"A New Deal for Africa" – Op-ed article by President Charles Michel, and more than 30 European and African leaders

In one year, the pandemic has halted a quarter-century of steady economic growth in Africa, disrupted value chains, and caused an unprecedented increase in inequality and poverty. As a result, the entire world is at risk, because the global economy could lose one of its future drivers of growth.

The COVID-19 pandemic has taught us that we can no longer treat seemingly faraway crises as distant problems. What happens anywhere can affect people everywhere. That is why addressing the impact and legacy of the pandemic in Africa is so important.

Although Africa has suffered fewer COVID-19 cases and deaths than other areas of the world, the pandemic's impact on the continent could be more sustained, deep-rooted, and destabilizing for the entire planet. In one year, the pandemic has halted a quarter-century of steady economic growth, disrupted value chains, and caused an unprecedented increase in inequality and poverty.

But it is not only Africa that is at risk of losing its opportunity to emerge fully from COVID-19. The global economy could lose one of its future drivers of growth.

Africa has everything required to overcome the pandemic crisis and lead the world toward a new cycle of sustainable growth: enterprising and innovative young people, natural resources which can supply a local industrial base, and a highly ambitious continental integration project. But Africa does not have the instruments to recover from a crisis as huge as it was unexpected.

While the International Monetary Fund estimates that African countries will need $285 billion in additional financing by 2025, there is no recovery plan or mechanism in place to secure these resources. While other regions are now seeing signs of rapid economic recovery, Africa's inability to combat the pandemic with the same leverages could fuel an economic and social crisis that denies its young people the opportunities they need and deserve.

International solidarity began yielding results soon after the pandemic began. Debt-service payments for the poorest countries were suspended under the G20, and exceptional financial assistance from the IMF, the World Bank, and other donors, including Europe, was made available.

But the institutions that have underpinned international solidarity for decades are now reaching their limits. They have been weakened in the short term by huge inequalities in vaccine access. They are weakened, too, by major economic divergences, which no emergency measure seems capable of stopping.

That is why a new framework, an ambitious and bold New Deal, is needed. And the first test of this initiative must be access to COVID-19 vaccines. Through COVAX, the vaccine pillar of the international community's Access to COVID-19 Tools (ACT) Accelerator, and the African Vaccine Acquisition Task Team, hundreds of millions of doses will be delivered to Africa in the months ahead. Pre-ordered doses of vaccines are being shared via multilateral channels, with protection of health-care workers the top priority.

But it is not sufficient. Vaccination is the world's most important economic policy at this moment: its benefits are measured in trillions, its cost in billions. It is the highest-yielding investment in the short term. We must therefore mobilize innovative financial instruments to increase funding for the ACT Accelerator, in order to reach Africa's vaccination coverage target, set at 60-70% by the Africa Centres for Disease Control and Prevention. We call on the IMF to recognize the use of special drawing rights (SDRs, the Fund's unit of account) to finance this effort.

Moreover, as the Rome Declaration of the Global Health Summit held on May 21 affirms, the key to combating future pandemics is transferring not only licenses but also expertise to developing country vaccine producers. Pending the conclusion of an agreement on intellectual property currently under negotiation at the World Trade Organization, Africa must be able to produce vaccines using messenger RNA (mRNA) technology and break a deal, within the WTO, on the Trade-Related Aspects of Intellectual Property Rights (TRIPS) regime. With the impetus of the Paris summit for African, European, and financial leaders, held on May 18, such production partnerships will be financed and move ahead in the coming months.

The second component of a New Deal for Africa is large-scale investment in health, education, and the fight against climate change. We must allow Africa to ring-fence this spending from outlays for security and infrastructure investment, preventing the continent from falling into a new cycle of excessive debt. In the short term, despite certain African countries' spectacular success at tapping international capital markets, private creditors will not provide the necessary financial resources.

Africa needs a positive confidence shock. The Paris summit has enabled us to consolidate an agreement on a new $650 billion allocation of SDRs, $33 billion of which will go to African countries. Now we want to go even further with two voluntary commitments.

First, we need a commitment by other countries to mobilize part of their SDR allocations for Africa. As a first step, this re-channeling of resources would enable an initial threshold of $100 billion to be freed up for Africa (and vulnerable countries elsewhere).

Second, African institutions must be involved in the use of these SDRs to support the continent's recovery and progress toward achieving the 2030 Sustainable Development Goals. This, in turn, may pave the way for an overhaul of our international financial architecture that gives greater weight to African institutions.

We call on all members of the international community to make this double commitment.

Finally, we must focus on Africa’s main asset: its entrepreneurial dynamism. The continent’s very small, small, and medium-size enterprises are the lifeline to the future for African women and young people, but the private sector is hostage to informality and under-financing. This is why we must focus on improving African entrepreneurs’ access to financing by targeting their projects’ most crucial phases, particularly start-up.

The goal of the Paris summit was to gain agreement on four goals: universal access to COVID-19 vaccines, including via production in Africa; strengthening pan-African institutions’ positions and roles within a new international financial architecture; relaunching public and private investment; and supporting large-scale financing of the African private sector. Our task in the months ahead will be to advance these goals in international fora and as part of France’s upcoming six-month term as president of the Council of the European Union.

This commentary is signed by: Charles Michel, President of the European Council; Emmanuel Macron, President of France; Paul Kagame, President of Rwanda; Cyril Ramaphosa, President of South Africa; Macky Sall, President of Senegal; António Costa, Prime Minister of Portugal; Pedro Sánchez Pérez-Castejón, Prime Minister of Spain; Alexander De Croo, Prime Minister of Belgium; Ursula von der Leyen, President of the European Commission; Mohammed bin Salman, Crown Prince of Saudi Arabia; Mohammed bin Zayed, Crown Prince of the Emirate of Abu Dhabi; Félix Antoine Tshisekedi Tshilombo, President of the Democratic Republic of the Congo and Chair of the African Union; Faure Gnassingbé, President of Togo; Alassane Ouattara, President of Ivory Coast; Abdel Fattah el-Sisi, President of Egypt; Filipe Nyusi, President of Mozambique; Muhammadu Buhari, President of Nigeria; Roch Marc Christian Kaboré, President of Burkina Faso; Azali Assoumani, President of the Comoros; Nana Akufo-Addo, President of Ghana; João Lourenço, President of Angola; Sahle-Work Zewde, President of Ethiopia; Mohamed Ould el Ghazouani, President of Mauritania; Kaïs Saïed, President of Tunisia; Bah N’Daw, Former President of Mali; Mohamed Bazoum, President of Niger; Albert Pahimi Padacke, Prime Minister of Chad; Abdalla Hamdok, Prime Minister of Sudan; Denis Sassou Nguesso, President of the Republic of the Congo; Patrice Talon, President of Benin; Paul Biya, President of Cameroon; and Moussa Faki, Chair of the African Union Commission.

[ESMA issues a negative opinion on an Accepted Market Practice on liquidity contracts proposed by the French AMF]

ESMA considers that the new AMP, applicable as of 1 July 2021, replacing the current AMP on liquidity contracts, applicable since 1 January 2019, is not compatible with the Market Abuse Regulation (MAR) and the relevant Implementing Regulation, and it is also diverging from ESMA’s [2017 Opinion on Points for Convergence].

In its assessment, ESMA has identified several points of concerns. Those are the absence of limits on positions and the presence of volume and resources limits which are significantly higher compared to that recommended in the 2017 ESMA Opinion on Points for Convergence.

ESMA must issue its opinion, which is not binding, within two months of the notification, which was received on 31 March 2021. Should the AMF decide to establish its AMP contrary to the ESMA Opinion, it will have to publish on its website the relevant reasons, including why the AMF believes that the AMP does not threaten market confidence.

[EBA and ESMA publish provisional list of instruments and funds for the smallest investment firms under the Investment Firms Regulation]

The latter include only non-legal persons or joint-stock companies, or those which meet the conditions for qualifying as small and non-interconnected investment firms as defined in the Investment Firm Regulation (IFR). The list is provisional and intended to provide guidance to investment firms and competent authorities ahead of the application of the IFR requirements, as of 26 June 2021.

This provisional list is based on the information received from National Competent Authorities (NCAs) across the EU, and includes instruments and funds that NCAs may permit to use as own funds in addition to the instruments included in the Common Equity Tier 1 (CET1) list published by the EBA in accordance with the Capital Requirements Regulation (CRR). Therefore, instruments and funds of investment firms will be allocated either to this new list or the existing CET1 list, depending on their nature.

The EBA, together with ESMA, will assess the terms and conditions of all instruments and funds included in this provisional list against regulatory provisions at a later stage, and subsequently, will update, maintain and publish the list on a regular basis.

Legal basis and background

The EBA has established this list according to Article 9(4) of the Regulation (EU) 2019/2033, which mandates the Authority, together with ESMA, to establish, maintain and publish a list of all the forms of instruments or funds in each Member State that qualify as own funds for investment firms which are not legal persons or joint-stock companies or which meet the conditions for qualifying as small and non-interconnected investment firms set out in Article 12(1) of Regulation.

Regulation (EU) 2019/2033 (IFR) was published in the Official Journal on 5 December 2019 and, together with the Directive (EU) 2019/2034 (IFD), represent the new prudential framework for investment firms authorised under the Markets in Financial Instruments Directive (MIFID).

[Weekly schedule of President Charles Michel]

Speech by President Charles Michel at the Partnership 4 Growth Summit

President Charles Michel spoke at the 2021 P4G Seoul Summit, hosted by the Republic of Korea, on an “Inclusive Green Recovery Towards Carbon Neutrality”

I would like to thank the Republic of Korea for organising this important summit.

Covid-19 has consumed our attention for more than a year. But we all know there is another great challenge – climate change. It has not taken a break during this global pandemic. COVID has not diminished our climate goals. In fact, it has done the opposite. It has sharpened our focus and intensified our resolve to protect our natural world.

In the European Union, we launched our green transition well before the pandemic. In 2019, we took a landmark decision, committing to become the first carbon neutral continent by 2050. This led to our ground-breaking European Green Deal. In fact, COVID-19 has galvanised our resolve to transform the paradigm of our development model. From destructive short-term thinking towards a sustainable model that respects the life of our planet and the lives of our citizens.

The COVID pandemic has been a double-edged sword. It has tested our societies like never before. And forced us to take a hard look in the mirror at some weaknesses. But we have also seen our strengths. And the opportunities that lie ahead. For our people, for our societies, and for our planet. We have a unique opportunity – to build back our societies in a way that respects our planet.

We want to be a leader in global climate action. We have big goals. And we have made robust commitments. We want to become the first climate neutral continent by 2050. We want to reduce our carbon emissions by at least 55% by 2030. And for that to happen, we have mobilised a massive budget and recovery package: 1.8 trillion euros. Our growth strategy for the future.

Over 30% of our recovery package will go to greening our economies. And at least 20% will go to our digital priorities. This digital investment will have a direct impact on our climate objectives. For example, by improving the performance of super computers to make better climate decisions or developing smart mobility. And digitising our societies will have a wide-ranging impact. From driving research, innovation and technology to creating jobs and modernising our economies.

This global challenge will require huge collective intelligence. Developed countries have a special responsibility to support those in need. In the Paris Agreement, developed countries committed to 100 billion dollars per year in climate finance. G20 countries make up 85% of global GDP and 80% of global emissions.

We have a duty to show leadership in reducing emissions. A number of solutions already exist. But we need the political will.
First, by putting a price on carbon. And second, by developing green finance.
We must come together, as one international community, to meet this urgent and vital challenge.

The world has paid a heavy price during COVID. In lives, in livelihoods, and in personal liberties. I would even say we have rediscovered a bit of modesty. We have come back to what matters most. The health of our families. The health of our communities. And the health of our planet.

One world, one health. All of us in this together.

Thank you.