COVID-19 in Africa: A time for Despair or an Opportunity to Change the Direction of Travel?

By:

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The World Health Organization (WHO) reported that, as of 26 April 2020, COVID-19 had resulted in 2,804,796 confirmed cases of infection, and nearly 200,000 deaths. 20,316 of the infected persons were in Africa, as were 839 of the dead. COVID-19 is the worst global health catastrophe of the 21st century which, according to the International Monetary Fund (IMF), will likely trigger the worst economic fallout since the Great Depression. There have been some suggestions that there is a trade-off to be made – either save lives or save livelihoods. However, as the heads of the IMF and the WHO emphasized, this is a false dilemma – getting the virus under control is a prerequisite to saving livelihoods. In this vein, the COVID-19 crisis has illustrated the inseverable link between what have traditionally been viewed as a country's economic concerns on the one hand, and broader welfare concerns on the other hand.

Unfortunately, in their pursuit of economic growth over the last two decades, many African countries have left broader welfare concerns largely unattended. In order to appreciate what this portends for Africa in the shadow of COVID-19, I highlight a few of Africa's pre-existing conditions.

First, several West African countries suffered the Ebola epidemic of 2014-2016. Another Ebola outbreak is manifesting in the Democratic Republic of Congo. Through these tragedies, valuable lessons were learned, including the importance of: (i) sharing information; (ii) rapid and reliable testing; (iii) vaccines; and (iv) incorporating social science and engaging with communities. A proper reaction to these lessons requires investment in Africa's health infrastructure. Unfortunately, this infrastructure is currently not robust enough, with consequences falling harshest on the most vulnerable. For instance: (i) on average, most African countries are not able to provide even 50% of the possible health and related services that their populations need; and (ii) access to essential health services is low as most African countries are unable to provide the infrastructure, staff, and commodities needed for those services. Moreover, most African countries rely heavily on imports for the supply of personal protective equipment (PPE), laboratory supplies, and medical equipment. Hence, African countries have been left extremely vulnerable owing to the export restrictions imposed, by major producers, on key medical supplies.

Second, owing to weak fiscal positions and heightened public debt burdens, the World Bank reports that African governments do not have much room to deploy fiscal policy to address the COVID-19 crisis. While public debt is a global issue, a distinctive feature of the debt problem among African countries is the composition of debt. Countries are tilting away from multilateral creditors who come with stringent conditions, toward non-concessional debt with relatively higher interest rates and lower maturities. This trend raises concerns around debt sustainability.

Third, the Food and Agriculture Organization of the United Nations (FAO) reports that the invasion of desert locusts in the horn of Africa represents an unprecedented threat to food security and livelihoods in the region. The risks to food security in Africa are further compounded by drought, climate change,

fragility, conflict, and underdeveloped food markets. Furthermore, while 60% of Africa's population is engaged in agriculture, many African countries are net importers of food, with the continent spending about US$65 billion on food imports in 2017. Now, the COVID-19 crisis is worsening food insecurity in many parts of Africa as currencies weaken and prices of staple foods rise.

Fourth, the WHO has advised that social distancing and regular handwashing help reduce the spread of COVID-19. Several African countries heeded WHO's advice and imposed strict social-distancing and hygiene requirements. However, certain features of African economies undermine the efficacy of these measures. For example, the large size of the informal sector in Africa (89% of total employment) means that a significant proportion of Africa's workforce earns a daily wage in jobs with no security of tenure, that cannot be done remotely. Social distancing is especially challenging given that 85% of the African population live on less than US$ 5.50 per day and therefore need to remain active to support their families. Furthermore, 70% of city dwellers in Africa live in crowded informal settlements with limited access to clean water.

The above factors hint at the backdrop against which COVID-19 arrived in African countries. Economic growth in Africa has already been significantly impacted by the global pandemic. The World Bank forecasts that growth will fall from 2.4% in 2019 to -2.1 to -5.1% in 2020, heralding the first recession in the region for more than 25 years.

The desire of many countries around the world to "get back to normal" is not a desire that African countries should share. As the examples above illustrate, "normal" in Africa is bleak for many Africans, despite more than a decade of steady economic growth among African countries. COVID-19 has merely exacerbated the already existing fragilities of African societies. This crisis has demonstrated that while economic growth can raise living standards, the standard metric of economic growth, gross domestic product (GDP), does not reflect the overall welfare of a nation. Focusing on GDP to measure development has allowed many African countries to skirt the broader welfare concerns afflicting their societies. It is time to acknowledge the limitations of GDP and expand the metrics for African economic growth and prosperity to include a society's quality of life, taking due account of the well-being of the

most vulnerable among us.

Beyond this proposed change in perspective, and even as the world awaits a scientific solution to the global pandemic, all is not lost, especially if African countries adopt a coordinated pan-African approach to tackling this crisis. Indeed, based on the joint actions already taken by African leaders there may be cause for cautious optimism.

A preliminary response to the crisis is the expansion of the current fiscal and monetary positions of African countries, thereby allowing these countries to direct their limited financial resources towards responding to the pandemic and its consequences. On 8 April 2020, the African Development Bank (AfDB) announced the creation of a COVID-19 Response Facility. The Facility will provide up to US$10 billion to governments and the private sector, aimed at assisting African countries to fast-track their efforts to contain the rapid spread of COVID-19.

A key component to expanding the fiscal space of African countries is addressing their debt burden. To this end, the World Bank and the IMF have called for a "Debt Standstill", i.e. a moratorium on debt repayment, underlining that such an initiative would be an important part of the global response to COVID-19. African Finance Ministers welcomed the IMF and World Bank's joint call for a debt standstill and asked that this measure be extended to countries across the region and by other creditors during this exceptional period.

African Finance Ministers also called for the urgent and immediate release, by the IMF; of US$ 100 billion, of which US$ 44 billion would go towards debt relief for all African countries. It is worth noting that the Catastrophe Containment and Relief Trust (CCRT) allows the IMF to provide grants for debt relief to the poorest and most vulnerable countries with outstanding obligations to the IMF, to help address disasters, including public health disasters. On 14 April 2020, the Executive Board of the IMF approved immediate debt service relief to 25 of the IMF's member countries under the CCRT. 19 of these 25 are African countries. The CCRT will provide grants to these countries to cover their IMF debt obligations for an initial phase over the next six months.

These types of debt relief provide much needed help to vulnerable countries in the immediate term, allowing them to channel their scarce financial resources towards emergency medical and other relief efforts. However, it may be argued that a moratorium on debt repayment and instruments such as the CCRT merely postpone the problem of the debt burden of African countries rather than resolving it. Perhaps time has come for African countries to advocate collectively for debt cancellation, a viable approach as evidenced by the 1953 London Debt Agreement,which resulted in the cancellation of half of Germany's debts (West Germany at the time). Four features of the London Debt Agreement would be especially helpful for African countries in the current crisis: (i) Germany's debt payments could only come out of trade surplus. If the country had a trade deficit, no payments would need to be made; (ii) all types of creditors were brought into the restructuring; (iii) the payment options allowed Germany to repay a large part of its debts in its national currency at the time (deutsche mark), and only marginally in stronger currencies such as US dollars, Swiss francs, or pounds sterling; and (iv) the agreement built in the possibility to suspend payments and renegotiate conditions in the event that a substantial change, limiting the availability of resources, should occur.

With respect to health infrastructure, African Finance Ministers have supported the call by the African Union for a continental coordinated response to COVID-19, including efforts to boost global production and improve the availability of medical products and equipment. Given the current global shortages in PPE and other essential medical equipment, the Africa CDC has advocated for establishing and maintaining intra-African supply chains for shared resources, including PPE, laboratory supplies and other medical equipment.

Furthermore, African leaders have supported the implementation of the African Union-Africa CDC Joint Continental Strategy for the COVID-19 Outbreak, which will be led by the Africa Task Force for Coronavirus (AFTCOR) and the Africa CDC incident management system. Africa CDC recognizes that optimal containment strategies for high-income countries may not be as suitable or feasible in lower-income settings in Africa. Instead, a range of alternative strategies for mitigation are proposed depending on the country context. These may include protecting vulnerable groups, ramping up testing, and promoting the wearing of masks.

With respect to strengthening Africa's health infrastructure in the medium to longer term, it is worth noting that, in 2017, the Member States of the WHO Africa Region adopted the Framework of Actions for Strengthening Health Systems for Universal Health Coverage (UHC) and the Sustainable Development Goals (SDGs) in Africa. This Framework of Actions has as its laudable goal the initiation of a comprehensive plan of action aimed at improving health and well-being across Africa, ensuring that no one is left behind.

With respect to food security, a coordinated regional response to the locust situation in the horn of Africa is long overdue. Likewise, given that food farming in many African countries is undertaken by small-scale farmers, African countries should collectively incentivize such local production to reduce overreliance on food imports. Such incentives may include strengthening the infrastructure that ensures that the produce gets to the markets where it is needed, while maintaining hygiene and social-distancing requirements. More open intra-African trade in goods and services, including in food products, could also play a key role in promoting food security. Freer trade flows could ensure access to food whilst also providing farmers with necessary inputs, supporting jobs, and maintaining economic activity in the face of a global recession. This call for freer trade flows, particularly among African countries, underlines the need for faster implementation of the nascent African Continental Free Trade Area (AfCFTA) to facilitate the enhancement of intra-African trade, and deepen African economic integration.

In sum, the tragedy of the COVID-19 crisis has laid bare the frailties of African economies. COVID-19 has taught us, in the harshest way possible, that we are only as strong as the most vulnerable among us. This has compelled African leaders to recognize that regional cooperation is at the crux of the solution to the COVID-19 crisis. Hopefully, this positive momentum towards regional cooperation will extend to tackling the broader welfare issues challenging African societies.

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