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Letter from the director

COVID-19 has turned 2020 into a year like no other, a year of historic consequence for Africa and the world. While our immediate future will inevitably be consumed with addressing the virus and its consequences--and ensuring that no African is left behind in the rollout of vaccines—we also can't allow the virus to destroy the gains in growth, improved livelihoods, and unity we have made in recent decades. There must be a balance. It is with these contrasting themes in mind that we've organized the 2021 edition of *Foresight Africa*.

Beginning with the cover, we introduce design features that embody the narrative within. While recognizing the havoc it has wreaked, we see our shared response to the virus as a source of light, spreading hope and unleashing a new dawn on the African continent. We hope, in this edition, you will be inspired by the renewed solidarity among Africa's leaders and by the region's young entrepreneurs, who are succeeding in Africa against all odds. In addition to including prominent thought leaders from the region, we've made particular effort to bring in new voices to inform the debate on alternative futures for Africa. Moreover, each chapter begins with a salient quote from an eminent woman, emphasizing the transformative leadership of women—in management roles, on the front lines of the pandemic, and in everyday life. Thus, as we seek to maintain the hallmarks and traditions of *Foresight Africa*, we, like the world, cannot escape the virus, but Africa, alongside its global partners, can overcome it.

Although the virus was slow to arrive on Africa's shores, the economic impacts of the disease were not, as the global economy halted and Africa's growing, largely informal, service-based economy was forcibly shut down to pre-empt the disease's spread. Until that point, the region was experiencing unprecedented growth and accounted for many of the world's fastest-growing emerging market economies--though, that growth was, disappointingly, largely jobless and not necessarily in the most productive sectors. Thus, in Chapter 1, our authors offer strategies for how Africa's policymakers can **approach the pandemic as an opportunity for a "great reset" of their economies** so that they can grow back stronger than ever before.

If leaders don't stop the virus and secure the health of their people, though, these economies cannot grow. Indeed, given already poor health outcomes in the region, African citizens are uniquely vulnerable to widespread disease and face severe, longer-term consequences of getting sick. While Africa seems, so far, to have been spared the worst of COVID-19, no one knows what the next pandemic threat might look like, nor where it will come from. What is certain, though, is that the next pandemic is not so much a matter of if, but when. With this idea in mind, in Chapter 2, our experts share their strategies for **shoring up health systems on the continent to be better prepared for such a pandemic in the future.**

Still, **progress on human development cannot halt in the face of the virus,** as the region stands to lose so many of the massive gains it has made in

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health and education in recent years. In Chapter 3, our authors debate strategies for maintaining the momentum towards improved human development outcomes and the role of the Sustainable Development Goals in this new world. Given the central role of women in the pandemic response as well as their unique vulnerability under COVID-19, we also explore ways to better support African women and girls both now and in the long term.

Of course, without investment in Africa's people, businesses, and resources, that much-needed economic growth will not surface. As the world looks to reopen, major players in African economies are rethinking their roles, retooling their business models, and rediscovering how their unique strengths can benefit the region more broadly. In Chapter 4, then, our authors explore the top challenges facing **African entrepreneurs and businesses as they look to restart and grow**, as well as posit ideas for encouraging the growth of the private sector and bolstering its involvement in the post-pandemic recovery.

The need for regional unity and economic integration has never been more important, especially for these African businesses. While the pandemic has thrown a wrench into the implementation of the promising African Continental Free Trade Agreement, African leaders must continue to move forward with the ambitious project. Indeed, an

Africa's policymakers can approach the pandemic as an opportunity for a "great reset" of their economies so that they can grow back stronger than ever before.

Africa with more open economic boundaries will not only decrease the region's reliance on the global economy and enhance the economic prospects of her people, but also facilitate access to important goods and services to make its citizens healthier and more prosperous. In Chapter 5, then, our authors explore other ways in which **a united Africa makes for a stronger Africa** and offer recommendations for enhancing those relationships.

Underpinning the response to all these complex challenges is good governance. Strengthened democratic institutions, transparent elections, and inclusive reforms are key to building and maintaining safe and productive societies, especially as the region recovers from the twin health and economic crises. The extent to which governments can best serve their people not only during crises, but at all times, depends on mutual trust between government and their people. Thus, in Chapter 6, our experts delve into the **complex relationship between governments and citizens, especially in times of crisis**, to examine how leaders can govern inclusively, fairly, and effectively.

With this and every iteration of *Foresight Africa*, we aim to capture the top priorities for the region in the coming year, offering recommendations for African and global stakeholders for creating and supporting a strong, sustainable, and successful Africa. In doing so, we hope that *Foresight Africa 2021* will promote a dialogue on the key issues influencing development policy and practice in Africa during the upcoming year. Such ideas will ultimately provide sound strategies for sustaining and expanding the benefits of economic growth to all people of Africa in the years ahead.

Over the course of the year, we will incorporate the feedback we receive from our readers and continue the debate on Africa's priorities through a series of events, research reports, op-eds, and blog posts.

1

THE GREAT RESET:

Relaunching African economies

Emerging stronger: How Africa's policymakers can bolster their economies during and beyond the COVID-19 crisis

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"COVID-19 has revealed that globalization has made humanity co-vulnerable, left the majority of society behind, led to the strengthening of value chains that are maximized for individuals and companies rather than optimized for society. The top priority for leaders and policymakers is to weave a policy tapestry that engages and promotes active citizenship, creates an African economy that is resilient and inclusive, by leveraging the African Continental Free Trade Area and optimizing integration and regional trade."

Mrs. Graça Machel, Chair, Mandela Institute for Development Studies (MINDS)

As the world begins to emerge from the economic crisis created by the COVID-19 pandemic, the big question in Africa—beyond how do we protect the health of average citizens—in 2021 is how and when Africa will begin its exit from the first economic recession to hit the continent in a quarter of a century. Africa's economic revival depends on sufficient economic policy response, access to sufficient and affordable financing to recover from the estimated 3 to 5.4 percent contraction in GDP, and strengthened policies for creating jobs. Indeed, Africa's longer-term economic prospects can be safeguarded by making bold and well-informed decisions today, which, in turn, can transform the current crisis into a catalyst for innovation.

Immediate steps for policymakers

African governments have already spent significant amounts of their GDP on domestic stimulus packages—between 1 and 7 percent.[1] (For more on the South African stimulus package in particular, see page 15). However, the funds made available among African nations for response and recovery are less than 1 percent of the amount deployed among the world's richest nations.[2] Indeed, under current conditions, sub-Saharan Africa may likely face a financing gap of about $290 billion.[3]

[1] United Nations Economic Commission for Africa. 2020. *Building Forward Together: Financing a Sustainable Recovery for the Future of All.*
[2] Ibid.
[3] International Monetary Fund. 2020. *Regional Economic Outlook: Sub-Saharan Africa.*

To enable a strong recovery, African policymakers would do well to step up efforts to "stem the bleeding." By investing strongly and promptly to relaunch economies, governments can avoid an even deeper descent, potentially including debt crises, defaults, and a return to pre-COVID-19 economic levels only by 2030.[4]

How might leaders and policymakers pay for it?

Given the serious fiscal constraints that many African governments face, policymakers need to prioritize where and how to intervene as well as find new ways to attract investment and private-sector participation to deliver critical projects and services. Just as important, emerging opportunities in digitization and data analytics are already improving revenue collection. Now might also be the time to use spending reviews to reallocate budgets to high-priority areas, deliver more cost-effective procurement, and reduce fraud.[5] Across Africa, such public-finance reforms could deliver as much as $100 billion a year in new revenues and savings.[6]

Bold efforts to mobilize domestic resources can yield rapid results.

Bold efforts to mobilize domestic resources can yield rapid results. For example, one of the authors worked with a West African country that was able to boost tax and customs revenues by more than 20 percent in just six months. The country rebuilt its customs processes, greatly improving compliance; and it established a debt-collection task force that increased debt recovery from defaulting taxpayers by a factor of five.[7]

That said, African policymakers will also need to redouble their efforts to enlist the global community's support to strengthen liquidity in the short term and restart growth in the longer term. In the next 3 to 6 months, policymakers should seek increased lending from multilateral development banks; these institutions could potentially use their existing balance sheets to release an additional $100 billion in lending to Africa. Global institutions can also set up a Liquidity and Sustainability Facility (LSF) that would lower governments' borrowing costs by ensuring that their short-term debt obligations can be met. Such measures would pave the way for the global community to assist African policymakers in restarting and reimagining sustainable growth—for example, by introducing innovative financing tools such as bonds linked to the pursuit of the Sustainable Development Goals.[8]

Policies for supporting MSMEs must be central to the recovery

At the same time, policymakers must continue to support businesses—both smaller enterprises and larger firms—that have been disrupted by the crisis. Arguably, the greatest priority must be to bolster the micro-, small-, and medium-sized enterprises (MSMEs) that are key to African commerce and account for 83 percent of private-sector employment in Africa.[9] Such businesses, which number between 85 million to 95 million, are especially vulnerable to COVID-19 mitigation measures given they are often characterized by person-to-person contact. By just May 2020, 75 percent saw their revenue decline by over 30 percent.[10]

There are several steps that governments can take to provide financial support to MSMEs. One option is to assist MSMEs through larger firms in their value chains, which might include upstream

4 Jakkie Cilliers et al., "Impact of COVID-19 in Africa: A Scenario Analysis to 2030," *Institute for Security Studies, Frederick S. Pardee Center for International Futures, and Gordon Institute of Business Science*, July 2020.
5 Rima Assi, David Fine, and Kevin Sneader. 2020. *The Great Balancing Act: Managing the Coming $30 Trillion Deficit While Restoring Economic Growth*. McKinsey & Company.
6 Yaw Agyenim-Boateng et al. 2019. *Unlocking Africa's $100 Billion Public-Finance Opportunity*. McKinsey & Company.
7 Ibid.
8 United Nations Economic Commission for Africa. 2020. *Building Forward Together: Financing a Sustainable Recovery for the Future of All*.
9 Findings from a recent collaborative study between AUDA-NEPAD (the African Union Development Agency), Ecobank, and McKinsey & Company (unpublished).
10 AUDA-NEPAD. 2020. *Supporting African MSMEs Through and Post the COVID-19 Crisis*. Workshop Document 26.

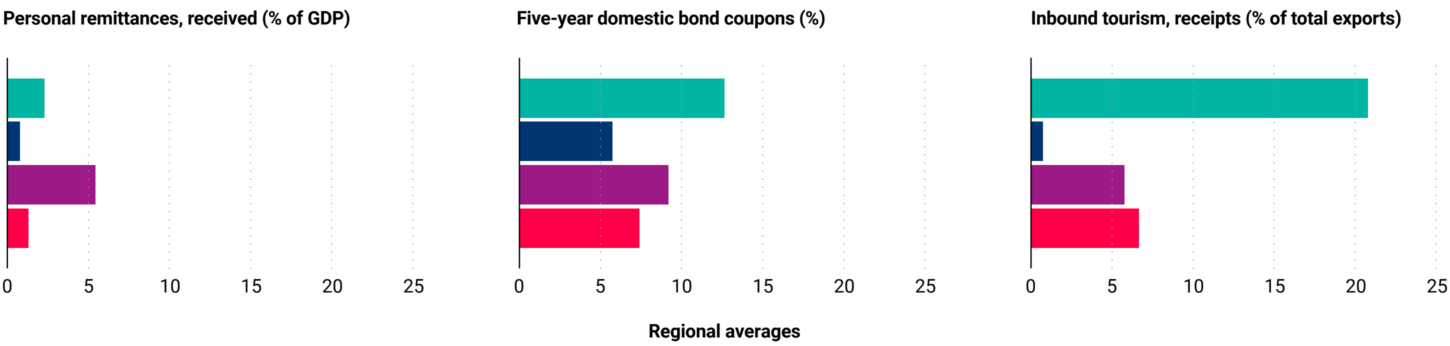
suppliers and downstream buyers. Governments can provide easier liquidity and working-capital terms to these larger players, and they can make such support conditional upon these firms' providing favorable financial terms to MSMEs. Governments can also consider providing risk guarantees or first-loss mechanisms while requiring banks to on-lend under the chosen set of criteria and guidelines. In order to encourage banks to lend to MSMEs.

To bolster large firms, governments can consider two approaches. First, in a few situations, countries may designate certain sectors as "strategic" and develop support packages—potentially including short-term loans, payroll support, and debt-to-equity swaps. In Nigeria, for example, the government has designated key agricultural value chains and the cement industry as strategic; in addition their broader economic relevance, those sectors are particularly important in the country's drive to substitute imports. In addition, governments can help a broader set of companies conserve cash and survive the crisis. Options in this regard include lowering the liquidity or capital-ratio requirements of banks assisting companies in raising capital through avenues such as private-equity financing, as well as deferring payments due by companies to public-sector entities. Governments might require companies to maintain a minimum wage or payroll to qualify for such support.[11]

FIGURE 1.1

EXPOSURE TO SHOCKS BY SUB-SAHARAN AFRICAN REGION

The economies of sub-Saharan Africa depend on tourism and domestic bond markets, both of which are volatile. The pandemic has caused tourism to plummet and bond coupons to soar, creating harmful effects for those economies in which tourism and bonds play a particularly important role. Their importance, however, varies by sub-Saharan African region. Whereas tourism constitutes more than 20 percent of exports in East Africa, it constitutes just 0.7 percent of Central African exports. Five-year bond coupons vary from as high as 12.8 percent in East Africa to 5.8 percent in Central Africa.



Visual Key

- East Africa
- Central Africa
- West Africa
- Southern Africa

Source

World Bank. 2020. *World Development Indicators*. Domestic sovereign bond data for African public entities from 01/01/2010 to 01/01/2018. *Bloomberg LP*. Accessed on November 15, 2020.

Understanding Africa's economic challenges in and beyond the crisis

Finance will continue to be one of the greatest needs for African businesses; indeed, only 5 percent of MSMEs across the continent feel they have received adequate support from lenders.[12] Provided governments navigate Africa's fiscal challenges with skill and determination, they can continue offering suitable financial support to small enterprises; in addition to indirect support through value chains and banks, such assistance might include loans, debt forgiveness, low interest rates, assistance with payments to suppliers, and reduction in utility costs. At the same time, policymakers must not lose sight of the region's informal sector, as 84 percent of African MSMEs are unregistered. Policymakers can take advantage of the opportunity created by the crisis to convince larger numbers of informal

[11] Kartik Jayaram et al. 2020. *Finding Africa's Path: Shaping Bold Solutions to Save Lives and Livelihoods in the COVID-19 Crisis*. McKinsey & Company.

[12] Findings from a recent collaborative study between AUDA-NEPAD (the African Union Development Agency), Ecobank, and McKinsey & Company (unpublished).

enterprises to register, and thus gain better access to finance and markets. Moreover, to promote registration, governments could shape bold campaigns and attractive packages, potentially including multi-year tax holidays and capacity building for MSMEs.

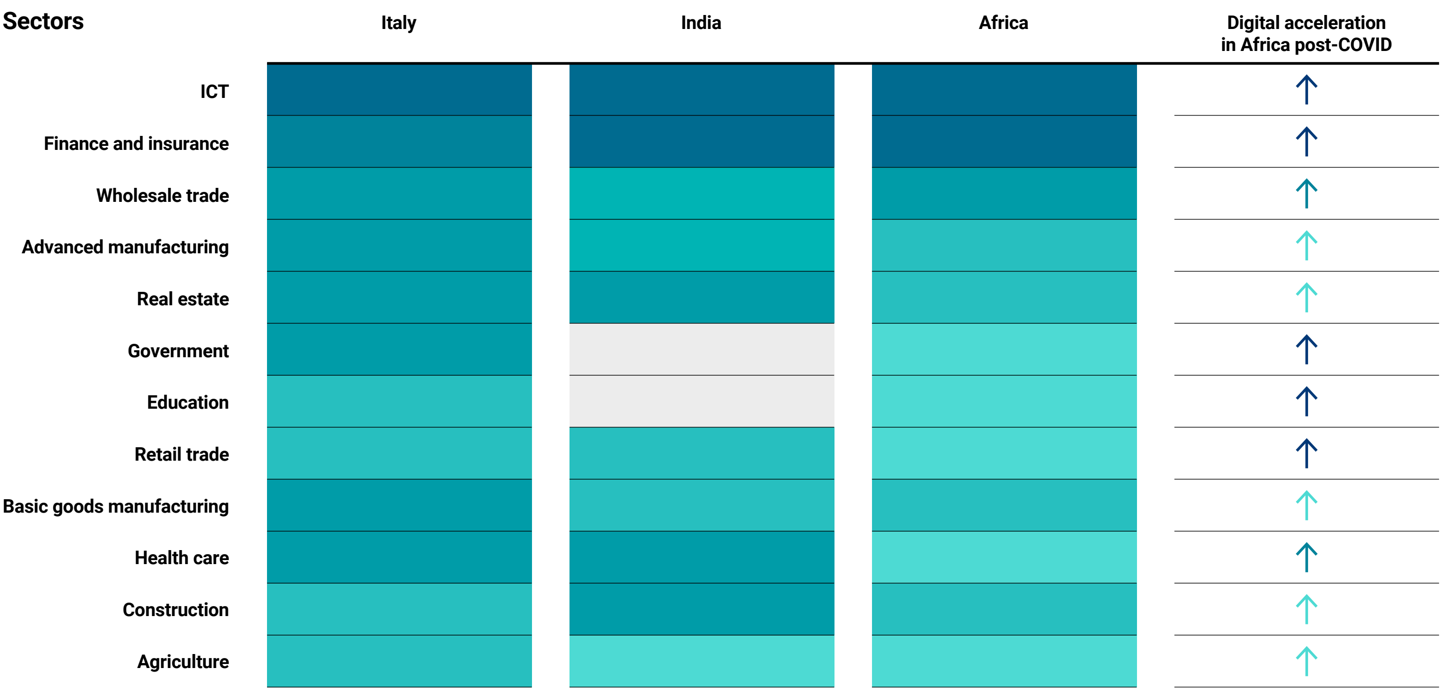
Governments will also need to make careful decisions about which sectors to prioritize. Instead of attempting to resuscitate all hard-hit sectors, governments would do well to prioritize sectors that can offer services and goods with long-term prospects—and that have true potential for value-creation and employment at scale.

Moreover, mitigating the economic impact of COVID-19 across the continent will require tracking and forecasting the social and political changes that the pandemic has caused, especially as COVID-19 crisis has exacerbated economic hardship and may push up to 40 million Africans into extreme poverty. Policymakers will also need to focus on enabling businesses to respond effectively to these new conditions. In doing so, they would do well to focus on new and existing industries that enjoy high economic potential and a competitive advantage, rather than those that face falling demand, or have been overtaken by businesses enjoying more favorable conditions in other regions.

FIGURE 1.2

THE COVID-19 CRISIS HAS CREATED THE OPPORTUNITY FOR ACCELERATION IN DIGITIZATION

Africa continues to lag behind the rest of the world in digitization, and the COVID-19 crisis has laid bare the extent to which the region is behind. Now, the necessity for remote work will contribute to the acceleration of digitization across sectors.



Visual Key

Digitization / Acceleration

Low High

n/a

Source

Kartik Jayaram et al. 2020. *Reopening and Reimagining Africa*. McKinsey & Company.

Technology and the African Continental Free Trade Agreement already show promise for supporting the bounce back

Digital transformation is arguably Africa's biggest opportunity arising from the crisis. During the pandemic, the continent has accelerated its adoption of ICTs: lockdown conditions have pushed many sectors to raise their online presence and expand their range of digital services, with developments that would ordinarily take years compressed into several months. Significant opportunities remain for digital acceleration in key sectors, particularly government, education, retail trade, and finance (see Figure 1.1).

Thus, COVID-19 has revealed, more acutely than ever, that leaders should prioritize scaling up investments in the physical and technological infrastructure needed to bring Africa more securely into the digital age and boost the training infrastructure needed to equip the workforce with basic and advanced digital skills, from mobile transactions to graphic design and coding.[13] Leaders can encourage digital practices on the small-scale too in order to encourage widespread usage of digital tools: For example, Kenya and Rwanda have lowered transaction charges in digital payments, thus boosting adoption.[14] Ethiopia recently approved the e-Transactions proclamation, granting legal status to electronic messages and documents.[15]

The African Continental Free Trade Area (AfCFTA), which also holds promise for accelerating the region's economies through economic integration and a shift in focus toward high-productivity industrial activities commenced trading on January 1, 2021. With the increased ease of intra-African trade, African businesses will be empowered to transform continent-wide needs into opportunities for entrepreneurship. (For more on the AfCFTA, see page 63).

Good, transparent governance cannot be neglected

In this time of crisis, effective and efficient policy implementation at all levels is more important than ever. Governments will need to ensure that support programs are relevant, and that their costs do not outweigh their benefits. Such programs must be accessible, speedily implemented, and scalable. They must be run transparently, under appropriate rules, and managed without conflicts of interest.[16] A key step to improve governance will be to forge a stronger social contract between citizens and the public sector across Africa[17]—around service delivery, transparency, and social protections. (For more on efforts to improve governance in the region, see Chapter 6). A number of African countries have already committed themselves to enhanced governance over COVID-19-related spending: For example, Cameroon, the Central African Republic, Chad, Kenya, São Tomé and Príncipe, South Africa, and Uganda have all undertaken independent audits of such spending and published the related procurement contracts.[18]

Conclusion

The path to more robust and resilient African economies will be a challenging one, calling for boldness, imagination, and tenacious implementation on the part of policymakers. Indeed, a sustained recovery will demand extraordinary effort from public-sector leaders to reimagine policies and practices in rapidly changing circumstances. African governments would do well to focus on profound challenges such as lack of financing—including among informal businesses—and to support promising sectors in order to kickstart and sustain an economic revival. Moreover, leaders should focus on policies and decisions that can have long-lasting impacts, especially around technological adoption and effective implemention of the AfCFTA.

13 Kartik Jayaram et al. 2020. *Reopening and Reimagining Africa*. McKinsey & Company.
14 World Bank Group. 2020. *Africa's Pulse: Charting the Road to Recovery*.
15 Ibid.
16 AUDA-NEPAD. 2020. S*upporting African MSMEs Through and Post the COVID-19 Crisis*. Workshop Document 26.
17 Kartik Jayaram et al. 2020. *Reopening and Reimagining Africa*. McKinsey & Company.
18 International Monetary Fund. 2020. *Regional Economic Outlook: Sub-Saharan Africa*.

VIEWPOINT

Debt sustainability and financing for development: A key post-COVID challenge

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One of the key challenges and priorities for policymakers in 2021 will undoubtedly be sovereign debt sustainability and the broader issue of financing for development. To be sure, even prior to the COVID-19 pandemic, sovereign debt across sub-Saharan Africa had been increasing due to growing financing needs against the backdrop of insufficient domestic resource mobilization. The 2008-2009 global financial crisis resulted in ultra-low global interest rates and facilitated access to capital markets for many countries that took advantage of investor reach for yield to issue sovereign debt on international capital markets. The debt build up accelerated significantly following the severe 2014 oil price shock, and an estimated one-third of countries in sub-Saharan Africa were either in or at risk of debt distress even before the onset of the COVID pandemic.[19]

Soon, more countries will either be in or at high risk of debt distress.

The COVID-19 pandemic is the most severe and widespread shock that African countries have experienced in 30 years. The collapse in economic activity has dried up revenues for public expenditures, precisely at a time when more spending is needed to combat the pandemic and to shore up economies. Accordingly, debt levels further rose significantly, and, soon, more countries will either be in or at high risk of debt distress. Now, the International Monetary Fund estimates that the region will need an additional $345 billion through 2023.[20]

To help combat the pandemic, African countries received financial support from several institutions, including the multilateral and regional financial institutions as well as development agencies. Early in 2020, the G-20 announced a Debt Service Standstill Initiative (DSSI) to suspend sovereign debt repayments through the end of that year for the least developed countries in the world, including several African countries. The DSSI was a well-intentioned initiative, as debt service payments had already been rising significantly for African countries due to both rising debt levels and higher shares of costlier private sector debt. However, its implementation fell short of expectations: As of the summer of 2020, the DSSI helped mobilize only $4 billion, significantly below the target of $12 billion for all participating countries.[21] Furthermore, the impact of the debt freeze initiative has been rather limited due to the absence of creditor participation, including that of the private sector.

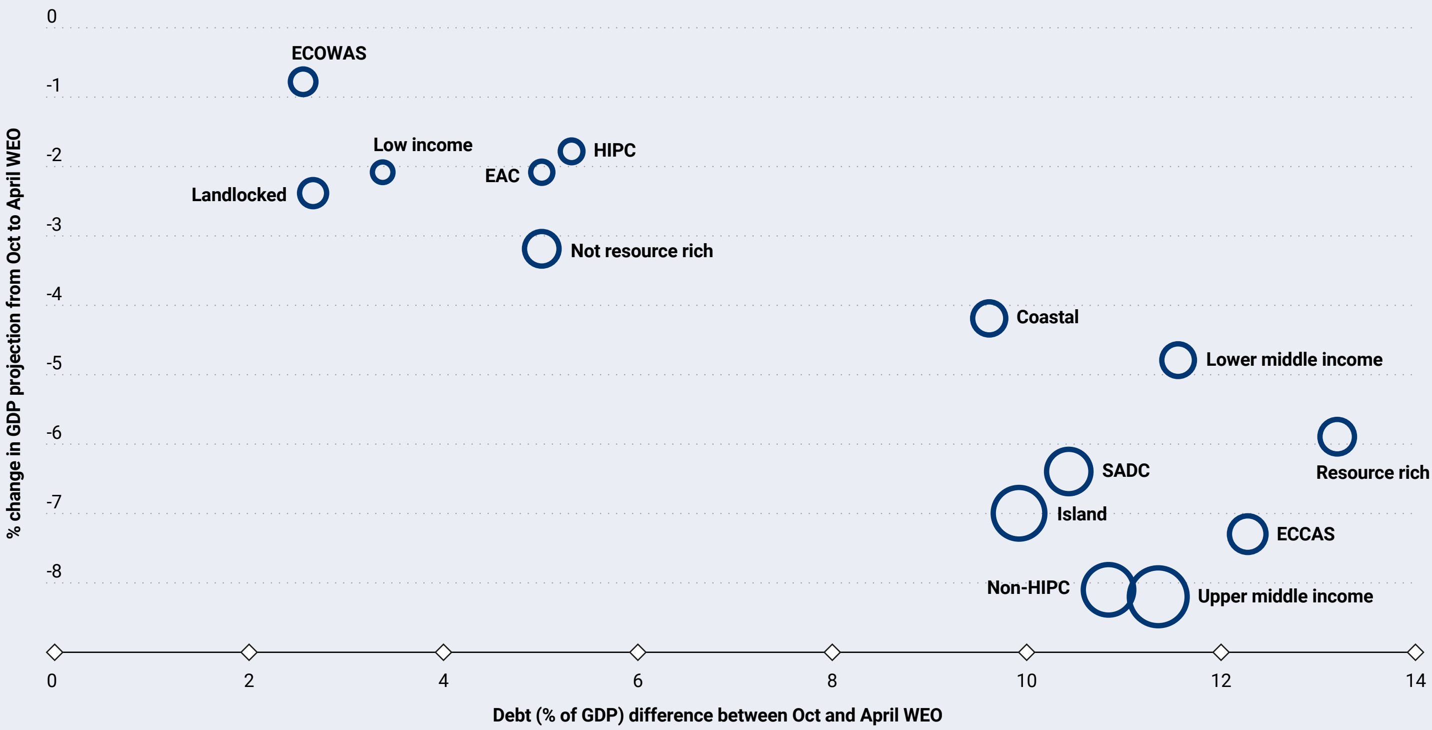
[19] Based on debt sustainability analysis of the International Monetary (see IMF, "Macroeconomic Developments and Prospects in Low-Income Countries," *IMF Policy Paper* (March 2018).

[20] Kristalina Georgieva. 2020. "Opening Remarks at Mobilizing with Africa II High-Level Virtual Event."

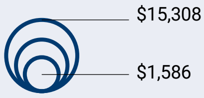
[21] Concerns about sovereign credit downgrades and loss of hard-fought-for access to capital markets are among the key factors behind the shortfall in uptake of the DSSI.

FIGURE 1.3
IMPACT OF COVID-19 ON DEBT AND GDP

Of the 38 countries in sub-Saharan Africa eligible for relief under the G-20's Debt Service Suspension Initiative (DSSI), more than 80 percent (31) have participated to some degree. The high participation reflects the fiscal challenges faced by the countries in the fight against the pandemic and its impact on the economies. Some eligible countries, however, have been hesitant to defer payments on all eligible debt because of concerns about sovereign downgrades. The G-20 should work on a solution that would address this concern and boost the uptake.



Visual Key



The size of the circles varies by GDP per capita (real 2019 USD).

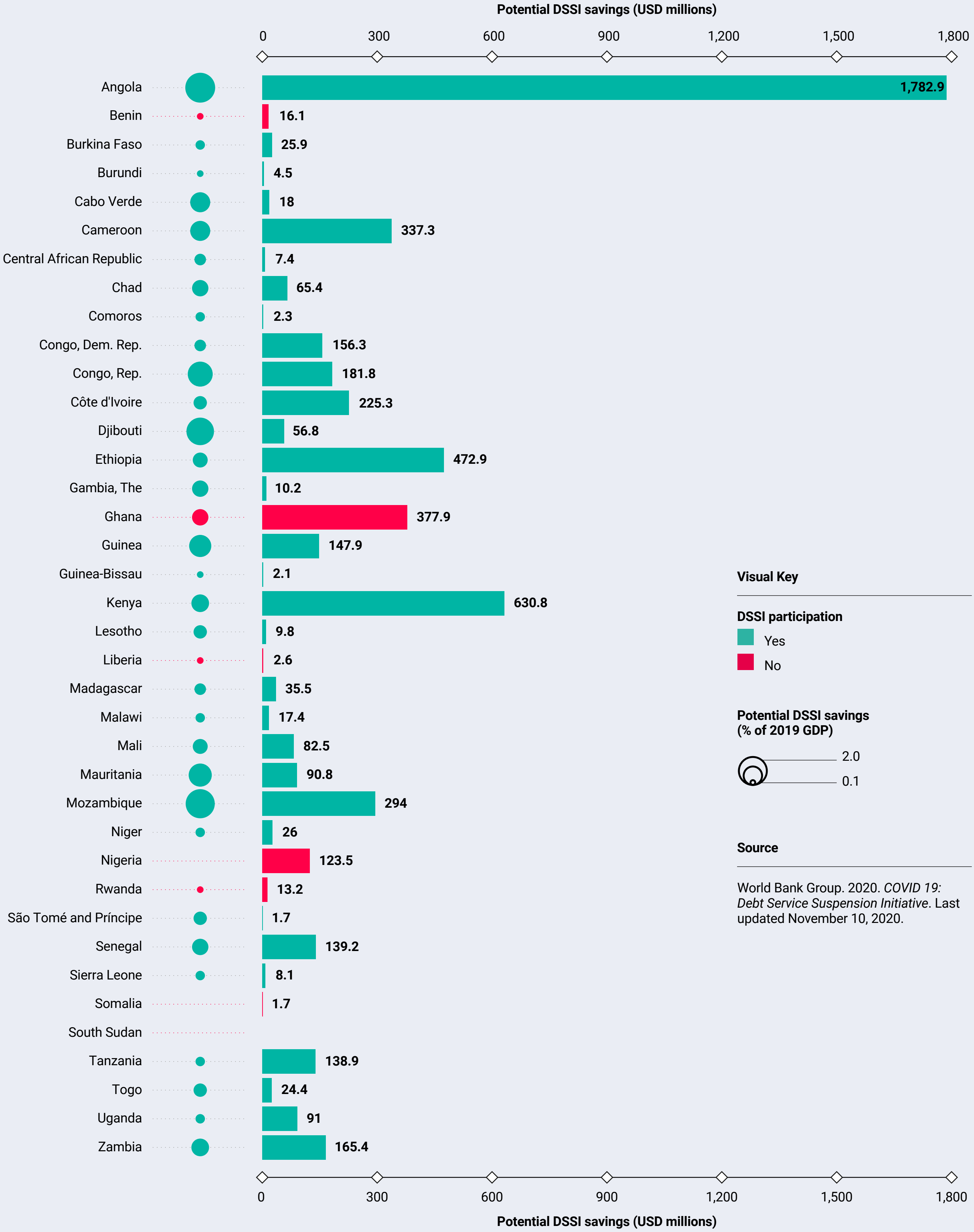
Source

International Monetary Fund (2020). World Economic Outlook. Accessed on August 30, 2020.

In the scramble to finance development agendas in a difficult post-COVID environment, effective management of sovereign debt—as well as efficiency in domestic resource mobilization and in public spending—have become imperative. The international community should continue to support these efforts and work on a comprehensive framework for orderly sovereign debt restructuring, which is an important gap in the global financial system, as debt restructuring will likely be inevitable for several countries in the coming years.

FIGURE 1.4
DEBT SERVICE SUSPENSION INITIATIVE PARTICIPATION AND POTENTIAL SAVINGS

Of the 38 countries in sub-Saharan Africa eligible for relief under the G-20's Debt Service Suspension Initiative (DSSI), only nine have yet to participate in some form. Eligible countries have been hesitant to participate for fear that participation will convey distress to holders of private debt and credit rating agencies. Because debt forgiveness does not feature in DSSI, policymakers of eligible countries also worry that participation sacrifices long-term debt sustainability for short-term financial flexibility.



Source

World Bank Group. 2020. *COVID 19: Debt Service Suspension Initiative*. Last updated November 10, 2020.

VIEWPOINT

Recipe for a green recovery: Carbon taxes

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As Africa looks to recover from the economic devastation created by the COVID-19 pandemic, the time is right to prioritize green transformations in that recovery. Indeed, as Milton Friedman said—and the African Development Bank emphasized in its COVID-19 Rapid Response Facility document—a crisis is needed to appreciate when "the politically impossible becomes the politically inevitable."[22] If Friedman is right, we should not waste this crisis, since the world, including Africa, needs drastic change.

Three things are needed from African leaders to successfully accomplish the daunting twin tasks of economic recovery and green transformation: 1) generation of funds for investments in sustainable solutions; 2) creation of incentives that ensure that all actors contribute to building an inclusive green economy, and 3) establishment of human capital in institutions tailored to implement those transformations.[23]

Given the complexity of this challenge, leaders must enact policies that both raise funds and provide the right incentives for green growth, preferably alongside short-term poverty alleviation.[24] Pigouvian taxes—taxes that correct the market failure that stems from actors not paying the full cost of their actions on others (e.g., carbon taxes)—on polluting activities do that. There are several compelling arguments for implementing such policies in Africa now.

First, carbon pricing (reduced subsidies) can raise substantial revenues. Fossil fuel subsidies in Africa amounted to $36.5 billion in 2019.[25] Since the pandemic has contributed to reductions in global oil prices, policymakers have room to implement reforms without significantly increasing prices compared to pre-COVID-19 levels. For many countries, a $75 per ton carbon tax—the level of carbon tax needed to contain global warming to below 2°C—would increase pump prices by less than the recent collapse in global oil prices—17 U.S. cents per liter.[26] Given the current oil consumption in Africa of about 4 million barrels per day, this policy would open up about $40 billion per year for investing elsewhere, most notably in a recovery and sustainability program. Green transformations of the transport and energy sectors are possible today, but demand large up-front investments.

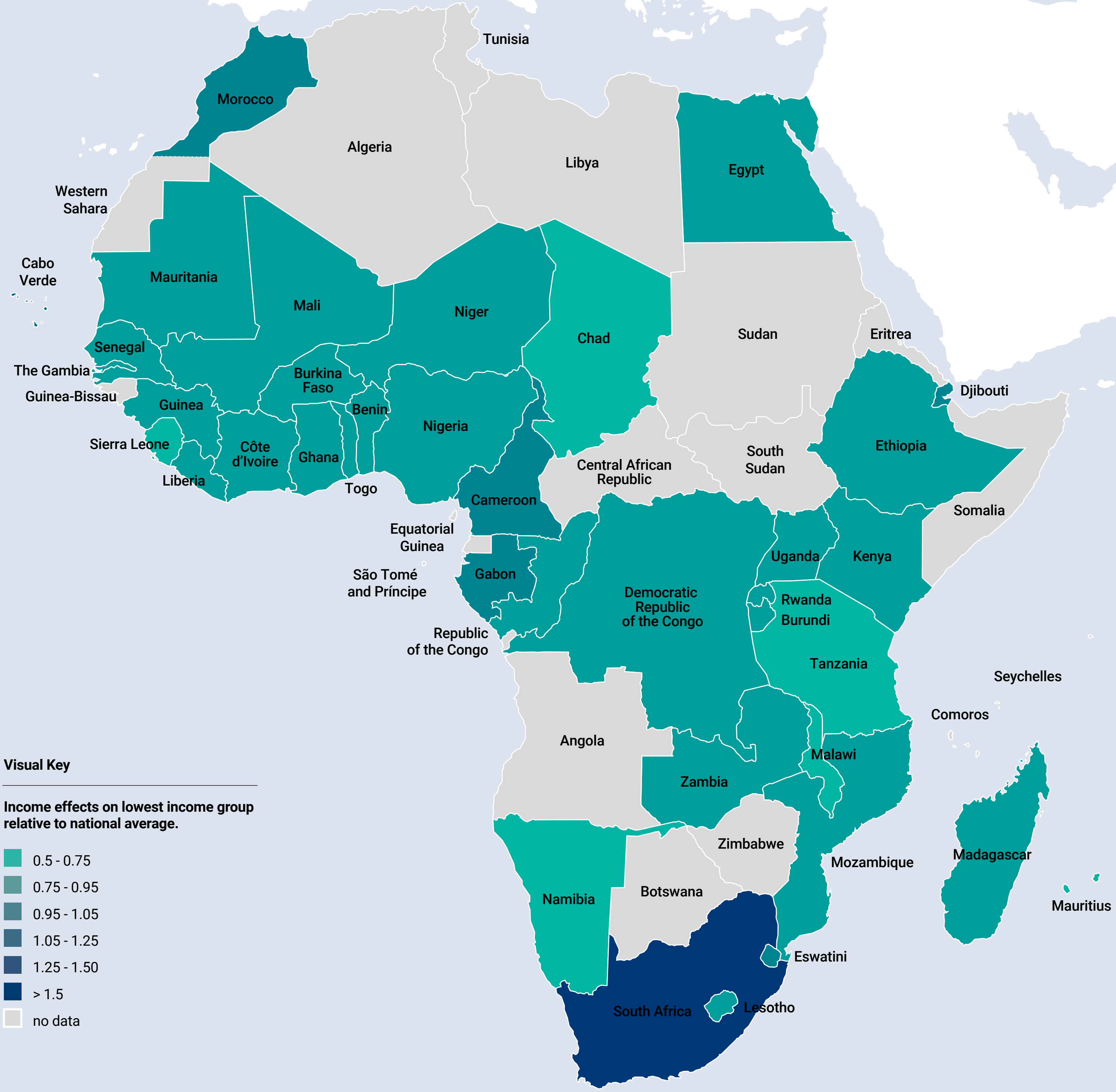
The tax base for upstream carbon pricing on fossil fuels is broad and includes the informal sector. While being administratively easier and harder to evade compared to other taxes, implementation of such a tax is still sensitive to public acceptance and, at times, meets popular resistance.[27] At first glance, such a tax could seem to hurt the poor, but, if leaders invest the resulting revenues in pro-poor policies, the impact of the tax is more than offset by the resulting gains in other areas. For Africa, Figure 1.5

[22] African Development Bank. 2020. COVID-19 *Rapid Response Facility, Abidjan*.
[23] Note that these recommendations are compatible with the much more elaborate analysis of Hepburn et al (2020) on the relationship between recovery packages and climate change. Hepburn, C., O'Callaghan, B., Stern, N., Stiglitz, J. and Zenghelis, D. 2020. *Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?* Oxford Review of Economic Policy 36(S1): 359-381.
[24] UNEP. 2020. *Building a Greener Recovery: Lessons from the Great Recession*. United Nations Environment Programme, Geneva.
[25] IEA. 2020. *Energy Subsidies.* Accessed October 2020.
[26] International Monetary Fund. 2020. Greening the recovery, *IMF Special Series on COVID-19.*
[27] The most notable African case being the riots in Nigeria in 2012 that forced President Goodluck Jonathan to reverse gasoline subsidy cuts. These arguments are elaborated on in the 2015 World Bank report "Decarbonizing Development."

FIGURE 1.5

INCOME EFFECT OF A CARBON TAX ON THE LOWEST INCOME GROUP RELATIVE TO THE NATIONAL AVERAGE

Carbon taxes reduce income inequality as low-income households pay relatively less than richer ones. Indeed, carbon taxes are progressive if, relative to their income, poor taxpayers bear a relatively lower tax burden than richer taxpayers. The figure below shows the tax incidence for the lowest income group compared to the national average. A ratio below 1 indicates that a carbon tax is progressive.



Source

Dorband, I.I., Jakob, M., Kalkhul, M., & Steckel, J. C. 2019. *Poverty and distributional effects of carbon pricing in low- and middle-income countries – a global comparative analysis.* World Development, Volume 115: 246-257.

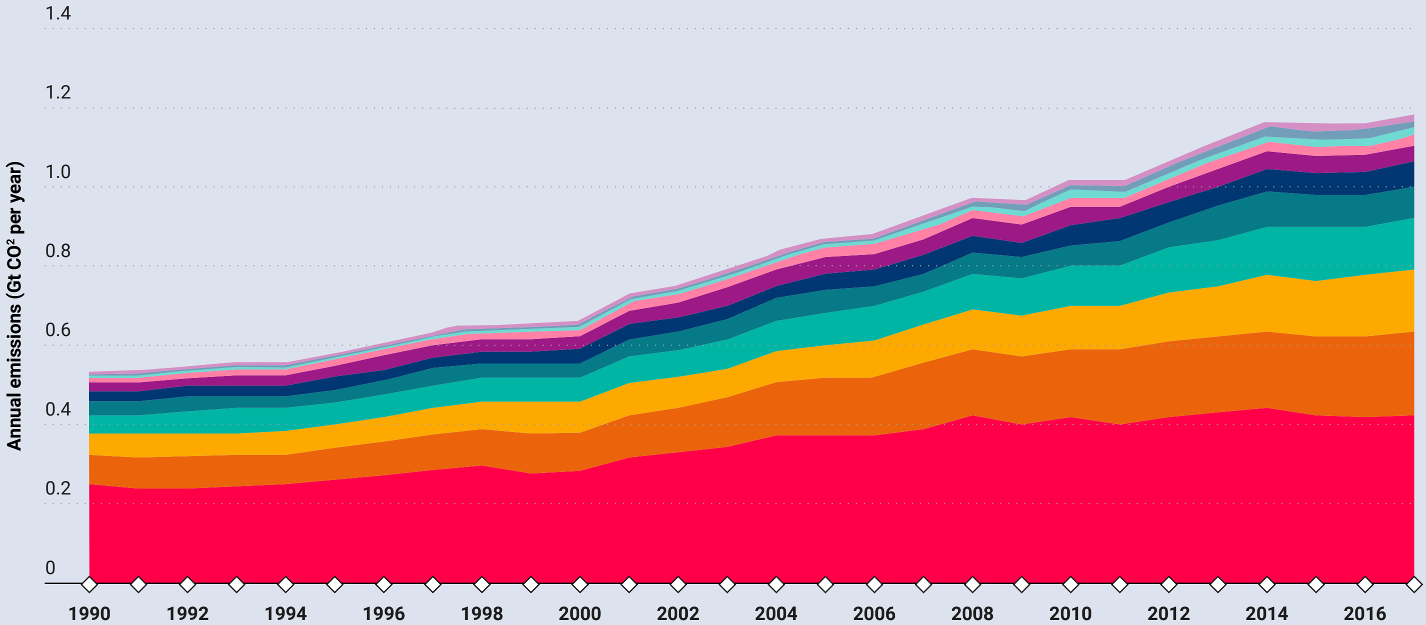
shows that the consumption incidence (before redistribution) of a carbon tax would actually be progressive[28] in all countries except South Africa. In fact, globally, for countries with per capita incomes below $15,000 per year, carbon pricing has, on average, *progressive* income effects, reducing income inequality, largely because of the small proportion of transport and modern fuels in the consumption basket of the poorest people in the poorest countries.[29] Moreover, the distributional impact can be made even more pro-poor in the allocation of the tax returns.

By getting the prices right and taxing the negative environmental impacts, policymakers can create strong incentives toward a low-carbon economy. As African economies look to recover from the negative shocks of the pandemic and grow fast, a price on carbon is essential for that growth to not also lead to rapidly growing greenhouse gas emissions, which are on the rise anyway (Figure 1.6). While population and GDP growth underpin these increases, the increased carbon intensity in the transport sector has been a main driver, and investments in new coal-fired power generation can drive future emissions.[30] Getting prices right is therefore essential, since they affect production and consumption choices of all stakeholders, particularly those in industry, transport, and, of course, energy.

FIGURE 1.6

TOP-10 CARBON EMITTING COUNTRIES IN AFRICA, 1990-2017

Carbon emissions are already on the rise in Africa, driven primarily by only a few countries.



Visual Key

- Kenya
- Angola
- Sudan
- Tunisa
- Libya
- Morocco
- Nigeria
- Algeria
- Rest of Africa
- Egypt
- South Africa

Source

Ayompe, L.M., S.J. Davis, & B.N Egoh. 2020. *Trends and drivers of African fossil fuel CO2 emissions 1990-2017*. Environmental Research Letters in press.

In sum, a carbon tax is the obvious choice for an African policymaker in the wake of the COVID-19 pandemic. It can raise much-needed substantial revenues for progressive recovery packages with a broad tax base. It has short-term balance-of-payment benefits and incentivizes long-term green investments. It is, therefore, the perfect post-COVID, inclusive, green-growth policy.

[28] Carbon taxes are progressive if, relative to their income, poor taxpayers bear a relatively lower tax burden than richer taxpayers.

[29] Dorband, I.I., Jakob, M., Kalkhul, M., & Steckel, J. C. 2019. *Poverty and distributional effects of carbon pricing in low- and middle-income countries – a global comparative analysis*. World Development, Volume 115: 246-257.

[30] Steckel, J.C., J. Hilaire, M. Jakob, O. Edenhofer. 2020. *Coal and carbonization in sub-Saharan Africa*. Nature Climate Change, 10(1), 83-88.

VIEWPOINT

From stimulus to debt: The case of South Africa

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The COVID-19 pandemic has seen the widespread use of expansionary fiscal policies which, in terms of scale, is simply unprecedented. An estimated eye-watering $12 trillion of discretionary fiscal support has been provided globally during the pandemic. Such expenditure has come in the form of support to the unemployed, small businesses, and struggling sectors in an effort to save livelihoods and keep economies buoyant. Crucially, though, for many countries in sub-Saharan Africa, these fiscal stimuli packages have deepened their debt challenges. (For more on rising debt in the region under COVID, see page 9).

South Africa is one such example. Although the country's pre-pandemic forecast for debt-to-GDP ratio for 2020 was already high at 65.6 percent, supporting the economy through the pandemic required the government to breach the spending ceiling and expand its borrowing—raising the forecasted debt-to-GDP ratio to 80.5 percent for 2020. The strain of higher debt can significantly damage a country's long-run growth prospects: Indeed, a study by the World Bank[31] found that in emerging markets, the loss of annual real growth is 0.02 percentage points for each percentage point over a 64 percent debt-to-GDP ratio.

So, after we recover from the health crisis, how do we recover from the economic damage? Stimulating economic recovery requires at least three key responses: strengthening confidence in South Africa's ability to adhere to a fiscal consolidation path; improving the efficiency of expenditures; and, finally, strengthening revenue mobilization.

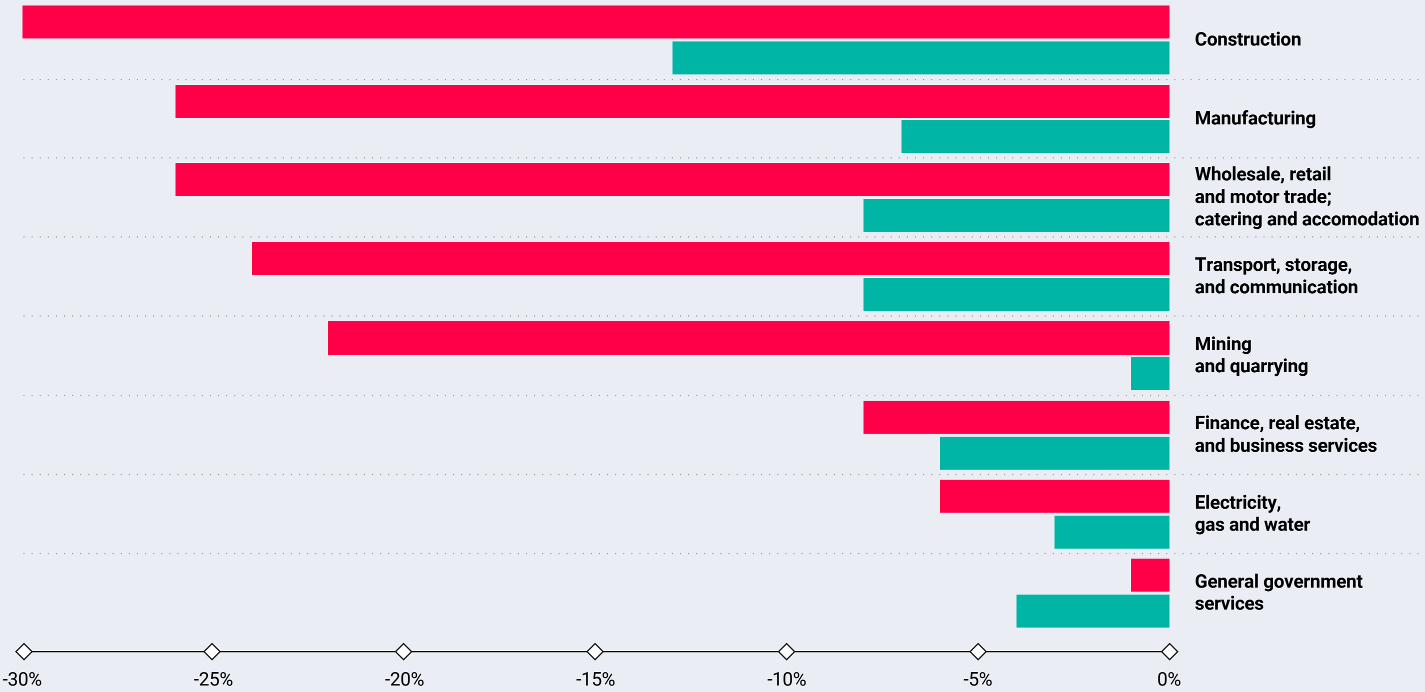
First, South Africa must restore confidence in its proposed fiscal consolidation path. Earlier this year, Moody's downgrading left South Africa without an investment grade rating for the first time since the advent of its democracy. This move put pressure on domestic capital markets and reduced confidence in the South African economy, manifested in higher bond yields, exchange rate depreciation, and by extension, increased borrowing costs. As a result, the fiscal consolidation path presented in the most recent budget for 2020/2021 has been met with skepticism from the market. Indeed, the President's Economic Advisory Council noted that the fiscal consolidation path suggested by the government is neither desirable nor believable. South African authorities therefore must pursue and ultimately deliver on the proposed structural reforms of reducing the public wage bill in order to signal that they are serious about fiscal consolidation.

Second, critically, leaders must improve the efficiency of existing expenditure. Despite a rate of investment above the long-term rate, owing largely to significant public investment in state-owned enterprises, the efficiency of investment has deteriorated significantly. In fact, the average incremental capital output ratio (ICOR, which explains the relationship between the value of investments and the consequent increase in gross domestic product), was four times higher[32] between 2012

[31] Carlos A. Primo Braga and Gallina A. Vincelette. 2011. *Sovereign Debt and the Financial Crisis: Will This Time Be Different?* World Bank Group.
[32] The higher the ICOR, the lower the productivity of capital.

FIGURE 1.7
Q2 CHANGE IN GDP AND EMPLOYMENT, SOUTH AFRICA

While the pandemic caused many South African industries—both in their output and employment—to shrink from Q1 to Q2, the economy's different sectors were not hit evenly. For example, among the hardest hit was construction, where employment shrank by 13 percent and output shrunk by more than 30 percent. Mining, on the other hand, saw an sharp drop in output, but a much smaller decrease in employment.



Visual Key

GDP

Employment

Source

"Gross Domestic Product (GDP), 2nd Quarter 2020," *Statistics South Africa*, September 8, 2020.

and 2017 than the average between 2000 and 2010. And, when looking at the top 100 emerging and developing markets, South Africa's ICOR now lags behind 82 percent of its peers, suggesting a growth in wastage, corruption, and inefficiency in spending by the fiscus.

Finally, the country must strengthen its revenue mobilization. Given the year of economic hardship for firms and households, it is not feasible to raise taxes. Even before the crisis, tax revenue shortfalls were a recurrent theme in South Africa. The National Treasury's Budget Review 2020 noted that, although there have been large tax increases over the last five years, the gap between projected and collected revenue has continued to expand. Improving the efficiency of tax collection by building the capacity of the South African Revenue Service and strengthening policies to reduce fiscal leakages is, thus, key.

Although these broad policy recommendations have been explored in the South African context, they are central to stimulating growth across sub-Saharan Africa. While positive results from several vaccines have lifted hopes for an end to the pandemic, the economic recovery will be much longer and the transition from expansionary policies to fiscal consolidation is more important than ever.

VIEWPOINT

Keep remittances flowing to Africa

Remittances—money sent by migrants to families back home—provide a financial lifeline to millions of households. Remittance flows to low- and middle-income countries reached $550 billion in 2019, surpassing foreign direct investment and official development aid. These are only recorded flows; the true size—including those through informal channels—is even larger.

Remittance flows to sub-Saharan Africa were recorded to be $48 billion in 2019[33] (Figure 1.8), but the true total is likely to be significantly larger. Nigeria alone received about half of total remittance flows to sub-Saharan Africa (Figure 1.9, first panel). In general, the economies of smaller, poorer, and fragile countries are more dependent on remittances: Controlling for the size of the economy, the top recipient countries in the region in 2019 included South Sudan (35 percent of GDP), Lesotho (21 percent of GDP) and The Gambia (15 percent of GDP) (Figure 1.9, second panel). While data are not available for Somalia, the country is also known to be highly dependent on remittances as a source of income and external financing.

Impacts of the COVID-19 crisis

Remittance flows to sub-Saharan Africa are projected to decline by 8.8 percent, to $44 billion in 2020, followed by a further decline of 5.8 percent, to $41 billion in 2021. The COVID-19 pandemic has hit remittances providers in a variety of ways: Sub-Saharan migrant workers, especially those in high-income OECD countries, have lost jobs or seen their incomes plummet, reducing their ability to send money home. Weak oil prices have affected outward remittances from the Gulf Cooperation Council countries[34] to Africa. Currency exchange rates also affect remittance flows: When source currencies (e.g., the euro) depreciate against the U.S. dollar, the value of remittances in U.S. dollar terms declines; when the currency of the recipient country (e.g., the Nigerian naira) depreciates, migrants may send more money home to take advantage of cheaper prices. In Africa, many countries still practice various forms of currency control, resulting in a divergence between the parallel and the market exchange rate and a diversion of flows to informal, unrecorded channels.

The decline in remittances is worrisome for the region where almost 40 percent of the population live in extreme poverty, and millions rely on remittances to put food on the table and have children stay in school. Thus, government efforts are needed to support households experiencing hardships, and international efforts are needed to keep remittances flowing to Africa.

Dilip Ratha

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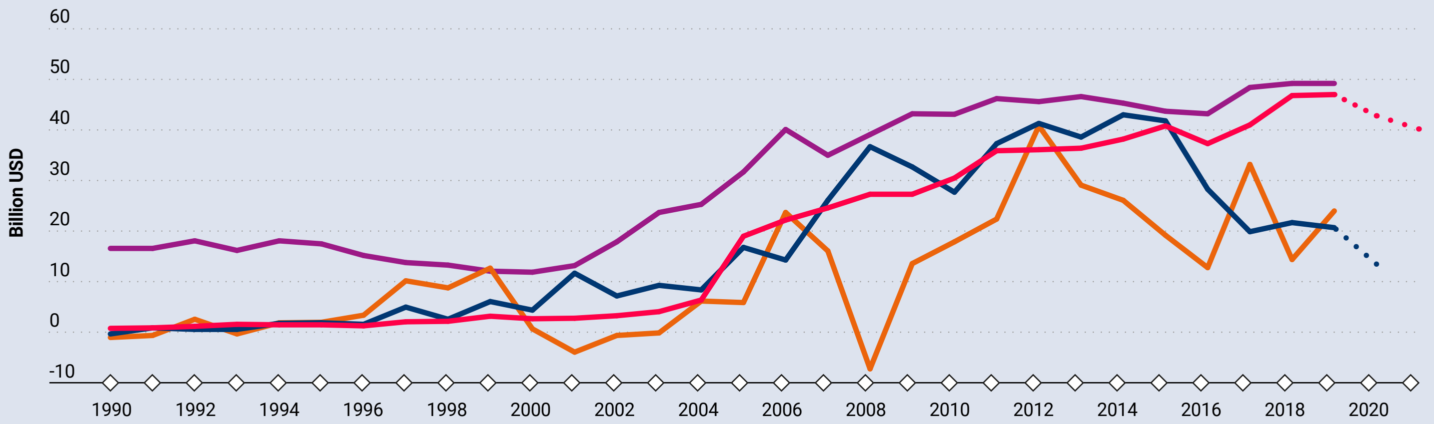
[33] Dilip Ratha et al. 2020. *Phase II: COVID-19 Crisis Through a Migration Lens*. World Bank Group. Migration and Development Brief 33.
[34] Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

FIGURE 1.8
REMITTANCES ARE A LARGE AND STABLE SOURCE OF EXTERNAL FINANCING IN SUB-SAHARAN AFRICA

Remittance flows to sub-Saharan Africa were recorded to be $48 billion in 2019, larger than foreign direct investment (FDI) and comparable in size to official development assistance (ODA). However, like with other sources of financing, the COVID-19 pandemic has and is expected to continue to lower this important financing sources significantly.



Visual Key

- ODA
- Remittances
- Portfolio debt & equity flows
- FDI

Note

Dotted line indicates projection.

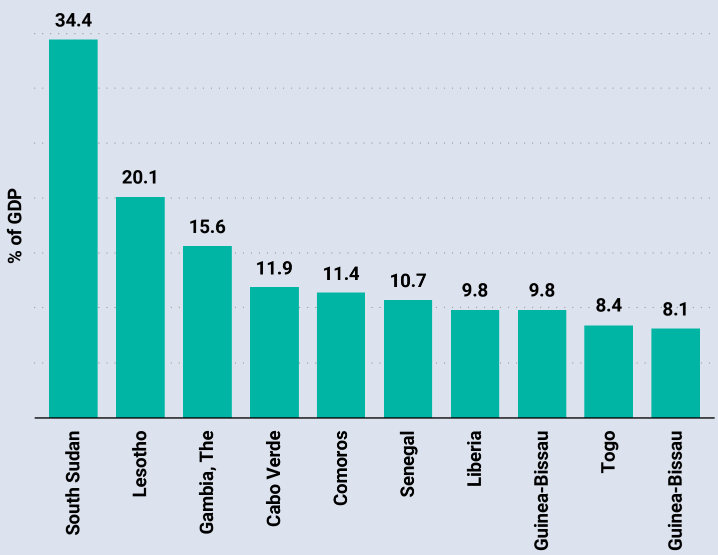
Source

Knomad. "Phase II: COVID-19 Crisis through a Migration Lens." October 2020.

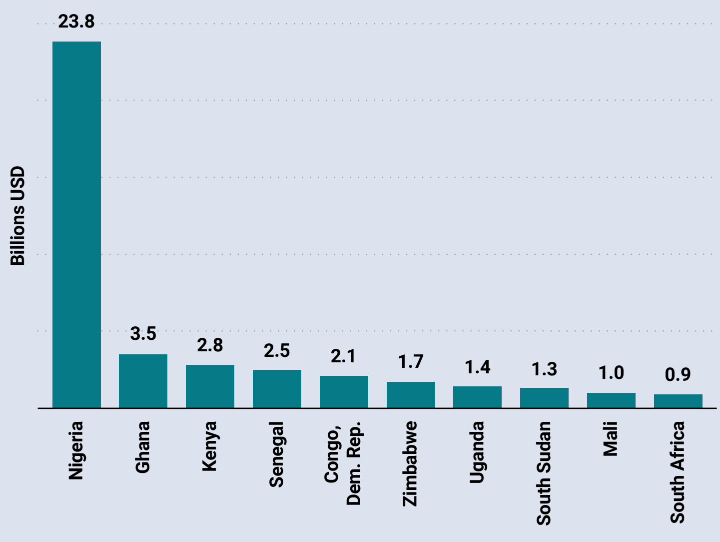
FIGURE 1.9
TOP RECIPIENTS OF REMITTANCES IN SUB-SAHARAN AFRICA, 2019

Remittances play an important role in many sub-Saharan African economies. For example, at $1.3 billion, this source of financing accounted for over 34 percent of South Sudan's GDP in 2019.

Top-10 remittance destinations (by % of GDP), 2019



Top-10 remittance destinations (by absolute amounts), 2019



Source

Dilip Ratha et al. 2020. *Phase II: COVID-19 Crisis Through a Migration Lens*. World Bank Group. Migration and Development Brief 33.

Future of migration and remittances in Africa

The pandemic has significantly dampened new migration flows worldwide due to widespread travel restrictions, fear of the virus, and weak job prospects. In many host countries, employment levels for foreign workers have fallen, invariably more so than for native-born workers. A significant number of unemployed migrant workers are returning to their countries of origin, which are now facing the challenge of accommodating hundreds of thousands (if not millions) of returnees, including through the provision of health care, housing, jobs, and financial support.

While trying to impose travel and visa restrictions, host countries must not impose irreversible restrictions that could constrain businesses from hiring essential workers (including foreign workers) during the recovery phase.

In the long run, migration flows from Africa are expected to increase significantly, driven by income gaps, the rapidly growing working-age population, and climate change. Notably, the average income in high-income OECD countries is over 50 times the average income in low-income countries. At recent (pre-COVID-19) growth rates, it would take over a hundred years to close that gap; the pandemic is likely to worsen it.

Remittance flows to sub-Saharan Africa are projected to decline by 8.8 percent, to $44 billion in 2020, followed by a further decline of 5.8 percent, to $41 billion in 2021.

What can be done?

A key lever for facilitating remittance flows during the crisis is reducing the cost of sending money: The fees paid to remittance service providers to send money to Africa average nearly 9 percent—the highest rate in the world and three times the Sustainable Development Goal target for remittance costs (3 percent). The cost of international remittances within Africa—intra-regional migration and remittances are large there—is even higher than the cost of remittances from the United States or Europe. Digital remittance channels, which have gained popularity during the crisis, also have high fees that have increased in recent months.

Lowering the burden of sending remittances can maximize this important flow of financing for development. Policymakers must work to make sure remittance service providers do not face difficulties in partnering with correspondent banks. Indeed, opening access of money transfer operators (MTOs) to partnerships with national post offices, national banks, and telecommunications companies could help remove entry barriers and increase competition in remittance markets. And these remittance channels can also be used to mobilize diaspora investments through diaspora bonds and bond financing through securitization of future flows of remittances. The global community should consider creating a non-profit remittance platform to provide a one-stop solution to keep remittances flowing and leverage them for development financing for the benefit of millions of poor people in Africa and the rest of the world.

VIEWPOINT

Threats to job creation: Tourism and COVID-19

Sub-Saharan Africa's services-led economic growth has been under increasing strain due to COVID-19. Beyond the threats to health and livelihoods the pandemic has thrown a wrench into some of the most promising sectors for economic growth in the region—including its "industries without smokestacks" (IWOSS).[35]

For the past few years, as part of a project on creating jobs for the region's burgeoning youth population, the Brookings Africa Growth Initiative has been examining how services subsectors that mimic traditional manufacturing—in that they are tradable, have high value-added per worker, have the capacity for learning and productivity growth—can absorb large numbers of low- to moderately skilled labor.

One of the key industries without smokestacks is tourism. Its decline in the face of this unprecedented global pandemic may tell a cautionary tale for tourism-dependent economies in Africa and elsewhere. Indeed, under COVID-19, the economic outlook is particularly uncertain for African countries with contact-intensive sectors such as tourism, hospitality, entertainment, and transportation.

Tourism is an important driver of economic growth around the world. In 2014, the industry provided an estimated 277 million jobs and accounted for about 9.8 percent of global GDP.[36] Blessed with beaches, cultural sites, and abundant wildlife, prior to the pandemic, Africa had the second-fasting growing tourism sector in the world. In fact, tourism represents about 8.5 percent of Africa's GDP and employs around 24 million people.[37]

With the COVID-19 pandemic, the number of international tourist arrivals has decreased sharply. From April to June 2020, the number of international tourists arriving in Africa fell by 98 percent, compared to that same period the year before. While some countries have had a partial resumption of passenger traffic, demand is not expected to reach its pre-COVID levels before 2023.[38] Moreover, the pandemic has severely affected sectors where women's employment is disproportionately high, such as hotels and restaurants.[39]

As a result, tourism-dependent economies are estimated by the African Development Bank to experience sharp declines in growth in 2020. Mauritius (-14.9 percent), Seychelles (-12 percent), and Cabo Verde (-6.6 percent) will be especially hard hit but are expected to recover in 2021. Exchange rate volatility is particularly severe in those economies too.

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The pandemic will have far-reaching implications for productive employment, especially for low-skilled youth, in such roles as cooks, waitrons, and front office staff.

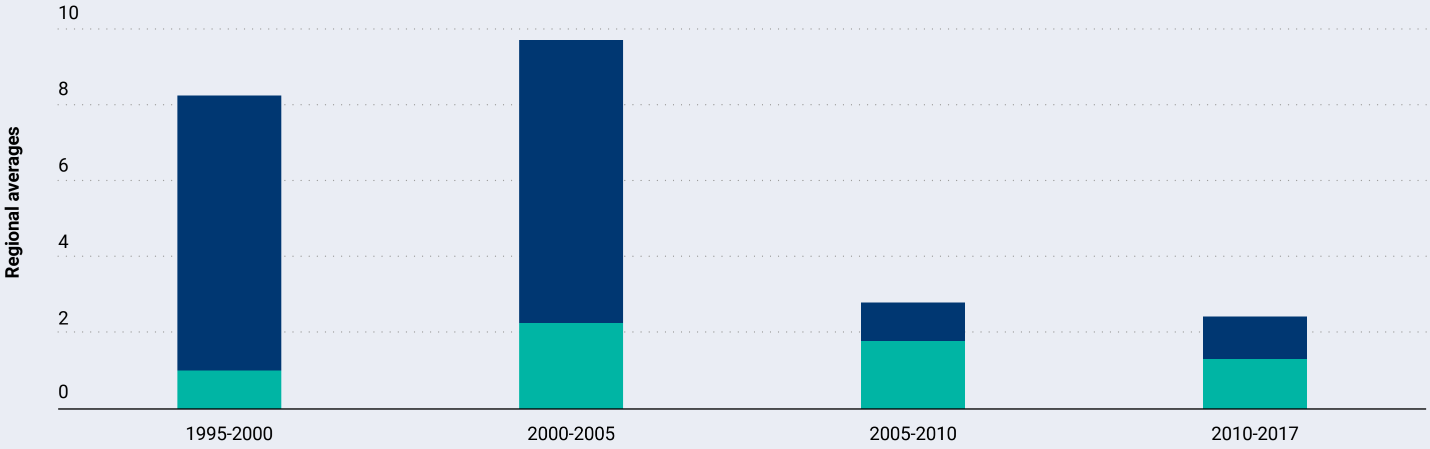
35 Richard Newfarmer, John Page, and Finn Tarp. 2018. *Industries Without Smokestacks: Rethinking African Industrialization*. Oxford: Oxford University Press.
36 Daly, Jack and Gary Gereffi. 2018. "Tourism Global Value Chains and Africa." In *Industries Without Smokestacks: Rethinking African Industrialization*, edited by Richard Newfarmer, John Page, and Finn Tarp, 68-89. Oxford: Oxford University Press.
37 African Development Bank. 2020. *African Economic Outlook, 2020*.
38 Ibid.
39 Ibid.

Between 2010 and 2018, the average share of employment in travel and tourism in total employment in Ethiopia was 8.4 percent. Kenya's tourism sector—pre-pandemic—employed about 1 million workers, accounting for 9.2 percent of total workers. In Rwanda, tourism employs more than 3 percent of the labor force, including low-skilled workers. Ten million tourists visited South Africa in 2017—by far the most in sub-Saharan Africa. In 2018, there were an estimated 849,000 formal private sector jobs in tourism there, representing 5 percent of total employment. In Uganda, tourism firms employ a high share of youth in their total work force (47.5 percent).

FIGURE 1.10

VALUE-ADDED GROWTH DECOMPOSITION FOR TOURISM IN AFRICA, 1995-2017

From 1995 to 2005, tourism value added grew rapidly, driven mostly by increased employment in the sector rather than improved productivity. Growth, however, was markedly different from 2005 to 2017: not only was growth in tourism value added much weaker, it also was driven more by gains in productivity rather than employment.



Visual Key

Productivity

Employment

Source

Coulibaly, Brahima, Dhruv Gandhi, and Ahmadou Aly Mbaye. 2019. *Job Creation for youth in Africa: Assessing the potential of industries without smokestacks.* The Brookings Institution.

What is needed to put Africa's tourism-dependent economies back on their feet? The global recovery of travel and tourism will depend on progress in the development of COVID-19 vaccines and on their widespread availability—an area where global public action can play a role. More than half of all advanced market commitments for COVID-19 vaccines have been made by high-income countries. Addressing the challenge of universal accessibility for low-income countries will require collaboration among governments, the private sector, and global health agencies. The COVAX initiative, a cost-sharing global alliance of more than 170 countries for COVID-19 treatment, is a welcome development. (For more on vaccine distribution in sub-Saharan Africa, see page 29).

Governments of tourism-dependent economies can also take policy actions to reduce the impact of unexpected shocks, such as COVID-19. Policymakers can implement sound macroeconomic management using appropriate monetary, fiscal, and financial policies. Where volatility is a concern, countries should allow exchange rates to adjust in an orderly manner.

Africa's tourism sector can weather this shock. The continent will continue to offer beaches, culture, and wildlife. With appropriate vaccines and policies, tourism will continue to create productive jobs.

2

SUPPORT FOR PUBLIC HEALTH:

Preparing for the next pandemic

Building a new public health order for Africa—and a new approach to financing it

"One lesson we learned from the Ebola crisis is that the best way to minimize the damage from an outbreak is not to have one at all. Preparedness is key. But preventing future pandemics won't happen automatically. It requires collaborative effort to catch-up on years of underinvestment in our health systems. The technical know-how for building strong health systems to prevent diseases already exists. The challenge is to match that know-how with plain old vision–good governance and global cooperation."

Ellen Johnson Sirleaf, Former President of Liberia & Nobel Peace Prize Laureate

In the early autumn of 2020, Africa received positive press about its response to the SARS-CoV-2 (also known as COVID-19) pandemic. Given the fragility of many of the continent's health systems, many had initially feared that the impact of SARS-CoV-2 would be devastating.[40] Indeed, Africa has the largest burden of endemic diseases in the world,[41] and SARS-CoV-2 could abolish decades of progress in the fight against these diseases by disrupting health care provision and access to medications.[42] In addition, as the world races for access to critical diagnostics, pharmaceuticals, and vaccines, protectionism rises. With limited local manufacturing capacity, Africa is particularly vulnerable to such dynamics.

Thankfully, as of this fall, Africa had counted just about 1.5 million cases and 40,000 deaths[43]—far, far fewer than other, often richer, regions of the world.[44] Public health experts largely attributed Africa's success so far to favorable socio-economic, demographic, and environmental factors, but also to rapid and determined political action. Indeed, many African countries were quick to introduce containment measures, such as lockdowns.[45] The continent has also been approach-

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[40] "Africa Is Woefully Ill-equipped to Cope with COVID-19," *The Economist*, March 26, 2020.
[41] John Nkengasong and Sofonias K. Tessema, "Africa Needs a New Public Health Order to Tackle Infectious Disease Threats," *Cell* 183, no. 2 (2020): 296-300.
[42] Britta L. Jewell et al., "Potential Effects of Disruption to HIV Programs in Sub-Saharan Africa Caused by COVID-19: Results from Multiple Mathematical Models," *Lancet HIV* 7, no. 9 (2020): e629-e640.
[43] "Coronavirus Disease 2019 (COVID-19): Africa CDC Dashboard," *Africa CDC*, accessed January 1, 2021.
[44] Anne Soy, "Coronavirus in Africa: Five Reasons Why COVID-19 Has Been Less Deadly than Elsewhere," *BBC*, October 7, 2020.
[45] John Nkengasong and Sofonias K. Tessema, "Africa Needs a New Public Health Order to Tackle Infectious Disease Threats," *Cell* 183, no. 2 (2020): 296-300.

ing the crisis largely as a bloc: Even before the first case was confirmed in sub-Saharan Africa, the health ministers of the member states of the African Union held an emergency meeting to prepare for the pandemic and, fewer than six weeks after the first reported case on the African continent in Egypt on February 14, released the Joint Africa Continental Strategy on COVID-19.

The African approach to COVID-19 has been anchored in collaboration and solidarity.

The African approach has been anchored in collaboration and solidarity. Successes include the Partnership to Accelerate COVID-19 Testing (PACT), launched by the African Union Commission (AUC) and the Africa Centres for Disease Control and Prevention (Africa CDC) in April 2020, which enabled Africa, initially shoved aside when global demand for diagnostics rose,[46] to increase the number of countries with testing capacity from two to 43 in three months,[47] procure more than 90 million test kits,[48] and train thousands of lab workers. Similarly, a shared effort among the AU, Africa CDC, UNECA, and the African Export-Import Bank to create the Africa Medical Supplies Platform led to pooled procurement of critical medical supplies, increasing countries' access to vital personal protective equipment regardless of the size of their market. The most recent example is the Trusted Travel Platform launched by AUC and Africa CDC in October 2020. The platform includes information on the latest travel restrictions and entry requirements and simplified health-related immigration processing for travellers and port officials, which will protect lives and livelihoods and help prepare for the implementation of the African Continental Free Trade Area (AfCFTA).[49]

However, if we only look at SARS-CoV-2-related morbidity and mortality, we miss a large part of the pandemic's impact and of the underlying vulnerabilities it exposes. **To address this multidimensional threat, Africa requires a new public health order**, including:

1. **A strengthened Africa CDC and national public health institutions (NPHIs).** Africa CDC, through its Secretariat and Regional Collaborating Centers, provides national NPHIs with guidance on priorities and programs, integrates efforts, and drives standard-setting and surveillance. (For more on the role of national NPHIs, see the viewpoint on page 27).

2. **Local production of vaccines, therapeutics, and diagnostics** that contributes to supply security, drives down procurement costs, and increases the speed of response to a local threat.[50] Such initiatives should be driven by strong private sector partners, with public support for the required capability building and other enablers, but also for the negotiation of contracts that are sufficiently large and long-term for the initiative to attract the required funding. An example of such a public-private partnership is the South African Biovac Institute.[51]

3. **Investment in public health workforce and leadership programs**. A sufficiently large, well-prepared health workforce is key to any of the activities mentioned above. But the gaps are significant. For example, Africa requires 25,000 frontline epidemiologists and has about 5,000.[52]

4. **Action-oriented partnerships**—including between the public and private sector, donors and governments, and with public health institutions. Respectful partnerships are those that respect African-originated and -defined health priorities and solutions, and ensure that health programs are aligned with continental priorities such as the Agenda 2063.

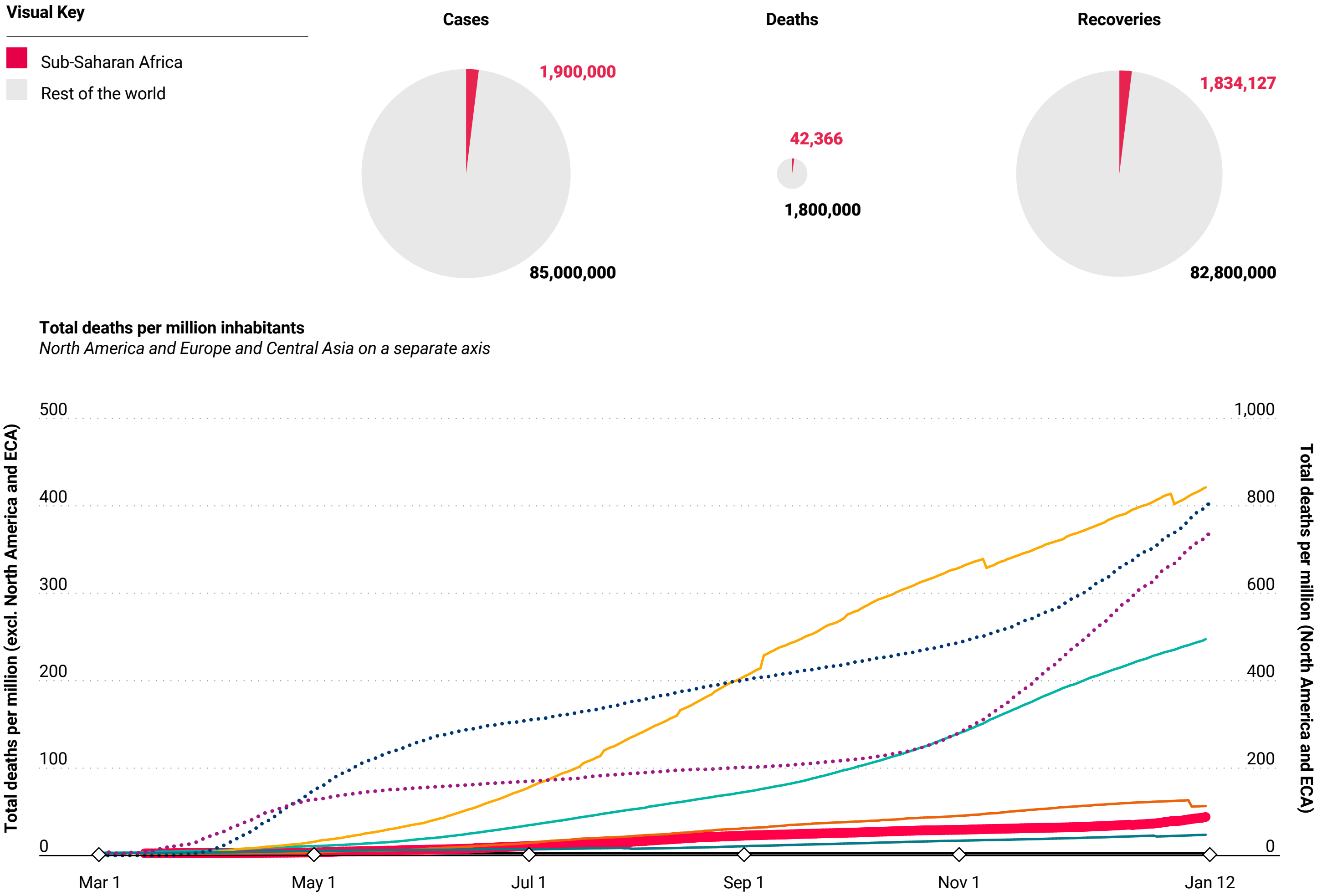
This new public health order requires more predictable, long-term funding overall, joint priority-setting, and stronger mechanisms to manage the allocation of funds in line with continental aspirations.

46 John Nkengasong, "Let Africa into the Market for COVID-19 Diagnostics," *Nature* 580 (2020): 565.
47 Pascale Ondoa et al., "COVID-19 Testing in Africa: Lessons Learnt," *Lancet Microbe* 1, no. 3 (2020): e103-e104.
48 Giulia Paravicini, "African Countries Secure 90 Million Coronavirus Test Kits for Next Six Months," *Reuters*, June 4, 2020
49 "'Travel Pass' to accelerate AfCFTA implementation," *The Herald*, October 28, 2020.
50 Stanley Plotkin et al., "The Complexity and Cost of Vaccine Manufacturing - An Overview," *Vaccine* 35, no. 33 (2020): 4064-4071.
51 David R. Walwyn and Adolph T. Nkolele, "An Evaluation of South Africa's Public–Private Partnership for the Localization of Vaccine Research, Manufacture and Distribution," *Health Research Policy and Systems* 16, no. 1 (2018): 30.
52 Stanley Plotkin et al., "The Complexity and Cost of Vaccine Manufacturing - An Overview," *Vaccine* 35, no. 33 (2020): 4064-4071.

FIGURE 2.1

THE TRAJECTORY OF COVID-19 IN AFRICA AND THE REST OF THE WORLD

In defiance of early predictions that COVID-19 would severely affect sub-Saharan Africa due to weak health systems and challenges to social distancing, it seems that Africa has fared much better than the rest of the world in fighting the disease: To date, sub-Saharan Africa has had substantially fewer cases and deaths per million from COVID-19 than the rest of the world. The trajectory of the pandemic has also differed in Africa, with no substantial peaks or increases, unlike in North America and Europe, which have the highest death tolls per million inhabitants and are shown on a separate axis below.



Visual Key

- North America
- Europe & Central Asia (ECA)
- Sub-Saharan Africa
- South Asia
- Latin America & Caribbean
- East Asia & Pacific
- Middle East & North Africa

Source

Max Roser et al., "Coronavirus Pandemic (COVID-19)," OurWorldInData.org, accessed January 14, 2021.

Funding in the tens of billions of dollars[53,54] is required to train the nurses, physicians, and other cadres needed to close the gap in the availability of trained health care professionals predicted for 2030[55] and create programs for public health policy professionals. Such programs must include support to public health professionals looking to gain additional degrees in health policy, but also opportunities to get exposed to public health policy work in national and international organizations. Beyond training, a better equipped medical system requires local manufacturing capacity, which, in turn, needs significant upfront investment. Laboratories, regulatory capacity, medical materials, and mechanical components for medical tools all require funding.

First and foremost, funding for public health in Africa is the responsibility of the continent's political leadership.

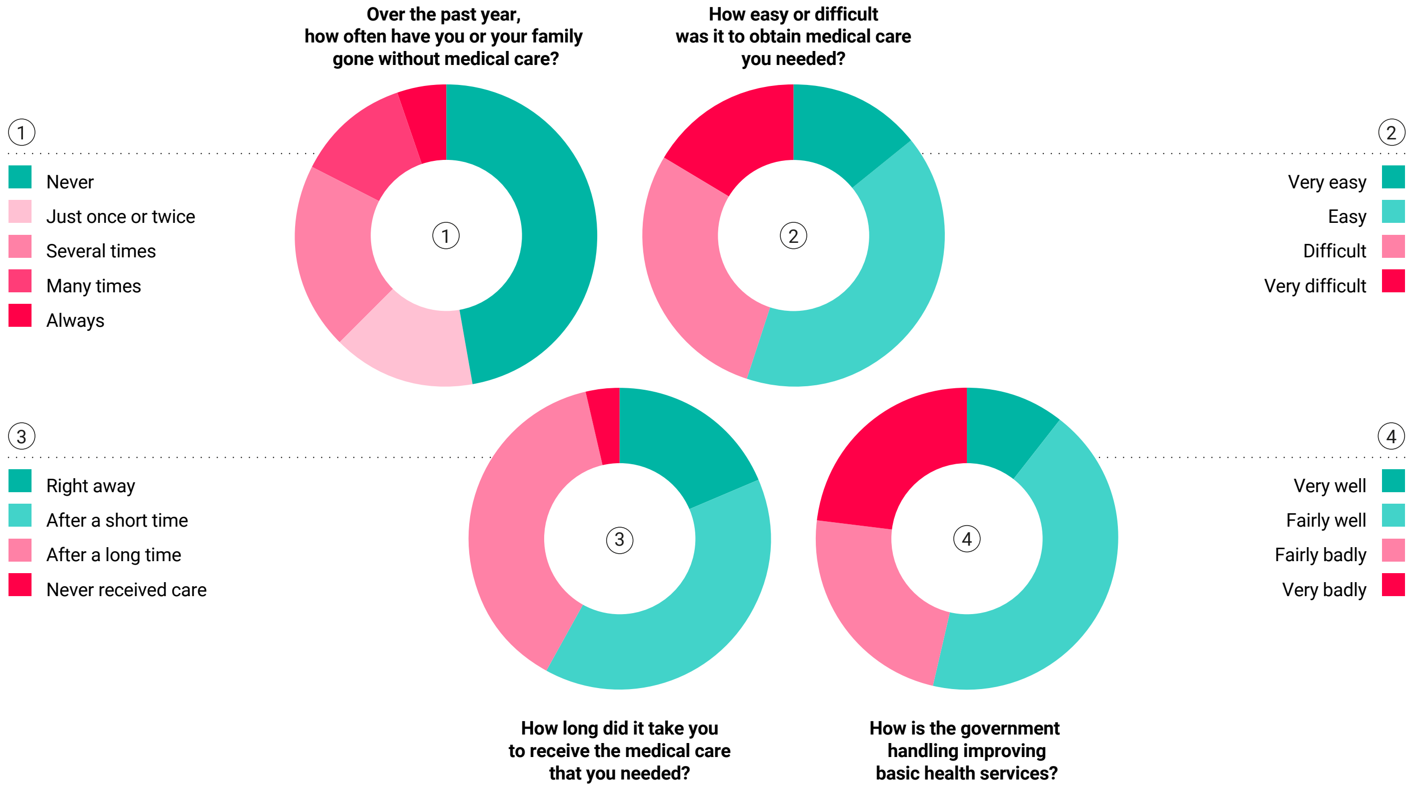
[53] Joses Muthuri Kirigia et al., "The Cost of Health Professionals' Brain Drain in Kenya," *BMC Health Services Research* 6 (2006): 89.

[54] Edward J. Mills et al., "The Financial Cost of Doctors Emigrating from Sub-Saharan Africa: Human Capital Analysis," *BMJ* (2011).

[55] World Health Organization, *Health Workforce Requirements for Universal Health Coverage and the Sustainable Development Goals* (Geneva: World Health Organization, 2016).

FIGURE 2.2
PERCEPTIONS OF HEALTH CARE IN AFRICA BEFORE COVID-19

Even before the COVID-19 pandemic, many Africans struggled to receive needed health care. In surveys undertaken by Afrobarometer from 2016 to 2018, more than 50 percent of respondents reported that they had gone without needed medical care at least once in the past year. When medical care was received, over 40 percent of respondents reported that it was difficult or very difficult to obtain care and that care was received after a long time–or never. Africans also express pessimism about the trajectory of health systems, with nearly 50 percent saying that the government is handling improving health services fairly badly or very badly.



Source

"R7 2016/18," *Afrobarometer*, 2019.

In the 2001 Abuja Declaration, African governments committed at least 15 percent of their annual budgets to health. Since then, only a handful of countries have reached this goal, and overall funding has been inconsistent at best.[56] Policymakers must (re-)prioritize health to consistently reach the commitment of the Abuja Declaration. **Second, donor contributions are highly relevant, much appreciated, and will remain key in the foreseeable future.** To be effective, these funds need to be in line with national, regional, and continental public health priorities. They should also, where possible, take the form of co-financing to increase sustainability and contribute to the strengthening of public health institutions. **Third, the private sector is an important contributor,** e.g., through public-private partnerships (PPPs), as a provider of low-cost, for-profit services[57] and expertise for newer areas, such as telehealth.

Investments in a new public health order pay off. Although estimates differ, there is widespread agreement that the return on investment in health is significant. The McKinsey Global Institute's recent estimate is one of the more conservative and expects a return of 2:1 to 4:1[58]—an estimate that goes beyond money and includes fewer premature deaths, fewer poor health conditions, and extended participation in the labor market—all of which are valid goals in their own right.

[56] World Health Organization, *Public Financing for Health in Africa: From Abuja to the SDGs* (Geneva: World Health Organization, 2016).
[57] Pascal Fröhlicher and Carlijn Nouwen, "To Bring Universal Health Care to Africa, the Private Sector Must Get Involved," *World Economic Forum*, December 12, 2019.
[58] Jaana Remes et al., *Prioritizing Health: A Prescription for Prosperity* (New York: McKinsey & Company, 2020).

VIEWPOINT

Investing in national public health institutes for future pandemics: Lessons from Nigeria

Chikwe Ihekweazu

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Through the tragic deaths of hundreds of thousands of people and the upending of our normal ways of life, the COVID-19 pandemic has revealed a global failure to invest in pandemic preparedness. Going forward, global and national leaders must consider strategies to build resilience to such crises, especially mechanisms for coordinated, well-planned responses led by national public health institutes (NPHIs).

Nigeria, in particular, has some of the largest burdens of public health challenges in the world. In between the 2014 Ebola crisis and the current COVID-19 pandemic, Nigeria has responded to large, multiple, and sometimes concurrent outbreaks of Lassa fever, yellow fever, meningitis, monkeypox, measles, and cholera. The combination of the country's tropical climate, population density, socioeconomic realities, and high cross-border movement provides a conducive environment for the emergence and re-emergence of infectious disease outbreaks.

In response to these ever-present threats, the Nigeria Centre for Disease Control (NCDC), as the country's national public health institute, leads the strengthening of its core health security capacity. Its key components include public health laboratory services, emergency response activities, disease surveillance, and risk communications (see Figure 2.3). Prior to the COVID-19 pandemic, we had already been building on lessons from responding to Ebola and subsequent outbreaks to strengthen our health security. For example, in 2016, the NCDC established a National Incident Coordination Center for coordination of outbreak preparedness and response activities, and followed this with the establishment of similar structures at the state level. Not only have such public health emergency operations centers enabled better coordination of public health emergencies, but also, and perhaps more importantly, they have strengthened the role of state governments in coordinating international partners supporting outbreak response. Then, in 2017, we operationalized the NCDC National Reference Laboratory and subsequent laboratory networks to reduce our dependence on other countries for disease diagnoses.

Nigeria, like most African countries, has recorded far fewer cases and deaths from COVID-19 compared to countries outside Africa. At the same time, to prepare for a potential outbreak, we have increased financing from the government and the private sector to scale up our country's health security capacity. Between February and October of 2020, we increased the number of molecular laboratories with capacity to test for the virus from five to 70. The initial five laboratories were part of the NCDC's network of laboratories for other diseases. We have successfully deployed the Surveillance Outbreak Response Management and Analysis System (SORMAS)—a digital tool for real-time disease reporting and surveillance—in all states and Local Government Areas. Prior to the COVID-19 pandemic, SORMAS had been deployed in 14 states with more than half of the states in Nigeria reporting outbreak data using Microsoft Excel.

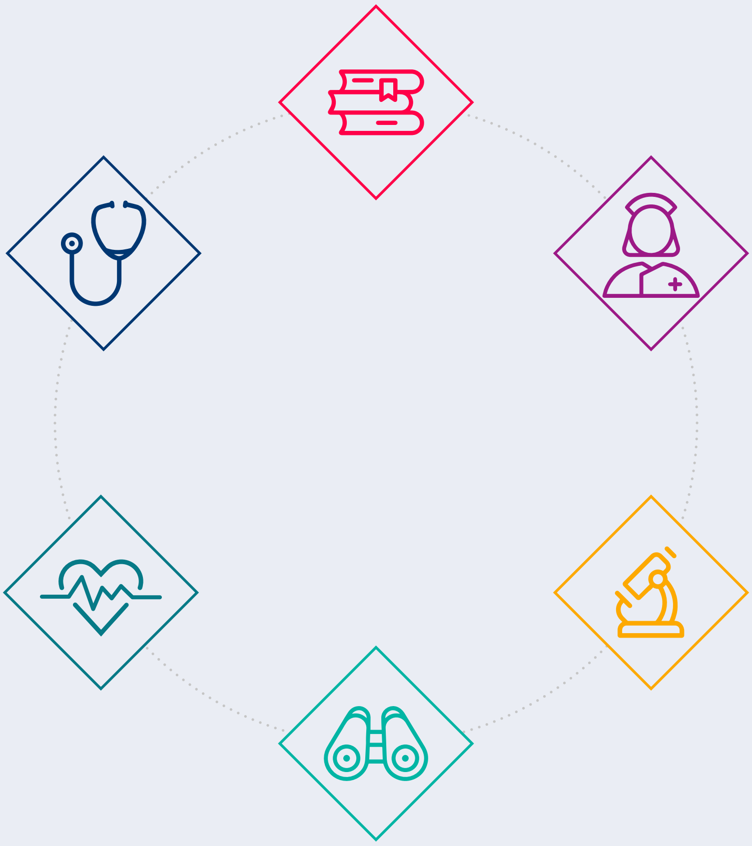
FIGURE 2.3

NATIONAL PUBLIC HEALTH INSTITUTES COORDINATE A MULTIPLICITY OF EFFORTS AIMED AT KEEPING PEOPLE HEALTHY AND SAFE.

Countries like the U.S. and Brazil, who established NPHIs several decades ago, have benefited immensely from their capacity to coordinate health efforts from prevention to preparedness to emergency response. The West African Ebola outbreak five years ago was a turning point in Africa, spurring countries like Nigeria and Ethiopia, among others, to establish NPHIs as well as for Africa to create the continent-facing Africa CDC.

Public health research

NPHIs coordinate and share public health research, generating, synthesizing, analyzing, and interpreting data that are important for informed policy and program decisions in countries.



Disease prevention and health promotion

NPHIs provide a coordination mechanism for collaborative projects such as those that require a One Health (human, animal, and environmental health) approach. One example is coordination of antimicrobial resistance surveillance and control.

Public health workforce development

NPHIs host initiatives like field epidemiology training programs, which are important for building critical global health security capabilities and expanding the public health workforce. NPHIs are well-situated to ensure structured training and utilize graduates as disease detectives.

Emergency preparedness and response

NPHIs bring the various components of disease surveillance, laboratory work, and prevention care together, making countries better equipped to prepare for and respond to public health emergencies in a timely and coordinated manner.

Public health laboratory

Countries need strong laboratory networks with capacity to rapidly detect and confirm diseases of public health importance. NPHIs offer centralized coordination of laboratory networks and surveillance systems for disease control, promoting a sharing of information for better overall health outcomes.

Surveillance systems

Through NPHIs, countries coordinate their surveillance systems for various communicable diseases, thereby improving effective use of resources and enabling better use of public health data for action.

One key area of progress that has been made in Africa since the West African Ebola outbreak is the emergence and growth of the Africa Centers for Disease Control (ACDC). The ACDC has led several initiatives contributing to improved capacity in the NCDC as well as strengthened collaboration among countries in the region on managing risks and responses to health challenges. Epidemiologists from the NCDC are part of the ACDC's roster of personnel deployed during outbreak response activities in Africa. Through this effort, the growing capacity in Africa's health security is led by Africans. Furthermore, the ACDC has provided training opportunities for Nigerian epidemiologists, laboratory scientists, risk communications officers, and other public health officers. (For more on the role of the Africa CDC, please see page 23).

The growing capacity in Africa's health security is led by Africans.

COVID-19 is not the first pandemic of the 21st century, nor will it be the last. With climate change and several other environmental factors impacting the world today, vectors and animal reservoirs are spreading into new areas and having increased contact with humans, putting us at further risk. Given their immense potential to protect and heal, we should be building and strengthening these science-led organizations. The only way that we can control the next pandemic is by re-building, starting now, and investing in NPHIs.

VIEWPOINT

Navigating the complexities around a COVID vaccine in Africa

Uwagbale Edward-Ekpu

Founder of *SciTech Africa*; Contributor, *Quartz* and Milken Institute's COVID-19 Africa Watch

*@uwagbale_*

At the onset of the COVID-19 pandemic, African countries implemented social distancing measures that have helped reduce the spread of the virus. At the same time, the pandemic and many of the associated policies to protect people's health pulled many households on the continent into poverty and the sub-Saharan region into a recession.[59] These complex challenges now affect the ability of African countries to finance vaccine procurement and delivery, which are necessary to end the pandemic.

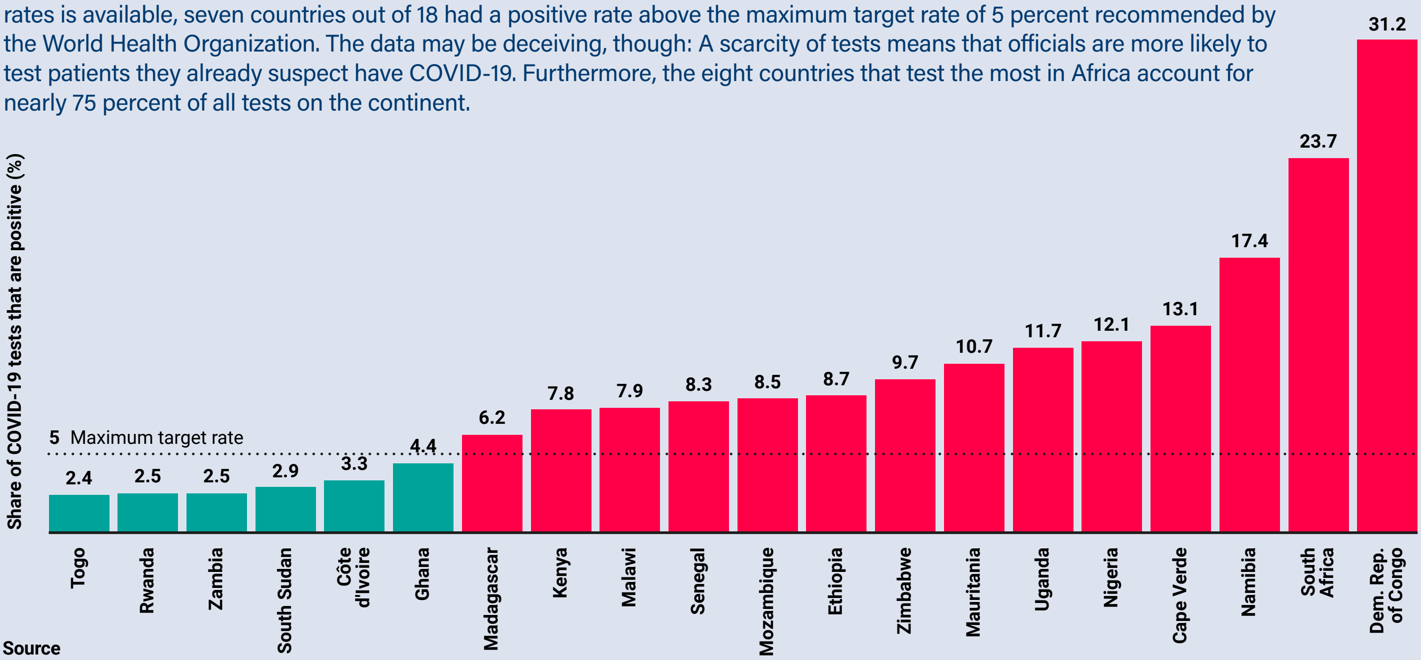
While a few wealthy countries have secured for themselves more than half of the world's promised doses of the leading COVID-19 vaccine candidates,[60] most African countries are relying on the COVAX facility—a co-financing vaccine procurement mechanism set up to ensure equitable access—to obtain the vaccines.

While, so far, Gavi (the Vaccine Alliance) has secured some of these candidates for low-income countries and promised vaccines for 20 percent of those countries' populations, this amount will not be nearly enough, since vaccination of more than 50 percent of a population is required to attain a level of community immunity. In addition, costs go beyond just the dosage, and these countries will likely have to share part of the costs of the vaccine and its delivery. Notably, while the cost of vaccines such as Pfizer's and Moderna's ranges from about $15 to $25 per dose, AstraZeneca plans to sell theirs for as little as $2.50 to ensure it is affordable to residents of poorer countries.[61]

59 "World Bank Confirms Economic Downturn in Sub-Saharan Africa, Outlines Key Polices Needed for Recovery," *World Bank*, October 8, 2020.
60 "Small group of rich nations have bought up more than half the future supply of leading COVID-19 vaccine contenders," *Oxfam International*, September 17, 2020.
61 Danica Kirka, "3rd major COVID-19 vaccine shown to be effective and cheaper," *AP News*, November 23, 2020.

FIGURE 2.4
TESTING FOR COVID-19 IN AFRICA

Although Africa has handled the COVID-19 pandemic well so far, with relatively few deaths and cases per million, testing rates on much of the continent remain low, and testing is inequitably distributed. Among countries for which data on test positive rates is available, seven countries out of 18 had a positive rate above the maximum target rate of 5 percent recommended by the World Health Organization. The data may be deceiving, though: A scarcity of tests means that officials are more likely to test patients they already suspect have COVID-19. Furthermore, the eight countries that test the most in Africa account for nearly 75 percent of all tests on the continent.



Source

Max Roser et al., "Coronavirus Pandemic (COVID-19)," OurWorldInData.org, accessed January 13, 2021.

Note

Due to limited data, figure does not include Algeria, Sudan, the DRC, Burkina Faso, Somalia, Sierra Leone, Chad, Comoros, and Tanzania.

Source

"COVID-19 Coronavirus Pandemic," Worldometers.info, accessed January 13, 2021.

Complicating this task are challenges in the continent with cold-chain sufficiency and "last mile" delivery, especially in rural areas. The primary health care center, which is the last level of the cold chain system in most African countries, usually lacks personnel and technical capacity, and many are located in rural, hard-to-access, or remote areas that lack the infrastructure necessary for vaccine delivery.

Indeed, some of the successful COVID-19 vaccines will require ultra-cold temperatures for storage, but most African countries have never deployed vaccines with such needs and don't have the infrastructure to support that ultra-cold storage. Other complex challenges, such as vaccine hesitancy[62] and armed conflicts in several countries, can hinder widespread COVID-19 immunization on the continent too.

About 22 African countries can be said to have a working cold-chain system for routine vaccines stored at the regular 2°C to 8°C temperature. They have achieved the Global Vaccine Action Plan target of 90 percent or greater cover-

[62] Jeffrey V. Lazarus et al., "A global survey of potential acceptance of a COVID-19 vaccine," *Nature Medicine* (2020).

age of routine vaccines.[63] However, most countries with larger populations or economies on the continent, such as Angola, the Democratic Republic of the Congo (DRC), Ethiopia, Nigeria, South Africa, and Tanzania, have yet to achieve that 90 percent coverage goal.[64] Still, in response to past disease outbreaks and with support from the World Health Organization and Gavi, low-vaccine coverage countries like Nigeria and the DRC have implemented successful vaccination strategies. Just recently, Nigeria was able to eradicate wild polio,[65] and Ebola outbreaks were stopped in the DRC with a vaccine that requires ultra-cold storage.[66]

For equitable access to COVID-19 vaccines in Africa, a good strategy will actually be to improve on approaches that have already worked on the continent.

So, for equitable access to COVID-19 vaccines in Africa, a good strategy will actually be to improve on approaches that have already worked on the continent. At the same time, wealthy countries and donor organizations should continue to support African countries with vaccine donations and "last mile" delivery technologies such as the Artek—a high-tech, insulated reusable container that can keep a vaccine at ultra-cold temperature for up to a week without electricity and be moved around easily in difficult terrains—used for Ebola vaccination in the DRC. In the northeast of Nigeria, where the Boko Haram insurgency is active, the use of security personnel to support vaccine deployment led to an increase in the number of communities and households accessed by polio vaccination teams.[67]

African governments should already be organizing effective vaccine awareness campaigns and community engagement to combat vaccine misinformation and hesitancy.

At the same time, African governments should already be organizing effective vaccine awareness campaigns and community engagement to combat vaccine misinformation and hesitancy. They should also commit sufficient resources, such as deploying security personnel to accompany immunization workers to security-compromised areas, to ensure vaccine access in all areas as well.

63 The percentage of children receiving the routine diphtheria, tetanus and pertussis (DTP3) vaccines is usually used as a measure the strength of a country's immunization system (see "Immunization," *UNICEF Data*, July 2020).
64 "Immunization," *UNICEF Data*, July 2020.
65 "Polio is no longer endemic in Nigeria – UN health agency," *Africa Renewal*, August 25, 2020.
66 Uwagbale Edward-Ekpu, "A successful Ebola vaccine delivery shows how a Covid-19 vaccine would work in Africa," *Quartz Africa*, November 23, 2020.
67 Loveday Nkwogu, "Impact of engaging security personnel on access and polio immunization outcomes in security-inaccessible areas in Borno state, Nigeria," *BMC Public Health* 18, no. 4 (2018).

FIGURE 2.5

HOW HAVE MOVEMENT PATTERNS CHANGED DURING THE PANDEMIC? SUB-SAHARAN AFRICA VS THE WORLD

The initial shock of the lockdowns from March to May seems to have impacted people around the world in similar ways, with movement in residential places spiking, and movement in all other areas precipitously dropping. As of December 2020, mobility data show that movement in sub-Saharan Africa in most domains have returned to pre-pandemic levels. For many other countries in the world, however, movement in areas like retail, transit, and places of work have not rebounded in the same way, instead leveling off below that of pre-pandemic times.

Visual Key

— Rest of the world

— Sub-Saharan Africa

Note

The sub-Saharan Africa category is the median of eight countries. Angola, Benin, Botswana, Burkina Faso, Cameroon, Cape Verde, Côte d'Ivoire, and Gabon. The "rest of world" category is the median for 35 countries from all six continents and all four World Bank income groups.

Source

Google, "COVID-19 Community Mobility Reports," accessed December 8, 2020.

VIEWPOINT

Preventing the next pandemic: Addressing antibiotic resistance

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After their introduction more than 80 years ago, antibiotics saved millions of lives, transforming health care. Now, though, the ubiquitous use of these "wonder drugs" has led to the natural selection of antibiotic-resistant bacteria—a threat to the very gains once made. Frighteningly, the spread of antibiotic resistant bacteria today is a silent pandemic that could undermine health systems the world over. Already, antibiotic resistance has been estimated to claim more than 750,000 lives every year.[68] Some of the most dire consequences of this phenomenon could be for the poorest and most vulnerable people in countries that never had adequate access to antibiotics to begin with.

In Nigeria, for instance, prompt access to effective antibiotics could potentially avert an estimated 49,407 under-5 pneumonia deaths annually.[69] Due to lack of data for other diseases, experts estimate that this number is likely the tip of the iceberg. For example, data on neonatal sepsis deaths in Nigeria suggest 19,400 cases were attributable to pathogens resistant to first-line antibiotics. This stands in stark contrast to the 1,342 Nigerian deaths known to be caused by COVID-19 thus far.[70]

The COVID-19 pandemic has revealed that reliance on individual national mechanisms, legislation, and strategies is insufficient.

Otto Cars

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The "ticking timebomb" of antibiotic resistance has emerged under two classic market failures. On the demand side is the tragedy of the commons—the mis- and overuse of antibiotics as a public good. On the supply side is the lack of incentives to develop new antibiotics caused by scientific challenges, high drug development costs, and short drug lifespan due to development of resistance, which call for new business models.[71, 72] While wealthier countries have been able to kick the can down the road by switching to more expensive antibiotics, already-fragile health systems in Africa will be stretched beyond breaking point as the switch from first-line antibiotics adds a median overall cost of $700 per infection.[73]

In recognition of the serious health challenges imposed by antimicrobial resistance (including viral and parasitic infections), African national and regional leadership has

68 Dag Hammarskjöld Foundation and ReAct, 2019, When-the-Drugs-Don't-Work-Antibiotic-Resistance-as-a-Global-Development-Problem-Feb-2019.pdf (reactgroup.org)
69 Laxminarayan et al., "Access to Effective Antimicrobials: A Worldwide Challenge," *The Lancet* 387, no. 10014 (2016): 168-75.
70 As of January 9th, 2021: https://coronavirus.jhu.edu/region/nigeria.
71 Anthony D. So and Tejen A. Shah, "New Business Models for Antibiotic Innovation," *Upsala Journal of Medical Sciences* 119, no. 2 (2014): 176-80.
72 Priya Sharma and Adrian Towse, *New Drugs to Tackle Antimicrobial Resistance: Analysis of EU Policy Options* (London: Office of Health Economic, 2010).
73 Sujith Chandy et al, High cost burden and health consequences of antibiotic resistance: the price to pay. The Journal of Infection in Developing Countries 2014, 8(9):1096-102.

Funding remains a critical issue as the costs of implementing national action plans, including disease control and prevention, are high.

created action plans to combat the problem.[74] However, funding remains a critical issue as the costs of implementing national action plans, including disease control and prevention, are high. For example, implementation of Zimbabwe's plan is estimated at $44.6 million over 5 years.[75]

Moreover, the COVID-19 pandemic has revealed that reliance on individual national mechanisms, legislation, and strategies is insufficient for combatting such a microscopic foe. Furthermore, as with climate change, the potential costs of antibiotic resistance are highly uncertain and potentially catastrophic. Both raise questions of intergenerational equity as countries that "polluted" the least will pay the highest price as antibiotics lose their effectiveness. Lessons from climate change models could serve as examples for transformation of health and agriculture systems towards sustainable use of antibiotics while securing access in less developed countries.

Ensuring access to *effective* antibiotics for future generations must be a critical part of rebuilding global health systems.

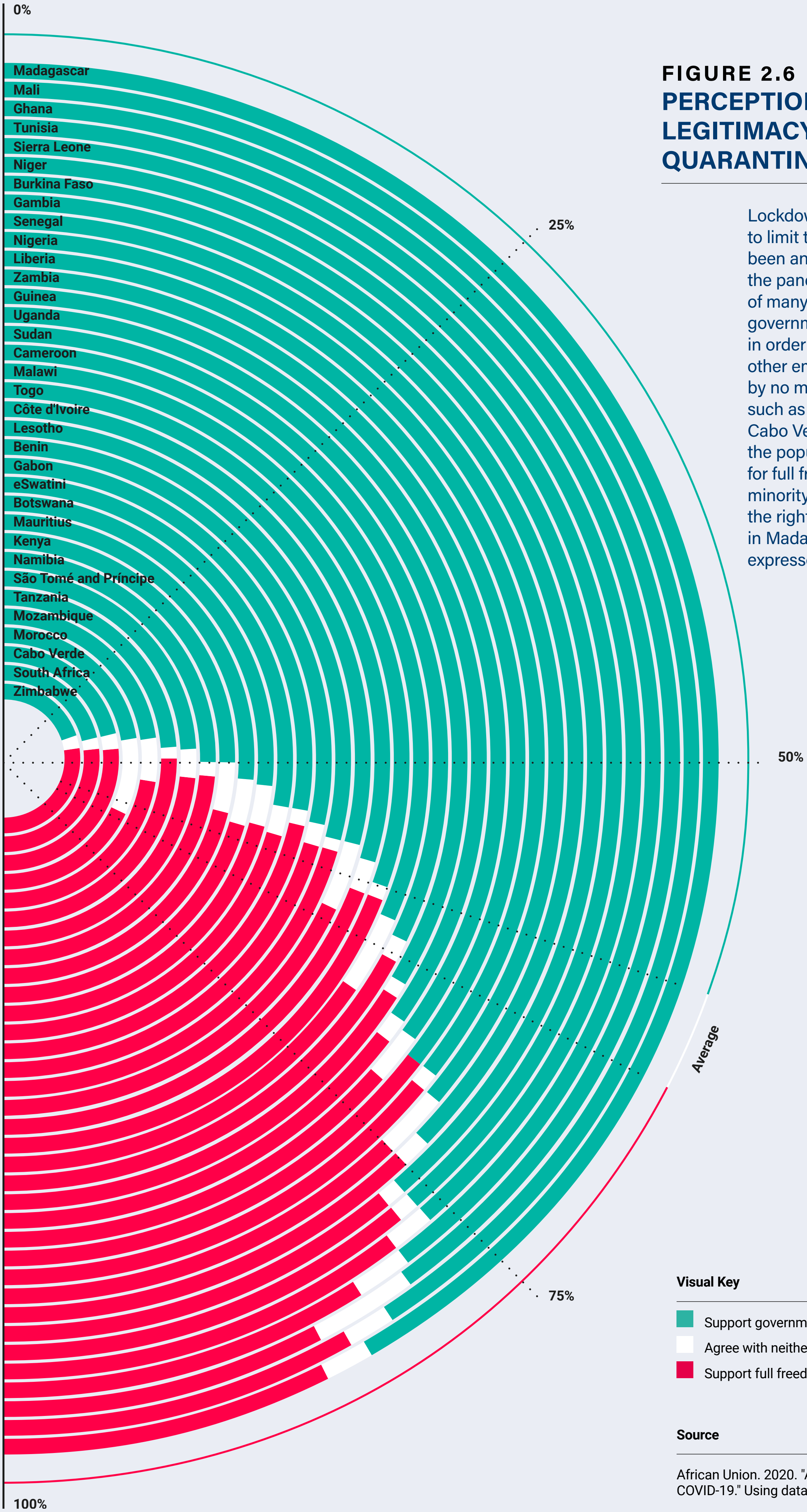
Ensuring access to *effective* antibiotics for future generations must be a critical part of rebuilding global health systems. The solution must be global and collaborative, and the time to act is now.

[74] On September 20, 2020, the African Union Heads of States and Governments endorsed a common position on antimicrobial resistance. As of November 2020, 33 African countries have National Action Plans on Antimicrobial Resistance.

[75] Mirfin Mpundu, "Moving from paper to action – The status of National AMR Action Plans in African countries," accessed December 7, 2020.

FIGURE 2.6

PERCEPTIONS OF THE LEGITIMACY OF COVID-19 QUARANTINE AND LOCKDOWN



Lockdowns imposed by the government to limit the spread of COVID-19 have been an important tool for combatting the pandemic worldwide. The citizens of many African countries support the government's right to restrict movement in order to deal with a public health or other emergency, but this opinion is by no means unanimous. In countries such as Zimbabwe, South Africa, and Cabo Verde, more than 50 percent of the population has expressed support for full freedom of movement, and only a minority agree that the government has the right to restrict movement. People in Madagascar, Mali, and Ghana have expressed quite the opposite sentiment.

Visual Key

- Support government right to restrict movement
- Agree with neither/don't know
- Support full freedom of movement

Source

African Union. 2020. "Africa's governance response to COVID-19." Using data from Afrobarometer, 2020.

3

HUMAN DEVELOPMENT:

Protecting vulnerable populations

Strategies for preserving gains in human development in Africa in the time of COVID

"Vaccination is the world's pathway out of the COVID-19 pandemic. Yet, in many African countries, 9 out of 10 people are set to miss out on a vaccine next year, while rich nations have secured enough doses to vaccinate their populations three times over. We must end the unjust system of monopolies, which puts profits before lives. All pharmaceutical corporations and research institutions working on a vaccine must share the science, technological know-how, and intellectual property to maximize production and to ensure distribution based on need and free at the point of delivery. We need a People's Vaccine. Africa must not wait in line!"

Winnie Byanyima, Executive Director of UNAIDS & Under-Secretary-General of the United Nations

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@nyanam

Mortality in Africa due to COVID-19 is significantly lower than originally expected, although with limited testing and poor reporting systems, we will likely never know the true numbers. However, it's not yet time to celebrate: That realization must be tempered by the expectation that many more Africans will likely suffer due to the impacts that follow reductions in health and other government expenditure. As tax revenues decline on top of reductions in remittances, foreign direct investment, and possibly aid, the ability of African governments to maintain pre-COVID services will take a large hit in the short term. (For more on the drop in remittances in the time of COVID, see the viewpoint on page 17). One devastating result is that indirect mortality in Africa, particularly among children below five years of age, could be double the direct mortality from COVID by 2030, given expected cutbacks to basic medical care and related interventions.[76] (For more on the reach of the COVID-19 pandemic in sub-Saharan Africa, see Figure 2.1).

In fact, within a year of Africa's first reported case in Egypt, COVID-19 has wreaked extraordinary destruction upon Africa's development prospects. The pandemic has rapidly evolved from a health crisis to an all-encompassing economic quagmire with serious international ramifications.

Our estimates[77] and that of others such as the World Bank[78] are that

[76] Jakkie Cilliers et al., "Impact of COVID-19 in Africa: A Scenario Analysis to 2030," *Institute for Security Studies,* August 2020.
[77] Ibid.
[78] Nishant Yonzan et al., "Projecting Global Extreme Poverty Up to 2030: How Close Are We to the World Bank's 3% Goal?" World Bank, October 9, 2020.

Africa may lose up to a decade of developmental progress due to COVID-19, although a lot will depend on the early discovery, speedy manufacture, and efficient roll-out of vaccines as well as the subsequent rate of global economic recovery. (For more on strategies for vaccine rollout in Africa, see page 29).[79]

The continent is also going to require substantial debt relief, as even ahead of the crisis a number of states were already approaching debt distress. In fact, in November 2020, Zambia became the first country to default on its loan repayments; it's possible many other countries will follow. (For more on debt relief in Africa under COVID, see page 9).

Poverty and inequality

Before the pandemic hit, the headline Sustainable Development Goal to eliminate extreme poverty by 2030 was already out of reach.[80] Now, except for Cabo Verde, no country in sub-Saharan Africa is on track to eliminate extreme poverty by 2030, though, notably, Africa's two high income countries, Seychelles and Mauritius, have already achieved this goal. (For different approaches to the SDGs under COVID-19, see the viewpoints on page 41 and 44).

Using the International Futures forecasting platform of the University of Denver, we find it is reasonable to expect around 4 percent annual average economic growth for Africa post-COVID to 2030. In this future, extreme poverty is likely to decline by only about five percentage points and, by 2030, a third of the continent's 1.7 billion people is still likely to survive on less than $1.90 per day. Slow growth and high inequality means that sub-Saharan Africa is only likely to achieve the elimination of extreme poverty by mid-century.

With high rates of inequality, few of the benefits of economic growth trickle down in sub-Saharan Africa,[81] and, in the short term, the impact of COVID-19 will worsen the already skewed distribution of income. Furthermore, as incomes decline and government revenues shrink, it's not unreasonable to consider that the region is set to face increased turbulence and lose many of the modest gains made in combatting violent extremism and ending conflicts in the Horn, Sahel, and Central Africa, among other places—placing additional pressure on governments, peacekeepers, and mediators.

The pandemic has rapidly evolved from a health crisis to an all-encompassing economic quagmire.

The vital importance of infrastructure for education

Despite these challenges, with the right policies and implementation plans, the COVID-19 pandemic may present Africa with the opportunity to benefit from its large human capital endowment. Steady increases in Africa's working-age population, improved economic productivity, and enhanced job creation can turn the region into an economic powerhouse accompanied with improvements in quality of life more broadly.

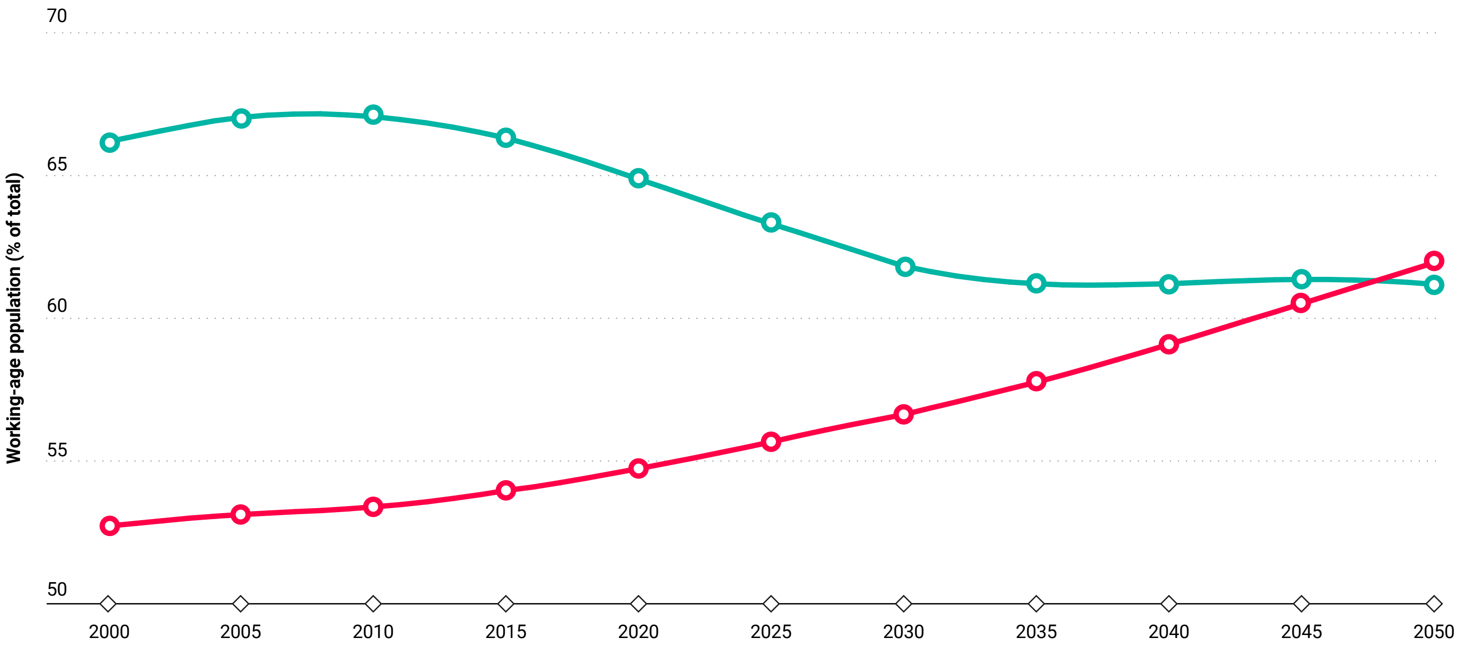
Currently, only around 56 percent of Africa's working-age population is aged between 15 and 64—more than 10 percentage points below the average in the rest of the world (Figure 3.1). With a smaller ratio of working-age persons to dependents, income growth in Africa is inevitably slow but will improve over time since, by mid-century, the portion of working-age Africans will be roughly similar to that in North America. If the region's leaders invest in that human capital endowment, Africa could significantly benefit from the steady increase in the portion of working-age persons to dependents.

Reaping Africa's demographic dividend presents many challenges, but perhaps most fundamental is the need for a revolution in the provision of education. Quality education—especially im-

[79] See Ibid and Christoph Lakner et al., "Updated Estimates of the Impact of COVID-19 on Global Poverty: The Effect of New Data," *World Bank*, October 7, 2020.
[80] Jakkie Cilliers, *Africa First! Igniting a Growth Revolution* (Johannesburg and Cape Town: Jonathan Ball, 2020).
[81] North Africa, which has much lower levels of inequality, does significantly better in this respect, although it faces its own set of unique challenges.

FIGURE 3.1
SUB-SAHARAN AFRICA'S WORKING-AGE POPULATION CONTINUES TO RISE RAPIDLY

Currently only around 56 percent of Africa's working-age population is aged between 15 and 64—more than 10 percentage points below the average in the rest of the world. With a smaller ratio of working-age persons to dependents, income growth in Africa is inevitably slow but will improve over time since, by mid-century, the portion of working-age Africans will be roughly similar to that in North America.



Visual Key

- Sub-Saharan Africa
- North America

Source

Authors' calculations using the International Futures forecasting platform v7.54.

provement in the knowledge and skills of Africa's rapidly growing labor force—is an absolute requirement for the continent to turn its fortunes around. The average adult African has about 6.2 years of education, some 2.5 years below the average in the rest of the world. While levels of adult education have steadily improved in Africa that gap has been constant for several decades.

Among its many challenges, COVID-19 underlines the importance for Africa of focusing on the provision of household electricity and internet access to respond to the damage caused by the pandemic. In 2020, the digital divide condemned many African children to a lost year of education as parents were unable to compensate for out-of-school children through e-learning, since most neither have electricity nor stable internet access.

Even when children can access education in sub-Saharan Africa, the quality of that education remains far behind that in the rest of the world. Indeed, when it comes to learning outcomes, the best-performing country in the region still scores lower than the worst-performing country in Western Europe.[82] It is, therefore, not surprising that the World Bank in 2018[83] warned of a "learning crisis in global education."

If the continent is to start closing the gap on key human development indicators, it must seize the opportunity offered by technology to fundamentally change the provision of basic needs like education and health care as well as key infrastructure like electricity and the provision of the internet.

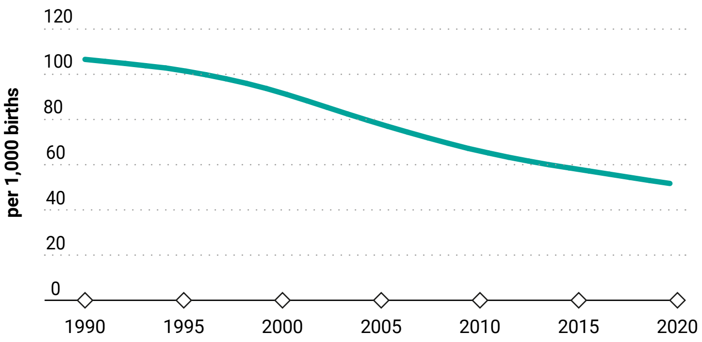
Indeed, consider that, in 2019, only about 57 percent of Africa's population had access to electricity in contrast to about 88 percent in South Asia and well over 98 percent in Latin America. New technology, particularly the potential of distributed mini- and offgrid systems using renewables, could increase electricity access, while other, novel efforts

[82] Esteban Ortiz-Ospina, "Global Education Quality in 4 Charts," *Our World in Data*, July 27, 2018.
[83] World Bank, *World Development Report 2018: Learning to Realize Education's Promise* (Washington, D.C.: World Bank, 2018).

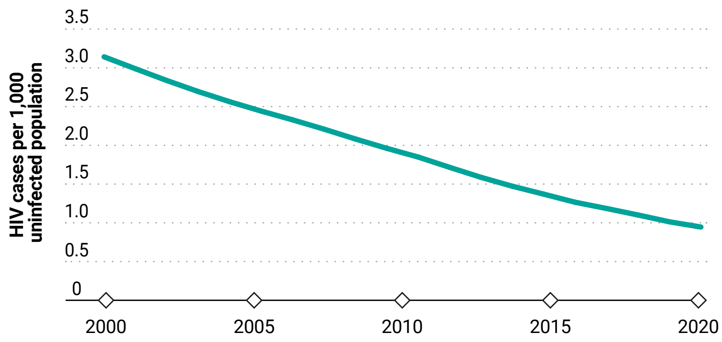
FIGURE 3.2
EIGHT LIVELIHOOD IMPROVEMENTS IN SUB-SAHARAN AFRICA

Until the onset of the COVID-19 pandemic, many indicators around well-being had been improving substantially in sub-Saharan Africa. Infant mortality and the incidence of HIV have more than halved in the last few decades, while bank account ownership is projected to have nearly doubled in the past 10 years. The region has made significant strides in electrification, poverty, and education over the last few decades as well. While COVID-19 threatens these gains, we know better livelihoods are achievable. With the right commitment, the region can bounce back when the crisis is over.

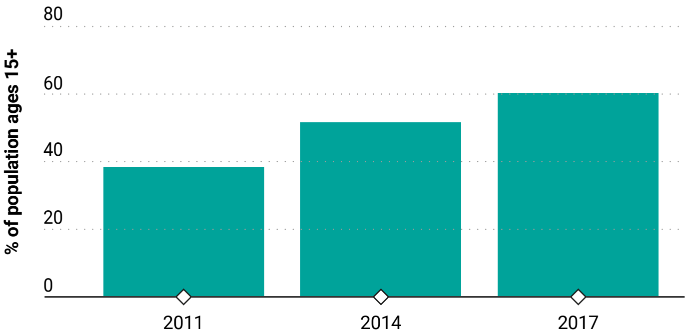
Infant mortality has fallen by 52 percent since 1990.



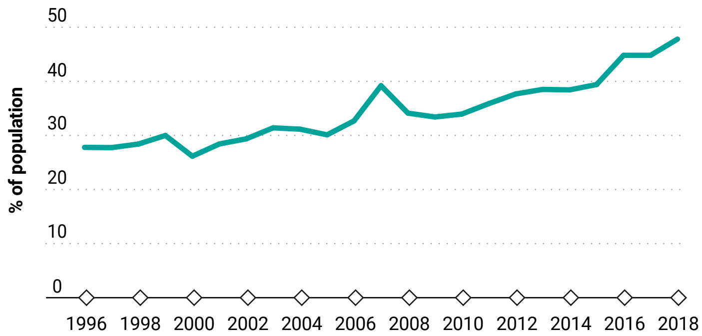
Incidence of HIV has fallen by 75 percent since 2000.



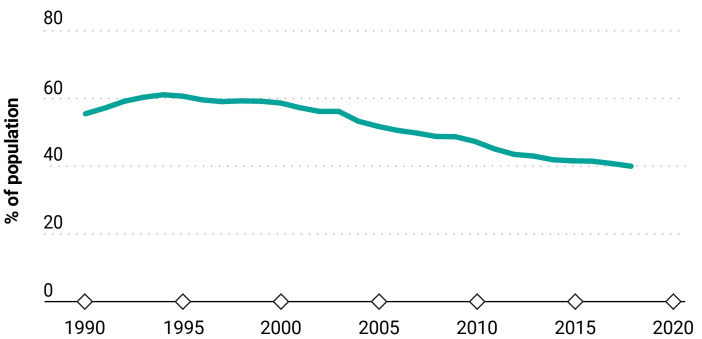
Account ownership at a financial institution increased by 54 percent between 2011 to 2017.



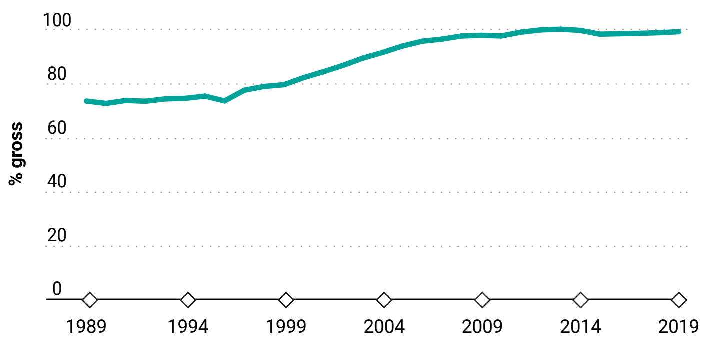
Access to electricity has improved by 71 percent since 1996.



Poverty headcount ratio ($1.90 a day at 2011 PPP) has fallen by 34 percent since 1994.



Gross primary school enrollment has risen by 34 percent since 1994.



Source

"World Development Indicators," *World Bank Group*, accessed December 5, 2020.

such as low-earth satellites and similar initiatives could, within the foreseeable future, provide internet access across the entire continent.

The overriding lesson from COVID-19 is, therefore, to awaken African leadership to the importance of investing in the key enablers to speed up the extent to which the continent can leapfrog. At sufficient scale, technology can have a transformative effect. Africa must leverage modern technology to improve the provision of education, health care, and general economic inclusion and productivity.

VIEWPOINT

The SDGs are our compass for bolstering Africa's long-term COVID recovery

We welcomed 2020 with great expectations for Africa's promising future. Barely three months into the new decade, though, the SARS-CoV-19 virus, through devastating health impacts and resultant lockdowns, has damaged economies, destroyed jobs and livelihoods, reversed development gains, and still threatens to push up to an additional 115 million people back into extreme poverty in 2020 alone. The impacts on the world's most vulnerable people have been enormous, with twice as many people projected to be at the brink of starvation. Humanitarian needs have skyrocketed by 40 percent this year. Next year, 235 million people worldwide may need humanitarian aid and protection. Progress to improve the lives of people everywhere, through the achievement of the 17 Sustainable Development Goals (SDGs), will be derailed.

Like any disruptive force, COVID-19 presents us with an opportunity to re-imagine a better future through our response—a fairer and more equal world.

The COVID-19 pandemic has exposed the shaky foundations on which the global and regional economy is built and exacerbated deep-seated imbalances in our economic and social structures. However, like any disruptive force, COVID-19 presents us with an opportunity to re-imagine a better future through our response—a fairer and more equal world. The 2030 Agenda for Sustainable Development, which is aligned with the African Union Agenda 2063, remains the best framework for doing just that.

These extraordinary times call for extraordinary measures. Before the pandemic, the financing gap to achieve the Sustainable Development Goals was $2.5 trillion per year. Now, as we set up stimulus packages, the focus must be on directing these unprecedented investments to foster inclusive and sustainable growth, meeting the needs for decent jobs, social protection floors, and connectivity for a green transition and to spur innovation—leaving no one behind.

In this way, recovering better requires drawing lessons from the current pandemic to support and bolster the SDGs. These lessons call for investing in African green transition, including smart agriculture, renewable energy, and sustainable infrastructure, to bounce back better from the current socio-economic crisis, but also to prepare for the threats posed by climate change. By connecting the almost 590 million Africans who are without electricity through renewable energy investments and by developing the infrastructure to connect people and markets, we must build a platform for a sustained green recovery that takes profit of a young, creative labor force, creates jobs

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FIGURE 3.3

THE PANDEMIC SHAPES, AND IS SHAPED BY, HUMAN DEVELOPMENT LEVELS

Under COVID-19 and its associated economic impacts, the world has already witnessed the historic drop in the human development index. The relationship goes both ways, though: In general, countries with higher levels of human development are better equipped to mitigate the effects of the pandemic. The sub-regions of sub-Saharan Africa vary in their health care infrastructure, in their liability to shocks endemic to the pandemic, and especially in the protection against poverty, where social safety net coverage in the bottom can range anywhere from 0.1 percent (Central Africa) to 50.9 percent (Southern Africa).

Visual Key

Poverty

- Poverty headcount ratio at $1.90 a day (2011 PPP)
- Poverty headcount ratio at national poverty lines
- Coverage of social safety net programs in poorest quintile

Source

"World Development Indicators," *World Bank Group*, accessed December 5, 2020.

and entrepreneurship opportunities, expands human capital, and empowers the digital transformation of the continent.

We must keep an inclusive focus and improve access for girls to education, and youth- and women-led SMEs to markets and financing. Important steps toward this goal include providing financial and technical support to women's cooperatives and better connecting them to international markets. Moreover, urgent prerequisites to curb the pandemic and build back better include women's inclusion in decision-making, the fight against gender-based violence, the provision of skills and resources, and social protection systems that take women's needs into account. Women and girls are central to achieve each and every one of the 17 SDGs and build a prosperous, resilient future. (For more on the particular challenges facing African women and girls under COVID-19, see page 46).

We must rethink the financial architecture, with innovations under the Addis Ababa Action Agenda for Financing for Development, with a focus on ending illicit financial flows, notably by strengthening tax administrations and enabling effective tax collection, as well as encouraging international finance to help de-risk private investments needed to accelerate progress towards the SDGs in the Decade of Action. This must be a multi-stakeholder endeavor including the private sector and philanthropic organizations alongside governments and international development partners.

We need to redress the inherent asymmetries in financial markets and ensure a level playing field for countries with good macro fundamentals, no matter the level of development. Since the crisis, only two African countries have been able to access new funds at reasonable terms. Countries with good macro fundamentals have been bypassed and have not been able to refinance their obligations, while developed countries with high debt-to-GDP ratios are able to raise funds in international markets. (For more on debt relief during this pressing time, see page 9).

We need to redress the inherent asymmetries in financial markets and ensure a level playing field for countries with good macro fundamentals, no matter the level of development.

With over $11 trillion in assets and $2.3 trillion annually in investments worldwide, public development banks at all levels—multilateral, regional, and national—need to be part of the solution to increase the volume and impact of investment towards recovery and achieving the SDGs and the Paris Agreement. Development banks must play a key role in de-risking investment, crowding in private finance in developing and emerging markets, turning billions into trillions needed to finance the transition to sustainable development.

Rules and institutions governing trade, finance, and technologies must enable Africa's aspirations of building a peaceful, secure, and prosperous continent.

Now, more than ever before, international cooperation can and must play a crucial role in ensuring that Africa recovers better, implementing the vision of the SDGs during this Decade of Action. Rules and institutions governing trade, finance, and technologies must enable Africa's aspirations of building a peaceful, secure, and prosperous continent. As U.N. Secretary-General Guterres often reiterates, when Africa succeeds, the world succeeds.

VIEWPOINT

Africa faces a hard choice on the SDGs under COVID-19

Kasirim Nwuke

Managing Partner, Mirisak & Associates – Former Chief, Green Economy, Technologies and Innovation, United Nations Economic Commission for Africa

COVID-19 has made it extremely difficult to mobilize the resources needed for the achievement of the Sustainable Development Goals (SDGs) in the time left to their target date of 2030. Indeed, as the United Nations Economic Commission for Africa (UNECA) reported in July 2020, the current rate of progress on the SDGs in Africa is insufficient to meet the targets. Several other recent reports echo UNECA's view.[84]

Given these difficulties and the new challenges presented by the COVID-19 pandemic, African countries should consider reducing the Sustainable Development Goals (SDGs) from the current set of 17 to a smaller much more manageable set that fully recognizes this new world, and redirect many of those efforts to fighting the crisis at hand. To be clear, African countries should not abandon the SDGs altogether. However, given the significant overlap between the SDGs and the African Union's Agenda 2063, "The Africa We Want," I argue that efforts should be more focused on achieving Agenda 2063, which has a longer time horizon than the SDGs, which end in nine years.

Meeting the targets of the SDGs was a great challenge for African countries right from their adoption in 2015. Since March of 2020, the implementation challenge has been made even more difficult by the pandemic, given COVID-related lockdowns resulting in slowed economic growth—including an estimated 3 percent contraction of sub-Saharan Africa's economy in 2020.[85] Already, major economies such as Nigeria,[86] South Africa,[87] and Egypt[88] are either in recession or experiencing very slow growth. Continued poor export performance limits the possibilities of growth, although the African Continental Free Trade Area (AfCFTA) could provide new growth impetus. Assistance promised by the G-20 and multilateral and regional financial institutions has not materialized to the extent hoped for.

Thankfully, many COVID-19 vaccines have been approved. Some have even been designed with a lower price point in mind to encourage their accessibility in the developing world. As vaccine administration has commenced in a number of countries, the world may be on the cusp of emerging from the pandemic. Africa's priority now must be to inoculate all her citizens and "build back better." Building back better demands pragmatism and realism. Realism requires a careful review of all commitments, separating "desireds" from "achievables." Pragmatism requires a rethink of the SDGs to reduce them from the current 17 goals with 169 targets to a much more achievable set.

A smaller set of achievable goals will enable policymakers in Africa and elsewhere to protect, to the greatest extent possible, the successes of the recent past in health, education, food security, and poverty. Leaders should then redirect these efforts and

84 See for example Philip Alston, *The Parlous State of Poverty Eradication: Report of the Special Rapporteur on Extreme Poverty and Human Rights* (New York and Geneva: United Nations, 2020); United Nations, *The Sustainable Development Goals Report 2020* (New York and Geneva: United Nations, 2020); Yongyi Min and Francesca Perucci, "Policy Brief #18: Impact of COVID-19 on SDG Progress: A Statistical Perspective," *United Nations Department of Economic and Social Affairs Policy Brief* 81 (August 2020).

85 International Monetary Fund, *Regional Economic Outlook for Sub-Saharan Africa: A Difficult Road to Recovery* (Washington, D.C.: IMF, 2020).

86 Bamidele Samuel Adesoji, "Nigerian Economy Slips Into Recession as GDP Contracts by 3.62% in Q3 2020," *Nairametrics*, November 21, 2020.

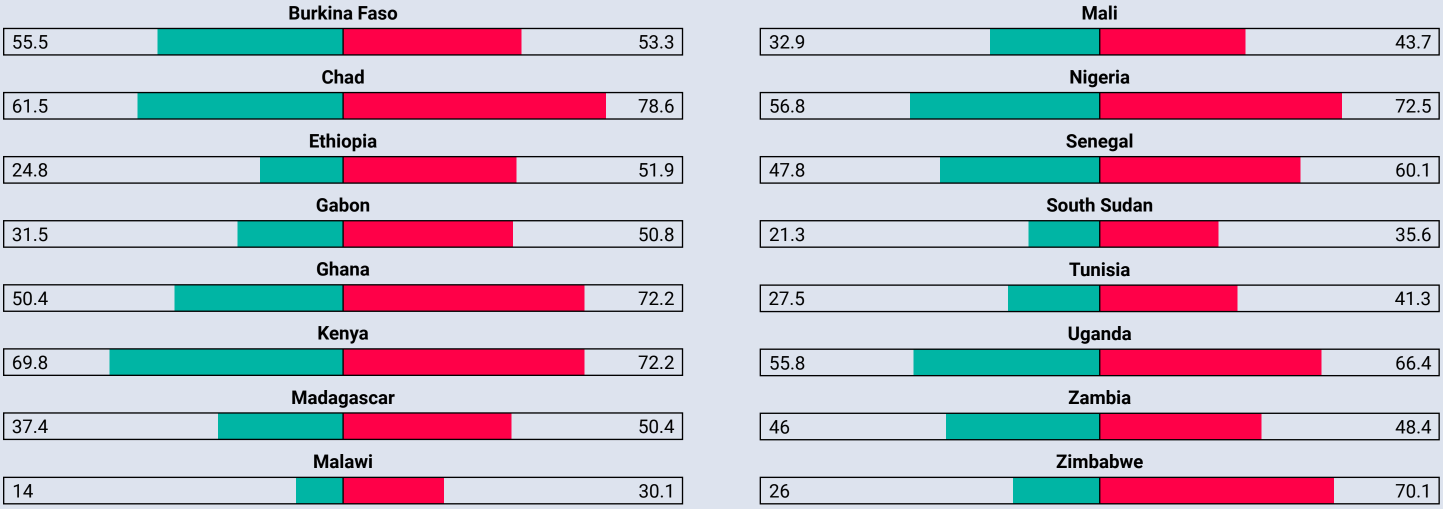
87 Tshegofatso Mathe, "South Africa's Economy Is in a Severe Recession," *Mail & Guardian*, September 8, 2020.

88 Noha El Tawil, "How to Perceive Global Economy in Middle of Pandemic, Recession," *Egypt Today*, October 2, 2020.

FIGURE 3.4
EDUCATION LOSSES IN SUB-SAHARAN AFRICA SINCE THE ONSET OF THE PANDEMIC

Education losses for children in sub-Saharan African countries under COVID-19 have been huge. In the countries surveyed, less than half of the households with children who attended school before the pandemic have engaged in any educational activities in the months following school closures. Those living in rural areas have had an even harder time participating in activities: Only roughly 4 in 10 households in the countries surveyed reported participating in educational activities since schools closed in their local area.

Children engaged in any learning/education activities since school closures (select countries)
(% of households with school-age children who attended school before the pandemic)



Visual Key

Rural
Urban

Source

World Bank, "COVID-19 High-Frequency Monitoring Dashbord", beta. Accessed on December 15, 2020.

consider different priorities to ensure better livelihoods in the long run to fighting the immediate crisis.

Thus, African policymakers should limit borrowing, expand fiscal space through enhanced domestic resource mobilization (including aggressive blocking of leakages), and redirect a reasonable share of available own resources to COVID-19 and managing out its economic impacts. While helpful, aid will not be enough to fill investment gaps in health, education, and poverty reduction. Fortunately, African countries have a roadmap for strengthening their health sector in the 2001 Abuja Declaration wherein they committed to allocate no less than 15 percent of their annual budget to the health sector, and progress is ongoing.

Importantly, COVID-19 revealed as never before the grave consequences of Africa's scientific and technological dependence, although the technological gap has been long-known. Building back better will require African countries to increase **domestic spending on science, technology, and innovation (STI) and aggressively expand STI partnerships.** Success in this area will place African countries in a good position to successfully confront the next pandemic.

Finally, African countries must, as a matter of urgency, develop their own pharmaceutical manufacturing sector before the next pandemic arrives. The African Union's Pharmaceutical Manufacturing Plan for Africa provides a good framework to achieve this goal if it can be operationalized.

Thus, while progress towards the SDGs has been laudable, African governments and their peoples might be better served with a reconsideration of the SDGs under COVID-19. Indeed, focusing on the issues noted above will continue momentum towards them in the long term, creating jobs, improving health outcomes, reducing poverty, and, ultimately, placing Africa on a footing from which it can achieve the Aspirations of the African Union's Agenda 2063.

VIEWPOINT

Invisible lives, missing voices: Putting women and girls at the center of post-COVID-19 recovery and reconstruction

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Research Associate and Fellow, Harvard University (2018-2019)

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While COVID-19 has and continues to have devastating impacts on every sphere of life across communities around the globe, women and girls have been particularly affected. Indeed, in Africa, women and girls have largely borne the brunt of the pandemic, as the virus has exacerbated already-existing gender inequalities, laying bare serious fault lines in safety, physical and mental health, education, domestic responsibilities, and employment opportunities.[89] Though death rates from COVID-19 in Africa have been surprisingly low, the virus has massively disrupted women's lives as decades of progress towards women's rights and gender equality in Africa has begun to unravel. At the same time, African women and girls play critical roles in responding to COVID-19, including as frontline health care workers, caregivers at home and at work, and as mobilizers in their communities.[90] Given both their vulnerability and frontline roles during the pandemic, women must be at the center of the COVID-19 recovery and reconstruction.

Increased burdens due to unpaid child care and domestic work

Because of prevailing social norms, African women and girls traditionally shoulder the majority of family care responsibilities, including child care, domestic chores, and caring for the weak, the sick, and the frail in their families and society more broadly. Indeed, even before the pandemic, globally, women and girls carried out incredible burdens for their families and societies—shouldering an estimated three times more the amount of unpaid care and domestic work than men. In Kenya[91] specifically, women spend an average of 11.1 hours per day on any care work compared to men's 2.9 hours.[92] There was already a need to unburden women from unpaid domestic work by changing social and gender norms around the home care economy as well as implementing flexible working hours and better pay for women. Broader provisions of social services would lift women's care burdens and give them more time for paid jobs and leisure.[93]

Loss of jobs and livelihoods with no social safety nets

Though job and wage losses have been widespread under COVID-related economic restrictions, women and girls remain the most vulnerable. Indeed, 92 percent of working African women are in the informal economy,[94] leaving them without job security or benefits. Under lockdown measures and without social safety nets, informal workers have had to face the tough decision whether to break the lockdown, risking both their health and legal repercussions, or go without income. But, while the COVID-19 virus

89 Bateman, Nicole and Martha Ross. 2020. "Why has COVID-19 been especially harmful for working women?" Brookings Institution.
90 Women Deliver. 2020. "COVID-19 and gender: What the numbers are saying."
91 Interactions. 2015. "Unpaid care work in Kenya." Accessed January 14, 2021.
92 Owino, Julie. 2020. "Unpaid care and domestic work is borne by women and girls in Kenya, Oxfam." *Capital Business*, February 14, 2020.
93 Durant, Isabelle and Pamela Coke-Hamilton. 2020. "COVID-19 requires gender-equal responses to save economies." United Nations Conference on Trade and Development.
94 Bonnet, Florence, Joann Vanek, and Martha Chen. 2019. "Women and men in the informal economy: A statistical brief." *Women in Informal Employment: Globalizing and Organizing.*

left millions of African women and children without jobs, food, and health care, the truth of the matter is that this has been a pre-existing condition long before the pandemic. Creating all-inclusive social policy and cushioning vulnerable families during and after the crisis would go a long way in protecting vulnerable women and families. At the same time, investing in women in small and large business will better secure the financial and economic health of families and economies.

Frontline workers

Over 60 percent of Africa's health care workforce and essential service providers are female, with that number reaching 91 percent in countries like Egypt.[95] Beyond risking exposure to COVID-19, death, and other illnesses, they face poor working conditions, low pay, and lack of voice as medical leadership is dominated by men. African women have been fighting the pandemic in other ways too, for example, by creating shared movements to make masks in Kenya, Ethiopia, Cameroon, and Uganda, among other countries.[96] Investing in the right health care infrastructure is critical to the well-being of frontline workers, public health, and communities.

Violence against women and girls was already an epidemic

Since the beginning of lockdowns in March of 2020, emerging and anecdotal evidence suggests that violence against women and girls in Africa has increased substantially. From spikes in rape in Nigeria and South Africa to child molestations and sex trafficking in Kenya, the pandemic has further aggravated the epidemic of gender and sexual violence.[97] Before the COVID-19 pandemic, around the world, one in three women experienced physical violence, most often by an intimate partner. Africa was no exception.

Now, the pandemic and associated lockdowns have led to financial stress and insecurity, inability to flee abuse, social isolation, crowded homes, and reduced support networks. Emerging data shows an increase in calls to domestic violence helplines[98] in many African countries[99] since the outbreak of the pandemic. In Kenya, for example, calls for help against domestic violence increased by 34 percent during the first three months of the lock down. Similar trends were reported in South Africa[100] and other parts of the continent.

African governments must expedite policy and non-policy actions to root out the plague of gender- and sexual-based violence. This is not a women's issue; it is a global one that demands urgent action, and men must be part of the discourse on eliminating such violence.

Governments and other stakeholders also need to rethink social and cultural practices and norms that perpetuate violence. Perhaps more important is the need to ensure that response to violence is swift and holistic as laws and policies are implemented.

Education disruptions and opportunities

The COVID-19 pandemic has led to 89 percent of the world's student population being out of school or university,[101] inflicting most children, especially girls, with a massive learning loss. While the move to online learning has become the new normal for many children, poor educational infrastructure, especially around internet access and electricity,

95 Chuku, Chuku, Adamon Mukasa, and Yasin Yenice. "Putting women and girls' safety first in Africa's response to COVID-19." Brookings Institution.
96 United Nations Women. 2020. "The impact of COVID-19 on women." *United Nations.*
97 Bhalla, Nita. 2020. "Kenya makes hospital arrests as it probes child trafficking ring." *Reuters,* November 18, 2020.
98 Center for Primary Care. "A second, silent pandemic: sexual violence in the time of COVID-19."Harvard Medical School.
99 Fröhlich, Silja. 2020. "Violence against women: Africa's shadow pandemic." Deutsche Welle, June 10, 2020.
100 Mahtani, Sabrina. 2020. "What must governments do to reduce gender-based violence during the COVID-19 pandemic?" Africa Portal.
101 United Nations Educational, Scientific and Cultural Organization. 2020. "Education: From disruption to recovery." United Nations. Accessed on January 15, 2020.

FIGURE 3.5
COVID-19 IMPACT ON POVERTY IN AFRICA

Successful global efforts to fight poverty have run into a wall under COVID-19. Indeed, the number of people living on $1.90/day or less in Africa is expected to rise by nearly 10 percent—or 46 million people—from 2019 to 2021. Moreover, this figure is not expected to return to pre-pandemic levels even by 2030.

Visual Key

- People living in extreme poverty
- Share of population living in extreme poverty

Source

World Data Lab, "World Poverty Clock". Accessed December 15, 2020.

has caused disadvantaged learners from rural, poor, and vulnerable backgrounds to lose access to all learning. Once again, though, educational inequality for girls is sadly another pre-existing condition that requires urgent attention—the pandemic has only exacerbated it. Policymakers must invest in inclusive and equitable education as well as educational infrastructure for all, but especially for vulnerable girls in rural and poor environments. Available evidence suggests that girls' education in rural areas not only empowers girls by creating opportunities for them but that it also has ripple effects on all outcomes and spheres of life.[102] Loss of education, therefore, has devastating outcomes on all areas of their lives. There is also need to ensure digital equity reaches all vulnerable children, especially girls.

[102] World Bank Education. 2020. "Girls' Education." World Bank Group.

Put women at the center of governance and policy

African women are largely invisible in or missing[103] from decisionmaking, policy, and governance circles. Importantly, both research and anecdotal evidence[104] suggest that, where women do have higher levels of leadership, governments are more likely to respond better to crises in ways that support gender equality. Promoting women's meaningful engagement in governance and leadership not only has ripple effects on all spheres of life, but also makes economic sense. Investing in women and girls creates long term social and economic benefits for all individuals, their communities and the world at large.[105] Available data suggests that women invest up to 90 percent of their income back into their families compared to just 30 to 40 percent by men.[106]

Safeguard gender equality and support mental health provision

The COVID-19 pandemic has threated to wipe away many of the gains towards gender equality made over the last two and a half decades. Thus, there is urgent need to secure and safeguard these gains not just by enacting innovative policies but also by taking steps to address the economic and social effects of COVID-19, with the twin goals of quickly recovering what was lost and rebuilding better with renewed agency for women.

Notably, another acute impact of the pandemic has been increased mental health[107] challenges around the world and especially for women. There is need to invest in Africa's mental health infrastructure to support women, families, and the public from adverse stress and mental health challenges that have further been exacerbated by the pandemic.

Given the myriad, complex challenges that African women face, African governments must put women at the center of the post-COVID-19 recovery and socioeconomic policies more generally.

Policy responses to COVID and for women must be holistic and all-inclusive

Given the myriad, complex challenges that African women face, African governments must put women at the center of the post-COVID-19 recovery and socioeconomic policies more generally. COVID-19 provides African policymakers, governments, and all other stakeholders with opportunities to effect systemic changes that could protect women from bearing the heaviest brunt of shocks like these in future. The COVID-19 pandemic also provides African governments opportunities to launch a broad, all-inclusive approach to policymaking and rebuild in a caring, humane and sustainable manner. After all, Africa's ability to bounce back from this pandemic could largely depend on safeguarding gender equality. If more women and girls are at the center of not just governance but also in shaping new social and economic orders, chances are that we could rebuild a more resilient, human, and ethical future for all.

[103] Harman, Sophie. 2016. "Ebola, gender and conspicuously invisible women in global health governance." *Third World Quarterly*, 37 (3): 524-541.
[104] Rios-Kohn, Rebeca. 2013. "Gender equality and women's empowerment." *Millennium Achievement Goals Fund*
[105] UN Women. 2020. "Facts and figures: Economic empowerment."
[106] Leticia, Pfeffer. 2014. "10 reasons why investing in women and girls is so important." *Global Citizen*, July 9, 2014.
[107] Semo, Bazghina-werq and Souci Mogga Frissa. 2020. "The mental health impact of the COVID-19 pandemic: Implications for Sub-Saharan Africa." *Psychology Research and Behavior Management* 13: 713-720.

VIEWPOINT

The future of data: Unmasking community-level differences to better address food insecurity

The COVID-19 pandemic has exposed the challenge created by high-level, aggregated data when addressing chronic food security and other lasting challenges affecting Africa—namely the masking of community-level differences, which inhibits the effective distribution of resources in the region. Technological advancements now bring clarity to these gaps, equipping today's generation of committed policymakers to tackle complex problems, especially those around food security. Until now, the best available data has been sparse, dated, and aggregated. Fortunately, data scientists have developed new machine learning (ML) models that can now produce reliable, local data for areas where data has been historically difficult or impossible to access.

This approach allows policymakers the opportunity to develop data-driven strategies that improve food security down to the neighborhood level. Within a continent of astounding diversity, this swift and localized understanding will be essential in mitigating the COVID-19 pandemic's (and any future) threat to food security and providing stable access to food in its aftermath.

Swift and localized understanding will be essential in mitigating the COVID-19 pandemic's (and any future) threat to food security.

Already, we have witnessed the power of ML-produced data when helping to combat the health emergency of COVID-19. For example, at the onset, Fraym delivered hyper-local geospatial data to responders across the continent to help identify and understand community-level risks. In fact, geospatial data on sanitation, livelihoods, and behaviors were some of the first inputs guiding the National Action Plan in Kenya. Communications access data helped Zambian public health policymakers identify, quantify, and locate populations that internet- or phone-based data collection methods may have missed. ML-produced data enabled fast and targeted responses like these and countless others during the rapidly unfolding health crisis.

Ben Leo

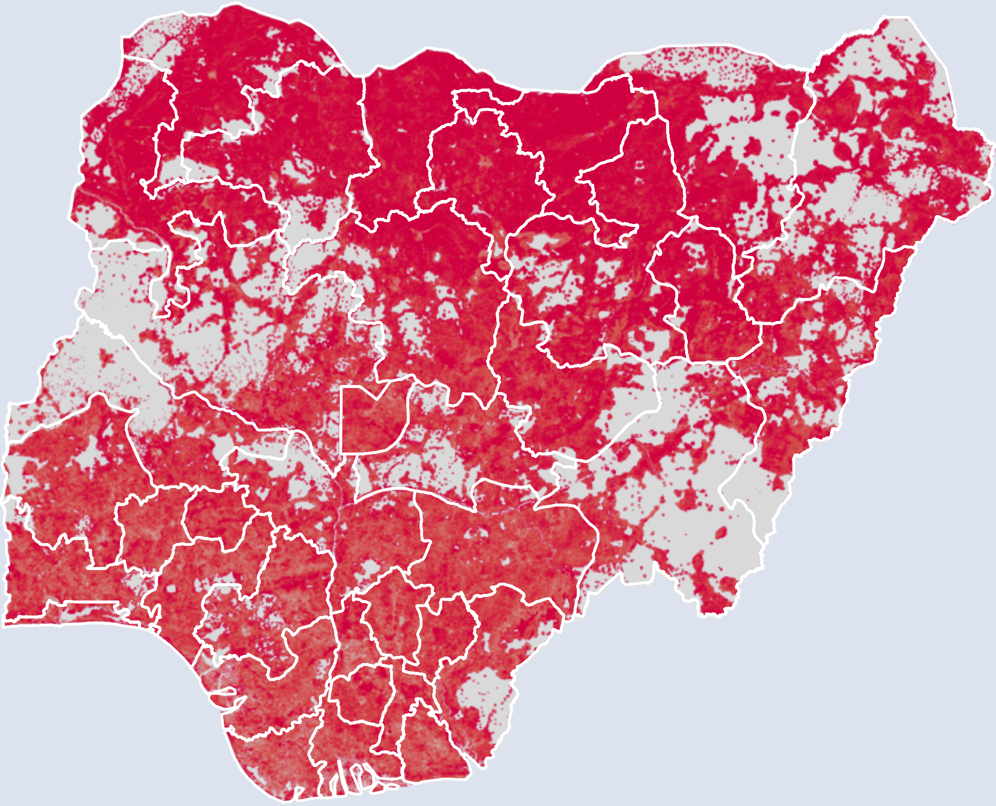
Chief Executive Officer and Co-Founder, Fraym

@Leo_Benjamin

Similar technologies and data will transform policymakers' understanding of multi-dimensional, local challenges to food insecurity, especially as the pandemic's impact unfolds. In radically improving our understanding of communities that previously have remained one-dimensional or invisible in traditional data repositories, ML gives policymakers a new toolkit for allocating resources with the greatest impact and efficiency. Fraym has already begun to investigate more complex ap-

FIGURE 3.6
LEVELS OF FOOD SECURITY VARY WIDELY IN NIGERIA

The darker regions in the northern part of the country in the figure highlight higher levels of food insecurity, including undernourishment, child wasting, child stunting, and child mortality. By visualizing such data at the community level, policymakers can make better informed choices when it comes to human development needs.



Visual Key

0 100

Fraym Food Insecurity Index

Note

Gray areas indicate 1x1 square kilometer grids with fewer than 30 people.

Source

Fraym. "Localized Food Insecurity Index." Accessed December 2020.

plications of this data, including adapting the International Food Policy Research Institute's Hunger Index to rapidly quantify square-kilometer vulnerability to food insecurity (Figure 3.6). Similar creative approaches that maximize newly available tools can ensure that policymakers, health workers, and others tackling food insecurity among Africa's most vulnerable communities can act upon granular insights that help them reach individuals faster, more efficiently, and more effectively. Even amid a pandemic, food security in Africa is not just aspirational, but achievable with the right tools supporting committed, data-driven decisionmakers.

Even amid a pandemic, food security in Africa is not just aspirational, but achievable with the right tools supporting committed, data-driven decisionmakers.

4

PRIVATE SECTOR LEADERSHIP:

Building African businesses and creating jobs

A marriage of more than convenience: How COVID-19 can bring public & private sectors together in Africa

"Africa is grappling with an unprecedented health and economic crisis—one that, in just a few months, has jeopardized progress towards the SDGs and upended the welfare of millions of people. While governments in the region have taken laudable steps to cushion the health and economic effects of the pandemic, achieving a resilient recovery—a job-rich, inclusive, and green recovery—will not be easy. Support from the international community will be vital. Stepped up debt relief, financing, and capacity development will all be needed. The IMF is supporting the recovery in the region through all three channels."

Kristalina Georgieva, Managing Director, International Monetary Fund

Beyond the staggering tragedy that is the death and illness of thousands of people the world over, the COVID-19 pandemic has also brought unprecedented economic disorder, decimating economies and the livelihoods of citizens in rich and poor nations alike. The International Trade Centre projected that, globally, 1 in every 5 micro, small, and medium enterprises (MSMEs) will go bankrupt in 2020[108]—an alarming number considering that, in Africa, this category of business provides nearly 80 percent of sorely needed youth employment. The pandemic is estimated to push about 40 million people in the region into extreme poverty in 2020.[109] That kind of abrupt uptick in suffering has not been seen in Africa since the 1980s.

From a macro perspective, the pandemic will compound the already declining level of foreign direct investment (FDI) in Africa, exacerbating in turn the serious liquidity and capital constraints that restrain enterprise growth and keep African economies uncompetitive. Weak enterprise growth means a shrinking tax base and a deepening of fiscal incontinence. Governments in such dire straits are rarely the guardians of an "enabling environment for innovation, investment and industrialization." Thus, a vicious poverty circle perpetuates itself. The International Monetary Fund's recovery price tag of $1.2 trillion and the financing gap of $345 billion resulting from FDI and domestic revenue shortfalls put numbers to the widely felt anxiety.[110]

Edem Adzogenu

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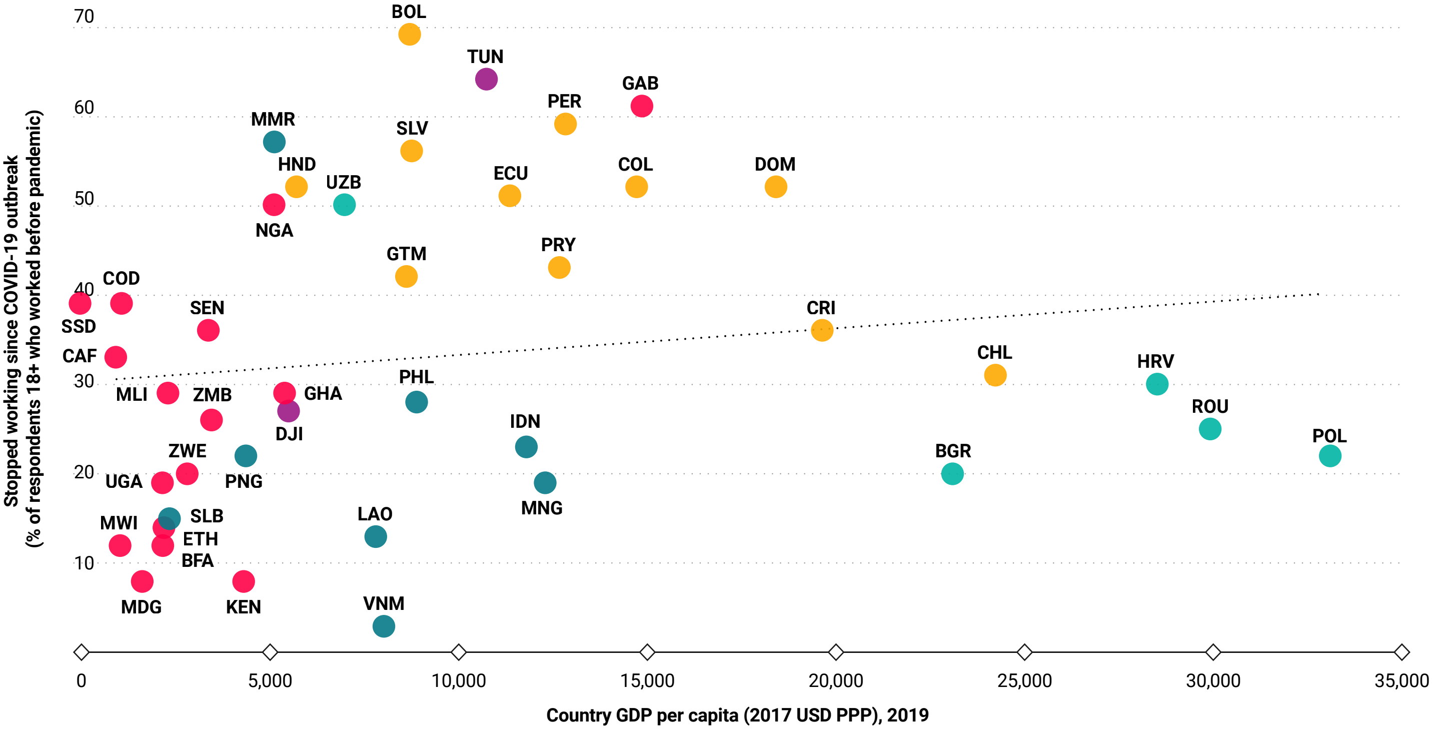
@AfroChampions

108 International Trade Center, *SME Competitiveness Outlook 2020: COVID-19: The Great Lockdown and Its Impact on Small Businesses* (Geneva: International Trade Center, 2020).

109 "World Bank Confirms Economic Downturn in Sub-Saharan Africa, Outlines Key Polices Needed for Recovery," *World Bank*, October 8, 2020.

FIGURE 4.1
JOB LOSS SINCE THE START OF THE PANDEMIC BY WORLD REGION

Sub-Saharan Africa's large informal sector was hit pretty hard by lockdowns and social distancing as governments looked to stem the spread of COVID-19. However, according to the World Bank, even after accounting for income levels, workers in sub-Saharan Africa were less likely to stop working during the pandemic than any other world region except East Asia and the Pacific. This figure may not tell the full story, as workers in many countries with large informal sectors have seen large losses in income.



Visual Key

- Europe & Central Asia
- East Asia & Pacific
- Latin America & Caribbean
- Sub-Saharan Africa
- Middle East & North Africa

Note

Countries are identified by their ISO 3166-1 alpha-3 codes.

Source

World Bank, "COVID-19 High-Frequency Monitoring Dashbord", beta. Accessed on December 7, 2020.

For African economies to survive these shocks, policymakers and private sector actors must work more closely together than ever before. They must jointly take action to protect the economic gains of recent decades as well as pave the way for a smooth implementation of the African Continental Free Trade Area (AfCFTA)—which promises a $1.2 billion consumer market to African businesses and $4 trillion in estimated private and business-to-business spending.[111] Thankfully, they already are.

Technology and partnership will be key to recovery

Experts agree that technology and its corollary, innovation, will be primary drivers of any kind of post-COVID-19 recovery strategy as well as long-term sustained economic growth. Already, the pandemic has underscored the importance of e-commerce, remote working arrangements, and virtual meetings, among others. Businesses didn't need too much persuasion to align with the evolving business climate by promoting green recovery and adopting technologies that will enhance competition, firm-level productivity, and profit maximization. While there are infrastructural bottlenecks to technology adoption, such as the high price of internet access, these are offset by massive opportunities, such as widespread "mobile-first" tools and services.

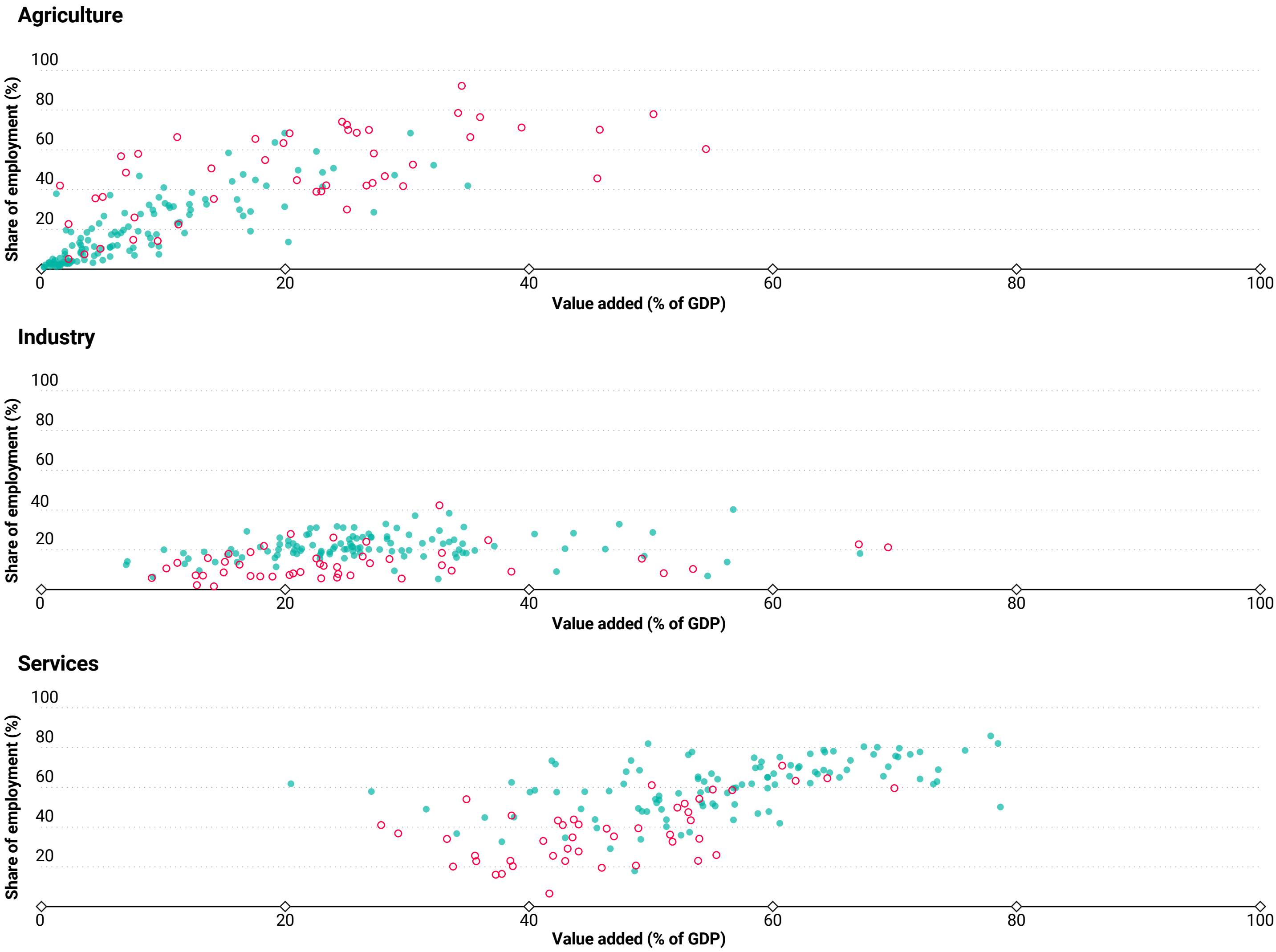
Furthermore, technological innovation has created a powerful new vector for novel partnerships. For example, when

[110] Abebe Aemro Selassie, "Sub-Saharan Africa's Difficult Road to Recovery," International Monetary Fund, October 22, 2020.
[111] International Trade Center, *A Business Guide to the African Continental Free Trade Area Agreement* (Geneva: International Trade Center, 2018).

FIGURE 4.2

STRUCTURE OF SUB-SAHARAN AFRICA'S ECONOMIES

In all three modes of employment–agriculture, industry, and services–value added is not strongly correlated with employment. While the region tends to employ a higher share of people in agriculture compared to the rest of the world, the value added of this sector varies anywhere from 1.6 percent of GDP (Djibouti) to 54.5 percent (Sierra Leone). Analogously, the region employs fewer people in industry and services, but the productive shares of these industries varies widely by country."



Visual Key

Sub-Saharan Africa

Rest of the world

Source

"World Development Indicators," *World Bank Group*, accessed December 3, 2020.

the private sector coalitions assembled by AfroChampions—comprising some of the largest and most powerful pan-African players in prominent sectors such as banking, telecoms, agribusiness, energy, and transportation—sat across the table from the African Union to discuss the structure of a COVID-19 relief fund, fintech was quickly identified as the fund's cornerstone. The public-private fund that eventually emerged was powered as much by crowdsourcing as by corporate donations, a first for the African Union.

Similarly, when beleaguered African countries contemplated reopening the skies to international travel, PanaBIOS—a consortium of public and private regional institutions—emerged to support the relevant bodies in their efforts to make air travel safe. Eventually the Africa CDC brought PanaBIOS and regional telecom giant Econet on board to create a novel digital platform to promote safe corridors for travel, including regionally verifiable digital COVID-19 test and vaccine certificates and cross-border contact tracing apps. All the technologies were built in Africa.

And as the continent looks forward to the start of trade under the AfCFTA, the AfCFTA Secretariat and AfroChampions are working together to promote a digital platform (www.afcfta.app) to enable every African government to digitize cross-border trade facilitation for MSMEs at no cost.

How policymakers can facilitate private sector growth and involvement in post-pandemic recovery

While the private sector can bring innovation and implementation, policymakers must bring institutional commitment, regulatory support, and the elimination of bottlenecks to create room for these risk-taking entrepreneurs and businesses to find success. At the national level, governments have been working hand-in-glove with the private sector to turn idle stocks of alcohol into life-saving drums of sanitizers.[112] Textile companies reeling from the shock caused by blocked arteries in global supply chains were mobilized in places like Kenya, Uganda, and Ghana to supply sorely needed personal protective equipment to hospitals at a moment's notice.[113]

The pandemic has dramatically revealed that, given the right political push and institutional support, policy engineers at home—both in the bureaucracy and in the boardroom—can rapidly create the preconditions and mechanisms for widespread, coordinated, innovative, and needed capacity and subsequent action to both beat the virus and help businesses weather these devastating shocks.

Notably, **increased political commitment** is almost always the essential prerequisite for the success or otherwise of the kinds of partnerships described above—because business leaders take inspiration from public sector leaders, and often prefer to lead from behind. In the examples discussed above, the private sector showed initiative, but nothing could have been achieved without the gallant public sector leaders in governments, as well as those in regional bodies who ensure that intergovernmental coordination bridges the gap between national- and regional-level implementation.

These innovation-driven public-private partnerships are already succeeding in keeping the delicate economies of Africa afloat. But what will happen to these partnerships when the sense of urgency that galvanized them dissipates, now that a COVID-19 vaccine is a reality? It will be a disaster indeed to revert to business as usual. So, first, we need such partnerships to quickly accelerate safe vaccine deployments across Africa to the very last mile–just as the PanaBIOS consortium is already prepared to do. (For more on vaccine deployment in Africa, see page 29).

Second, we need sustained dialogue between business and governments on improving post-pandemic resilience for African MSMEs and start-ups. Governments should foresee the need to modify and extend COVID-19 stimulus packages beyond the crisis mitigation phase. Policies on interest-free loans to MSMEs, tax postponement, grants and subsidies, and a moratorium on debt repayments, among others, should feature in the post-COVID-19 private sector policies and strategies to enable adequate business recovery and create a conducive environment for the emergence of new businesses.

A key area of modification is to align stimulus policies with climate change and environmental protection policies—and incentivize businesses to create green jobs and green industries. This is a progressive approach to building smarter, greener economies that can quickly correct many of the economic inequalities wrought by the pandemic. (For other potential policies for green growth, see page 12).

Such public-private partnerships have always been with us, but all too often we tend to make them all about a marriage of convenience. The pandemic has taught us new lessons about why they are even more critical to the continent's post-pandemic resilience.

112 Demi Priscilla Letsa Duah and John Sauer, "Ghanaian Beverage Company Kasapreko Shifts Production to Hand Sanitizer," *PSI*, April 29, 2020.
113 Mary-Jean Moyo and Tania Lozansky, "Working with Africa's Apparel Makers to Produce Personal Protective Equipment," *World Bank*, May 19, 2020.

VIEWPOINT

Long-term strategies for an African recovery from COVID-19: A CEO's perspective

Late last year, after 20 years of investing on the African continent, Mara Phones opened the first two smartphone-manufacturing factories in Africa, first in Rwanda, then in South Africa. Our optimism about Africa and the decision to invest in the continent has always been premised on the fact that Africa is among the world's fastest-growing consumer markets and has the necessary support structures for investments. Despite the African continent's macroeconomic conditions, which were exacerbated by the COVID-19 pandemic, Africa has fared well due to the urgent preventative action taken by individual governments to avoid the rampant spread of the virus. Although it is still early to assess, African economies seem to have withstood the anticipated devastating effects of the pandemic because of improved economic policies and the quality of investments on the continent. In short, this resilience shows that there are relevant investment opportunities in the region that can power post-COVID-19 economic recovery and resilience strategies.

As we shift the conversation from the pandemic and its impacts, we now look towards the future and assess post-pandemic opportunities that the African continent can explore in order to rebuild and diversify our economies. Importantly, COVID-19 has certainly exacerbated the region's economic strain but is not responsible for all the economic challenges faced by the continent. In other words, when we think of post-pandemic opportunities we should not frame them as if every economic challenge faced by Africa is rooted in or is a result of the pandemic.

Furthermore, Africa is not a homogenous continent, and the impact of COVID-19 will be different for every country. Now, more than ever, Africa needs sustainable long-term strategies, and we need to start by assessing the priority areas of focus and initiating a shared sustainable economic recovery plan.

The African continent has an opportunity to build sustainable value chains by adopting strategies that demonstrate certainty, stability, and ease of doing business. To become more relevant in the global value chain, Africa's post-pandemic opportunities and strategies need to advance the following priorities.

1. **Reconfiguration of global value chains:** COVID-19 revealed to the world the risks associated with overly relying on a few global economic regions for the supply of goods and services. This revelation has presented an opportunity for Africa to recalibrate and achieve its ambitions of being self-sufficient by identifying trade opportunities—essentially becoming both the users and suppliers of goods and services. Indeed, Africa must move away from overly relying on imports and focus on supporting locally produced products in order to retain profits and support job creation and economy-building initiatives.

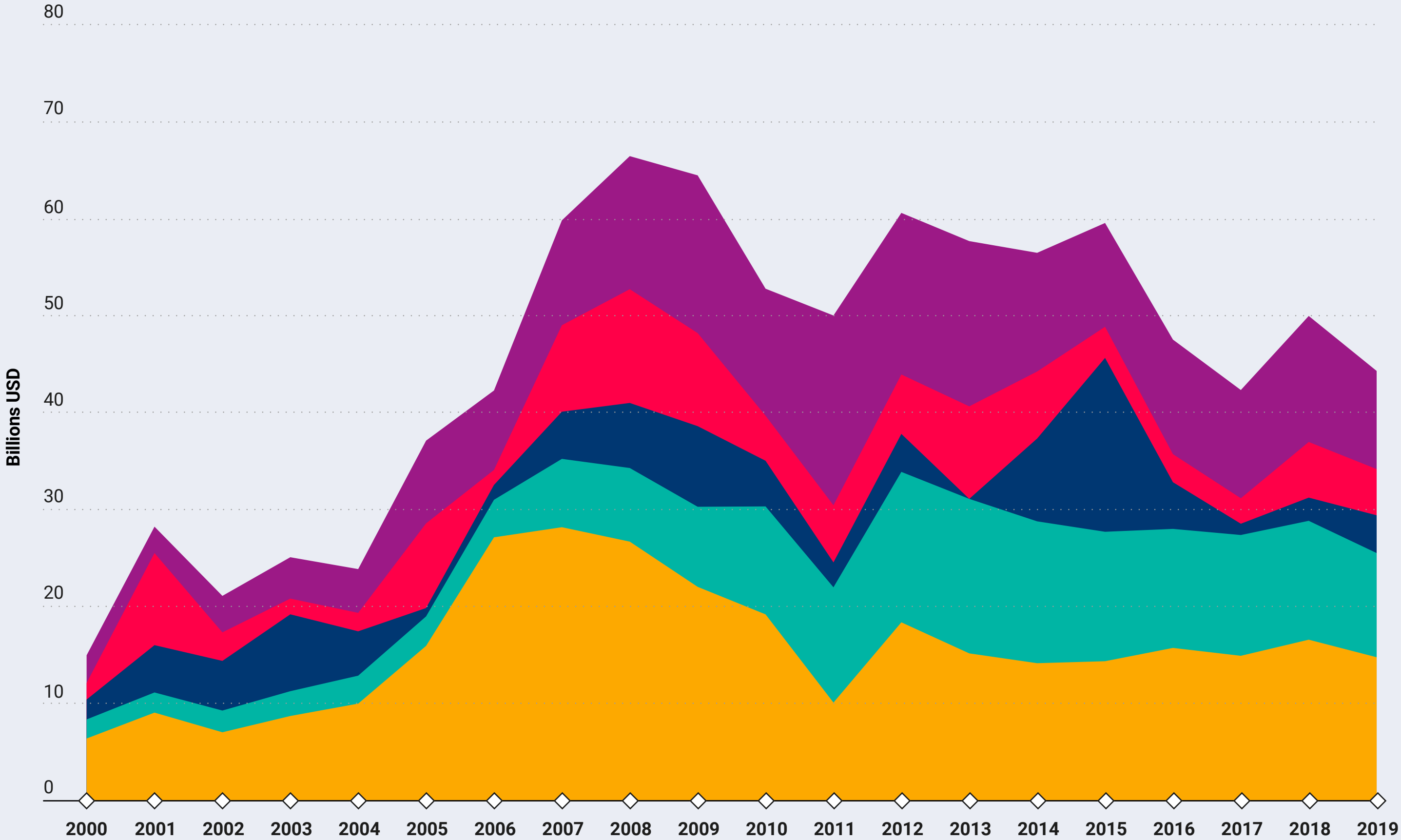
Ashish J. Thakkar

Chief Executive Officer,
Mara Phones

@AshishJThakkar

FIGURE 4.3
INFLOWS OF FOREIGN DIRECT INVESTMENT TO AFRICAN REGIONS

Foreign direct investment (FDI) flows to Africa have increased substantially in the past two decades, from less than $20 billion in 2000 to around $45 billion in 2019. FDI flows peaked, however, around 2008 and have gradually declined since then. The North, East, and West African regions receive the majority of FDI on the continent.



Visual Key

Rank

- West Africa
- Southern Africa
- Central Africa
- East Africa
- North Africa

Source

"Foreign direct investment: Inward and outward flows and stock, annual," *UNCTAD*, accessed November 15, 2020.

2. **Collaboration between regions:** Weakened global economic growth will have an impact on trade with and within Africa, further providing the region with the opportunity to collaborate and leverage its scale and efficiency by both rethinking the fundamentals of partnerships among African countries and speeding up the implementation of the African Continental Free Trade Agreement. The facilitation of trade between African countries through policy harmonization will boost commerce and social reform by increasing the competitiveness of African products and services and creating global export opportunities and new export markets within the continent.

3. **Increasing digitalization:** African countries that can galvanize their efforts towards digital resources will be better placed to attract investments and position themselves as future economic world leaders. African leaders need to refocus the energy and the urgency that have arisen from COVID-19 to rethink digital infrastructure, therefore avoiding further exclusion from the global economic value chain. Part of the COVID-19 recovery strategy must pivot towards infrastructure, as it will enable Africa to be self-sufficient.

COVID-19 has indiscriminately affected the whole world. No region, industry, or business has been exempted. As a result, private and public sector collaboration and partnerships have become even more critical and essential features of the African economic recovery strategies.

VIEWPOINT

Shared failure, shared success: Africa's economic recovery must be structural

Beyond the negative short-run consequences, COVID-19 has created a new sense of urgency in developing countries for strategies to tackle structural economic issues that we have willfully ignored for decades. My experience as the head of a pan-African engineering services company, The Lucient Group, tells me that the right coordinated responses from both the public and private sectors can make the long-run economic effects of the pandemic a net positive.

COVID-19 has created a new sense of urgency in developing countries for strategies to tackle structural economic issues that we have willfully ignored for decades.

COVID-19 has revealed key structural issues in my own country, Botswana, and other developing countries, including shared failures to develop internal capabilities to produce even the most basic goods and services that we ourselves consume and, furthermore, to generate exports, besides raw materials, that are globally competitive.

As such, I believe that the primary focus of both the private and public sectors in post-COVID-19 developing economies should be on becoming more nationally self-sufficient and regionally inter-dependent in six key and foundational industries, namely: food production, health care, education, energy, telecommunications, and transportation. These core industries, in turn, provide the foundation on which other, more "advanced" industries (e.g., nanotechnology, aeronautic, bio-medical) could develop. However, to develop these industries, both the private and public sectors require paradigm shifts in how they see their roles.

The private sector, led by us entrepreneurs, must understand we cannot transform our countries sustainably as individual economic actors. Only the network effects of a truly collaborative, co-created, interdependent, entrepreneurial ecosystem will create the economic clusters/hubs that in turn will serve as "nurseries" for key sectors of our future economy. We, together, can make the changes we want to see.

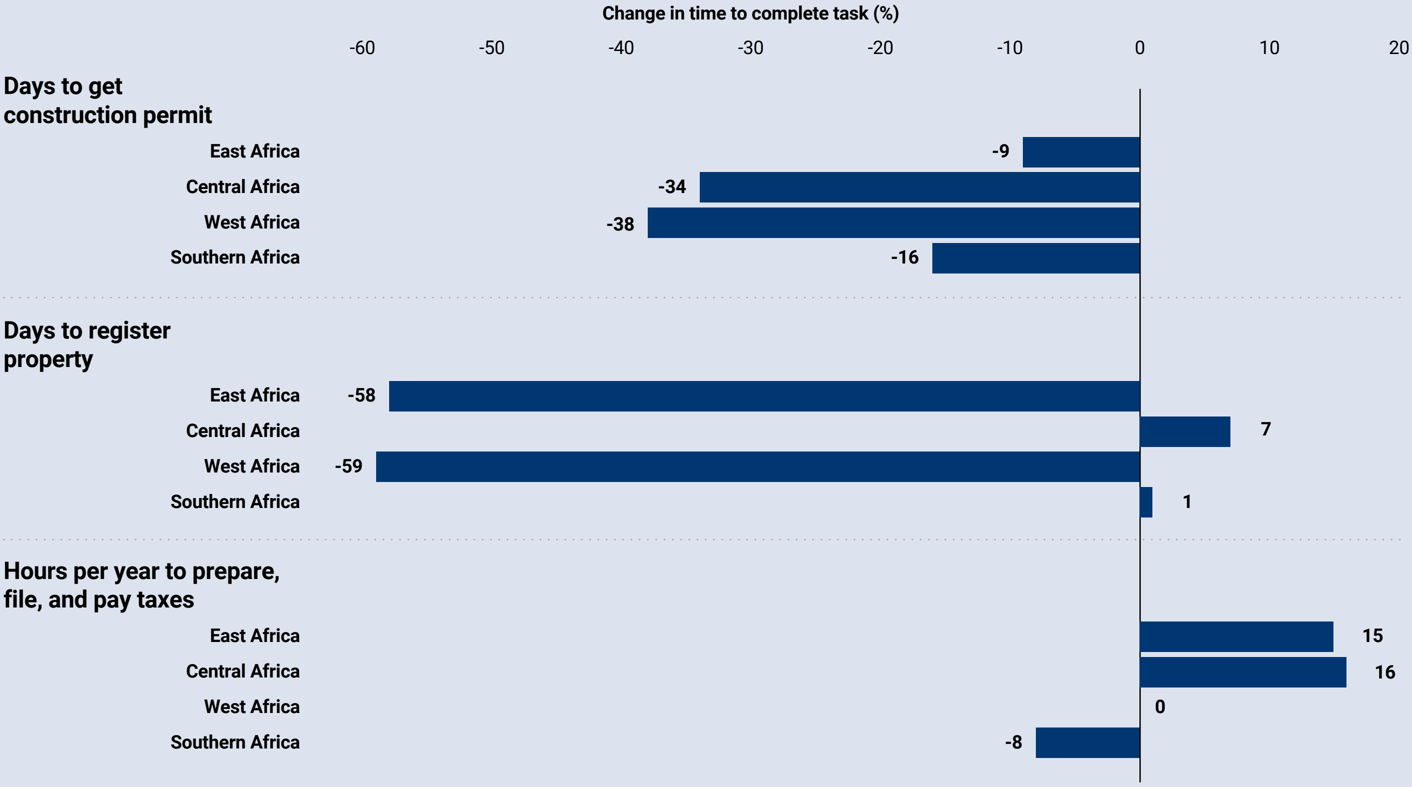
Lerang Selolwane

Co-Founder and CEO, The Lucient Group

The public sector, typically the largest economic agent in most developing countries, must deliberately and systematically embrace its role as a catalyst for these clusters/hubs by 1) directing public sector purchasing power towards the clusters/hubs on a sustained basis and 2) incentivizing other economic agents, through well-organized fiscal policies or regulations, to do the same. This would need to be done and sup-

FIGURE 4.4
CHANGE IN ADMINISTRATIVE TIMES FOR COMMON LEGAL PROCEDURES, 2010 TO 2020

As African countries adopt new digital technologies, the time it takes to complete basic administrative procedures continues to decrease. Indeed, in some regions, the process for obtaining a construction permit over the last decade has become 25 percent faster. In others, it has become more than 33 percent faster to register a property. Reducing property registration time facilitates business and decreases barriers to entry for new firms. A variety of factors can impact tax preparation, and technology can be a tool for reducing the burden. For example, Central Africa, the time it takes to complete taxes has increased considerably, despite already being the region in which taxes were most time consuming.



Source

World Bank, "Doing Business," accessed November 2, 2020.

ported by enabling legislation, appropriate policies, and the provision and maintenance of vital infrastructure facilities, including electric power, roads, railways, bridges, airports, seaports, water supply and sanitation, and broadband and information communication technology.

If done correctly, these actions would effectively "jump start" the nascent economic clusters/hubs, creating the momentum needed to set them on the path to self-sustainability and scale. COVID-19 has laid bare the weaknesses of our economies; policymakers and private sector actors alike must channel their shared energy not toward tempting quick fixes, but toward long-term, hard-won economic solutions.

Policymakers and private sector actors alike must channel their shared energy not toward tempting quick fixes, but toward long-term, hard-won economic solutions.

VIEWPOINT

Deepening access to capital for Nigerian MSMEs during a pandemic

Toyin Adeniji

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While Nigeria has, so far, seemingly been spared the public health onslaught created by COVID-19, the country has not escaped the urgent economic crisis created by the pandemic. Worse, hardest hit have been the micro, small, and medium enterprises (MSMEs), whose operations are largely traditional and dependent on physical contact with their consumers and partners.

Over 40 million MSMEs exist in Nigeria,[114] employing over 80 percent of the country's population and contributing about 50 percent of the country's GDP.[115] Now, the biggest threat to the survival of these businesses central to the economy lies in their physical approach to interacting and transacting, which has left them unprepared to take advantage of the opportunities offered by digitization as well as vulnerable to the lockdowns and distancing measures intended to stave off the health crisis.

Financial exclusion—especially among micro-entrepreneurs in the informal sector—was a national concern even before COVID-19 made in-person interactions hazardous. To address this issue, prior to the pandemic (as far back as 2017, in fact), large-scale microcredit interventions such as the Government Enterprise and Empowerment Program—in which the Bank of Industry (BOI) participates—have been targeting four economic segments—market traders, artisans, youth, and farmers—for increased financial inclusion. Technology has been key: By leveraging the power of data, biometrics, and mobile wallet systems, and with an extensive network of over 17,000 agents, BOI has been able to identify, target, and deliver micro-credit to over 2.4 million MSMEs across Nigeria. Remarkably, over 52 percent of the beneficiaries are female. In the process, the bank has onboarded an additional 500,000 beneficiaries onto the formal financial system—essentially using technology to break the barrier of access to finance and financial services for underserved demographics.

At the onset of the pandemic, our bank's immediate objective was to ensure business continuity by deepening our MSME activities through the provision of innovative lending solutions to new customers. Through our microcredit platform, BOI's agent network—spread across the country—operate as proxies enabling beneficiaries to efficiently interact with technology and have their businesses captured and digitized in records. These agents, equipped with smartphones loaded with the bank's data-driven applications, engage informal entrepreneurs by capturing their Know-Your-Customer details, profiling their business, tracking transaction histories, and monitoring income and spending patterns—thus providing financial solutions tailor-made to boost financial literacy, improve credit worthiness, and support their micro-businesses with funds, especially during these difficult times.

These efforts are just the beginning of a long journey of large-scale digitization, driven by big data and continually improved algorithms, to deliver tailor-made interventions to MSMEs across the length and breadth of Nigeria.

[114] PwC Nigeria, *PwC's MSME Survey 2020* (Lagos, Nigeria: PwC Nigeria, June 2020).
[115] Ibid.

5

CONTINENTAL INTEGRATION:

Uniting a revitalized Africa

Making the AfCFTA Vision our reality

"The COVID-19 pandemic has underscored Africa's weakness in the area of pharmaceuticals, medical supplies, and equipment. According to the UNECA, Africa imports more than 90 percent of its pharmaceuticals. An integrated Africa should seize the opportunity of its 1.3 billion-large market and the implementation of the AFCTFA to improve trade in, and manufacture of medical supplies, equipment, and vaccines. Africa should look to onshoring some supply chains to enable continent-wide manufacturing capability in these areas to complement trade. The recently developed continental e-Commerce platform for trade in medical supplies is a good beginning. An integrated Africa must build on this initiative to enhance support for an African pharmaceutical industry."

Ngozi Okonjo-Iweala, Special Envoy to Mobilize International Support for Continental Fight Against COVID-19, FMR Finance Minister of Nigeria & FMR Managing Director, World Bank Group

Wamkele Mene

Secretary-General, African Continental Free Trade Area (AfCFTA) Secretariat

@MeneWamkele

On March 19, 2020, I was sworn in as the first secretary-general of the Secretariat established to coordinate the African Continental Free Trade Agreement (AfCFTA), The AfCFTA Secretariat, envisaged to be agile and nimble, is endowed with the autonomy to manage the affairs of the AfCFTA.

The moment of this formal induction had been a long time coming. The basic foundations of AfCFTA—the creation of a single market across Africa—had already been laid out in June 1991 with the Abuja Treaty, which founded the Africa Economic Community. The AfCFTA is the latest refinement of this well-founded idea.

Still, I recognize that treaty-fatigue among the African elite still squares off against considerable lack of awareness of the possibilities afforded by the AfCFTA among the African general public.

We have a crisis of communication and inspiration, as Africa's top political actors, academics, and journalists constantly complain of hearing too much about AfCFTA and its associated African Union formalities. Then again, a recent survey[116] showed that only 26.2 percent of firms in Ghana, the operational seat of the AfCFTA Secretariat, have even *heard* of the AfCFTA, much less are well prepared to benefit from its low-to-zero tariffs, price advantages, and other competitive gains afforded when they conduct transactions around the continent under the AfCFTA.

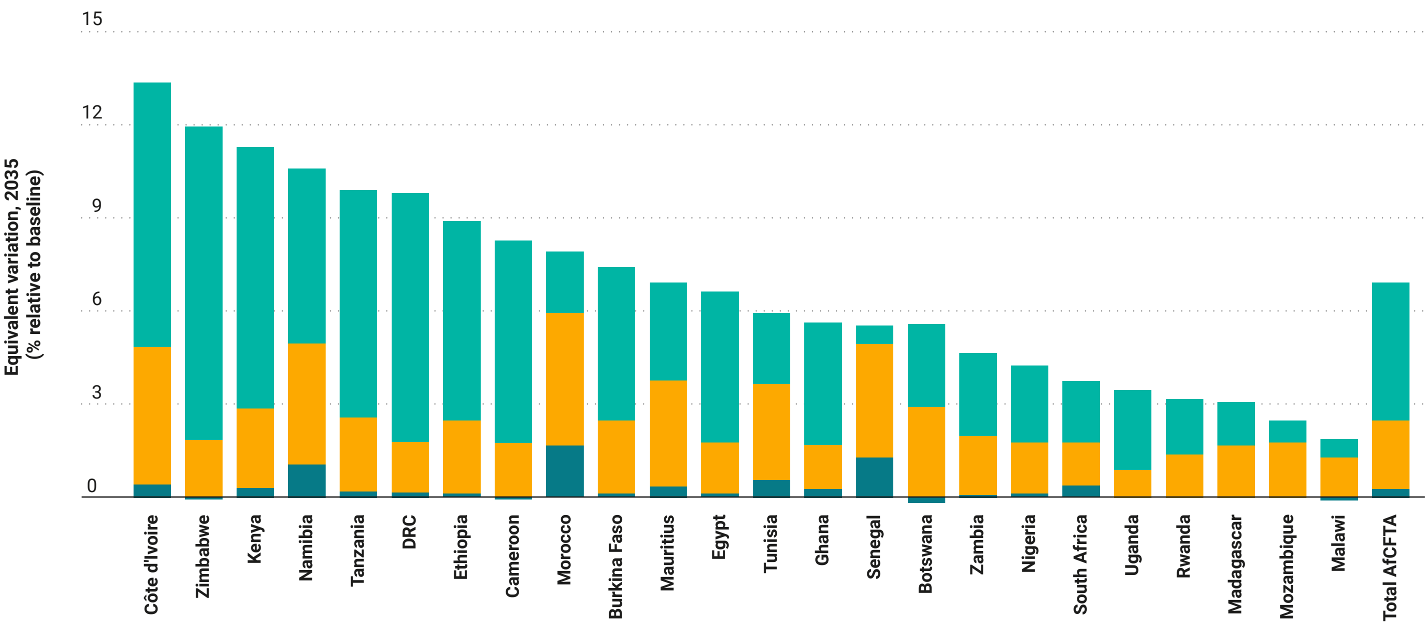
Quite often, experts cite limited infrastructure and capital as the common barriers to the success of previous agreements; however,

[116] Ghana Statistical Service, World Bank, and United Nations Development Program, *How COVID-19 is Affecting Firms in Ghana: Results from the Business Tracker Survey – Wave 2* (Accra: Ghana Statistical Service, 2020).

FIGURE 5.1
THE AFCFTA'S EFFECTS ON WAGE AND INCOME GAINS

The effects of the AfCFTA are expected to differ significantly by country and area of policy reform. The World Bank estimates that the highest income gains due to the AfCFTA will occur in Côte d'Ivoire, Zimbabwe, Kenya, and Namibia, which would see income gains of over 10 percent each by 2035. Furthermore, the AfCFTA is expected to have a positive but heterogeneous impact on wages across region, skill level, and gender. In Southern Africa, for example, the World Bank projects that wage gains will be higher for male workers than female workers. In contrast, in Central, East, North, and West Africa, wage gains are expected to be higher for female workers. These gains will depend not just on tariff liberalization–for which benefits are generally low--but on trade facilitation measures and the reduction of non-tariff barriers.

Real income gains from AfCFTA



Visual Key

- Gains from trade facilitation
- Gains from reduction in non-tariff barriers
- Gains from tariff liberalization

Source

World Bank, *The African Continental Free Trade Area: Economic and Distributional Effects* (Washington, DC: World Bank, 2020).

well-established broad market information barriers have also contributed to that underperformance.

If inter-market connectivity, data access, and soft infrastructure are critical to the success of trade agreements, then, by addressing these issues early and head on, the AfCFTA can gain much more traction than past trade agreements. Because the issues of infrastructure and access to capital that have bedeviled previous trade agreements on the continent cannot be solved overnight, approaching them now and with vigor can lay the groundwork for a more successful future.

Similarly, appropriate soft infrastructure-enabled mechanisms—such as enhanced connectivity, more effective training delivery, and stronger feedback loops, complaints channels, and resolution methods—can boost the capacity-building of trade and customs officials and better align structural policy for overall deeper integration.

AfCFTA Vision

It's with these past challenges and future possibilities--for the millions of small businesses and traders that constitute 90 percent of the economic actors whose lives the AfCFTA is meant to change—in mind that we approached "start of trading" under AfCFTA on January 1, 2020. For months, the small team with me here at the Secretariat has been laboring to align all the pieces necessary to make AfCFTA unique in terms of traction and impact given this elaborate context. Importantly, I must emphasize that there are two things far more prevalent today than at the time of earlier trade agreements on the continent: ubiquitous digital technology and social networks for knowledge creation and sharing. If we immediately, rapidly, and aggressively harness those trends to address soft infrastructure issues while we ramp up capacity to tackle the harder infrastructure and material resources bottlenecks, we stand a very strong chance of making a bigger dent in the Africa transformation agenda than previous integration efforts so far.

Thus, late last year, we launched AfCFTA Vision, a combination of social advocacy campaigns, innovation contests, and technology strategies to unify the diverse interest groups on the continent behind the Grand Vision propelling the AfCFTA.

The elements of AfCFTA Vision are 1) a platform for knowledge creation and sharing through online debates and forums (www.afcfta.blog); 2) a tool to empower innovators and entrepreneurs to market their ideas for solving critical problems identified by Africa's political leaders and foremost thinkers (www.afcfta.blog/challenge); and 3) a comprehensive technology strategy that facilitates connections across all key actors rapidly, cost-effectively, and efficiently, regardless of their size, since, historically, small and medium enterprises in particular have not been able to take advantage of trade agreements. The technology strategy for AfCFTA should include a central business registry and "trusted identity/profile" available **at no cost** (without subscription) to all entities wishing to trade under AfCFTA beyond their own country. This registry is expected to power a smart trade directory to facilitate business due diligence, facilitate Know-Your-Customer procedures, and foster trust among trading and transacting parties across Africa.

How we get the AfCFTA to be for the everyday African: Leveling the playing field

We want to make trade easier for the African businessman and woman. For example, if a Gambian small or medium enterprise (SME) wishes to sell peanut butter to a Namibian supermarket, the verification of track record and exchange of business credentials should be far simpler and smoother than it is right now. We ultimately want to see the peanut butter standards and traceability documents all digitally transferable across the Gambian-Namibian virtual trade border.

The specific technology elements of helpful tools such as machine learning and blockchain, among others, are less critical than a clear policy vision. Shared trust among African traders can be formalized with standardized passporting and e-certificates for rules of origin and customs declarations under the AfCFTA. Similarly, we want to make it easier for guarantees and letters of credit to be scaled down to a level where even the smallest players can afford to utilize them. Novel tools like Pan-African Payments & Settlements Platform (launched by Afreximbank) help us do so.

And, of course, the Namibian peanut butter importer must first even know about the existence of the opportunity—a possibility that requires multi-stakeholder (both public and private) collaboration bridging upcoming continental trade observatories and market intelligence portals.

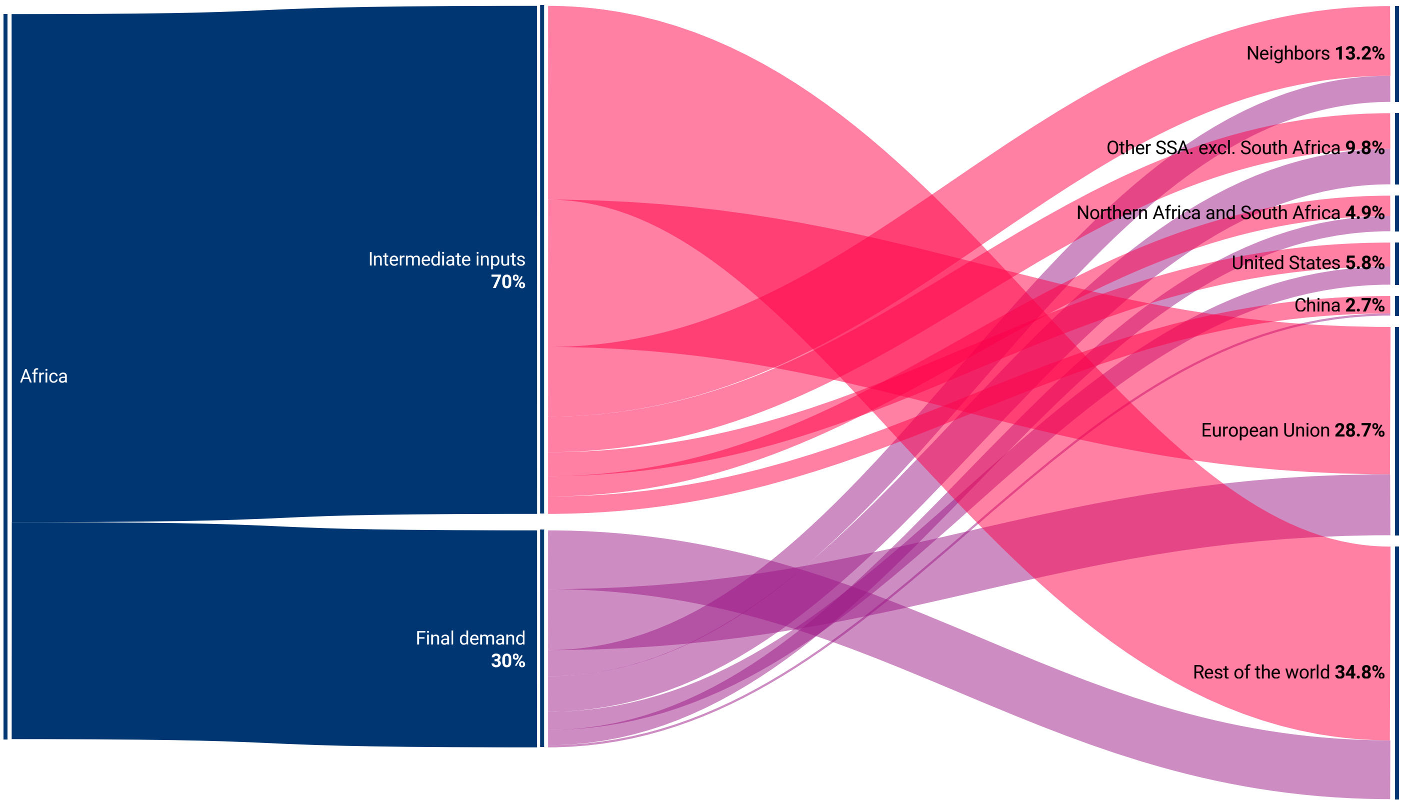
But it all starts with collaborations around creating a set of core apps to get people sharing data and exploring opportunities together. Such clever configurations would constitute the "terminal" in which other digital applications can dock if they have synergies with what we are all trying to drive forward in Africa through AfCFTA.

Finally, none of these ambitious but achievable goals can happen if the AfCFTA Secretariat is pushing all on its own. We need partnerships.

For example, our AfCFTA Vision launch partner is the Sankoree Institute of AfroChampions, the multi-stakeholder organization that has been the African Union Strategic Partner driving the AVRI-

FIGURE 5.2
AFRICA'S PARTICIPATION IN MANUFACTURING VALUE CHAINS

Africa's participation in manufacturing value chains remains concentrated in intermediate inputs, including energy, raw materials, semi-finished goods, and other inputs that are used in production processes to produce goods. This pattern is particularly salient for some of Africa's global trade partners, including the European Union and China, to which 76.7 percent and 88.9 percent of Africa's exports are in intermediate goods, respectively. However, this pattern changes somewhat for intra-African trade: Exports from African countries to other African countries comprise 62 percent intermediate inputs and 38 percent goods for final demand. This trend suggests that the continued growth of intra-African trade may provide African countries with more opportunities to export sophisticated products, including goods for final demand and non-natural resource intermediate inputs.



Note

The category "Neighbors" includes sub-Saharan African countries that share a land border with a given country. The category "Other SSA. excl. South Africa" contains all other countries in the region (aside from the country itself and South Africa).

Source

Johannes Van Biesebroeck and Emmanuel B. Mensah, "The Extent of GVC Engagement in Sub-Saharan Africa," *World Bank Policy Research Working Paper* 8937 (2019).

VA program (www.avriva.org). We are searching for a wide range of strategic partners, starting with the development finance institutions and business associations.

I am delighted to report that the strategy of building strong partnerships and alliances with the private sector has already ensured an increase in the capacity of the Secretariat to continue the good work that has been done on the technological front by the AU Commission.

Such partnerships are critical, especially as the instruments explicitly identified for the successful implementation of the AfCFTA are technological, covering the processes of interstate engagement, intelligence-gathering and information-sharing, and trade facilitation.

In the end, technology is merely a tool. What really drives progress and achieves goals is the shared vision of those partners. It is the meeting of technology, vision, and partnerships that, I strongly believe, will make AfCFTA the engine of Africa's new reality. Please come on board.

VIEWPOINT

Building African economies back, better and stronger than before

The COVID-19 pandemic has upended the world economic order as we know it and may be the gravest challenge that Africa's leaders have faced since independence.

Africa, like other regions, is reeling from the pandemic's economic and social consequences. The global economic downturn is undercutting every sector of Africa's economy. Growth is expected to turn negative for the first time in almost 50 years, threatening the hard-won development gains of past decades. An additional 43 million Africans might be pushed into poverty.

It is in these exceptional circumstances that, in August 2020, I was unanimously re-elected to a second term as president of the African Development Bank. Today, more than ever, I feel the burden of responsibility that comes with this honor. It will be my duty to ensure that the Bank rises to the challenge, standing in solidarity with African countries as they respond to the rapidly evolving crisis.

Extraordinary times call for extraordinary measures. Indeed, the International Monetary Fund (IMF) estimates that Africa will need $1.2 trillion over the next three years to recover from the epidemic.

The good news is that African countries have already taken a bold range of actions, from ambitious public health interventions to flatten the curve, to the expansion of social safety nets, to monetary and fiscal interventions on an unprecedented scale.

The Bank responded swiftly in April 2020 by launching a $10 billion COVID-19 Rapid Response Facility, which provides liquidity through crisis response budget support in order to help African governments implement their plans to control and mitigate the virus and its impacts. The month before, the Bank also launched a record-breaking $3 billion "Fight COVID-19" social bond on the global market—the largest-ever U.S. dollar-denominated social bond.

The Bank will continue to leverage its financial standing, its triple-A rating, and its convening power to mobilize the funds Africa needs to build back better and stronger. Each year, the Africa Investment Forum (AIF) brings together development finance institutions, commercial banks, sovereign wealth funds, pension funds, private investors, project sponsors, and policymakers to link Africa's investment opportunities to sources of capital. Last year's edition of the AIF developed a pipeline of 230 projects valued at $208 billion.

We will also make full use of the additional $115 billion in capital that the Bank's shareholders entrusted to us as part of our seventh general capital increase.

Our strategic direction will continue to be guided by our High-5 priorities: Light Up and Power Africa, Feed Africa, Industrialize Africa, Integrate Africa, and Improve the Quality of Life of the People of Africa. Across the High-5s, we will work with African countries and our development partners to identify, selectively, the most strategic investments that will maximize development impact.

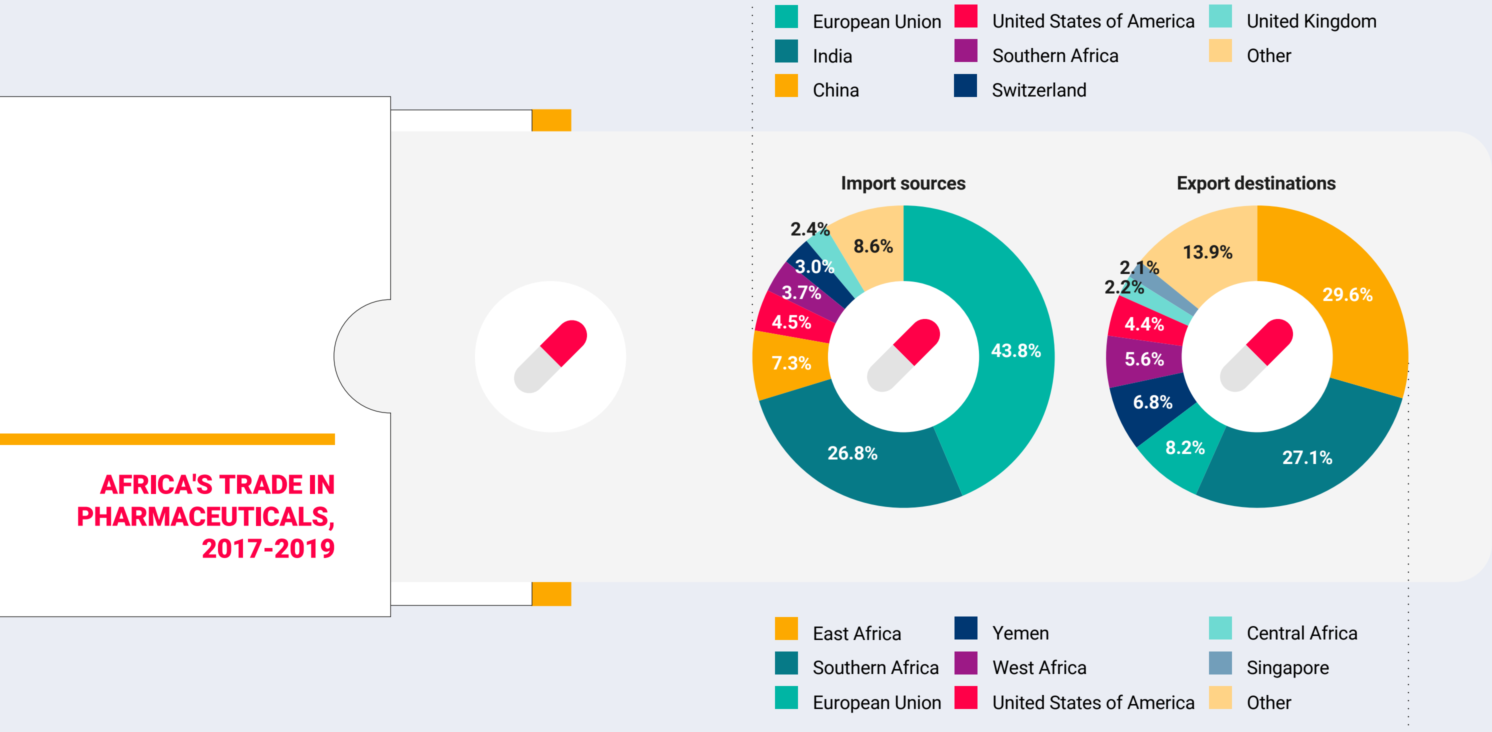
Akinwumi A. Adesina

President, African Development Bank Group

@akin_adesina

FIGURE 5.3
AFRICA'S TRADE IN PHARMACEUTICALS, 2017-2019

Africa's reliance on international sources for pharmaceuticals has come under attention as the COVID-19 pandemic has disrupted supply chains worldwide. The vast majority of Africa's pharmaceuticals are imported from outside of the continent, with over 75 percent of its imports coming from the European Union, India, or China. In contrast, although Africa exports a much smaller amount of pharmaceuticals than it imports, the majority of those exports are traded within the continent: East African and Southern African countries receive over 50 percent of Africa's pharmaceuticals exports.



Source

Data from UNCTAD STAT, using methodology from Karishma Banga et al., "Africa Trade and COVID-19: The Supply Chain Dimension," *ODI Working and Discussion Paper* 586 (2020).

In doing so we will build on one of Africa's strongest assets—its youth. Half of Africa's population is under 20 years old. We can and should turn this demographic asset into economic dividends by creating meaningful jobs for the young men and women of the continent.

Furthermore, African women are key economic actors: They perform most agricultural work, they own a third of all firms, and, in some countries, they constitute 7 out of every 10 people working in agriculture. As such, the Bank is committed to empowering women and promoting gender equality across the continent. Affirmative Finance Action for Women in Africa, which aims to mobilize $3 billion to close the financing gap for enterprises across Africa that are owned and led by women, is one of the Bank's initiatives in this regard.

COVID-19 has created a key moment to invest in economic governance through policy dialogue and targeted technical assistance. We will also keep a close eye on debt sustainability, investing in operations that promote inclusive, quality growth. We will close Africa's infrastructure gap by building high-quality infrastructure that makes African countries more resilient to shocks—economic-, health-, or climate-related. We will develop more competitive agricultural value chains, and kick-start industrial development.

We know that Africa's path back to rising prosperity will be long and difficult. We must collectively roll up our sleeves and get to work—to protect and build on Africa's hard-won economic gains.

VIEWPOINT

Facilitating the transformational AfCFTA: Tools for eliminating bottlenecks

Benedict Okey Oramah

President, African Export-Import Bank

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Africa was on the cusp of a revolutionary economic transformation before the COVID-19 pandemic struck, and the ensuing crisis just underlined the urgency of that process. Right now, countries across Africa are overcoming years of colonial division through the African Continental Free Trade Agreement (AfCFTA). The AfCFTA is, in many ways, a treaty that will transform Africa from a fractured, commodity-dependent group of economies into a vibrant, integrated market of over 1.2 billion people. Trading under the agreement, delayed by the pandemic, commenced on January 1, 2021. (For more on the potential gains and challenges of AfCFTA, see page 63).

Despite the delay, the African Export-Import Bank (Afreximbank) has been working closely with the African Union (AU) and AfCFTA Secretariat to facilitate the agreement's implementation. Having already disbursed close to $20 billion for intra-African trade during the last four years, Afreximbank will double this amount in the coming years as it seeks to close the annual trade finance gap in Africa estimated by the International Chamber of Commerce at $110 billion to $120 billion.

The AfCFTA is, in many ways, a treaty that will transform Africa from a fractured, commodity-dependent group of economies into a vibrant, integrated market.

It is estimated that the fiscal losses associated with the removal of trade tariffs amounts to over $4.1 billion in the short term.[117] Afreximbank is, therefore, working with the AU to introduce a $5 billion AfCFTA Adjustment Facility—a compensation mechanism—to help AfCFTA member countries better adjust to the fiscal and other impacts of the trade agreement. The Facility will cover the short-term fiscal losses and support medium-to-long term adjustments of production activities in African countries to enable them take advantage of the opportunities arising from the AfCFTA.

The implementation of the AfCFTA will extend beyond financing, and Afreximbank is creating tools to eliminate bottlenecks and facilitate the full realization of the deal's potential. For example, Afreximbank's African Trade Gateway, an agglomeration of interrelated digital platforms, will eliminate some of the challenges to intra-African trade, particularly around the complexities of payments transfers within Africa, currently-low access to trade and investment information, and costs associated with conducting Know-Your-Customer checks on African entities. Afreximbank's Pan-African Payment and Settlement System will allow payments for intra-African trade in local currencies and save the continent several billion dollars in transfer and settlement charges, thus

[117] Saygili, M., Peters, R., and Knebel, C. (2018). Africa Continental Free Trade Area: Challenges and Opportunities of Tariff Reduction. UNCTAD Research Paper No. 15 (UNCTAD/SER.RP/2017/15/Rev.1).

FIGURE 5.4
WHERE DO AFRICA'S TOURISTS GO? ARRIVALS OF AFRICAN TOURISTS BY REGION, 2015-2018

African tourists mainly visit other African countries. From 2015 to 2018, 110 million African tourists traveled to other African countries, while only 49 million African tourists visited the rest of the world. African tourists visit Southern and East Africa most frequently: These two regions account for almost 72 percent of intra-African tourism. A spotlight on Botswana further reveals that tourism is often dominated by travellers from neighboring countries: Nearly 88 percent of African tourists in Botswana come from three of its neighboring countries: Namibia, South Africa, and Zimbabwe. Policymakers hope that further coordination of visas and similar travel provisions increase intra-African travel, both for tourists and workers.

Visual Key

Tourist arrivals from Africa

48 million

2 million

The size of the circles varies by million of tourists.

Tourist arrivals in Botswana

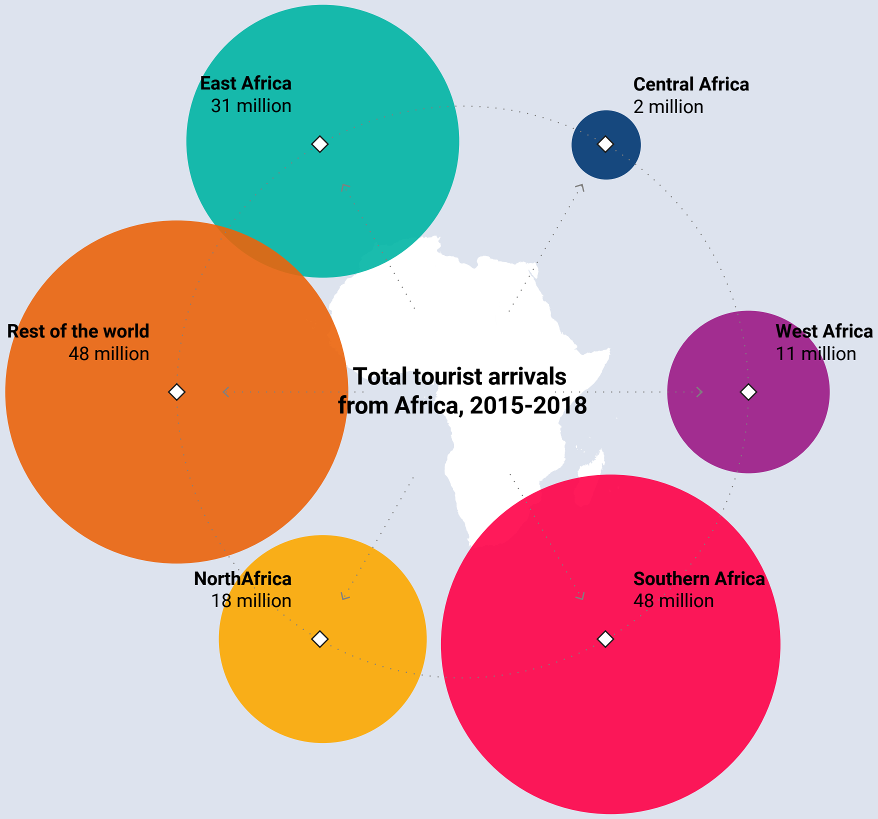
560,000

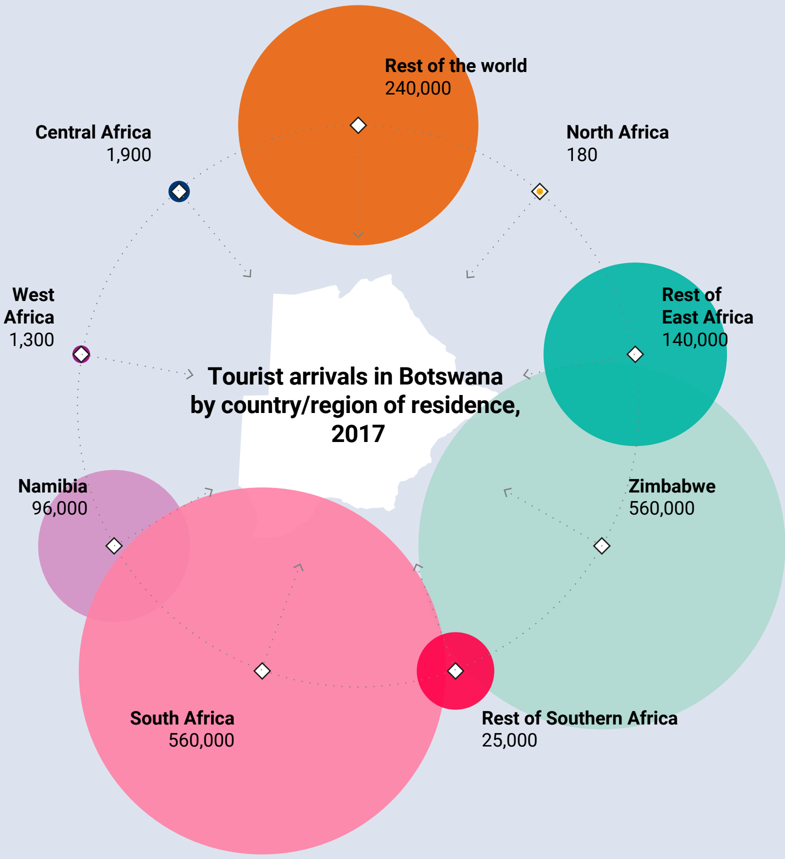
180

The size of the circles varies by number of tourists.

Source

World Tourism Organization, "Tourism Statistics Dataset," accessed December 8, 2020.





further boosting intra-continental trade. The Trade Information Portal will improve access to trade information and use artificial intelligence to predict supply chains across Africa by helping businesses easily identify potential suppliers of inputs or distributors of their products in other parts of the continent. The African Customer Due Diligence Repository Platform will ease the cost of conducting Know-Your-Customer checks for African corporates. The Trade Regulations Platform will aggregate all trade, finance, and investment regulations to reduce search costs for traders and investors.

Already, Afreximbank has invested over $1.7 billion recently in supporting the development of regional value chains to accelerate the process of industrialization and lift the supply-side constraints that have undermined the growth of African trade. COVID-19 has highlighted the risk of excessive dependency on non-African partners; Afreximbank is working to reverse that standard.

VIEWPOINT

Improving infrastructure in Africa: Creating long-term resilience through investment

No country in Africa has been spared by the COVID-19 pandemic, and the hard-fought economic gains of recent years are under threat everywhere. In fact, in 2020, the region's GDP could contract by as much as 3.4 percent, down by over 7 percentage points from pre-crisis estimates.[118] Improved infrastructure has rightly been among the countermeasures proposed and should be a major component of any stimulus plan, both for responding to the pandemic and for building resilience over the long term. And it should not just be any infrastructure, but projects that stimulate economic activity, create employment, bolster supply chains, and expand access to health care, sanitation, and education. Thus, with the continent's long-term future in mind, at Africa50, while we are still focused on traditional sectors such as transport and power generation, we are looking for opportunities in health and sanitation and redoubling our efforts in information and communications technology (ICT).

Although ICT has been one of Africa's success stories, the pandemic has exposed the region's lingering digital divide.

Health infrastructure has historically suffered from constrained public sector budgets and underfunding. For many years, since African residents that could afford modern care opted to go overseas and financial returns for mass provision were low, the sector did not attract many private investors. Now, with the growth of Africa's middle classes, growing purchasing power, increased employer-provided health insurance, and rising health awareness, the sector is becoming more attractive to investors. Helped by public funding, impact investors, and blended finance, where focus is more on development impact than on financial returns, this emerging trend of increased investment in health care can also spill over into the mass market.

Although ICT has been one of Africa's success stories, the pandemic has exposed the region's lingering digital divide. In fact, to achieve universal broadband internet access in Africa—which could help the continent leapfrog infrastructure constraints in a number of sectors, much like cellphones did with landlines 20 years ago—an estimated $100 billion in investment is needed over the next decade, with a third of it in infrastructure.[119]

Africa also urgently needs *regional* infrastructure to speed up implementation of the African Continental Free Trade Area, since many of Africa's development challeng-

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[118] African Development Bank Group, *African Economic Outlook 2020 Supplement: Amid COVID-19* (Abidjan, Côte d'Ivoire: African Development Bank, 2020).
[119] International Telecommunication Union (ITU) and United Nations Educational, Scientific, and Cultural Organization (UNESCO) Broadband Commission, *Connecting Africa Through Broadband: A Strategy for Doubling Connectivity by 2021 and Reaching Universal Access by 2030* (Geneva: ITU and UNESCO, 2019).
[120] "Topics and Programs: Transport," *Infrastructure Consortium for Africa*, accessed December 14, 2020.

FIGURE 5.5
AFRICAN POWER POOLS

Much of Africa struggles with deficits in the supply and distribution of energy despite a large endowment of renewable and non-renewable energy sources, including natural gas, solar power, and hydroelectric power. While more energy generation is needed overall, cross-border trade in energy can also help mitigate some deficits, as countries with excess energy capacity can sell energy to countries in need. Africa's five regional power pools help provide a framework for this trade in energy and cover nearly every country on the continent.

Source

Alfonso Medinilla et al., "African power pools: Regional energy, national power," *European Center for Development Policy Management Discussion Paper Series* 244 (2019).

es require cross-border solutions. However, the Infrastructure Consortium for Africa found that in 2018, of a total of about $100 billion invested in African infrastructure, only 2 percent was for regional projects[120]—simply not enough.

Unfortunately, financing becomes scarcer during crises, so what can leaders do? One strategy for securing financing is to encourage lenders to forgive or restructure public debts to give governments some fiscal space. Another is asset recycling, which enables governments to unlock the capital they invested in profitable infrastructure assets, such as toll roads, power plants, airports, and fiber optic networks, by offering them to private sector investors under a concession model. The freed-up capital can then be redeployed to fund stimulus plans and new infrastructure for the recovery phase, including in the health sector.

We must also reverse the capital flight brought on by the pandemic by better developing infrastructure projects in the early stages to make them ready to receive investments and offer attractive risk-adjusted returns. Investors want to be sure that they

When the crisis dies down, investors will once again be looking for opportunities, and Africa must be ready. By focusing on opportunities rather than problems and creating the enabling environment investors seek, we must dispel the myth that our continent is too risky.

will be paid a fair price, can freely operate infrastructure assets and meet service level targets, and can repatriate their profits when due. Development finance institutions can help by providing risk-hedging instruments and credit enhancements, as well as supporting local currency financing to strengthen local capital markets. Through such measures we can underline that infrastructure is an investible asset class, including for international and domestic institutional investors looking for steady returns coupled with development impact.

Assets under management by African institutional investors alone are expected to rise to $1.8 trillion by 2020,[121] so if we can tap even a fraction of this, we could substantially close the infrastructure gap.

When the crisis dies down, investors will once again be looking for opportunities, and Africa must be ready. By focusing on opportunities rather than problems and creating the enabling environment investors seek, we must dispel the myth that our continent is too risky.

[121] Katja Juvonen et al., "Unleashing the Potential of Institutional Investors in Africa," *African Development Bank Working Paper* 325 (November 2019).

VIEWPOINT

Priorities for supporting trade under a build-back-better agenda

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Recent progress towards economic integration, starting with such regional blocs and culminating in the landmark African Continental Free Trade Area Agreement (AfCFTA), offers much promise for shared growth across the continent. Unfortunately, the COVID-19 pandemic—which has created production shutdowns, supply chain disruptions, and a profound decline in demand for economic services (notably transport, tourism, and retail) and commodities—has dampened what was an attractive growth trajectory for many African countries and delayed the ultimate implementation of the AfCFTA. These sharp setbacks, though, are likely temporary as the build-back-better agenda gets traction. Already, public development banks, investors, and donors are coming together to drive more financing and investment in the region, through co-financing and risk sharing.

Given the twin demand-supply shock African economies are experiencing, the region's build-back-better agenda must address both sides of the issue. In particular, increased attention to **trade facilitation**—various measures to improved information on the classification and movement of goods between exporters and importers as well as payment mechanisms, and the simplification, standardization, and harmonization of procedures in the movement of goods—as a major enabler and tool for accelerated African economic growth is a must.

We at the TDB, the Eastern and Southern Africa Trade and Development Bank, look to support this goal with a number of tools, most notably through trade finance offerings, which comprise various services instruments that enable exporters and importers to transact securely, efficiently (both time- and cost-wise), and short-term credit. Such tools are vital for supporting African trade, as several major international correspondent banks have retreated from African markets in the face of more stringent compliance and regulatory requirements imposed by international banks.

Cutting edge technology—such as blockchain—is also introducing new efficiencies through live, end-to-end trade finance transactions. Trade finance commonly uses letters of credit, which rely on manual, paper-based systems: Traditionally, parties wait for physical documents to be generated and passed from one to the other before the ownership of the goods can be transferred, which can take up to 15 days. A blockchain-based trade finance solution digitally captures the main documents needed to process a letter of credit (e.g., purchase order, bill of lading, invoice, and shipment tracking) in a smart contract, which reduces the turnaround time. In fact, blockchain technology can save up to seven working days in a trade cycle, while significantly enhancing security. It reduces not only the costs but also the carbon footprint and paper waste of trade finance transactions.

At the same time, **productive capacities enhancement, involving inputs such as fertilizer and equipment**, is essential for intra-Africa trade growth as it fosters both the growth of the agricultural sector as well as diversification of products and services that enter supply chains and have cross-border demand. Since the turn of the millennium, strong growth in agriculture and **agri-food products** has signaled that the sector will not only be a growth sector but also a desirable catalytic driver for regional trade. However, the emerging vulnerability of African agriculture to COVID-19-related disruptions (as well as climate-related shocks, among others) threatens progress in intra-regional trade of these products. Moreover, since agricultural production is highly labor-intensive, shortages of workers due to the lockdowns have adversely affected farming activities. Given such already existing challenges, policymakers must reduce vulnerabilities to COVID-19-related regional market disruptions to ensure that agri-food supply chains and trade channels remain open. One obstacle has been the closure of borders, due to high risk aversion and inadequate risk mitigation capacity.

Increased attention to trade facilitation—various measures to improved information on the classification and movement of goods between exporters and importers as well as payment mechanisms, and the simplification, standardization, and harmonization of procedures in the movement of goods—as a major enabler and tool for accelerated African economic growth is a must.

As a strong regional thrust toward the build-back-better cause, in September 2020, TDB's shareholders approved a historic capital increase programme of $1.5 billion, alongside doubling its authorized capital stock from $3 billion to $6 billion, with the goal of attracting committed international development partners and institutional investors to take a risk-adjusted stake in such areas as green growth and SMEs. Already, we have co-financed several renewable energy projects–in areas such as wind and hydro, which produce, in total, 470.2 MW of renewable energy. Now, 72 percent of our gross financing interventions in the energy sector portfolio relate to zero-carbon energy sources. We have also co-financed and provided partial guarantees to hundreds of SMEs, with a strong focus on youth and women, promoting livelihoods and job creation. The increased capitalization will enable TDB to broaden and deepen its trade-related development impact in Africa, among others, and crowd in more institutional and long-term capital for Africa's sustainable growth and transformation.

6

GOOD GOVERNANCE:

Strengthening trust between people and their leaders

Institutional resources for overcoming Africa's COVID-19 crisis and enhancing prospects for post-pandemic reconstruction

*"The policymakers' approach in the process of preparation of the modern state for the next pandemic, necessarily, involves the transformation of **public finance** and **public administration**, the backbone of any country's economic and social development, and the key instrument for the success of design and implementation of government policies and plans, respectively. This process will require a break with the old assumptions, and a bet on new and modern paradigms, approaches, and working methods."*

Madame Luísa Dias Diogo, Former Prime Minister and Former Minister of Planning & Finance, Mozambique

Popular explanations for Africa's "lucky escape" from COVID-19's most devastating effects have largely focused on the continent's natural endowments, especially its youthful population and warm weather. When Africa's own agency is recognized, though, observers tend to give credit to its governments' early and aggressive lockdown measures and consistent messaging about wearing face masks.[122] While such early government actions likely saved thousands of lives, Africa's citizens, who largely complied with extremely inconvenient top-down measures even where governments' administrative and enforcement capacities were weak, deserve praise as well.

Importance of political capital in pandemic crisis management and recovery

Ordinary Africans' contribution to the success of lockdown programs highlights the importance of state legitimacy and trust in government for securing compliance with necessary but arduous government orders, especially those vital to public health and safety.[123]

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[122] Kevin Marsh and Moses Alobo, "COVID-19: Examining Theories for Africa's Low Death Rates," *The Conversation*, October 7, 2020.

[123] Danielle Resnick, "Trust in Science and in Government Plays a Crucial Role in COVID-19 Response," *International Food Policy Research Institute*, June 10, 2020. Mark Lawrence Schrad, "The Secret to Coronavirus Success is Trust," *Foreign Policy*, April 15, 2020. See also Robert A. Blair et al., "Public Health and Public Trust: Survey Evidence from the Ebola Virus Disease Epidemic in Liberia," *Social Science & Medicine* 172 (January 2017): 89-97, which highlights the extent to which trust in government was a critical resource for securing the public cooperation necessary to overcome the 2014-2016 Ebola outbreak in West Africa.

An examination of recent COVID-related events and Afrobarometer surveys in 34 African countries can provide more insight into this phenomenon. For example, Ghana has relatively strong institutions, with free media, strong opposition parties, and independent judiciaries. Before the pandemic, in Afrobarometer's 2016/2018 surveys, Ghana's core state institutions enjoyed very high levels of perceived legitimacy (84 percent), and President Nana Akufo-Addo was trusted by 70 percent of citizens. In contrast, Malawi ranked lowest in perceived institutional legitimacy (53 percent), and its then-president, Peter Mutharika—before losing his bid for re-election in June 2020—enjoyed the trust of just 36 percent of Malawians (Figure 6.1).

As the pandemic set in, public responses to COVID lockdowns varied significantly: Ghanaians accepted the lockdown measures their president announced in March 2020 even before the subsequent unveiling of economic and social relief packages. Malawi's government, on the other hand, has faced considerable public resistance to anti-pandemic measures, including a successful court case challenging a lockdown on the basis of undue economic harm.[124] Other factors, such as Malawi's relatively greater poverty, may also play a role in the two peoples' divergent responses to COVID-19 measures, but it seems likely that perceptions of their leaders and institutions helped shape citizens' willingness to follow their dictates.

Another pairing makes a similar point: In Senegal, where 73 percent of citizens expressed trust in the president, the COVID-19 response has drawn international praise,[125] while Nigeria (where trust for the president hovers around 45 percent) has contended with widespread flouting of public health guidelines and the looting of government warehouses storing COVID-19 relief supplies.[126]

FIGURE 6.1

POLITICAL CAPITAL OF LEADERS, SELECTED COUNTRIES

High levels of state legitimacy and trust in presidents can support an effective response to a crisis. In countries with deficits in these assets, trust in traditional and religious leaders might be an especially valuable resource when responding to crises.

	State legitimacy (courts, police, and tax agencies)	**Trust president**	**Trust traditional and religious leaders** (average)
Burkina Faso	71%	67%	84%
Gabon	70%	29%	40%
Ghana	84%	70%	61%
Kenya	72%	62%	68%
Malawi	53%	36%	74%
Nigeria	73%	45%	54%
Senegal	78%	73%	85%
Sierra Leone	85%	70%	78%
South Africa	67%	38%	43%
Tanzania	82%	73%	54%
Uganda	86%	64%	79%
Zimbabwe	85%	64%	65%
34-country average	75%	52%	63%

Visual Key

51% - 100%

0% - 50%

Note

Respondents were asked
For "State legitimacy": For each of the following statements, please tell me whether you disagree or agree:

- The police always have the right to make people obey the law.
- The courts have the right to make decisions that people always have to abide by.
- The tax authorities always have the right to make people pay taxes.

(Figure shows the percent of respondents that "agree" or "strongly agree" with each statement)

For "Trust": How much do you trust each of the following, or haven't you heard enough about them to say? (Figure shows the percent of respondents that say "somewhat" or "a lot")

Source

"R7 2016/18," Afrobarometer, 2019.

124 Rabson Kondowe, "This Country's High Court Blocked Its Coronavirus Lockdown in a Bid to Protect the Poor," *Quartz Africa*, April 17, 2020.
125 "Coronavirus in Senegal: Keeping COVID-19 at Bay," *BBC*, October 4, 2020.
126 Percey Dabang and Angela Ukomadu, "In Nigeria, Looters Target Government Warehouses Stocked with COVID-19 Relief," *Reuters*, November 9, 2020. "COVID-19: Can Nigeria Avert Another Lockdown?" *APA News*, May 6, 2020.

Enhancing prospects for overcoming Africa's COVID-19 crisis and post-pandemic reconstruction

If political capital can aid in the management of a pandemic, then African leaders must aim to create an environment for its conservation or enhancement as they confront COVID-19 and the next crisis.

But threats to public trust are often on the horizon, especially in times of crisis: Reports of irregularities and corruption in the management of COVID-19 funds and relief not only impede the effectiveness of those measures but also undermine trust and legitimacy in government leaders and core institutions.[127]

Excessive reliance on coercion in the enforcement of COVID-19 measures can be detrimental as well.[128] Similarly, attempts by some governments to leverage the pandemic to introduce repressive legislation and curb media freedoms and other civil liberties will only erode the democratic governance gains of the past 20 years and likely face significant popular pushback.[129]

African governments can shore up their deficits and strengthen their responses to COVID-19 and other crises by tapping into the political capital of informal leaders, such as religious and traditional leaders. On average, almost two-thirds (63 percent) of Africans expressed trust in these non-elected leaders (69 percent for religious leaders and 57 percent for traditional leaders), although these trust levels, too, vary widely by country, from just 40 percent in Gabon to 85 percent in Senegal (Figure 6.1). Indeed, some African presidents have recognized this organic institutional resource and explicitly mobilized it in managing the pandemic through consultations with informal leaders (South Africa) and public acknowledgements of their important contributions in sensitizing and encouraging compliance in their communities (Nigeria and Uganda).[130]

In conclusion, African governments will be in much better position to effectively overcome the COVID-19 crisis and enhance prospects for post-pandemic reconstruction if they show true commitment to conserving and deepening domestic political capital, strengthening the social contract with their citizens, and governing accountably.

While early government actions to prevent the spread of COVID-19 likely saved thousands of lives, Africa's citizens, who largely complied with extremely inconvenient top-down measures even where governments' administrative and enforcement capacities were weak, deserve praise as well.

[127] For example, Pearson's r for the correlation between trust in the president and perceived corruption in the office of the president for Afrobarometer Round 7 is -.387, significant at the 0.01 level. See Michael Bratton and E. Gyimah-Boadi, "Do Trustworthy Institutions Matter for Development? Corruption, Trust, and Government Performance in Africa," *Afrobarometer Dispatch* 112 (August 2016).

[128] In April, Kenya and Nigeria reportedly had more citizens killed by security agents "enforcing" pandemic-related restrictions than by the coronavirus. See Alison Sargent, "Curfew Crackdowns in Several African Countries Kill More People than COVID-19," *France24*, April 17, 2020. "Coronavirus: What Does COVID-19 Mean for African Democracy?" *BBC*, May 15, 2020.

[129] Uganda, where the government has used COVID-19 regulations as a pretext for cracking down on the opposition and media (see "Authorities Weaponize COVID-19 for Repression," *Human Rights Watch*, November 20, 2020), is just one of 80 countries where Freedom House says the state of democracy and human rights has deteriorated during the pandemic (Sarah Repucci and Amy Slipowitz, *Democracy Under Lockdown* (Washington, D.C.: Freedom House, 2020)).

[130] Riaan Grobler and Tshidi Madia, "COVID-19: Ramaphosa Consults with Traditional Leaders on Lockdown," *News24*, May 23, 2020. "COVID-19 Lockdown: Buhari Sends Message to Christians, Muslims, Traditional Leaders," *Bioreports*, 27 April, 2020. Rimiliah Amandu and Clement Aluma, "Religions Play a Crucial Role During Uganda's Lockdown," LSE, April 17, 2020.

VIEWPOINT

All of us together: Governing Malawi

When I took the oath of office as Malawi's newly elected president on June 29, 2020, I was fully aware that I may very well be the last member of my generation to hold the office of president in my country. I felt the unique burden that destiny had placed upon me of transferring the task of nation-building from my pre-independence generation to a rising generation of Malawians born free. To put this within its historical context, Malawi's founders completed the task of national liberation in the 1960s, their sons and daughters achieved political liberation in the 1990s, and now what remains is the goal of economic liberation.

We are united in the conviction that there can be no new Malawi if the only people deemed guilty of ruining our country in the past are those who lost the recent election, or if the only people deemed responsible for fixing our country going forward are those of us who won the election.

The goal of economic liberation has been elusive for many years, largely because we have had one administration after another shifting its post to the next election. What's worse, leaders from my generation have not only left our homeland unbuilt, but also in ruins. In clearing this rubble, we must not point fingers at a particular section of our society as the only ones responsible. We are each in some way part of the problem and must each in some way be part of the solution.

It is this sense of shared responsibility for our problems and shared participation in the solutions that characterizes our administration. We are united in the conviction that there can be no new Malawi if the only people deemed guilty of ruining our country in the past are those who lost the recent election, or if the only people deemed responsible for fixing our country going forward are those of us who won the election. This is the bedrock of what we have come to call the "Tonse Philosophy" that guides our "Tonse Alliance" of nine parties, so named to capture the essence of the vernacular word "Tonse," which means "all of us together."

To practice this philosophy, we are facilitating a nationwide mindset change dialogue to foster behavioral synergy around five core values we have dubbed the SUPER Hi5 Agenda: Servant Leadership; Uniting Malawians; Prospering Together; Ending Corruption; and the Rule of Law. All our policies are guided by this template, including our approach to foreign policy and our strategy for attracting foreign direct investment, so that it can now be said with sincerity that Malawi is the most robust and stable democracy in Africa and the best place to do business.

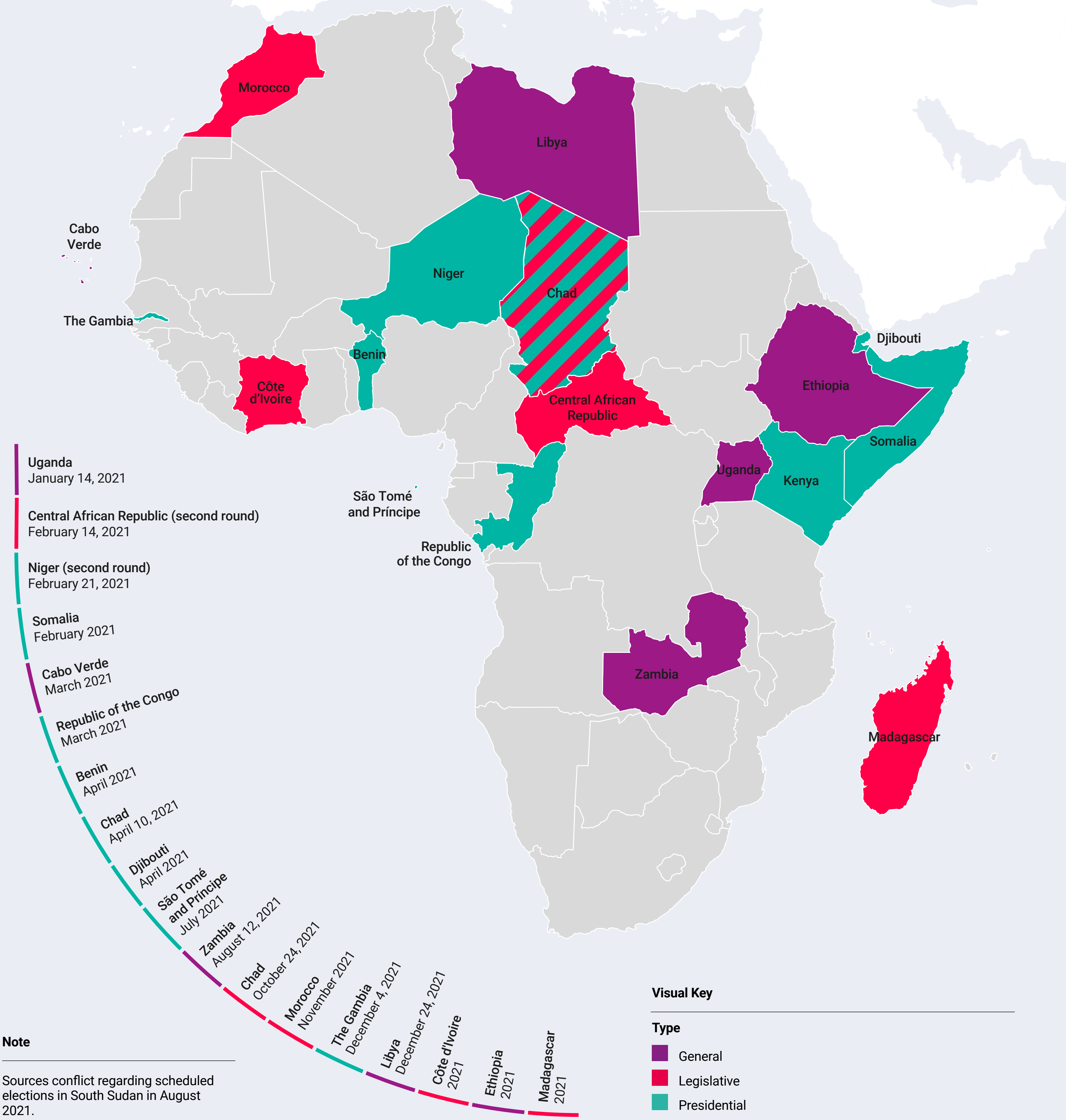
His Excellency Lazarus M. Chakwera

President of the Republic of Malawi

@lazaruschakwera

FIGURE 6.2
ELECTIONS IN 2021

In 2021, 16 African countries will hold general, presidential, or legislative elections. Several of these elections, such as those in Ethiopia and Somalia, were delayed from 2020 due to the challenges posed by the COVID-19 pandemic on in-person voting. These challenges are likely to persist throughout much or all of 2021, but African countries now have successful examples of pandemic elections–such as those in Malawi and Ghana–off of which to build.



Visual Key

Type
- General
- Legislative
- Presidential

Note

Sources conflict regarding scheduled elections in South Sudan in August 2021.

Source

"Election Guide," *International Foundation for Electoral Systems*, accessed November 19, 2020.

VIEWPOINT

Voting in a pandemic: Lessons for elections in Africa in 2021

Elections are large-scale community-based events that thrive on participation, as well as transparency and confidence to ensure their credibility. For this reason, in Africa, with limited provisions for early voting or alternatives to in-person voting in many countries, the COVID-19 pandemic is placing the integrity of elections at risk. While some countries have postponed their elections due to the pandemic, many others have chosen to move forward during this trying time. However, since COVID-19 will remain a reality in 2021, its associated risks, including reduced campaigning; decreased voter turnout; and less transparent, but more expensive elections may undermine the public's trust and, thus, democracy more broadly.

African elections held early on in the pandemic have compelled urgent adaptations and innovations to electoral processes and timelines. Burkina Faso was forced to reduce the inspection period for the voters' register, while Côte d'Ivoire introduced online checking of the voters' register. Nigeria widely publicized its COVID-19 electoral policy framework, increasing transparency for interested parties. In the Central African Republic, a dedicated poll worker is responsible for ensuring voters abide by COVID-19 mitigation measures. Malawi increased its use of social media to distribute COVID-sensitive voter education materials, relying on animation instead of human actors.

Planned national and local elections in 2021, such as those in Ethiopia, South Africa, Uganda, and Zambia, will face greater pressures to replicate these lessons. In an era when elections face a major trust deficit, election authorities need to act even-handedly when it comes to things like election campaigns. How authorities enforce rules for election campaigns, such as crowd sizes or the absence of masks at campaign rallies, will influence voters' perceptions of their independence. Unequal enforcement of COVID-19 rules will sway voters' views of bias easily.

Elections in 2021 will come under greater scrutiny as election observation resumes. Election authorities will need to increase transparency on critical procurement decisions, changes to the electoral calendar, credibility of voter registers, and accessible complaints mechanisms, while simultaneously increasing access to the ballot for marginalized voters and improving the use of trusted and appropriate technology. Similarly, governments will be asked key questions about sufficient election funding and the timely release of such funds to ensure the electoral process is not delayed.

And, of course, there is the logistical challenge of holding campaigns and elections during a pandemic. Political parties need to adapt their campaigns to increasingly use radio and social media rather than in-person events, but gaps in technology and, in many places, the policing of social media hinder such efforts to reach voters. Voters themselves must be assured that sufficient COVID-19 safety measures have been enacted at the polls.

Given all these obstacles, supporting electoral systems and increasing trust in democracies will be put to the test in Africa in 2021, but, given the region's resilience, it's a test it can pass.

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VIEWPOINT

Governance in Africa: Citizen dissatisfaction is growing, and COVID-19 is likely to reverse recent gains

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The most recent release of the Ibrahim Index of African Governance (IIAG)[131] indicates that, while progress has been made in overall governance performance on the continent over the last decade—as of 2019, over 6 in 10 of Africa's citizens live in a country where governance is better than in 2010—this progress has slowed down in the latter half of the decade. Indeed, in 2019, average year-on-year governance performance fell for the first time since 2010.

We've witnessed not a huge drop—barely 0.2 points—but that decline is a warning sign that needs to be monitored and addressed. Undeniable gains in human and economic development have been achieved. But they are not able to offset deteriorating performances, often at a worsening pace, regarding security, rule of law, participation, rights, and inclusion. This reality underscores a deeper truth: There can be no sustainable trade-off between progress in human and economic development and disdain for citizen participation, rights, rule of law, and transparency.

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Africa's citizens are increasingly dissatisfied

Because citizens must be at the heart of governance, the 2020 IIAG includes a new section—*Citizens' Voices*—mirroring the main IIAG results[132] around citizens' perspectives.[133] In more than half of the 39 countries sampled, citizens are less satisfied with governance performance than 10 years ago. Moreover, this dissatisfaction has been worsening since 2015, reaching its lowest level since 2010 last year. Given that over 60 percent of Africa's population is under 25, attention must be paid to this growing mistrust, as mistrust from youth could easily turn to frustration and anger.

[131] The 2020 Ibrahim Index of African Governance, with an updated framework and strengthened indicators sourced from 41 official, expert, and public perception data sources, provides key, if often sobering, insights on African governance performance and trends over the last available decade (2010-2019).

[132] At category and sub-category levels.

[133] From a sample of citizens in 39 countries representing around 87 percent of Africa's population.

COVID-19 risks reversing the positive gains, but is also a key opportunity to reset current models

COVID-19 is set to exacerbate governance's existing challenges and reverse positive gains achieved. Even if the virus only mildly hits Africa's population, the continent's still-weak health systems are already overstretched. The number of out-of-school children has risen alarmingly. Postponed elections and excessive lockdown measures have further deteriorated the democratic and rights landscape as well as civil society space. But the most concerning impact of COVID-19 for Africa is economic and social, with recession predicted in Africa for the first time over the last 25 years. Such an event could threaten to reverse the gains obtained over the last decade in economic and human development, which up to now had been the main drivers of overall progress on the IIAG as governments have gained greater ability to provide public goods and services to their people.

However, history has taught us that no momentous change has ever taken place without being triggered or forced by a major crisis. So maybe COVID-19 presents us with the opportunity to re-think, rather than merely re-build, a new growth model—one that is more sustainable, more resilient, more job-creating, and more inclusive.

FIGURE 6.3

AFRICAN COUNTRIES: IIAG CATEGORIES, NUMBER OF COUNTRIES PER TREND CLASSIFICATION (2010-2019)

According to the Ibrahim Index of African Governance (IIAG), over the past year, performance in the indicators of "Participation, Rights & Inclusion" and "Security & Rule of Law" have deteriorated, while, at the same time, "Human Development" and "Foundations for Economic Opportunity" have improved.

Visual Key

Trend classification

- Increasing deterioration: Decline over the last ten years, with the rate of decline increasing over the last 5 years
- Slowing deterioration: Decline over the last ten years, but the rate of decline is slowing over the last 5 years
- Warning signs: Progress (or no change) over the last ten years, but showing recent decline over the last 5 years
- Bouncing back: Decline (or no change) over the last ten years, but showing recent progress over the last 5 years
- Slowing improvement: Progress over the last ten years, with the rate of improvement slowing over the last 5 years
- Increasing improvement: Progress over the last ten years, with the rate of improvement increasing over the last 5 years

Source

Mo Ibrahim Foundation, *Ibrahim Index of African Governance* (London: Mo Ibrahim Foundation, 2020).

VIEWPOINT

Biden, democracy, and Africa

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President Joe Biden has committed to restoring American leadership globally. With the insurrection at the U.S. Capitol on January 6, this task became immensely more challenging. For Africa, nevertheless, this will translate into an American policy that strives to respect the people and governments on the continent.

Respect for democratic governance—which the president has called not only the foundation of our society, but the "wellspring of our power"[134]—will also be at the top of his policy agenda. Given Donald Trump's effort to overthrow our election and the violent breach of the U.S. Capitol, the Biden administration needs to speak up for democracy and human rights at home and globally more than ever, a point made by my Brookings colleague, Thomas Wright.[135]

Indeed, a desire for democratic governance is part of the connective tissue between Americans and Africans: Afrobarometer finds that 7 of 10 Africans aspire to live under democratic governments. A greater majority reject authoritarian or autocratic rule, presidents-for-life, and military rule.[136] (For more Afrobarometer's findings around African attitudes towards governance, especially under the pandemic, see the essay on page 77).

The institutions of American democracy faced extraordinary pressure during the 2020 elections and were under siege during the transition. The challenges we faced in this election cycle should enable the United States to share, listen, and learn with its partners on the continent while laying the groundwork for a renewed U.S. policy agenda in Africa to promote resilient, democratic societies. It is appropriate, for example, that Joe Biden's first congratulatory call from Africa came from South Africa's President Cyril Ramaphosa, whose own democracy has been stress-tested by eight years of "state capture" under Jacob Zuma, not to mention the ongoing struggle to overcome the legacy of apartheid. Our shared experience in shoring up democratic governance and working to address legacies of racial inequality offers a unique opportunity to re-energize our relationship with South Africa and other countries on the continent.

The middle ground

Last year in Africa, electoral outcomes often did not reflect African aspirations. Such was the case in Guinea, Tanzania, Burundi, and elsewhere. Moreover, the 2020 Ibrahim Index on African Governance has found that the public perception of overall governance is at its lowest in over a decade, and the pace of deterioration has nearly doubled over the last five years.[137] (For more on these trends, see the viewpoint on page 83).

In reality, democracy in Africa is a work in progress, as it is in the U.S. and everywhere, with some countries progressing better than others. While the Ibrahim Index notes a deterioration in the average African governance score over the last year, it also finds that overall governance performance has improved slightly over the last decade. At the same time, Freedom House ranks only seven countries in the "Free" category—the smallest number since 1991—but the group of "Not Free" countries is also shrinking.[138]

[134] Joseph R. Biden, Jr., "Why America Must Lead Again: Rescuing U.S. Foreign Policy After Trump," *Foreign Affairs* 99, no. 2 (March/April 2020).
[135] Wright, Thomas. 2021. "The U.S. must now repair democracy at home and abroad." *The Atlantic*, January 10, 2021.
[136] E. Gyimah-Boadi et al., "US Foreign Policy Toward Africa: An African Citizen Perspective," *Brookings Institution*, October 23, 2020.
[137] Mo Ibrahim Foundation, *Ibrahim Index of African Governance* (London: Mo Ibrahim Foundation, 2020).
[138] Jon Temin, "Democratic Trends in Africa in Four Charts," *Freedom House*, April 17, 2020.

The U.S. Millennium Challenge Corporation (MCC), which makes infrastructure investments based on a rigorous set of governance indicators, has initiated programs in 25 African countries.[139] Only two programs have been terminated, Madagascar in 2005 and Mali in 2006, and one suspended, Tanzania in 2016.

Together, these comprehensive governance analyses suggest that the majority of African nations occupy the middle ground between democratic and non-democratic governments. The bottom line, however, is that democratic backsliding in Africa is a reality.

A Democracy Summit

Enter Joe Biden, for whom democracy is a core value. Reflecting this belief early in his campaign for the presidency, Biden committed to convening a global "Summit for Democracy" during his first year in office.[140] The relevance of this summit is greater than ever. Its goal will be to strengthen democratic institutions, forge a common agenda for making democracy meaningful for everyday lives, and ensure that institutions deliver, most immediately in the response to COVID-19.

This won't be simply a talk shop. Invited countries will be expected to arrive with a basket of commitments in three areas: (1) fighting corruption; (2) defending against authoritarianism; and (3) advancing human rights on the national, regional, and global levels. Civil society organizations that are on the frontlines of promoting democratic practices are expected to be involved in the summit. Private sector representatives will also be included, especially from technology and social media companies given their importance to the health of vital institutions and democratic norms.

Reimagining U.S.-Africa relations

The Biden commitment to democracy can deepen American partnerships with African governments. We can learn from the African experience while sharing the causes of the recent assault on the U.S. Capitol and what it means for the future of democracy in the United States.

A positive-sum approach to democratic governance would lay an effective groundwork on which to build dynamic commercial relationships; generate resources for mitigating the impacts of climate change; enhance the livelihoods of women, youth, and the poor; and strengthen efforts to broaden peace and security.

Such an approach will present new challenges for the U.S. on a continent where democracy is backsliding. As an action forcing mechanism, convening regular summits with African leaders, such as the U.S.-Africa Leaders Summit of 2014, would offer an opportunity to focus on the many common priorities, including advancing democracy, human rights, and good governance.

And China?

The Biden commitment to renewing democracy inevitably will be compared to China's role on the continent. On trade, the U.S. is trailing badly. Between 2017 and 2018, two-way trade between the U.S. and Africa increased from $55.4 billion to $61.8 billion.[141] During this same period, the value of bilateral trade between China and Africa increased from $155 billion to $185 billion.[142]

While the U.S. will not catch these numbers any time soon, there is another important role for the United States in its partnership with African governments. African leaders want to attract more American companies for their willingness to invest in human capi-

[139] "Where We Work," *Millennium Challenge Corporation*, accessed December 8, 2020.

[140] "The Power of America's Example: The Biden Plan for Leading the Democratic World to Meet the Challenges of the 21st Century," *Biden for President*, accessed December 8, 2020.

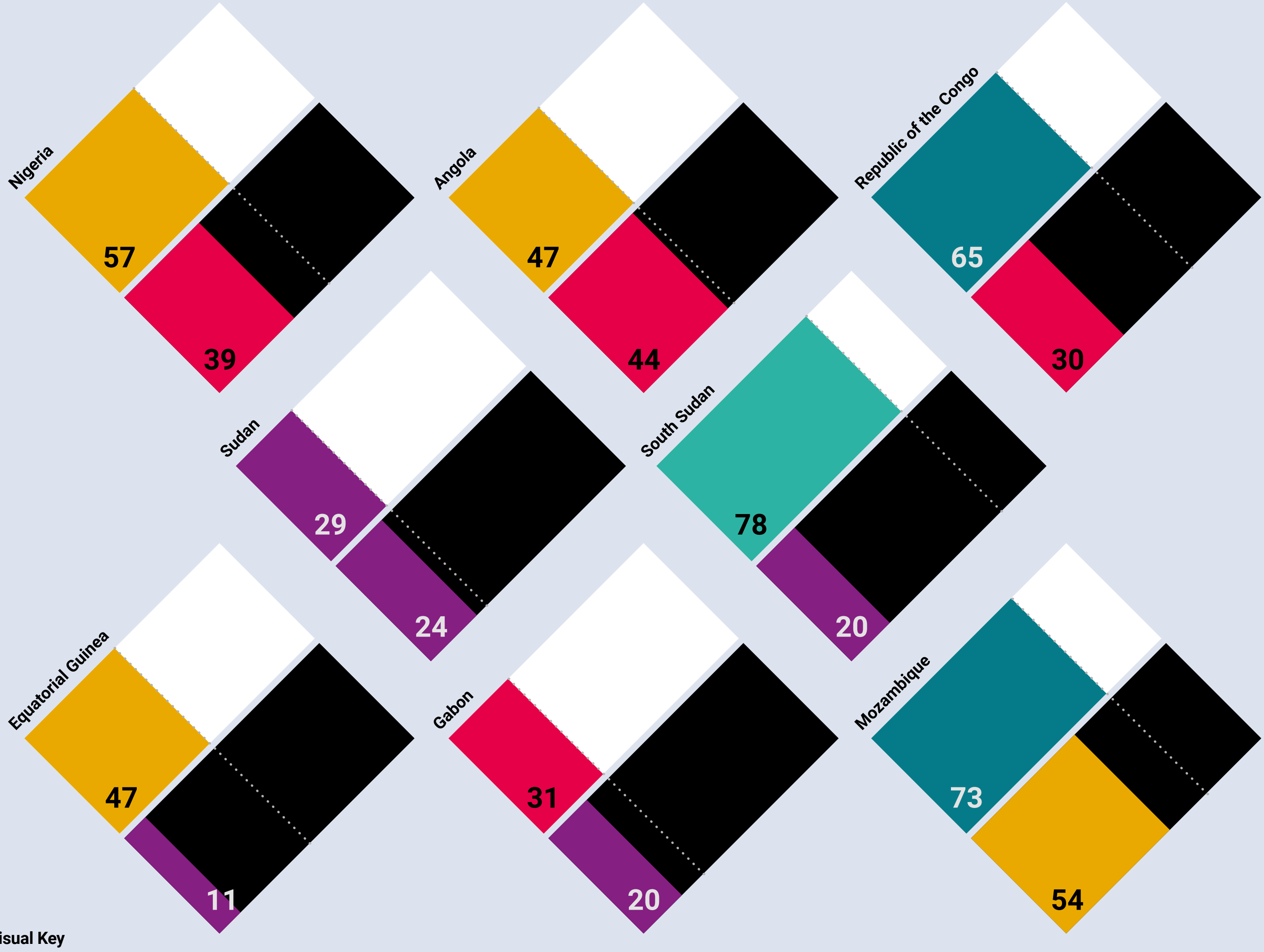
[141] "Foreign Trade – Trade in Goods with Africa," *United States Census Bureau*, accessed December 8, 2020.

[142] "Data: China-Africa Trade," *China-Africa Research Initiative*, accessed December 8, 2020.

FIGURE 6.4

QUALITY OF NATURAL RESOURCE GOVERNANCE LAW AND PRACTICE

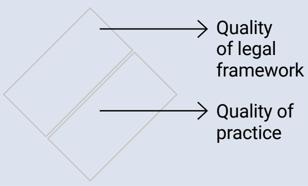
Many African countries with large natural resource endowments struggle both to create strong legal frameworks for natural resources and, even moreso, to practically implement those frameworks. The Natural Resource Governance Institute (NRGI) finds that South Sudan, for example, has a good legal framework for the management of its oil and gas resources, but has failed to successfully implement that framework. In contrast, NRGI finds that Angola has only a weak legal framework for resource management, but that its practices of implementation are almost fully aligned with its framework. Overall, for the eight countries below with substantial oil and gas resources, the quality of both legal frameworks and practice remain low.



Visual Key

Rank

- Good
- Satisfactory
- Weak
- Poor
- Failing



Source

"2017 Resource Governance Index," *Natural Resource Governance Institute*, 2017.

tal by transferring needed skills, and to train and advance their African employees. American companies also work to conform to global best practices in anti-corruption, labor practices, and the protection of the environment. This is in stark contrast to the practices of most Chinese companies. The U.S. has also invested effectively in Africa's youth, although more needs to be done. Since the Young African Leaders Initiative (YALI) was established in 2014, nearly 5,000 of the region's best and brightest young men and women have received leadership training at American universities, and several hundred thousand young African leaders participate virtually in the YALI network.

The challenge for the Biden administration is to genuinely see Africa as a continent of opportunity. The new administration also needs to renew the U.S.-African relationship in a way that shares the full American experience in support of African aspirations for both democratic governance and greater prosperity.

FIGURE 6.5
THIRD TERMISM IN AFRICA

Africa has faced a growing pattern of term limit evasion in recent years. Among African countries with a two-term constitutional limit for presidents, 21 have attempted to modify or eliminate presidential term limits since 2000, and 14 countries have succeeded in their attempts. This pattern has accelerated since 2015, with 16 attempted term limit modifications between 2015-2020, of which 15 were successful.

Note

Countries are identified by their ISO 3166-1 alpha-2 codes.

Source

Joseph Siegle and Candace Cook, "Circumvention of Term Limits Weakens Governance in Africa," *Africa Center for Strategic Studies*, September 14, 2020.

VIEWPOINT

Entrenching democracy in African countries: Policy imperatives for leaders in 2021

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While African countries faced many challenges in 2020, the year 2021 is creating many opportunities for them to significantly improve their governance systems. For one thing, COVID-19 has forced many policymakers and civil society leaders to recognize the importance of technology to political and economic participation. For example, video conferencing platforms—now ubiquitous due to their use in minimizing the spread of the virus—have enabled governments, firms, and civil society organizations to conduct business virtually, creating the space to improve participation in governance generally and in elections in particular. Such a process augurs very well for inclusiveness and the entrenchment of democracy. So, in 2021, African governments should **invest in the necessary infrastructure to significantly improve access to these participation-enhancing technologies**.

An important challenge that Africans face as they seek to create a democratic tradition is that many citizens are not aware of their national constitution, nor understand the role that the provisions of the constitution plays in the regulation of their relationship with their governments, as well as with their fellow citizens. For good governance to be truly entrenched, the majority of citizens must understand their constitution and see the law as a tool for protecting their rights and enabling other activities (e.g., entrepreneurship to create wealth) to improve their lives. Thus, in 2021, A**frican governments should begin nationwide civic education programs** in languages that their citizens can understand in order to help them internalize these complex and important relationships. Such steps can bolster the civic engagement that is already on the rise. Indeed, 2020 saw an eruption of **peaceful protests throughout many African countries as citizens demanded an end to police brutality and impunity by state- and non-state actors**.[143] (For a visual on the spread of protests in Nigeria, see Figure 6.6).

Although the pandemic has complicated the election process, many countries have been able to hold elections and must continue to do so. (For strategies for holding elections in Africa during a pandemic, see page 82). Unfortunately, the possibility of post-election violence continues to diminish the critical role played by elections in institutionalizing and entrenching democracy. Thus, in 2021, African countries must **redouble their efforts to minimize political interference in the judiciary**, ensuring that their judicial systems are both independent and robust enough to peacefully adjudicate such conflicts. As evidence from Ghana and Kenya shows, if court rulings are based on the application of the facts to the law, citizens are likely to accept those decisions and resist the temptation to engage in violent mobilization.

Importantly, elections—of which 15 national-level are scheduled in 2021—can help Africans build and sustain effective democratic institutions, but they cannot be undertaken in institutional environments that are pervaded with extrajudicial killings and

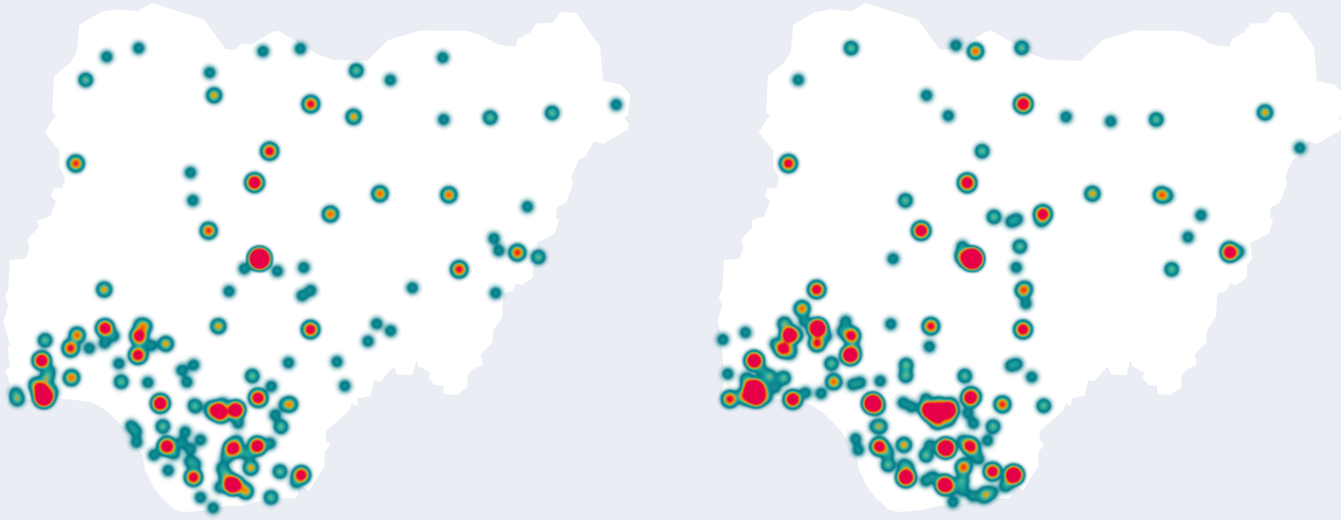
[143] For example, in Nigeria, protestors stood up against extrajudicial killings by the police and other security forces; in Cameroon, against the killing of civilians by government security forces in the country's Anglophone North West Region; in Egypt against what protesters claimed was continued government repression; in South Sudan against brutality by soldiers; and in Kenya against police brutality.

FIGURE 6.6
PROTESTS ACROSS AFRICA

In recent years, Africans across the continent have exercised their right to protest a variety of issues, including modifications of constitutional term limits, corruption, and insecurity. In Nigeria, protests erupted this year under the tagline #EndSARS in response to widespread police brutality. Protests in Nigeria over this and other issues were more widespread, more frequent, and more widely attended in 2020 than protests in 2019.

Nigeria 2019
Protests: 542

Nigeria 2020
Protests: 824



Visual Key

1 119

Source

Armed Conflict Location and Event Data Project (ACLED), 2020, www.acleddata.com.

other forms of government impunity. Hence, this year, African countries must work hard to make certain that their governing processes **provide citizens with the tools (e.g., an independent judiciary; a free press; free, fair, transparent, inclusive, and credible elections)** to effectively guard the exercise of government power and force governments to be accountable to the people and the constitution.

In recent years, many authoritarian governments in Africa have manipulated elections to remain in power indefinitely. They have done so by first, changing their constitutions to eliminate term limits for the president and, second, by rigging national elections and making it difficult for the opposition to participate. In 2021, many **African countries will have to revisit the process of amending their national constitutions** and provide themselves with one that cannot be easily manipulated by opportunistic political elites. (For more on the attempts to eliminate term limits on the continent, see Figure 6.5). While it is necessary to strike a balance between rigidity and flexibility, the process must be robust enough to prevent individuals and special interest groups from engaging in opportunistic constitutional changes.

The new Biden/Harris administration, which came into power in January 2021 in the United States, has already indicated its interest in leading the struggle for good and inclusive governance and the rule of law around the world. (For more on the Biden agenda for democracy and what it means for U.S.-Africa relations, see the viewpoint on page 85). Thus, 2021 offers opportunities for civil society organizations in African countries to engage their national governments—hopefully with the help of Washington and other like-minded global players—to improve governance generally and the recognition and protection of human rights in particular.

Thus, as African economies seek ways to restructure themselves after COVID-19, now is the time for many governments that have drifted away from their founding principles of good governance and democracy to return to the path of constitutionalism and the rule of law.

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