



Enhancing Resilience in African Economies: Macro-Economic Policy Responses to COVID-19 Pandemic in Africa

A Brainstorming E-Seminar

Hosted by African Development Institute (ADI), African Development Bank Group

Date: Wednesday, 29 April 2020

Time: 14:00 -1800 hours (Abidjan time)

I. CONTEXT

The unprecedented immediate impacts of the COVID-19 pandemic on global, regional and national health systems, economies, trade, cultures, and societies have attracted significant interest globally across countries. Both the public and private sectors, individuals and communities are struggling to respond to the impact of the pandemic.

Different countries have adopted unprecedented but unequal measures to contain the virus, each according to its capacity. Countries have rightly focused on immediate response strategies to flatten the disease curve through non-pharmaceutical prevention and containment measures – notably personal hygiene, social distancing and lock-down of economic activity to various scales. Several countries have closed their borders, eased monetary and fiscal policies in unprecedented proportions to help citizens, businesses and public institutions cope with the crisis, each according to their capacity. The developing countries are, once again, exposed to unprecedented need to seek external aid (in grants and loans) to respond to the crisis. In effect, while the COVID-19 pandemic is a supra-national challenge, individuals, firms and countries are retreating (and competing for resources) to protect themselves.

Emerging evidence suggest that the non-pharmaceutical measures have high potential for slowing down the contagion, reducing mortality rates and minimizing pressures on existing national health infrastructures. However, their immediate impact on individual livelihoods, community life, national economies, social systems and global cooperation have become a subject of varied policy discussion. The pandemic has re-ignited debates regarding adequacy of, asymmetries and contradictions in, the contemporary global order. Many draw parallels with what happened during the post-World War II which gave birth to the Bretton Woods Institutions. Everything is up for debate: the relative virtues of centralized or regionalized health systems; the trade-offs between the economy and public health, the adequacy of globalization, glocalization, or nationalism; the pros and cons of Authoritarianism, Confucianism, Democracy, and Populism; the value of a globalized, regionalized, or nationalized value chains, etc.

As countries continue to rightly focus on flattening the disease curve and finding the vaccine and therapeutic cure, there is need to consider what the COVID-19 pandemic and the response strategies

may bequeath to economies and human societies. As aptly noted by His excellency President Emmanuel Macron, *“This period will have taught us a lot. Many certainties and convictions will be swept away. Many things that we thought were impossible are happening. The day after when we have won, it will not be a return to the day before, we will be stronger morally. We will draw the consequences, all the consequences.”*¹ *“We are all embarking on the unthinkable.... We all face the profound need to invent something new, because that is all we can do... But it will change the nature of globalisation, with which we have lived for the past 40 years...”*² As noted by the UN Secretary-General António Guterres: *“Everything we do during and after this crisis must be with a strong focus on building more equal, inclusive and sustainable economies and societies that are more resilient in the face of pandemics, climate change, and the many other global challenges we face - recovery from the COVID-19 crisis must lead to a different economy.”*³

While the current policy discourse appears to focus on re-starting the neo-liberal order - “re-opening the economy” – as it were, the rapid halt in the “globalization” and “free market economy” in the face of COVID-19 begs many questions regarding the adequacy and resilience of the contemporary economic order. Beyond the numbers that are being generated by several modelers and analysts on the impacts of COVID-19 on national, regional and global economies, there is need for a coordinated synthesis of the lessons learned and implications of all ongoing efforts for the post-COVID-19 policies on sustaining our common future. Indeed, the short-, medium-, and long-term economic, political and social consequences of the pandemic are yet to be well understood. At the global, continental, and national levels, there is need to consider key coordinated policy response strategies to flatten the curve, and address the social, economic and environmental externalities of the pandemic in the short, medium and long-term. There is need to consider ways to strengthen and/or completely re-think the underlying architecture of the global cooperation, continental integration, and national planning to build more resilient health, economic, and social systems in the post COVID-19 era.

II. A Global Community of Practice (G-CoP) on COVID-19 Response Strategies

In response, the African Development Institute (ADI) of the African Development Bank Group has established a Global Community of Practice (G-CoP) to facilitate knowledge synthesis and policy dialogue to inform policy responses of the African Regional Member Countries (RMCs) to the short, medium and long-term policy questions related to the COVID-19 pandemic. The G-CoP will be hosted through a virtual interactive collaborative environment (VICE) under the auspices of the ADI Virtual Capacity Development Academy (VCDA), featuring⁴:

1. A certified virtual community of experts and practitioners from the African Development Bank Group, governments, think tanks, universities and development practitioners in Africa and globally;
2. A virtual repository of relevant publications and opinion pieces on COVID-19 response policies and practices in Africa and around the world;
3. Regular webinars / e-seminars to brainstorm on emerging case studies of good and bad practices and lessons learned;

¹ <https://www.theguardian.com/world/2020/apr/11/coronavirus-who-will-be-winners-and-losers-in-new-world-order#img-1> (accessed 14 April 2020).

² <https://www.ft.com/content/3ea8d790-7fd1-11ea-8fdb-7ec06edeef84>

³ <https://www.un.org/en/un-coronavirus-communications-team/launch-report-socio-economic-impact-covid-19>

⁴ The schematic on the Virtual Capacity Development Academy on COVID-19 is presented in Annex 1.

4. Targeted country specific case studies on short, medium and long-term strategies to build a more resilient economy that can withstand future exogenous shocks such as COVID-19 pandemic; and
5. An interactive virtual market place with an “ask the experts” function to enable policy makers access rapid technical advisory services in real time.

III Governance:

The G-CoP will be coordinated by the African Development Institute (ADI) of the African Development Bank Group. However, the G-CoP member institutions and government agencies are welcome to participate, convene and host webinars, seminars, and policy dialogues on subjects of interest to help African member states to respond to the COVID-19 in the short, medium to long term. All convenings will be moderated in consultation with the ADI dedicated staff members who will manage the G-CoP platform and help produce the knowledge products and policy briefs as appropriate.

IV. PROPOSED FIRST SEMINAR

The African Development Institute (ADI) is convening the first seminar under the auspices of the G-CoP on the theme: “*Enhancing Resilience in African Economies: Macro-Economic Policy Responses to COVID-19 Pandemic in Africa*”.

In a recent Financial Times Article, Mr. Ken Ofori-Attah- Ghana’s Minister of Finance – a seasoned global expert in macro-economic and fiscal policy, asked the question: “*What does an African finance minister do now?... “[...] there is a lump in my throat as I think of Africa’s predicament. [...]. I have, in one fell swoop, lost more than \$1bn of revenue as domestic taxes continue to shrink, compounded by lost productivity and job losses [...]*”⁵. His question reflects the exacerbation of Finance Ministers and citizens of many Developing Countries.

In general, the benefits of neoliberalism, globalization and the free market order, have at best been unequal (Annex 2). Countries’ capacities to respond to the COVID-19 pandemic is following the same pattern⁶. Developing countries do not have the state capacity to roll out massive stimulus at the scale required to rescue their economies from the shock and after-shock effects of COVID-19.

A glimmer of hope for African countries lies in the multilateral development institutions. The African Development Bank has recently approved a USD 10 billion COVID-19 Rapid Response Facility (CRF) to assist countries in staving off the adverse effects of the pandemic⁷. The International Monetary Fund has also announced a USD 1 trillion emergency rapid response facility from which

⁵ https://www.ft.com/content/1ab41f68-7e30-11ea-82f6-150830b3b99a?accessToken=zWAAAXGI7G0Ak8atB9ofjAR6tOC9hUIMLO5mg.MEUCIAq_VROwM698HELX7rIoE2HsZZ7HL6ox_byW9YYi5jN0AiEAvtjROJKEElvMxKMMWOaBDm1jNop4X3bMO7ekjGBFtQQ&sharetype=gift?token=c67ba657-9b10-4a17-ae67-f49ea2aebc07

⁶ The level of fiscal stimulus provided by the USA alone (over US\$2 trillion) is more than the GDP of sub-Saharan African countries combined (US\$1.8 trillion) as at 2018. It is not surprising therefore that the average fiscal support stimulus announced by African governments so far amounts to a meager 0.8% of GDP, one-tenth the level in advanced economies.

⁷ <https://www.afdb.org/en/news-and-events/press-releases/african-development-bank-group-unveils-10-billion-response-facility-curb-covid-19-35174>

some African countries have already benefited⁸. The World Bank has earmarked about USD 55 billion for COVID-19 interventions in Africa⁹.

The seminar will bring together global experts and practitioners in macro-economic, fiscal and monetary policy to specifically address an expanded question like the one posed by Ghana's Minister of Finance: *What should African Finance Ministers and Central Bank Governors do now?*

Specific questions to be addressed:

1. How should African countries implement the social distancing and other non-pharmaceutical measures recommended by the World Health Organization to flatten the COVID-19 disease curve?
2. What macroeconomic, fiscal and monetary policy responses are African countries currently implementing or proposing to implement and how relevant and potent are they in dealing with the immediate, short, medium and long-term impact of the pandemic?
3. What macroeconomic, fiscal and monetary policy responses should African Governments implement to effectively smoothen the impact of the non-pharmaceutical measures recommended by the World Health Organization, such as lockdowns, on citizens, businesses and national economies?
4. What are the likely implications of the response strategies including the easing of monetary policy and massive fiscal stimuli being rolled out in response to COVID-19 on African economies, and what should countries do to hedge the possible risks of hyper-inflation and /or stagflation in a post-COVID-19 era?
5. What are the lessons that can be learned from similar previous pandemics and the global financial crisis of 2008/2009 as well as the COVID-19 to accelerate the SDGs, Agenda 2063 and the Continental Free Trade Area in Africa?
6. What are the specific lessons to be learned to inform value chain development in key sectors, especially in health, agriculture, energy sectors, and reduce country vulnerabilities to global value chains?
7. What types of global partnerships should African countries consider in the post-COVID-19 world order?
8. How can the African Development Bank intervene through its Hi-5s to strengthen sector-specific resilience capabilities in African countries to: feed Africa, light-up and power Africa, industrialize Africa, integrate Africa and improve the quality of lives for Africans?

VII. PARTICIPATION

Participation in the e-seminar is strictly by invitation. A select group of anchor institutions, global experts and practitioners will receive special invitations as discussion leaders /conversation starters and participants in the seminar. The discussion leaders will provide a short think piece addressing each question in advance of the seminar and provide a 5-minute opening remarks to start the conversation.

⁸ <https://blogs.imf.org/2020/03/04/potential-impact-of-the-coronavirus-epidemic-what-we-know-and-what-we-can-do/>

⁹ <https://www.imf.org/en/News/Articles/2020/04/17/pr20168-world-bank-group-and-imf-mobilize-partners-in-the-fight-against-covid-19-in-africa>.

VIII. CALL FOR PARTICIPANTS

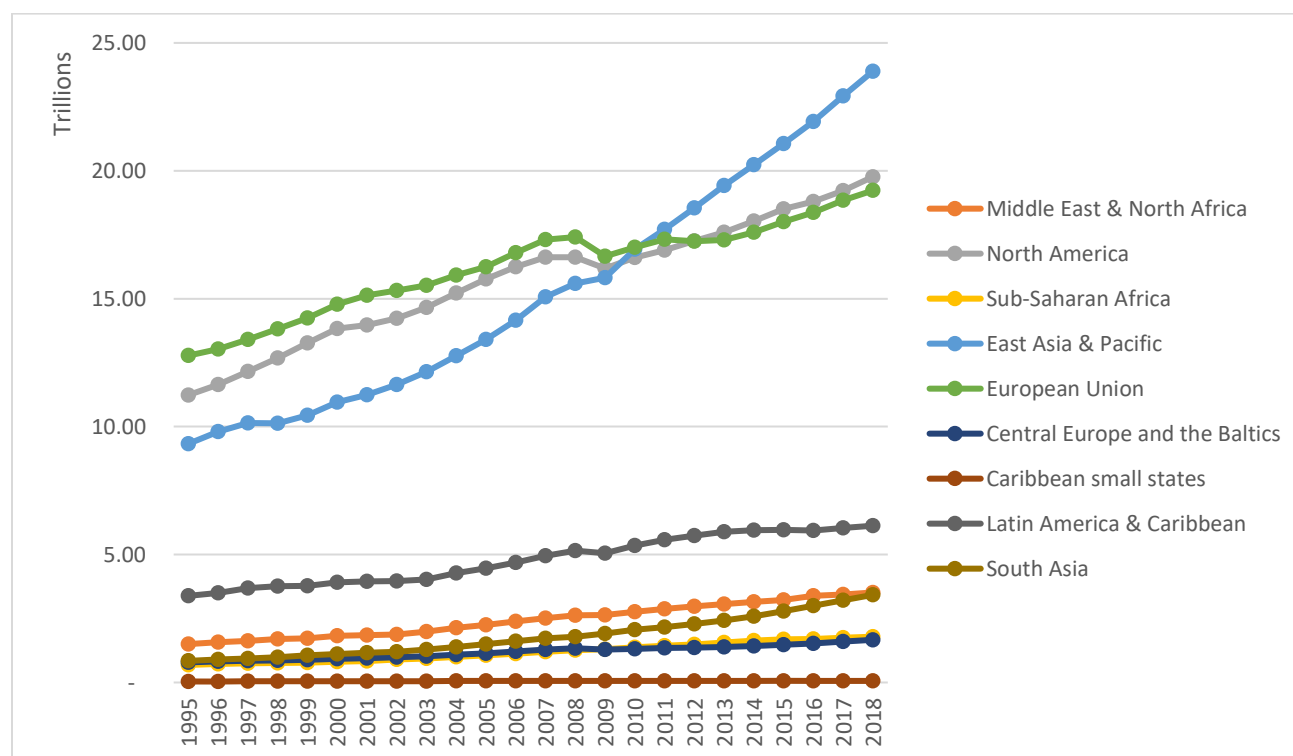
To participate in the G-CoP e-seminar on *Enhancing Resilience in African Economies: Macro-Economic Policy Responses to COVID-19 Pandemic in Africa*, please send a reply to africandevdevelopmentinstitute@afdb.org and k.urama@afdb.org

Prof. Kevin Chika Urama, FAAS,
Senior Director, African Development Institute;
African Development Bank Group,
Email: k.urama@afdb.org;
Website : www.afdb.org

Annex 1: The Virtual Collaborative Platform for COVID-19



Annex 2: Gross Domestic Product by Regions, 1995 – 2018 (Constant US\$ 2010)¹⁰



¹⁰ Source: World Development Indicators (2020)