Beat: Business

PUBLIC DEVELOPMENT BANKS CALL FOR NEW FINANCING FOR AFRICA´S RECOVERY POSTCOVI

AfDB IDFC and AFD

Paris, Washington DC, Zanzibar, 13.05.2021, 00:57 Time

USPA NEWS - A global coalition of public development banks today emphasized the urgency of immediate resources for Africa´s recovery post-Covid 19. Together, they committed to deepening cooperation to boost investment opportunities across the continent.
Participants in the meeting, hosted by the African Development Bank, brainstormed on joint actions that could help boost a strong and inclusive recovery in Africa. This would be recovery grounded in a dynamic private sector. The African Association of Development Finance Institutions co-organized the meeting in collaboration with the International Development Finance Club, which is hosted by the Agence Française de Développement.The meeting was held virtually and follows the first Finance in Common Summit held in November 2020. At that summit, public development banks committed to work together to support the transformation of the global economy and society towards sustainable and resilient development.

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The meeting was held virtually and follows the first Finance in Common Summit held in November 2020. At that summit, public development banks committed to work together to support the transformation of the global economy and society towards sustainable and resilient development. During the three principal sessions of the meeting, heads of public development banks and international partners focused on concrete proposals and innovative financial solutions to unlock the potential of African financial institutions to promote sustainable development investments in Africa.----------
“The African Development Bank is strongly supportive of public development banks,“ African Development Bank president Dr. Akinwumi A. Adesina said in opening remarks. He added: “As public development banks, we must deepen our ability to reach all parts of Africa. To ensure financial inclusion, especially for the unbanked, and expand access to finance, savings and insurance products and services, we need to work as one unified system. Public development banks must strengthen their capacity to deepen domestic capital markets and stock exchanges. He said this would hasten access to financing and unlock new opportunities.“----------
Remy Rioux, chairperson of the International Development Finance Club, said: “African challenges, more than anywhere else, require us all to go seek coordinated responses and actions. Because in Africa, we need to leave no one behind. Let´s Finance in Common and build now a common and positive story of innovation and investment in Africa, leveraging ODA and mobilizing all willing stakeholders. The days of pure aid are over. Africa is ready for sustainable investment.“

Public development banks have a key role to play in Africa. From the beginning of the Covid-19 pandemic, institutions like the African Development Bank have channeled resources to various sectors and clients, particularly underserved areas like health, social investments, housing, agriculture and climate. The African Development Bank´s $10 billion Covid-19 Response Facility has been instrumental in mitigating macroeconomic shocks for African countries. The Bank also announced a $3 billion social bond to support its Covid-19 funding efforts.----------
The Covid-19 pandemic has led to an unprecedented global health and economic crisis, affecting African economies, particularly in sub-Saharan Africa, most deeply. A historic recession of 2.1%, the largest contraction for the sub-Saharan region in more than half a century, is threatening gains made over the last decade and attainment of the UN Sustainable Development Goals. The pandemic has negatively impacted the debt situation for African countries. Without a resolution of Africa´s $700 billion external debt, the continent´s economic recovery will be delayed and financial market stability will be affected in the short and medium term. “Think of the impact that this debt is having: in 2019, Africa paid $221 billion for debt service, which is 44% of the total government revenue of $501 billion in the same year,“ said Dr. Adesina.----------
Discussions covered measures that could be taken to strengthen the balance sheet of African public development banks and provide

financing and additional tools to support the private sector in Africa. Participants also discussed challenges faced by African public development banks.----------
The African Development Bank president will convey the outcomes of the Spring Meeting to a May 18 Summit on Financing African Economies in Paris. That summit is being convened by French President Emmanuel Macron. It is expected that there will be further pledges and announcements of financial and technical assistance to support the commitments made by the African public development banks. African public development banks, in a joint declaration (https://bit.ly/3vZUTmP), called for the heads of state and international organizations to support our role in the African financial system and provide us with the necessary means and incentives: a clearer mandate for climate and SDGs, additional capacity building, greater access to concessional resources as well as reinforcement of our capital bases, taking advantage of the expected SDRs issuance by the International Monetary Fund (IMF)“.
THE FOLLOWING PUBLIC DEVELOPMENT BANKS AND PARTNERS PARTICIPATED IN THE PANEL DISCUSSIONS----------
Association of African Development Finance Institutions (AADFI), Association of European Development Finance Institutions (EDFI), African Development Bank, African Export-Import Bank (Afreximbank), Agence Française de Développement (AFD), Development Bank of Southern Africa (DBSA), European Commission (EC), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Foreign, Commonwealth and Development Office (FCDO), International Development Finance Club (IDFC), KfW Development Bank, Trade and Development Bank Group (TDB), and West African Development Bank (BOAD). Source: African Development Bank Group (AfDB).

Article online:
https://www.uspa24.com/bericht-18704/public-development-banks-call-for-new-financing-for-africas-recovery-postcovid.html

Editorial office and responsibility:
V.i.S.d.P. & Sect. 6 MDStV (German Interstate Media Services Agreement): Rahma Sophia Rachdi & Jedi Foster

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Editorial program service of General News Agency:
UPA United Press Agency LTD
483 Green Lanes
UK, London N13NV 4BS
contact (at) unitedpressagency.com
Official Federal Reg. No. 7442619