Statement by

H.E. Felix Moloua
Minister of Economy, Planning and International Cooperation

Central African Republic

On behalf of the Group II African Countries
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This written statement on behalf of the Africa Group Constituency II focuses on the two topics appearing on the Development Committee’s agenda, namely: (1) the World Bank Group Response to the COVID-19 Emergency and (2) The COVID-19 Debt Initiative: International Call for Action in Support of IDA Countries.

First, we would like to commend the World Bank Group (WBG) for the significant progress made under the leadership and personal commitment of President David Malpass. Specifically, we would like to highlight the following: (i) the record $82 billion IDA-19 replenishment, which will help boost support for low-income countries; (ii) the launch of the Strategy for Fragile States, which will enhance the effectiveness of support for countries experiencing fragility, conflict, and violence by strengthening the resilience of the most vulnerable and marginalized populations; and (iii) the decentralization initiative, which will enhance the institution’s presence and effectiveness in the field through the deployment of staff. In this regard, we also wish to encourage decentralized decision making to facilitate greater agility.

These achievements show us that the WBG is now better equipped to tackle a crisis of the scale that we are currently facing because it is now a health and economic crisis characterized by the persistence of the COVID-19 pandemic that serves as the backdrop for our Development Committee meeting today. This new pandemic that threatens the well-being of populations and the economic development of our countries has once again demonstrated—if further proof were necessary—the importance of cooperation among countries and coordination of their multilateral actions, in a world that is more interconnected than ever before.

We commend the WBG for the swift, globally coordinated action taken to provide a fast, flexible, and effective response to the effects of the pandemic. We therefore wholeheartedly welcome the provision of a $14 billion emergency package to help countries and businesses in their efforts to combat COVID-19. We are pleased that this initiative is drawing on all the expertise within the Group—IBRD, IDA, and IFC—in a bid to halt the spread of the disease as quickly as possible and support the private sector, which has been hit hard by the pandemic. We thank staff in the field for their active engagement, their devotion, and the efforts made to help our countries cope with this terrible situation.

We believe that this pandemic is exacerbating an already extremely precarious health, social, and economic situation in Africa, at a time when our efforts to stay on track to achieve the Sustainable Development Goals (SDGs) are proving to be challenging and rest on shaky ground. We are therefore of the view that support for our national economies should, as a priority, entail assistance for our most vulnerable populations for
whom the health shock represented by COVID-19 could very quickly evolve into a real economic shock and plunge thousands of people into absolute poverty. It is therefore imperative that the WBG move as quickly as possible to ramp up aid to poor countries and implement large-scale safety net programs that are critical to protect poor and vulnerable populations from the economic fallout of COVID-19.

We also urge the WBG to step up its support for regional public health institutions such as the Africa Centres for Disease Control and Prevention (Africa CDC) through its regional center in order to strengthen regional health monitoring and intervention systems, promote knowledge sharing, and contain the propagation of epidemics.

In light of the emergency situation, we also welcome the strong monetary and fiscal policy measures adopted in our countries to contain the spread of the virus and mitigate its impact. The absolute priority for us remains being able to finance front-line health interventions to ensure the well-being of populations, care for the sick, and slow the spread of the virus. We believe that commitments must be made with respect to this essential health expenditure, regardless of fiscal space, because our populations’ lives are at stake.

However, weak fiscal space in our countries is limiting our flexibility. Our countries, which are often faced with major challenges that they cannot address because of their debt levels, will need the international community to step up efforts to avert a humanitarian crisis. We therefore applaud the joint World Bank Group-IMF initiative calling on official bilateral lenders to suspend all debt payments for IDA countries. We now look forward to the approval of this proposal because the immediate debt relief that would be granted to us would provide us with liquidity needed to bolster our response to the pandemic.

We believe, however, that a payment moratorium on bilateral debt is a short-term remedy, as the impact of the pandemic on African economies and living standards will last well beyond the health emergency phase. Indeed, the COVID-19 pandemic has weakened our countries’ macroeconomic outlook. The substantial decline in revenue linked to the collapse in oil and commodity prices at a time when import costs continue to rise leads to inflation and foreign exchange pressures. Our countries, which do not have sufficient space to increase spending, are unable to implement anticyclical policies. The longer the crisis drags on, the more mobilization of public resources to contain the epidemic leads to less funding available to address development priorities and combat extreme poverty. The best-case scenarios estimate that Africa will need $100 billion in total to mitigate the economic fallout of the COVID-19 pandemic, which goes far beyond the available emergency assistance.

The international community must step up its efforts to help us offset the decline in public finances and foreign exchange reserves, which represents lost revenue needed to restore jobs and growth. It is in the best interest of not only our countries, but the entire global economy as well, because there is a real danger of spreading health and socioeconomic harm from one country to the next and then from Africa to the rest of the world, as this crisis is demonstrating.

In conclusion, we wish to highlight the fact that this tragedy is taking place at a time when several countries across the globe are grappling with increasingly concerning debt ratios. Debt levels in Africa are expected to continue rising in the future given sluggish economic growth on the continent and the critical investments needed to keep pace with population growth against a backdrop of low savings rates and reduced foreign direct investment. Mobilizing public resources to address the pandemic could exacerbate this situation and lead low-income countries to rely more heavily on debt to finance their development and, thus, threaten its sustainability.

We are therefore calling on the international community to give consideration to the provision of bilateral and multilateral debt relief for low-income countries, while urging the World Bank to help these countries achieve the optimal balance between debt sustainability and sustainable development. This would entail
bolstering measures to improve debt management and ensure debt transparency. We call on the WBG and the IMF to jointly review these proposals and promptly assess the economic consequences of the COVID-19 crisis in Africa in order to identify the debt relief needs of our countries.