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COMMUNIQUE OF THE TELECONFERENCE BETWEEN THE AFRICAN UNION COMMISSION, THE F15 FINANCE MINISTERS AND THE AU SPECIAL ENVOYS FOR THE MOBILIZATION OF INTERNATIONAL SUPPORT FOR AFRICA'S RESPONSE TO THE COVID-19 PANDEMIC

Addis Ababa, October 9 2020 – As part of the continuing efforts to address the impact of the COVID-19 pandemic, a teleconference was held on 09 October 2020 between the African Union Commission, the F15 Finance Ministers and the AU Special Envoys, for the mobilization of international support for Africa's response to the COVID-19 pandemic. The purpose of the meeting was for the Finance Ministers, Special Envoys, and the AUC to collectively discuss and agree upon a coordinated approach for the negotiations of resources to secure the COVID-19 vaccine for the continent and build back the economies.

In his welcome address, H.E. Prof. Victor Harrison, Commissioner for Economic Affairs at African Union Commission (AUC) highlighted the various initiatives being undertaken by African countries and the AUC to curtail the pandemic and sustain economies. He commended the AU Special Envoys' work in mobilizing resources for the continent, including grants and loans received as emergency support by African countries. He noted that the International Monetary Fund (IMF) increased its support to the continent from US\$4 billion to US\$24 billion, with ongoing negotiations for the allocation of Special Drawing Rights (SDRs) to enhance the liquidity of governments. He concluded by reiterating the importance of a coordinated and harmonised approach to negotiations for resources for the continent, towards securing vaccines and building back the economy.

H.E. Mr. Tahir Hamid Nguilin, Minister of Finance of the Republic of Chad and Chair of the F15, emphasized the need for additional resources for the continent and commended member states for their efforts so far, despite the limited resources at their disposal. He underscored the need for the AUC, the F15 Ministers, and the Special Envoys to take stock of progress made on the current activities and devise additional strategies for better effectiveness.

Update by the Special Envoys

Dr. Donald Kabureka, representing the AU Special Envoys for the mobilization of international support for Africa's response to the COVID-19 pandemic stressed that, the pandemic had wiped out the benefits of the economic reforms undertaken over the last two decades in Africa, and is likely to hinder the continent from achieving the SDGs. With regards to the debt moratorium, the Special Envoy stated that only 26 of the 38 eligible countries had applied and managed to create fiscal space of US\$ 1.8 billion. He noted that other countries were hesitant to participate in the moratorium due to the stigma around the moratorium, including fear of anticipated negative ratings from international credit rating agencies, denial of future access to capital markets, and excessive cross conditionalities. He further noted that they were working on the extension of the moratorium to the end of 2021.

He commended the IMF for the flow of resources to the continent, noting the US\$26 billion received from the IMF since the beginning of the pandemic, and encouraged the Ministers of Finance to seek additional resources from the IMF. He informed the meeting that China was participating in the moratorium through

the China Eximbank. He noted the need to clarify whether the funds released by the World Bank were additional resources, or a re-allocation or reprogramming of existing resources.

The Special Envoy appealed to the Finance Ministers to obtain the Special Drawing Rights (SDRs) and consider leveraging it with market sources through a trustworthy institution, such as the African Export Import Bank (Afreximbank). He emphasised that this will enable Africa to have a second source of funding to procure vaccines and support the rebuilding of the private sector and African commercial banks. The Special Envoy stressed the importance of private and commercial creditors' participation in supporting Africa's recovery.

The Special Envoys recommended that Africa should work together to avoid disorderly default to lenders, negotiate collectively in the bargaining, and ensure Africa's voice is amplified during annual meetings of the IMF/World Bank and other global forums. They highlighted that these measures were important to ensure the credibility of countries and to protect access to capital markets in future. Lastly, the Special Envoys highlighted the importance of strengthening direct relationships between the Finance Ministers and Health Ministers.

Vaccine Finance

Mr. Strive Masiyiwa (AU Envoy for COVID-19 Procurements), highlighted that all African countries are able to procure medical supplies and equipment through the African Medical Supplies Platform (AMSP), and there are no longer shortages. To date, the platform has over 650 suppliers, with Afreximbank facilitating payments between buyers and suppliers. He noted that Afreximbank has also made an overdraft facility available for countries that need short term funding for quick procurement.

He stated that African countries may face challenges acquiring sufficient doses of the COVID-19 Vaccine, noting that the GAVI COVAX initiative, while very good for the continent, may not have the capacity to fully supply Africa with the required volumes, hence the need to access the market to bridge the gap. He stated that an estimated US\$10 billion dollars is required for Africa to acquire vaccine doses that will cover 60% of the population, and appealed to the Finance Ministers to commit a portion of anticipated SDRs of about US\$1.5 billion, and leverage the amount through the Afreximbank to enable the purchase of vaccines to fill the gap. He warned that failure to secure adequate doses of vaccines for the continent may significantly delay the continent's recovery from the ravages of the pandemic.

Other Initiatives

H.E. Ken Ofori-Atta, Minister of Finance, Ghana, Chair of Development Committee of the World Bank and co-chair of Global liquidity and financial stability and Dr. Mohamed Maait, Minister of Finance, Arab Republic of Egypt, Co-chair on Discussions Group on External finance, remittances, jobs and inclusive growth provided overviews on work in their respective groups, which were noted by the Ministers.

Afreximbank's Capitalisation

Professor Benedict Oramah, President of Afreximbank noted that COVID-19 has reminded Africa that lack of capital remained a binding constraint to Africa's growth and development. He emphasised the value of an alternative financing system for the continent, in addition to foreign funding, stating that the Afreximbank was ready and willing to bridge the vaccine funding gap by leveraging the SDRs from the IMF. He highlighted the Bank's track record of providing substantial support to African countries during the pandemic and in past crises, noting that Afreximbank approved and disbursed funds of over US\$6 billion over the past 6 months, to complement continental and national efforts in addressing immediate needs during the pandemic.

In addition, Prof. Oramah emphasized that increased capitalization of Afreximbank would deepen and expand its effectiveness and enable the Bank to intensify its post-COVID-19 interventions, including through vaccine financing by committing US\$5 billion in financing the procurement of vaccines on the continent, and dedicating a US\$300 – US\$500 million facility to support the development of at least two vaccine manufacturing facilities on the continent. He reiterated that capitalization will enable the acceleration of a private sector-led economic recovery, as well allow expansion of the Bank's commitment to the AfCFTA

Adjustment Facility from US\$1 billion to US\$3 billion, among other benefits. Further to this, additional capitalisation will help realise new and funding opportunities for African countries.

Recommendations and Way forward

In conclusions, the F15 Ministers:

- Urged for a collective approach, as well as speaking with one voice in Africa's negotiations with the international community, for additional resources to curtail shocks posed by the pandemic and ensure access to COVID-19 vaccines;
- Endorsed the additional capitalization of Afreximbank, by leveraging US\$1.5 billion of the SDRs to support the continent in the procurement of the COVID-19 vaccines, expand Afreximbank's capacity to support African economies and their private sector, and to rebuild their economies post pandemic, including support the implementation of the AfCFTA;
- Urged the Special Envoys to engage and assess the issue of additional resources from the World Bank, to evaluate if it is only reallocating or reprogramming existing resources, while emphasising the need for additionality;
- Noted that Africa must develop a mechanism to ensure access to adequate vaccines for the continent to complement the Gavi COVAX facility;
- Urged for rigorous action by the Ministers of Finance, to ensure that Africa does not diverge from the rest of the world; and called for the strengthening of the coordination between the Special Envoys, the Ministers of Finance and Ministers of Health in mobilising additional resources.

For more information on AUC response to the mobilization of International support for Africa's response to COVID19, please contact:

Dr. Dossina YEO, Head of Economic Policy and Research Division, Department of Economic Affairs, African Union Commission; **Email:** EconomicAffairs@africa-union.org

Media Contact

Directorate of Information and Communication | African Union Commission | **E-mail:** DIC@african-union.org | **Website:** www.au.int | Addis Ababa | Ethiopia | Follow Us: Facebook | Twitter | LinkedIn | Instagram | YouTube