturing and extractives. In the absence of complete statistics on trade by product for the CwA countries, we examine the disaggregated bilateral trade between the CwA countries and five major economies, namely China, the E.U., Japan, Switzerland and the United States, as reported by the latter.⁹ In 2020, goods exports and imports to/from the five trading partners declined by 6.7 and 3.2 percent respectively. The double-digit declines in April and May were larger for exports than for imports and they affected most product groups (Figure 12). The largest negative contributions to the second quarter drop in both exports and imports were associated with manufacturing and extractive-related goods such as minerals. In the second half of 2020, extractives remained a drag due to low global fuel prices, while manufacturing led the recovery and agriculture supported it, as trade in most product groups gradually caught up or exceeded previous year's level in the last three months of 2020. The resilience of agriculture is likely related to sustained demand during the pandemic times and also to the support of related production facilities and trade in order to avoid disruption of food supply.

⁹ These five economies are important trading partners for most CwA countries. Nine CwA countries send at least 35 percent of their exports to the five destinations (Benin, Rwanda and Togo are the other three countries). Moreover, all 12 countries are sourcing at least 35 percent of their imports from China, the E.U. Japan, Switzerland and the United States. For ten out of the 12 countries, the share exceeds 45 percent.

FIGURE 12. CWA MEMBERS' AGGREGATE TRADE WITH FIVE ECONOMIES (CHINA, EU, JAPAN, SWITZERLAND, US), 2020 (YOY PERCENT CHANGE AND SECTORS' CONTRIBUTIONS)



Source: World Bank staff estimates based on official data from China, Eurostat, Japan, and the United States and on UN Comtrade data for Switzerland.

There is considerable variation across CwA countries as relates to the export patterns and the product groups driving the decline and recovery in goods exports. Exports to the five main trading partners remained below the levels in 2019 for 8 of the 12 CwA countries (Table 3). Declines varied from about 50 percent for Benin (due to metals and textiles) to close to 4 percent for Rwanda (due to minerals and other products). Increases were associated in Cote d’Ivoire with foodstuffs (cocoa and cocoa products) and precious stones or metals and in the other three countries with precious stones or metals. In general, the product contributions to export growth rates in 2020 on an annual and quarterly basis vary widely for each country depending on the export basket composition. Nevertheless, product groups that tend to drive the trends in most countries include minerals, apparel, precious stones/metals, and, for Tunisia and Morocco, machinery and electrical equipment. Exports of vegetables are generally a bright spot, helping offset the large losses in exports of other goods (such as in Benin and Tunisia).

CwA countries also vary in their goods import patterns during the COVID-19 crisis. Half of the CwA countries saw their 2020 imports to the five main trading partners decline relative to 2019, at rates ranging from -39 percent for Benin to -0.1 percent for Togo. Similarly, increases in imports ranged from 2.2 percent for Egypt to 29 percent for Ghana (Table 4). For most countries, minerals were the largest negative contributor to the percent change in imports values. Notable product groups with increases in imports in 2020 compared to 2019, include agricultural vegetable products, metals, machinery and electronics and transport equipment but also medical products (COVID-19 related). In the case of Benin, the decline in goods imports from the five reporting economies was driven by textiles/apparel.

TABLE 3. CONTRIBUTIONS TO YOY GROWTH IN CWA MEMBERS' EXPORTS TO CHINA, EU, JAPAN, SWITZERLAND, US, 2020 VS 2019, PERCENT

Product\Country	Benin	Togo	Egypt	Senegal	Tunisia	Ghana	Morocco	Rwanda	Ethiopia	Guinea	Cote d' Ivoire	Burkina Faso
Total	-52.2	-39.3	-20.9	-16.7	-9.8	-9.3	-6.7	-3.7	0.2	4.6	6.1	66.2
01-05 Animal	0.1	0.1	0.0	-8.5	-0.2	0.0	0.3	0.0	0.0	0.0	-0.2	0.0
06-15 Vegetable	7.0	-3.7	0.0	0.7	3.2	0.1	1.0	-1.0	1.2	0.0	0.2	0.1
16-24 Foodstuffs	-0.3	-0.3	0.1	-0.1	0.1	-1.0	0.0	0.2	0.1	0.1	7.6	0.0
25-27 Minerals	0.0	-33.5	-15.7	-3.2	-3.8	-14.1	-0.3	-3.6	-0.2	0.0	-5.2	-6.2
28-38 Chemicals	0.0	0.0	-0.4	0.0	-0.3	0.0	-1.7	-1.3	0.0	0.1	0.1	0.0
39-40 Plastic / Rubber	-0.1	-0.1	-1.5	0.1	-0.2	0.1	0.1	0.0	0.0	-0.1	0.9	0.0
41-43 Hides, Skins	-0.1	0.0	-0.2	0.0	-0.3	0.0	-0.1	-0.6	-1.9	0.0	0.0	0.0
44-49 Wood	-0.1	-0.1	0.1	0.0	-0.1	-0.9	0.0	-0.1	0.0	0.0	-0.3	0.0
50-63 Textiles, Clothing	-18.8	0.8	-3.0	0.0	-3.0	-0.1	-3.8	0.9	1.8	0.0	-0.2	-0.7
64-67 Footwear	0.0	-0.2	0.0	0.3	-0.7	0.0	-0.3	0.0	-0.9	0.0	0.0	0.0
68-71 Stone / Glass	-0.1	-0.1	0.1	-6.6	0.0	6.8	0.1	-0.2	2.9	4.7	3.6	73.0
72-83 Metals	-37.2	-1.0	-0.1	-0.1	0.0	-0.4	-0.4	1.1	0.0	0.0	0.0	0.0
84-85 Mach/Elec	-1.7	0.0	-0.3	-0.2	-3.4	0.0	-1.9	0.6	-2.8	0.0	-0.2	0.0
86-89 Transportation	-0.3	-1.0	-0.1	0.8	-1.5	0.0	0.0	-0.1	0.5	-0.1	-0.1	0.0
90-97 Miscellaneous	-0.3	-0.3	-0.9	0.0	-0.5	0.0	-0.4	-0.4	-0.1	0.0	0.0	0.0
98-99 Special	-0.3	0.1	0.5	-0.1	0.0	0.1	0.0	0.2	-0.5	-0.1	0.0	0.0
Medical products, incl. COVID-19 related	0.0	0.0	0.4	0.1	1.0	0.0	0.7	0.5	0.1	0.0	0.0	0.0

Source: World Bank staff estimates based on official data from China, Eurostat, Japan, and the United States and on UN Comtrade data for Switzerland. **Note:** Medical products, incl. COVID-19 related are excluded from the other groups. Countries are ordered by the Total and conditional formatting is specific to each country (column).

Some CwA countries have been able to export more medical products, including COVID-19 related. Trade in medical products, including COVID-19 related, intensified in 2020. A notable feature of 2020 is the rise in global medical product trade, seen not only in traded quantities but also prices (as documented in [World Bank's Trade Watch](#)). Consistent with this trend, imports of medical products increased in all CwA countries (Table 4). Exports of medical products by CwA countries also surged (Table 3). In particular, Egypt, Tunisia and Morocco in North Africa as well as Ethiopia and Rwanda in Sub-Saharan Africa appear to have seized the opportunity offered by the pent-up demand for medical products.

TABLE 4. CONTRIBUTIONS TO YOY GROWTH IN CWA MEMBERS' IMPORTS FROM CHINA, EU, JAPAN, SWITZERLAND, US, 2020 VS 2019, PERCENT

Product\Country	Benin	Tunisia	Morocco	Ethiopia	Senegal	Togo	Egypt	Guinea	Cote d' Ivoire	Rwanda	Burkina Faso	Ghana
Total	-38.4	-15.3	-12.0	-9.8	-3.1	-0.1	2.2	7.3	8.9	11.8	16.0	28.5
01-05 Animal	-1.1	-0.2	0.1	0.0	0.0	0.0	0.0	0.1	0.6	2.6	1.4	0.5
06-15 Vegetable	-0.7	1.1	1.5	-0.8	0.6	0.2	0.6	0.7	0.0	-1.5	2.3	0.4
16-24 Foodstuffs	-0.5	0.0	0.3	-0.1	0.9	0.3	-0.2	0.4	-0.3	2.1	2.8	0.9
25-27 Minerals	0.3	-6.1	-3.3	-0.3	-5.4	-8.8	-3.5	-1.8	-1.2	0.0	0.8	2.9
28-38 Chemicals	-0.2	-0.8	-0.7	0.3	0.1	0.0	-0.2	0.1	0.0	1.6	-1.1	1.0
39-40 Plastic / Rubber	0.1	-0.3	-0.4	-0.2	0.5	0.2	-0.1	0.7	1.0	0.5	0.4	2.1
41-43 Hides, Skins	-0.6	-0.4	-0.2	-0.1	0.1	0.3	-0.1	0.1	0.1	0.5	0.0	0.4
44-49 Wood	-0.1	-0.1	-0.3	0.2	0.4	0.1	-0.3	0.7	0.0	-0.6	0.4	-0.4
50-63 Textiles, Clothing	-17.8	-1.5	-1.5	-1.7	0.3	0.7	-0.7	1.3	1.2	-3.1	1.1	1.9
64-67 Footwear	-10.2	-0.2	-0.1	-0.3	0.0	1.2	0.0	0.9	0.4	-0.1	0.2	0.7
68-71 Stone / Glass	0.1	0.0	-0.3	-0.1	-0.2	0.2	-0.1	1.0	0.4	1.2	0.3	0.7
72-83 Metals	-1.9	-1.3	-0.9	1.0	1.4	-0.3	0.8	1.8	1.6	0.2	0.2	3.9
84-85 Mach/Elec	-4.5	-3.8	-1.9	-1.7	-1.0	2.2	2.1	0.3	0.0	-0.3	4.4	6.8
86-89 Transportation	-0.9	-1.3	-3.7	-6.9	-2.7	2.8	1.9	0.3	0.8	-0.6	-0.3	4.8
90-97 Miscellaneous	-0.9	-0.4	-0.3	-0.4	0.9	0.6	0.0	0.3	1.1	2.7	0.0	0.9
98-99 Special	0.0	0.0	-0.1	0.0	0.0	0.0	1.1	0.1	0.0	0.3	-0.1	-0.1
Medical products, incl. COVID-19 related	0.4	0.0	-0.1	1.4	1.0	0.5	0.8	0.2	3.2	6.2	3.1	1.1

Source: World Bank staff estimates based on official data from China, Eurostat, Japan, and the United States and on UN Comtrade data for Switzerland. **Note:** Medical products, incl. COVID-19 related are excluded from the other groups. Countries are ordered by the Total and conditional formatting is specific to each country (column).

Use of trade policy in the context of the COVID-19 crisis

Since the start of the COVID-19 crisis, several CwA countries have used trade policy measures (among others) to cope with the implications of the COVID-19 outbreak and the economic crisis associated with it. Global Trade Alert reported so far 22 trade policy measures for Egypt, Morocco, and Tunisia (Table 5).¹⁰ These measures included exports bans (of surgical face masks, alcohol products and foodstuffs in Egypt; of some pharmaceutical products in Tunisia); tariff reductions (of foodstuffs in Morocco), export licensing requirements (of medical equipment in Egypt; of face masks in Morocco) and financial support for air transport and travel services (in Egypt) in addition to a wide range of other stimulus measures. Caution is needed to ensure that the restrictive measures are fully justified given the situation and that their proliferation at the global level (if a growing number of countries use them) does not lead to disruptions in the supply and demand with serious economic consequences.¹¹

¹⁰ The measures and implemented countries refer to is currently available in GTA and should not be regarded as an exhaustive list, given difficulties to access information on time.

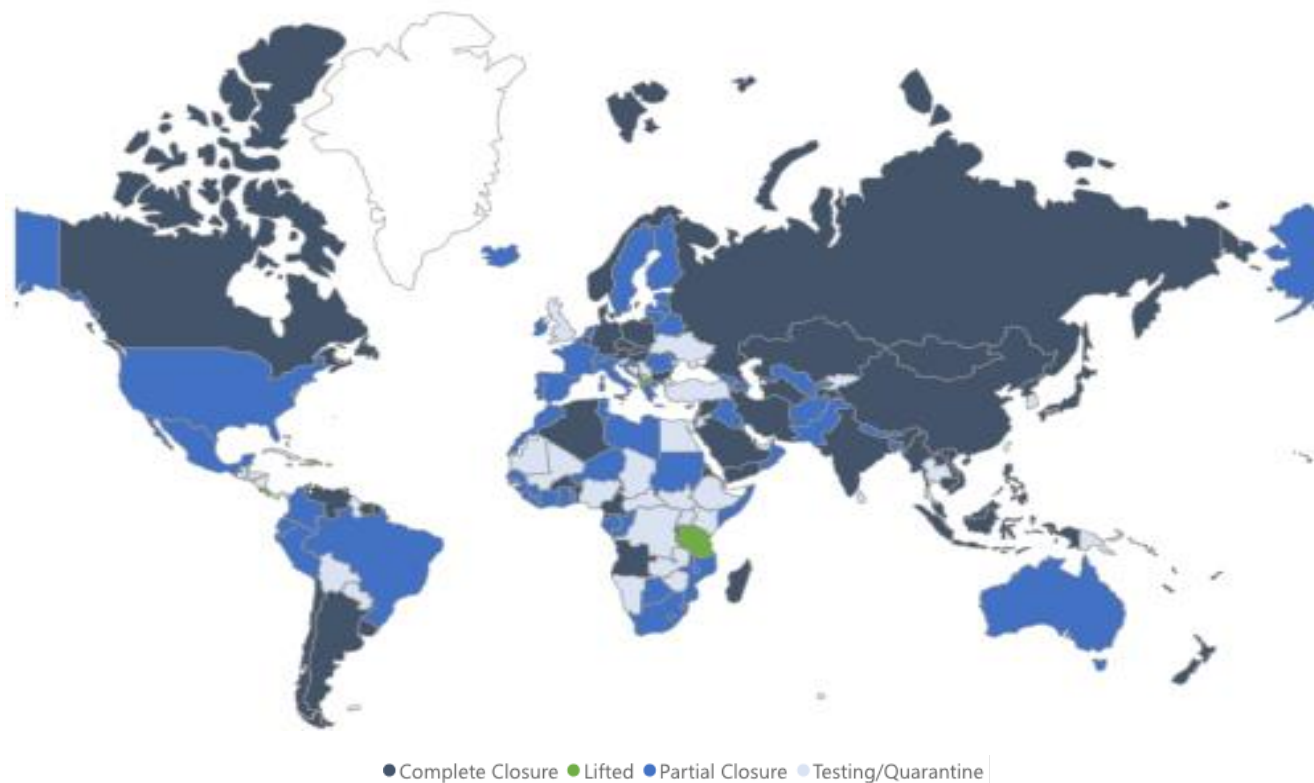
¹¹ See [Evenett et al. \(2020\)](#) for an in-depth analysis of the trade policy response to the COVID-19 Pandemic Crisis.

TABLE 5. MEASURES TO COPE WITH THE COVID-19 CRISIS.

DESCRIPTION	
Egypt	
State loan	The Ministry of Finance grants EGP 2 billion supportive loan to EgyptAir
State loan	CBE allocated EGP 3 billion to support tourism sector
Loan guarantee	Presidential decree to guarantee long-term financing to EgyptAir
Production subsidy	Ministry of Petroleum reduces the prices of jet fuel to support the aviation and tourism sectors
Export ban	Export ban on surgical face masks and infection prevention supplies (COVID-19)
Export ban	Export ban on alcohol products (COVID-19)
Export ban	Export ban on all kinds of legumes (COVID-19)
Export ban	The Ministry of Trade and Industry bans the exports of Fava beans for three months
Export licensing requirement	Exports of excess medical equipment are permitted upon approval by the Minister of Trade and Industry (COVID-19)
Export tax	Export duty on textile scrap and waste decreased (2020)
Export tax	Ministry of Trade and Industry decreased export duties on crushed, powder and ore blocks feldspar
Export subsidy	Ministry of Finance allocated EGP 19 billion to support local exports
Import tariff	Ministry of Finance announces tax incentives for SMEs
Morocco	
Capital injection and equity stakes (including bailouts)	The government allocates MAD 6 Billion to support Royal Air Maroc
Export licensing requirement	Face masks on the list of goods subject to export licensing (COVID-19)
Import tariff	Import duties on fava beans suspended (COVID-19)
Import tariff	Import duties on hard wheat suspended (COVID-19)
Import tariff	Import duties on lentils suspended (COVID-19)
Import tariff	Import duties on normal beans suspended (COVID-19)
Import tariff	Import duties on chickpeas suspended (COVID-19)
Tunisia	
Export ban	Ministry of Trade bans the export of some pharmaceutical products
Export licensing requirement	Customs Authority imposes export license requirement for Iron waste

Source: [Global Trade Alert](#) (does not provide a comprehensive coverage of CwA countries).

As of February 2021, travel services were still subject to drastic restrictions globally (Figure 13). While most CwA countries were partially closed to travel services, Burkina Faso, Benin and Rwanda were completely closed and Egypt and Ethiopia allowed testing/quarantine.

FIGURE 13: COVID-19 RELATED TRAVEL RESTRICTIONS (FEBRUARY 2021)

Source: Figure B3 in the latest issue of the COVID-19 Trade Watch based on data from UN World Tourism Organization

Concluding remarks

The COVID-19 crisis has put the world economy in general and the CwA countries in particular to a difficult test. In the short term, the most pressing priorities remain coping with the medical emergency and the immediate economic impact. CwA countries should rely on a coherent set of policy measures, including trade policies among others, to help alleviate pressures on the medical system and on the economy. This should be done with the least disruption to the free circulation of goods and services.

In the medium and long term, CwA countries should be ready to put in place inclusive growth promoting strategies that not only internalize the lessons learned from the current crisis but also help seize the opportunities that are likely to open up in future, as other countries and international firms adjust their own strategies. First, CwA countries should be prepared to take advantage of a potential reshaping of global value chains, if multinational firms diversify their suppliers and production bases to reduce the risks of disruptions from future shocks or if the anticipated pivot away from China materializes. Second, CwA countries should deepen trade integration with key partners in Africa (including through the African Continental Free Trade Area discussed thereafter) and those on other continents.

THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)

On 1 January 2021, trade commenced under the African Continental Free Trade Area (AfCFTA) Agreement, marking a landmark achievement in the continent's effort to integrate. This achievement took place within the context of the Covid-19 pandemic, whose socioeconomic impacts have been devastating. As the implementation of the AfCFTA takes root, it is important that the Agreement be leveraged to contribute to economic recovery and resilience and buffer the continent from future economic shocks.

The AfCFTA, signed by 54 (out of the 55) African Union (AU) member countries and ratified by 36 of them,¹² seeks to unite the continent in a single market worth an estimated US\$ 3 trillion. The pace of ratification – unprecedented in the history of the AU – signals strong political will to actualise the AfCFTA and means that the rights, provisions, and obligations of the Agreement now apply to 36 countries. Nevertheless, for AfCFTA to be more effective, certain outstanding actions remain. These include finalising negotiations on rules of origin (currently sitting at 82% of tariff lines); finalising negotiations on schedules of tariff concessions (tariff offers/concessions submitted so far cover 41 AfCFTA member states); finalising negotiations on trade in services; concluding Phase II of negotiations; and strengthening institutional arrangements regarding the AfCFTA Secretariat. The AfCFTA instruments on which member states agreed also need to be finalised and operationalised to enable the effective implementation of the AfCFTA¹³.

Reform-minded Compact with Africa countries are well-positioned to become champions of the AfCFTA by leading the way on and accelerating the implementation of the Agreement and reaping benefits from increased trade.

The AfCFTA and the Compact with Africa

Of the Compact with Africa (CwA) countries, all have signed the AfCFTA Agreement but only ten have ratified it: namely, Burkina Faso, Côte d'Ivoire, Ethiopia, Egypt, Ghana, Guinea, Rwanda, Senegal, Togo, and Tunisia. Benin and Morocco are yet to ratify the Agreement.

Key to the success of the AfCFTA will be the development of national AfCFTA implementation strategies. With the exception of Morocco, all of the CwA countries are receiving support from the UNECA in partnership with the African Union Commission (AUC), the International Trade Centre (ITC), the United Nations Conference on Trade and Development (UNCTAD), and a selection of independent trade experts to identify the principal elements to consider in their national AfCFTA implementation strategies. The European Union is also supporting the exercise financially.

Industrialising Africa has long been a policy imperative that has been impeded by a variety of factors, chief amongst them the fragmented nature of the continent's markets. This fragmentation precludes the economies of scale necessary to sustain investments in manufacturing and increase production. Through regional integration and more intra-African trade, the AfCFTA will foster industrialisation by facilitating small and medium-sized enterprises' access to new markets, by increasing economies of scale, and by diversifying exports.¹⁴

An important aspect of this will be the identification of opportunities to diversify exports so that countries may better exploit the AfCFTA and the huge market that it presents; mapping out costs, risks, and opportunities, particularly in sectors where countries are highly competitive on the continent; and determining the policy, institutional, and regulatory mechanisms needed to implement the AfCFTA Agreement. If the AfCFTA succeeds, Africa's manufacturing sector is projected to double, with annual output growing from US\$ 500 billion in 2015 to US\$ 1 trillion in 2025.¹⁵ The United Nations Economic Partnership for Africa (UNECA) forecasts that the AfCFTA will increase intra-African exports of industrial products by 25-30% (or US \$36-43 billion). The increases are expected to be greatest for wearing apparel, textiles, vehicles and transport equipment, wood and paper, leather, electronics, and other manufactures.

¹² As at 24 March 2021, 36 countries had ratified the AfCFTA: Angola, Burkina Faso, Cameroon, Central African Rep., Chad, Congo, Côte d'Ivoire, Djibouti, Egypt, Equatorial Guinea, Eswatini, Ethiopia, Gabon, Gambia, Ghana, Guinea, Kenya, Lesotho, Malawi, Mali, Mauritania, Mauritius, Namibia, Niger, Nigeria, Rwanda, Sahrawi Arab Democratic Rep., São Tomé & Príncipe, Senegal, Sierra Leone, South Africa, Togo, Tunisia, Uganda, Zambia, and Zimbabwe.

¹³ Instruments include: AfCFTA Non-Tariff Barriers Reporting, Monitoring and Eliminating Mechanism; the AfCFTA Tariff Negotiations Online Portal; the web-based and mobile-based AfCFTA Application for Business; trade documents at the national level (based on a template in the Protocol on Trade in Goods); the African Trade Observatory (ATO); national-level preparations to start trading under the AfCFTA; national AfCFTA implementation strategies; the Pan-African Payment and Settlement Systems (PAPSS); the AfCFTA Adjustment Facility; and the African Business Council (AfBC).

¹⁴ Aurelie Ngo Mambongo. "A Free Trade Strategy to Boost Africa's Manufacturing Sector." Pacific Council on International Policy. 11 September 2019. Accessed on 19 March 2021 at <https://www.pacificcouncil.org/newsroom/free-trade-strategy-boost-africa%E2%80%99s-manufacturing-sector#:~:text=Secondly%2C%20the%20AfCFTA%20will%20help,acquire%20and%20supply%20production%20inputs.>

¹⁵ Landry Signé "The potential of manufacturing and industrialization in Africa Trends, opportunities, and strategies" Brookings Institution. Accessed on 19 March 2021 at <https://www.brookings.edu/wp-content/uploads/2018/09/Manufacturing-and-Industrialization-in-Africa-Signe-20180921.pdf>

The COVID-19 pandemic has shown more clearly than ever that the continent does not trade sufficiently with itself. A World Trade Organization (WTO) study has estimated that the pandemic is likely to cause Africa's trade volumes to decrease by 8% for exports and 16% for imports compared to the immediately previous period. This is because close to half of Africa's trade in merchandise is with economies and regions that were quite impacted by the pandemic, including China, the European Union, and the United States. If the global economy continues to experience declining aggregate demand, the demand for inputs that support manufacturing processes may continue to fall, thereby slowing Africa's export of commodities and raw materials to global markets.

At the same time, the pandemic retooled the AfCFTA and reset it as the new policy focus and action plan to keep Africa open for business. Implementing the AfCFTA expeditiously could help the recovery from Covid-19. In fact, if implemented well, the continental trade deal could reduce Africa's exposure to future global shocks associated with climate change, food supplies, and health and regional crises such as droughts and locusts in Eastern Africa. Reinforcing this position, studies from the UNECA, the World Bank, the AU, and the African Development Bank on the impact of COVID-19 on trade and on the economy in general all strongly conclude that Africa needs to accelerate implementation of the AfCFTA. They emphasise as part of the AfCFTA process the need for Africa to diversify its economy and develop important value chains in the production and supply of products within the region.

In this way, the Covid-19 crisis opens a window of opportunity for innovation and deepening and prioritising Africa's supply chains within the AfCFTA. While the AfCFTA's primary objective has been to create a single market to grow intra-African trade, the AfCFTA could prove to be the continent's most promising policy stimulus to help Africa recover from the pandemic and help build future resilience.

Recommendations

Compact with Africa countries

- Accelerate the ratification of the AfCFTA Agreement where applicable and development/implementation of the national AfCFTA implementation strategy;
- Consider integrating strategic ("smart") industrial policies that are aligned with AfCFTA implementation strategies in the CwA Reform Matrices 2.0;
- Focus on strengthening and empowering the private sector, particularly small and medium-sized enterprises, by supporting business associations and better informing the business community of the government's actions and goals for the economic space, including strategic policy objectives when it comes to the AfCFTA;
- Consider developing digitalization/connectivity and policies that support the adoption of more advanced technologies that would facilitate regional integration and trade through e-commerce and digital trade - including by deepening further integration within regional blocks and the development of regional value chains.

G20 countries and International organizations

- Based on demand, G20 countries and International organizations looking for further opportunities to support the CwA could consider supporting the financing of countries' implementation of their strategies, including the identification of opportunities to diversify exports;
- Support to helping build the private sector's capacity to take advantage of the free trade zone;
- Similarly, capacity building support for the Phase II negotiations, which cover intellectual property, competition policy, investment, and digital trade and e-commerce could also be considered.

2.

*Progress on
2018 reform
commitments and
additional reform
initiatives*

2. PROGRESS ON 2018 REFORM COMMITMENTS AND ADDITIONAL REFORM INITIATIVES

For this year's monitoring report, and given the very special circumstances, the World Bank Group reached out to CwA government counterparts not only so that they can provide an update on their progress along the 2018 reform commitments but also so that they can share with us their reform initiatives going beyond their 2018 commitments which are relevant to the objective of the CwA.

These inputs have been captured in the twelve country CwA Reform Matrices listed in alphabetical order in the Annex to this report. These matrices are structured around the three main CwA reform areas (macroeconomic, business and financing frameworks). We present below a synthesis of the main highlights provided by these matrices.

PROGRESS ON 2018 REFORM COMMITMENTS

As can be seen by the densely populated second columns of the matrices in the Annex, the progress along the 2018 CwA reform commitments has been quite strong despite a very challenging environment. CwA countries continued to make important reforms all along 2020 and at the beginning of 2021- some of the highlights include:

Macroeconomic framework:

- As the COVID crisis took its toll on fiscal balances, CwA countries continued to strengthen their macroeconomic policies, most with the support of the IMF - e.g.:
 - Benin: the IMF completed the sixth and last review of the Program (May 2020)
 - Burkina Faso: IMF program satisfactorily completed (November 2020)
 - Cote d'Ivoire: IMF program successfully completed (December 2020)
 - Guinea: clearing of government arrears to the private sector (2020)
 - Morocco: exchange rate band widened (March 2020)
 - Tunisia: publication of government and SOE debt
- CwA countries continued to reform/privatize SOEs as to improve their operational performance, reduce their drain on the budget and limit private sector crowding-out – e.g.:
 - Benin: key performance indicators for SBE (energy utility SOE) adopted
 - Egypt: amendment of Public Business Sector Law to improve SOE governance (September 2020)
 - Ethiopia: SOE debt resolution
 - Togo: privatization of 51% of TOGOCOM (telecom incumbent)
 - Tunisia: decree reforming the governance of 10 SOEs (December 2020)
- CwA countries continued to reinforce their public procurement/PPP frameworks to leverage private sector financing and efficiency through a transparent, well informed and, whenever possible, competitive process - e.g.:
 - Burkina Faso: new PPP Law and decrees submitted to Legal Committee (August 2020)
 - Ghana: PPP Bill passed into Law (December 2020)
 - Guinea: implementation decrees of PPP Law (early 2021)
 - Morocco: amended PPP Law adopted (March 2020)
 - Senegal: PPP Law adopted (January 2021)
 - Togo: 100% enforcement in 2020 of new manual of procedure for public investment projects
 - Tunisia: PPP Project Development Facility planned for June 2021

Business framework:

- CwA countries continued to improve their business regulations to reduce the cost and risks of doing business¹⁶. CwA countries passed simplified laws and regulations, strengthened the institutions governing markets and leveraged new technologies – e.g.:
 - Benin: online firm registry finalized
 - Burkina Faso: construction permit reforms (June 2020)
 - Egypt: MSME Development Law to simplify tax regime enacted (July 2020)
 - Ghana: Business Regulatory Reforms Portal launched (August 2020)
 - Guinea: on-line tax declaration and payment system (September 2020)
 - Morocco: anti-corruption body operationalized
 - Tunisia: e-customs and strengthening of commercial courts
- CwA countries supported their competitiveness by investing in public goods and institutions to help address market failures in key traded sectors – e.g.:
 - Rwanda: feasibility studies for industrial parks and Manufacturing Acceleration Committee
 - Senegal: development of new ports (Sendou and Ndayane) and transport hub (AIDB airport)

Financing framework:

- CwA countries facilitated access to finance to SMEs – e.g.:
 - Cote d’Ivoire: strengthening of Partial Credit Guarantee Fund (July 8, 2020 Decree)
 - Rwanda: export growth facility 93% disbursed and agriculture de-risking facility developed in 2020
 - Senegal: Warehouse Receipt Regulatory Agency set up (February 2021)
- CwA countries strengthened their capital markets – e.g.:
 - Cote d’Ivoire: Anti Money Laundering Strategy adopted on May 6, 2020
 - Egypt: amendment to Insolvency Law to improve balance between creditor and debtor rights
 - Ghana: Corporate Restructuring and Insolvency Act passed in April 2020
 - Tunisia: Central Bank Directive on the resolution of non-performing loan

ADDITIONAL REFORM INITIATIVES

We also report in this Monitoring Report CwA-relevant reform initiatives undertaken by CwA countries which go beyond their 2018 reform commitment. Some of these initiatives have been driven by the COVID crisis, with countries eager to put in place the foundations to rebuild better and to take advantage of the “reform window opportunity”. These reform initiatives are being informed by the WBG Country Private Sector Diagnostics (CPSDs)¹⁷ which emphasize SOE reforms/PPPs, sector specific policy reforms to promote access to markets and competition, linkages between FDI and SMEs as well as secured access to serviced land.

¹⁶ Progress along the Doing Business indicators could not be reported for this year’s CwA Monitoring Report due to the postponement of the publication of the Doing Business 2021 report, now expected in May 2021.

¹⁷ The WBG CPSD program launched in 2017, now covers all 12 Compact countries. CPSDs have been completed and published in 9 Compact countries (Burkina Faso, Cote d’Ivoire, Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda and Senegal) and are underway in the other 3 Compact countries (Benin, Togo and Tunisia). The completion of these CPSDs was also supported by IFC’s ISCA program in partnership with Germany, The Netherlands, and Norway.

The CPSDs are also informing WBG operations supporting these new initiatives – e.g. the Cote d’Ivoire Competitive Value Chains for Jobs and Economic Transformation Project, the Senegal Jobs, Economic Transformation and Recovery Program and the technical assistance to strengthen Morocco’s Competition Council. We list below some of the most important additional reform initiatives:

Macroeconomic framework:

- Publication of fiscal risk analysis, including FX risks and contingent liabilities from SOEs and PPPs (Egypt and Senegal)
- Medium term revenue strategy (MTRS) – (Rwanda)
- SOE reforms/divestments (Burkina Faso, Ethiopia, Ghana and Guinea)
- Facilitating SME access to public procurements (Egypt)
- Operationalization of PPPs frameworks (Tunisia and Senegal)
- Concession of public fiber optic network (Senegal)

Business framework:

- Operationalization of the Competition Council (Morocco)
- Digital platforms to facilitate access to agriculture inputs and advisory services (Togo)
- Streamlining of business procedures in key value chains such as healthcare products and food (Morocco)
- New industrial policy and industrial mapping (Guinea)

Financing framework:

- Acceleration of reforms for digital payments (Tunisia)
- New Insolvency Law (Egypt)
- Protection of minority shareholders (Morocco).

Opportunity to develop CwA Reform Matrices 2.0

Updating the CwA Reform Matrices with these new reform initiatives would help mobilize the support from international organizations for this next generation of reforms (discussed in the next section) as well as the support from the many organizations which are not formally members of the CwA – e.g. the Africa Finance Corporation, the Infrastructure Consortium for Africa, Africa50, SOURCE, Global Infrastructure Hub, the Africa Infrastructure Association, AUDA-NEPAD, OECD, the Program for Infrastructure Development in Africa, and the Africa Union Continental Business Network.

South Africa, CwA co-Chair, is suggesting a technical workshop for CwA countries to share notes and discuss their new reform initiatives as informed by recent diagnostics such as the Country Private Sector Diagnostics (CPSDs) and the Digital Economy for Africa Assessments (DE4A). This workshop could focus on critical topics of common interest such as policies to promote competition and competitiveness (including linkages between large and small firms), policies to facilitate secured access to serviced land, policies to support the informal sector differentiating between very different types of informal firms, pragmatic approaches to SOE reforms and PPPs, and policies to promote green Growth and the Digital Economy (discussed in the following chapter).

Such a workshop could be organized virtually shortly after the April 15, 2021 AAG meeting with the support of ACET. This workshop will pave the way to formalizing these new reform initiatives into CwA Reform Matrices 2.0.

SUPPORT FROM INTERNATIONAL ORGANIZATIONS

Below is a description of support provided to CwA countries in 2020 by the International Monetary Fund, the African Development Bank, the IFC and the World Bank.

International Monetary Fund

The IMF continues to support the Compact with Africa by working with member countries to strengthen macroeconomic and financial policy frameworks (Pillars 1 and 2 under the Compact) and to provide financial support – including emergency financing during the COVID-19 crisis.

IMF-supported programs. Leading into the current crisis, 6 CwA countries had IMF-supported programs in place (totaling US\$3.1 billion in available GRA and PRGT resources). As of March 10, 2021, the IMF’s Executive Board had approved emergency financing for 10 of the 12 CwA countries, providing additional financing of US\$6.9 billion to support the COVID-19 pandemic response. Augmentations of IMF-supported programs in Benin and Togo provided US\$200 million in additional financing. In Egypt, the new IMF-supported program will provide an additional US\$5.2 billion in resources. In addition, 6 Compact countries are receiving US\$72 million in immediate debt relief under the Catastrophic Containment Relief Trust (CCRT), creating more room to meet exceptional balance of payments needs during the pandemic. IMF country teams undertake regular surveillance of economic developments in all 12 CwA countries, including in the context of Article IV Consultations.

Capacity Development. In response to the pandemic, the Fund has delivered 122 out of 134 capacity development (CD) missions virtually in the first half of FY 2020 in Compact countries. Support for Compact countries accounted for 12.8 percent of the IMF’s CD budget in FY 2020; including 383 TA missions, and training of 1721 country officials. All Compact countries are served by the African Training Institute (ATI) and are members of a regional technical assistance center in Africa or the Middle East.

Direct Engagement with Compact country teams. IMF staff participate as full members of Compact country teams where they are still active, with Resident Representatives typically being supported by HQ-based teams as well. Fund staff also engages directly in the monitoring and coordination of the Compact, and maintains the CwA website, which provides relevant, transparent information to policymakers.

African Development Bank

In 2020, the AfDB moved swiftly to repurpose its lending program and advisory activities to support its regional member countries (RMCs), including the CwA countries, in their responses to the COVID-19 pandemic. In total, USD 1.8 billion in financing to CwA countries was provided in 2020 through its various windows and instruments, with targeted support of USD 1.3 billion to support COVID-19 crisis responses in health, social protection, and business protection. The AfDB ensured that its COVID-19 interventions are closely harmonized with other development partners, including the IMF and WB, and in line with the G20 Principles for Effective Coordination.

Lending

Along with the health and social protection measures, AfDB’s support in 2020 has also focused on measures aimed at safeguarding Small and Medium Enterprises (SMEs) and the private sector more broadly, including policy measures on deferral of taxes and reductions in the costs of public utilities. Examples of results achieved thus far include:

- In Senegal, at least 193 companies had benefited from tax deferrals to the tune of FCFA 5.6 billion (USD 10.3 million). VAT refunds totaling FCFA 8.9 billion (USD 16.4 million) have been processed.
- In Morocco, policies aimed at safeguarding jobs and businesses against the economic outfalls of the pandemic included a Government backed credit guarantee scheme, which has benefitted 45,000 businesses, and a wage subsidy scheme, which has benefitted close to 800,000 employees.

- In Ghana: more than 280,000 Micro, Small and Medium Enterprises (MSMEs) have benefited from the soft loan scheme. The scheme, amounting to GHC600 million/USD 104 million, which will have one-year moratorium and two-year repayment period, is being implemented and managed by the National Board of Small-Scale Industries (NBSSI).
- In Burkina Faso, the operation contributed to the granting of one-off tax relief for the benefit of 92, 876 SMEs out of a target of 100,000 SMEs affected by the pandemic. Likewise, the operation contributed to the provision of agricultural inputs to support crop and pastoral production for the benefit of 225, 170 producers in 2020.

Advisory

The AfDB is also supporting CwA countries through robust analytical work related to COVID-19 and beyond. For example:

- In Benin, the study on “*Gender Profile and Mitigation of the Impacts of COVID-19 Study on Women and Girls*” will inform policy reforms and measures to be implemented by the government in support of women and girls.
- In Ethiopia, a comprehensive study, entitled “*Improving industrial competitiveness to accelerate recovery of manufacturing exports post COVID-19*” is being undertaken to inform the Government’s COVID-19 response strategy for priority sectors (leather, garments, agro-food processing etc.) and help update its post-COVID-19 industrial recovery plan. In addition, the ongoing Technical Assistance to the financial sector, focusing on Money and Capital Markets development is helping to identify alternative sources for public and private sector financing as well as to improve financial sector competitiveness.

IFC

IFC is a major sponsor of the Compact with Africa through both its advisory and financing activities.

Advisory

IFC’s Support to the Compact with Africa (ISCA or the Program) is a multi-donor platform¹⁸ dedicated to enhancing impact and unlocking sustainable, inclusive private sector investment opportunities in CwA eligible countries.

ISCA supports the CwA Initiative by funding implemented advisory projects in four main ways: a) private sector diagnostics (especially the CPSDs) to help identify priority sectors, as well as policy reforms needed to facilitate investments; b) helping countries to implement priority policy and regulatory reforms; c) facilitating investments in priority sectors; d) improving firm performance.

IFC increased its advisory work from 88 projects in eleven CwA countries in FY17 to 225 projects in all twelve CwA countries by February 2021. IFC also participates in the Country Compact teams to bring in the private sector development perspective.

Financing

Table 6 below shows IFC’s financing of private sector firms in CwA countries. Details on IFC’s individual investments in Compact countries can also be found on the IFC disclosure website (<https://disclosures.ifc.org>) under Project Information & Data Portal.

¹⁸ Development partners supporting ISCA are Germany, The Netherlands, and Norway.

TABLE 6. IFC TOTAL LONG-TERM FINANCING INCLUDING OWN ACCOUNT AND MOBILIZATION (UNAUDITED)

	Before Compact with Africa			With Compact with Africa		
	FY15	FY16	FY17	FY18	FY19	FY20
Benin	0.0	10.0	2.9	0.0	0.0	0.0
Burkina Faso	27.7	52.1	116.2	135.2	76.0	51.1
Côte d'Ivoire	13.9	42.4	5.6	130.8	21.9	745.5
Egypt	117.4	351.8	146.2	1189.2	169.1	269.9
Ethiopia	74.3	100.0	100.0	0.0	43.1	361.0
Ghana	66.0	724.5	400.2	82.4	41.0	97.7
Guinea	22.0	0.0	200.0	1.2	775.0	0.0
Morocco	1.7	0.0	151.1	0.4	22.8	144.4
Rwanda	5.5	43.5	2.5	71.5	6.7	2.5
Senegal	218.9	104.8	104.4	18.9	18.5	75.6
Togo	7.5	11.0	0.0	10.8	0.0	0.0
Tunisia	22.8	18.0	27.9	0.0	46.3	32.4
CwA countries	577.7	1,458.1	1,257.0	1,640.4	1,220.4	1,780.1

Examples of transformative investments that IFC in collaboration with development partners has supported include:

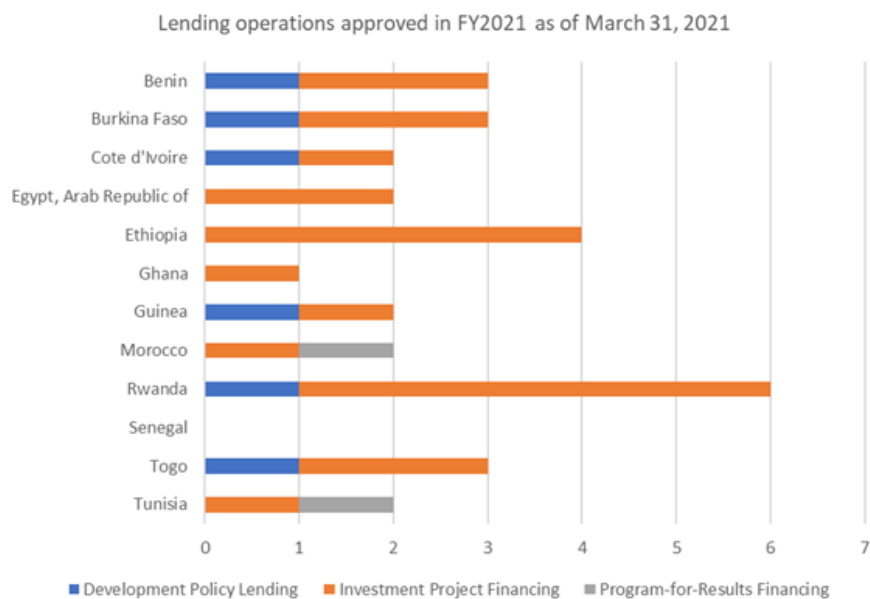
- **Transportation in Senegal:** IFC Advisory is advising the government of Senegal for the development of a greenfield BRT line under a PPP scheme in Dakar. The World Bank shall invest around US\$200 M in the required infrastructure (roads, stations, signaling system, etc.) and the private operator shall invest in the buses, and the related facilities. IFC, AfDB and other lenders are interested in funding the private debt part of the project.
- **Humania, Egypt and Morocco:** IFC invested and mobilized financing support that will help Humania develop a network of high-quality tertiary hospitals in Egypt and Morocco. The project comes as the COVID-19 pandemic puts pressure on healthcare services in the Middle East and North Africa region. For IFC, this demonstrated a rapid response to the crisis in the region, both through investment services, but also via Advisory services provided to the client in the development and implementation of the project.
- **NSIA Banque, Cote d'Ivoire:** In FY20, IFC led and anchored an investment of up to US\$30 M in a securitization by NSIA Banque Côte d'Ivoire to increase access to finance for SMEs. This is the first securitization of SME loans originated by a commercial bank in the West African Monetary Union and the first with a scheduled maturity of 5 years. It will help open a new channel for SMEs to access long-term finance and for similar initiatives by other FIs in the region.
- **In Senegal, under the Scaling Solar Program,** IFC Advisory is advising the government of Senegal for the development of 2 PV plants using the Scaling Solar methodology. MIGA has been mandated by the winning bidder and should provide Partial Risk Insurance (PRI). Proparco, EIB, and IFC Investment have been selected as lenders – they will provide commercial debt to the projects.

World Bank

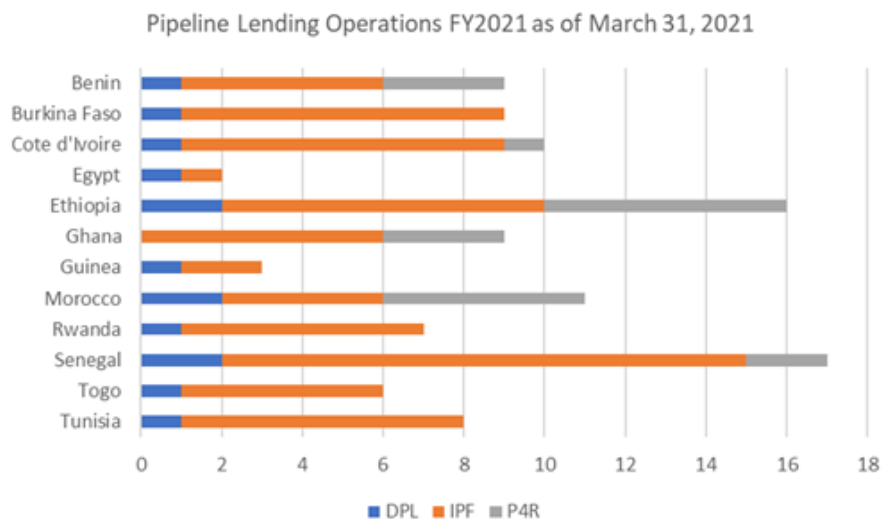
The WB supports CwA countries through lending as well as advisory services and analytics related to the CwA themes of Private and Financial Sector Development, Regulation and Competition Policy, Agriculture Development, Skills Development, Access to Energy, Connectivity, Data Development and ICT solutions. 30 lending operations have been approved during FY2021 as of March 31, 2021 with 107 more in the pipeline. 120 advisory services and analytics have been completed in FY2021.

WB lending

As of March 31, 2021, 30 lending operations were approved in FY2021 in CwA countries (totaling \$4,5 billions) – see figure below:

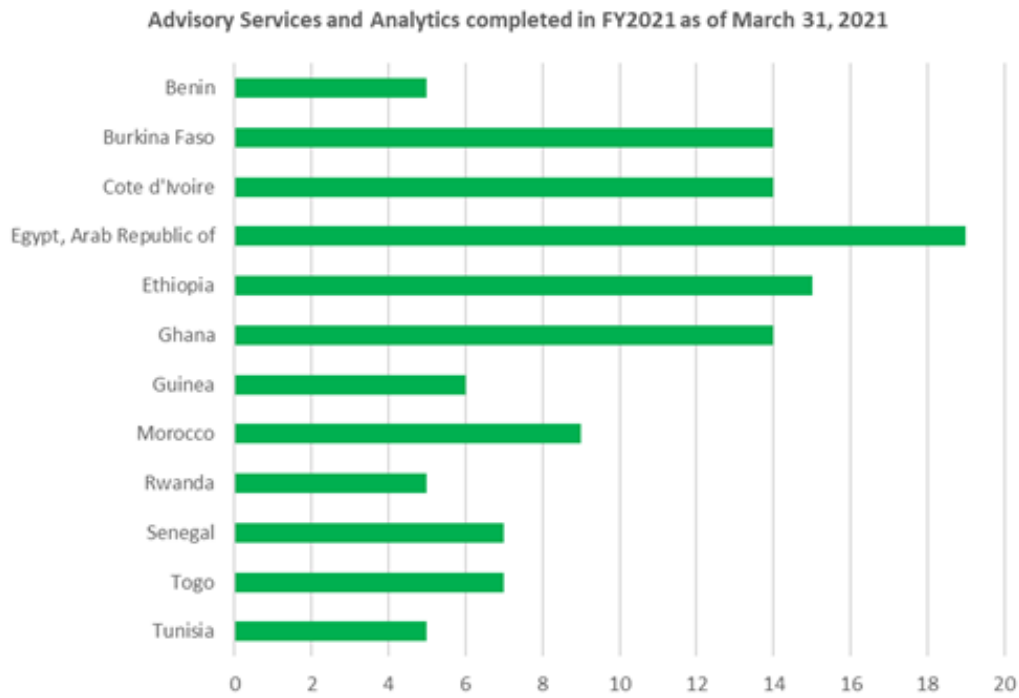


In addition, there are 107 pipeline lending operations for CwA countries (totaling \$15,2 billions) – see figure below:



WB advisory services and analytics

As of March 31, 2021, 120 advisory services and analytics have been completed in FY2021 in CWA countries (totaling \$59 million) – see figure below:



3.

*Leveraging
new growth
opportunities*

3. LEVERAGING NEW GROWTH OPPORTUNITIES

THE DIGITAL ECONOMY

1. Introduction

The digital transformation is re-shaping our global economy, creating new business models, and changing every aspect of daily life—changing the way we learn, access medical care, work, trade, socialize, access public and private services and information. It also transforms the way businesses operate and interact with each other – reducing production and transaction costs all along the value chains. The digital transformation is opening many new opportunities for citizens and companies in developing economies, making it easier for them to access knowledge, skills, markets and financing. In one sentence, paraphrasing Tom Friedman’s “The world is flat”, the digital transformation is flattening the world by bringing everybody on an infinite level playing field. In 2016, the digital economy was worth about US\$11.5 trillion, equivalent to 15.5% of the world’s overall gross domestic product (GDP). By 2025, the global digital economy will be US \$23 trillion globally, or 24.3% of global GDP.¹⁹

The digital economy offers Compact countries a leapfrogging opportunity to accelerate growth, poverty reduction and job creation. Digital technologies are largely enabled by the increases in computing capacity and Internet bandwidth that have made their diffusion deeper, broader and faster.²⁰ According to a recent report by IFC and Google, the number of individuals with Internet access in Africa has expanded to over 520 million, or 40% of the population, and 60% of the population accesses the Internet via mobile phone since 2000.²¹ In 2017, mobile technologies and services generated 7.1% of GDP or US\$110 billion in Sub-Saharan Africa.²² A recent analysis conducted by Accenture found that iGDP may contribute approximately \$115 billion to Africa’s 2.554 trillion GDP (4.5%) in 2020.²³ It is estimated that by 2025, the Internet economy has the potential to contribute nearly \$180 billion to Africa’s economy. These projections will depend on the adoption of digital technologies by businesses and governments and the adequacy of policy instruments in Compact countries.²⁴

In order to measure the spread of digital technologies, the World Bank constructed the Digital Adoption Index (DAI) as part of the *World Development Report 2016: Digital Dividends*. It draws on original and established data to provide a global, comprehensive picture of technology diffusion across three segments of the economy: business, people, and governments.²⁵ The index covers 180 countries on a 0-1 scale and emphasizes the “supply-side” of digital adoption to coverage and simplify theoretical linkages.²⁶ By measuring the relative adoption of digital technologies, DAI can support policymakers in designing a digital strategy with adequate and adapted policies to promote digital adoption across different user groups. We have provided below two figures showing the diffusion of technologies in Compact countries as measured by the DAI across two segments: Business and Government. These figures show that, among Compact countries, Egypt, Ghana, Morocco, Rwanda and Tunisia stack up relatively well to regional and global benchmark countries.²⁷

¹⁹ Huawei and Oxford Economics (2017), Digital Spillover: Measuring the True Impact of the Digital Economy, https://www.huawei.com/minisite/gci/en/digital-spillover/files/gci_digital_spillover.pdf

²⁰ Reinventing business through Disruptive Tech, IFC, <https://www.ifc.org/wps/wcm/connect/8c67719a-2816-4694-9187-7de2ef5075bc/Reinventing-business-through-Disruptive-Tech-v2.pdf?MOD=AJPERES&CVID=mLo6cft>

²¹ Reinventing business through Disruptive Tech, IFC, <https://www.ifc.org/wps/wcm/connect/e358c23f-afe3-49c5-a509-034257688580/e-Conomy-Africa-2020.pdf?MOD=AJPERES&CVID=nmuGYF2>

²² Sub-Saharan Africa, GMSA, <https://www.gsma.com/mobileeconomy/sub-saharan-africa/>; “A 10% increase in mobile Internet penetration increases GDP per capita by 2.5% in Africa, compared to 2% globally,” International Telecommunication Union (ITU), “Economic Contribution of Broadband, Digitization, and ICT Regulation: Econometric Modelling for Africa” (research paper, ITU Publications, Geneva, 2019), https://www.itu.int/dms_pub/itu-d/opb/pref/D-PREF-EF.BDT_AFR-2019-PDF-E.pdf

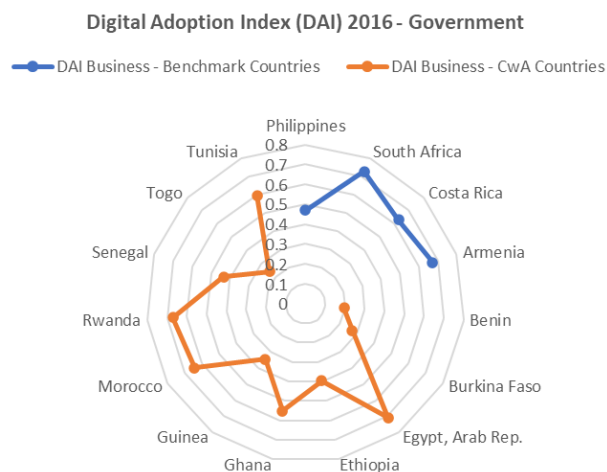
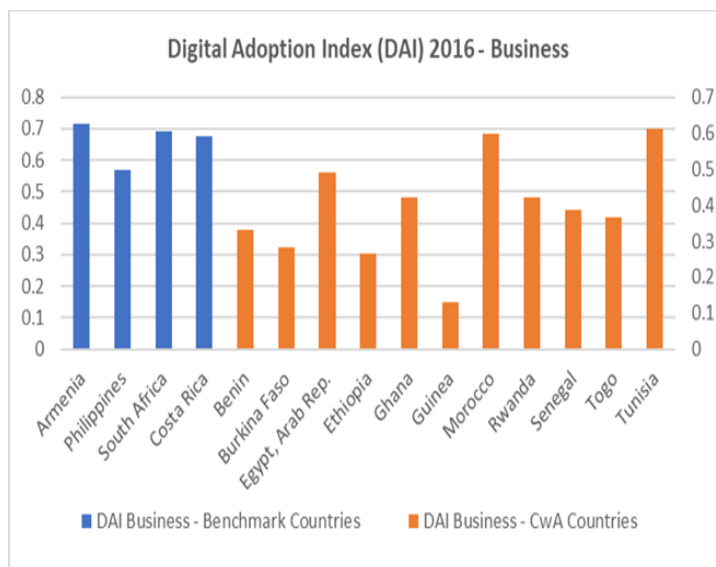
²³ e-Conomy Africa 2020, Google & IFC, <https://www.ifc.org/wps/wcm/connect/e358c23f-afe3-49c5-a509-034257688580/e-Conomy-Africa-2020.pdf?MOD=AJPERES&CVID=nmuGYF2>

²⁴ e-Conomy Africa 2020, Google & IFC, <https://www.ifc.org/wps/wcm/connect/e358c23f-afe3-49c5-a509-034257688580/e-Conomy-Africa-2020.pdf?MOD=AJPERES&CVID=nmuGYF2>

²⁵ Digital Adoption Index, WBG, <https://www.worldbank.org/en/publication/wdr2016/Digital-Adoption-Index#:~:text=The%20DAI%20is%20a%20worldwide.coverage%20and%20simplify%20theoretical%20linkages>

²⁶ Note: Data for Cote d'Ivoire was not available to be included in the 2016 DAI analysis, but the DAI is expected to be updated in 2021. Digital Adoption Index, WBG, <https://www.worldbank.org/en/publication/wdr2016/Digital-Adoption-Index#:~:text=The%20DAI%20is%20a%20worldwide.coverage%20and%20simplify%20theoretical%20linkages>

²⁷ Digital Adoption Index, WBG, <https://www.worldbank.org/en/publication/wdr2016/Digital-Adoption-Index#:~:text=The%20DAI%20is%20a%20worldwide.coverage%20and%20simplify%20theoretical%20linkages>



Sources: World Development Report 2016, WB. Data at http://bit.do/WDR2016-Fig5_4

Digital transformation across sectors is driving economies, especially in response to the COVID-19 pandemic. The current crisis triggered an unprecedented demand for mainstreaming applications of digital technologies across industries compelling businesses, individuals and governments in Compact countries to apply/discover new business and delivery models to ensure business continuity, prevent service interruptions and cope with social distancing.²⁸ This wave is redefining how social and economic activities occur within and across countries and disrupting traditional sectors in the global economy in a number of ways, for example:

- **Improving the efficiency and distribution of products and services across global and domestic markets.** Digital technologies enable easier and cheaper access to global and domestic goods and services markets as e-commerce platforms considerably reduce the fixed cost of exporting.²⁹ African e-commerce activities are growing at an estimated annual rate of 40%.³⁰ For example, the use of digital platforms affords Kenya the opportunity to diversify its export markets and move into higher value-added production segments, rather than concentrating on traditional exports (e.g., coffee, tea, fruits and vegetables).³¹ A study on 14 developing economies (e.g., Nigeria and Ghana) shows that on average 63% of online sellers sell to two or more markets, while only one third of offline sellers who export sell to more than one market (Suominen, 2017).³² Further, digital solutions offer an alternative venue for trade flows for landlocked countries, specifically in Africa, which has 17 landlocked countries, including three Compact countries (Burkina Faso, Rwanda and Ethiopia).³³

²⁸ DE4A, Diagnostic Tool, June 2020, <http://pubdocs.worldbank.org/en/694441594319396632/DE4A-Diagnostic-Tool-V2-FINAL-JUNE-24.pdf>; see also World Bank Group. 2016. World Development Report 2016: Digital Dividends. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/23347> License: CC BY 3.0 IGO

²⁹ World Bank Development Report, 2021, Chapter 3, <https://www.worldbank.org/en/publication/wdr2021>

³⁰ WBG, Ghana Digital Economy Diagnostic, DE4A, <http://pubdocs.worldbank.org/en/412821598381054828/Ghana-DE4A-LOW-Res.pdf>

³¹ "Ebay data suggests that 80% of online exporters survive as exporters after their first year, compared to only one third of offline exporters [...]," WTO, Chapter 4, https://www.wto.org/english/res_e/booksp_e/08_adera_chapter_04_e.pdf

³² "Ebay data suggests that 80% of online exporters survive as exporters after their first year, compared to only one third of offline exporters [...]," WTO, Chapter 4, https://www.wto.org/english/res_e/booksp_e/08_adera_chapter_04_e.pdf; Fueling Trade in the Digital Era: Policy Roadmap for Developing Countries, Kati Suominen, 2017, https://ictsd.iisd.org/sites/default/files/research/suominen_fuelling_trade_in_the_digital_era_0.pdf

³³ African Landlocked Developing Countries and Partners Call for Action to Overcome Challenges to Sustainable Development, United Nations, Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, https://www.un.org/ohrls/news/african-landlocked-developing-countries-and-partners-call-action-overcome-challenges#:~:text=*List%20of%20African%20LLDCs%3A%20Botswana,%2C%20Uganda%2C%20Zambia%2C%20Zimbabwe.&text=Media%20contacts%3A,Ms.

- **Enabling new and improved products and services in global and domestic markets.** The increasing number of data-driven digital businesses are providing new ways to develop products and services, such as online maps or translation, analytics of purchasing trends, as well as the provision of smart contracts and supply chain tracking services.³⁴ For example, Haiti is leveraging blockchain technology for the fresh production chains allowing buyers to scan mango's QR code and track back whose tree the mango comes from, as well as provide all participants in the value chain with equal and real time information – equalizing market power along the way.³⁵ Another example is leveraging 3D printing to reduce the cost of product differentiation and the fixed cost of manufacturing – opening new opportunities to SMEs around the world.
- **Enabling value chains to be more inclusive by providing easier access to knowledge, skills, and data.** Digital connectivity offers rapidly growing opportunities to export and import skills, knowledge, and data. For example, young lawyers based in Nigeria are now part of US legal teams solving cases in California; computer interfaces make it possible for young Indians to learn how to use complex EMC machines from their laptop at home; students from around the world can access online classes from the best teachers. Also, remote work has triggered tourism destinations to launch programs with the aim to tempt workers move from their home office to tropical shores in countries, such as Mauritius, Barbados, The Bahamas and Bermuda.³⁶
- **Enabling easier access to more efficient and transparent government services.** Among Compact countries, Rwanda is one of Africa's top ten performers in global e-Government rankings providing access to G2P and G2B e-services and improving the delivery of key government functions in areas such as financial management, public procurement, education, and health.³⁷

An effective, inclusive, and safe digital economy requires five building blocks together with an enabling policy environment. As per the figure below taken from the Ghana DE4A, the five building blocks to achieving an inclusive digital economy are: i) *Digital Infrastructure*, focusing on the access, adoption, quality, and affordability of international internet bandwidth, 3G/4G mobile-broadband subscriptions, smartphone penetration rate, among others; ii) *Digital Public Platforms*, focusing on increased digitalization of public operations and services (G2C, G2B, G2G) with digital platforms operated at government level addressing citizens and businesses life events; iii) *Digital Financial Services*, focusing on increased access and use of digital financial services as well as increased market entry, delivery channels and product innovation, and reduced information asymmetry; iv) *Digital Businesses* (digital solution providers, including private platforms)³⁸, focusing on increased number of digital start-ups and usage of platform-based or data-driven business models, digitalized-enabled traditional businesses); and *Digital Skills*, focusing on increased access to basic, intermediate, advanced and highly specialized digital skills both for lower-secondary school students and out of school children.³⁹

³⁴ World Bank Development Report, 2021, Chapter 3, <https://www.worldbank.org/en/publication/wdr2021>

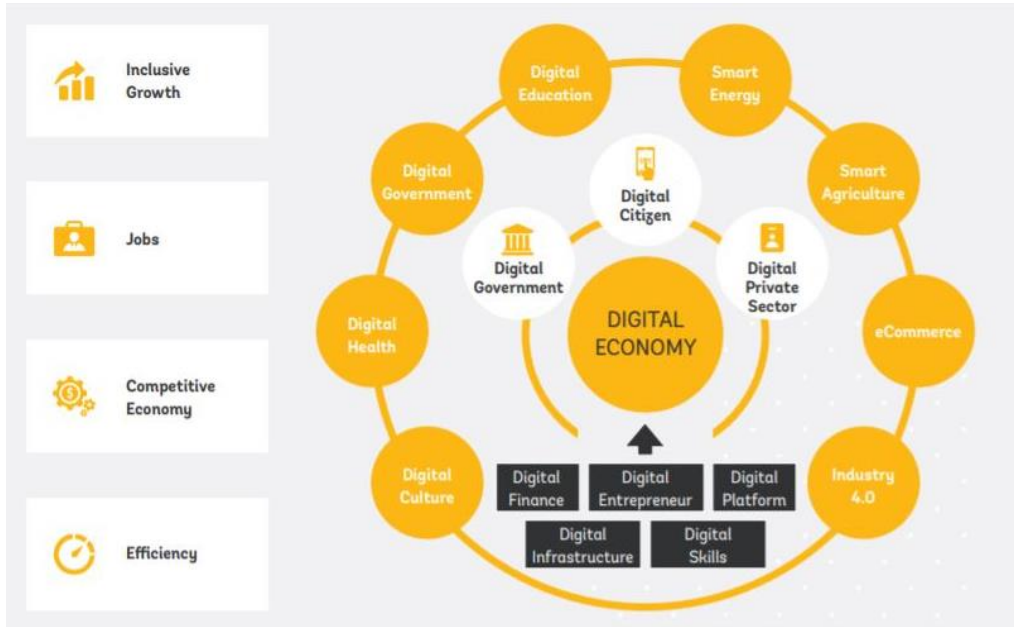
³⁵ "World Bank blockchain pilot sows fresh narrative for Haiti's farmers," March 2019, <https://www.openaccessgovernment.org/world-bank-blockchain-haitis-farmers/61205/>

³⁶ Tourism-dependent economies are among those harmed the most by the pandemic, <https://www.imf.org/external/pubs/ft/fandd/2020/12/impact-of-the-pandemic-on-tourism-behsudi.htm>

³⁷ Services offered inter alia include online visa/residency permit applications, online land management and ownership administration, and civil registration, Rwanda Economic Update – Accelerating Digital Transformation in Rwanda, January 2020, <https://openknowledge.worldbank.org/bitstream/handle/10986/33247/Rwanda-Economic-Update-Accelerating-Digital-Transformation-in-Rwanda.pdf?sequence=1&isAllowed=y>

³⁸ Digital Businesses were referred to as Digital Entrepreneurs in previous DE4A framework.

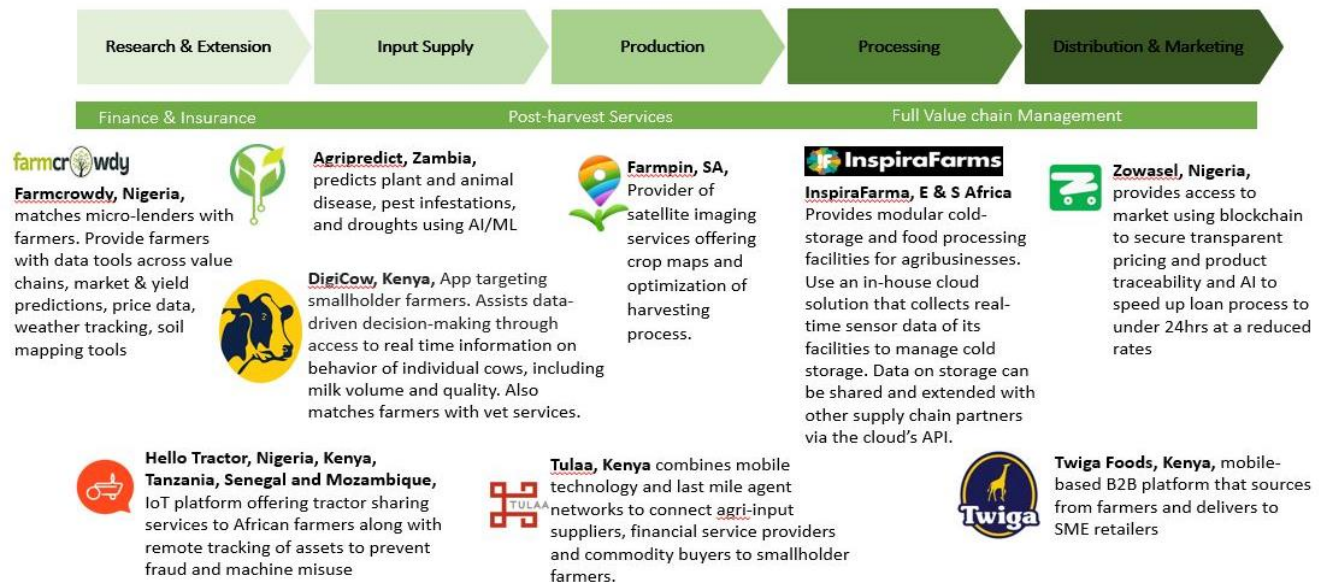
³⁹ DE4A Diagnostic tool, June 2020, <http://pubdocs.worldbank.org/en/694441594319396632/DE4A-Diagnostic-Tool-V2-FINAL-JUNE-24.pdf>



Source: WBG, Ghana Digital Economy Diagnostic, DE4A

These five building blocks enable/promote the digitalization of key sectors such as *agriculture, trade, manufacturing, education, health, professional services, and government services (the policies in these sectors will also need to enable/promote their digitalization)*. As an example, digital technologies are having a critical impact in each stage of the agribusiness value chain, including input supply, production, processing, distribution, and marketing as shown in the figure below.

Digitization of agribusiness value chain: Emerging business models



Frameworks on examples of trends and emerging business models: Digitalization of agribusiness value chains⁴⁰

⁴⁰ M&T Unit, FCI, WB

Other examples of digitalization in Compact countries include:

- The Ministry of Education in Ethiopia developed a COVID-19 Education Sector Emergency Response which provides education services through radio broadcasts for primary and through digital platforms for secondary and tertiary education.⁴¹
- In Rwanda, the use of mobile phones facilitated digitalization of other services, such as financial (mobile money, mobile banking services), agriculture (e-Soko), health (Mobile e-Health) and administrative services (Irembo).⁴²
- In Ghana, the Ministry of Lands and Natural Resources is working with IBM to plan a blockchain-based solution for land administration, which will disrupt the current inefficient paper-based central land records system to an immutable and secure decentralized ledger of land records.⁴³
- Leading private sector firms in Africa are also breaking new ground such as the digital platform Jumia which has e-commerce operations in 14 African countries, including Compact countries such as Morocco, Egypt, Ghana, Senegal, and Cote d'Ivoire. The platform partners with over a thousand logistics partners and African SMEs to provide online services.
- Recent analytical work done in Senegal and Tunisia shows how new policies combined with digital solutions can help bridge the large technological gaps among firms (see Boxes 1 and 2 below)

BOX 1. INCLUSIVE DIGITAL SENEGAL: TECHNOLOGICAL TRANSFORMATION FOR BETTER AND MORE JOBS

Context: Senegal needs better and more jobs for its growing population. More than 300,000 new jobs are required per year, projected to rise to 500,000 per year by 2050. To resume its trajectory of economic growth and make it more inclusive, Senegal needs to create better jobs for more people, the vast majority of whom are engaged in the informal sector. Indeed, less than 5% of the economically active population is in the formal private sector, and formal firms with 5 or more employees account for a mere 1% of all firms. Better and more jobs require better and more firms, including more productive and growing formal and informal enterprises. Firms in Senegal display low levels of technology adoption, even though some capable informal enterprises show potential to jump the quality hurdle. The firm-level adoption of technologies survey and analysis in this book exposes a large average technological gap between firms in Senegal and firms in Brazil (state of Ceará), in the range of 36% and 30% for extensive (whether firms use it at all) and intensive (the most frequently applied) uses, respectively, of better technologies such as for business administration and marketing.

Opportunities: To ensure that accelerated job creation is productive and inclusive, policies are needed to boost use of better technologies across firms and to address deepening digital and other divides across households and across enterprises. The COVID-19 crisis presents an opportunity to “build back better.” Evidence is emerging that the use of digital technologies (DTs)—defined broadly to include not only smartphones and internet but also the variety of more specialized productivity-enhancing digital solutions (World Bank 2016)—can be an entry point to enable economies to better respond to emergencies as well as to grow. Digital sources of growth largely come from cost reduction, efficiencies, and enhanced capabilities associated with households and enterprises using better technologies, with many of the latest analog technologies now also incorporating links to the internet and better data use.

Recommendations: To tap into these sources of growth, Senegal needs a mix of supply-side policies to support affordable availability of DTs and complementary technologies, as well as demand-side incentives and capabilities-boosting programs to stimulate their adoption and productive use. To enhance the availability of affordable broadband, Senegal needs to ensure

⁴¹ Brief, How countries are using edtech (including online learning, radio, television, texting) to support access to remote learning during the COVID-19 pandemic, WBG Education and Technology, <https://www.worldbank.org/en/topic/edutech/brief/how-countries-are-using-edtech-to-support-remote-learning-during-the-covid-19-pandemic>

⁴² <https://openknowledge.worldbank.org/bitstream/handle/10986/33247/Rwanda-Economic-Update-Accelerating-Digital-Transformation-in-Rwanda.pdf?sequence=1&isAllowed=y>

⁴³ WBG, Ghana Digital Economy Diagnostic, DE4A, <http://pubdocs.worldbank.org/en/412821598381054828/Ghana-DE4A-LOW-Res.pdf>

affordable access to electricity, promote universal coverage of 3G/4G supported by increased competition in the telecommunications market, ensure effective infrastructure sharing, and leverage private investments, among other measures. To boost productive use of digital technologies by enterprises, Senegal should institutionalize technology upgrading and management/worker capability support programs. Separate programs are warranted for formal start-ups and larger firms with the potential to become globally competitive national champions, and for those micro informal enterprises willing and able to learn and adopt technologies to attain consistently higher quality levels—thereby providing significantly higher benefits from eventual formalization. To yield results, these programs should be anchored in industry value chains, such as specific horticulture products, and supported by a punctual execution plan and an effective delivery unit.

Source: Inclusive Digital Senegal: Technological transformation for better and more jobs, WBG, Marcio Cruz, Mark Dutz, and Carlos Rodríguez-Castelán (2021)

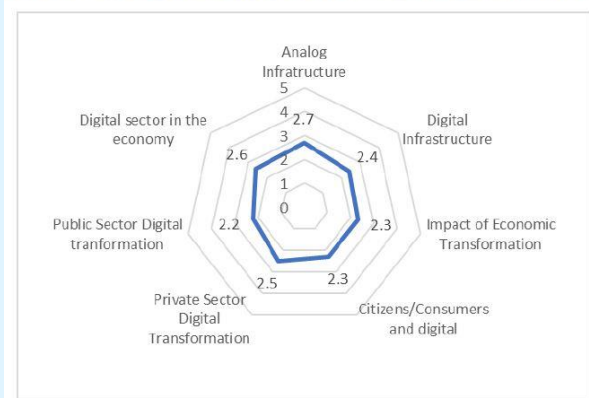
BOX 2. TUNISIA - ACCELERATING DIGITALIZATION OF FIRMS AND GOVERNMENT SERVICES TO FIRMS AND CITIZENS TO ENHANCE DIGITAL ECONOMY

Context: According to the latest to the 2020 Tunisia Digital Economy Country Assessment (DECA), the digitalization of firms and government services to firms and citizens could be accelerated to enhance and foster the digitalization on the economy. The DECA, conducted in partnership with the Tunisian Ministry of ICT and Digital Economy, provides a holistic assessment the maturity of Tunisia’s digital economy, through several prisms: the country’s digital and non-digital foundations; the digital transformation of the country’s private, public sectors, digital access to consumer and citizens, as well as assessing the overall socio-economic impact of digital economy.

Opportunities: Tunisia introduced an ambitious digitalization plan “Tunisia Digitale 2020” which aims to position the country in the global digital industry and create ICT jobs. The Tunisia government also approved the Startup Act in April 2018, providing tax and other incentives to support the creation and growth of innovative young startups and SMEs. Overall, the maturity of the Tunisian digital economy is between emerging and moderate, with an average score of 2.4 on a scale of 1 to 5. Several projects and initiatives have been launched to accelerate the digital transformation of the private sector and administration, to introduce digital financial services, digital platforms, digital entrepreneurship, digital skills and to strengthen digital infrastructure.

Recommendations: A WBG review of the Start-up Act has pointed to the following areas to improve the environment for start-ups and accelerate the entry and growth of new and young firms: (i) Advocate at the highest level on the need to advance on complementary measures to boost startups and their financing (incl. legal amendments to the companies act to introduce a simplified corporate structure, extend the array of available equity financing instruments for investors and start-up employees); (ii) assist the government in developing programs of further assistance to startups who grow as intended and enter the transition phase to the next stage where they lose the benefits/protection granted under the Act; and (iii) conduct an economic and financial analysis of the law provisions (cost/benefit analysis). The success of this policy agenda will depend on building strong private sector partnerships; developing clear coordination mechanisms between various government agencies, development partners, civil society, and other stakeholders; and ensuring broad outreach of activities to lagging and underserved regions.

Figure 13 – Maturity of the Tunisia digital economy foundations and pillars

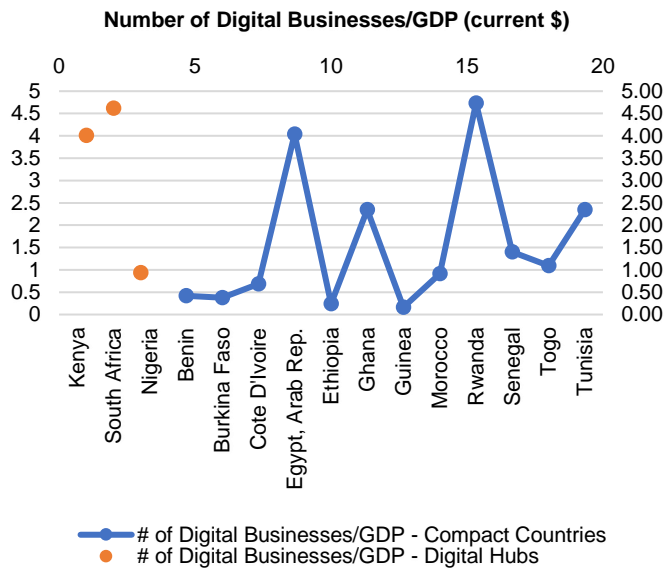


Source : DECA Tunisia

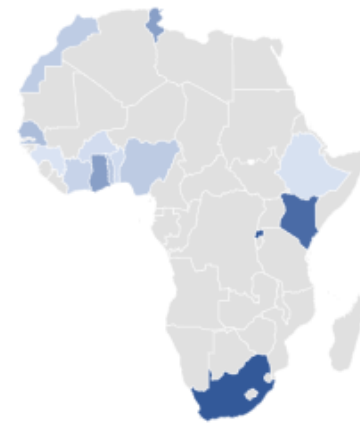
Source: Tunisia CPSD Concept Note, WBG (2021)

2. The Digital Business Database: a new WBG knowledge tool

The World Bank Group’s digital business global database covers 200,000 digital solution firms in 190+ countries now in pilot testing phase. The aim of this database is to understand the digital business landscape, emerging digital solutions in countries, and early-stage financing. In this exercise, digital businesses are defined as digital solution providers that develop and manufacture digital technology products or provide digital services.⁴⁸ Based on the initial data collected in the pilot phase, the Compact countries with the highest number of digital businesses (relative to the size of their GDP) are Egypt, Rwanda, and Ghana at similar levels than the digital hubs of Kenya and South Africa.



Number of Digital Businesses/GDP (total - current \$)

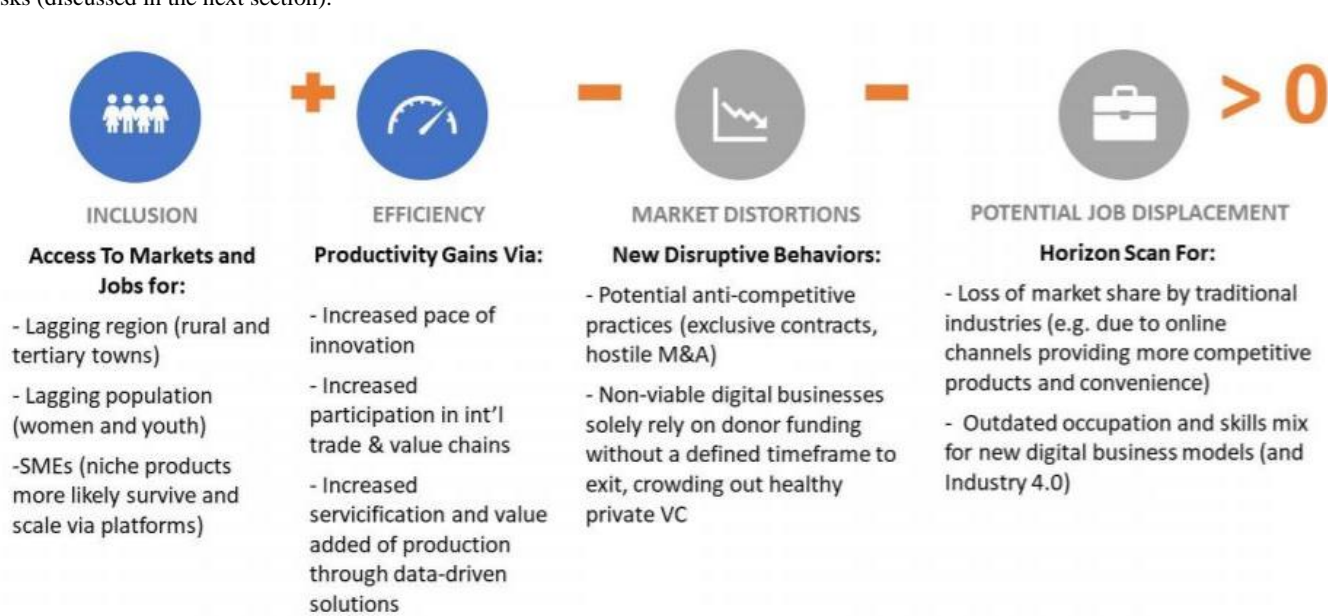


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Number of Digital Businesses (Compact Countries vs Digital Hubs)
Data from FCI Markets and Global Technology - Global Digital Business Database & World Development Indicators (WDI) 2019 (<https://data.worldbank.org/indicator>)

Number of Digital Businesses/GDP (total – current \$)
Source: FCI Markets and Global Technology - Global Digital Business Database & World Development Indicators (WDI) 2019 (<https://data.worldbank.org/indicator>)

The healthy creation, adoption, and proliferation of digital businesses require balancing opportunities and risks that these business bring through enabling regulations and policies. While digital technologies provide new ways to access markets and jobs as well as increased productivity gains, they are also sources of new market distortions that can lead to anti-competitive practices, loss of market share by traditional industries, and job displacement as shown in the figure below, requiring policy interventions to both enable/capture the upside and mitigate the risks (discussed in the next section).



Digital Business Brings Opportunities and Risks. Source: DE4A Diagnostic Tool (2020)

3. Policy agenda going forward

Digitalization brings a wide range of opportunities and associated risks for citizens, consumers, businesses, and governments of Compact countries. In order to leverage and accelerate these opportunities as well as mitigate challenges and risks, strong regulatory and policy frameworks will need to be adopted/updated to enable an effective transition towards a digital economy. These regulatory and policy instruments range from a number of cross-cutting areas, including, competition, gender, cybersecurity, supplier and consumer protection, data protection as well as the necessary policies to enable/promote the digitalization of key industries.⁴⁴

With the increase usage of digital services, new risks arise in terms of the safety and security of personal information across sectors and government systems. These growing trends call for safeguards and policies to foster trust and inclusiveness among consumers and citizens, giving equal opportunity to men and women, and vulnerable communities. Shoppers in Africa are most likely to see data security as a barrier to online shopping in their country.⁴⁵ According to GSMA, 85% of e-commerce transactions in Africa are “payment on delivery”, which reflects a low-trust environment in which buyer will proceed with the payment on evidence of delivery.⁴⁶ In this context, it is necessary to boost a more secure and ‘trust’ online environment with robust legal and regulatory frameworks providing both *enablers* to facilitate access and reuse of data, and *safeguards*, which prevent the misuse of such data.⁴⁷

⁴⁴ DE4A Diagnostic Tool, June 2020, <http://pubdocs.worldbank.org/en/694441594319396632/DE4A-Diagnostic-Tool-V2-FINAL-JUNE-24.pdf>

⁴⁵ Paypal Cross-Border Consumer Research 2016, <https://www.paypalobjects.com/digitalassets/c/website/marketing/global/shared/global/media-resources/documents/passport-citation.pdf>

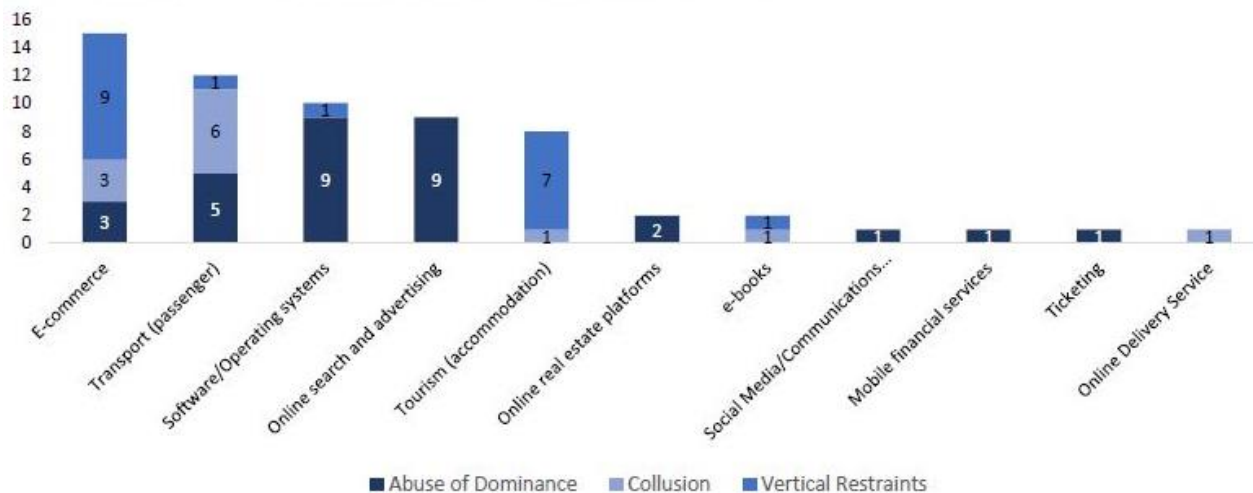
⁴⁶ Digital Commerce and Youth Employment in Africa, February 2019, https://mastercardfdn.org/wp-content/uploads/2019/03/BFA_Digital-Commerce-White-Paper_FINAL_Feb-2019-aoda.pdf

⁴⁷ “The trust framework of enablers and safeguards is sustained by principles of good governance, including certainty, transparency, accountability, nondiscrimination, fairness, inclusiveness, openness, necessity, proportionality, and security”, WDR, 2021, Chapter 6

Governments play a crucial role in establishing a 'trust' environment with normative frameworks, including data protection, privacy, cybersecurity, and consumer and supplier protection laws and policies.⁴⁸ For example, Ghana has recognized the power of data generated by digital platforms and the need to ensure that consumers have adequate control over their data. The Data Protection Act was officially launched in November 2014 to protect the privacy of consumers and personal data by regulating the processing of personal information.⁴⁹ The effective implementation of data protection and privacy legal and regulatory frameworks will depend on the level of public sector commitment, the availability of local data protection expertise, and the financial and enforcement mechanisms put in place.⁵⁰ For example, Senegal recently adopted the Personal Data Protection Bill of 2019, which will be part of the government's goal of upgrading the legal and institutional framework of the technology and telecommunications sector by 2025 as part of the Digital Senegal 2016-2025 Strategic Plan.⁵¹

Promoting competition in digital markets is key to the development of a vibrant ecosystem. As shown by the figure below, digital sectors around the world are exposed to competition issues. Firms operating within the digital economy – whether to offer digital connectivity, payment solutions, or digital platforms – require rules that enable contestability and maintain a level playing field in order to enter, innovate and expand.⁵² Policies and regulations that ensure interoperability of systems, encourage access to critical data, tackle potentially anticompetitive practice or mergers, protect small firms from unequal bargaining positions (vis a vis platforms for example) will all be important. It is also key to ensure that traditional sector regulations do not prohibit the emergence of new business models but that disruptive digital models are able to compete on a level playing field. For example, Egypt adopted regulations to allow ride-hailing companies continue their business albeit under tighter conditions, including sharing their data to the government upon request as well as compliance with pension and social security laws.⁵³ The Egyptian Competitive Agency also imposed behavioral conditions on Uber when it approved their \$3.1 billion acquisition of the regional rival Careem (one of the largest transactions in the MENA region) to allow for its data to made available to potential competitors.⁵⁴

Types of anticompetitive practices among digital sectors worldwide



Source: World Bank Group Antitrust in the Digital Economy Database. Based on information for all antitrust cases involving digital platforms globally for which information was publicly available as of January 2020

⁴⁸ WDR 2021, Chapter 6

⁴⁹ WBG, Ghana Digital Economy Diagnostic, DE4A, <http://pubdocs.worldbank.org/en/412821598381054828/Ghana-DE4A-LOW-Res.pdf>

⁵⁰ WBG, Ghana Digital Economy Diagnostic, DE4A, <http://pubdocs.worldbank.org/en/412821598381054828/Ghana-DE4A-LOW-Res.pdf>

⁵¹ Senegal to review data protection law, CIPESA, <https://cipesa.org/2020/01/senegal-to-review-data-protection-law/>; Stratégie, Sénégal Numérique, 2016-2025, <https://www.sec.gouv.sn/sites/default/files/Strat%C3%A9gie%20S%C3%A9n%C3%A9gal%20Num%C3%A9rique%202016-2025.pdf>

⁵² DE4A Diagnostic Tool, June 2020, <http://pubdocs.worldbank.org/en/694441594319396632/DE4A-Diagnostic-Tool-V2-FINAL-JUNE-24.pdf>

⁵³ "Testing ground ride hailing services face new regulations promising market," <https://oxfordbusinessgroup.com/analysis/testing-ground-ride-hailing-services-face-new-regulations-promising-market>

⁵⁴ "The Egyptian Competition Authority approves Uber's acquisition of Careem," <https://www.lexology.com/library/detail.aspx?g=93b48335-0c77-4eda-b4b2-c3f736fe8d4d>

Furthermore, governments need to establish a functioning competition authority that can enforce competition law and a regulator with sectoral competition law powers. Competition principles need to be incorporated across the different agencies of government and cross-border cooperation between competition authorities and sectoral regulators is needed to address the existing market failures considering the interplay between their respective jurisdictions.⁵⁵

Taxation is also becoming a challenge in the digital economy given the reliance of digital platforms on intangible assets, and the limitations to measure and value these assets. In this context, tax laws need to be updated to address these challenges and tax authorities need to be trained on what constitutes value creation on digital platforms. Other areas include cross-border trade and data flows, intellectual property rights, and cybersecurity, and depend on the needs and maturity of the country.⁵⁶

The digital economy reinforces the critical importance of the skills agenda. Increased digital connectivity can only achieve the desired transformational effect on economic opportunity and inclusive growth if combined with enhancement of digital skills and literacy giving equal opportunity to men and women, and to disadvantaged groups.⁵⁷ Digital skills and literacy are critical tools for citizens and consumers to adopt and use digital products and services. Governments play a crucial role in building a workforce with strong digital skills. For example, in Cameroon, access to targeted training opportunities to female digital entrepreneurs is showing an increase in the use of e-payments in e-commerce and women's participation in digital ventures.⁵⁸

Promoting the digital economy in addition to enabling it. In order to improve the supply of business-ready ideas, including disruptive technologies (e.g. artificial intelligence, Internet of Things, robotics, etc.), governments can establish instruments to promote R&D and digital upgrading in the private sector such as competitive grants or tax incentives.⁵⁹

Developing a digital economy strategy based on solid diagnostics. The African Union (AU) prepared the digital transformation strategy that aims to see every African individual, business and government digitally enabled by 2030. The AU Strategy was prepared with WBG support and reflects recommendations from the AU-EU Digital Economy Task Force (DETF). The WBG supports the implementation of the digital transformation strategy for Africa through the Digital Economy for Africa (DE4A) flagship initiative. The DE4A country diagnostics provide a snapshot of the state of the digital economy in a given country for each of the five pillars of the initiative. The main objectives of these country diagnostics are to i) determine the current state of play of digital economy in the country and assess key levers that drive the country's digital economy; ii) help countries maximize the opportunities and mitigate the risks posed by digital technologies; and iii) inform WBG operational engagements.⁶⁰ By 2020, 26 countries have been completed (8 publicly disclosable; 4 country economy updates) and around 10 studies are ongoing in 2021. The ultimate objective is that all African countries have a DE4A Country Diagnostic by 2022. The publicly available Compact country diagnostics include Ghana, Senegal, Tunisia, and Rwanda. Other Compact country diagnostics (not publicly available) are Benin, Côte d'Ivoire, Egypt, Guinea, and Togo. The following country diagnostics are pending Burkina Faso, Ethiopia, and Morocco.⁶¹

These DE4A country diagnostics, combined with the Country Private Sector Diagnostics (CPSDs – now covering all 12 Compact countries) provide a strong basis to develop the next generation of CwA reform matrices, which should also encompass the challenges and opportunities brought by the green economy discussed in the next section.

⁵⁵ Competition Policy in the Digital Age, Case Studies from Asia and Sub-Saharan Africa, 2016, https://www.gsma.com/publicpolicy/wp-content/uploads/2015/10/GSMA_Case_Studies_Asia_Sub-SaharanAfrica_Interactive.pdf

⁵⁶ DE4A Diagnostic tool, June 2020, <http://pubdocs.worldbank.org/en/694441594319396632/DE4A-Diagnostic-Tool-V2-FINAL-JUNE-24.pdf>

⁵⁷ WBG, Ghana Digital Economy Diagnostic, DE4A, <http://pubdocs.worldbank.org/en/412821598381054828/Ghana-DE4A-LOW-Res.pdf>

⁵⁸ WBG, Cameroon Digital Economy Assessment, Country Diagnostic, DE4A, June 2020, <http://pubdocs.worldbank.org/en/379941605627277587/DE4A-Cameroon-Country-Diagnostic-Jun-26.pdf>

⁵⁹ WBG, Ghana Digital Economy Diagnostic, DE4A, <http://pubdocs.worldbank.org/en/412821598381054828/Ghana-DE4A-LOW-Res.pdf>

⁶⁰ Digital Economic Diagnostic, Country Diagnostic Tool v2, DE4A; September 2020; Digital Economy Country Diagnostics for Africa, <https://www.worldbank.org/en/topic/digitaldevelopment/brief/digital-economy-country-diagnostics-for-africa>

⁶¹ Digital Economy Country Diagnostics for Africa, <https://www.worldbank.org/en/topic/digitaldevelopment/brief/digital-economy-country-diagnostics-for-africa>

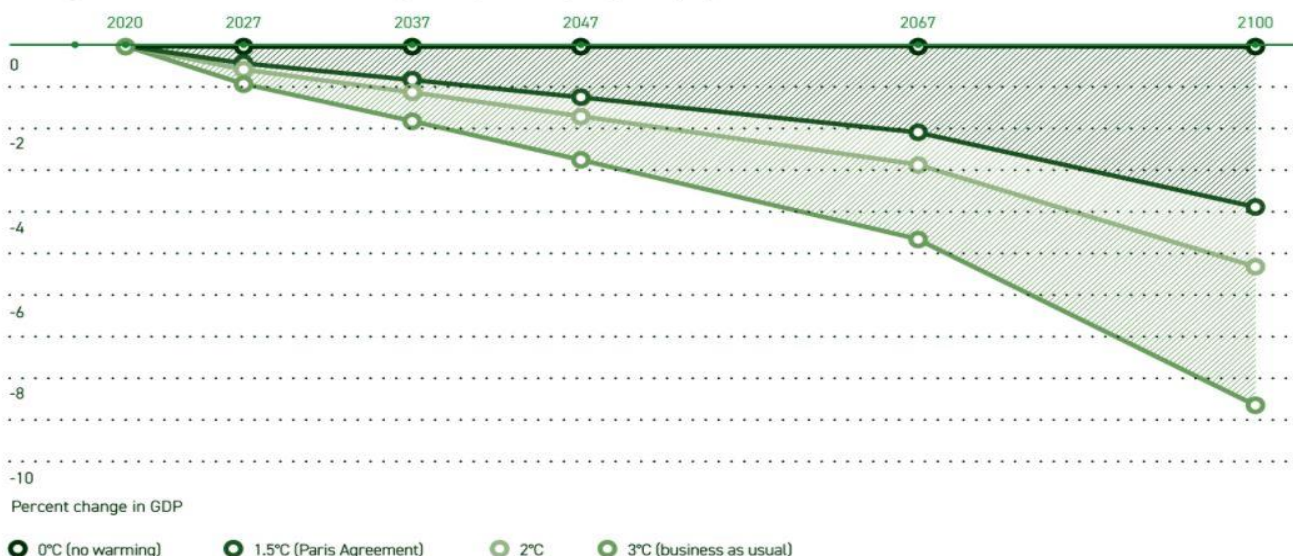
THE GREEN ECONOMY

1. Introduction – The challenge and opportunity at hand

Notwithstanding the existential threat it poses to the planet, climate change is already impacting economies around the world, especially low-income countries – the figure below shows the expected impact of climate change on Sub-Saharan Africa’s GDP.⁶²

The impact of climate change on sub-Saharan Africa's GDP

Climate change is predicted to significantly decrease Africa's GDP through mechanisms such as lowered crop yields, reduced agricultural and labor productivity, and damage to human health. Assuming no major changes in the world's social, economic, and technological trends, climate change resulting in a 3°C temperature increase will decrease Africa's GDP by as much as 8.6 percent per year after 2100. If climate change is limited to the 1.5°C agreed to in the Paris Agreement, the decrease in GDP will be significantly less—only 3.8 percent per year after 2100.



Source: Tom Kompas, Van Ha Pham, and Tuong Nhu Che, "The Effects of Climate Change on GDP by Country and the Global Economic Gains from Complying With the Paris Climate Accord," *Earth's Future* 6, no. 8 (2018): 1153-73, Africa Growth Initiative

Greenhouse Gas (GHG) emissions have been rising globally reaching 50 billion tons of CO2 each year, which is more than 40% higher than emissions in 1990.⁶³ Since 2015, 197 countries adopted the Paris Agreement to reduce global greenhouse gas emissions and to limit the global temperature increase in this century to 2 degrees Celsius while pursuing means to limit the increase even further to 1.5 degrees.⁶⁴ In order to achieve this target, emissions need to be reduced by 80 to 95% of the 1990 level by 2050.⁶⁵ Sub-Saharan Africa has contributed the least of GHG emissions but suffers the most from the impacts of climate change.⁶⁶ For instance, the year 2019 was the third warmest year on record in Sub-Saharan Africa.⁶⁷ In a sample of 30 African countries, two-thirds are warming faster than the rest of the world – from the Sahel

⁶² World Bank. 2020. The Next Generation Africa Climate Business Plan: Ramping Up Development-Centered Climate Action. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/34098> License: CC BY 3.0 IGO.

⁶³ Greenhouse gas emissions by country and sector, February 2020, <https://www.wri.org/blog/2020/02/greenhouse-gas-emissions-by-country-sector>

⁶⁴ Climate Action, UN, <https://www.un.org/sustainabledevelopment/climate-action/>

⁶⁵ Drivers of Greenhouse Gas emissions in Africa: Focus on agriculture, forestry and other land use, African Development Bank Group, July 2020, <https://blogs.afdb.org/climate-change-africa/drivers-greenhouse-gas-emissions-africa-focus-agriculture-forestry-and-other#:~:text=Historically%2C%20GHG%20emissions%20in%20Africa,atmosphere%20as%20a%20result%20of>

⁶⁶ World Bank. 2020. The Next Generation Africa Climate Business Plan: Ramping Up Development-Centered Climate Action. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/34098> License: CC BY 3.0 IGO

⁶⁷ Climate Change is an Increasing Threat to Africa, October 2020, UNFCCC, <https://unfccc.int/news/climate-change-is-an-increasing-threat-to-africa>

to the Horn of Africa, and to the south of the continent and small island nations – all experiencing slow onset effects, associated risks and impacts with increasing temperatures, ocean acidification, glacial retreat, salinization, land and forest degradation, and loss of biodiversity.⁶⁸

In addition, African countries are at risk of both frequent flooding and droughts, while temperature increases.⁶⁹ For example, in Egypt, the mean annual temperature is projected to increase by 1.07°C under a moderate emissions scenario by 2030, which can negatively affect water and energy-intensive firms by increasing their utility costs.⁷⁰ In Ghana, climate change will affect rainfall patterns and temperature, further exacerbating the intensity and frequency of floods and drought, increasing the number of catastrophic events and drought-induced migration to cities, and thus informal settlements.⁷¹ The annual mean temperature of Ghana is projected to increase by 1°C in a low warming scenario to 1.8°C in a high warming scenario by the 2040s.⁷² Further, projected increase of flooding in low and coastal areas because of sea level rise, which are already undergoing erosion, will severely affect flood prone coastal areas, marine ecosystems, and communities whose economies depend on the coastal tourist sites.⁷³ For example, in Morocco, especially the southwest part of the country, is at risk of floods and extreme heat.⁷⁴

Further, in recent decades, the production and consumption of plastics have increased owing to increasing applications that rely on the good characteristics of plastics such as light weight, durability, affordability, low production costs, etc. – but it poses a serious threat to the environment/health.⁷⁵ The Africa Region is the second-largest contributor to annual global plastics inputs from rivers into global oceans, with a share of 7.8% (after Asia with 86%).⁷⁶ Projections show that Africa could become the primary contributor to global mismanaged plastic waste generation by 2060 (shifting from Asia to Africa).⁷⁷ More than one third of Africa's plastic consumption comes from three Compact countries: Egypt (18.7%), Morocco (9.6%) and Tunisia (7%).⁷⁸ Africa is witnessing significant increases in marine plastic litter, with negative consequences on the ecology.⁷⁹ This marine litter can damage ship engines and propellers; it becomes entangled in nets and other fishing equipment; it drives out tourism; it is often ingested by birds, mammals, and fish causing them choke or become sick; and it can be lopped in the human food chain.⁸⁰

In this context, Africa stands out as the continent where the largest number of countries instituted a total ban on the production and use of plastic bags.⁸¹ Out of 54 states, 34 have either passed a law banning plastics and implemented it or have passed a law with the intention of implementation. These include some Compact countries such as Benin, Senegal, Côte d'Ivoire, Tunisia, Rwanda, Burkina Faso, Ethiopia, and Morocco.⁸² Another example is the introduction of PET Recycling Company (PETCO) in South Africa, which shows how the introduction

⁶⁸ Drivers of Greenhouse Gas emissions in Africa: Focus on agriculture, forestry and other land use, African Development Bank Group, July 2020, [https://unfccc.int/wim-excom/areas-of-work/slow-onset-events#:~:text=Slow%20onset%20events%2C%20as%20initially,sea%20level%20rise%3B%20and%20salinization](https://blogs.afdb.org/climate-change-africa/drivers-greenhouse-gas-emissions-africa-focus-agriculture-forestry-and-other#:~:text=Historically%2C%20GHG%20emissions%20in%20Africa,atmosphere%20as%20a%20result%20of; Slow onset events, UNFCC, <a href=).

⁶⁹ Chapter 9, Africa, IPCC, <https://www.ipcc.ch/site/assets/uploads/2018/02/ar4-wg2-chapter9-1.pdf>

⁷⁰ World Bank. 2020. Resilient Industries: Competitiveness in the Face of Disasters. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/34764> License: CC BY 3.0 IGO.

⁷¹ World Bank. 2019. "Greater Accra Resilient and Integrated Development Project." Project Appraisal Document, World Bank, Washington, DC. <https://projects.worldbank.org/en/projects-operations/project-detail/P164330>

⁷² World Bank. 2019. "Greater Accra Resilient and Integrated Development Project." Project Appraisal Document, World Bank, Washington, DC. <https://projects.worldbank.org/en/projects-operations/project-detail/P164330>

⁷³ World Bank. 2020. Resilient Industries: Competitiveness in the Face of Disasters. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/34764> License: CC BY 3.0 IGO.

⁷⁴ Morocco, Coastal flood, WB, <https://thinkazard.org/en/report/169-morocco/CF>

⁷⁵ Li WC, Tse HF, Fok L (2016) Plastic waste in the marine environment: a review of sources, occurrence, and effects

⁷⁶ Global Material Resources Outlook to 2026 – Economic drivers and environmental consequences, OECD, <https://www.oecd.org/environment/waste/highlights-global-material-resources-outlook-to-2026.pdf>

⁷⁷ Global Material Resources Outlook to 2026 – Economic drivers and environmental consequences, OECD, <https://www.oecd.org/environment/waste/highlights-global-material-resources-outlook-to-2026.pdf>

⁷⁸ Jambeck JR, Geyer R, Wilcox C, Siegler TR, Perryman M, Andrady A, Narayan R, Law KL (2015) Plastic waste inputs from land into the ocean. *Science* 347:768–771

⁷⁹ Babayemi, J.O., Nnorom, I.C., Osibanjo, O. et al. Ensuring sustainability in plastics use in Africa: consumption, waste generation, and projections. *Environ Sci Eur* 31, 60 (2019). <https://doi.org/10.1186/s12302-019-0254-5>

⁸⁰ South Africa aims to stop marine litter at its source, UNEP, <https://www.unep.org/news-and-stories/story/south-africa-aims-stop-marine-litter-its-source>

⁸¹ Single-Use Plastics, A Roadmap for Sustainability, UNEP, 2018, file:///C:/Users/wb544794/Downloads/singleUsePlastic_sustainability.pdf

⁸² 34 Plastic Bans in Africa, A Reality Check, Greenpeace Africa, May 2020, <https://www.greenpeace.org/africa/en/blogs/11156/34-plastic-bans-in-africa/>

of the Extended Producer Responsibility (EPR) and deposit-return schemes can help develop local end-use markets for recycling and build the country’s resilience to global shocks in the recycling market.⁸³

Addressing these issues, will not only help Compact countries to mitigate the negative impacts of these environmental hazards, it could also give them a competitive edge in key industries as discussed below.

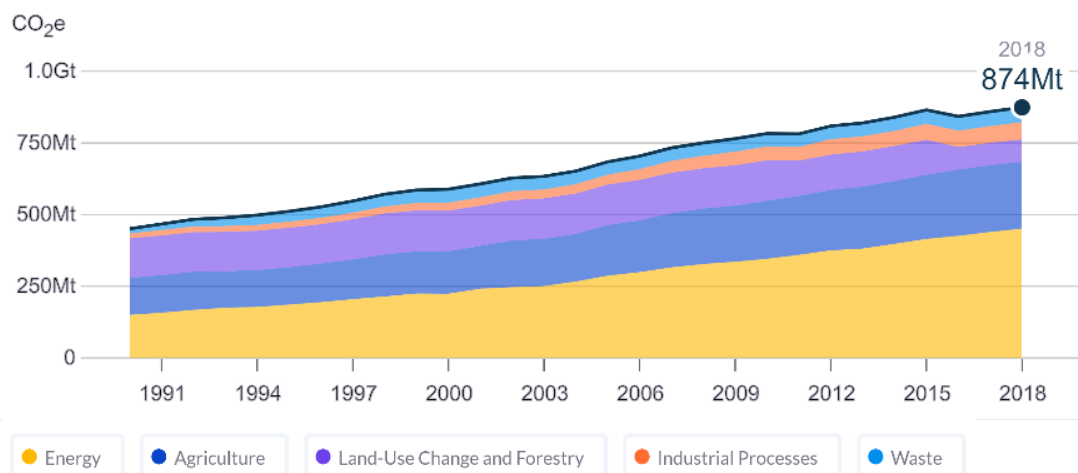
2. Greening Sectors

According to the World Resources Institute (WRI), the energy sector is the largest source of the total GHG emissions reaching 73% worldwide. The other top sectors that produce emissions are agriculture, forestry and other land use (AFOLU) (23%);⁸⁴ heavy manufacturing (5.6%); tourism (5%) and waste, including landfills and waste water (3.2%).⁸⁵ Figure X below shows the steady and rapid increase in GHG emissions for the Compact countries by sector since 1991.

Historical GHG emissions

CLIMATEWATCH

Data source: CAIT; Countries/Regions: Benin, Burkina Faso, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda, Togo, Tunisia; Sectors/Subsectors: Agriculture, Energy, Industrial Processes, Land-Use Change and Forestry, Waste; Gases: All GHG; Calculation: Total; Show data by Sectors.



Source: World Resources Institute, 2018

Thus, greening industries is an imperative but also a competitive opportunity for Compact countries – we discuss in turn below the greening of agriculture, tourism, manufacturing, and energy.

a. Greening agriculture and food systems

Climate shocks and crises can exacerbate food insecurity, especially in Sub-Saharan Africa, where the vulnerabilities are high.⁸⁶

According to the Food and Agriculture Organization (FAO) 2020 report, nearly 690 million people are hungry, or 8.9% of the world population

⁸³ Single-Use Plastics, A Roadmap for Sustainability, UNEP, 2018, file:///C:/Users/wb544794/Downloads/singleUsePlastic_sustainability.pdf

⁸⁴ Climate Change and Land, IPCC Special Report, 2019, <https://www.ipcc.ch/site/assets/uploads/2019/11/SRCCCL-Full-Report-Compiled-191128.pdf>

⁸⁵ “4 Charts Explain Greenhouse Gas Emissions by Countries and Sectors”, 2018, <https://www.wri.org/blog/2020/02/greenhouse-gas-emissions-by-country-sector>; the IPCC 2019 data showed an estimated 23% of total GHG emissions (2007-2016) derive from agriculture, forestry, and other land use.

⁸⁶ World Bank. 2020. The Next Generation Africa Climate Business Plan: Ramping Up Development-Centered Climate Action. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/34098> License: CC BY 3.0 IGO

– up by 10 million people in one year and by nearly 60 million in five years.⁸⁷ The number of people facing acute food insecurity in the context of COVID-19 crises has increased globally to 130 million, specially affecting Sub-Saharan Africa and the Middle EST (Anthem 2020). Climate-induced impacts on agriculture and food security by 2025 will coincide with the highest population in Africa reaching 1.3 billion people on the continent.⁸⁸

The food security will become more difficult, as the world will need to produce 70% more food by 2050 to feed an estimated 9 billion people.⁸⁹ This challenge is aggravated by agriculture’s extreme vulnerability to climate change. Slow onset climate impacts are affecting agricultural yields and the geographic range and viability of crops, and it will disrupt food systems affecting rural livelihoods, especially those of the rural poor, who are a significant share of the region’s overall population.⁹⁰ Agricultural output for staple foods such as cassava, rice, soybean, and wheat has declined due to the effects of volatile weather and increased frequency of droughts, among others.⁹¹ The nutritional quality of crops will also decline due to the increased CO2 levels.⁹² In addition, rainfed agriculture (which is practiced in more than 90% of Sub-Saharan Africa)⁹³ and pasture-based livestock systems are threatened by the projected increase in drought days and shifting weather patterns.⁹⁴ Furthermore, the expansion in the ranges of pathogens, diseases, and pests increase vulnerability of crops, agricultural production, and human health.⁹⁵

The challenge can be turned into an opportunity. The world’s lands are removing more emissions than they produce.⁹⁶ The adoption of healthy diets is projected to lead to a reduction of up to 97% in direct and indirect health costs and 41-74% in the social cost of GHG emissions in 2030.⁹⁷ In this context, countries will need to work on agricultural policies and incentives towards more nutrition-sensitive investment and policy actions across the food supply chain to reduce food losses and increase efficiencies at all levels.⁹⁸

⁸⁷ The State of Food Security and Nutrition in the World, 2020, http://www.fao.org/3/ca9692en/online/ca9692en.html#chapter-Key_message

⁸⁸ World Bank. 2020. The Next Generation Africa Climate Business Plan: Ramping Up Development-Centered Climate Action. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/34098> License: CC BY 3.0 IGO

⁸⁹ The State of Food Security and Nutrition in the World, 2020, http://www.fao.org/3/ca9692en/online/ca9692en.html#chapter-Key_message

⁹⁰ World Bank. 2020. The Next Generation Africa Climate Business Plan: Ramping Up Development-Centered Climate Action. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/34098> License: CC BY 3.0 IGO

⁹¹ Potsdam Institute for Climate Impact Research and Climate Analytics. 2013. Turn Down the Heat: Climate Extremes, Regional Impacts, and the Case for Resilience. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/14000> License: CC BY-NC-ND 3.0 IGO.

⁹² Climate Change and Land, IPCC Special Report, 2019, <https://www.ipcc.ch/site/assets/uploads/2019/11/SRCCL-Full-Report-Compiled-191128.pdf>

⁹³ The State of Food and Agriculture, Climate Change, Agriculture and Food Security, 2016, FAO, <http://www.fao.org/3/i6030e/i6030e.pdf>

⁹⁴ World Bank. 2020. The Next Generation Africa Climate Business Plan: Ramping Up Development-Centered Climate Action. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/34098> License: CC BY 3.0 IGO

⁹⁵ Rosenzweig and others 2001

⁹⁶ Climate Change and Land, IPCC Special Report, 2019, <https://www.ipcc.ch/site/assets/uploads/2019/11/SRCCL-Full-Report-Compiled-191128.pdf>

⁹⁷ “However, not all healthy diets are sustainable and not all diets designed for sustainability are always healthy. This important nuance is not well understood and is missing from ongoing discussions and debates on the potential contribution of healthy diets to environmental sustainability.” http://www.fao.org/3/ca9692en/online/ca9692en.html#chapter-Key_message

⁹⁸ http://www.fao.org/3/ca9692en/online/ca9692en.html#chapter-Key_message

In order to advance this agenda, the WBG adopted the Climate-smart agriculture (CSA)⁹⁹ integrated approach that aims to manage landscapes, cropland, livestock, forests, and fisheries –addressing the interlinked challenges of food security and accelerating climate change. The WBG has developed over 10 Climate-Smart Agriculture Investment Plans (CSAIPs) including four CwA countries: Burkina Faso, Cote d’Ivoire, Ghana, and Morocco. The WBG is supporting the operationalization of Climate-smart agriculture through the following projects (several in CwA countries):

- In **Morocco**, a project aims to strengthen climate resilience by accelerating the use of agrometeorological information, improved irrigation technologies and the use of renewable energy in food processing units.
- In **Jordan**, the World Bank is working with the government to prepare a climate-smart agriculture action plan in order to identify actions that boost CSA across key agro-ecological zones and major agricultural commodities, both in the form of investments as well as policies.
- In **Malawi**, the World Bank is promoting CSA by enhancing the resilience of farmers to increasing and persistent droughts and improving soil health for increased agricultural productivity and climate change adaptation and mitigation. About 140,000 farmers have adopted a range of CSA practices, while the soil health of nearly 28,000 hectares has been improved.
- In **Sahel**—namely **Burkina Faso, Chad, Mali, Mauritania, Niger** and **Senegal**: a World Bank-supported project has been helping pastoralists adopt climate-smart agriculture with interventions to improve animal health and rearing and promote more sustainable rangeland management are boosting productivity and resilience and helping to reduce emissions.

Further, IFC is exploring how many technological innovations and business models emerging worldwide are transforming in a climate-smart manner.¹⁰⁰ As per Box 3 below, the Egyptian government is working with UNIDO to address climate change issues in critical agribusiness value chains.

BOX 3. EGYPT - INTERVENTION AREA: INCREASED UNDERSTANDING OF THE IMPACTS OF CLIMATE CHANGE ON VALUE CHAINS.

Objective: To develop frameworks and tools to assess climate change risks to value chains of the agribusiness/ manufacturing sector.

Context: The Government of Egypt and UNIDO used a matrix analysis to identify industrial processes and value chains in the vegetable and fruit juice processing sectors that are vulnerable to climate change. Multiple government agencies were involved in the assessment.

Outcome: The vulnerability assessment enabled firms in these agribusiness value chains to identify investment options to address climate change impacts on their businesses.

Source: World Bank. 2020. Resilient Industries: Competitiveness in the Face of Disasters. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/34764> License: CC BY 3.0 IGO

⁹⁹ For more details visit the official WBG CSA site: <https://www.worldbank.org/en/topic/climate-smart-agriculture>

¹⁰⁰ Making Agriculture Climate-Smart, A Business Perspective From South Asia, IFC, https://www.ifc.org/wps/wcm/connect/7132a965-db42-440f-ba9b-9ceec56e0e81/Making+Agriculture+Climate-Smart_FINAL.pdf?MOD=AJPERES&CID=m086s0t

b. Greening tourism

The tourism industry also faces a number of significant sustainability-related challenges that need to be addressed through the greening of the industry, such as GHG emissions, water consumption, waste management, loss of biological diversity and effective management of cultural heritage. Tourism is one of the major contributors of GHG emissions globally. The growth of energy consumption in travel, accommodation, and tourism related activities as well as the dependency on fossil fuels, increase uncertainty and vulnerability for future business growth and translate into critical implications for GHG emissions and climate change.¹⁰¹ Currently, tourism emits an estimated 5% of CO₂ but, according to some scientists, the overall contribution of tourism to global warming is up to 12.5%.¹⁰²

BOX 4. SENEGAL: SENEGAL TOURISM AND ENTERPRISE DEVELOPMENT PROJECT (2017–2022) (FCI GP)

Project objective: Strengthen competitiveness of the tourism sector by improving resilience of important tourism destinations such as the ‘Saly’ area.

Main market failure: Tourism is a priority sector for job creation and economic growth. There has been a contraction in demand due to severe coastal erosion at the country’s main tourist destination of Saly. The sector faces critical challenges in part due to the lack of integrated coastal climate resilience strategy.

Approach: Strengthening integrated coastal zone management plans for Saly area with a dedicated unit for its implementation. Developing a procedural manual, capacity-building program for the Saly administrator to protect seaside tourism assets, and regulatory framework for coastal management. In line with these plans, targeted beach renovation work and erosion mitigation infrastructure will be implemented to protect coastlines vulnerable to the impacts of climate change.

Results (expected): Increase private investment in tourism (hotels) by 2% and increase the net area of beaches from protection and restoration investment work to 250,000 m².

Basic project information: Instrument: IPF. Budget: \$ 74 million. Clients: Government of Senegal.

Source: World Bank, 2017. “Senegal Tourism and Enterprise Development Project.” Project Appraisal Document, World Bank, Washington DC, <https://projects.worldbank.org/en/projects-operations/project-detail/P146469>

Also, the WB PROBLUE Resource Portal provides an inventory of tools and resources identified to support travel and tourism stakeholders (including private sector, government, DMOs, NGOs, financial institutions, etc.) in implementation of coastal and marine tourism.¹⁰³ Ecosystems provide critical services for subsistence to millions of individuals especially in rural areas of Africa, contributing to rural and national economies.¹⁰⁴ Thus, ecosystems services should be part of adaptation and mitigation strategies, adding value to Compact countries’ economies through more jobs and tourism. For example, Senegal is supporting sustainable coastal tourism with the support of the World Bank (see Box 4 above).

¹⁰¹ Tourism in the Green Economy, Background Paper, 2012, UNEP, <https://www.e-unwto.org/doi/pdf/10.18111/9789284414529>

¹⁰² Tourism in the Green Economy, Background Paper, 2012, UNEP, <https://www.e-unwto.org/doi/pdf/10.18111/9789284414529>

¹⁰³ WBG, PROBLUE, Blue Tourism, <https://bluetourismresourc.wixsite.com/resourcesubmission>

¹⁰⁴ World Bank staff estimates based on the UN Population Division’s World Urbanization Prospects: 2018 revision. See “Rural population (% of total population) - Sub-Saharan Africa,” <https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?end=2018&locations=ZG&start=1960&view=chart>

c. Greening manufacturing

In order to achieve the Paris Agreement targets, industrial activities need to be decarbonized and the linear model of economic growth and industrial development requires a shift to more circular and regenerative systems to increase resource productivity with potential gains in economic, environmental, and social terms. The objective of circularity is not only focused on industrialized countries but also on lower- and middle-income countries (e.g., ACEN Africa and Chatham House research).¹⁰⁵ One initiative supporting the effort to anchor circular economy has been the UNIDO and WBG work on developing and transforming existing industrial parks into eco-industrial parks (EIPs) as a critical tool to accelerate competitiveness, industrial decarbonization, and circular economy (see Box 4B below).¹⁰⁶

Box 4B. Eco-Industrial parks (EIPs)

“Eco-industrial parks (EIPs) are a new category of zones that implement measures to improve their environmental, economic, park management, and social performance. Traditionally, investments made to reduce firms’ environmental impacts were viewed as an additional expenditure with limited commercial benefit. This viewpoint is changing, and sustainability measures have moved from being optional to necessary for the commercial success of companies in industrial parks. A 2015 study showed that, by 2030, the application of circular economy principles could generate annual cost savings of \$700 billion and improve resource productivity by 3 percent in Europe alone (McKinsey 2015). Thus, the concept of the circular economy has considerable implications for the sustainable development of industrial parks.”

Source: WBG, *Circular Economy in Industrial Parks: Technologies for Competitiveness*, 2021, *Forthcoming*

The EIPs represent a market opportunity for global manufacturers.¹⁰⁷ The adoption of closed-loop models (e.g. sharing platform, recovery, and recycling) is estimated to be a business opportunity worth US \$4.5 trillion globally by 2030 (Accenture, 2018).¹⁰⁸ Moreover, 66% of 30 thousand global respondents in 60 countries cited their willingness to pay more for sustainable goods, up from 55% in 2014. In the United States, specifically, high Environmental, Social and Governance (ESG) awareness drives 75% of the consumer purchase decisions.¹⁰⁹ Further, 62% of 250 top business executives declared that sustainable investments are motivated by consumer expectations for green products (Accenture 2012).¹¹⁰

The number of EIPs has grown rapidly over the past two decades (see figure below). Among the total number of industrial parks surveyed, 438 industrial parks were identified as EIPs. Overall, more than 245 EIPs have been established since 2001. These include industrial parks that have been transformed into EIPs with new technologies and infrastructure investments, as well as newly established industrial parks with advanced features. More than half of the surveyed industrial parks operate in countries of the Organization for Economic Co-operation and Development (OECD), with the largest number present in Europe and the East Asia and Pacific region (34 percent and 50 percent, respectively) (see the two figures below).¹¹¹

¹⁰⁵ An Inclusive Circular Economy, Priorities for Developing Countries, May 2019, <https://www.chathamhouse.org/2019/05/inclusive-circular-economy/2-challenges-scaling-circular-economy-developing-countries>

<https://www.chathamhouse.org/2019/05/inclusive-circular-economy/2-challenges-scaling-circular-economy-developing-countries>

¹⁰⁶ World Bank Group 2021. Circular economy in industrial parks: Technologies for Competitiveness, *Forthcoming*.

¹⁰⁷ World Bank Group 2021. Circular economy in industrial parks: Technologies for Competitiveness, *Forthcoming*

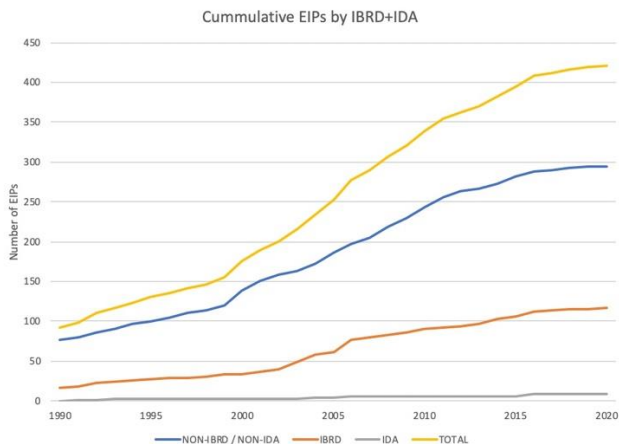
¹⁰⁸ Waste to Wealth, Accenture Strategy, <https://newsroom.accenture.com/news/the-circular-economy-could-unlock-4-5-trillion-of-economic-growth-finds-new-book-by-accenture.htm>

¹⁰⁹ HSBC Global Research. 2019. Asia Recycled Polyester: Digging for gold in plastic waste

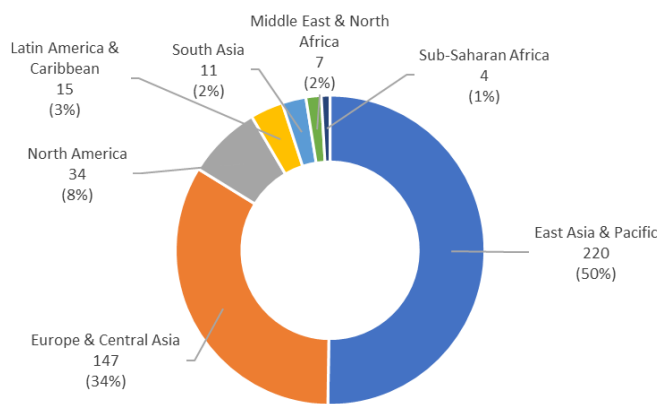
¹¹⁰ World Bank Group 2021. Circular economy in industrial parks: Technologies for Competitiveness, *Forthcoming*

¹¹¹ World Bank Group 2021. Circular economy in industrial parks: Technologies for Competitiveness, *Forthcoming*

CIRCULAR ECONOMY IN INDUSTRIAL PARKS: TECHNOLOGIES FOR COMPETITIVENESS, FORTHCOMING).



CIRCULAR ECONOMY IN INDUSTRIAL PARKS: TECHNOLOGIES FOR COMPETITIVENESS, FORTHCOMING).



In this context, the WBG — together with UNIDO and GIZ — has developed an international framework for EIPs providing the minimum requirements and performance expectations as to how an industrial park can become an Eco-Industrial Park (EIP).¹¹² For example, the government of Ethiopia is promoting the competitiveness of his fast-growing textiles and footwear industry with EIPs (see Box 4C below).

BOX 4C. ETHIOPIA: ETHIOPIA GREEN INDUSTRIES (#602203) – TO IMPROVE COMPETITIVENESS OF INDUSTRIAL PARKS IN ETHIOPIA

Project objective: Help the Government of Ethiopia (GoE) improve sustainability, green branding, and cost competitiveness in the strategic sectors of textiles and footwear. With support for sector specific policy improvement, the project will ensure that the growth of the textile and footwear sectors is environmentally sustainable and attractive for new investor. Industrial parks will be a significant focus of this project, as they are the primary tool being used by the GoE to develop the textile and footwear industries.

Why an EIP framework in Ethiopia? Opportunities to develop and implement an EIP framework: i) Control existing industrial firms avoid polluting the environment; ii) Demand for an effective industrial waste management system; iii) Significant increase in investment in light manufacturing sector in last few years within developed Ips; iv) Govt’s Industrialization Agenda (Industrial parks Development program); v) Improve regulatory and administrative framework; vi) Increase institutional capacity to respond the needs for industry oriented emerging economy.

Outcomes and Instruments

- Policy and regulatory improvements that promote sustainable manufacturing in target sectors (environmental and industrial parks regulations) – **Roadmap, Regulatory and institutional reforms, Trainings, Capacity building**

¹¹² United Nations Industrial Development Organization; World Bank Group; Deutsche Gesellschaft für Internationale Zusammenarbeit. 2017. An International Framework for Eco-Industrial Parks. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/29110> License: CC BY 3.0 IGO; United Nations Industrial Development Organization; World Bank Group; Deutsche Gesellschaft für Internationale Zusammenarbeit. 2021. An International Framework for Eco-Industrial Parks, Version 2.0. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/35110> License: CC BY 3.0 IGO.

- Process improvements (resource efficiency, waste management etc.) in existing manufacturing operations in the textile and footwear sector - **Business cases, Financing instruments, Trainings, Capacity building**
- An updated environmental management mechanism (EIP Framework) adopted and operationalized in Industrial Parks - **Competitiveness Analysis, Standards introduced, Trainings, capacity building, informational materials**

Source: IFC, Ethiopia Green Industries (#602203), To improve competitiveness of industrial parks in Ethiopia

d. Greening energy

The International Energy Agency (IEA) (2019) reported that 530 million will remain without electricity in 2030 under current policies, 90% located in Africa.¹¹³ In addition, it showed that Africa will become a key driver of global energy demand growth, and its oil consumption could be larger than that of China in 2040. The power cost in many countries in Sub-Saharan Africa is \$0.20–0.50/kWh—more than double the global average (\$0.10/kWh) (World Bank 2013).¹¹⁴

Africa can harness a unique economic opportunity from the pursuit of plentiful and competitive renewable energy. The region hosts solar, hydro, and wind resources that remain untapped and that could, with enabling policies and infrastructure, deliver sustainable, reliable, and affordable energy.¹¹⁵ The WB has been developing and supporting initiatives to foster this agenda. The Energy Sector Management Assistance Program (ESMAP)¹¹⁶ is a global knowledge and technical assistance program administered by the WB. ESMAP provides analytical and advisory services to low- and middle- income countries to increase their know-how and institutional capacity works on a wide range of topics, including but not limited to, closing the energy access gap, scaling up renewable energy, and energy efficiency and decarbonizing end uses.¹¹⁷

In the area of closing the energy access gap, the ESMAP’s Global Facility on Mini Grids (GFMG) launched in 2019 a comprehensive study on *Mini Grids for Half a Billion People* providing insights to policymakers, investors, and developers on how mini grids can be scaled up. Since its publication, the results have been used to inform the design of mini grid component in several WB projects, including Burundi, the Democratic Republic of Congo, Ethiopia, and the G5 Sahel.¹¹⁸ New technologies now enable countries and developers to deploy mini grids at unprecedented scale, including remote monitoring, smart meters, and robust, inexpensive battery storage.¹¹⁹ The GFMG is collaborating with the IFC, MIGA, and IDA operations teams to accelerate private sector investment in mini grids over the next five years in nine high-impact opportunity countries: Democratic Republic of Congo, Ethiopia, Myanmar, Nigeria, and the G5 Sahel Alliance countries (Burkina Faso, Chad, Mali, Mauritania, and Niger).¹²⁰

In the area of scaling up renewable energy, the ESMAP’s Hydropower Development Facility (HDF) adopted in 2020 provided expertise, knowledge and development tools to WB projects with a focus on integration of variable renewables and creating synergies at a regional level among complementary resources to benefit local communities in African countries, such as Burundi, Rwanda and Tanzania.¹²¹ Another example is the ESMAP Solar Risk Mitigation Initiative (SRMI) to help scale up solar energy use by de-risking and reducing the cost of

113 IEA (2019), Africa Energy Outlook 2019, IEA, Paris <https://www.iea.org/reports/africa-energy-outlook-2019>

114 Circular Economy in Industrial Parks: Technologies for Competitiveness (2021, Forthcoming)

115 World Bank. 2020. The Next Generation Africa Climate Business Plan: Ramping Up Development-Centered Climate Action. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/34098> License: CC BY 3.0 IGO

116 Funded by Austria, Canada, ClimateWorks, Denmark, the European Union, Finland, France, Germany, Iceland, Italy, Japan, Luxembourg, Netherlands, Norway, Rockefeller Foundation, Sweden, Switzerland, United Kingdom, and the World Bank.

117 Energy Sector Management Assistance Program (ESMAP), <http://documents1.worldbank.org/curated/en/712171609756525808/pdf/Main-Report.pdf>

118 Energy Sector Management Assistance Program. 2019. Mini Grids for Half a Billion People: Market Outlook and Handbook for Decision Makers. ESMAP Technical Report;014/19. World Bank, Washington, DC. © World Bank. License: CC BY 3.0 IGO

119 ESMAP Annual Report 2020, <http://documents1.worldbank.org/curated/en/712171609756525808/pdf/Main-Report.pdf>

120 ESMAP Annual Report 2020, <http://documents1.worldbank.org/curated/en/712171609756525808/pdf/Main-Report.pdf>

121 ESMAP Annual Report 2020, <http://documents1.worldbank.org/curated/en/712171609756525808/pdf/Main-Report.pdf>

financing for solar projects.¹²² In the short-term, SRMI is leveraging \$255 million in financing from the Climate Investment Fund's (CIF) Clean Technology Fund to support 1\$ billion of public investments in solar projects with battery storage and standalone solar home systems in Burkina Faso, Maldives, Uganda, Tanzania, and a regional off-grid electrification project in West Africa.¹²³ Further, the WBG is supporting Togo's Small and Medium Hydro National Program. Out of eight potential hydropower sites, the three largest ones -accounting for 100 MW installed capacity and US \$465 M in CAPEX investments- are of interest to the private sector. Ensuring competitive procurement for these projects, coupled with appropriate risk mitigation instruments, could allow for leveraging significant amount of private capital, rather than depending on scarce public funds to finance the projects.¹²⁴

While Sub-Saharan Africa has developed some of its hydropower resources, the share of solar energy on the continent stands at about 1% of installed capacity.¹²⁵ Box 5 below shows how IFC's Scaling Solar program is helping African countries (e.g., Senegal) develop competitive solar energy.

IFC Scaling Solar: "Unlocking Private Investment in Emerging Market Solar Power"

Challenge: Solar power has enormous potential as an energy source in emerging markets. At the same time, the cost of solar photovoltaic technology has decreased dramatically. Solar PV can now deliver power less expensively and with more long-term price certainty than coal-fired power. However, many countries still encounter significant challenges in developing utility-scale solar power plants: limited institutional capacity, lack of scale, lack of competition, high transaction costs, and high perceived risk.

Solution: The Scaling Solar brings a suite of WBG services with the objective to create visible markets for solar power in each client country. The "one stop shop" program is designed to make it easier for nations to procure solar power quickly and at low cost through a competitive and transparent tendering process that includes offers of financing, political risk insurance and credit enhancement to reduce the perception of risk and help crowd in private financing.

Good practice examples from Compact countries:

- **Senegal:** The government of Senegal has been working with the World Bank Group to develop two grid-connected solar power plants through Scaling Solar. According to World Bank data, a third of the population of Senegal lacks access to electricity. The planned Scaling Solar projects, the Kael and Kahone plants, underscore Senegal's commitment to integrate renewable energy resources into its energy mix. The successful tender set a new benchmark for the region, delivering prices of 0.04 Euro per Kilowatt hour, thus making solar Senegal's cheapest energy source. Once operational, the two plants will add 60MW of solar power to the current 620MW of electric capacity in the West Africa nation.

(Source: <https://www.scalingsolar.org/active-engagements/senegal/>)

In the area of energy efficiency and decarbonizing end uses, ESMAP's Energy Efficient City Services initiative launched a joint call for proposals in FY2020, together with the Mobility and Logistics (MOLO) Trust Fund under the WB Transport Global Practice and the IFC Global Infrastructure Upstream Unit, to fund technical assistance on electrification of transport. This activity helped the program identify and allocate ESMAP funding for six activities in the Middle East and North Africa (MNA) region including Egypt, Jordan and Morocco, as well as in India, Indonesia, Maldives, Nigeria, and Rwanda.¹²⁶

¹²² Developed together with Agence Française de Développement (AFD) and International Renewable Energy Agency (IRENA)- and International Solar Alliance (ISA), ESMAP Annual Report 2020, <http://documents1.worldbank.org/curated/en/712171609756525808/pdf/Main-Report.pdf>

¹²³ ESMAP Annual Report 2020, <http://documents1.worldbank.org/curated/en/712171609756525808/pdf/Main-Report.pdf>

¹²⁴ IFC

¹²⁵ World Bank. 2020. The Next Generation Africa Climate Business Plan: Ramping Up Development-Centered Climate Action. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/34098> License: CC BY 3.0 IGO

¹²⁶ ESMAP Annual Report 2020, <http://documents1.worldbank.org/curated/en/712171609756525808/pdf/Main-Report.pdf>

Compact countries can harness a unique economic opportunity from renewable energy and strengthen Africa’s development pathway towards a climate-smart and secure future a leap-frogging transformation.¹²⁷

3. Policy agenda going forward

The WB Africa Climate Business Plan lays down two special areas of emphasis. Notably, i) *climate-informed macro policies* to support environmental reforms, adaptation to climate change and engagement with ministries of finance and planning; and also ii) *green resilient infrastructure* to create and enforce (green) standards for resilient and low carbon infrastructure, include resilience and low carbon objectives in infrastructure planning, and secure financing for resilient and low carbon infrastructure in private sectors.¹²⁸ Together with these special areas, the Plan includes a number strategic priority areas to be addressed as summarized in the figure below.

Food Security and a Resilient Rural Economy	Ecosystem Stability and Water Security	Low Carbon and Resilient Energy	Resilient Cities and Green Mobility	Climate Shocks and Risk Governance
<ul style="list-style-type: none"> ▶ Enhance on-farm and productive landscape solutions ▶ Implement food value chain solutions to bolster Africa’s end-to-end food security ▶ Secure enabling solutions (macroeconomic and policy context) to foster game-changing solutions 	<ul style="list-style-type: none"> ▶ Enhance considerations of natural capital in macroeconomic and sectoral policies ▶ Enhance management of ecosystems and watersheds to counter climate risks ▶ Strengthen water security through improved planning and management 	<ul style="list-style-type: none"> ▶ Expand renewable energy supply ▶ Increase access to clean electricity ▶ Modernize electricity system planning to integrate larger volumes of renewable electricity ▶ Secure enabling environment for low carbon development pathways and cross-sectoral policies and investments 	<ul style="list-style-type: none"> ▶ Support climate-smart urban transitions through policy reform and planning ▶ Embed customized knowledge and data to support climate-smart investments ▶ Nurture and build skills, talent, and workforce to support a climate-smart economy ▶ Catalyze financing and partnerships for climate action and multilevel governance 	<ul style="list-style-type: none"> ▶ Implement targeted people-centered, community-led, customized solutions and delivery mechanisms ▶ Strengthen and enhance information systems for decision support ▶ Improve the institutional setup for climate change preparedness and policy response

Source: World Bank. 2020. The Next Generation Africa Climate Business Plan: Ramping Up Development-Centered Climate Action. World Bank, Washington, DC

Compact countries have thus the opportunity to lead the continent on this most critical agenda combining cross-cutting with sector specific policy reforms which could be incorporated in the next generation of CwA reform matrices.

¹²⁷ World Bank. 2020. The Next Generation Africa Climate Business Plan: Ramping Up Development-Centered Climate Action. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/34098> License: CC BY 3.0 IGO

¹²⁸ World Bank. 2020. The Next Generation Africa Climate Business Plan: Ramping Up Development-Centered Climate Action. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/34098> License: CC BY 3.0 IGO

4.

*Independent
review by the
African Center
for Economic
Transformation
(ACET)*

4. INDEPENDENT REVIEW BY THE AFRICAN CENTER FOR ECONOMIC TRANSFORMATION (ACET)



G20 Compact with Africa: Independent Review – April 2021 Prepared by the African Center for Economic Transformation (ACET)

This note is intended to complement the *April 2021 CwA Monitoring Report* under the Compact with Africa (CwA) prepared by the International Organizations (IOs) for the April 15, 2021 G20 AAG Meeting.

Introduction: Six months ago, the Investment Report for the AAG noted that “analysis shows indications that the previous efforts focused on improving the business environment have helped CwA countries better weather the storm”. At the same time, even with dramatic declines in investment in 2020 Q1 and Q2, inbound investment in CwA countries, over the prior 12 months continued to grow at 5% y/y, and with increasing diversification of sectors and investors. We now know there were sharper drops in FDI inflows to Compact countries, compared to the rest of Africa, as the *April 2021 CwA Monitoring Report* indicates. With vaccine availability and as global supply chains revive, CwA countries will now need transformative economic policies, retention of investment and a special effort to accelerate digital infrastructure. The strong reform achievements, including those beyond the CwA policy matrices, and the continued robust international support to CwA countries provides a solid basis for a rapid economic recovery and enhanced investment.

Updated CWA Policy Matrices: In the May 2020 review we emphasized that it was important for CwA countries to implement policies for a strong economic rebound. We argued that African leaders may use increased political solidarity in many countries to improve the prospects for investment. We therefore are pleased to see updates to CwA policy matrices, strong progress along the 2018 CwA reform commitments and the important additional reform initiatives, many of which were in response to the pandemic. These additional measures, particularly those related to resource mobilization, PPPs, SOE reforms, SMEs and digital economy are critical for a robust post-COVID-19 economic rebound in CwA countries. These are also aligned with *ACET’s Ten Policy Priorities for Africa’s Recovery, Growth, and Transformation*, which will support CwA countries’ recovery in partnership with the World Bank under the Think Africa Partnership.

The reform measures beyond the CwA policy matrices represent good practices that may be replicated, scaled or improved in other CwA countries and across the continent. In those cases, policies may need to be adapted as economies normalize to ensure medium term positive impacts. ACET also supports plans for a follow-up technical workshop and peer learning engagement. We believe it would be particularly important to focus such a workshop on issues related to investment retention, PPPs, green economy and digital infrastructure.

Retaining Investment: We strongly support the *2021 CwA Monitoring Report’s* focus on retaining FDI, although we encourage an emphasis also on avoiding divestment as part of FDI retention strategies. African economies will face two investment challenges during the recovery – retaining current investment (avoiding divestment) and retaining planned investment. Regarding divestment, according to UNCTAD, the investment stocks held by the U.S. in Africa declined by 15% in 2018 due to divestments. COVID-19 is likely to intensify international divestments. Policies taken to prevent the spread of COVID-19 led to significant disruptions in global value chains. This may lead some corporates to insulate themselves by shortening supply chains. Increasing corporate debt may force some corporates to liquidate assets in Africa. As well, remote work will offer some firms opportunities to reduce geographic footprints and close offices.

We agree that CwA countries should accelerate efforts at green transition to retain and expand investment. There will be increasing pressures, in particular, on extractives investment, with many oil and gas companies pivoting to renewable energies, which may lead to further divestments. For example Royal Dutch Shell intends to reduce carbon intensive products sold by 30% by 2035; and BP will cut fossil fuels production 40% by 2030. This pressure on carbon extractives will be further exacerbated by global climate agreements, Chinese moves toward high tech and service sectors, and medium term lower demand for oil, gas and coal due to the pandemic. We believe this is an area for further analysis for CwA countries.

At the same time, investors are re-assessing planned investment, often even those where agreements had already been reached. CwA governments will need to reassure those investors that the business, financial and macroeconomic environments will be stronger than before the crisis. For example, in many CwA countries the pandemic advanced plans to digitalize taxation and e-government services. And the pandemic highlighted the strong institutional capacity that exists in Africa, particularly related to economic management. Finally, adaptations to local value chains during the pandemic can serve as a comparative advantage for some investors.

Digital Infrastructure: Finally, we argue there is a need for a special CwA effort on digital infrastructure investment and welcome the focus on the digital economy in the *April 2021 CwA Monitoring Report*, as rapid progress on access, adoption, quality, and affordability will have spillover effects for investment and jobs. While the pandemic has exacted a heavy health and economic toll on African economies, it has also ushered in a new era of innovation and digital utilization in Africa. The digital economy, remote-work, e-health, online learning, e-agriculture and digitalization in manufacturing have all increased across the continent. Such services are only possible with reliable internet connectivity. That said, investment in ICT and internet infrastructure was only one percent of total capital investment among the twelve CWA countries between 2015-2019, although it is heartening to see that in 2020, investments in information, communication and business services rose in the value of projects among CwA countries.

Much of Africa continues to lack access to electricity and the internet. According to the International Energy Agency's World Energy Outlook 2020 the pandemic has been affecting access to affordable, reliable, sustainable and modern energy. It noted that Sub-Saharan Africa, home to three-quarters of the almost 800 million people who lack access to electricity, bear the brunt of the reversal. And according to InternetWorldStats, only 39% of Africa's entire population had access to the internet as of December 2019. Of this, 17.8% of households in Africa had internet access at home and only 10.7% of households in Africa had a computer.

The World Bank has shown a direct association between the connectivity and levels of development, for example, mobile active broadband penetration has a positive correlation with income per capita; and the penetration of internet services is positively correlated with GDP per capita. Likewise, mobile-cellular subscriptions are positively correlated with the level of income per capita. The World Bank also estimates that reaching the African Union's goal of universal and affordable internet coverage will increase GDP growth in Africa by 2 percentage points per year.

According to the Broadband Commission, to connect an additional 1.1 billion people online by 2030 and bridge the connectivity gap will cost \$100 billion. As countries embark on economic recovery, we encourage the IOs to urgently undertake digital country diagnostics for the remaining eight CwA countries; and we encourage development of digital infrastructure investment strategies in each CwA country for access to international capacity, national transmission networks, access networks, and frequency spectrum allocation.

*Annex –
Updated Reform
Matrices for
Each Compact
Country*

ANNEX – UPDATED REFORM MATRICES FOR EACH COMPACT COUNTRY

For this year’s monitoring report, and given the very special circumstances, the World Bank Group reached out to CwA government counterparts not only so that they can provide an update on their progress along the 2018 reform commitments but also so that they can share with us their reform initiatives going beyond their 2018 commitments which are relevant to the objective of the CwA.

These inputs have been captured in the twelve country reform matrices listed in alphabetical order thereafter in this Annex. These matrices are structured around the three main CwA reform areas (macroeconomic, business and financing frameworks) and have four columns as follows:

- The first column lists the reforms the country committed to in 2018 at the start of the CwA initiative to promote private investments. This column contains the reforms listed under ”government actions” in the 2018 CwA Reform Matrix which can be found on the CwA website (<https://www.compactwithafrica.org>).
- The second column takes stock of the progress made on these reform commitments since 2018. This column combines the information from the April 2019 and May 2020 CwA monitoring reports with the latest reform updates received from all CwA countries as of March 2021.
- The third column contains CwA relevant reform initiatives going beyond the 2018 reform commitments. As discussed below, many of these reforms have been triggered by the COVID crisis and some have been informed by the WBG Country Private Sector Diagnostics (CPSDs) – the CPSD program (partially financed by the CwA trust fund ISCA) covers all 12 CwA countries.
- The last column lists the name(s) of the development partner(s) supporting each of these reforms.

BENIN

CWA REFORM COMMITMENTS IN 2018	PROGRESS ON REFORM COMMITMENTS SINCE 2018	ADDITIONAL REFORM INITIATIVES	PARTNER SUPPORT
Macroeconomic Framework:			
Macroeconomic stability:			
Maintaining macroeconomic stability	<p>On May 15, 2020, the IMF Executive Board completed the sixth and last review of the ECF Arrangement. The ECF Arrangement was approved on April 7, 2017 for a total of SDR 111.42 million (90 percent of the quota) to support the country's economic and financial reform program. Performance under the program has remained very satisfactory with a strong track record over the three-year program. Authorities expressed interest in continuing their medium-term collaboration with the IMF after the program expired. They are currently negotiating an RCF/RFI with Board expected in December 2020. The Bank and the IMF have been closely collaborating, including in the context of the COVID19 response.</p>	Benin was granted relief on its debt service to the IMF over one year (from April 2020), amounting to US\$19 million, as part of the IMF response to the crisis under the Catastrophe Containment and Relief Trust (CCRT).	IMF – supported macro stability through the ECF arrangement. The WB complemented these efforts with DPO-supported policy reforms in the areas described below.
Domestic Revenue Mobilization:			
Dematerialization of fiscal and non-fiscal receipts' procedures and payments to Tax and Customs authorities	<p>Implementation through the Program for Supporting Revenue Mobilization in Benin (Projet d'Appui à l'Accroissement des Recettes Interieures du Benin, PAARIB)</p> <p>To increase compliance with tax procedures and reduce tax evasion, the MEF piloted an electronic system with the aim to improve the exchange of information between the central tax authority (the Direction Générale des Impôts, DGI) and the customs authority (the Direction Générale des Douanes et Droits Indirects, DGDDI). This pilot has now made permanent.</p> <p>An e-services portal, interlinked with the SIGTAS system, has been put in place, allowing taxpayers to complete their payments. In 2019, the government took additional measures including the use of VAT billing devices, which transfer on-time data on a VAT transaction to the tax authorities, and the extension of e-declaration and e-payment to medium-sized enterprises located in Littoral, Atlantique, Bourgou- Aligori Departements (where about 90 percent of all firms are located).</p> <p>Current digital platforms are being enhanced, enabling personal taxpayers to meet their obligations through mobile money transfers and bank electronic cards. With this action, the coverage of electronic platforms for taxpayers will reach the broader population as personal taxpayers will have access to a digital platform to pay various taxes, fines, and fees. Initially,</p>	Tax-related COVID19 measures have been designed to preserve the achieved structural revenue gains. They include the exemption from the motor vehicle tax (TVM) for public transport operators in 2020, the deferral of tax declarations from April to June 2020, and the acceleration of VAT reimbursement. The VAT reimbursements while accelerated are done contemplating the risk-based framework approved in the Budget Law 2020 (see below).	WB-DPO series (2018-2020) Canada Global Affairs (through PAARIB)

	and effective January 2020, the platform covers payments of fees and fines related to vehicles		
Broadening of tax base	<p>The Budget Law (LdF 2020) approved in December 2019 had the following reforms:</p> <p>To broaden the tax base, the authorities eliminated tax expenditures related to the temporary exemption of the registration fee of one percent on all contracts for goods, services, or work supply (LdF 2020); to improve tax revenues, the Government has increased the excise tax rates on alcoholic beverages, tobacco and energy drinks and adjusted the number of excises, in line with WAEMU regulations; They also simplified the income tax structure, including the alignment of the minimum rates on taxation of profit by corporations, micro businesses; and on personal tax payers undertaking industrial or commercial activities.</p> <p>The transfer pricing framework has been enhanced through the adoption of the legislation in the Budget Law and its related regulatory instruments (in 2020), aligned with OECD best practices.</p> <p>In 2018, the Government created a new Tax Policy Unit (TPU) at the DGI to strengthen evidence-based policy making on fiscal matters. The Tax Policy Unit is now operational. The first nine agents joined the TPU in March 2018, and a Head of Unit was appointed in April. The TPU publishes regular reports on tax policy issues for the DGI and the MEF. The newly-created unit is currently developing a tax reference system (TRS) to better quantify tax expenditures.</p>		<p>WB through DPO series 2019-2020</p> <p>IMF through Afritac Ouest TA and ECF</p> <p>OECD-WB TA on transfer pricing</p>
Public Investment Management (procurement, PPPs, SOEs, utilities):			
Public finance legal framework reinforcement (2018)	New Public Procurement Code (adopted in 2020)		
Operationalization of institutional framework for perennial public investment programming	<p>New PPP framework (the PPP law was adopted in 2017).</p> <p>To improve the financial viability of the electricity sector, the government started the implementation of the financial recovery plan for the sector over the period 2019-2022, including policies to reduce technical and non-technical losses. The plan has been developed from a financial model integrating all key sector parameters that account for the financial equilibrium of the power sector. The adoption of the plan was critical as the government embarked on the installation of new domestic generation capacity. Since its adoption, it has allowed the Ministry of Energy and the SBEE to identify and implement medium-term measures towards the financial equilibrium of the</p>	In the context of COVID-19, the authorities put in place a moratorium on electricity suspension for those that could not pay the electricity bill for 3 months (May-June).	<p>MCC (Energy compact)</p> <p>World Bank (IPFs and DPOs)</p>

electricity sector encompassing a sound energy mix and a program for reducing both technical and non-technical losses.

Management companies for road projects and electricity sector. In the electricity sector, a private administrator, under a management service contract, was hired to manage the SBEE with the aim of improving efficiency. On November 04, 2019, a Management Service Contract (MSC) was awarded to a Canadian company for the management of SBEE following a competitive bidding process. This reform is crucial to improve the financial sustainability of the company and improve efficiency. It allows to transform the SOE into a more competitive public company.

In late 2020, Key Performance Indicators for the SBEE have been adopted through the signing of performance-based contract (PBC). The PBC between the government and SBEE is a policy tool to define commitments to implement an agreed Business Plan, and related Key Performance Indicators (KPI) that aim at reducing technical and commercial losses, create accountability and compliance mechanisms.

In January 2020, the Parliament adopted a new Electricity Law (Code de l'électricité) which constituted a major step towards achieving the financial viability of the energy sector and promoting the development of electricity from renewable sources of energy

The government is also updating a multi-year master plan for generation, transmission, and distribution.

Business Framework:

Regulations and Institutions:

<p>Reinforcement of Doing Business indicator monitoring</p>	<p>Inter-Ministerial Committee liaising with Private Sector (this is spearheaded by the Minister of Finance)</p> <p>The appointment of the Minister of Economy and Finance as direct supervisor of reforms relating to the improvement of the business climate, in particular those related to the Bank's Doing Business index, accelerated the pace of the reform implementation. Similarly technical teams from the BAI/APlex were reinforced with support from MEF staff.</p>		<p>IFC/WB</p>
<p>Rationalization and simplification of procedures</p>	<p>New Company Act</p> <p>Here the digitalization of tax administration described above.</p> <p>In 2020, the implementation of firms online registry was finalized.</p> <p>The Business creation process was streamline and digitalized with online procedures and</p>		

	<p>payments (www.mon-entreprise.bj) and electronic certificates of creation obtained within 3 hours</p> <p>The delivery of the construction was streamlined and computerized</p> <p>Customs procedures were digitalized (www.guce.bj)</p> <p>The land registry and the property registry process (www.enotaire.andf.bj) were rationalized and digitalized</p> <p>Launch of the country's electronic collateral registry (www.suretés.tccotonou.bj)</p>		
Investment Code authorizations	New Investment Code		
Set up Special Economic Zones (SEZs)	Plan being developed		

Investor protection and dispute resolution:

Operationalization of new commerce jurisdictions	<p>Commercial courts being strengthened:</p> <p>The commercial courts in Cotonou, Parakou and Abomey are fully operational since July 2017. 40% of their decisions completed in 2019 are significantly contributing to improving contract enforcement in Benin.</p>		
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Financing Framework:

Investment risk mitigation:

Set up zoning system and electronic recording of property titles	<p>Progress has also been made in the property registering with the improvement of the reliability and transparency of the land administration system by publishing official statistics on land transactions and land disputes for the previous calendar year and started delivering a legally binding document within a specific time frame. The recent cadaster completion for Cotonou, Porto-Novo and Lokossa should contribute to enforcement of property rights. The related data are available online. (https://cadastre.bj/). Benin also improved access to credit information with the recent launching a new credit bureau (2019) and improved its Labor Market Regulation through the amendment of the regulations pertaining to fixed-term contracts (2019).</p>		
Reinforce and diversify financing instruments for SMEs and agricultural firms		<p>A socio-economic response plan to mitigate the impact on businesses, the self-employed and households was also put in place. It supports formal sector companies (CFAF 82 billion or 0.9 percent of GDP) and vulnerable households (CFAF 16</p>	<p>Several donors in the context of COVID-19</p>

billion or 0.2 percent of GDP). A public guarantee plan and credit lines and refinancing measures were established to foster access to finance for micro, small, and medium enterprises. In an effort to contain fiscal pressures, spending related to these recovery plans are expected to stretch throughout the 2020-2022 period and will be adjusted depending on needs

Mobilization of private and institutional investments:

<p>Improve Benin's credit rating with debt restructuring and the support of internationally renowned credit rating agencies</p>	<p>The Policy-Based Guarantee operation supported by the WB had a number of impacts beyond debt reprofiling. First, Benin obtained its first international sovereign credit rating (July 2018), which has since also allowed Benin to access Eurobond financing (March 2019, January 2020) at cheaper rates than the regional market. The PBG-supported transaction introduced a new class of investors to Benin. Second, on the latter, it contributed to increase confidence in Benin's borrowing resulting in lower interest costs for regional borrowing. Third, and contributing to Benin's growth and productivity agenda, the loan freed up domestic resources and increased liquidity for the domestic financial sector, helping to reduce crowding out on the domestic banking sector. There was significant increase in credit growth to the private sector. Finally, it also helped improve the debt management unit's capacity to analyze the debt portfolio and honed their negotiations skills with international banking markets. Interviews with representatives of the Ministry of Finance and the Debt Management unit highlighted the above points</p>	<p>On January 12, Benin raised EUR 1 billion (5.7% of GDP) in Eurobonds, in the first African debt issuance on international markets of the year. Benin issued its Eurobond in two tranches: the first tranche of an 11-year maturity and a yield of 4.875 percent for a total of EUR 700 million (FCFA 459 billion) with a 3-years repayment plan over the period 2030-2032; the second tranche of 31-year maturity and a yield of 6.875 percent for a total of EUR 300 million (FCFA 197 billion). Both tranches were oversubscribed, signaling strong investor confidence in Benin and the search for higher yields in Emerging Markets and Developing Economies (EMDEs). Since the COVID-19 outbreak, Benin is the second West African country to issue on international markets following Côte d'Ivoire's issuance in November 2020, of a EUR 1 billion Eurobond of 12-year maturity for an average yield of 5 percent. The current Eurobond issuance has three objectives: (i) reprofile existing external debt, (ii) finance the 2021 budget and (iii) contribute to the flagship projects of the PAG.</p>	<p>WB</p>
<p>Reinforce access to opportunities offered by multilateral and bilateral institutions in order to reduce non-commercial risks for private and institutional investors</p>			

BURKINA FASO

CWA REFORM COMMITMENTS IN 2018	PROGRESS ON REFORM COMMITMENTS SINCE 2018	ADDITIONAL REFORM INITIATIVES	PARTNER SUPPORT
Macro Framework:			
Macro stability:			
Adopt a new debt strategy with emphasis on concessional loans	The content of the medium-term debt strategy has been improved. But more need to be done (especially regarding risk assessment, interest rate hypothesis, and timely macroeconomic framework. The WB and the IMF are pursuing the dialogue with the DDP on the matter in the next couple of months.	Improve coverage of contingent liabilities, especially SOEs debt. Establish a transmission mechanism between SOEs and the DGTCP/DDP for a timely usage (for DSAs) and publication (on the front of debt transparency) of aggregate financial and debt data.	
Implement IMF-supported ECF program 2018-2020	Done. Performance under the ECF program (concluded in November 2020) was satisfactory.		A new program is currently under preparation. Board approval is expected in June. The amount of the program is yet to be confirmed, though the cumulative quota outstanding for Burkina Faso is SDR 222 million.
Domestic Revenue Mobilization:			
Introduction of on-line declaration and payment of taxes	Online tax declaration and payment system for large companies put in place.	Expansion to medium-sized enterprises is effective since January 1 st , 2021.	
Computerize fiscal controls and use risk-based selection methods	Not completed.		
Adoption of a new tax code Improve management of tax exemptions and VAT reimbursement	Since 2017, the annual budget includes a report on tax exemptions. This is a first step to rationalize these exemptions. A VAT special account was established to foster VAT reimbursement.		Concrete steps are yet to be taken to effectively reduce the number and amount of tax exemption.
Expand use of a standard form for all taxpayers	Expansion underway, but not completed.		
Public Investment Management (procurement, PPPs, SOEs, utilities):			
Cost-benefit analysis and risk assessment of all large projects including PPPs	A Public Investment Management framework was adopted in 2017 and being enforced. All large projects are subject to screening process.	Discussions are ongoing to enhance the prioritization criteria to include impact on job, climate, lagging regions and growth.	The IFC PPP team is supporting with the development of a web-based PPP Toolkit to help the GoBF streamlining its approach to PPPs. It comprises a PPP Guide, document templates and project screening and analysis tools.

Revision of legal and institutional framework for PPPs	<p>As of January 2021, the following actions have been carried out by the PPP Directorate (DPPP/DGCOOP) of the Ministry of Finance in close coordination with the inter-ministerial Committee on PPPs:</p> <ol style="list-style-type: none"> 1) Diagnostic of the existing PPP framework and recommendations for improvement: completed in June 2018 2) Approval of a new PPP strategy: completed in June 2020 3) Submission of the first draft of the new PPP law and implementing decree to the Committee in charge of the approval of the law texts (COTEVAL): completed August 2020 		The IFC PPP team has been supporting the GoBF in the revision of the legal and institutional framework for PPPs and note the strong commitment to achieve this reform. Approval of the draft new PPP law and implementing decree is expected during the next parliamentary session of March 2021.
Increase in the domestic funds for preparation of new projects and programs from CFAF2 billion. to CFAF6 billion.			
Open energy generation to private investment and improve legal framework	Energy generation is open to private players with the law 014-2017 of 20 April 2017 regulating the energy sector		
Business Framework:			
Regulations and Institutions:			
Create Centers for Business Formalities	A new additional office for company registration was opened to Law professionals in the capital city to ease and speed up the registration process		
Decrease minimum capital required to create a business to CFAF5000	Minimum capital was reduced from CFA 100,000 to CFA 5,000 in 2016.		IFC
Create center for facilitating construction permits	<p>The Single window was created in 2008 and was operational in Ouagadougou and Bobo. Recently the Government open offices in all the 13 regions of the country</p> <p>The center, Centre de facilitation des actes de construire (CEFAC), was created in May 2019. Further, in June 2020, the minister of Housing introduced new reforms that will enable to receive a construction permit in less than 15 days (from about 30 days now).</p>		IFC African Development Bank World Bank European Union
Create a single window for trade and investment	The electronic single window for pre clearance document collection was operationalized in 2016.		ICF/ Investment Climate Facility for Africa IFC Burkina Faso Chamber of Commerce
Put in place an integrated system for single windows (SIGU), accelerate procedures in the single window for	<p>Reforms on access to land titles for agribusiness purposes are being implemented</p> <p>Single window performances are improving and reforms to reduce time and costs were undertaken</p>		WB IFC

land, and operationalize the land module in SIGU			
Reduce profit tax to from 35% to 27.5%	Profit tax rate is now 27.5%		
Liberalize the labor code	Not yet effective but employment contracts are freely signed between employers and workers.		
Implement the new mining code	The current mining code was set in place in June 2015. As of March 2020, it seems that discussions about a new mining code are still under way. However, the revised regional mining code was approved on June 2019 by the ministers of mining of the WAEMU states and it is now pending approval from the Council of Ministers of the Union		

Investor protection and dispute resolution:

Implement Emergency Program for the Sahel region and engage in G5 Sahel Alliance to improve security	Unit to fight against terrorism		
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Financing Framework:

Investment risk mitigation:

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Mobilization of private and institutional investments:

Creation of an agriculture bank	Done Banque Agricole du Faso (BADF) was launched in March 2018		
Creation of a bank for SMEs	Done		
Creation of a deposit and consignments fund	Done A depositor guarantee fund, FGD-UMOA - was created in 2014 and fully established in 2018 to protect the savings of small depositors in case of bank failure: all banks and MFIs must adhere to the fund.		
Introduce partial credit guarantees, medium-term lines of credit, and insurance for agricultural investments			

CÔTE D'IVOIRE

CWA REFORM COMMITMENTS IN 2018	PROGRESS ON REFORM COMMITMENTS SINCE 2018	ADDITIONAL REFORM INITIATIVES	PARTNER SUPPORT
Macroeconomic Framework			
Macroeconomic stability			
Organize two reviews (March and September 2018) of IMF-supported program over the period 2016-2019	Macro reforms addressed fiscal deficit, reserves coverage, stock of public debt, inflation. IMF program was successfully completed in December 2020.	The government is committed to consolidating the fiscal deficit, which widened to 5.9% in 2020 to bring it down to 3% by 2023. In 2021, fiscal deficit is projected to 4,6%	IMF
Adopt National Law on Government's indebtedness policy by December 2018	National law on Government's Indebtedness was drafted in 2020 and is being reviewed by all stakeholders before being submitting to the government		
Update and implement Medium-Term Debt Management Strategy (2018-2021)	MTDS was adopted and updated several times, last time in July 2020 to reflect COVID impact.	Authorities also started publishing Annual Borrowing Plans (first in June 2020, next expected by April 2021), and committed to start publishing information on the cost of syndicated bond issuances.	IMF and World Bank
Increase export revenues repatriation through patriation Committee for Export Revenues' activities	According to MEF reports export revenues repatriation increased from 61.1% in 2018 to 76% in 2019. Despite COVID-19 crisis, effort were made to keep export revenues above 71%.		
Maintain inflation rate under 3% in 2018	Inflation remains low. It was estimated to be 0.8% in 2019 and 1.2% in 2020 (IMF, 1.0% by authorities).		
Domestic Revenue Mobilization			
Generalize online tax payment to all medium and big size enterprises	Online tax payment is fully operational for large enterprises. Enhanced revenue collection and business climate through the ongoing implementation of Single Taxpayer Identification Number. 40 percent of existing firms registered in the large and medium-sized firm directorates with a STIN at the end of 2019, although progress was slowed down by COVID in 2020.	Digitalize local tax collection for at least 50% of municipalities by December 2023.	
Create additional tax collection Center for Medium Size Enterprise	4 tax collection centers for Medium Size Enterprise were created.		
Finalize the online tax payment for enterprises by extending the system to large corporates	Online tax payment is fully operational for large enterprises		
Implement the fiscal policy reform agenda	The Fiscal Annex of the Budget Law 2021 includes a range of measures that came into force in January 2021. However, tax revenue as of GDP is projected to rise to only from 11.9% (2020) to		

	12.6 % in 2021, indicating the need to keep promoting domestic revenue mobilization.		
Pursue the Tax Administration's reform	Authorities have continued to roll out IT tools to support digitization since 2018, tax codes were published online in 2019, and the country's ranking on "Doing Business, Paying taxes" improved since 2018.		
Implement the electronic system to dematerialize the management of financial statements	The e-Liasse platform was launched, enabling firms to submit their statements online. The platform is operational (In late June 2020, 3,826 tax returns had been filed for FY 2018 and 631 for FY 2019)		
Public Investment Management (procurement, PPPs, SOEs, utilities)			
Increase public investments in social sectors (Healthcare, Education, Electricity, Water, etc.)	Authorities finalized debt restructuring of national oil refinery SIR and completed restructuring of CI Energy.	Authorities accelerated investment into healthcare facilities (including rural hospitals) and water sanitation as part of its COVID-19 response.	
Increase pro-poor expenditures from \$4.1 billion in 2017 to \$4.58 billion in 2018	Increasing tax revenues and creating fiscal space for public investment and pro-poor spending. Pro-poor and social spending increased from 2,361 billion FCFA in 2018 to 2,505.5 in 2019 and 2,754 billion FCFA in 2020.	The government's COVID-19 response package included cash transfers for the most vulnerable households. It also developed a package to support important agricultural value chains.	
Operationalize the Universal Health Coverage system introduced in 2018	Progress achieved: 555,729 people eligible for the CMU were enrolled in the first half of 2020, bringing the total enrollment to 2,421,338. As of February 2021, 2,964,962 eligible people were enrolled.		
Improve the coherence between public procurement plan and treasury plan	Increasing budget for project preparation		
Update the public procurement code to take into account the dematerialization of public procurement procedures	The new public procurement code adopted in July, 24, 2019 (ordonnance n° 2019-679 du 24 July 2019) to consider the dematerialization of public procurement procedures	Deployment of an E-procurement system to all line ministries for electronic review of bidding documents and award of public procurement contract, by December 2023.	
Pursue the activities of Public Procurement Regulatory Agency to ensure compliance of Public procurement management with the law	The new Public Procurement Regulatory Agency is in place since August 8, 2018.	Ongoing professionalization of the function of public procurement in Cote d'Ivoire.	
Realize 14 major projects through PPP mechanism	Four new PPP projects were signed between September and December 2019, bringing the total number of contracts and amendments in the database of PPP projects to 50.		
Reinforce the steering committee for Public Private Partnership, through	Decree No. 2018-359 of March 29, 2018 supported revisions of the institutional framework, including management of the National Steering		

implementation of IMF TA recommendations.	Committee for Public-Private Partnerships (CNP-PPP).		
Develop national database of PPP projects in 2018	National database PPP projects was put in place by the steering Committee for PPPP		
Finance feasibility studies of major and priority projects through a Special Funds set up by the Government	The special funds set up by the government will be operationalized by December 2021		
Establish a list of 2018 PPP projects in transaction	List of PPP project in transaction was established and published online		
Prepare feasibility studies of PPP projects	A Steering Committee coordinating PPP projects to support technically sectorial departments in charge of managing PPP projects.		
Reinforce capacity building for PPP projects management by PPP agency	Capacity building activities for PPP projects management scheduled in 2020 were postponed due to COVID-19		
Identify viable PPPs and their regular efficiency assessment	List of viable PPP projects was established and published online		

Business Framework

Regulations and Institutions

Update the Investment Code	The investment code was last updated in 2018, but some parts (like the granting of incentives) would benefit from revisions to streamline incentives and procedures., including a cost benefit analysis of the fiscal incentives to assess its impact		
Finalize the online enterprise creation by December 2018	According to CEPICI, the online enterprise creation will be fully operational by end-December 2021		
Finalize the setup of a single portal for investors services by the end 2018	A single portal for investors services (www.225invest.ci) was finalized		
Improve Doing business ranking and Distance to Frontier in the Doing Business through implementation of reforms	<p>Reforms to improve Doing Business indicators recognized by DB 2020: (i) reforms regarding paying taxes (paying taxes made easier by implementing electronic filing and payment system, and by introducing online case management system to process value added tax cash refunds); (ii) reforms on enforcing contract (made enforcing contracts easier by publishing reports on commercial court performance and progress of cases;. DB ranking increased to 110th place worldwide (up by 12 places).</p> <p>In 2020 Doing Business ranking, progress was made for several specific business climate indicators such as: Starting a business (29th), Getting credit (48th), Resolving insolvency (85th), and Enforcing contracts (94th).</p>		

Operationalize the one-stop-shop for cross-border and foreign trade	Improve efficiency of Single Window for trade. The one stop shop is operational Some modules like e-phyto were added. WBG is helping to improve e-manifest module		
Put in place a Guarantee Funds for SME by December 2018	The public credit guarantee fund (Fonds de Garantie de Credits aux PME – FGPME) was legally revived in January 2020. Its governance has been strengthened with the adoption of the July 8 decree a part of government's COVID Emergency Response. A World Bank IPF project (PIDUCAS) will support amongst others the creation of Partial Portfolio Credit Guarantee (PPCG) window. At date, the FGPME is working on offering individual guarantees with participating financial institutions.		FGPE Manager/Ministry of PME
	Improve access to industrial land (new Law on Industrial Zones being passed)		
	The Law on the Construction and Housing Code, came into effect by June 2019, introducing a risk-based management approach, inspections, standards etc. related to construction of buildings. Revising law section 79 of property law to guarantee Equal Property Rights for Married Men and Women. The property law was revised to guarantee Equal Property Rights for Married Men and Women		
Investor protection, dispute resolution and fight against corruption			
Publish Abidjan Commercial Court's decisions online	Business reforms related to Commercial Court, E-procurement system. Abidjan Commercial Court's decisions are published online		
Appoint new board member of Public procurement regulatory agency	Completed		
Ensure wealth declaration by all Senior Public servants, under the supervision of national Agency in charge of Fighting corruption	As of September 2020, 79% of Senior public servants have proceeded to their asset declaration to the National Agency in charge of fighting corruption (HABG- Haute Autorite pour la Bonne Gouvernance).		
Pursue activities of the national agencies in charge of fighting corruption (Haute Autorité pour la Bonne Gouvernance, CENTIF, Brigade de Lutte contre la Corruption)	Côte d'Ivoire's national assessment of Anti-money laundering and Combating the financing of terrorism (AML/CFT) was adopted by the government on May 6, 2020. A draft national AML/CFT strategy was elaborated and is in the process of validation by all stakeholders.;	Development of the National Anti-Corruption Strategy (ongoing)	AfDB
Operationalize the commercial court of appeals	Commercial court of appeals was operationalized since 2018		

Financing Framework

Investment risk mitigation

Adopt decrees necessary to implement Credit leasing Law voted by the parliament in 2017	Improving access to finance for SMEs and micro-enterprises, including digital and Fintech solutions. WAEMU "Loi Uniforme" on Leasing was transposed in Cote d'Ivoire in 2017 and disseminated to all stakeholders		
Launch a communications campaign to raise awareness on credit leasing finance	-Regional Leasing Investment forum organized in Abidjan in March 2016 which gathered more than 250 participants from the region -Leasing awareness campaign launched in 2017 in Abidjan, Bouaké, Khorogo and Yamoussoukro with more than 750 SMEs trained.		
Create a Guarantee Fund for SMEs	The public credit guarantee fund (Fonds de Garantie de Credits aux PME – FGPME) was legally revived in January 2020. Its governance has been strengthened with the adoption of the July 8 decree a part of government's COVID Emergency Response. A World Bank IPF project (PIDUCAS) will support amongst others the creation of Partial Portfolio Credit Guarantee window. At date, the FGPME is working on offering individual guarantees with participating financial institutions.		FGPE Manager/Ministry of PME
Reinforce the Credit Bureau by integrating in the system additional individual and corporate clients	A regional private credit bureau has been up and running (Credit Info-Volo) since 2015, Operations in Cote d'Ivoire started in 2016, and Creditinfo Volo has since signed service delivery agreements with all 45 banks and large 14 MFIs (art. 44), all entities regulated by the BCEAO (but not all IFIs are reporting). The regional Credit Bureau accounted for 3.1 million individuals (50 percent of the regional number) and 11 700 businesses (10 percent of WAEMU) declaring data in 2019. Credit scoring based on prepaid telecom data is the next stage for the Credit Bureau to be able to play its role in boosting lending, however the legal framework prevents such data collection. Financial reforms related to Credit Bureau, credit leasing, partial guarantee instrument, increasing local financing as % of GDP.		Credit Info Volo/BCEAO

Domestic debt market development

Finalize the restructuring strategy of public portfolio including public banks	2 banks were resolved and the restructuring of 2 remaining banks is ongoing. The pandemic may delay the restructuring.		IMF
Establish Primary dealers (SVT) in government securities	Was done in 2016 and renewed regularly since then.		

Consolidate activities of the compartment dedicated to SMEs at the regional stock exchange	BRVM launched in 2019 a SME window to encourage small and medium-sized enterprises to be listed on the third compartment dedicated to them (the window has an optional capacity building program: the ELITE BRVM Lounge, a regional version of the ELITE program developed by the London Stock Exchange Group, acting as a support system and aims to strengthen the capacities of SMEs).		BRVM
Promote Islamic finance to ensure diversity in government financial instruments	<p>The government has not issued any further Islamic finance government debt instruments since 2016. Government debt has been issued across a range of source and instruments (various maturities, domestic and external) in line with the country's Debt strategy.</p> <p>The legal framework was reviewed in October 2019 (Loi portant modification de l'ordonnance No. 2011-367 of November 3, 2011 portant règlement de systems financiers décentralisés) with a view to authorizing the decentralized financial systems to undertake Islamic finance activities</p>		
Mobilization of private and institutional investments			
Improve Cote d'Ivoire rating by notation Agencies (Fitch, Moody's)	Cote d'Ivoire's ratings have remained stable at B+ (Fitch) and Ba3 (Moody's). The country was the first Sub-Saharan African country to return successfully to international capital markets after the pandemic with a Eurobond issuance in November 2020.		
Annual assessment of Government securities in local currency by Bloomfield Investment Corporation	Bloomfield Investment Corporation Assessment of Government Securities in local currency regularly held.		
Realize promotion campaign of Côte d'Ivoire's economy to attract more private institutional investors	Ministry in charge promoting private investment has held several activities aiming at promoting business opportunities in Côte d'Ivoire		
Pursue the implementation of Financial Sector Development Program to reinforce the overall financial sector	<p>The authorities adopted the National Financial Inclusion Strategy, 2019-2024 launched in May 2019. The strategy has five strategy axes, namely: (i) access to financial services for vulnerable populations; (ii) promoting digital finance; (iii) consumer protection and financial education; (iv) regulation and supervision; (v) favorable fiscal and policy framework for financial inclusion. In addition, the Financial Inclusion Promotion Agency (FIPA) was established in May 2018 to oversee and coordinate the implementation of the strategy. A Financial Education Program (2019-2024) was also launched in 2019</p> <p>National Observatory of Financial services quality was put in place in 2017</p>		APIF
Publish yield curve for Government Eurobonds			

EGYPT

CWA REFORM COMMITMENTS IN 2018	PROGRESS ON REFORM COMMITMENTS SINCE 2018	ADDITIONAL REFORM INITIATIVES	PARTNER SUPPORT
Macroeconomic Framework:			
Macroeconomic stability:			
Manage fiscal risks through the newly established fiscal risk committee.	Fuel subsidy reform completed in 2019. The government has been publishing a summary of fiscal risks including risks in its annual budget documentation.	The government is considering publishing a stand-alone fiscal risks report clarifying risks associated with the fiscal and macroeconomic forecasts, financial sector stability, contingent liabilities (potential claims on budgetary resources due to guarantees granted by the government) and debt risks (liquidity and refinancing, interest rate and foreign exchange risks), among others.	The WB is not clear how this stand-alone report would extend the existing published report on fiscal risks, or whether this report is forward- or backwards-looking.
Announce an IPO action plan to divest stake in public entities	The IPO program has been subject to delays since it was first announced during 2018; with only the secondary offering of 4.5% of Eastern Tobacco stakes in March 2019 taking place. It is worthy to highlight that in March 2018; when the IPO program was first announced, the government intended to offer a 15-30% stake in 23 of the state-owned companies; throughout 30 months. The first five companies - announced in July 2018 - were (i) Alexandria Mineral Oils Company; (ii) Eastern Tobacco; (iii) Alexandria Container and Cargo handling; (iv) Abou Kir Fertilizers; and (v) Heliopolis Housing; of these only the Eastern Tobacco transaction took place.		
Continue the transition of the monetary policy framework towards inflation targeting.	The CBE has revised its inflation target to be 7 percent (± 2 percentage points) on average during the fourth quarter of 2022, down from 9 percent (± 3 percentage points) on average.		The CBE continues to state its intention to put in place a formal inflation targeting framework to anchor monetary policy once the fundamental prerequisites are met.
Domestic Revenue Mobilization:			
Implementation of a simplified SME tax regime	A new MSMEs Development Law No. 152 of 2020 was enacted in July 2020. The Law gives both tax and non-tax incentives to MSMEs.	The Cabinet is yet to approve the MSMEs Law's executive regulations. The old Law's regulations remain in effect.	

<p>Implementation of the international standards on exchange of information for tax purposes</p>			
<p>Public Investment Management (procurement, PPPs, SOEs, utilities):</p>			
<p>Improve public procurement practices and transparency.</p>	<p>New Public Procurement Law approved in 2018 and Executive Regulations were issued in November 2019. The new law includes provisions to facilitate SME access to and participation in Egypt's public procurement market. Initial findings from an assessment indicate that since implementation of the law, the number of SMEs awarded contracts has increased ~12%.</p> <p>Capacity Building Strategy drafted.</p> <p>Communication Strategy drafted.</p> <p>Support for an e-GP system, including knowledge sharing events, drafting e-GP strategy and roadmap, supporting the drafting of a Concept Note for an e-GP system.</p>	<p>Additional reforms under discussion include: (i) drafting of procurement manuals and standard bidding documents; (ii) implementation of the capacity building strategy; (iii) capacity assessment of GAGS will be conducted and recommendation of institutional strengthening will be included under the current ASA; (iv) development and implementation of e-Government Procurement system; (v) disseminating the findings from the study on the SME/public procurement nexus, developing policy briefs to facilitate SME participation in Egypt's public procurement market, and (vi) Training on contract management to improve the management of contract under Banks financing projects</p>	<p>The reform of public procurement needs further impetus. Exploring the possibility of conducting a MAPS-II assessment (Methodology for the Assessment of Procurement Systems)</p>
<p>Reform the process for appraisal, selection and monitoring of public investments: to improve quality of public investment portfolio consistent with macro-economic framework</p>	<p>In September 2020, Law No. 185 was issued amending the Public Business Sector Law No. 203 of 1991, which covers a subset of SOEs in Egypt. The amendments mainly aimed to enhance corporate governance and to bring this law closer to the General Companies Law, which covers private sector corporations. For example, the amendments require: (i) separating the positions of the chairman of the board and the CEO; (ii) limiting the labor representative seats on the board of directors of subsidiary companies to two members only, down from 50 percent; and (iii) requiring SOEs that are not listed on the Egyptian stock exchanges to publish semi-annual performance reports.</p> <p>Infrastructure sector governance reform and openness to private sector participation.</p>	<p>The executive regulations of Law 185 of 2020 should be approved by the prime minister in March 2021.</p>	

	The government reduced the price of natural gas and decreased electricity tariffs to all industries whilst fixing these tariffs for at least the next three years, in order to improve their cost structures and price-predictability.		
Business Framework:			
Regulations and Institutions:			
Trade Implement National Single Window in preparation for Regional Single Window (RSW) and International Single Window (ISW) Introduce systems integration Implement the Single Administrative Document (SAD) for custom clearance and realize full integration between the entities of International trade.	New customs law has been approved by the Parliament; Ministry of Finance finalizing the executive regulations. Rollout of the National Single Window is underway in ports and airports. Egypt recently ratified the WTO Trade Facilitation Agreement (TFA). Four Doing Business reforms implemented: Starting a Business, Protecting Minority Investors, Getting Credit and Paying Taxes – as per DB team comments on GoE proposed reforms for DB2021 cycle. The national single window “Nafeza” was established by Prime Minister decree. Initial full rollout planned for 2020 but delayed implementation in some ports.		Several constraints to the full and effective implementation of <i>Nafeza</i> need to be removed for its desired potential and full utilization to be achieved. These constraints are mostly related to legislation and business processes, which need to be streamlined to take full advantage of the new electronic environment. The institutional basis for the governance and operation of <i>Nafeza</i> also needs to be strengthened by introducing formal lines of control between the governing body and the operating entity. The accountability of the operator to the users and Government also needs to be strengthened in order to offer clients and government the necessary guarantees of quality of service.
Industrial development Facilitating industrial land provision through the General Authority for Industrial Development and the Industrial Licensing Law through a transparent process.	The industrial licensing law introduced in 2017 has streamlined processes. Reform of industrial land allocation process to include open, transparent and competitive bidding process. Revised draft competition law approved by the Government and submitted to the Parliament. The new law promotes the independence of Competition Authority and introduces provisions for merger and acquisition control.		Submission of the revised Competition law to the Parliament is part of IMF SBA program
	Adopt amended competition law to strengthen Competition Authority.		
Investor protection and dispute resolution:			
Effective implementation of the Bankruptcy law	Amendments to the newly introduced insolvency law have been approved by the Government and submitted to the Parliament. The amendments aim to encourage restructuring and improve the balance between creditor and debtor rights.	Amendments to the insolvency law are timely with the expected rise of insolvency cases due to COVID	WB is providing TA to the MoJ on a range of justice issues including on the insolvency law.

Financing Framework:

Investment risk mitigation:

<p>Promotion of a cashless society</p>	<p>Executive regulations for the cashless transactions law have been adopted.</p> <p>Online tax payment is underway.</p> <p>Secured transactions law adopted and currently being revised to bring it closer to international best practices; collateral registry for movable assets has been operational since 2016.</p> <p>New banking law has been issued, including payment chapter and fintech chapter.</p> <p>FRA has developed a draft fintechlaw for NBFIs, currently being discussed by the Council of Ministers.</p>		<p>IBRD and IFC providing TA on financial inclusion and financial infrastructure.</p>
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Mobilization of private and institutional investments:

<p>Domestic debt market Establish Clearing, Settlement and Depository for Government Securities system Safeguard sound debt management</p>	<p>After the publication of a medium-term debt strategy (MTDS) for FY2018/19-FY2020/21 in May 2019, an update of the MTDS was published in December 2020 to cover FY2020/21-FY2024, supported by a MTDS mission delivered by the World Bank in November.</p>		<p>Coverage of the MTDS has improved with the inclusion of external bi- and multi-lateral debt, however more detailed information on terms and conditions of the debt is needed for an improved cost-and-risk assessment.</p> <p>Inclusion of non-tradable debt is also a missing step to be pursued.</p>
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ETHIOPIA

CWA REFORM COMMITMENTS IN 2018	PROGRESS ON REFORM COMMITMENTS SINCE 2018	ADDITIONAL REFORM INITIATIVES	PARTNER SUPPORT
Macroeconomic Framework:			
Macroeconomic stability:			
Pursue prudent monetary policy to keep inflation in single digits	Exchange rate policies implemented, with real depreciation of the official exchange rate in progress. Monetary policy loosened in response to COVID, including liquidity support to the financial system and lending to the government by the National Bank of Ethiopia. YoY inflation remains high at around 20% as of January 2021, spurred by growing food prices.		
Stabilize and improve external debt distress rating and government budget deficit	Public debt remained stable in FY20, while DSSI led to some reprofiling of debt repayment. Debt levels still at high distress, due to high debt- and debt service-to-exports levels. Budget deficit slightly increased in FY20 to 2.7% of GDP, with further increase to 3% forecasted in FY21 due to COVID-related impact on revenues and expenditures.	Ethiopia requested its public debt to be treated under the G20 Common Framework.	
Domestic Revenue Mobilization:			
Introduce improved tax collection and other tax transformation reforms for increased share of domestic tax revenue.	Domestic revenue mobilization reforms seek to ease tax compliance, rationalize tax exemptions, expand the tax base, and reduce distortionary effects of trade taxes		
Strengthening public investment management (procurement, SOE, PPPs, utilities):			
	Reforms in SOEs governance, budget deficit, and domestic resource mobilization (focusing on tax administration capacity through operational improvements, better use of data and IT, and enhanced human resource management).	SOE debt resolution in progress	
Introduce a comprehensive legal regime (Proclamation) that governs Public Private Partnerships (PPPs). Ensure PPP contracts largely use standard clauses. Expand productive infrastructure for business competitiveness.	PPP regulatory framework and implementation guidelines. Ratification of the SOE privatization proclamation Decision to open in the telecom and energy sectors to private and foreign participation.		
Business Framework:			
Regulations and Institutions:			
Enhance the ease of doing business in Ethiopia through trade logistics and business regulation reforms.	Improving ease of doing business by revising commercial code, investment law, and modernizing business service delivery. Implementation of electronic Single Window (for import/export business).		
	Ratification of the African Continental Free Trade Area; conclude negotiations for accession to the World Trade Organization.		

Investor protection and dispute resolution:

Targeted investor recruitment in priority sectors of manufacturing, industrial park development, energy generation and logistics services.	New investment law (more open to private sector and foreign investors than before).		
Implement a structured approach of addressing investor's concerns coupled with sound legal framework for grievance management	Ratification of New York Convention		

Financing Framework:

Investment risk mitigation:

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Mobilization of private and institutional investments:

	Removal of 27% rule and issuance of Government T-bills through auctions with market determined prices.	Further improvements in the government securities market. Discussions commenced on capital markets development	
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GHANA

CWA REFORM COMMITMENTS IN 2018	PROGRESS ON REFORM COMMITMENTS SINCE 2018	ADDITIONAL REFORM INITIATIVES	PARTNER SUPPORT
Macroeconomic Framework :			
Macroeconomic stability: ¹²⁹			
Constrain expenditures within budgetary limits to reduce expenditure overruns.	Fiscal deficits below 5 percent in 2018 and 2019, in line with fiscal rule. Higher fiscal deficit of 6.3% of GDP (end-Q2 2020) compared with target of 3.1% of GDP. This reflected the fiscal impact of the COVID-19 pandemic. The 2020 end year fiscal deficit (excluding Energy and Financial sector related costs) is estimated at 11.4% of GDP due to lower revenues and higher expenditures cover COVID-related costs.	Restart of the fiscal consolidation program and a return to the fiscal rule, which was suspended at the onset of the COVID-19 pandemic.	Ongoing: IMF support for: <ul style="list-style-type: none"> i. Article IV consultations ii. Establishment of the Fiscal Risk Unit in MoF iii. Preparation of Fiscal Risk Statement and iv. Technical assistance on Government Finance Statistics
Pursue a primary surplus in order to reduce the rate of debt accumulation.	Primary surpluses of 1.9 and 0.9 % of GDP in 2018 and 2019, respectively. However, primary deficit of 3.3% (end Q2, 2020) due to the COVID-19 pandemic. The 2020 end year primary deficit (excluding Energy and Financial sector related costs) is estimated at 3.2% of GDP.		
Pursue domestic debt re-profiling to lengthen the maturity profile, reduce rollover risks and cost of credit.	Debt was 59% and 63.2% of GDP in 2018 and 2019, respectively. <ol style="list-style-type: none"> 1. As at end Q2, Debt-to-GDP ratio was 67.0%. 2. Domestic short-term debt is 25.54% of total domestic debt. As a percentage of total debt, it is 6.04% 	Under the SDFP, some priority actions (PPAs) have been agreed upon to improve debt transparency and particularly of SOE debt.	Ongoing: World Bank DPO Series and GEMS-TA to improve debt management and transparency
Domestic Revenue Mobilization:			
Develop and publish simplified versions of the five major tax laws (Customs Duty Act, VAT Act, Income Tax Act, Excise Duty Act, Revenue Administration Act).	Simplified (abridged) versions of the Excise Tax Stamp Act, 2014 (Act 873), Excise Duty Act, 2014 (Act 878), Customs Act, 2015 (Act 981), Income Tax Act, 2015 (Act 896) and Value Added Tax Act, 2013 (Act 870) published on GRA website. <p>However, the abridged version of the Revenue Administration Act is yet to be published.</p>	Under the SDFP, priority actions (PPAs) have been agreed upon to improve domestic revenue mobilization, including reforms to: strengthen the voluntary disclosure and promote self-declarations to expand the tax base; and enhance confidence in the tax system and thus improve compliance and collection.	Ongoing: <ul style="list-style-type: none"> i. DFID - Ghana Revenue Reform Programme and Business Enabling Environment Programme ii. Germany - Governance for Inclusive Growth, development of abridged versions of tax laws, upgrade of customs laboratory, Construction of IT training institute iii. USAID - Governance Programme
Provide simplified record-keeping systems for the	The record keeping has been combined with the calculation and submission of returns in		

¹²⁹ Note: this is mid-year data, full year will only be available with the complete 2021 budget

determination and payment of taxes and filing of returns.	the 'iTAPS' application. It has been launched for computation of taxes and the filing of returns.		iv. World Bank - GEMS-TA for improved taxpayer database and data warehouse
Provide software to taxpayers for tax calculation		Reforms to establish a data warehouse to enhance revenue administration, including business intelligence.	
Improve access to systems for filing of returns and payment of taxes by introducing one-stop shop stand-alone customer service facilities.	See above		
Provide additional specialized cargo examination bay	This was suspended due to unavailability of partner support.		

Public Investment Management (procurement, PPPs, SOEs, utilities):

Implement and maintain a Public Investment Management (PIM) framework.	Passage of State Interest and Governance Authority (SIGA) bill into law (June 2019) ensuring SOEs adhere to good corporate practices to promote growth of industry and commerce.	Under the SDFP, priority actions (PPAs) have been agreed upon to support the preparation of a State Ownership Policy, setting the principles for public investment / divestment in SOEs.	Ongoing World Bank under the Ghana Economic Management Strengthening Project
Enact the Public Private Partnership (PPP) Law and develop Regulations for the operationalization of the PPP Act after its passage.	The PPP Bill was passed into Law in December 2020. The new PPP ACT 1039 now regulates all activities within the PPP domain in Ghana.		World Bank support for drafting of PPP Bill
Diversify the power generation sources to include renewables to ensure security, reliability, and affordability in a sustainable manner.	Total renewable energy generation (excluding Hydro) has almost doubled from 22.6MW at the beginning of 2018 to 42.6MW in 2020. However, its share of total generation has only increased from 0.5% to 0.8% over the same period.		Ongoing: i. AfDB - Electricity Distribution System Reinforcement and Scaling-Up Renewable Energy Programme (SREP) Investment Plan ii. Germany - Reform and Investment Partnership, Pilot Photovoltaic Project, Renewable Energy and Energy Efficiency for the Public Sector (REEEPublic), Market Entry Into RE and EE for the Productive Sector, iii. World Bank - DPO support and Technical Assistance Future:

			<ul style="list-style-type: none"> i. Germany - Government Goes Solar, Green Credit Line ii. World Bank - DPO support and Program for Results (P4R)
Implement the Cash Waterfall Mechanism (CWFM) for energy	Ongoing: World Bank - Ghana Energy Sector Transformation Initiative Project		Ongoing: World Bank - Ghana Energy Sector Transformation Initiative Project
Implement procurement auctions for future generation plants.	Given the oversupply of generation and capacity charges to be paid, there is still a moratorium on new IPPs. Procurement auctions would be implemented once the moratorium is lifted.		

Business Framework :

Regulations and Institutions:

Update Ghana's business legal and regulatory framework to reflect new trends in business practices.	<p>Passage of Companies Act of 2019 (Act 992) streamlining business registration and operations as well as establish an autonomous Office of Registrar of Companies (ORC).</p> <p>Bill passed by Parliament. Corporate Restructuring and Insolvency Act, 2020 (Act 1015) assented by President on April 30, 2020.</p> <p>Trading Across Borders Technical Working Group recommendation report is yet to be enforced by GRA Customs, GPHA and others. A Committee has been setup by GRA Customs to conduct Cargo Time Release Study which will provide recommendation for areas to be streamline along the chain.</p>		Ongoing: <ul style="list-style-type: none"> i. IFC - TA support ii. DFID - Business Enabling Environment Programme (Support to Better Business Regulations Strategy)
Create the Ghana Business e-Registry that will serve as a complete repository of business and investment laws.	Ghana Business Regulatory Reforms Portal launched on August 26 2020 to improve transparency and inclusiveness as well as promote dialogue and feedback to enhance quality service delivery. It is an electronic registry containing business laws, regulations, administrative notices, directives, procedures as well as fees, forms and charges. The URL is www.brr.gov.gh or www.bcp.gov.gh		
Review and reduce the number of steps in the acquisition of the various business operating permits.			

Investor protection and dispute resolution:

Adoption of a new Investment Code

Financing Framework:

Investment risk mitigation:

<p>Develop de-risking instrument to leverage private investment including renewable energy (RE), energy efficiency, and agricultural lending (GIRSAL - Ghana Incentive-Based Risk-Sharing System for Agricultural Lending)</p>	<p>The minimum capital requirement for banks was increased to GH¢400 million from GH¢120 million (end 2018);</p> <p>The Corporate Insolvency Bill was passed by the Parliament in 2020</p> <p>Ghana joined the Asian Infrastructure Investment Bank (AIIB) and the Africa Trade Insurance (ATI) as a way to leverage private capital for infrastructure development.</p>		<p>Ongoing:</p> <ul style="list-style-type: none"> i. AfDB - Support to GIRSAL ii. Germany - Reform and Investment Partnership (Accompanying Measure) iii. AfDB - Support for GIRSAL v. Germany - Reform and Investment Partnership (ATI subscription payment) <p>Future:</p> <p>Germany - Reform and Investment Partnership (Green Credit Line)</p>
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Mobilization of private and institutional investments:

<p>Normalize and extend the yield curve</p>	<p>The spread as at end September 2020 was positive. The yield curve had some inversions</p>		
<p>Enhance secondary market activities</p>	<p>As at end December 2020, volume of trades reported by CSD was 108.4 billion compared with 55.6 billion recorded in 2019 and 37.9 billion in 2018. The volume reported by Bloomberg was 5.56billion (as at end December 2020), which is lower than the 5.58billion recorded in 2019. In 2018 the volume was 3.60 billion.</p>		
<p>Introduce a wider spectrum of instruments</p>	<p>Concept Note and paper developed on green and SDG bonds. In 2020, 3, 5,6,7-, 10-, 15- and 20-year government bonds were issued.</p>		
<p>Build the capacity of all domestic debt market players in the pricing of bonds.</p>	<p>On-going</p>		<p>Ongoing:</p> <p>DFID support for development of Capital Market Master Plan</p> <p>The World Bank is providing support to market development under the programmatic multi-year GDRM program</p>

GUINEA

CWA REFORM COMMITMENTS IN 2018	PROGRESS ON REFORM COMMITMENTS SINCE 2018	ADDITIONAL REFORM INITIATIVES	PARTNER SUPPORT
Macroeconomic Framework			
Macroeconomic stability			
Finalize the decree implementing public corporate management Act.	The National assembly has amended the SOE legal framework in December 2017 and adopted its implementation decree in September 2018. In terms of fiscal risks management, the law clarifies the terms and limits of the debts SOEs can incur under the control of the Ministry of Economy and Finance. The law also strengthens SOE fiscal transparency by specifying the reporting requirements to the MEF, as well as the publication of financial statement on Internet.		World Bank, France Development Agency (AFD)
Finalize the implementation of Single Treasury Account (TSA)	The authorities finalized, in May 2020, the agreement that governs relations in the TSA, and extended the coverage to 89 percent of all public accounts other than those relating to regional government, local communities, and development projects financed from external resource.		IMF
Clearing of domestic debt arrears	Domestic debt arrears have been cleared (2020)		France Développement Agency (AFD) / UNCTAD / World Bank
Domestic Revenue Mobilization			
Establish and implement an action plan for targeted tax policy and administration reforms – including unique tax identifier, master VAT and custom code	New Tax and Investment Code The authorities set up the online tax declaration and payment system (E-tax) in September 2020.		IMF, African Development Bank, World Bank, AFD
Public Investment Management (procurement, PPPs, SOEs, utilities)			
Revise and implement the Public Procurement Code and all any decrees signed under it. Finalize the mercurial pricing and implement it in public procurement.	The new revised public procurement code, with all the application texts, as well as most of the public procurement management tools have been validated and entered into force since September 1, 2020. Proportion of no bid contracts reduced to 40% in 2020		
Operationalize the PPP Unit.	The implementation decrees for the Public Private Partnership (PPP) law have been signed in early 2021. The PPP law was approved by the National Assembly in 2017. These decrees specify: (i) the institutional framework governing PPPs; and (ii) the process and procedures required during identification, evaluation and contractual arrangement for PPP investments.		

Business Framework

Regulations and Institutions

Promote SMEs and women's entrepreneurship,	Industrial Policy Strategy (including SMEs)		World Bank
Enhance and dematerialize business creation at the One stop Shop			IFC /World Bank

Investor protection, dispute resolution and fight against corruption

Establish an effective framework for corruption control	<p>Implementation decree for the organization and operation of the National Agency for the Fight Against Corruption (NAFC) was adopted in October 2018.</p> <p>The authorities adopted in March 2020 the implementing decrees of the asset declaration regime; finalized the declaration form, which was published on the website of the court of audit.</p>		IMF /World Bank
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Financing Framework

Investment risk mitigation

Sign the Memorandum of Understanding between the BCRG and the Ministry of Economy and Finance on the conditions and timeframe for the recapitalization of the BCRG.			
Develop a weekly Foreign exchange liquidity forecast to improve the predictability of market supply and demand conditions	The authorities have finalized a weekly foreign exchange liquidity forecast in December 2018 to improve the predictability of market supply and demand conditions.		IMF / World Bank
Financial inclusion strategy	Credit bureau Partial Credit Guarantee		World Bank
Set up a bank default resolution framework			

MOROCCO

CWA REFORM COMMITMENTS IN 2018	PROGRESS ON REFORM COMMITMENTS SINCE 2018	ADDITIONAL REFORM INITIATIVES	PARTNER SUPPORT
Macroeconomic Framework:			
Macroeconomic stability:			
Continued implementation of tax reforms seeking to improve the efficiency and equity of the tax system and make it more investment-friendly, along with the strengthening of the tax administration.	Fiscal consolidation and decentralization.	Main reform in 2021 budget law is introduction of contribution professionnelle unique (CPU) for businesses/proprietorships of modest revenues. Reform of tax administration proceeding with local tax simplification, CPU and interoperability of administrative systems.	World Bank
Implementation of the transition to a more flexible exchange rate regime.	Exchange rate flexibility	Exchange rate band widened in March 2020 from +/- 2.5% to +/- 5% and no official intervention in the market since then. No further change anticipated at this time.	IMF
Public investment management (including SOEs, PPPs and utilities):			
Modernize tax and customs administrations	Tax reform.	Reform of tax administration proceeding with local tax simplification, CPU and interoperability of administrative systems of tax and customs directorates.	World Bank
Improving state-owned Enterprises (SOEs) governance and performance.	SOE oversight and refocused on core public mandates. Publication of payment delays by SOEs SOE and public investment management reforms to optimize finance for infra Regulatory authorities (electricity, postal, telecom) established or endowed with greater powers	Gov-t announced wide-ranging SOE reform: 1. Creation of state holding company; 2. Incorporation of all commercial SOEs; 3. Re-grouping of SOE assets to leverage synergies, e.g., an energy SOE, finance SOE, logistics SOE. Creation of Sovereign investment fund (fonds Mohammed VI pour l'Investissement: will target among other things infra investment using MFD/PCM approach	World Bank IFC EBRD
Development of Public-Private Partnerships	PPP Framework brought in line with EU practices, and Investment Charter (for FDI) being revamped.	Amended PPP law adopted March 2020	IFC
Business Framework:			
Business environment and regulation:			
Moved up seven places in 2020 Doing Business (53rd out of 190 countries).			
<ul style="list-style-type: none"> Simplifying business related administrative procedures and strengthening dematerialization and creating one-stop shop 	Corporate insolvency, secured transaction framework, digital land registry, industrial land law, online creation of company, paperless customs, etc.	Review of the corporate governance framework: Revision of law n° 78-12 on public limited liability companies (sociétés anonymes), the proposed amendments aim to improve the regulatory aspects of corporate	IFC

	<p>One-stop-shop Regional Investment Centers restructured, allowing for greater engagement.</p> <p>National entrepreneurship strategy (pre- and post-creation supports, export and public market access, financing)</p>	<p>governance by increasing corporate transparency, strengthening management accountability and enhancing minority shareholders protection. Pending validation from technical committee and adoption in parliament.</p> <p>Data for policy response in the context of Covid19 crisis: Support to guide policy response and inform international financial institutions programs through a series of follow up Enterprise surveys (ES). These surveys are meant to shed light on how the pandemic is affecting the private sector fabric and to which extent public assistance hits its intended targets.</p> <p>Non-Performing Loans: Support the reform to kick-off a secondary market for NPLs in Morocco through the swift resolution of key impediments that are preventing the creation of the market from a private sector perspective (Based on IFC NPL secondary market creation report delivered to BAM)</p> <p>Secured transactions framework: (a) enacted Law No. 21-18 on secured transactions, including the creation of a National Movable Collateral Registry (Registre National électronique des sûretés mobilières [RNESM]), published in the Official gazette No. 6840 dated December 19, 2019; and (b) adopted Decree N. 2-19-327 implementing Law No. 21-18 regarding the modalities of registration and consultation of secured transactions and other related transactions in the RNESM and the management of the RNESM.</p>	<p>IFC</p> <p>IFC</p> <p>IFC</p>
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<p>Modernization of the legal, institutional and regulatory framework for business</p>	<p>Competition and anti-corruption bodies operationalized.</p> <p>Anti-corruption national strategy being implemented.</p>	<p>Supporting the operationalization of the Competition Council through the development of an institutional framework to support the effective implementation of the competition</p>	<p>IFC</p>
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Financing Framework:

Reduce risks investments (Efficient risk mitigation instruments):

<p>Strengthening and diversifying the financing instruments for SMEs and promoting financing for start-ups and innovative companies</p>	<p>National Financial Inclusion Strategy being implemented</p>	<p>Creation of Sovereign investment fund (fonds Mohammed VI pour l'Investissement): will target among other things start-ups and innovative companies by co-investing with private equity managers</p>	<p>World Bank KfW</p>
<p>Implementation of the law on the derivatives market and the OTC</p>		<p>Law being revised</p>	<p>EBRD</p>

Domestic debt market development:

<p>Consolidation of the legal framework for financial instruments: Sukuk certificates, assets securitization, secured bonds, etc</p>	<p>Capital market development and reform of pension funds</p>	<p>Implementation on-going, esp. securitization framework as applied to distressed asset recovery</p>	<p><u>IFC</u></p>
<p>Operationalization of the legal framework governing collective investment in real estate or in capital</p>		<p>Good market take-up of REITs Framework of AIM being streamlined to support the operationalization of FM6I sub-funds investing in innovative companies.</p>	<p>World Bank KfW</p>

RWANDA

CWA REFORM COMMITMENTS IN 2018	PROGRESS ON REFORM COMMITMENTS SINCE 2018	ADDITIONAL REFORM INITIATIVES	PARTNER SUPPORT
Macroeconomic Framework:			
Macroeconomic stability:			
Forex availability Establish a financial swap that would lower private sector investment finance costs	National Bank of Rwanda (NBR) has established a swap with commercial banks to ensure availability of forex when necessary.		IFC, & IMF to work with the Central Bank of Rwanda on new benchmark for local currency swap arrangement. KfW to explore forex hedging possibilities through the TCX fund it cosponsors
Domestic Revenue Mobilization:			
1. To conduct an analysis of the cost/benefits of the current tax incentive regime by January 2018	Rwanda has published a comprehensive tax expenditure report with updated methodology, and a description of broad categories of beneficiaries by end - June 2019 and 2020 under the technical assistance of IMF.	Preparation of the Medium-Term Revenue Strategy (MTRS) ¹³⁰ to be adopted by June 2021.	IMF will provide Technical Assistance (TA) to conduct the tax incentive regime analysis IGC supported the analysis of tax incentives performance. Subsequently the Investment code has been revised to better target incentives. IMF TA supports the preparation of the MTRS.
2. Upgrade Tax IT infrastructure to broaden tax base and improve compliance	Rwanda has improved the system of electronic invoicing for collecting taxes. ¹³¹		TradeMark East Africa (TMEA) is supporting RRA on Electronic single window for customs. DFID, USG and KfW to explore scope for supporting Tax IT infrastructure as part of new phases of support to RRA.
Public Investment Management (including SOEs, PPPs, Utilities):¹³²			

¹³⁰ The MTRS will present a set of tax policy and tax administration measures to be implemented through a sustained process of tax reforms over the next 3 years with the objective to boost tax revenue collection to support Rwanda's medium-term development priorities and fiscal consolidation.

¹³¹ Improvement was made in usage of the Electronic Billing Machines. As of end June 2020, taxpayers having EBMs registered an annual growth of 14.1% over 12 months. In addition, the number of taxpayers having EBM V.2 (electronic invoicing software) accounted for 40.8% of total number of taxpayers having EBMs. Other efforts made in improving service delivery and enhance tax compliance include intensification of tax education and information programs, monitoring of non-filers and non-payers, enhancement of e-tax system and local government tax management system and further progress towards enhancement of Electronic Single Window System.

¹³² Rwanda has made no commitment on this subject under the CwA Initiative, however the following is part of the World Bank's ongoing policy dialogue. Under the Sustainable Development Finance Policy (SDPF), the following performance policy action (PPA) was proposed: Adoption of a medium-term Public Investment Program for FY23-25 based on the review and optimization of public investment (to be implemented before June 30th, 2022). This forms also a prior action for the 3rd Human Capital for Inclusive Growth (HCIG) DPO. Since 2013, Rwanda has implemented a major investment drive through direct public investment and net lending to and guarantees for SOEs mostly in hospitality and air-transportation sectors. As a result, the Public Investment Program (PIP) has been quite sizable often exceeding 12 percent of GDP while net lending to SOEs fluctuated between 2 and 3 percent of GDP. This investment strategy has created a new reality on the ground and a viable platform for attracting private investment. At the same time, the fiscal room for carrying on with the strategy that guided government investment decisions in 2013-2019 has significantly narrowed, calling for a shift in Rwanda's investment model away from the public sector to the private sector as well as for optimization in public investment. This proposed PPA will support the design of Rwanda's PIP for the medium term (FY21/22-FY23/24) by optimizing the PIP both in terms of its overall scope and for more efficient allocation of resources geared toward projects critical for broad-

Business Framework:

Regulations and Institutions:

<p>Conduct feasibility study that will inform GoR policy on industrial parks development¹³³</p>	<p>Pre-feasibility studies on Industrial parks development were conducted for Bugesera and Rwamagana. Demand market study was also completed. A detailed study of Bugesera industrial park was delayed due to funding issues. An option is being explored on how the study (Bugesera business model) could be undertaken under a project being finance by GIZ.</p>		<p>DFID funded Invest Africa to support and facilitate investments attraction.</p>
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Investor protection and dispute resolution:

<p>Institute a quarterly investment roundtable to resolve investor issues</p>	<p>Quarterly investment roundtable established RDB established an investment committee comprising of core Ministries to review ongoing deals and address escalated issues. RDB also established an investor open day every Friday from 9:00 to 12:30. In addition, quarterly CEO forums are held in which RDB leadership engages with business leaders in thematic sector groups. The Aftercare team has also been elevated to a department and doubled staff number to ensure effective follow up of investor issues and encourage re-investments.</p>		<p>DFID to provide TA to secretariat through Invest Africa.</p>
<p>Implement the systemic investment response mechanism (SIRM)</p>	<p>Reinvestment and Investor Aftercare: Following the establishment of Systemic Investment Response Mechanism for groundwork at Rwanda’s Development Board (RDB), Development of Customer Relationship Management System (CRM) is at advanced stage, which will track and handle RDB’s service delivery to both potential and existing investors at all stages of the investment process Improve system for identifying investor issues, managing investor grievances, and minimizing dispute escalation.</p>		<p>DFID is funding SIRM through Invest Africa, implemented by IFC. The SIRM platform is completed at about 80%. currently under development.</p>
<p>Strengthen advocacy capacity of Private Sector Federation (PSF) to influence investment policy</p>			<p>Feasibility study for establishing the blended finance facility has been conducted.</p>

based and inclusive economic recovery following the pandemic (access to markets, supporting agriculture economy and rural livelihood, etc.). These measures are expected to reduce the primary deficit and ensure higher social returns from investments. The World Bank will support this process with a Public Expenditure Review (planned for FY22) and a Public Investment Management Assessment prepared jointly with the IMF.

¹³³ Rwamagana Industrial Park (IP), Bugesera Special Economic Zone (SEZ), Kigali SEZ, Musanze IP and Kicukiro SME park are operational with around 220 (63%) medium and large industries current and prospective. There are also close to 700 industries out of the IPs and SEZ. Kigali SEZ Phase I was saturated by demand. Hence expansion of SEZ to phase II, which is now completely operational. Since demand was still not satisfied, phase III was started.

<p>Develop a pipeline of projects to attract private investors (incl PPP)</p>	<p>The Government further established under the leadership of the Prime Minister and coordination of Rwanda Development Board an inter-ministerial Manufacturing Acceleration Committee that is in charge of facilitating and giving support to firms in the industry sector (particularly in construction and manufacturing).</p>	<p>Boston Consulting Group (BCG) worked with RDB to create the country's first Investment Accelerator: a central hub to propel FDI in a landlocked country with a relatively small population. The Investment Accelerator manages the investment process from end to end, identifying where to focus, developing value propositions, designing deals, and building long-term government capacity.</p>
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Financing Framework:

De-risking investment in specific sectors (housing, exports, and agriculture):

<p>1. Establish Affordable Housing Fund</p>	<p>The Affordable housing scheme has started with funds available at Rwanda Development Bank.</p>	<p>WBG is implementing a \$150m operation with the objective to expand access to housing finance to households and to support capital market development in Rwanda. IFC stands ready to develop PPP housing bankable projects for 6 Secondary Cities.</p>
<p>2. Operationalization and scale up of the Export Growth Facility (EGF)</p>	<p>EGF is operational. Criteria for accessing the EGF has been reviewed to ensure larger uptake. EGF had received and disbursed 93% of its available resources by 2020 to 74 export projects. These projects and allocated amount had combined export revenues of 5 times the investment made by 2020</p>	<p>KfW is supporting EGF & DFID have plans to support.</p>
<p>3. Establish agriculture risk sharing facility (ARSF)</p>	<p>A Rwanda Agriculture De-Risking and Financing Facility (RWADIFF) has been developed and is expected to become operational in 2021.</p>	<p>Netherlands is developing a new programme in horticulture value-chain development which includes 5m euros to support private sector investments in horticulture. WBG, Netherlands, USAID, AFDB to support in design and capitalization of an ARSF. The WBG, under the Commercialization and De-risking for Agricultural Transformation Project, will play an essential role in de-risking the agriculture sector by strengthening the linkage between credit and agriculture insurance to</p>

encourage financial institutions to expand more credit to the sector.

Mobilization of private and institutional investments:

<i>Support capital market development</i>	Capital Market Development by improving framework for money markets and government securities market development and developing the institutional investor base, assessing the potential to use instruments to mobilize long term financing		
<ol style="list-style-type: none"> 1. Build capacity of companies to list on the Rwanda stock exchange 2. Build capacity of banks to undergo credit rating by international credit rating agencies 			

SENEGAL

CWA REFORM COMMITMENTS IN 2018	PROGRESS ON REFORM COMMITMENTS SINCE 2018	ADDITIONAL REFORM INITIATIVES	PARTNER SUPPORT
Macro Framework:			
Macro stability:			
Reduce fiscal deficit	<p>COVID-19 has derailed fiscal consolidation efforts and the 2020 headline deficit was 6.5 percent of GDP. WAEMU Finance Ministers agreed to converge to the 3 percent target by 2023.</p> <ul style="list-style-type: none"> VAT refund for firms faster and more efficient. 	<p>Fiscal space will be key for recovery and fiscal sustainability:</p> <ul style="list-style-type: none"> Implementation of the Medium Term Revenue Strategy (MTRS) VAT exemptions rationalization 	World Bank (DPO, PER) IMF PCI
Ensure debt sustainability	<p>Public Debt remains sustainable.</p> <p>New monitoring framework for annual evaluation of progress on MTDS.</p>		World Bank (DPO and SDFP PPAs) IMF PCI
Reduce current account deficit	<p>COVID shock increased CAD. However, imports were largely induced by investment related to oil/gas development.</p>	<p>Fiscal management of oil/gas revenues that will come onstream by 2023</p>	World Bank IMF
Domestic Resources mobilization:			
Modernize tax and customs administrations	<p>The Tax administration embarked on series of reforms which led to the adoption of an e-filing system for large and some medium size firms. These firms can now download and submit tax declaration forms electronically and pay on-line for some of them. In addition, the process of risk assessment has slightly improved.</p>	<p>Enhance the digitization of tax administration and improve the tax compliance</p>	World Bank
Special economic Zone Law	<p>A new SEZ law was adopted in 2017 so it would be interesting to know exactly what the structural reform is meant to achieve here.</p>		
Rationalize tax expenditures	<p>Under the Mid-Term Revenue Strategy (MTRS) program agreed to with IMF and WB, the MinFin committed to an in-depth review of tax incentives</p>	<p>Rationalize VAT tax exemptions that lack progressivity</p>	World Bank (DPO) IMF
Alignment of Senegal's transfer pricing regime and anti-abuse rules with good international practice.	<p>Reforms were implemented to improve the macroeconomic framework (transfer pricing regime and use of integrated projects bank for public investment)</p>		
Strengthening local tax administration capacity and local tax reform	<p>Local fiscal commission established in some local Government</p> <p>Since March 2018, the "patente" was replaced by the "contribution économique locale", which remains a slightly complex tax handle, however, the main improvement is that contrary to the "patente" it is more investment-conducive as it doesn't tax productive assets such as machinery etc.</p>	<p>PACASEN project supports the expansion of local fiscal commission</p>	World Bank

Public investment management:

Introduce a precautionary reserve			
Establish an integrated project bank describing their life cycle			
Establish a public investment selection Committee	First phase of reform program Plan d'Actions Prioritaires (PAP) allowed both public and private investment to increase and boost key sectors, including agriculture, energy, construction, and infrastructure; continuation under PAP2		
Facility to finance PPP preparatory studies required for technical structuring, financial and legal set-up, et			WB support proposed through forthcoming operation
Finalization and harmonization of the institutional and legal framework on PPPs	PPP law adopted 22 January 2021; implementing decree in preparation as of 4 March 2021,	Creation and operationalizing of a PPP unit and PPP funds.	World Bank (DPO and P4R, TA) IMF PCI

Performance of public services:

Improve access of citizens and stakeholders to economic and financial information			
Upgrade public administration: implement an integrated approach to modernizing public administration; professionalize human resources management, etc.			

Business Framework:**Investor protection and disputes resolution:**

Systematize and professionalize the amicable settlement of disputes	The legal framework for (a) arbitration was modernized in 2017 through a revision of OHADA Uniform Act, and (b) mediation and conciliation through a 2014 Decree.		IFC/WB on OHADA reforms.
Operationalize the commercial court (electronic referral, training of legal assistants, mediation)	Reforms were implemented to improve ease of doing business (Commercial Court, electronic operations, G2B services, registering property and competition in key markets)		
Establish an electronic register of guarantees	OHADA law established the Registre du Commerce et du Credit Mobilier (RCCM), which in Senegal is administered by the Ministry of Justice under the name SeninfoGREFFE.		
> Operationalize the electronic Company and Moveable Credit Registry (eRCCM)	This is linked to the above. While more reforms could be done to fully operationalize an eRCCM, at least both company and moveable collateral registries are searchable.		

Improve the investment climate beyond the Dakar metropolitan area, by creating one-stop-shops in at least three economic centers outside Dakar	Under the PDTE, at least one One-Stop-Shop was operationalized in Saint-Louis, with plans to develop another one in the Saly/Mbour area, and a third one in the Ziginchor area.		World Bank
Reforms / actions to strengthen governance and investment climate:			
Simplify land registration procedures and transfer of ownership	Reforms were implemented to improve ease of doing business (Commercial Court, electronic operations, G2B services, registering property and competition in key markets)		
Simplify and harmonize taxes and charges levied by local authorities	Beyond the replacement of the patente with CEL in 2018, no other progress that I am aware of.		WB Urban Project
Electronic payment of fees for the administrative acts and taxes	Under DPO3, the GoS (i) operationalized digital consultation of taxes (through the Ministry of Finance's personalized taxpayer webpage, "my personal space"), which covers at least 10 percent of eligible taxpayers. The GoS is also working on developing mTax it will be aimed at enabling mobile payment of small taxes and fees		World Bank DPO3 AfDB
Strengthen competition policy and practices in key sectors (telecoms, agribusiness, etc.)	Reforms were implemented to improve ease of doing business (Commercial Court, electronic operations, G2B services, registering property and competition in key markets) On Telecoms: a new sector law (and some of its key decrees) was adopted and facilitates the entry of new players; 3 ISPs entered the telecom market under the authorization regime; 4G frequencies were attributed to Tigo/Free introducing competition on 4g; dominant players ARTP regulation was strengthened, and an international call for tenders for the concessioning of the ADIE public fiber optic network was launched in november 2019. In 2020 the GoS requested the WB support for a digital operation that would continue supporting pro-competition reforms in telecoms.	The full achievement of the reform regarding the concessioning of the ADIE public fiber optic network is facing implementation delays despite repeated government commitments. The WB is supporting the continuation of this process through DPO dialogue.	World Bank (DPO, TA) Note: Criticality of the ADIE reform for digital inclusion and digital transformation (especially at the public administration level).
Develop the Dakar-Mbour-Thies Triangle of Prosperity in anticipation of the future economic and demographic growth around the capital city of Dakar	Two new ports are being developed: Sendou (30km south of Dakar for bulk/minerals) and Ndayane (50km south of Dakar for containers). Development of the transport hub around the AIBD airport, and the development of the Diarniadio area (both as an administrative center, industrial parks/SEZ, and as a new city/residential development.		
Support to the regional pilot project for market development (in CFAF) for long-term bonds			
Create a risk mitigation fund by issuing bonds			

Address structural issues impeding lending to SMEs	Credit Bureaux; On December 31, 2019, Senegal has issued a decree allowing the regional credit bureau to collect data from utility companies in order to increase the % of the senegalese population recorded in the Credit Bureau.	Institutional strengthening of the FONGIP, a public partial credit guarantee scheme. Increase availability to long term resources for banks, such as La Banque Agricole, active in tree crop financing.	KfW, CDP, World Bank
Supporting access to finance in the agriculture sector using warehouse receipt financing	Following the adoption of the warehouse receipt system (WRS) law in 2017, WRS regulations have been enacted in 2019 and in 2021 the WRS regulatory agency has been setup in Feb 2021 (ORSRE, <i>Organe de régulation du système de récépissé d'entrepôt</i>). A WRS demonstration pilot was organized in 2020 in the cashew sector by the Ministry of Commerce and SME, 4 financial financed \$1.5M on 2.100 metric tons of raw cashew nuts.	Institutional strengthening of ORSRE and development of an incentive framework to promote investments in warehousing services and infrastructures.	IFC, World Bank

TOGO

CWA REFORM COMMITMENTS IN 2018	PROGRESS MADE ON REFORM COMMITMENTS SINCE 2018	ADDITIONAL REFORM INITIATIVES	PARTNER SUPPORT
Macroeconomic Framework			
Macroeconomic stability			
Reduce debt and budget deficit to ensure debt sustainability and external stability	Togo maintained a highly disciplinary fiscal stance, with deficits decreasing to 0.9 percent of GDP in 2019 (from a peak of 7.0 percent in 2017) and debt declining to 53.6 percent of GDP (against 60.0 percent in 2016) well below the WAEMU norm. But the deficit and debt widened in 2020 because of the COVID-19 pandemic.		WB, IMF, AfDB, EU
Reorganize debt management services in line with international good practice to improve the management of debt and its sustainability	In 2017, the Directorate of Public Debt and Financing (<i>Direction de la Dette Publique et du Financement</i> , DDPF) at the Ministry of Economy and Finance was reorganized in front-office (loan contracting), middle office (debt analysis) and back office (loan administration) functions to centralize the cashflow forecasting and debt management functions, as recommended by the World Bank and IMF. This reform helped strengthen the implementation of the Medium-Term Debt Strategy, which now emphasizes the use of concessional loans as a preferential source of financing. Also, the DDPF will play a key role in the assessment of fiscal risks including those related to PPPs	The WB provided an emergency budget support operation in 2020 which supported enhanced debt management and transparency through: (i) publication of key economic, financial and budgetary information on the Government's website, including a fiscal risk statement; and (ii) publication on the Government's web-site of an Annual Report on Public Debt, which includes an assessment of the implementation of the Medium Term Debt Management Strategy (MTDS).	WB, IMF
Clearance of arrears and improvement of public financial management to avoid accumulation of new arrears, aiming to support the proper functioning of the private sector activities.	Efforts to synchronize commitment, procurement, and cash plans helped to clear all arrears by the end of 2019. Despite the COVID-19 shock, Togo had not accumulated any new arrears as of end-September 2020.		WB, IMF
Domestic Revenue Mobilization			
Strengthen the control entities of the Togolese Revenue Office			WB, IMF
Implement specific controls on businesses operating in the phosphates, clinker and cement sectors			
Expand the tax base by adopting and implementing a new tax policy and by opting for	The tax code has been revised to reduce the number of taxes and provide incentives to investors. A system of online tax filling and payment for large enterprises has been implemented.		WB, IMF

electronic/paperless tax collection	An arrêté was issued in March 2020 related to the organization and functioning of the Tax Policy Unit. Quarterly publication of an updated taxpayer register including economic agents that are considered by the tax authority as inactive.		
Strengthen imports valuation and control of customs exonerations through better risk assessment	Quarterly publication of an updated taxpayer register including economic agents that are considered by the tax authority as inactive.		
Fight against corruption and fraud: Effective functioning of the High Authority for the Fight against Corruption, strengthening of the inspection units	Adoption by the national assembly of the organic Law 2020-003 24/01/2020 fixing the Conditions for reporting property and assets of senior officials, senior officials and other public officials. Togo finalized a national risk assessment on AML/CFT risks in 2019		WB
Public Investment Management (procurement, PPPs, SOEs, utilities)			
Effective use and enforcement of manual of procedures for Public Projects 1	The use of the manual is enforced. And, in 2020, 100 percent of new public investment projects funded in the annual budget were consistent with the prioritized Public Investment Plan (PIP) based on new manual		WB: The implemented of this measure was supported by the 2017-2018 budget support series.
Agriculture sector - Increase productivity and strengthen the competitiveness of the sector		To guarantee access to agricultural inputs for the 2020-2021 agricultural campaign, the Government has (i) enrolled additional households in the YOLIM transfer system and (ii) established a digital platform for the provisioning of inputs and advisory services.	WB: This reform was supported by an Emergency DPO in 2020 AfDB
Energy sector Improve the sustainability of the energy sector by reviewing the performance of the Togolese utilities company, CEET	Energy sector: performance contract between government and utility company revised to improve financial viability of the sector. Cost reduction in obtaining electricity connection.		WB GoT has taken important steps demonstrating its commitment to improve the energy sector's financial situation. Indeed, since 2019 the WB has engaged in a programmatic series of two DPF alongside the Government aiming notably at strengthening the sector's financial viability, including CEET's financial situation.
ICT sector - Transform the two telecommunication companies	Increased private sector participation		WB

(Togocell & TogoTelecom) into one group with three entities: Infrastructure, Maintenance and Services - Implement an independent regulatory body (ARCEP)	Togocell and TogoTelecom were merged into one entity TOGOCOM. TOGOCOM was subsequently privatized, with a 51 percent stake sold to private investors.		
Financial sector Programme to address the issues facing public financial institutions	Increasing private sector participation in the banking sector.		
PPP: Draft the manual of procedures on project selection and prioritization			WB: DPO currently in progress is supporting the adoption of a new PPP law by the parliament
PPP: Mobilise financing for carrying out studies relevant to projects			IFC is supporting GoT to develop and tender up to 80 MW of solar power structured as IPPs
PPP: Order implementing the act on PPPs voted in 2014			

Business Framework

Regulations and Institutions

Draft and adopt the new land code and its implementation orders	New law on land and state property improving land ownership security.		
Digitise the land registry	Several reforms were implemented to ease the Doing Business, including adoption of a new land code, digitization of the land registry		WB
Modernize the building permit issuing system	Doing Business: Dealing with Construction Permits: Togo made dealing with construction permits easier by reducing fees and by adopting an online portal for the submission of applications. Togo made dealing with construction permits more transparent by making the required documents, pre-approval and fees available online. Togo also improved its building quality control by regulating inspections during construction.		

Investor protection, dispute resolution and fight against corruption

Modernize the judicial sector Fully implement the commercial chambers automation project	Law authorizing creation of commercial courts adopted to resolve conflicts in interpretation and execution of contracts and streamline insolvency proceedings. Two commercial courts created in Lomé and in Kara (2 nd largest city).		
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Financing Framework

Investment risk mitigation

Deploy mechanisms, namely the IDA18 Private Sector Window, to reduce investor risk,			
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as well as other multi-lateral mechanisms to secure private investments			
Mobilization of private and institutional investments			
Coming into effect of the Investment Promotion Agency as one stop shop of investment in Togo	Adoption of a new investment code to boost private investment and job creation.		
“Invest in Togo” roadshow to present and promote Togo as investment destination			
Systematically include the private sector in the different development projects			

TUNISIA

CWA REFORM COMMITMENTS IN 2018	PROGRESS ON REFORM COMMITMENTS SINCE 2018	ADDITIONAL REFORM INITIATIVES	PARTNER SUPPORT
Macroeconomic Framework:			
Amélioration de la gestion des finances publiques :			
Renforcement institutionnel de l'administration fiscale	<ul style="list-style-type: none"> Establishment of a directorate for large companies to better manage their tax procedures, in 2018 Operationalization of the G20-OECD action plan on Base Erosion and Profit Shifting (BEPS), Law 2018-47/NoteNC23/2019, in 2019 Digitalization of tax procedures (m-filing and m-payments), on-going 	NA	<ul style="list-style-type: none"> IMF program KfW, OECD and EU EU, KfW, USAID IFC, Paying taxes indicator (Doing business)
Renforcer la gestion des finances publiques	<ul style="list-style-type: none"> Energy subsidies reduced (2018-19) with social safety nets strengthened. Adoption by the Parliament of the organic budget law, Organic Budget Law: LOB 2019-15, in 2019 Improvement of fiscal transparency (publication of central administration's debt, SOEs financial reports), in 2020 Regulations defining the role of public expenditure controllers (per Ministry) to implement OBB (Objective based-management), on-going 		<ul style="list-style-type: none"> KfW and EU KfW
Améliorer le cadre institutionnel et opérationnel de la gestion de la dette	<ul style="list-style-type: none"> Adoption by the Council of Ministers of the legal framework for the creation of the Tunisia Treasury Agency, planned for 2021-2022 	NA	<ul style="list-style-type: none"> KfW, IMF, WB and AfDB
Adoption de la réforme des retraites	<ul style="list-style-type: none"> Adoption of the new law on early retirement for public sector only (CNRPS), the private sector not yet included (CNSS), Loi n° 2019-37 du 30 avril 2019, 2019 	NA	IMF
Réforme des entreprises d'État	<ul style="list-style-type: none"> Adoption by the council of Ministers of a strategy of SOEs governance, in 2018 Implementation of the performance contracts with the 5 largest SOEs (STEG, SONEDE, Tunisie Telecom, ONAS, ETAP), on-going Publication of audited financial balances (in line with law 89-9), annual reports (in line with int'l best practice), Circular published by the prime Ministry in May 2020 Selection of independent administrators (merit/position) for at least 5 companies (pending to be chosen between the 20 SOEs of the pilot phase), Decree n. 2020-314 published in May 2020 but implementation still on-going Ten SOEs are place under the article 22 of the law 89-9 to improve the autonomy and management of these SOEs- Approval of the 	NA	All the on-going actions on SOEs are under the Join Budget Support (JBS) of 2020: WB, EBRD, AfDB, AFD

	Law 89-9 reforming Governance of SOEs, the Decree with the selection of the 10 companies was approved in December, 2020		
Accélération de l'opérationnalisation des PPP	<ul style="list-style-type: none"> • PPP program covering energy, sanitation and water initiated. • Establishment of a Project Preparation Facility to improve support and a mechanism to finance feasibility studies to activate the initiation of PPP projects, on-going and planned for June 2021 • Publication of a decree modifying the conditions and procedures for concessions, Decree n.2020-316, 20, May 2020. 	Acceleration of PPP projects in view of the impact of the sanitary crises on fiscal space pressure	CwA MDTF IFC and EBERD
Améliorer l'accès à l'information sur les projets de PPP	<ul style="list-style-type: none"> • Publication of a priority list of PPPs open to at least 51% private investment, in 2018 	NA	
Stabilité financière :			
Renforcement des capacités de la Banque Centrale en matière de réglementation bancaire et promotion de la stabilité financière	<ul style="list-style-type: none"> • Adoption by the board of directors of the central bank of a three-year strategic plan 2019-2021 in favor of an institutional and operational transformation of the CBT, Adopted by the board - Feb. 2019 • Operationalization of the strategic plan, on-going 	NA	GIZ GIZ
Cadre d'investissement			
Supprimer les obstacles à l'investissement, au commerce et à l'entrepreneuriat:			
Limitation des restrictions et renforcement de la protection des investisseurs.	<ul style="list-style-type: none"> • Adoption by the Parliament of the Investment Act, Law 2016-71 - 30 September 2016 • Adoption by the Parliament of the law on tax advantages, Law 2017-8, 24 February 2017 • Adoption by the council of Ministers of a decree establishing the operating principles of the High Council of Investment and the Tunisian Investment Authority, Decree n° 2017-388 du 9 mars 2017 • Creation of the Tunisia Investment Fund, Décret gouvernemental n° 2018-572 du 20 juin 2018, complétant le décret gouvernemental n° 2017-388 du 9 mars 2017 • Publication of three decrees operationalizing the bankruptcy law, 2018 	NA	IFC, EBRD
Rationaliser les restrictions à l'entrée à l'investissement	<ul style="list-style-type: none"> • Publication of a decree of a list of economic activities requiring authorizations and the legal basis for the elimination of 27 authorizations (first wave of simplification) – Decree 2018-417 of May 2018. • Publication of the specifications required for those activities which are part of the negative list of activities for which 27 authorizations are eliminated) in application of the article 4 of the Decree 2018-417, 2020 	NA	IFC, EU (BS) IFC, USAID (Tunisia Jobs) EU (BS)

	<ul style="list-style-type: none"> • Revision and simplification of administrative authorizations related to economic activities (second wave of simplifications), on-going • Revision of the Digital code (and drafting secondary legislation) to increase investors access to the sector – on-going 		<p>USAID, EU (BS), IFC</p> <p>IFC/WB</p>
<p>Faciliter les investissements internationaux en Tunisie grâce à une plateforme numérique à guichet unique et à une stratégie nationale de communication sur les investissements.</p>	<ul style="list-style-type: none"> • Review and update of investment procedures in order to facilitate investment operations and guarantee investors satisfaction, 2018 • Reinforcing the strategic council within TIA to enhance private public-private dialogue for efficient investment policies, 2020 • Launching of a national digital one-stop shop platform which will be an integrated information system that aims to bring together investment agencies and government departments to reduce inefficiencies and simplify all business-related procedures, 2019 with scale up of interoperability with other agencies still ongoing • Adoption by the Council of Minister of a national Investment communication strategy involving the main stakeholders (TIA- MDICI- MoF- CBT) and setting out objectives and mechanisms for its operationalization, 2020 • Adoption of the Loi Transversal for the improvement of the business climate, Law n.2019-47, May 29 – Improvement of the Business Climate, 2019 • Publication – Decree which obliges the concerned government depts./agencies to not request documents already in the possession of the administration, 2020 • Publication of Decree: 1) Typology of business projects; 2) Associated simplified procedures; 3) Description of the preferential margin for the requester of the spontaneous offer during the evaluation of proposals (offers), Decrees n.2020-310 15, May 2020 (in application of the Investment Law) • Review the competition framework to support the autonomy and independence of the Competition Council (CC) and strengthen its financial and human resources to enable it to carry out its missions, on-going • Increase in the number of users of tele declaration/ • Telepayment, on-going 	<p>Promote digital communication to investors, essentially for rear shoring opportunities</p>	<p>GIZ</p> <p>EBRD</p> <p>GIZ and USAID (Tunisia Jobs)</p> <p>GIZ</p> <p>JBS</p> <p>JBS</p> <p>EBRD</p> <p>IFC/WB</p>
<p>Réduire les coûts de transaction des investissements</p>	<ul style="list-style-type: none"> • Launching of a digital platform for capital transactions that allows a non-resident investor to self-declare and establish the investment form, 2019 • Digitalization of the Business legal registration procedures which aims to introduce a faster, more transparent and more uniform system for registering a business in the country 	<p>NA</p>	

	(operationalization of the new law 30-18 on commercial register), 2020		
Simplifier les procédures d'importation et d'exportation et réduire les goulots d'étranglement	<ul style="list-style-type: none"> Digitization of export and import procedures related of the Liaisse Transport (transport documents), 2020 Digitalization of all procedures related to the Liaisse Unique: (i) DDM; (ii) Trade certificate (with/without payment) and (iii) technical control, on-going Digitization of the customs taxes and rights, on-going Digitalization of the clearance process and guarantees, on-going 	Streamlining business procedures for critical supply chains given the COVID-19 pandemic (drugs, healthcare equipment, food)	JBS, WB, IFC, EU, GIZ JBS
Introduction de plus de flexibilité dans les accords d'échange ou les réglementations	<ul style="list-style-type: none"> Adoption of measures to relax the exchange arrangements, on-going Revision of international investment agreements/bilateral agreements – ongoing 	NA	IFC
Appui des jeunes entreprises et entrepreneurs dans l'économie du savoir	<ul style="list-style-type: none"> Adoption by the Parliament of the startup act, Law n. 2018-20 17 April 2018 	NA	

Cadre de financement

Améliorer l'accès au financement:

Améliorer le financement des jeunes entreprises et des entrepreneurs	<ul style="list-style-type: none"> Adoption by the Parliament of the seed and equity investment act, Law 2029-47 includes provisions for the offshore fund and the fund of funds, 2018 	NA	WB
Assouplissement de la loi sur les taux d'intérêt excessifs pour les crédits aux PME	<ul style="list-style-type: none"> Adoption by the parliament of the amendments to the law on excessive lending rates, Law 39/2017 modifying the law 15 July 1999, still under discussion in Parliament Publication of regulations (Circular CBT and decree) laying down the methodology for calculation the global effective interest rate (TEG) and the average effective interest rate (TEM), on-going Adopt and announce the roadmap for the gradual lifting of restrictions on access to foreign currency financing Review the BCT Information System and, once the control tools are in place, switch to a transaction control system ex-post rather than ex-ante, using a risk-based approach, on-going 	Exceptional measures adpted to help SMEs access to credit to avoid bankruptcy and jobs loss	IMF, AfDB
Améliorer l'accès au financement pour les MPME et les entrepreneurs et améliorer la gestion des risques des prêteurs	<ul style="list-style-type: none"> Adoption by the parliament of the organic law on credit bureau, still under discussion in Parliament 	NA	KfW, AfDB, IFC
Renforcer les droits des créanciers en matière de sûretés mobilières et élargir la panoplie de garantie	Adoption by the parliament of the law on secure transactions, on-going	NA	IFC

Mise en place de crédits sans garantie pour les PME en renforçant les fonds de garantie publics	Guarantee mechanisms strengthened access to finance for exporting SMEs ("Dhamen Finance" law approved), 2019	Exceptional measures taken to facilitate access to credit with state guarantee	WB
		The covid-19 crises was also an opportunity for the GoT to accelerate reforms related to Digital payment (G2P and G2B) and disaster risk financing through review of insurance mechanisms	
Améliorer la stabilité financière:			
Réduire le ratio de prêts non performants (PNP)	<ul style="list-style-type: none"> Publication by the central bank of a directive on NPLs resolution, on-going Publication by the central bank of a circular on Out of Court Resolution Mechanism, on-going 	Specific focus on how to address stock of NPLs, avoid proliferation and set up prevention measures	Réduire le ratio de prêts non performants (PNP)
Restructuration des banques publiques	Achieve the objectives of the 2017-2020 performance contracts with 3 public banks: STB, BH, BNA. They will set yearly operational and financial targets, particularly concerning the treatment of NPLs and the improvement of risk control, 2020		Restructuration des banques publiques
Améliorer la qualité de l'information financière	<ul style="list-style-type: none"> Alignment of the public credit registry with international standards, on-going Collection of granular credit and credit risk data (Anacredit system – European Central Bank), on-going Compliance with data protection regulations Know your Customer (KYC) and Anti Money Laundering (AML) requirements Dashboards and feedback to banks, Implementation of IFRS, on-going National Financial Inclusion Council created (June 2018)	NA	Améliorer la qualité de l'information financière
Renforcer le dispositif de lutte contre le blanchiment	<ul style="list-style-type: none"> Mapping of ML/F risks in the banking sector and development of a risk-based supervision framework, on-going Conclude a memorandum of understanding between CBT and CTAF to improve cooperation, on-going 	NA	Renforcer le dispositif de lutte contre le blanchiment
Améliorer l'infrastructure du marché des capitaux et élargir les sources de financement des startups et des PPP:			
Développement d'un d'un référentiel efficient pour les émissions et la valorisation mark to market	Publication of the yield curve, 2018 and 2020	NA	Développement d'un d'un référentiel efficient pour les émissions et la valorisation mark to market
Facilité d'accès au financement par émission d'actions sur les marchés réglementés des changes	Launching of a kit for SMEs to access equity financing through the capital market, 2019	NA	Facilité d'accès au financement par émission d'actions sur les marchés réglementés des

pour les petites et moyennes entreprises			changes pour les petites et moyennes entreprises
Élargir les instruments financiers pour les start-up	<ul style="list-style-type: none"> • Adoption by a Council of Ministers and transmission to the parliament of amendments to the code of commercial companies introducing the notion of “sociétés par actions simplifiées” (SAS) and alternative equity instruments other than ordinary shares that are adapted to startups, Law 2019-47 (article 149), 2019 • Crowdfunding Law adopted by the Parliament, Law 2020-26, 31 January 2020, 2020 	NA	Élargir les instruments financiers pour les start-up
Élargir les instruments financiers pour les PPP			Élargir les instruments financiers pour les PPP