

WEBINAR

COVID-19 AND AFRICAN ECONOMIES: GLOBAL IMPLICATIONS AND ACTIONS

Friday, April 24, 2020

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Featured Speakers

Rabah Arezki, MENA Chief Economist, World Bank

Domenico Fanizza, Executive Board Member, IMF

Moderator: Lemma W. Senbet, William E. Mayer Chair Professor of Finance and Immediate Past ED/CEO, African Economic Research Consortium

This webinar discussed the global implications of the COVID-19 economic impact on developing and low-income countries, with Africa as an anchor.

Topics include:

COVID-19 has touched the entire 8 billion (almost) population on this planet and reminded us that we are totally interconnected. In this context, why should Africa and other low-income countries matter to the rest of the globe?

What have been the key global responses to date and what are the gaps? In particular, what are the respective responses of major international institutions – the World Bank, IMF, UNDP, regional institutions, such as the African Development Bank?

How should bilateral institutional and government lending partners respond to the need for efficient resolution of what appears to be a looming debt crisis? What do you expect the role of China would be in this regard?

In the new landscape, unlike the HIPC era, many African countries began accessing international private debt markets at arm's length. However, this has pushed up the debt servicing costs so that debt sustainability can no longer be based on the debt/GDP levels but its totality, including

debt service costs. How do private actors respond to the crisis and what would be the role of international financial institutions to facilitate that?

What are the reforms to be put into place in a global partnership to help mitigate the consequences of pandemics in the future?

What does globalization look like post-COVID-19? Who will be winners and losers? Is win-win globalization more feasible moving forward, or just the opposite?

The webinar is intended to be interactive between panelists and participants through questions and commentaries.

Background

On the dark side, African countries face enormous challenges, particularly youth unemployment and under-employment. Africa is actually the youngest continent in the world in terms of population demographics. Yet, the youth bulge has its own dividends on the bright side.

On the bright side, Africa has maintained sustained growth over the last 25 years, with some seven countries having been among the fastest growing in the world. This is not accidental. It is an outcome of years of massive reforms of both real and financial economies in Africa.

Global partnership has been at the center of the Africa growth renaissance, including China, the EU, and the US. China is by far the largest trading partner as a single country – very close to the EU as a group. Chinese engagement with Africa is not just in minerals and energy, but also across the board – infrastructure, finance, and even retail. As a result, the prevailing perception is that regions, such as the EU and the US, are largely absent in Africa. That is not true. The US is the largest direct foreign investor. EU countries, as a group, are still the largest trading partners.

Thus, Africa has emerged as a key global player in the competitive space and has received ever-growing global attention for mutually beneficial economic partnerships. Most recently, the US has come up with a highly ambitious modality of economic engagement with Africa – Prosper Africa – launched on June 19, 2019, at the US-Africa Business Summit in Maputo, Mozambique. This happened in the wake of another major development in Africa – the advent of AfCFTA, the largest trading bloc in the world to move the continent into a new era of trade and regional integration – and further integration into the global economy.

Now enter Africa and COVID-19, the greatest global crisis of the century. After a slow start in Africa, COVID-19 has been spreading rapidly throughout the continent. Although it is not yet in full outbreak, the adverse economic consequences are already being felt. This is in part due to negative economic spillovers resulting from the economic hits to Africa's main trading partners:

EU, China, US. The resource-rich countries, particularly Nigeria, Angola, South Africa, South Sudan, etc., have faced the most damage. Moreover, similar to other countries, such as the US, African countries have begun implementing mitigation mechanisms to cope with COVID-19. Therefore, large portions of African economies are shut down to prevent the mobility and spread of the virus. Major cities in this regard include Lagos, Johannesburg, Harare, Accra, and Addis.

COVID-19 showed up in the wake of the other headwinds the region is already experiencing – globally: China-US trade tensions and Brexit; internally: weak health infrastructure and non-existent safety nets in most of these countries, commodity/oil price slump, and heavy indebtedness with sustainability challenges.

SPEAKER BIOS

Rabah Arezki
MENA Chief Economist, World Bank

Rabah Arezki is the chief economist for the Middle East and North Africa Region at the World Bank and a senior fellow at Harvard University's John F. Kennedy School of Government. Previously, Arezki was the chief of the commodities unit in the research department at the International Monetary Fund and a non-resident fellow at the Brookings Institution. He is also an external research associate at the University of Oxford, a resource person for the African Economic Research Consortium and a research fellow at the Economic Research Forum.



Domenico Fanizza
Executive Board Member, IMF

Domenico Fanizza is a member of the International Monetary Fund's (IMF) executive board. As the executive director of the IMF, he represents five countries, including Italy and Greece. Formerly, Fannizza was the executive director of the African Development Bank representing Italy, UK, and the Netherlands, which are among the non-regional shareholders of the bank. Fanizza possesses in-depth knowledge of key policy and regulatory challenges in international financial markets beyond possessing broad negotiation and board experience in mobilizing resources for emerging and low-income countries. He holds a PhD in economics from Northwestern University.



Lemma W. Senbet

William E. Mayer Chair Professor of Finance and Immediate Past ED/CEO, African Economic Research Consortium

Lemma W. Senbet is the William E. Mayer Chair Professor of Finance at the University of Maryland, College Park, and an immediate former executive director/CEO of the [African Economic Research Consortium](#). He was a founding director of the Center for Financial Policy. Senbet has received numerous recognitions for his impact on the finance profession. He has been elected twice as the director of the American Finance Association and is a past president of the Western Finance Association. He was inducted into the Financial Economists Roundtable, a distinguished group of world-wide financial economists who have made significant contributions to finance and apply research to current policy debates. He was also an inducted fellow of the Financial Management Association International for his career-long distinguished scholarship. Senbet has advised the World Bank, the IMF, the UN, AfDB, and various agencies in the USA, Canada, Europe, and Africa on such issues as financial sector reforms. He is a member of the Brookings AGI Distinguished Advisory Group and of the Advisory Panel of the G20 Compact with Africa.



Hosted by the Center for Financial Policy at Maryland Smith.