African Countries Uniquely Impacted by Coronavirus Pandemic

To mitigate the economic fallout from COVID-19, the G7 countries have introduced about $8 trillion in stimulus over the past several months. Over the same period, African countries have invested just $44 billion for over 1.3 billion people. That's not a reflection of the risk to the continent. In fact, many African countries are facing significant economic challenges with commodity prices low, borders closed, airlines shuttered, and the informal sector in shambles. These countries face a short-term liquidity and debt challenge and a long term need to diversify their economies and invest in education, employment, and infrastructure.

Unlike western economies, Africa is rapidly losing affordable access to the markets that provide the liquidity needed to keep businesses and economies running. Though 75% of African nations could tap into global markets pre-COVID, now escalating borrowing rates – in many cases 30-times greater than rates available to the United States – have limited African governments' capacity to respond to the economic and health crisis.

In this period, multilateral organizations have a particularly important role to play. Over the past week, we've been pleased to host conversations with U.N. Economic Commission for Africa Executive Secretary Vera Songwe and IMF Managing Director Kristalina Georgieva. Both advocated strongly for a moratorium on debt service repayments, which will allow countries to re-inject funds into their economies. With the World Bank and IMF's endorsement of a debt service suspension initiative, African countries will have temporary relief from $16-20 billion in debt serving payments this year.

More help is needed, and the private sector should be at the front line of these efforts. The private sector can join the public sector in debt suspension, allowing countries to focus on debt sustainability and in some cases debt restructuring. As the IMF and other organizations marshal a global response, industry can also encourage the investments and policy reforms that will be needed to ensure that fragile states are not left behind.

—Myron Brilliant, Executive Vice President, Head of International Affairs, U.S. Chamber of Commerce