

Chair's Statement

Meeting of the G7 Finance Ministers with African countries and key donor and creditor countries

Washington D.C., 12 October 2022

Fostering growth, resilience and sustainability in Africa

The finance ministers from the G7, member countries of the G20 Compact with Africa (Benin, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda, Senegal, Tunisia, Togo) and applicant countries of the G20 Common Framework (Chad, Ethiopia, Zambia) together with key donor and creditor countries and international partners (South Africa, Indonesia, Saudi Arabia) met on October 12 2022 in Washington D.C. at the margins of the International Monetary Fund (IMF) and World Bank Group (WBG) Annual Meetings. This was an important new discussion in times of multiple concurrent political, financial and socio-economic challenges.

The global economy is facing a range of severely adverse shocks, most significantly Russia's war of aggression against Ukraine, which is causing major global economic disruptions including higher energy, food and fertiliser prices. Reinforced multilateral action to ensure a sustainable path of global economic recovery is therefore imperative. It is not the sanctions against Russia but the war itself which has caused a global economic slowdown and a massive threat to global food and energy security.

We very much welcome the efforts by the IMF, the World Bank Group (WBG) and their members to help and assist African countries during these challenging times. With the implementation of the IMF "food-shock-window", eligible countries in need, especially also in Africa, will have access to a vital additional financing source. We welcome efforts by the international financial institutions to implement the food security action plan announced in May 2022. The G7 and the WBG also established a Global Alliance for Food Security to facilitate a coordinated and well-informed response by decision-makers to the current global food crisis.

Overall, the group acknowledged the crucial role of promoting private sector development and improving debt sustainability to foster a sustainable economic recovery as well as an increase of economic resilience. We are committed to closely collaborate to strengthen private sector-led growth recovery in Africa and to further improve current approaches to

efficiently and durably resolve debt risks. We recognise the significant multilateral efforts and progress under the G20 Compact with Africa (CwA) and the G20 Common Framework for Debt Treatment, also agreed by the Paris Club, in working towards these goals.

Continuing economic reforms to foster growth, jobs and investment

We acknowledge and welcome the national efforts by the twelve member countries of the G20 CwA initiative to strengthen macroeconomic and microeconomic fundamentals. The benefits of these economic reforms can already be seen, for example through helping Compact countries navigate the repercussions of the COVID-19 pandemic better than their peers, as shown by the WBG and IMF analysis. We are committed to identifying opportunities for enhanced collaboration with CwA members to reap the full potential of this important initiative. We furthermore call upon all partners to encourage their private sectors to consider CwA countries as an attractive investment destination.

Furthermore, we want to underline the need for a credible fiscal policy framework to ensure balanced and inclusive growth and to better navigate upcoming crises. We invite the Organisation for Economic Cooperation and Development (OECD) to continue its important work in supporting African countries in the area of taxation, in particular with regard to the implementation of the two-pillar solution that will require significant tax policy and tax administration responses. It is expected that African countries will be able to raise significant additional tax revenues by transposing the international agreement into their domestic law and adopting the relevant multilateral instruments. With regard to this, we propose that the OECD reports back to the G7 on further developments in 2023. We acknowledge and welcome the IMF's substantial efforts with regard to combating illicit financial flows, especially within the Anti Money Laundering and Combating the Financing of Terrorism Fund. We ask the IMF to further intensify this important advisory work with African countries in close cooperation with the Financial Action Task Force (FATF) and FATF-Style Regional Bodies.

Acting multilaterally – addressing debt challenges

While we welcome the recent progress made under the G20 Common Framework, more needs to be done to provide appropriate and sustainable debt treatment for the three African applicant countries (Chad, Ethiopia and Zambia). We look forward to the conclusion of the ongoing cases. We recognise the need for a more timely implementation. We commit to continue working towards improving the implementation of the G20 Common Framework, while noting that it can be achieved only through consensus amongst G20 and Paris Club members. We welcome an open exchange on existing challenges for involved creditor and debtor countries like the one we had today. While we recognise that G20 and

Paris Club members need to improve the implementation of the Common Framework, we recall that the foundation for regaining fiscal and debt sustainability is the ability to implement effective structural reforms that promote inclusive economic growth. Furthermore, debt transparency needs to be improved by debtor as well as creditor countries, including with regard to loan-by-loan data as requested by the IMF and the WBG and in line with best practices under the G20 Operational Guidelines for Sustainable Financing.

We also welcome the efforts of the IMF and the WBG to help countries that are not eligible for the Common Framework to overcome unsustainable debt. Paris Club creditors stand ready to facilitate debt treatment where needed and necessary, and we call on all creditors outside the Paris Club to agree on necessary debt treatments under comparable terms. We affirm our intention of cooperating intensively with new donor and creditor countries and of working together efficiently and effectively to this end.

We are committed to keep on strengthening the financial and economic collaboration and political dialogue with African countries. We look forward to continued dialogue with key developing partners, including African countries and key donor and creditor countries in the near future.