

Africa's Economic Responses to the Covid-19 Pandemic

APORDE Virtual Seminars

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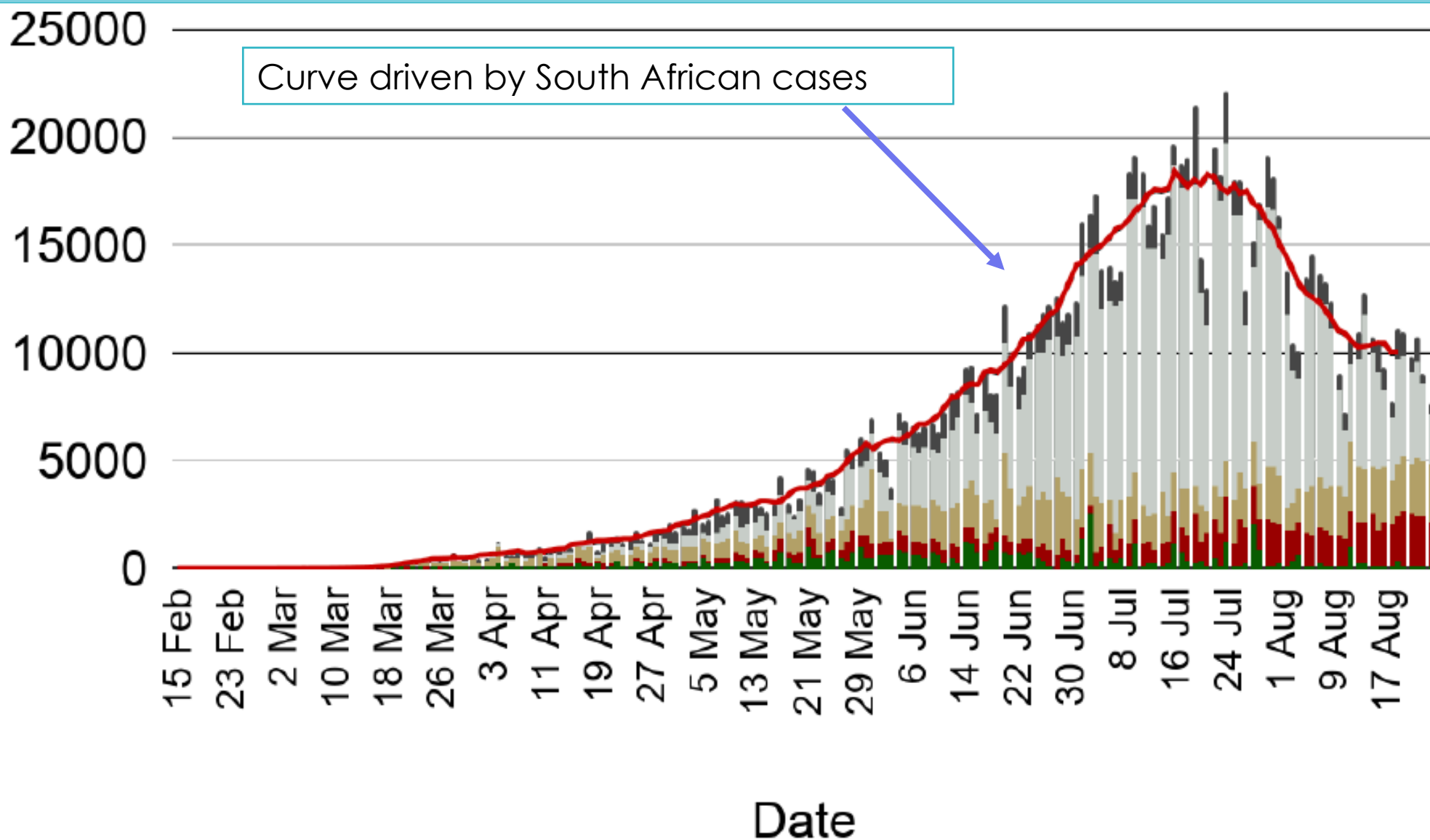
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Registered Covid-19 cases in Africa from 15 February to 25 August 2020

Number of new COVID-19

Curve driven by South African cases



7-Day Moving Average Western Southern Northern Eastern Central

Pre-Covid crisis conditions in Africa: Strengths and Weaknesses

- **Strengths during pre-crisis period:**

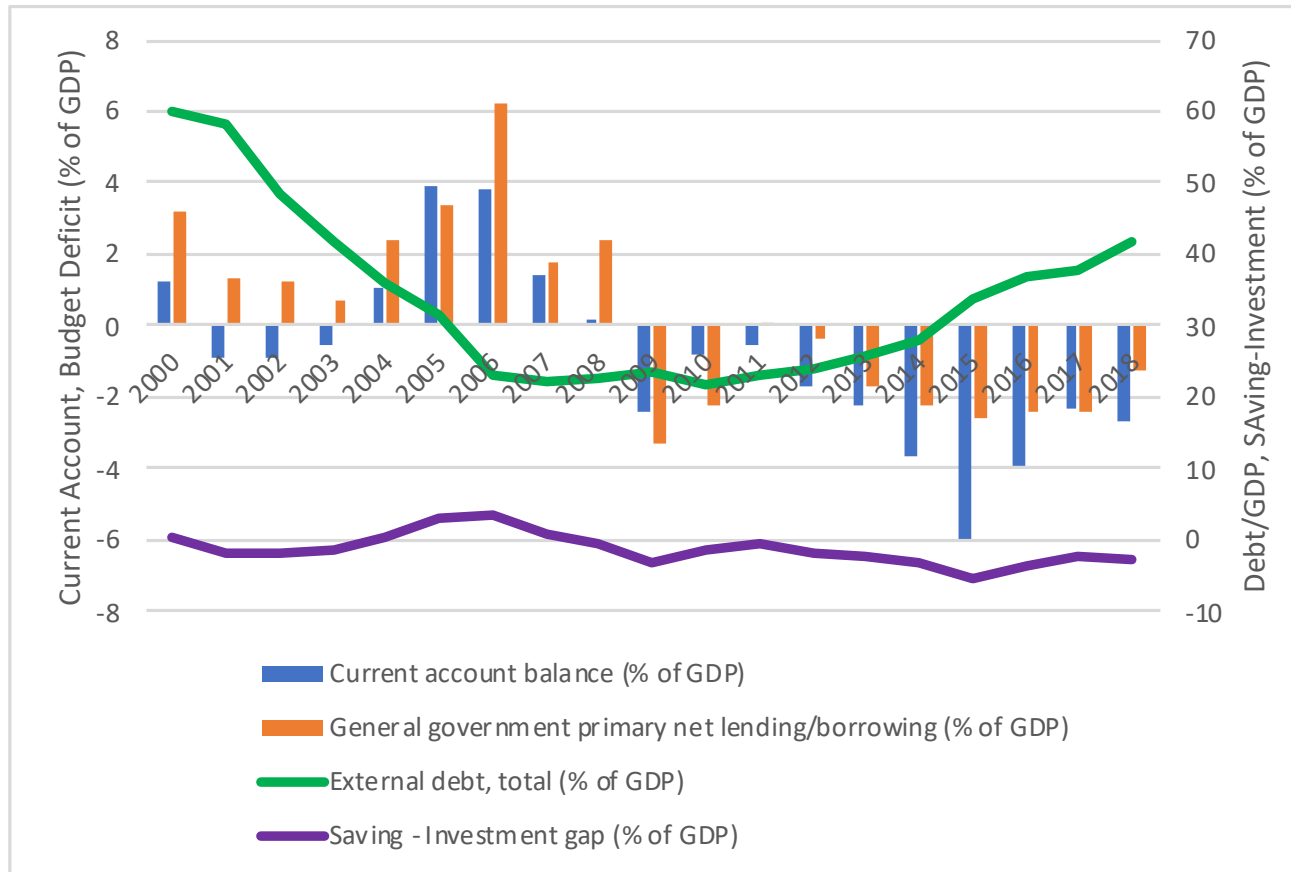
- Experience from managing previous (some ongoing) public health crises; especially the Ebola crisis
- Regional and continental institutional infrastructure for pandemic prevention and management

- **Weaknesses during pre-crisis period:**

- Weak health care systems
- High poverty and inequality → unequal access to healthcare; low resilience to shocks.
- Weak macroeconomic environment: high and accelerating debt levels, high deficits, export and import dependence

Weak pre-crisis macroeconomic conditions

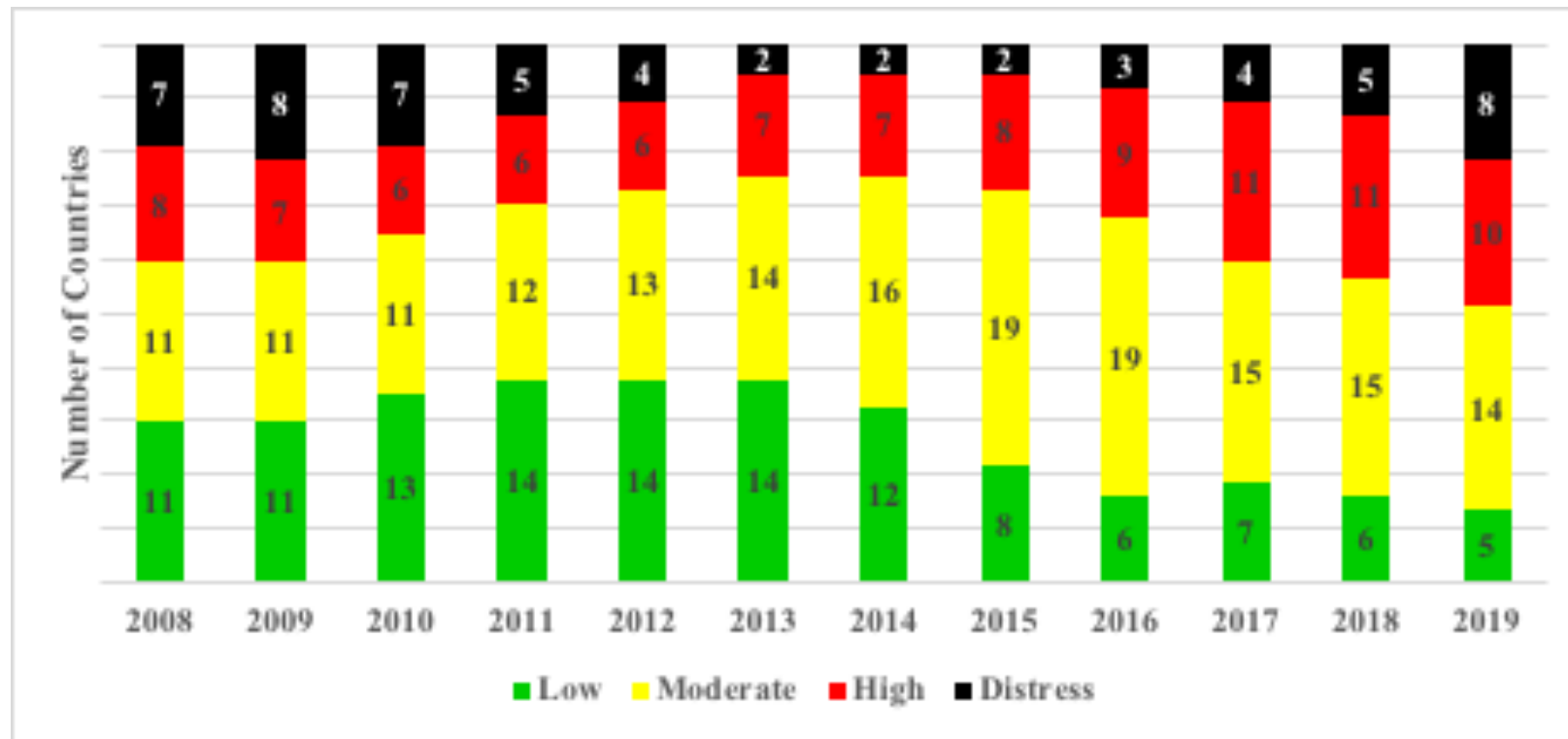
- Large financing gaps and 'looming' debt crisis



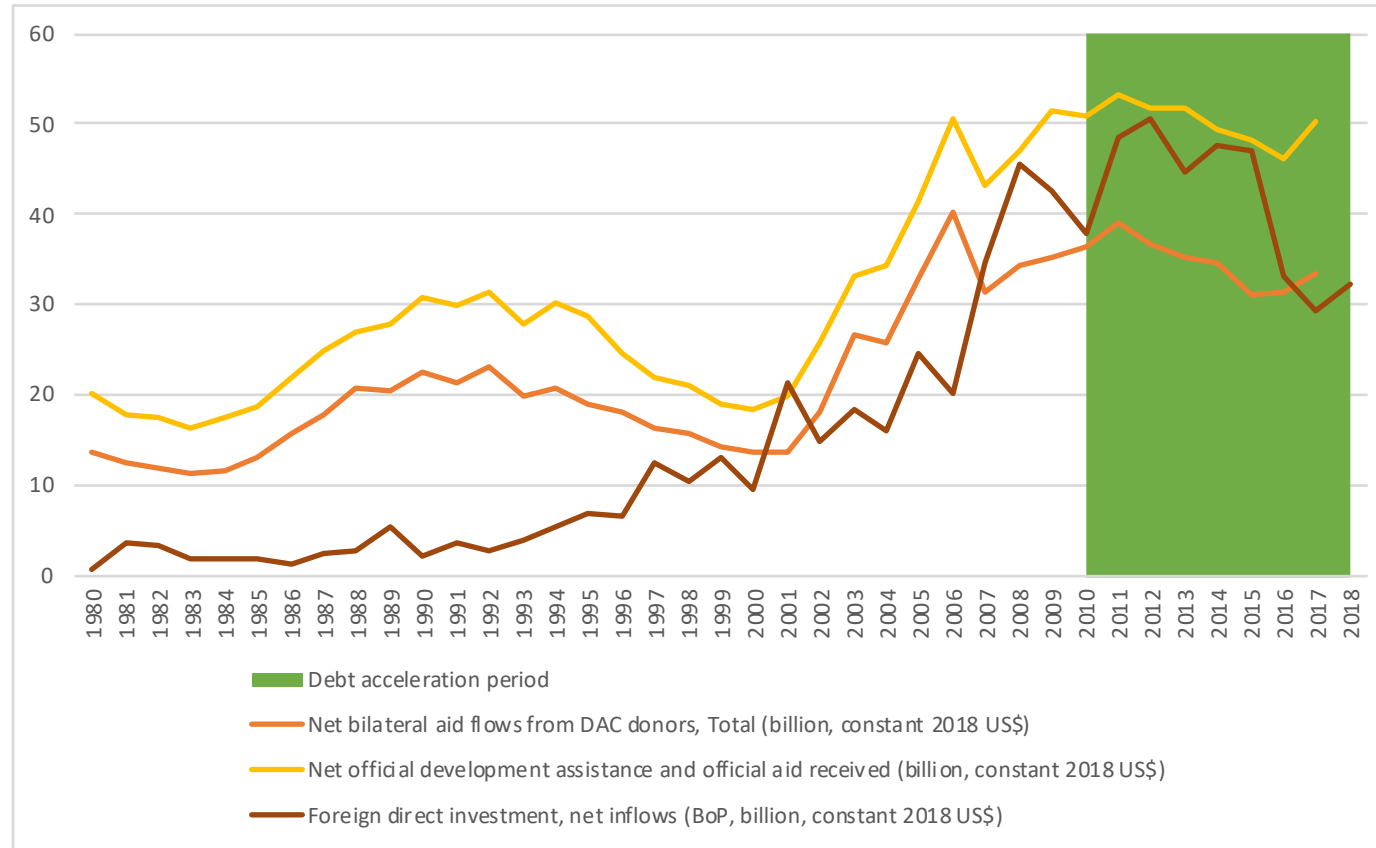
- Twin deficits;
- Domestic savings < Investment;
- Rising debt levels

Rising risks of debt distress since 2015

Number of countries by level of risk of debt distress



Debt accelerating while non-debt external capital inflows declining



Why are pre-crisis conditions relevant for policy response?

- Weak macroeconomic position implies **limited fiscal space** to implement interventions to cushion the impact of the crisis through:
 - Financing the required public health investments
 - Supporting domestic demand through transfers to households and assistance to workers who lose jobs
- Weak macroeconomic position implies **limited capacity to implement interventions to speed up recovery**:
 - Slow recovery means longer time to recuperate the pre-crisis gains in poverty reduction

Phases	Africa's response	Best, Bad, Regrettable
I. China Covid-19 outbreak; Contagion towards Europe, then the US	<ul style="list-style-type: none"> - Leverage past experience (Ebola) - Regional anti-pandemic institutions 	Best practice: pandemic institutional preparedness; Lessons learned (Technical know-how)
II. Contagion in Africa		
Imported (international travel)	<ul style="list-style-type: none"> - International travel restrictions 	Best practices: Early action; Information dissemination
Community contagion	<ul style="list-style-type: none"> - Containment; Lockdowns - Testing, tracing, treatment 	Regrettable: Denial by National Leaders (Burundi, Tanzania; <i>à la US & Brazil</i>)
II. Economic Impact in Africa		
Global contraction	Facing contraction in trade, tourism and capital flows: No response	Limited policy options; Time to harness regional integration!
Domestic effects	<ul style="list-style-type: none"> - Some fiscal stimulus - Some transfers to households (South Africa) 	Bad practices: <ul style="list-style-type: none"> - Non-transparent management of global Covid response aid - Weak Macro Policy Stimulus - No support to informal sector - Time for large Public Infrastructure Investment!

National responses: Best practices as well as 'regrettable' attitudes of national leadership

- In most countries, governments showed awareness of the severity of the crisis and willingness to intervene;
 - But a few ill-advised leaders procrastinated, even denied reality: Burundi (till June 2020); Tanzania (ongoing)
- The key challenges to effective interventions have been:
 - Limited fiscal space (see above)
 - Large informal sector: precarious livelihoods
 - Inadequate international assistance for Covid interventions

Summary of travel restrictions implemented by Member States

20

Full border
closures¹

4

International air
traffic closures

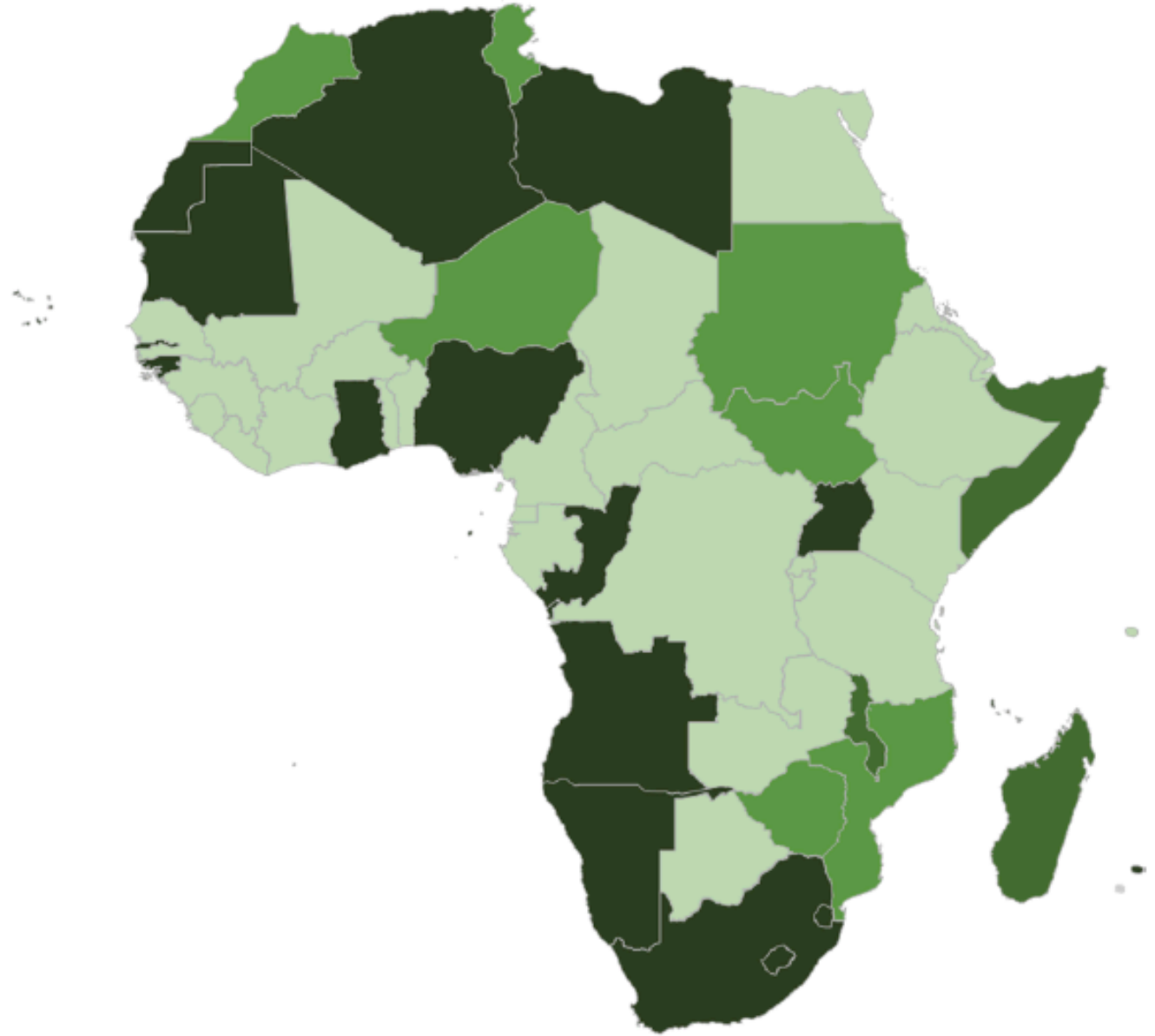
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Travel restrictions
to and from specific
countries

28

Entry/ Exit
restrictions²

Most Member States have imposed **mandatory quarantine** for all travelers or travelers arriving from high risk areas



Regional and continental responses: Institutional infrastructure

- Africa Center for Disease Control and Prevention (Africa CDC)
 - Early January 2020 monitoring reports of pneumonia coming from Wuhan, China
 - Emergency Operations Center for COVID-19 activated on 27 January 2020
 - Weekly virtual coordination meetings with Africa CDC Regional Collaborating Centers, Ministries of health and national public-health institutions
 - Communication reinforced across the five AU regions by the Regional Collaborating Centers,

Continent-level institutional infrastructure (cont'd)

- Africa Joint Continental Strategy for COVID-19, 22 February
 - Approved by the Bureau of the Assembly of AU Heads of State and Government
 - African Task Force for Coronavirus established to implement the Strategy = collaboration of Africa CDC, AU Member States, WHO and other partners:
 - Technical working groups established to review latest evidence and best practices to inform public-health action against Covid-19

Continent-level institutional infrastructure (end)

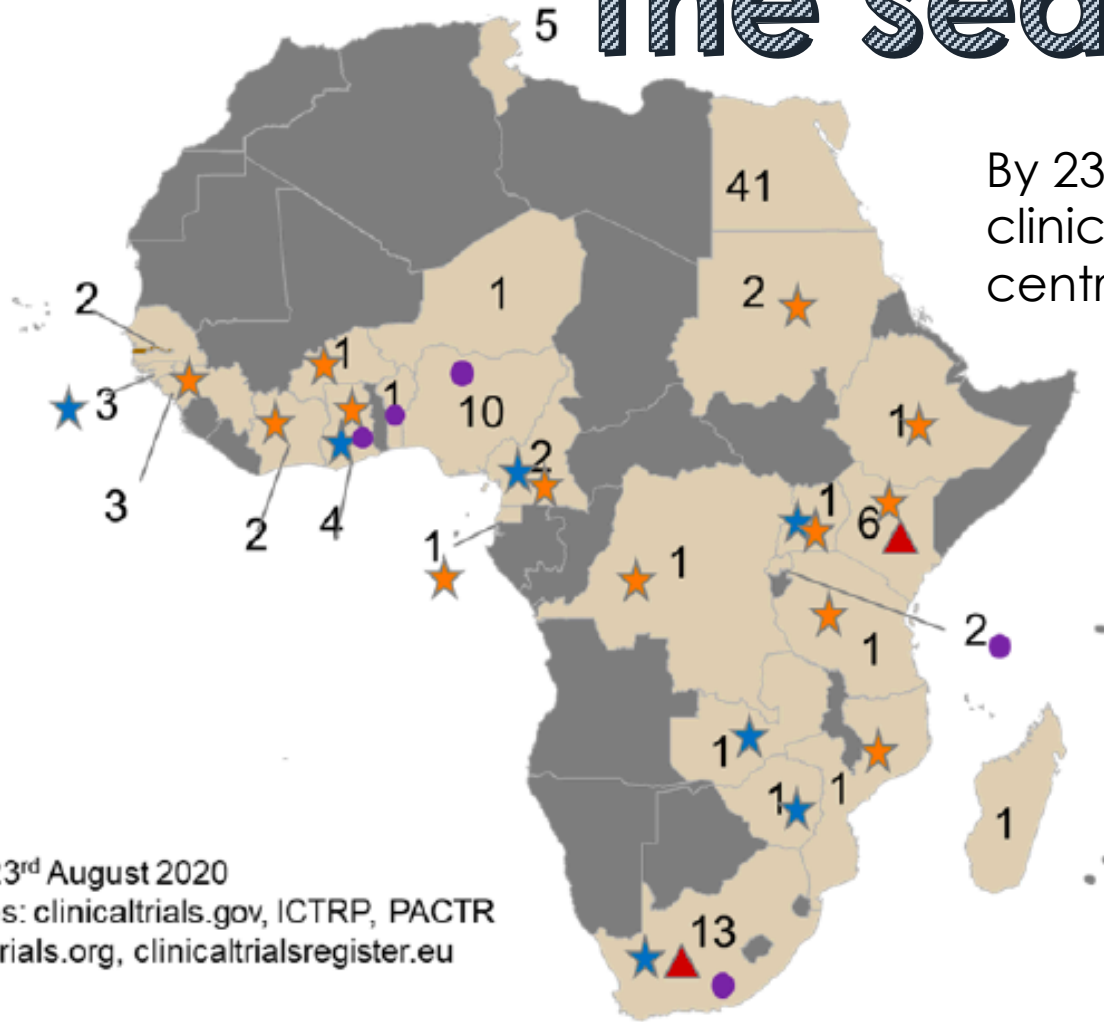
- Partnership to Accelerate COVID-19 Testing (the 'PACT initiative').
- African Union COVID-19 Response Fund:
 - To support Africa CDC in equipping, training and advising public-health and healthcare delivery systems in Africa
 - To assist Africa CDC by funding the PACT initiative
- African Development Bank:
 - Convening power and knowledge dissemination
 - Counter-cyclical and emergency financing

Global response in support of Africa

- WHO-led interventions - Public health/medical responses: research and testing for vaccine
- Financial assistance:
 - Debt relief offer: Why some countries hesitate to take it?
 - More grant aid would be a better solution
- Opportunity for strengthening international cooperation in public health
 - Threat of isolationism and retreat to nationalism (e.g., US pulling out of WHO) [Sen. Bob Menendez, D-NJ called Trump's response chaotic and incoherent. *"This won't protect American lives or interests—it leaves Americans sick & America alone."*]¹

The search for a vaccine

By 23 August 2020, there were 84 interventional clinical trials registered in Africa, including 4 multi-centric trials.



Registered vaccines trials in Africa

- Repurposed BCG (Egypt and South Africa)
- Repurposed measles (Egypt)
- Repurposed OPV (Guinea Bissau)
- Oxford University ChAdOx1 nCoV-19 vaccine (Kenya and South Africa)
- Johnson & Johnson Ad26.COV2.S vaccine (South Africa)
- MR or M-M-R II repurposed vaccine under the Crown Coronation trial for COVID-19 prevention in HCW (Ghana, South Africa, Uganda, Zambia, Zimbabwe)

Date: 23rd August 2020
Sources: clinicaltrials.gov, [ICTRP](https://ictrp.org), [PACTR](https://pactr.org),
[Covid-trials.org](https://covid-trials.org), clinicaltrialsregister.eu

- ▲ WHO Solidarity trial
- ★ ANTICOV trial
- ★ Crown Coronation trial
- Protect-Surg trial

Lessons learned

- **Early action is critical:** The cost of late action is very high and some of the consequences are irreversible (e.g., human lives lost; jobs lost for good; ...)
- The Covid crisis is an opportunity to **increase investments in public health systems**
- The Covid crisis has demonstrated:
 - The critical importance of building capacity for **counter-cyclical interventions**
 - Fiscal space
 - Long-term saving: Sovereign Wealth Funds
 - The critical importance of **economic diversification**
 - **Product diversification** to cushion impact of exogenous shocks on exports
 - **Diversification of trade markets** to cushion impact of shocks on imports
 - **Financial resource diversification** to cushion impact of shocks to capital flows; especially strengthening the base and capacity for **Domestic Resource Mobilization** – public revenue (taxation, including combatting tax evasion by MNCs); private savings (strengthening financial system)
 - Efforts to strengthen domestic resource mobilization must be accompanied by strong and globally coordinated measures to combat capital flight and other forms of illicit financial flows from Africa (see recent and ongoing studies published by PERI: <https://www.peri.umass.edu/research-areas/african-development-policy>)