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Three Points Proposal from the Government of Ethiopia to G20

COVID-19 poses an existential threat to the economies of African countries. Our economies, fragile and vulnerable even in the best of times, will face serious shocks following this crisis. A dramatic decline in exports, disruption of global chains, and the sudden drying up of travel and tourism — and, in the case of Ethiopia, the impact on Ethiopian Airlines, which accounts for two-thirds of the country’s revenues from services exports — are sure to wreak havoc to our economies.

Africa’s ability to take even modest measures to inject liquidity and cushion its companies and workers from the impact of this calamity are further constrained by the heavy debt burden, the servicing of which alone costs many of them significantly more than their annual health budgets.

These challenges cannot be adequately addressed by policies and measures taken individually by any one country or group of countries; they require a globally coordinated response. Just as the virus knows no borders, our responses should also know no borders.

To safeguard the commendable progress registered in Africa against reversal induced by this pandemic, Ethiopia, working closely with its fellow African countries, submits the following proposed areas and forms of intervention for consideration during the upcoming Extraordinary G-20 Leaders’ Summit.

(1) Africa Global COVID-19 Emergency Financing Package—USD 150 Billion;

- Supplementary Budgetary Support from the World Bank Group (including by recycling undisbursed IDA resources) for health emergency support, to boost foreign exchange reserves and safety nets;
- IFC Global Private Sector Financing—Trade Financing, working capital support and medium-term financing to private companies struggling with disruptions of supply chains;

- IMF Global Crisis Financing to Low Income Countries to meet urgent balance of payment needs;
- Other G-20 Facilities.

(2) Global Africa Health Emergency Package:

This may include:

- Support to WHO to strengthen public health delivery and emergency preparedness in Africa and support to Africa CDC to help supply medical equipment, protective gears and testing kits;
- Financing by the Global Fund (for AIDS, TB and Malaria) to strengthen system for health services and support health equipment purchases in Africa;
- (3) Debt Resolution and Restructuring Package. This will follow the examples of previous successful debt relief efforts.

Ethiopia proposes all interest payment to government loans should be written off. In addition, Ethiopia proposes part of the debt of low-income countries should be written off. We suggest the remaining debt to be converted into long term low interest loans with 10 years grace period before payment. All debt repayments will be limited to 10% of the value of exports.

This global pandemic requires a global approach and strategy to stop it. More than ever, the global community needs global-level leadership to address this pandemic, its toll on human life and health, as well as its catastrophic impact on the global economy generally, and the economies of the most vulnerable members of the international community in particular.

We look forward to the G20's consideration of the three points proposal.