Confederation of International Contractors' Associations (CICA)
Strategic Watch: COVID-19 Overview by country and region (situation at January 20, 2021)
Based on FIEC's COVID-19 Construction Observatory, FIIC's, CIAN's, MEDEFI's and IFAWPCA's data
For more information go to the CICA Website: http://www.cica.net/cica-covid-19-overview/ and Dropbox: https://www.dropbox.com/home/Observatory%20COVID-19

LATEST UPDATE WEEK 03

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<tr><td colspan="3">WORLD</td></tr>
<tr><td></td><td colspan="2">General Facts/Measures</td></tr>
<tr><td></td><td>Impact of Covid-19 on the global economy and trade volumes
According to the International Monetary Fund (IMF), global export and import volumes contracted by around 8% in 2020. This reflects the decline in global demand along with the impact of restrictions on transport to contain the spread of the virus (cf. GlobalData).</td><td>According to GlobalData's latest reports, there are signs that the global construction industry is poised for a recovery despite the historic collapse in construction activity during Q2 2020. In many major markets, construction output levels bounced back in Q3 2020 as sites were reopened and operations resumed. Although a renewed spike in (or continued high levels of) Covid-19 infections has resulted in new restrictions in the latter part of 2020, the construction industry in general has been permitted to continue. With the distribution of vaccines, the risk of a repeat of the severe disruption that occurred in 2020 has diminished. Reflecting this, GlobalData expects that global construction output will expand by 4.5% in 2021, following the estimated contraction of 2.9% recorded in 2020 (December 2020).</td></tr>
<tr><td colspan="3">EUROPE</td></tr>
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<tr><td>European Union</td><td colspan="2">Recovery
It is estimated that construction output across the continent will face modest declines in the first half of 2021 before normalizing and rising in the second half. Germany and France should be among the first to rebound, with the former's strong investment market and the latter's anticipated 2024 summer Olympics in France. Italy's market turnaround, however, will be delayed.

Labor Shortage Risk
Eurostat says construction labor costs have risen by 2.5% in EU countries and 2.8% in the eurozone. This rise was most notable in Spain, at 9.5%, and Germany, at 5.3%. As the shortage continues, it is anticipated that European labor costs will increase by an average of 3% in 2021. Partially offsetting</td></tr>
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	those rising costs and continued supply chain constraints is boosted competition among contractors, leading to a modest increase of 1% to 2% in overall European bid prices (cf. ENR) (21-28 December).
Finland	Finland's construction industry grew by 0.6% in 2019, with the industry's output value increasing from US$42 billion in 2018 to US$42.3 billion in 2019. Growth during the review period (2015-2019) was driven by positive developments in regional economic conditions and the government's investment in energy, residential and institutional construction projects. However, with the emergence of the pandemic and the stringent measures taken by the government to contain the spread of the Covid-19, the construction industry is now set to contract by 1.7% in 2020. Although the industry is expected to remain weak in 2020, the industry's output will be supported by the government's focus on the development of the country's transport and energy infrastructure. According to Statistics Finland, the construction industry's value-add declined by 0.1% in the first six months of 2020, compared to the same period in 2019. Reflecting the disruptions caused by the pandemic, coupled with the weak outlook for economic growth, GlobalData forecasts the construction industry to contract by 1.7% and 0.4% in 2020 and 2021, respectively, but is thereafter forecast to grow at an annual average rate of 1.8% during the period of 2022-2024. This growth will be supported by the government's focus on developing the country's transport infrastructure. The government also aims to phase out coal-based power plants in the country by 2029, and to become a carbon neutral country by the year 2035, which should also drive industry growth (cf. GlobalData) (November 2020).
Germany	The German construction industry expanded by 3.5% in real terms in 2019, driven by public and private sector investments in both building and civil engineering works. Growth in the construction industry was driven by growth in the residential sector, with an increase in building permits by 1.8% in 2019, and the government's efforts to ease the housing shortage. Construction activities held up relatively well in the first three quarters of the year, with the construction sector exempted from the lockdown restrictions imposed earlier in 2020. According to Eurostat, the industry's value-add recorded growth of 2% year-on-year (YoY) in the first nine months of 2020. Although the residential sector registered growth during this period, the commercial sector and civil engineering works witnessed lower levels of activity. The industry's outlook in the final quarter of the year could be affected by the resurgence of Covid-19 cases in the country, which prompted the government to reimpose a partial lockdown from early November to mid-December, which is now being extended and hardened. In September 2020, the German cabinet approved the draft budget for 2021, which involves increasing spending by EUR413.4 billion (US$455.3 billion) next year. To counter the impact of the pandemic, the government is focused on a broad investment initiative. The draft budget involves an allocation of EUR55 billion (US$60.6 billion) on investment spending in 2021, and EUR48 billion (US$52.9 billion) annually during 2022 and 2024. Over the next four years, most of the investment will be made on road, rail, and waterways infrastructure.

	GlobalData expects the German construction industry to grow by 0.8% this year and rebound with an annual average growth rate of 2.6% between 2021-2024. This growth will be supported by the government's focus on improving regional connectivity through the development of the country's rail and road transport infrastructure, coupled with efforts to boost energy production. The construction of the Fehmarn belt underwater tunnel between Germany and Denmark, which is worth EUR7 billion (US$7.8 billion), will drive growth in the industry in the medium term. Growth will also be supported by the 10-year plan to invest EUR86 billion (US$94.7 billion) on the maintenance and modernization of the country's rail network between 2020 and 2030 (cf. GlobalData) (December 2020).
Portugal	The Portuguese construction industry expanded by 6.8% in real terms in 2019, driven by public and private sector investments in both building and civil engineering works. However, the outbreak of Covid-19 has severely impacted the industry in 2020. The latest data from Eurostat shows that the country's total gross fixed capital formation declined by 8.7% in the second quarter of 2020, compared to the same period of 2019. This was preceded by a year-on-year growth of 0.2% in the first quarter of 2020. In 2019 overall, it grew by 5.4%, and it grew by 6.2% in 2018. Reflecting the disruptions caused by the pandemic, coupled with the weak outlook for economic growth, GlobalData forecasts the construction industry's growth to decelerate to 2.6% in real terms in 2020, while it is projected to grow at an annual average rate of 2.4% between 2021-2024. This growth will be supported by the government's focus on developing the country's infrastructure. In October 2020, the government announced plans to spend EUR43 billion (US$48.1 billion) to develop the country's transport and energy infrastructure by 2030 (cf. GlobalData) (November 2020).
UK	Prior to the Covid-19 outbreak, the UK construction industry had posted growth of 1.8% for 2019 in real terms. However, with disruptions caused by the Covid-19 outbreak and the subsequent lockdown measures, the industry was severely impacted in 2020. According to the Office for National Statistics (ONS), the UK construction industry contracted by 12.5% year on year (YoY) in the third quarter of 2020, following YoY declines of 38.2% in Q2 and 4.0% in Q1 2020. Reflecting the disruptions caused by the pandemic, coupled with the weak outlook for economic growth, GlobalData forecasts the construction industry to contract by 15.1% in 2020, and although the industry will grow by 6.8% in 2021, it will struggle over the forecast period to return to pre-Covid-19 output levels in real terms. The construction industry is likely to be constrained by the wider economic impact of the Covid-19 pandemic, and by a potentially less favorable trading environment with the UK leaves the EU (Brexit). However, the industry's output will be supported by investments in infrastructure, residential and renewable energy projects. Key plans include Highways England's Road Investment Strategy 2 (RIS2), which started operating from April 2020, and will run until March 2025 with a total budget of GBP27.4 billion (US$32.7 billion), and the GBP25 billion (US$29.9 billion) investment program of Ofgem, the country's energy regulator, to transform Britain's gas and electricity transmission network over the next five years (cf. GlobalData) (December 2020). UK's national economy is forecast to rebound through 2021 but is not expected to reach pre-Covid-19 levels until fourth quarter of 2022 (cf. ENR).

LATIN AMERICA	
	General Facts/Measures
Whole region	The Economic Commission for Latin America and the Caribbean (ECLAC) has estimated that the region's GDP fell by 7.7% in 2020. It is also expected that the region's economy will only partially recover in 2021. As economic growth during the past five years prior to the current crisis was close to zero, Latin America is immersed in a new lost decade, 2015-2024, which may be worse than back in the 1980s. In addition, the Covid-19 crisis deepens a long period of slow economic growth: 2.7% per year in 1990-2019 vs. 5.5% in 1950-1980. In terms of external shocks, this is however one of the least acute crises in the region's history. This is particularly so in terms of financial shocks. It is true that international official financial support has been limited. This is especially due to the lack of adequate capital from the Inter-American Development Bank and the Development Bank of Latin America (CAF), the two main multilateral banks that support the region. Support from the IMF and the World Bank has been stronger but limited in terms of actual resources that have reached the region. However, private financing has performed very well. After the strong capital outflows from emerging economies at the onset of the crisis, access to hard-currency global bond markets resumed in mid-April. This happened much faster than in previous crises. Private financing has also come with interest rates that for many countries are the lowest in history, and with long maturities. The debt renegotiations of Argentina and Ecuador, which took place in August, were also relatively successful, and counted with strong support from the IMF. International trade initially plummeted, but it has also recovered much faster than during the 2008-09 crisis. This is particularly the case for Latin America, as export volumes reached pre-crisis levels in July, according to the data from the CPB Netherlands Bureau. Furthermore, with the exception of energy products (oil and coal), there was no substantial fall in the prices of the commodities that the region exports, and many of them are currently increasing. **Recovery perspectives** According to the OECD, beyond the recovery measures, which should aim above all at recovering employment levels, it would be essential to rethink the region's development model. A new agenda – which is referred to as the Latin American Consensus 2020 – should be based on a strong commitment to reducing inequality, stronger counter-cyclical macroeconomic policies and a major push for production and export diversification based on strong science and technology institutions – including a major digital transformation, as the OECD Development Centre has argued. Increased investments in research and development, support for innovative firms, and the construction of better infrastructure, including the technological one, are key aspects, among others, of the Latin American Consensus (cf. OECD) (5 January).

ASIA	
	Facts & Measures for Construction
Hong-Kong	Prior to the Covid-19 outbreak Hong Kong's construction industry was already in a difficult situation, with output contracting by 9.3% in 2019 due to the deteriorating situation as a result of protests leading to a general slowdown in residential construction, and a large drop in transport infrastructure

	works. According to the Census and Statistics Department (C&SD), the country's construction industry continued to decline in the first quarter of 2020, dropping by 9% year-on-year in real value add terms. This marks the sixth consecutive quarterly decline since the fourth quarter of 2018. The construction industry contracted by around 9.2% in 2020 due to the pandemic and renewed political tensions as a result of the US government's trade war with China. The removal of Hong Kong's special status is expected to decrease investment in the construction industry. However, this trend is set to be reversed in 2021 following a major announcement from the leaders of Hong Kong with a planned acceleration of HK$500bn (US$64.5bn) investment in public works. This plan should see large projects in new rail lines, roads, hospital expansions, housing and proposed facilities within universities. Under the plan, annual investment of HK$100 billion (US$12.9 billion) over the coming five years are expected with tenders for new projects being launched simultaneously. For larger housing, rail and road projects these will be divided up so that smaller contractors would be eligible for tender. In addition to the investment plan, there are still large infrastructure projects ongoing, for example the Capital Works and Third Runway projects at Hong Kong International Airport (cf. GCR) (18 December).
Japan	Prior to the Covid-19 crisis, the Japanese construction industry registered minimal growth in 2019, with the output expanding by 0.5% in real terms – up from a decline of 1.1% in the previous year. This low growth is attributed to an economic slowdown, coupled with subdued consumer and business confidence amid the consumption tax hike, a major typhoon and weak global demand. Although residential construction investments remained minimal, the construction industry's output was supported by investments in civil engineering and non-residential buildings. In December 2019, the government launched an economic stimulus package, which includes an allocation of about JPY6 trillion (US$55 billion) on public investments, following a series of natural disasters which caused huge damages to the country's infrastructure. Although the country has not enforced a strict nationwide lockdown throughout the year 2020 in response to the pandemic, the construction industry was hit by the temporary halt in construction work by major contractors such as the Obayashi Corporation, Taisei Corporation, Kajima Corporation and Shimizu Corporation, among others. According to the Economic and Social Research Institute (Cabinet Office, Government of Japan), the private investments on building construction declined by 7.1% year on year (YoY) in Q2 2020 – down from a decline of 2.5% in the previous quarter. In addition, the total value of contracts received for construction declined by 9.1% YoY in the first eight months of the year. This is expected to further weigh on the construction industry, and its output is forecasted to shrink by 4% in real terms this year. GlobalData expects the construction industry to stabilize and register an annual average growth of 1.2% between 2021-2024, supported by investments in the transport, renewable energy, telecommunication, and manufacturing sectors. The government plans to develop 10GW of offshore wind capacity by Fiscal Year (FY) 2030/2031, in line with its target to increase the share of renewable energy in its total power mix to 22-24% by 2030; this should attract public and private sector investments towards the renewable energy projects. Investments in manufacturing plants will be supported by the government's focus on strengthening its supply chains and reducing the dependence on China. To achieve this, in April 2020, the government allocated JPY220 billion (US$2 billion) in subsidies to attract manufacturing companies leaving China (November 2020).

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<tr><th></th><th>General Facts/Measures</th><th>Facts & Measures for Construction</th></tr>
<tr><td>Myanmar</td><td>According to a GlobalData report, Myanmar has a poorly developed healthcare system, and to support the healthcare sector during the pandemic, the government has been receiving funding from international lenders.

In April 2020, the World Bank approved a loan of MMK79.3 billion (US$50 million) to the Myanmar government to help fight against Covid-19 infections. Additionally, in October 2020, the Asian Development Bank (ADB) approved a loan of MMK47.6 billion (US$30 million) towards the sector to improve healthcare facilities.

According to GlobalData, the government has been ineffective in containing the spread of Covid-19, which has worsened since August, prompting renewed local lockdowns in major cities (cf. GlobalData) (November 2020).</td><td>Prior to the outbreak of Covid-19, Myanmar’s construction industry was expected to grow by 9.1% in 2020. Due to the stringent measures taken by the government, however, with strict lockdowns and travel restrictions to contain the spread of the virus, construction activities were disrupted across the country. As a result, GlobalData now expects construction output to register a growth of 3.7% in 2020.

In the short term, the industry will continue to be affected by the disruptions caused by the containment measures, but investment in new construction projects by the government will help in recovering from the crisis. The industry is expected to recover in 2021, with output expected to expand by 9.1% in real terms that year.

The government is focusing on transport infrastructure, coupled with efforts to boost energy production, with an aim to revive the country’s economy. According to the Asian Development Bank, MMK182.9 trillion (US$120 billion) in investment will be required until 2030 to bridge the country’s infrastructure gap. Furthermore, the government is investing in improving electricity generation capacity, with an aim to achieve nationwide electrification by 2030 (cf. GlobalData) (November 2020).</td></tr>
<tr><th></th><th colspan="2">Facts & Measures for Construction</th></tr>
<tr><td>Vietnam</td><td colspan="2">The construction industry was growing at a relative fast pace prior to the Covid-19 crisis, with the industry expanding by 9.1% in real terms in 2019. Growth had been driven by investments on the national strategic projects, mainly in the transport infrastructure sector. However, the imposition of Large-Scale Social Restrictions (PSBB) by the government to contain the spread of Covid-19, along with global trade and travel disruptions which affected the availability of manpower and raw materials, weighed on growth in Vietnam’s construction industry in the first half of 2020. Consequently, GlobalData expects the industry’s growth to decelerate to 5.5% in real terms this year, which is a relatively strong performance compared to other markets in the region.

According to the General Statistics Office (GSO), the construction industry’s value-add grew by 5.7% year on year (YoY) in real terms in the third quarter of 2020, improving from 4.7% and 4.4% in the previous two quarters, respectively. In the coming quarters, it is expected that the construction industry’s output growth will continue to pick up, supported by investments in transport and energy infrastructure.</td></tr>
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	Efforts to attract foreign investment through the public private partnerships (PPP) model should also support the construction industry in 2021. In June 2020, the national assembly adopted the law on PPP investment, which is aimed at regulating investment activities and attracting private investment under the PPP model. The government's efforts to balance supply and demand for affordable housing should also generate momentum in the residential sector. Ongoing urbanization should continue to generate demand for residential and infrastructure development (cf. GlobalData) (November 2020).	
Singapore	Prior to the Covid-19 outbreak, GlobalData expected Singapore's construction industry to grow by 2.9% in 2020. However, with the emergence of the pandemic and the related restrictions taken by the government, the construction industry is now set to contract by 26.8% in 2020. According to the Department of Statistics (DOS), the construction industry registered year on year declines of 46.6% in Q3 2020 and 60% in Q2. Owing to the temporary halt in most construction activities during the restrictive measures imposed during 7th April to 1st June 2020, followed by the phased resumption of construction activities and strict management implemented at work sites, the construction industry contracted by 35.4% year on year (YoY) during the first three quarters of 2020, with commercial and residential sectors witnessing the highest declines. Owing to the disruptions caused by the pandemic, in September 2020, the Building and Construction Authority (BCA) revised downwards its projected construction demand for 2020 by SGD10 billion (US$6.9 billion), compared to the projections made earlier in January 2020. A downside risk to the industry's outlook in the short term could arise from the fall in construction contracts awarded during the first nine months of 2020. However, to support the industry's recovery, the government has announced a SGD1.4 billion (US$941.3 million) Construction Support Package for companies in the construction industry. This includes a SGD525.8 million (US$363.9 million) construction restart booster to support construction firms in meeting additional compliance costs due to enhanced social distancing measures. A total of SGD793 million (US$548.9 million) has also been set aside for the co-sharing of prolongation costs for public sector projects, with Government Procurement Entities (GPEs) bearing this cost, capped at 1.8% of the contracted sum for public sector construction contracts and tenders which closed before 1st June 2020. The industry's growth in 2021 will be supported by investments on transport infrastructure, renewable energy, and residential projects. The government plans to invest SGD100 billion (US$72.3 billion) to develop the country's transport infrastructure over the next ten years. It also plans to increase the total capacity of solar energy from 350MWp in 2020 to 2GWp by 2030, and 5GWp by 2050; this should attract public and private sector investments towards solar projects (cf. GlobalData) (December 2020).	
NORTH AMERICA		
	General Facts/Measures	**Facts & Measures for Construction**
United States	Regarding government aid, Congressional negotiators agreed on a new US$900-billion Covid relief package on 20 December, which includes an additional US$284 billion for the Paycheck Protection Program (PPP) for small businesses, created under the original Coronavirus Aid, Relief, and Economic Security Act (or CARES Act) in March (cf. Construction Europe) (21 December).	**Download the State by State Coronavirus status updates (cf. ENR)** According to ENR, the pandemic's effects on the US construction industry have been mixed. Project costs are rising in some sectors and locations due to loss of productivity and supply chain delays. Some also report price drops due to more competitive bids. It is expected that construction costs

		will be escalating to 3%-4% in 2021. Besides, if the nationwide labor shortage worsens, costs could be pushed up, resulting in higher bid prices. The industry is also waiting to see what changes may come from the Biden administration (cf. ENR) (21-28 December). **Results of ENR's latest Construction Industry Confidence Index survey** The index measures executive sentiment about the current market (survey sent to US companies in December – 364 responses gathered). Many industry representatives believe the industry will be back in a growth mode by the end of 2021. Only 9% of respondents believe the current market has bottomed out and is back in a growth mode, compared to 45% who believe it is still declining. On the other hand, 41% believe that the market will be growing in 12 to 18 months, compared to only 22% who believed it will still be in decline. Another barometer is the Confindex survey from the Construction Financial Management Association (CFMA), which shows that chief financial officers are worried about the ear term but believe that the end of 2021 will see a rebound in the market (cf. ENR) (21-28 December). US construction employment in November remained below pre-pandemic levels in 35 states and the District of Columbia even though 31 states and D.C. added construction jobs from October to November, according to an analysis by the Associated General Contractors of America of government employment data. New York lost the most construction jobs over the nine-month period (-39,700 jobs or -9.7%), followed by Texas (-37,200 jobs, -4.7%). Vermont experienced the largest percentage loss (-24.5%, -3,600 jobs), followed by North Dakota (-13.9%, -4,100 jobs). Only 15 states and the District of Columbia added construction jobs from February to November. Virginia added the most jobs and highest percentage (11,800 jobs, 5.8%), followed by Utah (5,800 jobs, 5.1%) (cf. Construction Europe) (21 December).

PACIFIC	
	Facts & Measures for Construction
New Zealand	Prior to the Covid-19 crisis, the construction industry in New Zealand had been expanding at a healthy rate, growing by 4.6% in real terms in 2019 – up from 4.1% in 2018 – supported by investment in transport infrastructure and commercial and residential projects. However, the disruption caused by Covid-19 containment measures has ended this expansionary trend according to GlobalData. As a reminder, in late March 2020, the government-imposed stage-4 lockdown restrictions in the country, under which only essential construction works were permitted to progress. The temporary disruptions caused by the lockdown restrictions and social distancing measures have heavily weighed on New Zealand's construction industry, with its value-add plummeting by 28.6% year on year (YoY) in Q2 2020 – sharply down from a decline of 5.2% YoY in the previous quarter. GlobalData expects the construction industry to shrink by 6.2% in real terms this year. However, in order to provide a boost to the economy in general and the construction industry in particular, the government announced plans to fund large shovel-ready infrastructure projects following the withdrawal of the lockdown. Accordingly, in early April, the government announced the formation of the Infrastructure Industry Reference Group (IIRG), comprising a group of industry leaders, and tasked them with identifying public as well as private sector infrastructure projects with a value of NZD10 million (US$5.8 million) or above, which can be started immediately or at the latest within the next six months. As of early July, the IIRG received a total of 1,924 project proposals across 40 sectors, of which the government approved 150 projects worth NZD2.6 billion (US$1.5 billion) in July 2020. The industry is expected to recover over the remaining part of the forecast period and register an average annual growth of 3.8% between 2021-2024, supported by investments in residential, transport, institutional and renewable energy projects. As part of the Covid-19 Response and Recovery Fund (CRRF), in May 2020, the government allocated NZD3 billion (US$1.7 billion) to fund infrastructure projects across the country. In addition, growth will also be supported by an investment of NZD12 billion (US$7 billion) to build and upgrade road, rail, school, and hospital projects under the New Zealand Upgrade Programme which was launched in December 2019 (cf. GlobalData) (November 2020).

MIDDLE EAST & NORTH AFRICA		
	General Facts/Measures	**Facts & Measures for Construction**
	There is optimism according to observers, that the Middle East-North Africa economy will rebound in 2021, based on covering demand for energy exports. There are however still downward risks due to geopolitical tensions in the region and fragile financial positions from the pandemic low-cost oil.	In the **United Arab Emirates**, global construction output is projected at 3.8% by GlobalData. **Egypt**'s construction sector also performed relatively well in 2020, despite its semi-lockdown, and GlobalData expects this to continue, with output growth forecast at 8.9% in 2021 (cf. ENR) (21-28 December).

Saudi Arabia	Saudi Arabia's preliminary budget statement showed a cut to government spending of 7.3% in 2021, after VAT was tripled and customs duties increased in July 2020, and despite the economy entering a recession in Q2; this implies that the main policy goal for the Kingdom in the short term is to reduce the budget deficit, rather than boost economic growth. Additionally, the Kingdom is looking to sell assets in sectors which were previously not targeted for privatization, such as healthcare and education, as it looks to diversify its revenue base and bring more efficiency to state entities, with authorities aiming to raise a total of more than US$50 billion from privatizations over the next five years (cf. GlobalData) (November 2020).	Prior to the Covid-19 outbreak, Saudi Arabia's construction sector had posted growth for the first time in four years, expanding to 4.1% in real terms for 2019. However, owing to disruptions from plunging oil prices and the pandemic, GlobalData forecasts construction output will contract by 2.8%, and expects a recovery for the sector of 3.3% in 2021. This latest forecast reflects the extended lockdown measures which were cautiously eased in July, along with the departure of an estimated one million expatriate workers in the wake of the economic shutdown, and the uncertainty regarding the degree to which the government will be able to offset its oil revenue losses and stabilize its debt burden in the short term. Despite Saudi Arabia's primary objective to reduce the budget deficit, there are clear signs, according to GlobalData, that the Kingdom is moving to progress with its Vision 2030. Saudi Arabia approved for example a new mining law to attract more local and foreign investments in the mining sector, as well as to diversify its economy away from oil. Tourism is another area that is being prioritized. The government is encouraging public-private partnerships (PPPs) under the executive programme and the programme aims to create an attractive investment environment in a bid to increase the quality of infrastructure (cf. Global Data) (November 2020).
AFRICA		
	Facts & Measures for Construction	
South Africa	Besides, GlobalData's expectations of a sharp decline in construction output in South Africa (SA) in Q2 2020 amid the Covid-19 pandemic and a strict six-week lockdown, SA's construction industry is forecast to contract by 14.3% in 2020. The industry is expected to continue to be hit hard by the impact of high national debt, labor shortages and low infrastructure spending amid a depressed economy. According to GlobalData, construction output is expected to register an average growth of 1% between 2021 and 2024, as fiscal sustainability remains the government's priority in the short term. The planned public and private sector investments on transport infrastructure and electricity projects are expected to drive the industry's growth over the medium to long term.	

	As a reminder, in mid-October 2020, the government rolled out a US$60 billion Economic Reconstruction and Recovery Plan to reindustrialize the economy by focusing on small businesses and strengthening medium and large ones and accelerate economic reforms to unlock investments. The plan has four priority interventions: infrastructure investments; expansion of the energy generation capacity; job creation to support livelihoods; and industrial growth. The infrastructure build programme should focus on social infrastructure such as schools, water, sanitation, and housing. It should also focus on critical network infrastructure such as ports, roads, and rail, which are key to economic growth (November 2020).
Multilateral Development Banks and International Institutions	
	General Facts/Measures
G20	**Focus on developing countries** Total output in developing countries, except China, is projected to fall by 5.7% in 2020, with a recovery of 5% in 2021. Compared to pre-Covid projections, this amounts to an 8.1% loss by the end of 2021, worse than advanced countries at -4.7%. The OECD estimates that developing countries will see a drop of US$700 billion in private finance in 2020. Already, in the first five months of the crisis, developing countries experienced a portfolio outflow of negative US$103 billion. While trade has started to rebound as lockdowns have lifted, foreign direct investment (FDI) flows to emerging and developing countries are still set to fall 30 to 45% in 2020. Concerning trade finance, estimates suggest that US$1.9 trillion to US$5 trillion will be needed to enable a V-shaped recovery. Remittances, a major source of investment for many developing countries, are also expected to fall by 7% this year, and another 7.5% in 2021. Real economy recession, coupled with a weakening of many currencies, will lead to a fall in nominal U.S. dollar GDP of developing countries (excluding China) of 10% in 2020. And although developing countries have been far more modest in fiscal support than has been the case in advanced economies, general government debt levels, including foreign exchange debt levels, have continued to rise in 2020, with prospects of further deterioration in 2021. Sovereign debt levels are forecast to rise by 12 percentage points of GDP in emerging markets and 8 percentage points in low-income countries. G-20 leaders, following a call from the African Ministers of Finance, have already agreed to a Debt Service Suspension Initiative (DSSI) for all International Development Association (IDA) countries and Angola to free up fiscal policy space for Covid-19 response efforts. The initiative initially covered all debt service due between May 1 and the end of 2020 and has since been extended to June 2021 (cf. Brookings) (December 15).
EBRD	The European Bank for Reconstruction and Development (EBRD) responded to the coronavirus pandemic with record investment of €11 billion in 2020 through 411 projects. This would represent a 10% increase in annual business investment relative to 2019, when the Bank provided €10.1 billion to finance 452 projects (14 January).

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