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# **G20 COMPACT** **WITH** **AFRICA**

**COMPACT MONITORING REPORT**

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## OVERALL ASSESSMENT OF PROGRESS

Launched in March of 2017 under Germany's presidency of the G20, the Compact with Africa (CWA) is the central pillar of the G20 Africa Partnership and its mission to support private investment, sustainable infrastructure, and job creation in African countries. The Compact has 12 members: Benin, Burkina Faso, Côte d'Ivoire, the Arab Republic of Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda, Senegal, Tunisia, and Togo.

The basic premise of the Compact is that macroeconomic stability, an investor-friendly business environment, and effective financial sector intermediation are necessary conditions to spur private investment. Through improvements in policy and regulations under these three "pillars," the Compact seeks to catalyze increased private sector investment in Compact countries and to strengthen links between the G20, international organizations, and African countries.

This third annual monitoring report, prepared under the auspices of the G20 African Advisory Group (AAG) co-chaired by Germany and South Africa, formally covers the year ended February 29, 2020. Following that date, the World Health Organization declared the COVID-19 Pandemic on March 11, 2020, now a global health emergency that has touched almost every country in the world, propagating an unprecedented economic crisis expected to result in a global recession both deeper and longer than the 2009 global financial crisis, and one expected to plunge Sub-Saharan Africa (SSA) into recession for the first time in twenty five years<sup>1</sup>. Given this background, this year's recommendations focus on actions that Compact countries may wish to take with a view to ensuring an early and sustained economic recovery, from the Pandemic. In deciding on the choice of policy directions, CWA countries will need to make trade-offs, anchored in their own particular economic structure, and the capability of their state institutions, while at the same time being mindful to avoid social discontent that can arise from policy missteps and that can cause further economic disruption.

Continuing previous practice, country specific updates are included in this progress report (See Annex 1). Each country summary outlines progress on key reforms through end-February 2020 and includes information on key private sector challenges and constraints. At a program level, three important patterns were emerging, across the Compact countries, prior to the advent of COVID-19. These were:

- A continued and strong commitment to maintaining macroeconomic stability, enabling Compact countries to outperform global and regional growth rates.
- A reform focus, reflected in multi-year programs, providing increasing confidence to potential investors and helping to ensure foreign direct investment levels held up.
- Increasing recognition of the importance of a multi-stakeholder platform, in this case the CWA country teams, through which government and the private sector come together on a regular basis to identify constraints to, and agree on policy options to enhance, private sector development.

While these patterns reflect a backward-looking perspective, their importance going forward lies in the foundation they have afforded CWA countries in selecting and implementing appropriate policy responses —which will be essential in the post-COVID-19 recovery.

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<sup>1</sup> As at May 5, 2020 only a dozen countries had no reported cases, there are over 3 million confirmed cases and over a quarter of a million deaths. (Data source: WHO situation reports and John Hopkins University).



## **A Robust Economic Foundation**

Eight of the Compact Countries - Benin, Burkina Faso, Côte d'Ivoire, Guinea, Rwanda, Senegal, Togo and Tunisia had an IMF program in place during the year. In addition, Ghana's Extended Credit Facility was completed in March 2019 and Egypt's Extended Fund Facility was completed in July 2019. Consistent with this, maintaining macroeconomic stability has been a characteristic of the Compact countries.

**Growth performance.** Growth in CWA countries accelerated following the initiative's launch, and outpaced emerging market and developing country peers. In 2019, (weighted) GDP growth accelerated to 5.4 percent (up from 4.8 percent during 2015-17), compared to 4.6 percent in emerging market and developing economies. However, growth performance varied significantly across CWA countries. Growth was muted among the North Africa (NA) CWA countries (3 percent in 2019) already facing headwinds from declining oil prices and FDI flows.<sup>2</sup> SSA CWA countries on the other hand experienced an increase in growth from 6.5 percent in 2015-17 to 6.9 percent in 2019, despite being weighed down by subdued global export demand and falling commodity prices.

**Trade.** Export performance had been a bright spot in recent years for CWA countries. During 2015-17, export growth averaged 5.1 percent, already significantly higher than emerging markets and developing economies (3.8 percent). Export growth, together with some compression of demand from fiscal consolidation, improved terms of trade, and the benefit of lower oil prices in non-oil exporters, contributed to a narrowing of the (weighted) average current account deficit from 5.6 percent of GDP in 2015-17 to 4.5 percent in 2019.

**Debt vulnerabilities.** Public debt in CWA countries was elevated compared to emerging market and developing countries but was already on a downward trajectory by February 2020. Debt ratios among CWA countries fell by 5 percentage points of GDP between 2015-17 and 2019, in contrast to an average increase of 7 percentage points among peers over the same period. Adjustment came mainly through expenditure compression, as revenues remained broadly unchanged (at about 20 percent of GDP). This positive overall trend, however, masked wide disparities in debt vulnerabilities across CWA countries, with a few countries already at high risk of debt distress (Ghana, Ethiopia) and some countries facing the possibility of fiscal and balance of payments financing gaps as their fiscal and reserves buffers are depleted in 2020 with the advent of COVID-19.

**Reforms.** Compact countries demonstrated their multi-year commitment to, and continued to make progress in, improving their business environments in a myriad of ways. For example, Côte d'Ivoire established policy and regulatory frameworks for the introduction of environmentally sustainable standards in cocoa and renewable energy, and to promote expansion of the renewable energy sector. It also launched reforms covering commercial courts, e-procurement, contract enforcement, paying taxes, property rights and e-single window. Ghana similarly made significant progress in undertaking reforms to improve the performance of the energy sector and strengthen government capacity. It enacted a new Companies Act (Act 992), streamlined business registration procedures, and established the Autonomous Office of the Registrar to support business entry and operation.

*Doing Business 2020* showed improvements in the ease of doing business score in all 12 CWA countries between DB19 and DB20. Both Morocco (score of 73.38 in 2020) and Rwanda (score of 76.48 in 2020) moved into the top quartile of the ease of doing business table and were within reach of both the OECD average (score of 78.35 in 2020) and Mauritius (score of 81.47 in 2020), the highest ranked African country. However, despite the consistent improvement in the past three years, some of the Compact countries in SSA, such as Ethiopia, Senegal, Côte d'Ivoire and others with significant growth potential were still considerably below the SSA average (63.69 in 2020). These

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<sup>2</sup> See IMF Regional Economic Outlook for Middle East and Central Asia (October 2019).



countries therefore have an important opportunity, now an imperative in a post COVID-19 world, to accelerate their reform processes.

**Foreign direct investments.** Cross-Border Investment (CBI) announcements to CWA countries rebounded strongly in 2019<sup>3</sup>. Over US\$39 billion of announced investments were recorded across 483 projects, representing a growth of 25% in volume and 58% in the total number of projects. Investment flows between CWA countries also increased significantly, from US\$ 189 million (18 projects) to US\$ 648 million (24 projects), pointing to greater intra-regional investment dynamics. The top 3 investment destinations among the CWA countries were Egypt with \$13.7 billion and 140 projects, followed by Ghana with US\$4.8 billion across 45 projects, and Morocco with US\$ 3.1 billion and 111 projects. On the other hand, Togo and Benin while smaller markets, posted impressive performance with 11.5X and 3.5X higher volumes compared to the total volumes over the past 4 years and pointing to the beginnings of a shift of new investments also into the smaller countries.

G20 and European Union countries continued to account for most of the cross-border investment into CWA countries, with over US\$25 billion in announced investments in 2019 alone. While welcoming the significantly increased government-to-government financing from G20 countries that supported the implementation of key reforms, CWA countries expectations of a much larger volume of foreign direct investment from G20 private sector persists and continues to underpin a sense of disillusionment with the Compact.

**Compact with Africa country teams.** The CWA initiative continued to provide a platform for government to interact more systematically with the private sector and development partners. This dialogue, particularly in Ethiopia, Côte d'Ivoire, Ghana, Senegal, Morocco and Tunisia promoted a greater shared understanding of business environment concerns and the reforms needed to address those constraints. In countries, such as Morocco, Senegal and Ethiopia, the CWA country team has blended with an already strong 'home-grown' approach to strengthen private sector developments for economic growth and job creation. In other countries there is recognition that the CWA country team, co-led by the Government, is a premier forum in which to discuss private sector issues in a process that is owned by the Government. In other CWA countries, particularly in those where there is not an alternative public-private forum, there remains an opportunity to develop a robust CWA country team.

### **Key Economic Impacts of COVID-19 on CWA Countries**

As 2019 ended, CWA countries already faced significant and mounting downside global and regional risks. The threat of rising protectionism, a sharp increase in risk premiums or reversal in capital inflows owing to tightening global financial conditions, and a much faster-than-anticipated slowdown in China and in the euro area, all weighed on economic prospects in 2020-21. In addition, SSA CWA countries were contending with the possibility of a further spread of the Ebola epidemic from Democratic Republic of the Congo to neighboring countries and the region, the worst desert locust plague in decades threatened food supply and livelihoods of tens of millions across East Africa and beyond, while rising social tensions posed an ongoing risk to macroeconomic stability in NA CWA countries. The COVID-19 Pandemic, and the social distancing and lockdown measures countries adopted to try to contain its spread, has since unleashed a global economic crisis that in scale and impact has no precedent since the Great Depression. As of May13, 2020 there were 31,729 cases of COVID-19 across all 12 CWA countries, with Guinea, Morocco and Ghana being the most affected.<sup>4</sup> The Pandemic is having multiple economic impacts on CWA countries, key of which are set out in the following pages.

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<sup>3</sup> The CBI is used here as a proxy for FDI data which is published in July and is therefore unavailable at the time of this report. The full FDI update will be provided at the Annual Meetings 2020.

<sup>4</sup> Source: John Hopkins University Coronavirus tracker.



### Box 1. Highlights of Transmission Channels - Ethiopia, Guinea, Rwanda and Tunisia

**Ethiopia:** *The economy is highly exposed to the shock through the large contribution of air transportation to exports: the national carrier, Ethiopian Airlines, which has the largest fleet in Africa, is expected to suffer USD 1 billion in revenue loss in the first six months of 2020 due to cancelled flights. Tourism and hospitality services have declined substantially. Flower exports to Europe have also declined significantly due to lack of demand and closure of airports on the continent. Further, while Ethiopia benefits from lower oil prices, the prices on its main export commodities such as coffee and oil seeds have been adversely impacted by the crisis. Finally, remittances, an important source of foreign exchange, have slowed significantly.*

**Guinea:** *The key external channels are spillovers from lower demand from Guinea's main trading partners (China and Europe), reduction in commodity prices, lower net inflows of FDI in the mining sector, and contraction of remittances. More specifically, mining products, mainly bauxite/aluminum and gold, account for 82-88 percent of exports and contribute 15-21 percent of tax revenues. The price per ton of aluminum however contracted by 12 percent (\$1,714 to \$1,506) between the beginning of the year and the end of March 2020. FDI flows could also become more constrained, hindering the development of infrastructure projects including roads, railway lines, ports, and transmission lines and delaying exploitation of Simandou iron ore mine.*

**Rwanda:** *The main transmission channels include the impact of current containment measures on overall economic activity, especially for the urban service sectors (both formal and informal), shortfalls in export revenues, and uncertainties related to planned FDIs in Rwanda's priority sectors such as business and eco-tourism and air-transportation. It is estimated that in US\$ terms, Rwanda will see a 40 percent decline in its export receipts in 2020. Around 20 percent of Rwanda's export receipts are generated through tourism, and an additional 10 percent of export receipts are generated by air-transportation services through Rwandair which is also not operating. Given risks to the outlook of global air transportation industry, substantial volumes of FDI expected to support Rwanda's transformation into a major regional connectivity hub may also be delayed.*

**Tunisia:** *Tunisia's economy is substantially integrated into global value chains and so the main transmission channels is through sharply reduced demand for its manufactured products. Other transmission channels include the impact of current containment measures on domestic consumption and a contraction in remittances. On the exports front, the textiles, mechanical and electrical industries sectors have been impacted significantly with 60% of orders cancelled, according to an opinion survey of business leaders in March 2020. The steep decline in household demand for transport, hospitality and catering services, leisure, trade and crafts is impacting the services sector. While, job losses impacting Tunisians who have now returned from working abroad has contributed to the contraction in remittances.*



**COVID-19 is impacting economic activity in CWA countries.** In addition to exacting a heavy human toll, it is impacting economic activity through multiple channels of transmission including:

- disrupting trade and value chains in commodity exporters as well as countries with strong value chain participation;
- reducing foreign financing flows in the form of lower FDI, lower remittances, lower tourism revenues, and massive capital flight;
- introducing volatility and declining commodity prices due to reduced external demand; and
- decimating domestic production and demand as a result of containment and mitigation measures to limit the spread of the disease.

**In CWA countries growth is projected to result in the worst-reading on record.** While better than the projected global growth of minus 3 percent, in CWA countries (weighted) growth is projected to fall to just 1.2 percent, a downward revision of more than 5 percentage points from pre-COVID-19 growth projection. GDP per capita in CWA countries is expected to fall by 0.9 percent in 2020, the lowest level on record, putting downward pressure on living standards. Under an adverse scenario where lockdowns are more protracted and the identification of treatments and vaccines takes longer than expected, the crisis could be significantly worse and the recovery far more tepid.

**An additional 26 million people are likely to fall into extreme poverty in Sub-Saharan Africa in 2020.** As a result of drastically reduced growth rates, the impact on extreme poverty (defined at the international poverty line of \$1.90 per day in 2011 PPP) in SSA will be significant. The poverty rate for SSA will likely increase by more than two percentage points returning SSA to 2015 poverty levels, with half of the new poor living in five countries, including Ethiopia. In the Middle East and Africa (MENA) region where extreme poverty had almost been eradicated pre-COVID-19, those at risk of falling into poverty are the self-employed and informal sector workers (for example migrants) who lack any form of social protection, as well as those working in vulnerable sectors (such as tourism, retail, textile, and garment industries in Tunisia, Morocco, and Egypt).

**Exports will be especially hard hit by COVID-19 since mitigation and containment measures will affect domestic export production and suppress demand for imports from trading partners.** In CWA countries, exports are expected to fall by at least 6.3 percent, but the decline is projected to be about 4 percentage points less than the average across emerging and low-income countries. However, NA CWA countries' export performance will be harder hit, as exports there are projected to decline by more than 12 percent. As a result, the (weighted) average current account deficit is expected to widen to 5.4 percent of GDP, giving rise to a balance of payments gap in several countries.

**Fiscal responses will be constrained as debt sustainability again gives rise to concern.** Public debt in CWA countries is expected to rise by at least 5 percentage points in 2020, to 76 percent of GDP on average – reversing the gains of 2019. As in other emerging markets and low-income countries, falling government revenues combined with additional spending needs for vital health care and social assistance programs will widen fiscal deficits. For CWA countries already at high risk of debt distress (Ghana, Ethiopia) this trend will put further pressure on debt sustainability, while most CWA countries will have extremely limited capacity to enact the type of fiscal measures (such as wage support to protect jobs, increased access to unemployment benefits, and targeted cash transfers to low-income households) adopted by many high income countries.



**Table 1. 2020 forecast GDP per capita growth and poverty rates pre-COVID-19 and with COVID-19**

Country	Survey year	Population in 2020 (millions)	Pre-COVID		Post-COVID	
			GDP per capita growth, pct (WEO Oct 2019)	Poverty rate, pct <sup>1</sup>	GDP per capita growth, pct (WEO Apr 2020)	Poverty rate, percent <sup>1</sup>
Benin	2015	12	3.8	41.1	1.7	42.2
Burkina Faso	2014	21	3.0	29.8	-0.9	33.1
Côte d'Ivoire	2015	26	4.6	17.6	0.1	19.6
Egypt	2017	102	3.5	2.4	-0.3	2.7
Ethiopia	2015	115	5.5	17.4	1.6	18.7
Ghana	2016	31	3.5	10.5	-0.5	11.5
Guinea	2012	13	3.4	19.2	0.4	20.3
Morocco	2013	37	2.6	0.6	-4.7	0.7
Rwanda	2016	13	5.6	44.7	1.1	46.2
Senegal	2011	17	3.8	24.5	0.1	26.6
Togo	2015	8	2.7	43.0	-1.5	45.3
Tunisia	2015	12	1.4	0.2	-5.2	0.3

Source: staff calculations. Poverty projections are calculated through neutral-distribution method with different WEO growth rate and different passthrough rates.

The poverty line used for computing the poverty rate is \$1.90 per capita per day in 2011 PPP.

***The magnitude of the informal sector in CWA countries will amplify COVID-19 impacts.*** Informality matters because it is associated with under-development and widespread and multidimensional poverty, and a lack of access to financial services. Evidence indicates that in countries with the most pervasive informality government revenues are lower by 5 to 10 percent of GDP compared to countries with the lowest levels of informality. It matters in the COVID-19 context because of how informal workers live, where they work, and if the government can identify them to provide support. For informal workers in an urban context housing means density, slum conditions, lack of running water. These workers cannot mitigate risks of infection by social distancing, are typically excluded from social security systems and are among the least able to meet out of pocket medical costs. Informal workers are typically concentrated in labor intensive services sector and in farming. Containment shuts down the services sectors and disrupts supply chains for agricultural inputs and access to markets. For farm workers, a lack of food security can be an immediate impact.

Informality is pervasive across CWA countries. According to estimates, up to 70 percent and 80 to 90 percent of workers in MENA and SSA respectively work in the informal economy<sup>5</sup>. Against a backdrop of limited fiscal space CWA countries will need to reach these informal workers, to provide emergency income and social support, even if in the short term this means accepting a measure of over coverage. As economies move into recovery, instruments to protect private sector firms are likely to reach mainly the large firms in the formal sector. Attention will therefore need to be given to ensure informal firms and their workers are not overlooked since they cannot be reached through formal instruments such as taxation policies or wage subsidies. Instead, support could be triaged through microfinance institutions, digital lending platforms, corporate supply chains, local governments, savings communities, or other relevant intermediaries.

<sup>5</sup> See World Bank *Africa's Pulse*, April 2020 and World Bank *MENA Economic Update*, April 2020.





### Box 2. Togo: A Spotlight on Informal Workers

*Labor income is expected to decrease, particularly in the sectors directly affected by the Pandemic, such as air transport, tourism, agriculture, trade and related sectors (including catering, arts and crafts, taxis, etc.). Consequently, unemployment and under-employment are expected to rise in both the formal and informal sectors. With second-round effects, almost all the economy will be affected by a total income collapse among informal self-employed workers, representing about 80 percent of the labor force. The compound effects will not only result in a loss of labor income for those working in the affected sectors but also put budgetary pressure on the Government to sustain basic service delivery and social protection programs. In 2019, the majority of urban poor earned their income through informal self-employment, and the median salary of workers in urban area was just 1,000 CFAF (or US\$ 1.7) per day. Hence, urban poverty will most likely increase as a result of the Pandemic.*

**Leadership and government effectiveness will be key determinants of how Compact countries emerge into a post COVID-19 world.** Even before the crisis, developing countries, including CWA countries, struggled to deliver basic services such as health, education, clean water and sanitation. Many are also characterized by weak public administration systems, especially at municipal and local government level, and further constrained by financial management systems that do not enshrine the principles of transparency and accountability that promote an efficient use of public funds. These frailties compound the already weak social contract between governments and citizens in developing countries and can result in a muting of citizen's compliance with efforts by the governments to respond to the crisis. In the containment and emergency phases, as experience from some countries that are now in recovery phase demonstrate, regular, candid and frequent communication are aspects of governance that make a significant difference in slowing the transmission of the disease. Further, administrative effectiveness, efficient service delivery and probity will be key to ensuring sustainable recovery.

### **Toward A Sustained Economic Recovery**

As noted earlier, COVID-19 is shaping up to be a once in a generation shock. The global response has similarly needed to be colossal in financial scale and the concern now is that, even if the global financial system avoids a crisis, the amount of debt accumulated in response to COVID-19 may weigh on growth in the longer run. As global activity rebounds, interest rates are likely to rise. Higher debt service costs will need to be financed through higher taxes, additional borrowing, or by a reduction in other expenditures. In circumstances of scarce domestic savings, and limited access to foreign funds, CWA countries will need to pay attention to ensure that additional borrowing does not crowd out private investment and that any increase in debt is used to finance activities that are consistent with achieving the structural transformation that will create more and better jobs in the longer run. Structural reforms, consistent with CWA objectives, will need to be carefully calibrated to individual country circumstances, as productivity gains will heavily depend—among other factors—on their timing, mix and sustainability. The COVID-19 Pandemic however makes it imperative for policy makers in CWA countries to focus more sharply on implementing reforms that address short term emergency needs while at the same time laying a foundation for longer term economic sustainability.



### Box 3. Highlights of Transmission Channels - Benin, Burkina Faso, Côte d'Ivoire and Ghana

**Benin:** *The main transmission channels include lower commodity prices and a contraction of external demand, in particular from oil-dependent Nigeria, on the external side. Contagion and containment measures are also likely to weigh negatively on domestic consumption and investments. The economic impact of COVID-19 is expected to be more severe in the context of the Nigeria border closure.*

**Burkina Faso:** *Transmission channels are through the domestic economy (including the informal sector) and externally through international trade and the financial account. Externally, reduced demand due to sharp recessions in Burkina Faso's main trading partners, disruptions of international production and supply chains and swings in the cotton price are the key impacts. Domestically services subsectors which require direct contact between producers and consumers are especially hard hit, including transportation, recreation, accommodation and food, hotel and travel industries.*

**Côte d'Ivoire:** *The main transmission channels are domestic - resulting from social distancing policies that have seen the closure of restaurants, bars, shops and limitations on public transport; and to a lower extent, external, arising from lower export demand and prices for key commodities (including cocoa, cashew, cotton and rubber which comprise 25 percent of Côte d'Ivoire's total agricultural output). The impact through domestic channels is expected to be significant as services account for around 46 percent of value added and were a key driver of growth in recent years, growing at 7.2 percent in 2019. Industry (contributing 24 percent to VA) grew even faster at 10 percent. From March to May 2020, containment measures temporarily shut down this domestic growth channel.*

**Ghana:** *The economic impact of COVID-19 is expected through three distinct channels in Ghana, the most important of which is trade, given that Ghana is highly connected to the world economy. Overall expectation is for lower export receipts on account of lower export volumes and lower export prices, especially related to the oil sector. Ghana is estimated to lose about \$2bn in oil revenue in 2020 alone as a result of the fall in oil prices. China and the EU are Ghana's prime export destinations and make up a combined 32 percent of all exports and 47 of all imports. Services exports in the category "ICT and professional services" are Ghana's second largest export after gold. Anecdotal evidence suggests that this is largely related to construction-related services in Western Africa. If there were significant restrictions in people movement across the African continent, these services could experience disruptions with potentially significant economic impact given the size of these services exports.*

As CWA countries move into the recovery phase, **macro-economic policy** will need to shift from crisis management to stimulus mode. Avoiding a **financial sector** collapse will become pressing as debtors are unable to service their obligations and losses accumulate. With 90 percent of jobs created in the private sector, supporting **firms** to survive will be critical. In countries in which the disease outbreak is already on a downward trajectory, **digital technologies** have demonstrated themselves to be game changers, supporting the health response; allowing firms to adapt to mobility restrictions; providing more effective operation of social safety net programs; and sustaining education efforts. For CWA countries, increasing digitalization will not only help better prepare economy wide for future shocks, but can foster greater government effectiveness and efficiency. Finally, the scale of the COVID-19 Pandemic is such that it requires governments to exercise robust **leadership** for a multi-stakeholder approach that comprises the international community on the one hand (multilateral organizations, the international financial institutions, the G20 and other bilateral organizations) and domestic stakeholders, including the private sector, on the other. Each of these areas is discussed in turn in the following paragraphs.



**Macroeconomic Policy.** Strengthening public health systems; implementing social protection programs to support the poor and workers, especially those in the informal sector; taking action to minimize disruptions in critical intra-African food supply chains and keeping logistics open to avert a food crisis are some of the priority actions that governments are already taking in the emergency phase. Looking forward, CWA governments will, mirroring countries that have experienced the emergency earlier, now be looking to change the policy response from one of crisis management to one of macroeconomic stimulus. However, the path that developing countries will be able to take will be different as in lower income developing countries, monetary transmission tends to be weak, (due to a lack of market-determined interest rates, low rates of interbank competition, and exchange rate intervention), fiscal space is limited, and fiscal multipliers are often small. Recognizing that COVID-19 is a short-term situation and not a permanent shock, key objectives of macroeconomic policy at the start of the recovery phase should be to create as much short-term fiscal space as is possible while also mobilizing the maximum amount of resources in order to ensure the continuity of essential services, and to be able to continue to support the vulnerable.

### ***Recommendations to Compact countries:***

#### *Short-term policy actions: coping with the Pandemic*

- Focus on expanding health care capacity and ensuring the adequacy of social assistance for the poorest and most vulnerable, including informal sector workers. To support these actions:
  - Put on hold or reprioritize capital spending, and create additional fiscal space where possible;
  - Accelerate government and SOE related payments due to SMEs and clear any arrears from the public to SMEs in order to provide these firms with working capital.
  - Consider expanding existing cash transfer programs;
  - Access concessional and emergency financing from IOs;
  - Contain rollover risk to preserve debt sustainability and market access when possible; and
  - Request relief under the G20 Debt Service Suspension Initiative. (See Annex 2 for further details.)

#### *Medium-term policy actions: the road to recovery*

- Focus on enhancing the efficiency of health and social assistance spending.
- Access concessional and low-cost financing from international organizations and bilateral lenders, while preserving debt sustainability.
- Take advantage of lower oil prices to revisit regressive subsidies.
- Establish clear limits to government contingent liabilities. Assess fiscal exposure to public-private partnership contracts and state-owned enterprises.
- Remain focused on measures that will serve to broaden the tax base in the future by pursuing reforms leading to adoption of broad-based consumption taxes, simplified tax design and improved tax administration.
- Adopt measures to streamline trade procedures and facilitate trade at borders. In the near term, this can help expedite the movement, release, and clearance of goods (including medical equipment) and enabling exchange of services. Reforms can be designed to reduce the need for close contact between traders, transporters and border officials.
- Intensify efforts on economic integration and deepening regional cooperation. Pre-COVID-19 priorities like implementing African Continental Free Trade Area (AfCFTA) increasing intra-regional trade, building regional markets in energy, digital and financial inclusion are critical.



**Avoid a Financial Crisis.** All CWA countries are experiencing the impact of containment measures on the domestic economic activity - the closing of restaurants, bars, shops and limitations on public transport. This has very quickly in turn affected owners and employees in these key sectors with a potential knock on effect. As these enterprises and households come under pressure from loss of revenues and labor income, they may no longer be able to service loans, leading to rising non-performing loans in the banking sector, in turn raising the possibility of collateral damage to the financial systems. As a result, a key priority for governments is to reduce stress on the financial system by continuing to ensure ample liquidity is available for both banks and non-bank financial institutions. Given, as earlier noted, the extent of the informal sector in CWA countries, attention to micro-finance institutions will also be extremely important. The overarching response of the central bank will be to introduce interest rate cuts, reduce reserve requirements, lower the rates and lengthen the maturity on its discount window lending, and generally prioritize its function as lender of last resort.

#### ***Recommendations to Compact countries:***

- Protect payment systems to enable customers to transact even when physical interactions are limited. If necessary, provide support to money transfer operators, enable digital platforms, and simplify customer due diligence rules.
- Provide stabilization and liquidity support to Microfinance Institutions (MFI). Support increased leverage of Fintech by MFIs.
- Strengthen insolvency regimes, out of court debt restructuring mechanisms, bank resolution and crisis management frameworks.
- If debt moratoria are adopted, ensure these are comprehensive throughout payment chains in order to avoid penalizing intermediaries.
- Ensure that any default terms for debt repayment that are adopted offer automatic conversion of all debt payments into domestic currency and to a much lower interest rate. Forbearance may be needed but should be introduced with utmost caution.
- Exceptionally, take ownership stakes in financial sector institutions, and in strategic employers, through recapitalization. Commit to appropriate safeguards for transparency and accountability and to divestiture to the private sector in the medium term.

**Support Firms.** The private sector, and firms that operate within it, comprise the backbone of most economies – firms employ workers, pay taxes and create value. It is therefore critical that viable firms survive the COVID-19 emergency. Early assessments however show that containment measures put in place to slow the spread of disease is damaging otherwise healthy firms and value chains in CWA countries due to several factors: falling demand as citizen mobility is limited during lockdowns; reduced inputs including labor and raw materials or needed for manufactures; tightening of credit conditions and a liquidity crunch in what were already weak financial sectors with limited ability to support SMEs; and finally due to disruptions in trade and rising uncertainty over economic prospects more broadly. Supporting viable firms and strengthening the foundations of private participation in key sectors is one of the key actions that CWA governments can take at this time. In doing so they may wish to adopt a two-track approach with policy responses tailored according to fiscal space, government capacity, labor markets, tax and social protection systems, and levels of informality. A first track could be focused on systemically important employers or exporters, those with significant backward and forward linkages or in sectors such as logistics and utilities that enable other economic activities. The second track would focus on supporting smaller, younger and innovation-intensive firms, women-owned businesses and SMEs – including informal ones – that suffer from asymmetric access to financial markets and are difficult to reach through formal banking channels.



### **Recommendations to Compact countries:**

- In connection with the “systemically important” firms: provide fiscal support including wage subsidies, deferral of taxes and social security contributions, moratoria on debt repayments, access to subsidized loans, partial credit guarantees, and temporary credit lines. Temporarily suspend or delay tax and social security filings, waive fees for government transactions such as licenses, registrations or permits, or automatically extend licenses and permits for the period of the emergency.
- In connection with the smaller, younger, innovative or informal firms: ensure the availability of finance through a combination of commercial banks, microfinance organizations and informal business associations, digital lending platforms, corporate supply chains that include informal businesses in their value chains or other intermediaries.
- Restore credit flows to boost investment including through expanding SME credit guarantee schemes and credit factoring programs. Facilitate access to payment systems and support remittances through digital financial services. (See also below on digital technologies).
- Systematically collect data through business registers (without regulatory compliance obligations). This will facilitate identification of informal or semi-formal firms’ and provide them with easier access to fiscal and financial packages.
- Digitalize Government-to-Business services to strengthen resilience for future disruption in services.
- Reactivate trade flows and value chain participation. Expand import- and export-credit arrangements. Keep import duties low to facilitate access to imported inputs. Avoid protectionist trade policies and preferential treatment to local rather than foreign owned companies.
- Reduce risk of investor disputes, particularly if increasing state participation in new economically strategic industries.
- Recalibrate tax incentives toward promoting investment. Continue to engage with G20 partners on investor outreach and promotion activities. Scale-back payroll tax breaks adopted during the initial emergency. Accelerate depreciation for capital investments. Provide incentives for investments in innovation. Introduce full tax deduction for expenses on workers training.
- Revamp/create SME support programs focused on promoting firm and productivity growth. Promote investments for worker training, management training, and technology adoption.

#### **Box 4. Egypt: Implementing Measures to Mitigate the Impact on Firms**

*The Government is providing targeted support to specific sectors, through a central bank initiative, to extend soft loans at a preferential discount rate of 8 percent to the private industrial and agricultural sectors and a discount rate of 5 percent for the tourism sector. The government also reduced and unified 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. Several measures were also introduced to support the stock exchange, including the postponement of the capital gains tax (permanently cancelled for foreigners) as well as reducing the tax on dividends and the stamp duty on stock exchange transactions.*

**Embrace Digital Technologies.** The role of digital technologies in development is now better understood - evidence shows that among other things these have the potential to boost government effectiveness through better targeted programs and more cost-effective delivery of public services; they help to enhance accountability, transparency,



responsiveness and therefore citizen trust; and they help to deliver more affordable financial services to the poor. Few countries however have the resources to adopt a whole of government approach to digitization and many, including CWA countries, have adopted a piecemeal, and unhurried, approach to migrating away from analog systems. To illustrate, data from the most recent Digital Adoption Index shows that among CWA countries, only Egypt, Morocco and Tunisia exceeded a score of 0.50 out of a maximum 1.0. Rwanda exceeded 0.4, Senegal was at 0.35 and all other CWA countries stood between 0.20 and 0.26. (By way of context only 3 of the G20 countries scored below 0.6.)<sup>6</sup> Now, in country after country, following emergence of SARS CoV-2 in January 2020, digital technologies have demonstrated themselves to be game changers in crises, supporting the health response (e.g. telemedicine); allowing firms to adapt to mobility restrictions (e.g. home-based work, mobile payments); delivering agricultural inputs (e.g. e-vouchers); providing more effective operation of social safety net programs (via mobile payments); sustaining education efforts (e.g. education apps, virtual classes); facilitating a significant reduction in the cost of cross-border remittances; and more broadly permitting remote payments and transactions thereby enabling the social distancing recommended to reduce contagion. It is now clear that increasing the pace of digitalization will not only better prepare economies for future shocks but can foster greater effectiveness and efficiency throughout the economy and government.

#### ***Recommendations to Compact countries:***

- Expand digital connectivity. Increase bandwidth, manage congestion to avert internet breakdowns. Foster immediate expansion of access and price reductions.
- Focus on rapid digitization of key functions of government (i.e. immigration control; customs control; tax administration; social security administration; and the court system) and government workflow generally.
- Accelerate the use of digital payment systems to improve SMEs access to financing.
- Strengthen overall digital development frameworks. Create an appropriate regulatory environment. Take key actions to remove constraints to private sector investment and protect data.

#### **Box 5. Morocco: Leveraging Digital Technologies**

*The Government Pandemic Fund (set up to address the COVID-19 emergency with an estimated financing amount to date of 2-3 percent of GDP), will among other things be used to pay: (i) monthly allowances of 2,000 MAD to employees in the formal sector (i.e. workers affiliated with Caisse Nationale de Sécurité Sociale, CNSS); and (ii) a monthly social allowance of 800 to 2,000 MAD (depending on the size of the household) for workers in more than 5 million households not affiliated with CNSS. The Government has mandated that payment of the social allowance will be made through M-wallets and mobile money. To facilitate and speed up the enrollment of beneficiaries to the social allowance program, the Government will (i) lower the bar on Know Your Client (KYC) requirements and move to e-KYC for opening accounts of up to 4,000 MAD; (ii) temporarily raise or eliminate the ceiling of balances that can be held on merchant mobile money accounts; and (iii) reduce the cost of confirmation messages using Unstructured Supplementary Service Data (USSD).*

<sup>6</sup> The Digital Adoption Index is a worldwide index that measures countries' digital adoption across three dimensions of the economy: people, government, and business. The index covers 180 countries on a 0–1 scale and is the simple average of these three sub-indexes. Latest available data is for 2016.



**Lead and Coordinate for Effective Service Delivery.** Leadership, efficient delivery of services, effective and frequent communications, and a commitment to transparency are characteristics of governing that will be critical beyond the emergency phase and into recovery. Effective leadership at the national and local levels is integral to shaping individual and community behavior and should be underpinned by decisions grounded in sound evidence. Coordinating government response, to ensure efficient delivery of services, can be entrusted to an emergency management team (comprising among others the finance ministry, line ministries for the social sectors, trade and commerce, and central banks and other regulatory financial institutions) with clear definitions of roles and responsibilities that are subject to transparency and accountability arrangements. Economic policy choices and implementation arrangements, including the purpose, scope, and intended beneficiaries need to be communicated openly and through a broad range of sources to create awareness and elicit action. Such clear, consistent, and transparent communication from leaders will serve to create trust and convey a sense of stability during times of uncertainty. Finally, any emergency or extraordinary powers granted to the executive branch or to the government should be clearly defined, limited in scope and contain a sunset clause that ends the powers at a specified date.

**Recommendations to Compact countries:**

- Strengthen coordination procedures and clarify powers under emergency management. Countries with strong decentralized government systems may need to clarify roles and responsibilities for each level.
- Proactively seek support of the G20 and international community to help overcome anti-globalization forces that are resulting in countries giving priority to their own citizens for the acquisition of medical supplies and the development of new tests, treatments, and vaccines.
- Build on the experience of Compact Country teams to develop Government led multi-stakeholder fora that bring together development partners, local leaders, businesses, civil society organizations and influencers to ensure appropriate information flows and concerted action.
- Enhance citizen access to information rights. Include provisions for proactive disclosure of government activities. Put essential services online and make these accessible to all citizens.

**Box 6. Senegal: Establishing a Transparent Mechanism for COVID-19 Expenditures**

*The Government moved quickly to establish a FORCE COVID-19 Fund and to define its governance structure as consisting of: (i) a strategic Council chaired by the President of the Republic; and (ii) a Technical Committee chaired by the Minister of Finance and Budget. The Fund was created as a vehicle to centralize COVID-19 related financing and to ensure that there would be central coordination and oversight for COVID-19 related expenses financed from it. Included in the information made publicly available about the Fund were details relating to its sources of funding - donor contributions (58.6 percent), national budget reallocations (40 percent), contributions from citizens, private sector and civil society and any resources authorized by laws and regulations; and its eligible expenditures - (i) purchases of fuel, equipment, supplies and services to contain the Pandemic; (ii) acquisitions of pharmaceutical and phytosanitary products; (iii) bonuses for those involved in the response process; (iv) financial support to sectors affected by the Pandemic; and (v) miscellaneous grants, operating expenditure of the management bodies of the COVID-19 Force Fund, and any other expenses related to the fight against COVID-19.*



This note is intended to complement the Overall Assessment of Progress under the Compact with Africa (CWA) prepared by the International Organizations (IOs) supporting the initiative.

**Preparing for an Economic Rebound in CWA countries:** It is striking and noteworthy that prior to the COVID19 crisis, CWA countries as a whole were largely leading Africa in growth prospects and exports, while debt ratios were falling, and strong reform programs were in place. During the economic recovery phase, it will therefore be even more important for CWA countries to prepare for a strong economic rebound for continued growth and economic transformation.

**Leadership:** The focus on leadership and government effectiveness in the Compact Monitoring Report is timely given the quick and robust actions of many African leaders, and the significant responses from IOs. It may be prudent to emphasize the need for continued leadership among all G20 leaders and the international community at large. While the G20 has collectively supported IFIs and UN system efforts in Africa, leadership from individual G20 nations is also critical at this juncture. Development efforts were already, in some cases, suffering from a waning of multilateralism and overcome anti-globalization forces (as noted in the Compact Monitoring Report), and there is a risk of increased focus on national interests in G20 countries, rather than global collective interests. The CWA provides an excellent platform for the G20 nations to accelerate efforts to promote investment in Africa in the wake of the COVID19 crisis, particularly in areas such as those identified in the Assessment, to include infrastructure, digital, and manufacturing supply chains.

**Compact Teams:** As noted in the October 2019 Peer Review Note, it remains important that Compact Teams in all CWA countries are operational and receive support from IOs and G20 countries as needed. The platforms for enhanced collaboration in Ethiopia, Morocco, Côte d'Ivoire, and Tunisia are welcomed, as are the World Bank quick wins action plans for Ethiopia, Côte d'Ivoire, Ghana, and Senegal. That said, and particularly given that many bilateral agencies have evacuated staff from Embassies across CWA countries, additional efforts may be needed to ensure Compact Teams in all CWA countries are meeting virtually and support overall national efforts for a sustained economic recovery. In this way, all CWA countries benefit appropriately from the initiative.

**Policy Action:** Policy areas identified in the Compact Monitoring Report (macro-economic, financial firms and digital technologies) are appropriate and support the CWA reform matrices. It may also be useful for the G20, IFIs, and CWA countries to collectively address additional investment and business specific policy issues and coordination which can help lead to a stronger economic rebound in CWA countries after the crisis. Leaders may use the increased political solidarity in many countries to improve the prospects for investment. Such measures could include:

1. **Re-assessing national investment pipelines:** As the Compact Monitoring Report indicates, FDI flows to Africa are likely to continue a downward trend in the immediate post-Covid19 period. In line with the Assessment's emphasis on trade-offs, CWA countries will need to re-assess national investment pipelines using key prioritization criteria such as creation of decent jobs, supply chain linkages and regional integration. This may mean de-emphasizing or dropping projects that are not aligned with these criteria and identify a small number of "best bets" for investment financing. The new investment pipeline may include





former priorities, for example for energy, trade and manufacturing, but may also include new priorities for investment in innovation, the digital economy and health system strengthening.

2. **Ensure a common government investment pitch:** Related to a prioritized investment pipeline, CWA countries – with the support of partners – should develop a holistic and aligned narrative and investment pitch to better target limited investment finance. This will require an all of government approach, cutting across investment promotion agencies, Ministries of Finance, Ministries of Trade/Investment, and sectoral line ministries.
3. **Enhance development of national and pan-African investment sources:** Beyond avoiding a financial crisis and given there is likely to be less investment interest over the next period, CWA countries may take this opportunity to further develop local investment sources. In particular, at a country level this will require regulatory and capacity enhancements better enabling investment from institutional investors, continued strengthening of African sovereign wealth funds and strategic investment funds, and establishment of national development banks.
4. **Prioritize the most important regulatory, financial, and legal issues:** As reflected in the CWA national policy matrices, addressing regulatory, financial, and legal policy weaknesses is central to attracting more investment. That said, the pandemic crisis is an opportunity to identify the most important of these in each country and use the political solidarity of the crisis to take quick policy action. In many cases the technical aspects of reforms are well understood, the political economy of taking policy action can be difficult, but the urgency of the current situation may increase the opportunity to gain traction on policy reforms.
5. **Continue to leverage DFIs and blended finance:** Further to the last AAG, the AfDB has developed a DFI Action Plan for the CWA. During these challenging economic times, CWA countries, DFIs and associated nations and/or institutions should work to deepen DFI investment, and particularly to leverage blended finance in CWA countries. As traditional investment finance becomes more scarce the role of DFIs becomes more important. Likewise, there are enhanced calls, including from within their own organizations, for DFIs to take on more risk, develop new instruments and special purpose vehicles and to tailor investment options to country contexts.

**Conclusion:** The G20 CWA was launched nearly three years ago, and has maintained the support of four G20 Presidencies, while CWA countries have shown strong growth and resiliency. The COVID19 crisis threatens that past growth and future investment, but CWA countries and their partners can emerge strong and with even greater prospects for the future. But that will require strong leadership from all parties, and particularly from individual G20 countries and their respective development strategies for Africa in the face of the global economic downturn. It will also require strategic action by CWA governments to focus investment efforts in those areas with greatest development impact. While the immediate health and safety needs must be a priority, CWA countries can also use the pandemic as an opportunity to prepare for a strong economic rebound with targeted investment in critical sectors.



## JOINT REPORT OF THE INTERNATIONAL ORGANIZATIONS

A key innovation of the G20 Compact with Africa involves the close coordination of the participating international organizations (IOs)—the African Development Bank (AfDB), International Monetary Fund (IMF), and World Bank Group (WBG). The IOs have teams on the ground in all twelve Compact countries and therefore lead, or are active participants in, the Compact country teams, using their collective engagement to create and foster an in-country ecosystem in which the aims of the CWA can develop. Specifically, the IOs:

- Advise the Compact countries on policies strengthening macroeconomic, business environment, and financial policy frameworks and on the design of policy reforms.
- Support the Compact countries in developing investor prospectuses, which include areas of focus, government action, indicators, and targets for reform.
- From headquarters, provide support for stakeholder coordination, and CWA website maintenance which fosters transparency and provides relevant information to policymakers and potential investors.
- The AfDB and the WBG provide financing to support the implementation of CWA-consistent reforms, while 6 of the 12 CWA countries have an IMF-supported program in place and 9 of the 12 CWA countries have received emergency financing from the Fund.
- Monitor progress against Compact objectives and compact commitments.

Additional IO-specific activities as well as evolving areas of focus for each IO are set out in the following paragraphs.

### **African Development Bank**

**Supporting CWA countries through lending and technical assistance.** The AfDB continues to provide support to CWA countries through advisory services, lending, and investments. In 2019, it provided US\$ 3.2 billion in financing to CWA countries, with targeted financing to support the implementation of CWA-consistent reforms. Examples include:

- **Lending:** In Morocco, the reforms supported under the *Industrialization Acceleration Support Programme* are key measures in Pillars 2 and 3 of CWA relating respectively to the investment climate and financing of the economy. In Senegal, the *Resource Mobilisation and Investment Attractiveness Institutional Support Project* aims to accelerate the implementation of reforms under the AfDB budget support which are consistent with Pillar 1 of the CWA framework. In Tunisia, the AfDB's *Financial Sector Modernization Support Programme* is strongly aligned with the country's commitment matrix under the CWA, which complements and enhances the measures of Pillar 3 on the financing framework.
- **Technical Assistance:** In Ethiopia, the AfDB is providing technical assistance to roll out a Competitive and Transparent Procurement Framework to stimulate private investment in the renewable energy sector.

**Mobilizing private financing.** The Africa Investment Forum, organized by the AfDB and its partners, is establishing itself as a key tool for investor outreach and for mobilizing private sector financing for opportunities across the African continent. The second edition of the AIF, which was held on 11-13 November 2019 in Johannesburg, South Africa, showed continued strong momentum with 57 deals valued at US\$ 67.7 billion and spanning 25 countries, being tabled for Boardroom discussions – a 45% increase from the 2018 edition. Investment interest was secured across 52 deals worth US\$ 40.1 billion.



As for CWA countries specifically, 18 deals amounting to US\$8.5 billion across 11 out of the 12 countries were tabled for Boardroom investment discussions at the AIF 2019. Encouragingly, investment interests were secured across 16 deals valued at \$4.9 billion. In addition, deals amounting to about US\$ 800 million from CWA countries which featured at the Africa Investment Forum 2018, have by November 2019 fully secured investments/closed.

**Increasing visibility and engagement with partners.** The AfDB has, as per the mandate given by the AAG and in collaboration with development finance institutions (DFIs), developed an action to increase engagement in CWA countries. The action plan highlighted the operational priorities of G20 DFIs in CWA countries, methods by which closer collaboration can be achieved, and recommendations on how to efficiently enable such collaboration to address CWA needs.

With the support of the G20 AAG co-chairs and the AfDB, ACET organized a CWA event at the sidelines of the AIF2019 with high-level corporate and government participant. The focus was on amplifying the voice of the private sector in the G20 Compact with Africa initiative to better understand constraints to private sector investment on the continent.

### **International Monetary Fund**

The IMF supports the Compact with Africa by working with Compact countries to strengthen the macroeconomic frameworks (Pillars 1 under the Compact), as well as providing financial support.

**IMF-supported programs.** Leading into the current crisis, 6 CWA countries had IMF-supported programs in place (totaling US\$3.1 billion in available Fund resources). As of May 11, the IMF's Executive Board had already approved emergency financing for 9 of the 12 CWA countries, making an additional US\$6.6 billion in financing immediately available to support policy responses to the Pandemic shock. In addition, Benin, Burkina Faso, Ethiopia, Guinea, Rwanda and Togo are receiving debt relief under the Catastrophe Containment and Relief Trust, thereby freeing resources to tackle priority needs. IMF country teams undertake regular surveillance of economic developments in all 12 CWA countries in the context of Article IV Consultations<sup>7</sup>.

**Capacity Development.** During FY2019, support for CWA countries accounted for 10 percent of the IMF's capacity development budget. This included 89 TA missions, 353 country visits by short- and long-term experts, as well as training of over 1,700 country officials.

**Direct Engagement with Compact country teams.** IMF staff participate as full members of Compact country teams, 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 fosters transparency and provides relevant information to policymakers.

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<sup>7</sup> Article IV Consultations have been temporarily suspended to allow country teams to focus on emergency financing operations during the COVID-19 pandemic.



### Box 7. The IOs Response to COVID-19

**AfDB:** On 8 April 2020, the African Development Bank unveiled the COVID-19 Response Facility, that provides up to \$10 billion to help regional member countries respond to the Pandemic.

- **Emergency Liquidity.** The Facility comprises of \$5.5 billion for non-concessional sovereign operations in African Development Bank countries, \$3.1 billion for sovereign and regional operations for countries that fall under the African Development Fund, the Bank's concessional arm that caters to low-income and transition countries.
- **Support to the Private Sector.** Through the Facility, \$1.35 billion is allocated to support the private sector to protect livelihoods.
- **Grants and partnerships.** The AfDB extended \$2 million in emergency assistance grants to the World Health Organization to bolster the capacity of 41 African countries on infection prevention, testing and case management. Separately, through the Special Relief Fund, regional member countries can access on emergency relief assistance grants of up to \$1m per operation. The grants can be used to support communities to withstand the current crisis and build resilience to future shocks.

**IMF:** The Fund is deploying its entire lending capacity of US\$1 trillion focusing on the following four areas:

- **Emergency financing.** The Fund has doubled the access to its emergency facilities—the Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI) —allowing it to meet expected demand of up to US\$100 billion in financing. These facilities allow the Fund to provide emergency assistance without the need to have a full-fledged IMF program in place. As of May 11, IMF's Executive Board had approved 53 of those requests, totaling US\$20.5 billion.
- **Grants for debt relief.** The IMF Executive Board recently approved immediate debt service relief for 25 countries (including relief totaling US\$73 million to Benin, Burkina Faso, Ethiopia, Guinea, Rwanda, and Togo) under the IMF's revamped Catastrophe Containment and Relief Trust (CCRT). These grants allow the Fund's poorest and most vulnerable members to cover their IMF debt obligations for an initial phase of six months, allowing a greater share of scarce financial resources to go towards vital health care and social assistance programs.
- **Enhanced liquidity.** The Fund has approved the establishment of a Short-term Liquidity Line (SLL) to further strengthen the global financial safety. The SLL is a revolving and renewable backstop for member countries with very strong policies and fundamentals in need of short-term moderate balance of payments support.
- **Augmenting existing lending arrangements.** Where appropriate, IMF-supported programs are being augmented to accommodate urgent new needs arising from the coronavirus, thereby enabling existing resources to be channeled for the necessary spending on medical supplies and equipment and for containment of the outbreak.

**WBG:** The WBGs support to countries is taking place in two separate phases.

- **Phase 1 Emergency Response** \$14b Fast Track Package, to provide support for immediate COVID-19 health and economic needs was approved on March 17, 2020 and comprises: (i) IBRD/IDA \$6b - will help countries acquire medical equipment, strengthen surveillance capability, build or expand clinical care facilities, facilitate research into the development of vaccines and therapeutics etc.; and (ii) IFC \$8b - will support companies to continue operating and therefore save jobs. The package includes loans (possibly also equity) to companies in the real sector, trade financing, loans to emerging market banks to facilitate on-lending to the SME sector and risk sharing support to local banks.
- **Phase 2 in an amount up to an additional \$146b through end FY21**, will help alleviate social and economic impacts including private sector activity. The three pillars under Phase 2 are expected to be: (i) protecting the poor and vulnerable (social assistance to households); (ii) supporting businesses (including IFC & MIGA support to firms, banks and potential investors); and (iii) economy wide (fiscal and structural policy reforms to support sustainable recovery in the short and medium term).



## **World Bank Group**

**Convening stakeholders and strengthening partnerships.** As the IO with the largest in-country footprint, the World Bank Group (WBG) agreed to convene and lead the work of the CWA country teams including fostering inclusive participation by the government, key development partners, the private sector and the Development Finance Institutions in the Compact. We are doing so under the leadership of Country Directors and Country Managers who during 2019 have been responsible for rolling out the CWA quick wins action plans as further described below. In addition, we have strengthened collaboration with some of the WBGs existing partnerships in support of Compact objectives as follows:

- In Ethiopia, Morocco, Côte d’Ivoire, and Tunisia, the WBs development policy instrument became the platform for enhanced collaboration across the IOs and individual G20 members, notably Germany, France, UK and the EU. An early outcome from this enhanced collaboration is that Ethiopia and Côte d’Ivoire are already benefitting from increased financing (EUR 100 million each) from G20 members to co-finance a common program of CWA policy reforms alongside the WB.
- As the host organization for several international standards on good economic governance, the OECD proposed to support the Compact with Africa with an initiative on investment-related standards, which seeks to encourage countries to benefit from the signal value of standards. The WBG together with the AfDB accordingly agreed to explore the idea of providing support to AU NEPAD and the African Peer Review Mechanism (APRM), to enable the development of a work program in which CWA countries interested in benchmarking their policies and aligning them with internationally recognized principles and practices could participate. Agreement was reached to initially focus on the three policy areas that are most relevant to CWA countries - corporate governance of state-owned enterprises, public procurement, and investment policy. The SOE group led by the APRM has agreed to work on developing an Africa benchmark for SOE governance, drawing on the IFC’s Progression Matrix on corporate governance as adapted to SOEs. The matrix will accommodate the different stages of development, while providing a common, consistent framework for reform and capacity building efforts.

**Analytics and technical assistance, lending and private sector financing.** The WBG provided support for the design and implementation of CWA reform programs as well as financing support for implementation of some of those programs. We also helped mobilize financing and invested in the private sector of Compact countries. Some specific examples of WBG support to CWA countries in the year to February 28, 2020 included:

- During 2019, four Country Private Sector Diagnostics (CPSDs) were completed and published – Burkina Faso, Ethiopia, Morocco, and Rwanda; one is awaiting publication – Côte d’Ivoire; two are in consultation or awaiting clearance by the authorities – Senegal and Guinea; and two are ongoing - Egypt and Tunisia. Completed CPSDs are informing WB policy operations and underpinning strengthened inputs to Country Partnership Frameworks (CPF) in CWA countries. Recent outcomes of completed CPSDs in CWA countries include in Morocco, removal of restrictions to PPPs in the energy and water sectors, obligation for state-owned enterprises to have a positive net present value, operationalization of the competition law, development of vocational training.
- WB lending to CWA countries has been consistent at over \$9 billion in both FY18 and FY19. Reflecting the impact of COVID-19 this is currently projected to increase to over \$20 billion for FY20 and FY21 combined. IFC mobilized \$640 million to Compact countries in FY19. While that is down from \$1.8 billion the previous year, IFC investment for the three years since the launch of the Compact is up 8 percent over the three years prior: \$4.7 billion FY17–19 compared to \$4.34 billion FY14–16.
- IFCs “upstream” advisory services are supporting project pipeline generation and project preparation. Several of the approved projects focus on improving operational performance of firms, including advice to help improve gender, environmental and social governance in investment projects. Some of the projects supported include



the upgrade of the cocoa value chain in Côte d’Ivoire, solar energy storage solutions in Ghana, and cooperatives capacity building in Rwanda. Going forward, IFC will explore opportunities for proactive attraction of investors in targeted sectors in CWA countries.

**CWA quick wins action plan.** At the November 2019 AAG meeting the WBG agreed to implement an action plan to identify and achieve some quick wins for the Compact. This action plan builds on the fact that Compact countries are at different stages of readiness in terms of their ability to attract increased private investment and leverages first, our CPSDs and second our DPOs to support implementation of reforms. The action plan is being rolled out in Ethiopia, Côte d’Ivoire, Ghana, and Senegal. With the completion and publication of the CPSDs in these countries (see above) the WBG is supporting governments to convene the CWA country team to identify a limited number of economy-wide and sector specific reforms that will be the focus of coordinated effort under the Compact.



## ANNEXES



## 1. ASSESSMENT OF COUNTRY REFORMS BY THE INTERNATIONAL ORGANIZATIONS





BENIN	
<p><b>Key Private Sector Challenges and Constraints</b></p> <ul style="list-style-type: none"> <li>• Banking sector needs to ease access to and diversify loans, particularly for long-term investments, incl. elimination of burdensome loan application procedures and reduction of cost of capital for borrowing firms.</li> <li>• Benin ranked 149 out of 190 in 2020 Doing Business Report indicating a wide margin for improvement. Future focus on strengthening regulatory framework, with a special focus on the business environment.</li> <li>• Young, abundant and cheap labor force needs to be reallocated from low-productivity informal activities to high productivity formal enterprises. Agribusiness, tourism and ICT sectors offer opportunities. For this, better regulatory frameworks, as well as access to land, to affordable energy and telecom services, and to SME finance is needed.</li> </ul>	
<p><b>Key Reforms To-date</b></p> <ul style="list-style-type: none"> <li>• Energy: adopted electricity master plan and new electricity code; management company for public electricity company (SBEE) selected</li> <li>• Adoption of new investment code.</li> <li>• Roll-out of a strong PPP framework.</li> <li>• Private entity created for management of flagship road projects and toll roads.</li> <li>• Investment code revised; new public procurement code and unified secure legal framework on PPP established.</li> </ul>	<p><b>Ongoing Priority Reforms</b></p> <ul style="list-style-type: none"> <li>• Broadening tax base and enhancing efficiency of government spending.</li> <li>• Operationalization of conciliation and mediation body for taxes and customs disputes.</li> <li>• Establishment of Inter-ministerial Committee to promote investments and coordinate relations with private sector.</li> <li>• Resolve continuing barriers to private sector participation in electricity generation.</li> <li>• Plans being developed to create Special Economic Zones</li> <li>• Strengthening of commercial courts.</li> </ul>
<p><b>Macroeconomic Developments</b></p> <ul style="list-style-type: none"> <li>• Robust growth (6.9 % in 2019) despite unilateral border closure with Nigeria since August 2019; driven by strong cotton production and port activity at Port of Cotonou, as well as construction in second half of year.</li> <li>• Prudent monetary policy conducted at WAEMU level. Inflation negligible at -0.9 % (year average) in 2019 due to high agriculture production and lower water utility prices.</li> <li>• Strong fiscal consolidation in 2019, with fiscal deficit down to 0.5 % of GDP from 2.9 % in 2018, due to a contraction in externally financed capital expenditure.</li> <li>• Preliminary estimates indicate that the current account deficit (incl. grants) decreased to 4.3 % of GDP in 2019, from 4.6 % in 2018, reflecting higher exports of cotton and agricultural products and the impact of the border closure with Nigeria.</li> <li>• Growth is expected to decelerate to 3.2% in 2020 due to the COVID-19 shock and the prolonged border closure with Nigeria. In the medium-term, growth is projected to go back to its potential at about 7%.</li> <li>• Inflation is expected to gradually increase to 0.6 % in 2020.</li> <li>• Current account deficit is projected to narrow down to 4.5% of GDP by 2022, driven by export growth.</li> </ul>	



<b>BURKINA FASO</b>	
<p><b>Key Private Sector Challenges and Constraints</b></p> <ul style="list-style-type: none"> <li>• Outside of gold and cotton, economic activity is mostly concentrated, small scale, and unproductive.</li> <li>• Private investors are severely constrained by a poor investment climate and limited private sector-facing government capacities which leads to inefficient, cumbersome, opaque, and centralized procedures.</li> <li>• A heightened security crisis, which as of end-March 2020 has caused more than 2,400 fatalities, over 800,000 internal displacements, unprecedented humanitarian needs and fiscal pressures.</li> <li>• Under Compact with Africa, Burkina Faso committed to 28 reforms in a range of sectors aiming at improving business climate and attract more private stakeholders. Despite challenging security context, macroeconomic stance remains positive with better monitoring of public debt. To date, 12 reforms have been completed out of 28 planned. Main achievements are in areas of debt, fiscal management, mining code, fight against corruption, and use of on-line processes to facilitate administrative procedures and tax declaration and payment for private sector. More importantly, on investment climate front, the country has reduced significantly time and cost to establish an enterprise, obtain a driving license and obtain a land title. Going forward, the country will implement the remaining reforms with support of donors.</li> <li>• In agribusiness, limited access to inputs, water, land and financing limit productive investment in the sector. Better access to finance for SMEs requires better-functioning financial infrastructure, commercial courts, business environment and increased formalization of MSMEs. Further development of private sector requires affordable access to infrastructure in transport, energy and telecom.</li> </ul>	
<p><b>Key Reforms To-date</b></p> <ul style="list-style-type: none"> <li>• Reduced delays and costs involved in starting a business and connecting to electricity &amp; water.</li> <li>• Online tax declaration and payment system for large companies put in place.</li> <li>• Implementing law related to fight against corruption.</li> <li>• Reforms on improving security for development</li> </ul>	<p><b>Ongoing Priority Reforms</b></p> <ul style="list-style-type: none"> <li>• Reforms on medium-term debt strategy, tax administration, procurement processing, wage bill monitoring are being implemented.</li> <li>• Revise legal and regulatory framework for promoting PPPs.</li> <li>• Put in place a one-stop-shop for private sector investors.</li> <li>• Fiscal consolidation - contain rapid growth of wage bill.</li> <li>• Improve deployment of civil servants across country.</li> <li>• Adopt a new labor code which liberalizes labor market.</li> <li>• Create more fiscal space for priority public investments.</li> <li>• Implement reforms on access to land titles for agribusiness purposes.</li> <li>• Convert savings of diaspora into productive investments.</li> <li>• Operationalize a unit to fight against terrorism.</li> <li>• Create a conducive legal and regulatory framework for promoting access to quality energy services and ensuring energy efficiency.</li> </ul>
<p><b>Macroeconomic Developments</b></p> <ul style="list-style-type: none"> <li>• Notwithstanding deteriorating security, real GDP growth was sustained at 5.7% in 2019 in a non-inflationary environment. Growth in 2019 benefitted from a good harvest in late 2018 and early 2019 before weakening in second half of the year. Fiscal deficit (including grants) declined from 4.2% of GDP in 2018 to 2.7 % of GDP in 2019, meeting WAEMU fiscal convergence criteria for the first time. Current account deficit widened from 4.1% of GDP in 2018 to 4.4% in 2019, driven by a persistent deficit in the balance of services of 5.9% of GDP.</li> <li>• With COVID-19 Pandemic, growth is projected to decline to 2% in 2020, with substantial downside risks related to the fallout of COVID-19 Pandemic, and further intensification of the security crisis and social tensions ahead of elections in November 2020.</li> </ul>	



## CÔTE D'IVOIRE

### Key Private Sector Challenges and Constraints

- Although tax administration reforms are progressing, tax base remains narrow with widespread tax exemptions, and complex and inefficient income tax laws. Tax revenues improved from 14.9 % of GDP in 2018 to 15.0 % of GDP in 2019 but remain low overall.
- There is potential for local processing and expanding local value chains, but raw commodities continue to dominate exports (cocoa, cashew, horticulture, gold).
- “Informal is Normal” with 92 % of informal jobs, with a significant share of informal jobs in large firms and SMEs. Human capital is limited, and this is further exacerbated by skills mismatches, limiting labor productivity.
- Weak access to finance constrains private sector development and is particularly severe for SMEs. Electronic payment systems are crucial to improve access to finance.
- High cost of digital connectivity, transport and logistics.

### Key Reforms To-date

- Authorities finalized debt restructuring of national oil refinery SIR and completed restructuring of CI Energy.
- Financial reforms related to Credit Bureau, credit leasing, partial guarantee instrument, increasing local financing as % of GDP. Adoption and launch of national financial inclusion strategy 2019 – 2024.

### Ongoing Priority Reforms

- Doing Business reforms continued related to Commercial Court, E-procurement system, improving 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; and increasing budget for project preparation).
- Improving public financial management and increasing tax revenues to create fiscal space for public investment and pro-poor spending.
- Improve access to finance for SMEs and micro-enterprises, including digital and Fintech solutions.
- Reduce cost of digital connectivity and continue expand necessary infrastructure (electricity, transport).
- Adopt a new construction code.
- Revise law section 79 of property law to guarantee Equal Property Rights for Married Men and Women.
- Improve efficiency of Single Window for trade.
- Enhance revenue collection and business climate through the ongoing implementation of Single Taxpayer Identification Number.

### Macroeconomic Developments

- Based on the new rebased GDP, real GDP growth remained strong at 6.8% in 2019 (compared to 6.9 % in 2018). Trade balance improved (from 4.3 % of GDP in 2018 to 5.8% of GDP in 2019), leading to a narrowing external current account deficit.
- Budget deficit continued to narrow, from 3.3 % of GDP in 2018 to 2.3% in 2019, in line with the WAEMU target of 3%. Public debt remains sustainable and risk of debt distress is deemed moderate.
- President Macron and President Ouattara jointly announced (December 2019) that new currency ECO will replace West African Franc (XOF). Key features: 1) peg to Euro and convertibility guarantee by France will be maintained at current rate of 655.957 FCFA to 1 Euro; 2) WAEMU countries no longer need to keep 50% of foreign exchange reserves with French Treasury; and 3) French representative on board of monetary policy committee be replaced by an independently appointed person.



<b>EGYPT, ARAB REPUBLIC</b>	
<p><b>Key Private Sector Challenges and Constraints</b></p> <ul style="list-style-type: none"> <li>• Private sector share of total jobs is 78 % (global average 90 %), and 76 % of these jobs are informal. Economic and social inclusion remain significant challenges, particularly for women.</li> <li>• Private sector growth constrained: (i) burdensome business environment, (ii) uneven playing field, (ii) lack of export competitiveness, and (iii) lack of firm capability. Private investment spending has been subdued at very low levels since 2008, FDI flows limited and largely restricted to the oil and gas sector.</li> <li>• Issue of level playing field and competitive neutrality is of attention in Egypt, with SOEs (including military owned or controlled ones) present in many economic sectors, often times enjoying special privileges (incl. price controls or import restrictions) and not subject to state-of-the-art corporate governance and transparency requirements.</li> <li>• Policy uncertainty, lack of transparency, poor regulatory quality, and lack of access to finance and land are some other key business environment challenges.</li> <li>• Egypt ranks 171 out of 190 countries in Doing Business Trading Across Borders. Share of exporting firms are critically low – only 8 % compared to 34 % in Tunisia and Lebanon. Poor connectivity, high cost of trade, a high effective tariff, and nontariff barriers are the reasons.</li> <li>• Lack of human capital, firm-level innovation, and R&amp;D further dampen private sector potentials.</li> </ul>	
<p><b>Key Reforms To-date</b></p> <ul style="list-style-type: none"> <li>• Cairo Airport Logistics center as pilot for implementation of National Single Window; full rollout in 2020.</li> <li>• New industrial licensing law has streamlined processes.</li> <li>• Four Doing Business reforms implemented: Starting a Business, Getting Electricity, Protecting Minority Investors and Paying Taxes. Parliament approved E-Payments Act making it mandatory to transition to electronic payments and collections of taxes, customs, subscriptions to IPOs, investment funds, and share purchases.</li> <li>• Fuel subsidy reform completed in 2019.</li> <li>• New procurement law approved in 2018 and executive regulation for implementation issued in November 2019.</li> </ul>	<p><b>Ongoing Priority Reforms</b></p> <ul style="list-style-type: none"> <li>• New insolvency law adopted (February 2018).</li> <li>• Secured transactions law adopted; collateral registry for movable assets is operational (2016).</li> <li>• Develop Medium-Term Revenue Strategy to improve revenue mobilization.</li> <li>• Adopt amended competition law to strengthen Competition Authority.</li> <li>• Streamline trade logistics standards.</li> <li>• Reform of industrial land allocation process to include open, transparent and competitive bidding process.</li> <li>• SoE reforms (governance, competition, etc.) Extend procurement reform to include SoE.</li> <li>• Infrastructure sector governance reform and openness to private sector participation.</li> <li>• Further financial inclusion (use of digital channels for delivery of financial services, new banking law, strengthening provisions for national payment systems, financial consumer protection)</li> </ul>
<p><b>Macroeconomic Developments</b></p> <ul style="list-style-type: none"> <li>• Macroeconomic performance remained favorable through early 2020, but the COVID-19 Pandemic has significantly impaired the near-term macroeconomic outlook. Growth is expected to slow sharply as tourism is at a standstill and domestic activity has been curtailed significantly.</li> <li>• The banking system remains liquid and well-capitalized, but the crisis poses risks as the slowdown impacts loan portfolios. Lending to the private sector continues to be very low, with a large share of bank assets held in government securities, as banks remain highly risk averse.</li> <li>• Risks have increased from the impact of the COVID-19 shock on the domestic and external environment, and uncertainty about the duration of the shock. Public debt remains high and gross financing needs are large.</li> </ul>	



<b>ETHIOPIA</b>	
<p><b>Key Private Sector Challenges and Constraints</b></p> <ul style="list-style-type: none"> <li>• Forex shortages adversely affect private sector activities, holding up critical public projects and signaling a lack of buffers against external shocks.</li> <li>• Complex and restrictive regulatory environment for starting and operating a business is a major constraint to private sector development. Excessive use of licenses increases time and cost of doing business and fosters abuse. For example, cost of business start-up procedures is 58% of GNI per capita (vs. 14.8% in India &amp; 6.5% in Vietnam). 20% of senior management time in firms is spent dealing with government regulations (vs. 3.3% in India and 1.7% in Vietnam). Further, the administrative burden for firms to exit in the case of failure, and the process of tax administration and customs procedures, are challenges for the private sector.</li> <li>• Extensive state presence in core infrastructure sectors resulted in poor quality and efficiency of infrastructure facilities.</li> <li>• Outdated commercial legislation and inefficient logistics. Commercial code not updated since 1960, creating inadequate legal framework for shareholder rights and activities relating to starting, operating and closing a business.</li> <li>• Financial repression, notably negative real interest rates, discretionary allocation of credit to selected sectors (SOEs and infrastructure) and resulting vulnerabilities in financial system remains a key challenge. Digital financial services remain underdeveloped, but a directive by the National Bank of Ethiopia in April 2020 allows domestic non-financial companies to offer mobile money services.</li> </ul>	
<p><b>Key Reforms To-date</b></p> <ul style="list-style-type: none"> <li>• 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).</li> <li>• Improving ease of doing business by revising commercial code, investment law, and modernizing business service delivery.</li> <li>• Reform in telecom, energy and logistics sector.</li> <li>• Removal of 27% rule and issuance of Government T-bills through auctions with market determined prices.</li> <li>• New investment law (more open to private sector and foreign investors than before).</li> <li>• Implementation of electronic Single Window (for import/export business).</li> <li>• Ratification of New York Convention.</li> </ul>	<p><b>Ongoing Priority Reforms</b></p> <ul style="list-style-type: none"> <li>• Domestic revenue mobilization reforms seek to ease tax compliance, rationalize tax exemptions, expand the tax base, and reduce distortionary effects of trade taxes.</li> <li>• Accelerate financial development to support private sector activities and durably address the forex shortage.</li> <li>• PPP regulatory framework and implementation guidelines and SOE privatization procedures.</li> <li>• Follow through on decision to open in the telecom, energy, and aviation sectors to private and foreign participation.</li> <li>• Ratification of the African Continental Free Trade Area; conclude negotiations for accession to the World Trade Organization.</li> <li>• Improve further Ethiopia’s Doing Business performance.</li> </ul>
<p><b>Macroeconomic Developments</b></p> <ul style="list-style-type: none"> <li>• Real GDP growth remained strong at 9 % in 2018/19 despite economic and political headwinds. GDP growth over this fiscal year and next (starting in July 2020) is expected to suffer a cumulative reduction of 5½percentage points relative to the pre-crisis baseline.</li> <li>• External current account deficit declined to 5.1% of GDP in FY18/19 from 6.5% year before due to reduced imports and is projected to further decline to 4.6% of GDP in FY19/20.</li> <li>• Pace of nominal depreciation accelerated in late 2019 and continued through May 2020 to address imbalances and foreign exchange shortages. Inflation remains elevated at 22.9 % (April 2020).</li> </ul>	



<b>GHANA</b>	
<p><b>Key Private Sector Challenges and Constraints</b></p> <ul style="list-style-type: none"> <li>• Absence of a modern and conducive legal and regulatory framework for starting, operating, or closing a business. Ghana ranks 118 out of 190 economies (2020 Doing Business Report), with lowest scores in resolving insolvency, trading across borders and paying taxes.</li> <li>• Inadequate availability and reliability of basic infrastructure, such as energy and transport, and difficult access to land, deter investment. Difficulties to access inputs also hinders agriculture development.</li> <li>• Financial sector clean-up costs (3.3 % of GDP) and energy sector costs will push Ghana's public debt from 59% at end-December 2017 to 63% of GDP at end-2019. Financial and Energy sectors' cost will carry over into 2020.</li> <li>• Access to finance remains a challenge and a constraint for most businesses, particularly MSMEs. Inefficiencies in the banking system keeps the average lending rate high (nearly 28%), constraining domestic investment.</li> <li>• IFC's strategy in Ghana to unlock private investments in agribusiness and energy and improve access to finance also requires reforms to formalize MSMEs and ease market access to inputs into agriculture.</li> </ul>	
<p><b>Key Reforms To-date</b></p> <ul style="list-style-type: none"> <li>• Fully achieved three out of sixteen macro-indicators;</li> <li>• Completed five of seven targets in business framework; three of eight in financing framework;</li> <li>• 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;</li> <li>• 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);</li> <li>• Launch of Public/Private Dialogue platform (Nov 2019).</li> </ul>	<p><b>Ongoing Priority Reforms</b></p> <ul style="list-style-type: none"> <li>• Adopted a fiscal responsibility law &amp; established a fiscal council (Dec 2018);</li> <li>• Government reiterated in 2019 budget statement support for private sector a top priority.</li> <li>• Simplification of tax administration to enhance domestic revenues.</li> <li>• Increased minimum capital requirement for banks to GH¢400 million from GH¢120 million (end 2018);</li> <li>• Passage of a Corporate Insolvency Bill in 2020 is expected to improve Ghana's performance in Doing Business</li> <li>• Adoption of a new Investment Code will make new FDI inflows easier and more predictable.</li> </ul>
<p><b>Macroeconomic Developments</b></p> <ul style="list-style-type: none"> <li>• Macroeconomic conditions broadly positive. Growth slowed to 6.1% in 2019 from 6.3% in 2018, mainly due to the slowdown in industry and services. Inflation remains in single digits at 7.9 % (December 2019) thanks to continued monetary restraint. Headline fiscal deficit was 4.7% of GDP in 2019, excluding energy and financial sectors costs of 2.3 % of GDP.</li> <li>• To reduce financial sector vulnerabilities Bank of Ghana intervened in nine banks and 409 specialized deposit-taking institutions between August 2017 and December 2019.</li> <li>• Continued being an attractive destination for portfolio investment in 2019, with corresponding vulnerabilities to shifting investor sentiment.</li> <li>• Three very successful Eurobond campaigns: May 2018, March 2019, and Feb 2020, with the latest (US\$3 billion) being oversubscribed by a factor of five, incl.\$750 million in a 41-year paper with a coupon of 8.875%.</li> <li>• Currently no IMF program, last Extended Credit Facility (ECF) program ended in March 2019.</li> <li>• Structural reforms improving financing framework for businesses have shown modest progress, including reforms by central bank to strengthen banking system. Credit growth to private sector reached 18.3 % in 2019 up from 10.6 % in Dec 2018. Asset quality also improved significantly and NPL ratio declined to 13.9 % in Dec 2019 from 18.2 % in Dec 2018.</li> </ul>	



<b>GUINEA</b>	
<p><b>Key Private Sector Challenges and Constraints</b></p> <ul style="list-style-type: none"> <li>• Clearing domestic arrears will be necessary to support recovery of the private sector and help private companies in paying down their bank debt.</li> <li>• Improving the financing framework for private sector.</li> <li>• Streamlining tax administration procedures and operationalizing an online tax declaration and payment system remain important steps for attracting private investment.</li> <li>• Publishing audited financial statements of SOEs will bring transparency to SOEs' operations.</li> <li>• Rule of law, government effectiveness, and control of corruption remain important issues.</li> <li>• Mobilizing additional tax revenues is pivotal to scale-up growth-supporting public investments in infrastructure and domestically-financed social safety nets.</li> </ul>	
<p><b>Key Reforms To-date</b></p> <ul style="list-style-type: none"> <li>• All required implementation texts of SOEs in line with requirements of new SOEs legislation issued.</li> <li>• Specialized Commerce Court in Conakry established, and a one-stop shop for cross-border trade is being operationalized in phases with the first stage expected to be completed by end-2019.</li> <li>• Procedures to create a business were streamlined, with an online business creation platform</li> <li>• Adoption of implementation decree for National Agency for Fight Against Corruption (NAFC) in 10/2018.</li> <li>• Adoption of a new action plan to improve the business climate in early 2018.</li> </ul>	<p><b>Ongoing Priority Reforms</b></p> <ul style="list-style-type: none"> <li>• Adoption of a strategy to clear up longstanding domestic arrears to private sector. Some old domestic arrears (those audited between 1982 -2013) were repaid in 2017, 2018 and 2019.</li> <li>• Mobilizing additional tax revenues.</li> <li>• Finalize the set-up of an online tax declaration and payment system and business identification number by end-April 2020 for the large enterprises, by end-July 2020 for medium enterprises and fully operationalize it for all taxpayers end March 2021. The permanent tax identification has been finalized in early 2019]</li> <li>• Clearance of domestic arrears, and the strengthening of the governance of state-owned enterprises by aligning their regulation with the new law.</li> <li>• Implementation decree for asset declaration regime is being prepared.</li> <li>• Audit of domestic arrears between 2014 and 2017 is proceeding.</li> <li>• Implementation of credit bureau is underway.</li> </ul>
<p><b>Macroeconomic Developments.</b></p> <ul style="list-style-type: none"> <li>• Growth slowed to 5.6 % in 2019 as mining sector growth cooled down to 8 % while non-mining growth slowdown to 5.1 %, due to lower growth of agriculture sector and the impact of a weather-related shock on mining activity.</li> <li>• Inflation estimated at around 9.5 % in 2019, a decrease from 2018 (9.8 %), owing to a prudent monetary policy and contained central bank financing of the government.</li> <li>• Overall fiscal deficit (including grants) improved from 1.1 % of GDP in 2018 to 0.5 % in 2019, due to lower tax revenue than expected in 2019 revised budget and in IMF program. [The numbers quoted here refer to projections at the time the 4<sup>th</sup> review Staff level agreement was reached. Preliminary data point to a balance of -0.5 % reflecting adjustment measures taken by the authorities at end-2019.]</li> <li>• International foreign reserves increased to 3.2 months of import coverage in 2018 as mining and agricultural exports rose and is expected at 4.3 in 2019 (against 2.5 months of import cover in 2017). Please note that this is in terms of prospective imports and is affected by revisions to next year imports as is the case here.</li> <li>• Fourth review of the IMF's ECF-supported program has yet to be completed by its Executive Board, even though, since October 23, 2019, IMF staff and the Guinean authorities have reached a staff-level agreement. [the fourth review was completed On April 1, 2020.]</li> <li>• Contingent on continued macroeconomic and political stability, sizeable ongoing foreign investments in mining and hydropower have the potential to transform the economy. Guinea faces significant downside risks related to COVID-19 Pandemic.</li> </ul>	



<b>MOROCCO</b>	
<p><b>Key Private Sector Challenges and Constraints</b></p> <ul style="list-style-type: none"> <li>• Difficulty in achieving job-rich growth (very low female participation). Slow process of reallocation of labor across sectors and insufficient support to entrepreneurship, in part due to the weak quality of human capital and skills.</li> <li>• Weak competitive level playing field, with incumbents dominating many markets, including public procurement. Large enterprises still delaying payment to very small suppliers. Weak private participation in infrastructure, despite liberalized PPP framework.</li> <li>• Limited financing beyond banking, as well as a limited access to finance and inadequate risk mitigation instruments for VSMEs. Equity financing of start-ups or high-growth companies hampered by insufficient deal flows.</li> <li>• Capital markets struggle to attract foreign institutional investors, despite many EU practices being adapted to the local context.</li> </ul>	
<p><b>Key Reforms To-date</b></p> <ul style="list-style-type: none"> <li>• Corporate insolvency, secured transaction framework, digital land registry, industrial land law, online creation of company, paperless customs, etc.</li> <li>• Regulatory authorities (electricity, postal, telecom) established or endowed with greater powers.</li> <li>• Competition and anti-corruption bodies operationalized.</li> <li>• PPP Framework brought in line with EU practices, and Investment Charter (for FDI) being revamped.</li> <li>• Moved up seven places in 2020 Doing Business (53<sup>rd</sup> out of 190 countries).</li> </ul>	<p><b>Ongoing Priority Reforms</b></p> <ul style="list-style-type: none"> <li>• Fiscal consolidation and decentralization.</li> <li>• Exchange rate flexibility.</li> <li>• National Financial Inclusion Strategy being implemented.</li> <li>• Tax reform.</li> <li>• SOE and public investment management reforms to optimize finance for infra.</li> <li>• Digitization of business services.</li> <li>• Competition policy.</li> <li>• SOE oversight and refocused on core public mandates. Publication of payment delays by SOEs.</li> <li>• One-stop-shop Regional Investment Centers restructured, allowing for greater engagement.</li> <li>• National entrepreneurship strategy (pre- and post-creation supports, export and public market access, financing)</li> <li>• Capital market development and reform of pension funds.</li> <li>• Anti-corruption national strategy being implemented.</li> </ul>
<p><b>Macroeconomic Developments</b></p> <ul style="list-style-type: none"> <li>• Weak agricultural production, lower external demand and the lockdown are expected to take a toll on economic activity in 2020 with GDP growth projected at -3.7 %. A gradual recovery from Q3 onward is projected to boost GDP growth to 4.8 % in 2021.</li> <li>• Monetary and fiscal policies reacted quickly to the crisis. A wider exchange rate band allowed the dirham to depreciate significantly in March, while BAM's balance sheet rapid expansion provided much needed liquidity to the financial sector. The COVID-19 Fund financed by private and public sector contributions helped fund a series of measures in favor of households and firms that has helped contain the economic damage.</li> <li>• The overall fiscal deficit is projected to jump to about 7 % of GDP in 2020, with the central government debt-to-GDP ratio raising to close to 74 %. The economic recovery, prudent spending, and fiscal reforms are expected to drive the deficit to close to 3 % of GDP and the debt-to-GDP ratio to below 70 % by 2025.</li> <li>• The current account deficit is expected to widen to around 8 % of GDP 2020, as the sharp drop in tourism receipts and remittances more than offset the positive effect of lower energy prices. The return of external demand and still weak energy prices are projected to bring the CA deficit back to close to 3 % by 2025</li> <li>• Going forward, progress on the structural reform agenda should continue with priority on a reform of the tax system (to reduce distortions and widen the tax base); product market and governance reforms to foster the development of the private sector; and education and labor market reform to improve the quality of human capital and reduce informality.</li> </ul>	





<b>RWANDA</b>	
<p><b>Key Private Sector Challenges and Constraints</b></p> <ul style="list-style-type: none"> <li>• Level of private investment remains low at an estimated 12.5% of GDP, highlighting structural character that the private sector faces (small market size, landlocked, high energy price).</li> <li>• Most private firms remain small. A small fraction of domestic firms can be characterized as high growth, and job creation momentum by domestic firms remain weak.</li> <li>• Rwanda’s structural features—small and landlocked—challenge the private sector to play this role. Forty% of potential investors in Rwanda cited the limited market as a weakness of the country as an FDI location.</li> <li>• Recent CPSD notes several cross-cutting constraints, including challenges of high transport costs, lack of skilled labor, and high input costs, including finance, electricity, ICT, and land.</li> <li>• CPSD also identified targeted policy actions to support private sector development in Agribusiness and Affordable Housing as high potential sectors for growth and jobs -- aligned with the GoR’s own plans.</li> </ul>	
<p><b>Key Reforms To-date</b></p> <ul style="list-style-type: none"> <li>• Despite recent slippage (from 29 to 38) in Doing Business ranking because of methodology refinements recent reforms incl. making starting a business easier, obtaining construction permit faster, and improving the reliability of power supply.</li> <li>• 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</li> </ul>	<p><b>Ongoing Priority Reforms</b></p> <ul style="list-style-type: none"> <li>• Improve system for identifying investor issues, managing investor grievances and minimizing dispute escalation.</li> <li>• 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</li> </ul>
<p><b>Macroeconomic Developments</b></p> <ul style="list-style-type: none"> <li>• Economic growth in 2019 was strong, reaching 9.4 %, mostly driven by large public investment projects. Government resumed strong investment in mid-2018 pursuant to implementation of National Strategy of Transformation. Relative to pre-crisis 2020 baseline real GDP growth forecast of 8%, growth is expected to decline significantly to 2% following Covid-19 shock. Recovery is expected to begin from 2021 with estimated growth of 6.3 %.</li> <li>• Frontloading of investment led to large fiscal deficit of 8.1 % of GDP in 2019, while public debt climbed to 58.5% of GDP. External imbalances widened again with deficit of current account balance estimated at 9.2% in 2019. Commodity export performance continues to disappoint, while newly emerging services exports are strong.</li> <li>• Rwanda sealed a deal with Qatar Airways for a joint development of new airport and national carrier, but COVID-19 Pandemic has created uncertainties regarding timeline for implementation, which was expected to move into full swing from 2021. While completion of project requires additional borrowing, presence of a major global player significantly raises chances of Rwanda’s past investments’ translating into vibrant and high-value profitable industries. Government pursues similar strategies in transforming Kigali into a regional financial hub.</li> <li>• Financial soundness indicators reflect a healthy banking sector, and private sector credit growth picked up to 12.6 % at end of 2019, slightly above growth rate of nominal GDP. However, banking sector’s exposure to hotels and import-dependent sectors hard-hit by COVID-19 could trigger a deterioration of asset quality and profitability, with negative ramifications for private credit growth.</li> <li>• Rwanda’s unique transformation policies can bring substantial economic and social returns over the long run. Government’s consistent and systematic approach in policies has created opportunities usually not available to low income countries, although full materialization of se opportunities will take time. But risks are also growing because of higher public debt required to finance these projects. These risks have so far been managed well due to adherence to concessional borrowing and strong monetary discipline. An additional critical issue is ability of the economy to swiftly recover from COVID-19 shock and return to its pre-Pandemic strong performance.</li> </ul>	



<b>SENEGAL</b>	
<p><b>Key Private Sector Challenges and Constraints</b></p> <ul style="list-style-type: none"> <li>• Government undertaking policy reforms that will stimulate private sector driven growth (e.g. energy and ICT sectors supported by a Dec 2019 DPO), but further reforms needed to broaden and accelerate pace.</li> <li>• Key challenges: access to and cost of energy; burdensome tax procedures and uneven and inconsistent application of tax regulations; high cost and restricted access to credit (especially to long-term finance and for MSMEs); inefficient public investment management; and weak human capital.</li> <li>• Access to digital services (internet, international connectivity, 4G, etc.) is poor and expensive due to insufficient competition. E-government services (G2B, e-taxes, etc.) are also underdeveloped.</li> <li>• System of land governance remains complex and poorly regulated, and access to land is a major constraint on companies interested in doing large-scale agriculture.</li> <li>• Labor productivity is low—three times lower than China and five times lower than South Africa—and two-thirds of all workers did not receive formal education, and labor regulations are complex, rigid and poorly enforced.</li> </ul>	
<p><b>Key Reforms To-date</b></p> <ul style="list-style-type: none"> <li>• Reforms were implemented to improve macroeconomic framework (transfer pricing regime and use of integrated projects bank for public investment), ease of doing business (Commercial Court, electronic operations, G2B services, registering property and competition in key markets), and access to finance (Credit Bureaus).</li> <li>• First phase of reform program <i>Plan d'Actions Prioritaires</i> allowed both public and private investment to increase and boost key sectors, including agriculture, energy, construction, and infrastructure.</li> </ul>	<p><b>Ongoing Priority Reforms</b></p> <ul style="list-style-type: none"> <li>• In December 2019, during Berlin summit, Germany committed grant financing of circa Euro 100m to finance investments to accompany a CwA reform program to improve: (1) labor laws; (2) land markets; (3) MSME finance; and (4) professional/vocational training.</li> <li>• Renewed interest to pursue more ambitious Doing Business reforms following a high-level January 2020 mission by WBG doing business team (joint with FCI, Procurement and IFC).</li> <li>• Revision of PPP law, midterm revenue strategy and investment code.</li> </ul>
<p><b>Macroeconomic Developments</b></p> <ul style="list-style-type: none"> <li>• Real GDP Growth is increasingly driven by investment but slowed from 6.4% in 2018 to 5.3% in 2019. Inflation remained low and stable around 1%. Outlook has weakened significantly due to COVID-19 Pandemic, with growth expected below 3% in 2020 followed by a gradual recovery.</li> <li>• Returning and sustaining pre-crisis growth rates of 6-7% requires crowding in private investment by sustaining macro-fiscal stability, deepening structural reforms, enhance public investment management, and improve ease of doing business.</li> <li>• Headline fiscal deficit declined from 3.6 % of GDP in 2018 to 3.2 % in 2019, excluding a one-off transfer to SENELEC of 0.7 % of GDP. Fiscal deficit is set to temporarily increase to about 6 % in response to COVID-19 Pandemic, before returning to WAEMU target of 3 % of GDP as conditions normalize.</li> <li>• Public debt increased and risk of debt distress is now assessed as moderate. Public debt (including SOEs and para-public entities) rose from 62% of GDP in 2018 to 64% in 2019.</li> <li>• Effective management of oil and gas revenues provides an opportunity to bolster macro stability and inclusive growth in medium term. With onstream oil/gas expected from 2023, a well-defined, transparent and efficient revenue management mechanism will be required to optimize impact on fiscal sustainability and structural growth.</li> </ul>	



<b>TOGO</b>	
<p><b>Key Private Sector Challenges and Constraints</b></p> <ul style="list-style-type: none"> <li>• Weak public administration undermines competitiveness. Widespread corruption despite recent criminalization of several corruption offenses and operationalization of anticorruption commission.</li> <li>• Public debt remains high, though on a downward path, limiting fiscal space for social spending to improve human capital.</li> <li>• Business climate substantially improved over last two years as reflected by significant increase in Togo’s Doing Business rankings. However, persistent weaknesses remain in areas such as trading across borders, protecting minority investors, enforcing contracts and paying taxes.</li> <li>• Despite business climate improvements, private investment boost that was expected to compensate for reduction in public investment has not yet materialized.</li> <li>• Continued political uncertainty remains a key challenge for the implementation of reform agenda.</li> </ul>	
<p><b>Key Reforms To-date</b></p> <ul style="list-style-type: none"> <li>• Adoption of a new investment code to boost private investment and job creation.</li> <li>• New law on land and state property improving land ownership security.</li> <li>• Energy sector: performance contract between government and utility company revised to improve financial viability of the sector. Cost reduction in obtaining electricity connection.</li> <li>• Law authorizing creation of commercial courts adopted to resolve conflicts in interpretation and execution of contracts and streamline insolvency proceedings. Two such courts created in Lomé and in Kara (2nd largest city).</li> <li>• Strengthened enabling environment for private-sector-led growth, e.g. adoption of new land code, digitization of land registry, and creation and automation of commercial courts.</li> </ul>	<p><b>Ongoing Priority Reforms</b></p> <ul style="list-style-type: none"> <li>• Implementation of a revised tax code to simplify the tax system and provide incentives to investors.</li> <li>• Fiscal and structural policies agreed under the CWA policy reform matrix.</li> <li>• Public debt reduction</li> <li>• Increasing private sector participation in the banking and telecommunication sectors.</li> </ul>
<p><b>Macroeconomic Developments</b></p> <ul style="list-style-type: none"> <li>• Growth accelerated in 2019 to reach 5.3% compared to 4.9% in 2018. Growth is expected to average 5.4 % over next 3 years. Growth is catching up with historical averages but remains below levels seen in peers.</li> <li>• Average inflation remained below 1 % in 2019, in line with WAEMU trend.</li> <li>• Fiscal position loosened somewhat in 2019 but is on an improving trend since start of the IMF Extended Credit Facility (ECF) program and adoption of CWA policy reform matrix. Fiscal deficit was contained at 1.9% of GDP in 2019.</li> <li>• Debt Management Strategy is geared toward a preferential use of concessional loans.</li> <li>• Despite a significant reduction in debt, debt-to-GDP remains high, at 71.5% in 2019 (or 69.3% excluding SOEs).</li> <li>• Risks remain tilted to downside, stemming primarily from socio-political uncertainties and rising security threats in neighboring countries. Climate change is also a major risk for agriculture, while delay in the privatization of two public banks is a risk to financial stability and fiscal sustainability.</li> </ul>	



## TUNISIA

### Key Private Sector Challenges and Constraints:

- Important progress made towards more open and democratic system of governance, but economic transition has not kept pace. Internal constraints i.e. political instability combined with external constraints i.e. Libya conflict slowed down economic recovery. Results of 2019 parliamentary elections show a highly fragmented political scene with potential issues on consensus needed to maintain a stable and reform-oriented government.
- Wages, subsidies (especially on energy), and interest payments are crowding out much needed investment spending and outlays on social programs.
- Across sectors, regulations governing markets remain restrictive and encourage anticompetitive behavior, hampering an efficient allocation of production factors and thus private sector development.
- State intervention is heavy, and bureaucracy creates unreasonable regulatory requirements and compliance costs to firms. SOEs dominate many sectors (more than 200 operating in 19 sectors), complex policies and regulations distort domestic competition, and key constraints include cross-border trade, taxes, and insolvency.
- Restrictive labor market regulations create inflexibility of wage determination, high social charges, and employment protection mechanisms that reduce productivity by discouraging formality, attainment of efficient firm size, and increasing unemployment.
- Access to finance underdeveloped (both household & firm level) due to dominance of public banks.
- Despite progress in ranking, key bottlenecks in Doing Business persist and include mainly the ease of paying taxes, getting credit, registering property, cross-border trade, and resolving insolvency.

### Key Reforms To-date

- Foreign investors no longer required to obtain authorization of Superior Commission of Investment.
- Horizontal law approved addressing key elements of investment climate agenda.
- Guarantee mechanisms strengthened access to finance for exporting SMEs (“Dhamen Finance” law approved).

### Ongoing Priority Reforms

- Energy subsidies reduced (2018-19) with social safety nets strengthened.
- Investment entry authorization procedures mapped and ongoing simplification efforts of a first wave of licenses.
- National Financial Inclusion Council created (June 2018).
- PPP program covering energy, sanitation and water initiated.
- Technical specifications that replace investment entry authorizations were supposed to be finalized and published in 2018; most pending.
- Laws to improve SME access to finance pending ratification by Parliament, (exp: Equity and Seed Capital Law, Secured Transactions Law, & Credit Bureau Law).
- Several regulatory reforms to facilitate technical control and logistic/port procedures on import and export are on-going.
- Additional priority areas: digital transformation, fight against rent economy, SME support and reduce informality, energy transformation, SOE monitoring and reform, and invest in decentralization and regional powers.

### Macroeconomic Developments.

- Growth projected to drop to -4.3 % in 2020 amid the COVID-19 Pandemic (1 % in 2019).
- The 2019 fiscal balance slightly improved to -3.9% of GDP and debt fell to 72.3% of GDP on the back of currency appreciation. Financing needs remain elevated in 2020 and beyond.
- Inflation is on a falling trend (6.3% in April 2020 compared with a peak of 7.7% in June 2018); the BCT tightened monetary policy through 2018-19 but recently eased to respond to the COVID-19 shock. The currency appreciated since 2019.
- The current account deficit fell to 8.8% of GDP in 2019 and thus remained below 10% for the first time in the last three years. At the same time, vulnerabilities remain elevated as the recent contraction is mostly due to import compression rather than a strengthening of exports. External financing requirements remain significant and have been covered mostly by debt.
- Unemployment rate stagnated around 15 % nationally since 2011 and is significantly higher among the youth (35 %), graduates (28 %), and women (22.4 %), contributing to social tensions.



## 2. G20 DEBT SERVICE SUSPENSION INITIATIVE

On April 15, 2020, G20 Finance Ministers endorsed the Covid-19 Debt Service Suspension Initiative (DSSI). This G20 initiative covers all IDA-eligible and UN Least Developed Countries that are current on debt service to the IMF and the World Bank. Under the initiative, bilateral official creditors will reprofile all principal and interest coming due between May 1 and December 31, 2020 from public sector borrowers (“debt service suspension”). The initiative does not cover multilateral debt service. It is a creditor-led initiative with the WB and the IMF in a supporting role.

To participate in the DSSI, countries must be benefitting from, or have asked IMF management for, IMF financing (e.g. through its Rapid Credit Facility or the Rapid Financing Instrument) to deal with the shock.

**Commitments:** In order to benefit from the DSSI, countries will need to meet several requirements. Specifically, countries must:

- Formally request the debt service suspension from official bilateral creditors;
- Commit to spend the freed-up resources on COVID-19-related health, social or economic relief, disclose all their debts: and
- Contract no new non-concessional debt during the suspension period, other than agreements under the DSSI or in compliance with limits agreed under the IMF Debt Limit Policy or IDA’s Sustainable Development Finance Policy<sup>8</sup>.

**Terms of reprofiling.** The suspension is net present value (NPV) neutral. Amounts reprofiled would be given one year’s grace, followed by three years of repayment. The interest rate in each individual loan would be consistent with NPV neutrality.

**Comparability of treatment.** Beneficiary countries are expected to seek a treatment in the terms stipulated in the agreed term sheet from all official bilateral creditors.

**Private creditor participation:** There is an expectation, but not a requirement, that commercial creditors will provide comparable treatment. Commercial creditors are called upon to participate working through the Institute of International Finance.

**Definition of official bilateral creditors:** Official bilateral creditors are official agencies that make loans on behalf of one government to another government or to public and publicly guaranteed borrowers in another country. An entity would be classified as being bilateral or a private sector creditor based on the profile of the creditor entity and the profile of the subsidy.

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<sup>8</sup> One creditor, the United States, has an additional requirement, that the country must be “at imminent risk of default” necessitating Fund financing and debt service relief.