



## AFRICA'S FINANCE MINISTERS CALL FOR A BOLD RESPONSE FROM INTERNATIONAL FINANCIAL INSTITUTIONS ON SPECIAL DRAWING RIGHTS

Africa's Finance, Development and Planning Ministers on Tuesday called for a swift, bold and positive response from international financial institutions on Special Drawing Rights (SDRs) in the range of 500 billion to 650 billion to arrest the devastating impacts of the ongoing coronavirus pandemic.

In a communique at the end of their two-day meeting in Addis Ababa, the ministers called for more liquidity to be available through a new allocation of the SDRs and reallocation of unused SDR, and an increase in resources from the international financial institutions to support African and other developing countries fight COVID-19 better.

They also called for an extension of the G20 Debt Service Suspension Initiative (DSSI) to at least the end of 2021, and possibly the end of 2022, and expanding its scope to address the liquidity needs of middle-income countries to pre-empt the larger threat of insolvency, particularly for countries with market access and relatively strong fundamentals. The DSSI has postponed an estimated \$5.1 billion in debt service payments by eligible African countries following advocacy by the ECA, the Finance Ministers and others, providing much-needed liquidity to save lives and rebuild livelihoods.

"We are encouraged that our efforts have been complemented by the financial assistance and support of public

development banks, the DSSI and the G20 Common Framework for Debt Treatments beyond the DSSI,"

They noted that, based on Africa's current IMF quota share, a new issuance would provide a maximum of XDR 33.3 billion in additional resources to Africa if 650 billion of new SDRs were issued.

"This would barely be adequate to meet the continent's financing needs. To supplement these resources, we further request the G7 to support an on-lending mechanism that channels, on a mutually agreed basis, SDRs to low-income and middle-income countries," they noted. The IMF's Poverty Reduction and Growth

### ECA and its partners



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### With political will



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### We need to strengthen



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# ECA AND ITS PARTNERS URGED TO CONTINUE SUPPORTING AFRICA'S EFFORTS TO BEAT COVID-19



African Ministers of Finance, Planning and Economic Development have unanimously called on the Economic Commission for Africa (ECA) and its development partners to spearhead and support efforts that are important for Africa's economic growth to rebound in the aftermath of the COVID-19 pandemic.

In a statement adopted at the end of the 53rd session of the Economic Commission for Africa's Conference of African Ministers of Finance, Planning and Economic Development, the ministers commended the ECA and its partners for providing African countries with a platform to discuss several debt initiatives, such as the Group of 20 Debt Service Suspension Initiative (DSSI)

and sovereign debt restructuring, to enhance member States' access to finance to effectively respond to the pandemic.

The ECA has been advocating for the extension of the DSSI to the end of 2021 at least, to ensure countries have enough liquidity to respond and kick-start recovery by freeing up resources to pay for much-needed vaccines and improve their buffers. The liquidity and sustainability facility (LSF) is another important vehicle the ECA and its partners have been working on to assist African countries increase liquidity. The think tank has been a leading advocate for a new issuance and re-allocation of Special Drawing Rights (SDRs) to low- and middle-income countries.

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## WITH POLITICAL WILL AND INVESTMENT, AFRICA CAN TAKE A SHOT AT OWN COVID-19 VACCINE

Africa has the capacity to produce its own coronavirus vaccines but political will and infrastructural investments are needed in helping finance the lifesaving injections to stop the pandemic, experts have urged.

Speaking at an Economic Commission for Africa (ECA) high-level panel discussion on whether Africa was ready to finance its own vaccines, leading experts felt that Africa needed strong political will and all round infrastructure to successfully roll out its own vaccines.

World Health Organisation Director General, Dr. Tedros Adhanom Ghebreyesus, told the panel that the development of vaccines in record time in response to COVID-19 had given the world reason for hope but the hope must be for all.

"No country can vaccinate its way out of the pandemic not even the wealthy ones," Dr.

Ghebreyesus emphasized, warning that as long as the virus was circulating, it would mutate. Equitable vaccine distribution the only sure way to stop it.

"Even with the vaccines, we still have a long road ahead," he said, warning that COVID-19 had destroyed economies, disrupted trade, travel and tourism, leaving import-reliant African countries exposed.

Citing the World Bank, Dr. Ghebreyesus noted that for every month that vaccines were delayed in reaching Africa, \$13.8 billion was lost in GDP.

"The fastest way to get economies on track is vaccine equity," he said, adding, "Ultimately Africa needs to be able to meet its own needs for vaccines and other essential products. That means financing local manufacturing capacity,



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# WE NEED TO STRENGTHEN AFRICAN FINANCING INSTITUTIONS, SAYS AFD'S REMY RIOUX

At the just-ended COM2021, Remy Rioux, CEO of the French Development Agency (AFD), spoke during a high-level panel discussion on managing debt and liquidity, and the role of the private sector. Here's his full response to the question of how international partners and financial institutions can best support the financing of Africa's recovery, especially with regard to a new issuance and distribution of IMF Special Drawing Rights and the possible extension of the G20's Debt Suspension Initiative (DSSI).

As you know we are preparing a Summit that will be held on the 18th of May on the financing of African economies. Vera Songwe is heavily involved in that and she will be putting forward proposals on behalf of ECA. This follows on from a statement made by President Macron back in 2020.

We hope that progress will be made on the 18th of May and decisions will be taken when it comes to setting-up the common framework on debt, and perhaps also on the DSSI and on the restructuring

of debt. You also talked about the issuance of SDRs and the start of a reallocation mechanism.

A number of proposals have just been put forward, so there are lots of things on the table, and this should lead to the reform of financial governance in order to make sure that debt in Africa becomes sustainable over the long term, and we must make sure, of course, that we are talking about \$350 billion needed by the end of 2023. So we need to free-up eye significant share of those as quickly as possible.

Now, I would just like to touch upon the issue of the liquidities, how we free them up and how we make sure they finance the right investments. They will finance imports, they will help with public expenditure in some countries, but I want to focus on public investment and the strengthening of financial mechanisms in respect of the private sector. In November of last year, and we got help from ECA for this, they made a specific contribution to the role of public development banks

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Trust (PRGT) should be considered for this purpose, they opined.

Funding the PRGT with SDRs would facilitate additional financing for urgent country priorities in light of this crisis, including the acquisition of vaccines by low-income countries. The SDRs can also be used to acquire vaccines and increase market re-entry access for eligible countries.

"We are conscious of the fact that new issuances of SDRs are infrequent and often contested events. To this

end, we believe that, it is imperative that we seize the moment by leveraging these resources to power catalytic investments in Africa's recovery," the Ministers said.

"The SDRs must be transformative for Africa and help the continent to access the trillions of dollars needed for a green recovery. This is within reach."

The ministers added that market-based instruments, such as the proposed Liquidity and Sustainability

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## HOW GABON IS RESPONDING TO COVID-19

Nicole Jeanine Lydie Epse Roboty, Minister of Economy and Recovery in Gabon, speaking during a high-level debate during COM2021:

No country was ready for the COVID-19 pandemic. Financial institutions were also not ready to immediately offer much assistance in the face of such a violent pandemic, which has greatly affected our economies. We analysed this issue on the basis of three areas.

The first one being that the crisis did not spare any country or any continent. All countries were strongly affected by the pandemic, and everybody introduced measures which some say in some instances translated to a return to protectionism. For many, many years, we have been talking and

advocating globalization and here the multilateral system was faced with a situation where it had to implement a policy they had dropped by the wayside.

The second area was that the pandemic had triggered a series of uncertainties that remain today despite the advent of the vaccine. We are announcing the second and third wave everywhere in the world, especially the multiplication of variants, which means that the efficiency of the policies that have been implemented, especially economic and social ones, have been very strongly tested by the crisis. So uncertainties still exist in the economic areas.

So what were we able to do in Gabon?

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# IL FAUT RENFORCER LES INSTITUTIONS FINANCIÈRES AFRICAINES, DÉCLARE RÉMY RIOUX DE L'AFD

Lors de la COM2021 qui vient de s'achever, Rémy Rioux, PDG de l'Agence française de développement (AFD), a pris la parole lors d'une table ronde de haut niveau sur la gestion de la dette et de la liquidité, et le rôle du secteur privé. Voici sa réponse complète à la question à savoir comment les partenaires internationaux et les institutions financières peuvent au mieux soutenir le financement de la relance de l'Afrique, notamment en ce qui concerne une nouvelle émission et distribution de Droits de tirage spéciaux du FMI et l'extension possible de l'Initiative de suspension du service de la dette du G20 (DSSI).

Comme vous le savez, nous préparons un sommet qui se tiendra le 18 mai sur le financement des économies africaines. Vera Songwe y est fortement impliquée et elle présentera des propositions au nom de la CEA. Cela fait suite à une déclaration faite par le Président Macron en 2020.

Nous espérons que des progrès seront réalisés le 18 mai et que des décisions seront prises concernant la mise en place du cadre commun sur la dette, et peut-être aussi sur la DSSI et sur la restructuration de la dette. Vous avez également parlé de l'émission de DTS et du début d'un mécanisme de réaffectation.

Un certain nombre de propositions vient d'être avancé, il y a donc beaucoup d'éléments sur la table, et cela devrait conduire à la réforme de la gouvernance financière afin de s'assurer que la dette en Afrique devienne viable sur le long terme, et nous devons nous assurer bien sûr, que nous parlons de 350 milliards de dollars nécessaires d'ici la fin de 2023. Nous devons donc libérer une part importante le plus rapidement possible.

Maintenant, je voudrais juste aborder la question des liquidités, comment nous les libérons et comment nous nous assurons qu'elles financent les bons investissements. Elles financeront les importations, elles contribueront aux dépenses publiques dans certains pays, mais je veux me concentrer sur les investissements publics et le renforcement des mécanismes financiers en ce qui concerne le secteur privé. En novembre de l'année dernière, et nous avons obtenu l'aide de la CEA pour cela, ils ont apporté une contribution spécifique au rôle des banques publiques de développement en Afrique, et je pense que nous devons saisir cette opportunité maintenant. Nous devons être très ambitieux et nous devons renforcer les institutions financières africaines afin de pouvoir financer la lutte contre le changement climatique et l'éradication des inégalités.



Nous avons défini l'agenda climatique en 2015. Nous devons nous concentrer sur les développements durables, évidemment les gouvernements et les banques publiques et les banques régionales, par exemple la Banque régionale africaine de développement.

Il existe 94 banques de ce type qui fournissent 28 milliards de dollars d'investissements chaque année. Donc, ces instruments doivent être mobilisés pour le

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"We express particular concern that the COVID-19 pandemic could heighten debt vulnerabilities of African least developed countries," read the ministerial statement.

"Five of the six countries in debt distress are African least developed countries and two of the least developed countries have decided to seek debt restructuring under the common framework for debt treatments beyond the Debt Service Suspension Initiative of the Group of 20."

"We underline the need to revisit the current system of support for

the least developed countries in the lead-up to the Fifth United Nations Conference on the Least Developed Countries, in January 2022, with a view to ensuring that international support measures provide the levels of assistance necessary for the African least developed countries and Haiti to break down the structural barriers to advancement that they face and overcome their vulnerabilities."

In the statement, the ministers recognized that, before the COVID-19 outbreak, Africa had made considerable progress towards social outcomes, with a reduction in poverty levels in most

sub regions, but the pace of poverty reduction has been slow, with gross domestic product per capita growth of 0.5 per cent, lower than the previous two decades, and that this growth trajectory, which has currently been stalled or even reversed due to the pandemic, has not been inclusive, with low job creation.

They also recognize the role played by digital technologies in transforming industry through what is referred to as the fourth industrial revolution, which includes the adoption of technologies such as industrial robots and three-dimensional printing in manufacturing,

and the use of big data and artificial intelligence in product development and e-commerce in marketing and sales, taking industrialization to an entirely new level.

During the two-day conference the ministers deliberated on the theme "Africa's sustainable industrialization and diversification in the digital era in the context of COVID-19", and considered that industrialization was arguably the only historically proven path to sustainable economic growth and development, underpinned by stronger industrialized economies, fostered by digitalization and

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diversification, and coupled with environmentally friendly policies and strategies.

“We take note of the opportunities that the COVID-19 pandemic has provided to strengthen policies and build forward better through an industrialization pathway that is environmentally sustainable and digitally empowered, which calls for policymakers to sow the seeds of a firm foundation for the digital era by strengthening research and development capabilities, mainstreaming science, technology and innovation in development policies, investing in Internet and digital infrastructure, and improving digital literacy skills and labour conditions,” said the ministers.

The African ministers acknowledged that, despite the pick-up in economic growth to 2.9 per cent in 2019, compared with 2.7 per cent in 2018, the coronavirus pandemic significantly affected African growth in 2020, with an estimated 5.4 per cent decline in gross domestic product growth rate, with adverse impact on social development, and induced severe challenges for African countries to achieve the sustainable development goals and goals of Agenda 2063.

“The pandemic has caused challenges and possible risks and uncertainties to the medium-term outlook, particularly

as a result of low economic activity due to lockdowns to combat the pandemic, the threat from climate change, the global economic slowdown and the vulnerabilities exposed by COVID-19,” noted the ministers, adding that they were concerned with the trend towards deindustrialization due the pandemic.

The ministers recognized the importance of aligning industrial policies with other relevant sectoral policies, promoting local consumption and production, participation in regional and global value chains, and capitalizing on the benefits of the African Continental Free Trade Area to stimulate the industrialization of the continent.

Of importance, the ministers said, is an inclusive industrialization and economic diversification strategy that fosters the emergence of competitive micro, small and medium-sized enterprises and a well-linked informal sector.

“It is imperative for Africa to continue adopting evidence-based policymaking processes, with the aim of planning, designing, implementing, monitoring and evaluating sustainable and inclusive development policies that foster social cohesion through quality data within the frameworks of the 2030 Agenda for Sustainable Development and Agenda 2063,” said the ministers in their statement.

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secteur privé, et ils doivent combler les déficits de financement qui existent à l'heure actuelle afin que nous puissions apporter une aide aux micro-entreprises et aider les PME, leur apporter une aide plus rapide. C'est donc le travail des IFD. Il existe de tels organismes en Afrique. Nous devons les renforcer.

En parlant de logement social, c'est là que nous devons nous concentrer

sur le développement de l'emploi et le développement de la croissance en Afrique. Nous avons travaillé avec les ministres et je saurai leur céder la parole afin qu'ils puissent parler de la manière dont nous allons puiser et créer de nouvelles ressources au cours des prochaines semaines pour atteindre les objectifs que je viens de mentionner. Je vous remercie infiniment.

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in Africa, and I think that we need to take this opportunity now. We need to be very ambitious and we need to strengthen African financing institutions so that we can finance the fight against climate change and eradicating inequalities.

We defined the climate agenda in 2015. We need to focus on sustainable developments, obviously Governments and public banks and regional banks, for example, the African regional development bank.

There are 94 such banks that provide \$28 billion of investment each year. So these instruments need to be mobilized for the private sector,

and they need to plug the financing deficits that exist at the moment so that we can provide help to micro companies and help SMEs, give them swifter help. So that is the work of the DFIs. There are such bodies in Africa. We need to strengthen them.

Talking about social accommodation, this is where we need to focus on developing employment and developing growth in Africa. We have been working together with Ministers and I will know hand over to them so that they can talk about how we are going to draw on and create new resources over the next few weeks to meet the objectives I have just mentioned. Thank you very much.

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comprehensive regulation and sustainable supply chains.”

Dr. Ghebreyesus noted that vaccines production needed to be scaled-up in countries where they are being produced with pharmaceutical companies being asked to share intellectual property rights, data and know-how in the manufacture of vaccines with Africa.

The WHO has established the COVID Technology Access Pool, known as CTAP to accelerate the development of products, including vaccines to fight COVID-19.

The pandemic has underscored the critical gap in vaccine manufacturing in Africa which represents 26 percent of the world's population but has less than 0.1 percent of world vaccines production.

“Ultimately the lesson we can learn from this pandemic is that health is not a luxury but a fundamental human right and the foundation of social and political stability,” the WHO Chief said.

Dr. Ghebreyesus called on African countries to ratify the treaty establishing the African Medicines Agency (AMA) to regulate manufacturing of home-grown medical products, in addition to supporting a proposal by South Africa and India for Intellectual Property rights waiver at the World Trade Organisation.

“We are one year with this global pandemic and vaccine apartheid is unfolding before us,” bemoaned Winnie Byanyima, the Executive Director of the Joint United Nations Programme on HIV/AIDS (UNAIDS). She said a year on, there was no global plan to get COVID-19 vaccines

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to everyone and to end the pandemic, yet 25 years ago the world acted on ending HIV/AIDS.

"Rich countries are vaccinating people at a rate of one person per second yet the majority of developing countries have not administered even one dose. As of last week less than one percent of Africans had received vaccines and most of these were in one country."

Ms. Byanyima regretted that Africa's ambition to vaccinate 60 percent of its population to achieve herd immunity was not handled at the global level. Rich countries and big pharmaceuticals were not sharing the vaccine know-how while African countries were paying double the price for vaccines than rich countries.

Responding to questions of sharing intellectual property, Susan Silbermann, the Global COVID-19 Task Force Leader and President of Pfizer Vaccines, said Pfizer was ready to work with Africa. It has laid out a plan to share expertise, data and tools publicly in drug development and in manufacturing capacities.

"There are lot of questions about intellectual property, about manufacturing capabilities, about

building facilities," Ms. Silbermann explained. "These things take time. There is not a magic wand, there is not a snapping of the finger. There is not a writing of a big check that it can allow anyone anywhere in the world to do the kind of manufacturing that is required for vaccines such as the one Pfizer has developed."

Stavros Nocolaou, the Senior Executive responsible for Strategic Trade at global pharmaceutical company, Aspen, said the best economic recovery plan for any country was to ramp up vaccinations to achieve desired herd immunity. He called for long term planning to invest in capacity building and skills. Key to this was for Africa to identify its strengths and to select the right partners to tap into local resources and knowledge.

Africa is ready to produce vaccines because it has produced vaccines for other diseases, the Africa Centres for Disease Control and Prevention (Africa CDC) Director, Dr. John Nkengasong said.

"We know that vaccines are the fundamental underpinning of the health security on the continent and we have to invest in that," Dr. Nkengasong said, adding that, "If we do not do this

we will move towards the endemicity of this virus on the continent and will have devastating effects going forward."

Benedict Oramah, President of the Africa-Export Bank (Afreximbank), said Africa had no choice but to invest in developing its own vaccines. The Bank has provided a \$2 billion funding for the purchase of 270 million doses of vaccines. Africa needs more than \$6 billion to procure vaccines to complement the COVAX facility.

Mr. Oramah said Africa should support its own institutions to finance the development of its own vaccines.

Drawing lessons from the experience of dealing with the Ebola outbreak in Sierra Leone, Francis Kaikai, the Minister of Planning and Economic Development, noted the importance of rolling out vaccines on time and planning for the long term.

"There has been some reticence in the acceptance of the vaccines. We need to do public education campaigns to deal with misinformation and disinformation especially in rural areas," Mr. Kaikai urged.

His counterpart from the Democratic Republic of Congo, which has also been hit by the Ebola virus and now COVID-19 with the rest of the continent, Sele Yalaghuli, said bilateral agreements were needed to help Africa procure vaccines.

Dr. Amadou Sall, Chief Executive Officer of the Institut Pasteur de Dakar in Senegal, said urgency was required to solve the pandemic and scale-up the roll out of vaccines. The Institut Pasteur conducted the first COVID test kit in Africa and isolated the virus for the yellow fever and developed a vaccine for it within ten years.

He told the panel that a coordinated approach was key in vaccine research and development, in addition to good partnerships and having a distribution network to reduce commercial barriers as well as having robust regulations.

"We have the possibility to produce this vaccine on the continent and we could build a new public health order," said Dr. Sall.

The panel agreed that bolstering capacity in Africa to manufacture COVID-19 vaccines would go a long way towards helping the continent's recovery.



## HOW GABON IS ...

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Gabon, with the support of the international financial institutions, was able to implement instruments which helped respond to the health emergency. Gabon benefited from financial support of the IMF as well as the World Bank, also the African Development Bank and the French Development Agency, and generally speaking, of the European Union. We are still holding conversations with the Development Bank of the Central African States to see if they can accompany and support us to reduce the impact of this crisis.

The responses used so far have not been sufficient but be that as it may, we have been able to benefit from donations. Gabon literally was excluded from the world system when it was facing the same constraints, namely reduction of resources and increase in expenses, since it is a medium-income earning country.

We thought that the initiative on the debt was going to help us to sort out some problems in the short-term, pending some solutions to try and solve this debt services issue. So in the medium-term are talking about the green economy. The development of the green economy is the answer to the future for countries like ours. A clear legal framework and incentives for

green growth are important as we work towards the recovery of our economy. We have also begun thinking and discussing about this with the assistance of international organizations and donors in general, as well as technical partners, for example putting in place a policy on carbon credit.

So what measures could guarantee the availability of the accumulated debt by the African countries? African countries continue to fight COVID-19 with few resources and insufficient vaccines. The debt of African countries has strongly increased because the GDP has decreased and this in turn has contributed to reducing financial resources.

To improve these economic problems and debt servicing, we would like to convert the debt, the ones that we have, with the developing institutions into development investments so we'd have to reconvert this debt to be able to fill the gap. And we will have to promote a better well-being of our population in general.

We have put in place a transformation plan which has three main pillars. We believe that the multilateral system can help us address the problems we are facing with COVID-19 for the future and betterment of our respective countries.

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Facility (LSF), combined with instruments like the Policy-Based Guarantee of the World Bank Group, could play an important role in this respect by catalysing investments, creating jobs and supporting African countries in building forward better.

They said the private sector must be a key partner in Africa's recovery from COVID-19, adding blending public and private resources would be vital. At least 40 percent of the continent's total debt is from the private sector, compared to a bilateral debt exposure of 27.6 percent.

The ministers registered their disappointment in the slowness African has been accessing vaccines and funding for vaccine equity.

"Without rapid access to vaccines, the tidal wave of new coronavirus infections will overwhelm our fragile health systems, decimate limited human resources and set back our recovery."

African countries exhibited resilience in their initial response to the pandemic, they noted, mobilizing approximately \$44 billion in domestic resources to fight the pandemic.

The ministers committed to putting together a comprehensive reform

package of fiscal policy management and structural policy to make sure the continent grows out of this crisis fast and grow out of it fast.

"On our part, Africa is committed to implementing the necessary reforms needed to promote transparency and accountability in the mobilization and use of domestic and external resources," they said, adding global support was needed to aid Africa's battle against illicit financial flows.

During the two days, the ministers discussed diversification, industrialization, trade, vaccines and the need for Africa to mobilize more domestic resources to help fund its development. Investments in sustainable and technology-enhanced agriculture, renewable energy and transport, digitalization, biodiversity, and human capital development, they agreed, were essential for recovering and building forward better.

The ECA was urged to continue building capacity in member States, especially in e-commerce, competitiveness issues, and the AfCFTA to build and enhance sustainable regional value chains.



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