

G7 – Africa Ministerial Roundtable

Chair Summary

Washington, DC, 26 October 2024

The Finance Ministers of the G7, together with the past, current and next Presidency of the G20 (India, Brazil, South Africa), and international organizations (IMF, World Bank Group, African Development Bank) met with Finance Ministers and representatives of African Countries (Benin, Egypt, Ethiopia, Malawi, Mauritania, Zambia) on 26 October 2024 in Washington, DC at the margins of the Annual Meetings of the International Monetary Fund and the World Bank Group. The Roundtable was chaired by Italy's Economy and Finance Minister.

Country-Specific Solutions to Debt Service and Liquidity Challenges

The G7 Presidency, the IMF and the World Bank introduced the debate by recognizing that African countries have been particularly affected by tighter international financial conditions and geopolitical tensions that worsened the global economic environment in 2022-2023. It was also highlighted that African economies are being challenged by increased debt-service, substantial redemptions in 2024-2025, and increasing climate change challenges.

To address near-term challenges, Participants recognized the efforts with mounting near-term pressures and rising financing costs straining public budgets, Roundtable Participants recognized that countries should not be forced to choose between making progress on Sustainable Development Goals (SDGs) and addressing their financing challenges.

Roundtable participants agreed that the international community should step up its support for African-led, country-owned reforms and investment plans, including domestic resource mobilisation, which will progressively allow countries to increase their fiscal space and support long-term development.

To address near-term challenges, Participants recognized the efforts underway to strengthen the existing financing tools of the IMF and the World Bank, and acknowledged the importance of securing a successful IDA21 replenishment and welcomed the positive outcome of the review of the Poverty Reduction and Growth Trust (PRGT) to support low-income countries. They also look forward to the replenishment of the African Development Fund (Adf17) next year.

In this perspective, Participants also expressed support for the IMF/World Bank three-pronged proposal of a menu of options that could be made available to countries with sustainable debt, depending on the country's specific situation, and may include risk-sharing instruments aimed at crowding in higher private sector inflows.

To enhance synergies and promote multilateral cooperation, Participants agreed on the importance of building on existing platforms at the country level and discussed possible multi-stakeholder collaboration models, to be implemented on a case-by-case basis. More analytical work and enhanced debt transparency is also valued as key to achieving results, as well as effective technical assistance and capacity development. Furthermore, Participants concurred that collective actions including all relevant actors will be paramount to building long-term resilience, diversifying instruments and sources of financing, advancing the achievement of SDGs, and improving living conditions.

Participants also took the opportunity to commend the Brazilian G20 Presidency for the finalization of the *G20 Note on Lessons Learned from the first cases of the Common Framework*, envisaging improvements in timeliness and predictability of debt restructuring exercises.

Participants looked forward to the upcoming discussions under the G20 Presidency by South Africa in 2025.

Initiatives for Development

- *Pharmaceutical Manufacturing in Africa*

The Roundtable represented a valuable opportunity to update on the common priority of enhancing pharmaceutical manufacturing capacity on the African continent. The growth of a pharmaceutical industry in Africa is considered strategic from different angles, including public health, economic development, and global security. Despite persisting challenges, strong endorsement from African institutions and governments backed by substantial G7 investments led to significant progress in production capabilities and in other key areas of the enabling environment.

The Italian Presidency highlighted the G7 Finance Report: “Enhancing pharmaceutical manufacturing capacity in Africa: current scenario and future perspectives for G7 Members”, which maps G7-supported initiatives and G7 financial commitments of more than USD 2.9 billion dollars between 2020 and 2024. Participants expressed interest in exploring further ways of collaboration to maximize the impact of investments and promoting further development of the sector.

- *Alliance for Green Infrastructure in Africa (AGIA)*

Participants recognized the potential that initiatives like the Alliance for Green Infrastructure in Africa (AGIA) can have in addressing a number of critical issues on the Continent, precisely the resilience to climate change, green infrastructure development and the acceleration of energy transition, with the decisive role of private investments. African Countries welcomed G7 support for this initiative and wished to see wider political and financial engagement from other potential partners to accelerate the implementation process and maximise impact. In that regard, the identification of a robust project pipeline was seen as an issue of utmost importance.

- *Resilient and Inclusive Supply-Chain enhancement (RISE)*

Participants agreed on the importance of supporting low- and middle-income countries in playing a stronger role in the value chains of clean-energy products. Promoting diversification and resilience is key to achieving global climate targets and to fostering sustainable development. G7 members reiterated their support for the Resilient and Inclusive Supply-chain Enhancement (RISE) partnership and appreciated recent progress in its implementation, as illustrated by the World Bank Group (WBG) and Zambia. Participants commended the good cooperation between the WBG and the government of Zambia, which is leading to the launch of a Local Information Platform (LIP) to facilitate investment in all segments of mineral value chains. The LIP will ease communication and collaboration between Multilateral Development Banks, development finance institutions, investors, companies, and other relevant stakeholders, which was recognized as key by African Ministers. Participants also recognized the importance of implementing this initiative at regional level starting from Burundi and Malawi.

Building on the fruitful discussion at the Roundtable, the G7 reaffirmed its commitment to continue maximizing synergies to enhance financial and economic cooperation with African Countries including through continued engagement and discussion with all key stakeholders in the near future.

