

The Marrakech Declaration

July 6, 2022

Having convened from July 4-6, 2022, in Marrakech, the Kingdom of Morocco, under the High Patronage of **HIS MAJESTY, THE KING MOHAMMED VI**, for our 2022 African Caucus Meeting, and chaired by Honorable Nadia FETTAH, Governor of the World Bank Group (WBG) and Minister of Economy and Finance; in collaboration with Mr. Abdellatif JOUAHRI, Governor of the IMF and Governor of the Central Bank of Morocco (Bank Al Maghrib); we, the African Governors of the International Monetary Fund (IMF) and the WBG, discussed the Theme “Towards a Resilient Africa” the outcomes of which will be presented in a Memorandum we will deliver to the Heads of the Bretton Woods Institutions (BWIs) during the IMF and WBG Annual Meetings in October 2022.

Cognizant that lessons from multiple crises, including the COVID-19 pandemic and ongoing conflict in Ukraine reinforce the imperative of building resilience to shocks in Africa; aware of the current development finance landscape; noting the constraints posed by rising debt vulnerabilities and other preexisting development challenges, including energy and food insecurity, youth unemployment, gender, digital divide, climate change and recognizing that Africa’s financing needs far exceed available resources; we thank and commend the IMF and the WBG for their rapid responses and unprecedented volumes of financing thus far, acknowledge the vital role of the IMF and the WBG in the quest to build Africa’s resilience to future shocks and therefore seek additional grant and concessional financial support in the following three key pathways:

1. Repositioning debt as a catalyst for economic recovery and sustainable growth

- We call on the BWIs to facilitate debt relief that is rapid, comprehensive, and sizable to help recover from the twin crises and minimize risks to growth prospects.
- We take note of the conclusions of the June 2022 G7 Summit, including the point on increased debt of many developing countries and emerging markets and the urgent need to improve multilateral debt restructuring frameworks and address challenges of debt-related vulnerabilities while reaffirming the commitment to implement the G20 and Paris Club Joint Framework for Debt Treatment, beyond the Debt Service Suspension Initiative. In this regard, we call on the Bretton Woods institutions to ensure the swift implementation of this commitment and to ensure its follow-up.
- We call on the BWIs to accelerate work on a global debt architecture that works and to support the region’s appeal to G20 for an extension of the DSSI until such time that the Common Framework operates effectively providing timely relief (within 3-6 months or less); and to implement a mechanism that provides some debt relief assurance needed to allow IMF program negotiations to proceed (while CF process is underway).
- We encourage the BWIs to assist our countries that have entered the decision point in the process of the Highly Indebted Poor Countries (HIPC) Initiative to reach Completion Point in a timely manner.

- We exhort the BWIs to promptly accelerate reforms that should support, inter alia, the extension of eligibility to highly indebted middle-income countries in Africa; the suspension of debt service for the duration of negotiations; and the improvement of decision-making processes that guarantee participation of non-Paris creditors on comparable terms, transparency of loan terms and contracts, as well as timely formation of creditor committee.
- We request the BWIs to also promptly facilitate reforms that will build confidence in the G20 Common Framework, including assisting the international community in establishing an “enhanced version of DSSI” that will provide a roadmap for new debt relief or restructuring for African countries grappling with increasing debt vulnerabilities.
- We urge the BWIs, as members of the UN’s Inter-Agency Task Force for Financing for Development, to reform the international financial architecture making it inclusive, effective, and fair and grant Africa greater representation and a stronger voice within the governance bodies in these institutions. To this end, we specifically call upon the BWIs to ease aggressive limits on non-concessional borrowing and flexibly apply their debt policies to countries that are financially constrained; increase support for debt and public investment management capacity building, domestic capital markets development, the fight against illicit financial flows, and tax evasion and avoidance, while strengthening the financial and institutional apparatus of public revenue-earning entities; explore the possibility of converting debt into catalytic investment programs to allow countries access additional financing mechanisms without increasing their debt level; and support Africa in accelerating crisis-induced structural reforms to address growing headwinds that are likely to dampen the region’s potential growth.
- We call on the IMF to strengthen global financial safety nets through precautionary lines that enable African economies to cope with exogenous shocks.
- We call on the IMF to accelerate the implementation of SDR reallocation mechanisms tailored to the specific needs of African economies. We also call on the IMF to rapidly re-allocate SDRs, considering in particular the financing needs of climate projects to meet liquidity needs on the basis of more appropriate allocation criteria.

2. Regional Integration for job creation through universal access to energy, digitalization, youth entrepreneurship, and M/SMEs financing

- We ask the WBG to increase its upstream pipeline of bankable energy projects that expand energy baseload on the grid and build the resilience transmission and distribution networks. We recommend implementing a regional approach to financing midstream and downstream hydro, renewable energy and gas-to-power projects across the Continent to ensure energy security and universal access to electricity.
- We urge the WBG to scale up its financing of public investments in Africa's energy sector. Especially, we request the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) to mobilize more private capital and commercial finance, as well as deploy financial instruments and de-risking mechanisms most commercially attractive to private investors in support of transformative energy projects. We request the WBG to consider investments in innovative technologies that enhance the performance of Africa's energy utility companies and facilitate carbon capture.
- We believe in the digital revolution and therefore exhort the WBG to accelerate financing for the buildup of digital network infrastructures, platforms, and ecosystems for digital technologies and solutions that can radically address the digital divide, expand access to finance, improve service delivery, and create new economic opportunities for Africa.
- We encourage the IMF to accelerate support for devising systems to detect and mitigate cyber and privacy risks, as well as addressing the challenges related to cross-border payments and the use of Central Bank Digital Currencies (CBDCs).
- We appeal to the WBG to invest in broadband internet connectivity to ensure universal access to affordable, high-quality, and high-speed internet within and across our countries. We exhort both the IMF and WBG to increase support for Africa's Internet economy and its safe development to drive resilient growth in Africa.
- We ask the BWIs to leverage the African Continental Free Trade Area (AfCTA) and other regional trading blocks to help African countries harmonize their policies, legislations, and regulations in support of the development of a secured Digital Single Market in Africa.
- To also advance regional integration, we expect new innovative measures to tackle Africa's youth entrepreneurship and M/SMEs financing challenges. We call on the BWIs to support Africa's dynamic small and medium-sized enterprises and start-up ecosystems so that they can thrive in a rapidly expanding digital economy. We specifically encourage the WBG to support expansion of digital literacy and acquisition of digital skills to match the job market's demands and help entrepreneurs grow their businesses within and across national borders.

- We call for the WBG to support the development of Africa’s private equity and venture capital funds, private equity associations and microfinance institutions to help develop a pipeline of readily investable companies and accelerate the growth of M/SMEs; incentivize more lending to youth start-ups; and allow young African entrepreneurs to identify relevant trading and investment opportunities, as well as platforms to commercialize their ideas and products within and outside Africa.
- Given the importance of food security, this mounting challenge should be addressed at the level of Heads of State.

3. Climate crisis

- We support the conclusion of the June 2022 G7 Summit, stressing that neither the level of ambition nor the mobilization of the international community match the Paris Agreement’s objectives. We support the G7 call for improved access to means of financing for climate action and paying special attention to the most vulnerable countries, including middle-income countries.
- We, therefore, ask the BWIs to foster deeper collaboration across their respective areas of comparative advantage, while strengthening climate information architecture and standard setters, for support to our countries in managing climate transition risks. We urge the WBG to prioritize support to Africa as it implements its 2nd Climate Change Action Plan and the IMF to ensure that the implementation of its climate strategy links effectively with the Resilience and Sustainability Trust (RST) and supports Africa’s just transition to greener economies.
- We request the WBG to facilitate access to green and affordable climate financing and scale up its pipeline of adaptation projects so that Africa – the least world’s polluter – does not end up disproportionately paying for climate change. In that vein, we urge the WBG to undertake a cost analysis of “loss and damage” for its African member countries affected by climate change to further the dialogue initiated at COP26 in Glasgow on compensation to Global South countries for their climate-related losses.
- We encourage the BWIs to reinvigorate their advocacy and to continue providing timely analyses of the dual shocks on food security, which arises both from the climate change and disruptive war in Ukraine.

Acknowledgment

We thank **HIS MAJESTY, THE KING MOHAMMED VI**, for having kindly accepted to place the 2022 Caucus of African Governors of the IMF and the WBG under his very high and distinguished Patronage.

We congratulate Madam Chair, Honorable Nadia FETTAH, Governor of the WBG and Minister of Economy and Finance of the Kingdom of Morocco, for the outstanding conduct of the 2022 African Caucus Meeting and thank her for her speech. We also congratulate the technical teams of the World Bank Group, the IMF and the host country for their excellent organization and coordination that enabled the success of this important event. We also extend our deepest appreciation to the distinguished panelists of the various institutions for their contributions which enriched the discussions on themes of common interest, commensurate with the ambitions of the countries of our continent.

We will remain grateful to the people of Morocco for their warm welcome and hospitality and we look forward to the Moroccan authorities hosting a very successful and fruitful Annual Meetings of the BWIs in 2023.

Marrakech, the Kingdom of Morocco, July 6, 2022

For the African Governors

Chair of the 2022 African Caucus

Honorable **Nadia FETTAH** , Governor of the WBG and Minister of Economy and Finance of the Kingdom of Morocco and Mr. **Abdellatif JOUAHRI**, Governor of the IMF and Governor of the Central Bank of Morocco (Bank Al-Maghrib), Kingdom of Morocco
