

The Executive Secretary

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Excellences,

Report on African Ministers of Finance Meeting: Emergency Request to the international Community on COVID-19 Response

Over 41 African countries are now hit with the Corona virus. The numbers have gone from below 70 people affected ten days ago, to over 1,200 as of March 22, 2020. Recognizing the impact that the COVID-19 is having and is going to have on African economies, an African Ministers of Finance web conference hosted and organized by the Economic Commission for Africa, to discuss its COVID-19 impact on Africa. This was co-chaired by Tito Mboweni, Minister for Finance, South Africa and Ken Ofori-Atta, Minister for Finance, Ghana. This letter is to share what Africa has done and plans to do, but also to show how and where your institutions could assist. We are also aware that there are global discussions that are going on in the different intergovernmental configurations such as the G-20, and this letter presents the efforts and ideas from the African Ministers of Finance for coordination purposes.

During our web conference, the African Ministers reiterated the significance and gravity of the effects of the coronavirus outbreak and stressed the need for immediate response to mitigate its spread. They underlined the need for a coordinated approach in designing measures to combat the virus as well as the importance of being strategic in order to better optimize resources allocated to fight the COVID-19 virus.

Based on the results from those countries (e.g. Senegal, Morocco, Djibouti, South Africa, Togo, Ivory Coast, Rwanda, Ethiopia, Chad and Ghana) where some work on scenarios and forecasts are being done on the COVID-19 impacts, it is emerging that in lower case scenario, African countries are likely to experience declines in GDP growth rates of 2-3 percentage points in 2020 if the spread of COVID-19 is not contained in the short-term.

The following are the policy responses and immediate actions that the Co-chairs believed there was a broad consensus on amongst the African Ministers, which we would like to share with you:

1. **Africa needs huge and immediate additional resources of \$US100 billion for the immediate response;** with the lead from the multilateral financial institutions, the World Bank, The IMF, the European Investment Bank, ECB, including the African Development Bank and other partner institutions like Afreximbank and regional development banks. They stressed the need to avail such resources through budget support, or extended credit facilities, stressing the need to use existing structures to speed up the process. Recognizing that countries are being affected differently and will need to respond in a country context, countries have been urged to share requests to ensure coordinated response. Given the urgency with which the resources are required, the Ministers suggested the US\$100 billion could be disbursed in the following manner:
 - a. For the public sector, the Ministers recommend the immediate **waiver of all interest payments on all debt estimated at US\$44 billion for 2020** with possible extension to the medium term. This would provide countries with immediate fiscal space and liquidity. This should include interest payments on public debt and sovereign bonds.
 - b. In the case of the private sector, the Ministers identified **the immediate waiver of all interest payments on trade credits, corporate bonds, lease payments and activation of liquidity lines for central banks** to ensure countries and businesses can continue the purchase of essential commodities without weakening the banking sector. This should be coupled with policies to keep businesses open in order to maintain jobs. Specifically, the Ministers agreed that **waiving tax payments in critical sectors and local sourcing by the public sector** in its response to the crisis would support the **SMEs** and other businesses.
2. **The need for an immediate health response.** The Ministers recognized the vulnerability of people, especially those living in informal settlements in urban areas of Africa. They recommended the following measures.
 - a. **Work with WHO and continental institutions like the Africa Union CDC to provide immediate funding for the health response.** An immediate suggestion will be to activate the **Global Fund** resources where possible. Ministers emphasized again the need to work with existing institutions and strengthen existing systems.

society. Governments could also use digital technologies as a medium of information to contain the spread of COVID-19 and also to ensure business continuity.

7. **Work with technology companies.** Working closely with technology companies in targeting and delivery of services as well as in assessing and analyzing data will help countries in reaching as many citizens as possible. This will also entrench and strengthen the technology sector in the continent, keeping jobs and opening new opportunities, while building readiness capacity for any future epidemics or pandemics.
8. **Medium to long term solutions will be needed to help economies recover following the immediate crisis at hand.** While these are short term measures, we will need to look at medium to long term measures to continue to support the recovery.

Thank you for your attention to this. The ministers also decided to use the platform to continue having discussions on the response to the crisis and use it as a platform for exchange of experiences. As we refine the medium and discussions proceed we believe your participation in the meetings would be very beneficial.

Please accept Excellences, the assurances of my esteemed consideration and we pray we all stay safe during these trying times.



Vera Songwe
Executive Secretary

United Nations Economic Commission for Africa

CC:

Tito Mboweni, Minister for Finance, South Africa and Member of South Africa's Delegation to the G-20

Ken Ofori-Atta, Minister for Finance, Ghana, Chair of the Development Committee of the World Bank and Intergovernmental Group of G-24

Akinwumi Adesina, President of the AfDB

Hafez Ghanem, Vice President of the World Bank for Africa

Abebe Aemro Selassie, Director of the African Department at the International Monetary