Overview of the Investment Task Force

- In March 2020, the U.S. Chamber of Commerce’s U.S.-Africa Business Center (USAfBC) introduced an Investment Task Force to focus on U.S.-Africa investment trends and policy priorities that enable a favorable investment environment across the African continent as well as increased capital flows between markets. The task force serves as a platform to discuss creative financing opportunities and assist members with the mitigation of perceived challenges impeding investment, as well as deal flow. Through this task force, the Chamber pursues partnerships with U.S. and African governments, as well as multilateral lending institutions.
- On Wednesday, July 15, 2020, the USAfBC hosted its third edition of the Investment Task Force featuring Ms. Anne Kabagambe, Executive Director, World Bank Group for Africa Group I Constituency. The webinar discussed the economic impact of the COVID-19 pandemic on the African continent, as well as innovative ways in which the private sector can work together with other institutions to promote economic recovery during and after the pandemic.

Highlights from Mr. Khaldoun Hajaj, Head of Public Affairs & Sustainability for Africa and Middle East, Standard Chartered

- Mr. Hajaj noted that according to recent statistics, close to 600,000 people have contracted COVID-19 on the African continent, along with 13,000 deaths. Unfortunately, this seems to be a negative trend and infections will continue.
- He emphasized that we have an opportunity to examine the structure within which investors operate in Africa. Whereas twenty years ago publications were calling Africa the “hopeless continent” in terms of economic development, more recently it has been referred to as the “hopeful continent”. There are arguably more opportunities to invest in Africa than anywhere else. The continent boasts a youth-heavy population a strong capacity for industry.
• Unfortunately, many governments do not possess the means to convert capacity into economic outcomes that will enable long-term sustainable development. The international community will need to work with multilateral institutions like the African Union to ensure that initiatives like the African Continental Free Trade Area Agreement (AfCFTA) results in tangible outcomes that harness Africa’s comparative advantages in sectors like agriculture. Import-heavy African economies mean that governments are running large budget deficits, and international development aid will be lower now than ever due to the impact of COVID-19 on countries’ gross domestic product (GDP).

• Standard Chartered has been on the African continent for 140 years, and is the only international bank present in most African markets today. As a member of the private sector, Mr. Hajaj mentioned that Standard Chartered understands the need to invest in downstream industries and to contribute toward workforce development through the manufacturing sector.

Highlights from Ms. Anne Kabagambe on How the World Bank Group (WBG) Has Responded to the COVID-19 Pandemic in Africa and How Future Pandemics Can be Mitigated

• Ms. Kabagambe began by pointing out that the COVID-19 pandemic is not just a health crisis – it threatens decades of development gains in Africa. This year, the WBG has projected that Africa will face its first recession in 25 years, ranging in estimates from a 2.8% to a 5.1% contraction. Countries that Ms. Kabagambe covers are also experiencing a reduction in tourism, remittances, a drop in commodity prices, and a food security crisis as a result of droughts and a locust outbreak.

• Nonetheless, Africa has handled the crisis much better than the “apocalyptic” scenarios proposed in April. Many governments have reacted with speed and followed scientific guidelines to keep their populations safe. The WBG has been supporting African countries through the crisis with a number of goals in mind: 1) saving lives 2) protecting the poor and vulnerable 3) contributing to economic recovery and 4) strengthening polices and institutions.

• Between March and June 2020, the WBG has approved $6.3 billion for health margins programs in 108 countries, 43 of which are African. These 108 countries house 70% of the world’s population. In its last budget period, the International Finance Corporation (IFC) also committed close to $5 billion to long-term financing to sub-Saharan African countries, almost $1 billion of which went to “fragile” countries. The IFC has also provided trade financing totaling $3.5 billion. On a long-term scale, the WBG has committed to spend $106 billion in 15 months – expiring in June of 2021.
• Despite these activities, Ms. Kabagambe emphasized that there was much more to do. Given that nations are approaching the pandemic in an individualistic fashion, there is a vacuum of needed activity. According to her, this is where the private sector can play a large role.

• Ms. Kabagambe proposed the creation of a global framework to respond to future pandemics, requiring the collaboration of multilateral institutions, governments, the private sector and citizens. This framework would take shape as a global stimulus fund led by the private sector. The private sector, in the opinion of Ms. Kabagambe, has flexibility, collective intelligence, a capacity for foresight, and the resources to contribute. While some companies have contributed an enormous amount to fighting the pandemic, the WBG has observed limited collaboration among industries.

• This proposed fund would exist apart from governments, and could even act as pandemic insurance for companies in the future. Though COVID-19 is the most significant pandemic to date, the world has seen others. The global economy cannot afford to shut down during the next major pandemic.

Questions & Answers

• *A question was asked as to how the private sector can be included in future development activities, as businesses are often crowded out of aid discussions.* Ms. Kabagambe acknowledged that economic growth is certainly a key driver of poverty eradication and sustainable development. She noted that poverty alleviation, overall, requires job creation. The best way for the private sector to participate in these discussions is to focus on job creation. Simultaneously, many African governments are working to better their regulatory environments to allow for private sector job creation. Many countries are willing to meet companies halfway when working to develop local industry, focusing on upstream work to provide access to local communities.

• *A question was asked as to what the role of WBG is in relation to the AfCFTA.* Ms. Kabagambe responded that the WBG put seed money into helping the AU with research and coordination to create the AfCFTA Secretariat. The WBG continues to finance Secretariat activities. The WBG has also supported the five regional centers that provide input to the AfCFTA. She acknowledged that there is more work to be done to support regional integration despite the delay of AfCFTA implementation.

• *A question was asked as to what the WBG thinks of the upward trend in COVID-19 cases, and the potential impact on business in Africa.* Ms. Kabagambe noted that COVID-19 cases in Africa are much higher than in Latin America. The population of the continent, however, is twice as large – so figures are comparable. Deaths are significantly
lower in Africa than in Latin America, however, a lack of testing may skew data. Significant challenges are being faced in the two largest economies on the continent – South Africa and Egypt, which currently account for almost 60% of cases. This impacts the environment in which businesses operate.