Statement by

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On behalf of the Constituency of Angola, Nigeria and South Africa
COVID-19: Humanitarian and Economic Impact

We are meeting at a time of unprecedented negative global shock ever experienced since World War II because of the COVID-19 outbreak. Evidence of the disruptive scale of this pandemic is beginning to emerge and is already threatening to reverse the progress made by developing countries towards the attainment of the Sustainable Development Goals (SDGs). We express deep regret for the unfolding severe humanitarian impact of COVID-19 and convey our gratitude to those at the frontlines of fighting this pandemic, as we empathize with families and communities that have suffered human fatalities.

Some of the essential measures that countries have been forced to take to limit the spread of the virus, including social distancing, have disrupted local and international transport systems, international trade and stalled tourism. The sharp decline in global investor confidence has severely tightened external financing conditions for developing economies and depreciated their currencies. Collapse in commodity prices have further constrained the fiscal headroom of many developing countries that is required to respond to the pandemic. The slowdown in remittances flow to developing countries will likely exacerbate the economic shock. The disruptions in agricultural global value chains and export bans by some major producing countries threaten hunger and social unrest in some developing countries.

Most countries in Sub-Saharan Africa have features that make them particularly vulnerable to the COVID-19 epidemic. For instance, although absolute poverty rate has fallen, around 400 million people in the Continent are living in poverty and this number continues to rise, according to the 2019 World Bank Report on Accelerating Poverty Reduction in Africa. This high level of poverty and the significant level of informality and self-employment in these economies mean that the necessary social distancing measures cannot be sustained over longer periods. According to the Brookings Institute Report on Closing Africa’s Health Financing Gap, the continent makes up 16% of global population, but is only responsible for 1% of the global expenditure on health. The weak health systems of many African countries cannot accommodate a large share of the population that is likely to require hospitalization. The capabilities of our health systems to test for COVID-19 and manage those infected is grossly inadequate.

The IMF, in its April 2020 World Economic Outlook, projects that Sub-Saharan Africa’s GDP will contract by 1.6% in 2020. The call by African Leaders for the international community to scale up urgent support to the vulnerable countries in Sub-Saharan Africa that are coping with COVID-19 is timeous and urgent.
We support this call for the mobilization of $100 billion for the Continent as an emergency response to the pandemic, with $44 billion earmarked for immediate debt relief.

*World Bank Group Response*

We welcome and commend the initiative of the World Bank Group Fast Track COVID-19 Facility (FTCF), with a financial envelope of $14 billion. We commend the Bank management and the Executive Board for the waivers provided for this facility to ensure flexibility and speedy response to meeting clients’ critical emergency needs. We are happy to note that 11 African countries received support in the first phase of the FTCF and that many more are to benefit in the next phase. We agree that access to the funds of this facility should be based on needs, with priority given to countries that are most vulnerable.

However, we are concerned with export restrictions which are resulting in global shortage and escalating prices of life saving medical supplies to respond to the COVID-19 pandemic. In addition, we are concerned about policies which are destabilizing food markets. As we learned from the 2008-2011 food crisis, restricting food exports to boost domestic availability is the wrong response. The poorest countries, which rely heavily on food imports, would be hurt the most. A consistent global approach, one that emphasis international cooperation and an open and rules, based trading system will be essential to ensure a quick response. We urge countries working with international organizations to enable the free flow of these medical and food supplies to countries in need. In this regard, we are encouraged by the steps taken by the World Bank in collaboration with WHO and other UN agencies, to offer enhanced assistance to borrowers to proactively assist them in accessing existing supply chains.

We call on the World Bank Group to strengthen collaboration and co-ordination with other MDBs on project preparations and implementation, and work to mitigate impacts on supply chains disruptions. Furthermore, we call on the MDBs to ensure that the rollout of such efforts and support to countries should consider regional perspectives because the strong level of regional integration in many of our regions, and the high population mobility, makes a regional response on the fight against the COVID-19 pandemic more appropriate.

The negative impact of COVID-19 on our economies is likely to be deep and long-lasting. We welcome the World Bank Group commitment for counter cyclical support to developing countries in the range of $150 – $160 billion over the next 15 months, and $330-350 billion by June 2023. Considering the critical role that the private sector will have to play in the recovery of our economies, we renew our call for the IFC and MIGA to be more ambitious in their engagements to promote private sector development in our countries. Special focus should be extended to Small and Medium Enterprises which are hardest hit by the effects of COVID-19.

*COVID-19 Debt Initiative*

Developing countries need all the assistance they can get to gain the fiscal space required to respond to this pandemic. Therefore, we welcome the agreement by the G20 for the suspension of debt servicing obligations of IDA countries to bilateral official creditors. We see this agreement as the first phase to a process that should include the participation of commercial creditors on comparable terms. In line with the call by the G20, we urge multilateral institutions, including the World Bank, to explore ways of participating in this initiative. Given the speed at which countries have to act in their response to this crisis, we call for a simple, and transparent process for identifying eligible countries. Furthermore, we urge all creditors, in partnership with the World Bank and the IMF, to work with middle-income countries that are also facing fiscal constraints and debt challenges to explore a range of appropriate solutions. Urgent assistance to these countries is critical given the importance of their economies for the growth and development of their regions.
Conclusion

As part of the broader international community, we undertake to effectively apply all the necessary efforts and resources at our disposal to fight against the COVID-19 pandemic. We view the World Bank and the IMF as critical partners in our efforts against this outbreak, and call for enhanced global cooperation and coordinated action among all actors to provide financial and technical support to developing countries in response to the unfolding health and economic crisis.