Statement by
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OPEC Fund of International Development (OFID)
The outbreak and rapid spread of the COVID-19 pandemic throughout the world, and particularly in developing countries has caused an unprecedented human and economic toll, in particular among the most vulnerable segments of the population. This has thwarted the progress achieved in poverty reduction; for the first time after nearly 20 years of steady decline, the year 2020 will witness an increase in global extreme poverty. The target of ending poverty by 2030 has been put under extreme pressure, by the convergence of the COVID-19 pandemic, conflict and ensuing fragility.

The collapse in economic activity in the world is expected to have a prolonged impact, particularly among developing countries. These countries are suffering from the disruption of international trade, lower commodity prices, especially oil prices, and the decline of tourism revenues as well as remittances. The economic recovery is anticipated to be uneven, long-lasting and slow.

The international donor community has mobilized in unprecedented manner to deliver assistance and financial support that addresses the immediate and future needs of the partner developing countries. The crisis response provided by all donors has helped countries to address the health threats and socio-economic impact of the crisis. This response is complemented by the collective support provided by major donors, which has enabled a tailored approach to best address the immediate needs of our partner countries.

The pandemic impact on debt vulnerability is also of overriding concern. The high-profile Debt Service Suspension Initiative (DSSI), launched by the G20 in April, offered to provide temporary relief by suspending debt repayment of 77 lower-income countries, to all official bilateral creditors. So far 43 countries have formally requested to participate in the Initiative and, as a result, fast and coordinated release of additional resources has supported the efforts of the participating countries in mitigating the impact of the crisis. We consider that an extension of the DSSI beyond 2020 would allow lowering the strain on fiscal space for participating countries and channel resources to manage the health and economic impact of the pandemic. We believe that coordinated solutions beyond debt service suspensions will allow the extension of debt relief without compromising the ability of major donors to continue providing ongoing and future support for all developing countries. This would ensure that the cost of debt relief for a debt-distressed country is not borne by other developing countries.
We stand ready to continue supporting, within our means, the global coordinated efforts to help developing countries mitigate the health effects of the pandemic. We also call for a globally strengthened cooperation to accelerate the development of COVID-19 vaccines, and to ensure “affordable, fair and equitable access” for all.

Since the outbreak of the pandemic, the OPEC Fund has activated a swift approval mechanism to deliver urgently needed support. We have focused on providing financial assistance to partner countries on a fast-track approach in order to cater for their immediate requests and address investments in crucial sectors. The OPEC Fund will continue engaging in a responsive manner and stand ready to diligently allocate fresh resources as well as reallocate previously approved funds towards redefined country and client priorities.

We will continue mobilizing all our facilities to make the most effective use of available financing instruments, and consider introducing new and innovative mechanisms. In this regard, it is important to note that the comprehensive institutional reforms we have embarked upon are well advanced, and we are confident that the OPEC Fund will be in an even stronger position to make use of the leveraging effects of strategic partnerships. We believe that reinforcing the foundations of international cooperation is imperative to address future crises and achieve the sustainable development goals.