

Govt silent on debt relief

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We have no answers now. – Tonateni Shidhudhu, Chief PRO, Ministry of finance

Jo-Maré Duddy - The ministry of finance has refused to give an indication of whether government has received any relief on its debt repayments following widespread meetings from global powerhouses last week to suspend debt service payments for countries severely impact by the Covid-19 pandemic.

Market Watch asked the chief public relations officer at the ministry, Tonateni Shidhudhu, on Thursday whether government has received any debt holidays from any institutions. Shidhudhu responded that he would answer later.

On Friday morning, Market Watch asked for feedback again, to which Shidhudhu responded: "We have no answers now."

Yesterday morning, several journalists on the ministry's WhatsApp group for reporters pressed for feedback on the same issue. They were ignored.

Nearly 50% of total government debt matures in less than two years, including the first Eurobond of US\$500 million.

G20, Paris Club

United Nations secretary-general Antonio Guterres on Friday urged creditors to grant a debt standstill for all developing countries, not just the poorest, warning that many faced debt distress due to a global recession triggered by the coronavirus pandemic.

Guterres told a virtual conference on Africa hosted by the World Bank and International Monetary Fund (IMF) that the continent needed more than US\$200 billion to respond to the pandemic and mitigate its economic impact.

G20 officials and Paris Club creditors agreed on Wednesday to suspend debt service payments for the world's poorest countries through the end of the year, a move matched by a group of hundreds of private creditors.

But finance ministers and a growing chorus of non-profit groups are calling for broader debt relief to help other low- and middle-income countries that are also plagued by high debt burdens as they brace for worsening pandemic impacts.

In Africa, eligible countries owed private sector creditors US\$16 billion in payments in 2020, or 10% of fiscal revenue, compared to US\$6 billion owed to official bilateral creditors, the IMF and World Bank briefing paper said.

"Contingent on a more severe growth and revenue downturn, a broader group of countries may require debt relief and existing arrangements extended," it said.

African leaders

The IMF and World Bank said on Friday that official creditors have mobilised up to US\$57 billion in loans and grants for Africa in 2020 to aid the continent's response and recovery from the coronavirus pandemic.

In a joint statement issued after a videoconference with African leaders, the World Bank and IMF said the total includes more than US\$18 billion from each of the two institutions for front line health services, support the poor and vulnerable and to keep economies afloat amid the worst economic downturn since the 1930s.

African leaders, the IMF and the World Bank on Friday appealed for rapid international action to help African countries respond to the coronavirus pandemic that will cause the continent's economy to shrink by 1.25% in 2020, the worst reading on record.

IMF managing director Kristalina Georgieva told ministers, UN officials and others that the African continent lacked the resources and healthcare capacity to address the crisis, and needed at least US\$114 billion to cover urgent fiscal needs.

Even after pledges of support from bilateral, multilateral and private creditors, Africa faced a gap of around US\$44 billion, officials told the "Mobilising with Africa" conference held online during the spring meetings of the World Bank and IMF.

"This pandemic has already had a devastating impact on Africa and its effects will deepen as the rate of infection rises. It is a setback for the progress we have made to eradicate poverty, inequality and underdevelopment," said South African president Cyril Ramaphosa, who chairs the African Union.

"Large financing gaps remain and greater support is needed to ensure that African

countries are able to respond effectively to the health crisis and address economic challenges," he said in a joint statement release by the IMF and World Bank.

'Sideline'

In a joint briefing paper, the IMF and World Bank warned that the widespread lack of basic sanitation in Africa and a large share of the population with pre-existing medical conditions risked a wider and more lethal spread of the disease.

Costs could rise substantially if the health shock was prolonged, forcing containment policies to remain in place longer and making economic recovery slower and less robust, it said.

Estimates showed that it would cost about US\$36 billion to treat patients if 10% of Africa's population became infected with Covid-19, the respiratory disease caused by the virus.

World Bank Group president David Malpass said the bank had already provided emergency support to 30 countries across Africa, with more to come, and it would continue to advocate for debt relief and increased resources.

"No one can stand on the sidelines; we cannot leave any country behind in our response," he said. Of US\$160 billion in emergency funding the World Bank expects to provide over the next 15 months, US\$55 billion would go to Africa, he said.

Non-profit groups have called for the IMF to raise additional resourcing by selling some of its gold reserves or issuing an allocation of Special Drawing Rights, the currency of the global lender. Washington opposes an SDR allocation, which is akin to a central bank "printing" new money. – Own report and Nampa/Reuters/AFP