African Union

An Integrated, Prosperous and Peaceful Africa

Socioeconomic IMPACT OF COVID19 ON AFRICA:

An opportunity to build more endogenous and resilient emerging economies

September 2020

September 2020

Contents

Figures

Tables

Boxes

Acronyms

ACB	African Central Bank
AEO	African Economic Outlook
AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
AfDB-ADER	AfDB Annual Development Effectiveness Review
AfDD	African Development Dynamics
AFRAA	African Airline Association
AIB	African Investment Bank
AIDs	Acquired Immunodeficiency Syndrome
AMCOMET	African Ministerial Conference on Meteorology
AMF	African Monetary Fund
AMSP	Africa Medical Supplies Platform
AREI	Africa Renewable Energy Initiative
ASEAN	Association of Southeast Asian Nations
ATAF	African Tax Administration Forum
AUC	African Union Commission
AUDA-NEPAD	African Union Development Agency- New Partnership for Africa's Development
AUFIs	African Union Financial Institutions
BCEAO	Central Bank of West African States
BEPS	Base Erosion and Profit Shifting
BEAC	Bank of Central African States
BRI	Belt and Road Initiative
CAADP	Comprehensive Africa Agriculture Development Programme
CAHOSCC	Committee of African Heads of State and Government on Climate Change
CBN	Central Bank of Nigeria
CDC	Centre for Disease Control
CDC-T3	Trace, Test and Track
CESA 16-25	AU's Continental Education Strategy for Africa 2016-2025
CFA	Communauté financière d'Afrique (Financial Community of Africa)
COVID-19	Corona Virus Disease 2019
DFS	Digital Financial Services
DRM	Domestic Resource Mobilization

DTS	Digital Transformation Strategy
EAP	Environment Action Plan
ECOWAS	Economic Community of West African States
EEZs	Exclusive Economic Zones
EIU	Economist Intelligence Unit
EMBRAPA	Empresa Brasileira de Pesquisa Agropecuária
EU	European Union
F15	Fifteen Ministers of Finance
G20	Group of Twenty
GDP	Gross Domestic Product
GEICO	Global Energy Interconnection and Cooperation Organization
GGWSSI	Great Green Wall for the Sahara and Sahel Initiative
GMR	Global Monitoring Report
HIV	Human Immunodeficiency Virus
IATA	International Air Transport Association
ICT	Information and Communication Technology
IMF	International Monetary Fund
LAC	Latin America and the Caribbean
MNEs	Multinational Enterprises
NGOs	Non-Governmental Organizations
NPCA	NEPAD Planning and Coordination Agency
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
PACT	Partnership to Accelerate COVID-19 Testing
PAPSS	Pan African Payment and Settlement System
PASE	Pan African Stock Exchange
PID	Programme for Infrastructure Development in Africa
PPEs	Personal Protective Equipment
PSIs	Private Sector Instruments
RECs	Regional Economic Communities
SAATM	Single African Air-Transport Market
SDGs	Sustainable Development Goals
SDRs	Special Drawing Rights
SMEs	Small and Medium Enterprises

SOEs	State-Owned-Enterprises
STC	Specialized Technical Committee
TB	Tuberculosis
TVET	Technical and Vocational Education and Training
UNCTAD	United Nations Conference on Trade and Development
UNDP	United nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFPA	United Nations Population Fund
UNWTO	United Nations World Tourism Organization
URLs	Uniform Resource Locators
USF	Universal Service Fund
VA	Value Added Tax
WB	World Bank
WEO	World Economic Outlook
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization
WTTC	World Travel & Tourism Council

Foreword

> In the nick of time when Africa was on the right path to turn its impressive economic performance into a sustainable level of economic and social development, the COVID-19 pandemic invaded the continent and quickly tilted it into a worst economic, social and humanitarian crisis. The pandemic is disrupting millions of livelihoods, affecting poor households, diverting government revenues, damaging the private sector, the informal economy and the entire production systems; and deteriorating international trade and financial flows to the continent.

In addition to the policy actions at national level to contain the spread of COVID-19 and mitigate of its socioeconomic impact, the African Union, under the leadership of H.E. Matamela Cyril Ramaphosa, the Chairperson and H.E. Mr. Moussa Faki Mahamat, Chairperson of the African Union Commission has been at the forefront of the fight against the pandemic by coordinating the activities and raising resources to strengthen the continental response to COVID-19, maintain economic activities and revive African economies.

Given the unknowns surrounding the pandemic, the continent's uncertain trajectory as well as, my briefing to the PRC on the impact of COVID-19 pandemic on African economies in June 2020, the Department of Economic Affairs of the African Union Commission was requested by Member States to prepare a Comprehensive report on "Socioeconomic impact of COVID-19 on Africa: An opportunity to build more endogenous and resilient emerging economies' as an updated version of its previous report released on 03 April 2020. This report complements the AU Comprehensive Response to the Socioeconomic Impacts of the COVID-19 pandemic, which was elaborated based on the social pillars of the AU Agenda 2063 (January 2020) with the contribution of relevant AUC Departments and in consultation with different UN Agencies. The coordinated implementation will ensure that the social and economic challenges posed by the COVID-19 pandemic are addressed in parallel by the policies in order to build back better and more robust social resilience among the populations. While taking into account the evolution of COVID-19, new scenarios are employed therein, based on estimates made by Member States. This report estimates Africa's economic growth forecast for 2020 to be -2.1% in an optimistic scenario and -4.9% in a pessimistic scenario consequently showing that Africa may be in its first recession in the last 25 years. The report also takes into account the effectiveness of immediate economic responses implemented by member states which are highlighted in four categories namely restriction of movement, health measures, social measures and economic measures taken to reduce the socioeconomic burden on citizens whilst paving the way for economic recovery.

Nevertheless, the immediate or short term policy responses adopted by countries are not sufficient to ensure a smooth post-COVID economic recovery and to drive Africa to its desired destination. These short term policies must be complimented with medium and long term policy responses to create an avenue for Africa to seize the opportunity to build more endogenous and resilient emerging economies against external shocks in future. In accordance to this, the African Union Commission deemed it fit to remind member states about the failure of the current development trajectory of the continent and the urgency to find own-grown solutions to Africa's problems by learning from East Asian developmental path and other emerging economies.

Looking ahead to the future, the report recommends a new mindset and new vision from leaders who believe in Africa's self-sufficiency and self-control over its own destiny. Leaders that understand international dynamics and important strategic issues that are confronting the continent such climate change, energy, digitalization, among others; and passionate about exploiting natural resources and using education as powerful tools for the well-being of Africans. Nation-building, well-functioning institutions, good governance and accountability and the welfare of people must be the chief pride of all African leaders. The report also proposes medium and long term policy actions in key strategic areas to emphasize the need to fast-track the creation of Africa single currency, the mobilisation of the domestic resources, the modernisation of the agriculture, environment and climate change protection, exploiting natural resources, building strong health systems, productive transformation, diversification and industrialization, infrastructure development, the operationalization of the AfCFTA, leveraging digitalization, and so on, in order to ensure inclusive and sustainable development on the continent.

We hope that the policy measures in the report will be fully implemented by member states in order to change Africa in the nearest future. The African Union will work together with international development partners to pull out all the stops by ensuring the necessary steps and strides are taken to achieve Africa's resilience and emergence.

Prof. Victor Harison
Commissioner for Economic Affairs

Acknowledgments

The report on the Socioeconomic Impact of COVID-19 on Africa was prepared by a team from the Department of Economic Affairs of the African Union Commission, AUC, under the leadership and the guidance of H.E. Prof. Victor Harison, Commissioner for Economic Affairs. The team is grateful to Mr. Jean-Denis Gabikini, Ag. Director of the Department of Economic Affairs for his support throughout the preparation of the report. The research, analysis and drafting of the report were led and coordinated by Dr Dossina Yeo, Head of Economic Policy and Research Division.

The report received valuable contributions and support from colleagues from the Department of Economic Affairs including Ms. Ndinaye Sekwi Charumbira, Policy Officer, Ms. Djeinaba Kane, Policy Officer, Mr. Dje N'Guessan Pierre, Statistician, Ms. Rumbidzai Treddah Manhando, Consultant, Mr. Edwin Kofi Owusu-Ansah, Youth Volunteer, Ms. Mary Aisha Menta, Intern, Ms. Yamrot Kifle, Programme Assistant and Mr. Moustapha Zakari, AWA Program Coordination & Administrative Consultant from the Department of Social Affairs, AUC.

The report also benefited from valuable contributions and comments from Mr. Islam Swaleh and Mr. Karuhanga from Private Sector, Investment and Resources Mobilization Division, Economic Affairs Department and other fellow colleagues from Women, Gender and Development Directorate, Rural Economy and Agriculture Department, Human Resources, Science and Technology Department and Infrastructure and Energy Department. The team would also like to express sincere gratitude to Dr Joseph Atta-Mensah, Principal Adviser, United Nations Economic Commission for Africa (UNECA) for taking his valuable time to review the report.

Overview

KEY ISSUES	ESTIMATION OF IMPACTS

Macroeconomic Impacts

Gross Domestic Product (GDP)

Africa's GDP growth in 2020 is expected to be:

Scenario	Economic growth forecast	GDP forecast
Pre-Covid19	3.4%	$2.59 trillion
Optimistic	- 2.1%	- $142 billion
Pessimistic	- 4.9%	- $215 billion

External Trade

- Trade and supply chains, especially for economies that are overly dependent on trade, have been disrupted because of logistic challenges faced by Africa's trading partners.
- Oil prices have fallen sharply by about 50% as a result of the COVID-19 pandemic, worse than the last oil shock.
- At the minimum, oil revenues losses are estimated to amount to about $65 billion in 2020.

Commodity Prices

- Commodity prices have significantly declined by more than 67% of Africa's exports.
- Large gold exporters are expected to make small compensatory gains from the rise in the price of gold

Inflation

- Inflation is expected to suddenly rise in many countries by more than 5% in 2020. Nigeria (12.56%), Sudan's inflation rate has risen further to 136% as at June 2020 from 114% in the previous month, reaching the highest level since December of 1993.

Fiscal Revenues and External Financing

- Tax and non-tax revenues have been negatively affected as a result of lockdowns which have severely impacted certain sectors of the economy.
- ODA, FDI, Portfolio investment inflows and the flow of Remittances to Africa are forecasted to decline as a result of anticipated contraction or slowdown in the economies of donor/origin countries.
- Remittances to African countries are estimated to decline by 23.1% in 2020.
- Global FDI flows are expected to drop between -5% and -15% compared to the previous projection of marginal growth in the FDI trend for 2020-2021.

Government expenditure and sovereign debt	• Government spending on health care is expected to increase as a result of measures taken to contain the spread of COVID-19 as well as limit its impact on African economies. • Spending on infrastructure development is forecasted to drop by at least 25% due to lower tax revenues and difficulty in mobilizing external resources. • There is a high probability that the stock of external debt and servicing costs of many countries could implode due to increased fiscal deficits needed to support social needs.

Economic Impacts

Agriculture Sector	• Border restrictions have resulted in labour and supply shortages, food losses and waste, drop in commodity imports and exports as well as price fluctuations. • Food crisis is likely to prevail and agricultural production is estimated to contract between 2.6% and 7% in the scenario with trade blockages. • Food imports are estimated to decline by between 13% and 25% as a result of higher transaction costs and reduced domestic demand.
Manufacturing, Industry, Construction and Mining Sectors	**Manufacturing and Industry** • The fragile progress made in the industrial and manufacturing sector during pre-COVID-19 is at a halt due to drop in demand, shortages of raw materials, closures of borders and ports, and increased costs. • Disruptions in global value chains **Construction** • African construction output growth anticipated to decline from 6.0% to 5.4% in 2020 due to the shutdowns in partnering countries. **Mining** • Disruptions in demand for Africa's raw materials including iron, manganese and chromium ores.
Service Sector (Travel, Hospitality and Tourism)	• Tourism and travel sector on the continent are estimated to lose more than US $50 billion and at least 7.6 million direct and indirect jobs. • nternational tourist arrivals expected to decline between 60% and 80%. • African airlines would lose about US $8.103 billion in revenues for the year 2020. Airlines that were struggling before the pandemic will likely end up filing for bankruptcy or seek bailouts. • Hotels and hospitality industries in Africa are threatened more than the other sectors due to the severe impact of the lockdown and border closure measures.

Infrastructure sector	• Transport industry revenue losses are estimated at US $6 billion. • Digital infrastructure records a surge in usage by 100% to 200% accompanied by lower demand for voice services up to 15% or 20% due to loss in incomes. • Unfortunately, this has resulted in fivefold increase in cyber-attacks and cyber threats due to lack of cyber-security frameworks in most African countries.

Social Impacts

Health	• Disease surveillance, isolation and supportive care are difficult without external assistance due to weak African health systems, few health workers, inadequate equipment, testing kits, PPEs, and poor health facilities. • African countries already affected by HIV, tuberculosis and malaria could experience more deaths and upsurge in infections due to the pandemic
Poverty and vulnerability	• Between 28.2 million and 49.2 million more Africans are being pushed back into extreme poverty. • Consumption by vulnerable households is expected drop significantly because of declines in labour income and revenue of households. • Food insecurity and malnutrition on the continent has worsened. From 20 million people to between 34 and 43 million people are threatened by hunger and malnutrition in East Africa and in West Africa from 17 to 50 million persons are at risk of hunger. • Most vulnerable sectors include accommodation and food services, manufacturing, wholesale and retail trade as well as the million farmers producing for the urban market, restaurants and hotels.
Employment	• Job losses estimated at around 25 to 30 million jobs both in the formal and informal sectors. • Layoffs are predicted between 10% and 30% of staff level.
Private Sector and SMEs	• Business challenges ranging from business closure, lack of operational cash flows, managing workforce, supply chain disruptions, drop in demand and reduction of opportunities to meet new customers. • Most businesses operating at their lowest capacity.

Economic recovery measures to get the economics back on truck (2020 -2022)

Short Term Actions	
	To Scale up Domestic Production and Supply Chains • Ensure business continuity plan and boost private sector to meet demands by providing sufficient liquidity to private sector (SMEs, MSMEs and informal economy) in all sectors (Agriculture, Manufacturing, Construction, & Services) in order to give them the financial space to avoid bankruptcy and reduce job lay-offs, & prepare them to smoothly resume their economic activities; encouraging them to repurpose and to adapt to the new reality of COVID-19 era in order to scale up production. • Support digital innovation by accelerating the development of infrastructure to increase productivity, and efficiency in service delivery in order to avert the spread of the virus and reduce its possible impact on the economy. • Accelerate Economic transformation and industrialization by supporting the rapid repurposing of SMEs & MSMEs to meet immediate requirements (e.g. for public health equipment and medical supplies), accelerating transformation of raw materials locally with strong linkages to domestic economies; harnessing the opportunity of outsourcing industry to import foreign jobs. • Improve agriculture production and ensure food security to meet local African demand by increasing agricultural production and harvesting of seasonable crops under COVID-19 prevention measures to secure food supply; facilitating supply of food across borders under strict COVID-19 prevention measures and promote African solidarity and complementarity; ensuring livestock farmers have access to corresponding inputs; increasing the use of technology and private sector participation to invest in agriculture to produce agricultural machines and equipment. • Protect environment and biological resources by developing and implementing the continental climate change strategy currently under development and the measures for climate change adaptation and mitigation as contained in the Paris Agreement on Climate Change and the respective nationally determined contributions.
	To Promote Consumption and Spending • Reduce poverty, vulnerability and maintain employment by providing financial support to the poor and vulnerable households and social security; and maintaining jobs and levering labour intensive programmes such as constructions. • Provide adequate health care by continually and accurately reporting health statistics, prioritizing resources to strengthen the local and national health systems, including building health infrastructure, and providing required logistics and equipment, masks, testing kits, pharmaceuticals; investing in domestic pharmaceutical industries to fill the medical supply gap, as well as increasing funding for pharmaceutical research and encouraging private sector participation. • Enhance youth development by implementing youth response programme to COVID-19 through four main initiatives in collaboration with partners – the initiatives include: (i) Be Safe: Health campaign to improve knowledge and self-care among young people; (ii) Continue learning initiative to provide opportunities for online/continued learning; (iii) Be an innovator initiative to provide opportunities for young people to be creative and innovate around COVID-19 challenges; and (iv) Be a responder initiative to mobilize young people to safely respond to supporting young people and communities to deal with COVID-19.

Short Term Actions	• Enhance youth development by implementing youth response programme to COVID-19 through four main initiatives in collaboration with partners – the initiatives include: (i) Be Safe: Health campaign to improve knowledge and self-care among young people; (ii) Continue learning initiative to provide opportunities for online/continued learning; (iii) Be an innovator initiative to provide opportunities for young people to be creative and innovate around COVID-19 challenges; and (iv) Be a responder initiative to mobilize young people to safely respond to supporting young people and communities to deal with COVID-19. • Ensure women economic empowerment and inclusion by developing targeted economic empowerment strategies and/or socio–protection measures such as explore income support and cash transfer programming to mitigate the impact of COVID-19 outbreaks; and ensuring the income support programs consider care burdens and gender dynamics (e.g. women should have access to income support). Special social protection measures may also be needed to protect informal
	To Restore Trade • Restore trade by ensuring vital social services and critical government functions are to be delivered continually with minimal disruption; prioritizing the allocation of forex, combined with partial subsidy, outright grants or low interest and long-term loans to ensure a consistent, uninterrupted and timely supply of inputs for 'critical' supply chains (especially for food and agro-industrial products, and health equipment); and facilitating cross-border movement and essential supplies and their expedited release through trade corridors.
	To Mobilise Resources and Investments for Economic Recovery • Enhance liquidity and improve domestic resources mobilization by mobilizing additional fresh resources (US$100 billion as per recommendations of African Ministers of Finance); accessing IFI emergency lending; concessional loans, SDR/issuance and reallocation, central bank currency swaps and repo facilities, IFI emergency lending, trade finance issues, strengthening local capital markets to mobilize domestic savings and foreign investments in local currencies; and improving domestic resources mobilization,etc. • Fight against IFFs. In 2015, IFFs from Africa were estimated at $50 billion per year (HLP on IFF from Africa). UNCTAD (2020f) estimates that Africa loses about $88.6 billion per annum in illicit capital flight while FACTI Panel (2020) estimates that $500 billion are lost by governments each year from profit-shifting enterprises; $7 trillion in private wealth hidden in haven countries, with 10% of world GDP held offshore; and money laundering of around $1.6 trillion per year, or 2.7% of global GDP. • Ensure debt sustainability by requesting cancellation of debts/write-downs for all African countries to avoid defaults and create space for SDG investments; or extending the moratorium date for at least 3 years to ensure smooth economic recovery including buying back commercial debts (multilateral or regional debt buy-back funds); such efforts would need to be financed, either bilaterally or multilaterally, such as through new issuance and/or reallocation of SDRs or other mechanisms, debt swaps (e.g. Debt for Climate Adaptation Swap Initiative), debt exchanges or re-profiling and other instrument

Building endogenous and resilient economies

Medium and Long-term Plan	**To Revolutionize Agriculture and Ensure Food Security** • Harness the great potentials of agriculture by fast-tracking the implementation of the Comprehensive Africa Agriculture Development Program (CAADP). This is essential for contributing to immense economic growth, increase income for farmers, reduce poverty, food value chains and increase food security across the continent, whilst improving nutrition. • Develop public policy, regulatory and financing framework to catalyze private investments; increase level and quality of agriculture public expenditures; attract domestic and foreign investment; and promote public-private-partnerships and dialogues. This should increase intra-African trade (AfCFTA) and enable the continent export surplus of agriculture products. • Enhance private investment finance in agriculture in order to modernize agriculture sector through irrigation and water management; rural infrastructure development, digital technology generation, construction of agricultural machine, planting material and equipment; agro-industries, agripreneurship for youth and women; value chain development; and invitation to partners to support in the development. • End Hunger in Africa by 2025 by increasing access to and use of advanced agricultural inputs and mechanization; post-harvest management; homegrown school feeding; biofortification; food and nutrition knowledge management, nutrition status and nutrition coordination; food/diet diversification; and social protection. • Halt Poverty by 2025 through inclusive agricultural growth and transformation by ensuring sustainable land management and governance; irrigation and water management; animal resources development; technology generation, machine and equipment production, dissemination and adoption; agripreneurship for youth and women; and value chain development. • Boost intra-African trade in agricultural commodities and services in collaboration with AUC and RECs by developing policy and trade regime harmonization; food safety and compliance, and trade standards; market orientated infrastructure; agricultural growth zones/corridors; and trade negotiation capacity. • Enhance resilience of livelihoods and production systems to climate variability and other related risks early warning and response systems; mainstreaming and sustainability of climate change and risk management; climate change negotiation capacity; natural resource management (especially forestry); and disaster risk management. • Encourage research centres/institutes to carry out researches to improve the quality of seeds, fertilizers, and products.
	To Protect Environment, mitigate the effects of Climate Change and harness Natural Resources • Establish a Multi-Hazard Early Warning System and strengthen the provision of climate and weather information. • Promote sustainable management of biodiversity, forest and wildlife resources. • Fast track implementation of the Blue Economy Strategy.

Medium and Long-term Plan

- Implement multiple clean development approaches including circular economy, green economy and blue economy approaches in line with the AU Action Plan of Green Recovery with the assistance from development partners.
- Strengthen implementation of Water and Sanitation commitments.
- Strengthen efforts for resilience building including the promotion of sustainable land management (e.g. Great Green Wall initiative) and implementation of the AU Strategy on Drought and AUC's mobilization of partners to assist countries.

To Achieve Productive Economic Transformation and Industrialization

- Diversify and transform economies by strengthening the productive capacity of African private sector and invest in foreign private sector to transform raw materials locally under a win-win concept, with respect for African people and their values in order to reduce drastically the dependence on exports of unprocessed raw materials and imports of processed goods.
- Develop strategic clusters of firms by using clusters strategically to develop an economy's comparative advantages. The success of such a policy depends on choosing the right location, attracting the right capabilities, and providing business services to ensure linkages inside clusters - targeted support for local firms can help develop a stronger supplier base.
- Strengthen regional production network, as regional sourcing remains under 15% or regional manufacturing and logistics hub. Coordinate strategies regionally as regional norms help smallholders integrate into regional value chains, particularly in agriculture which accounts for 50% of all employment. Coordinating strategies for foreign direct investment will attract investors, develop regional capabilities, and avoid undercutting taxes.
- Enhance firms' abilities to thrive in new markets through developing policies that will help African exporters thrive by tailoring to the destination markets. Removing non-tariff barriers reduces uncertainties for exporters and may increase fivefold the gains from tariff removal. Exporters need to simplify administrative procedures, better connectivity and infrastructure, especially flights, roads, ports, etc.
- Push African private sector to harness the opportunity of outsourcing industry to import foreign jobs into its shores, thus create new jobs for its growing young population and achieve economic development.

To Improve African business climate and development of the private sector

- Create conducive business climate including promoting good governance, rule of law and independent judiciary system to ensure the confidence of investors; and utilization, with the support of the AUC, of the Pan African investment code which aims at attracting more knowledge-intensive FDI within the continent and employing good investment strategies from emerging countries such as ASEAN countries in order to ensure that Africa is the new destination of investment for world in the coming years.
- Provide incentives and promote youth and women entrepreneurship as well as special and affordable financial instruments for African SMEs.
- Review MSMEs loan guarantee schemes to allow flexibility on credit policies and include alternative lenders such as fintechs

Medium and Long-term Plan	**To Scale up the Development of Quality Infrastructure and Sustainable Energy** • Scale up, with the support of the AUDA/NEPAD and development assistance, the implement of PIDA and development of quality infrastructure projects, for improved connectivity within the regions by road, sea, air and rail, in addition to ICT infrastructure and continental power pools. • Integrate PIDA in Member states strategies plans with the support of AUDA/NEPAD for ownership and implementation. • Develop and sustain an efficient and financially viable energy sector that provides secure, safe, and reliable supply of energy to promote economic growth. • Increase through Public-Private Partnership (PPP) models to accelerate infrastructure delivery, sustainable energy, water production, and transportation services. • Promote regional cooperation and PPP with the assistance of development partners for the development of inter-regional infrastructures particularly energy infrastructures. • Set tax rates for fuel, energy or carbon as well as identify incentives to reduce carbon emissions as a component of stimulus packages and accelerate the transition to a green economy.
	To Leverage digitalization • Accelerate/prioritize the implementation of the Digital Transformation Strategy for Africa (DTS) in collaboration with the AUC in order to transform production systems, promote industrialization, innovation, the use of advanced technology in all sectors of the production value chain and mobilize development partners to provide assistance. • Develop an enabling environment (through the promotion of intellectual rights, cybersecurity and funding) while providing a legal framework that encourage companies to innovate, adapt digital solutions to African context and ensure inclusive access for all. • Ratify, with support from the AUC, AU Malabo Convention on Cyber Security and Personal Data Protection. • Harness digital revolution to transform African economies to achieve Agenda 2063 and address youth unemployment, and make possible the implementation of prevention measures (e.g. teleworking for white collar workers). • Educate, together with private sector/training centres and with the assistance from development partners, African workforce for 21st century markets by developing specific skills needed for the fourth industrial revolution and the adaptation of digital innovations to the informal sectors. • Strengthen the science and math curricula and disseminate scientific knowledge together with the culture of science in the African society. • Coordinate, through the AUC and RECs, the various digitalization strategies at continental, regional, national and local levels to better prioritize, implement, monitor and evaluate the progress made.

Medium and Long-term Plan

To Invest in People: Education, Science, Technology and Skills Development

- Increase public investment and create policy space for private investments in quality education, science, technology and skills development to build the continent's human resource.
- Prioritize/implement, with the support of the AUC and development partners, the AU CESA 16-25 document on education, skills revolution that emphasizes on innovation, science and technology, through TVET & Entrepreneurship, public technical and vocational institutions, and traditional apprenticeship in agriculture.
- Expand access to quality education by building, rehabilitating, and preserving education infrastructure along with developing policies that ensure a permanent, healthy and conducive learning environment in all sub-sectors.
- Harness the capacity of ICT to improve access, quality and management of education and training systems.
- Ensure acquisition of requisite knowledge and skills as well as improved completion rates at all levels and groups through harmonization processes across all levels for national and regional integration.
- Launch, together with the AUC, effective literacy campaigns across the continent to eradicate illiteracy.
- Expand TVET opportunities at both secondary and tertiary levels to strengthen linkages between the world of work and education/ training systems.
- Encourage the private sector to increase investments in education system and private technical and vocational training institutions

To Invest in People: Education, Science, Technology and Skills Development

- Increase public investment and create policy space for private investments in quality education, science, technology and skills development to build the continent's human resource.
- Prioritize/implement, with the support of the AUC and development partners, the AU CESA 16-25 document on education, skills revolution that emphasizes on innovation, science and technology, through TVET & Entrepreneurship, public technical and vocational institutions, and traditional apprenticeship in agriculture.
- Expand access to quality education by building, rehabilitating, and preserving education infrastructure along with developing policies that ensure a permanent, healthy and conducive learning environment in all sub-sectors.
- Harness the capacity of ICT to improve access, quality and management of education and training systems.
- Ensure acquisition of requisite knowledge and skills as well as improved completion rates at all levels and groups through harmonization processes across all levels for national and regional integration.
- Launch, together with the AUC, effective literacy campaigns across the continent to eradicate illiteracy.

<table>
<tr>
<td rowspan="3">Medium and Long-term Plan</td>
<td>• Launch, together with the AUC, effective literacy campaigns across the continent to eradicate illiteracy.
• Expand TVET opportunities at both secondary and tertiary levels to strengthen linkages between the world of work and education/ training systems.
• Encourage the private sector to increase investments in education system and private technical and vocational training institutions</td>
</tr>
<tr>
<td>To Build a Strong Health Care System
• Embark on an aggressive development agenda by investing heavily in the health sector including bridging the infrastructure deficit gap between the rural and urban areas for access to high quality health care service.
• Address the gap between health workers to patient ratio as efforts to improving the quality of health care service across the region.
• Put emphasis on education and training more health workers for deployment in the rural communities where the demand is high.
• Develop free access to primary health care for the poor and vulnerable, including subsidizing health care services to increase access to all who need it.
• Scale up PPP in building health infrastructure and world class health regional centres in the production of medical equipment and drugs; pharmaceutical industries to fill the medical supply gap; digital innovation, e-health systems and use of digitally advanced medical equipment for health care delivery.
• Encourage research centres/institutes to develop traditional medicines and pharmacopeia; and researches needed so as to produce quality local medications.</td>
</tr>
<tr>
<td>To Improve Women Empowerment and Inclusion
• Implement immediately all policies that supports the inclusion of women in leadership and decision-making positions in order to facilitate collective action toward building resilient nations and mobilize assistance from AUC and development partners.
• Enhance education, skills development and training of girls and women; and increase access to property, assets and financial services for women without any collateral attached to the loans with the assistance from AUC and development partners.
• Address unpaid care and work burdens as women undertake number of hours of unpaid work relative to men; and increase women’s access to quality, decent paid jobs.
• Increase their contribution to socioeconomic development and the society in general; transform ingrained cultural attitudes about a woman’s ability to work and raise her family simultaneously in collaboration with AUC.
• Ensure women’s financial inclusion by increasing economic services and training.
• Initiate combined vocational training and life skills such as the ability to manage challenges; advocate for the rights of older women; and ensure parity at the primary and secondary schooling levels.</td>
</tr>
</table>

Medium and Long-term Plan	
	To Promote the African Continental Free Trade Area (AfCFTA) • Strengthen the capacity of African private sector to harness the full potentials of the AfCFTA by transforming locally raw materials into value-added finished products in order to create jobs and increase export of African manufactured products. • Build the necessary digital capacity, eliminate the digital divide and develop home-grown digital skills in trade through equipping labour with the right expertise. • Put in place policies that encourage and protect innovation with a sharper focus on domestic innovation. Patents are important tools for encouraging and protecting domestic innovation. • Work closely with the AUC and African financial institutions to integrate African financial system including the establishment of Pan African Payment and Settlement System (PAPSS) which is critical for the successful operationalization of the AfCFTA. • Set up in collaboration with the AUC an adequate legal framework to tackle the issue of trust which may act as a barrier to the participation of both consumers and suppliers in e-commerce transactions.
	To Establish Stable and Sustainable Financing Mechanisms • Improve financial inclusion, access to finance, domestic savings and domestic private sector credit to GDP by using new money technologies and other blockchain innovations to improve financial inclusion. • Increase Domestic Resources Mobilisation by broadening the tax base through structural economic transformation to improve tax frontier, tax culture, tax transparency, fight against IFFs, BEPS, and digitalization of tax systems. This will help African countries to reduce borrowing and increase their capacity of debt servicing. • Improve remittances flows by focusing on policies to support diaspora-funded businesses, and finance major projects. Remittances could be a crucial source of capital for small and home-based businesses, and maybe seed-money for start-ups. • Ensure transparency in Debt Management by using debt for productive investment or growth-enhancing investments rather than maintaining their spending plans and ensure issuing of future debt in local currency. • Attract more of Foreign Direct Investments. FDI has become an important source of private external finance for the development of countries. They trigger technology spillovers, assist human capital formation, help create a more competitive business environment and enhance enterprise development which contribute to higher economic growth. • Ensure financial sovereignty for sustainable development in Africa by fast-tracking the establishment of the African Central Bank (ACB), the African Monetary Fund (AMF), the African Investment Bank (AIB) and Pan-African Stock Exchanges (PASE). These institutions are essential for creating a sovereign currency and sustainable financing for Africa's development. African can make sovereign monetary policies. • Encourage development partners to continue fulfilling their commitments towards ODA and align ODA to Governments' priorities as it is not always the case in many developing countries.

Introduction

At a time when an enthusiastic wave flows on the continent with the successful launch of the operational phase of the Continental Free Trade Area (AfCFTA), one of the flagship programs of Agenda 2063, Africa has just been cut short in its track by one of the deadliest human tragedies the world has ever seen. After a decade of sustained economic performance and improvements in social sector, the continent was in the right direction to turn its impressive economic performance to achieve the level of social development witnessed in other regions of the world.

The COVID-19 pandemic crisis has created the most unprecedented economic crisis since the Great Depression of the 1930s and is reversing developmental progress made by African continent in the recent years. What started as a health crisis has quickly precipitated into a worst economic, social and humanitarian crisis, disrupting millions of people's livelihoods, affecting poor households and damaging formal and informal businesses and government revenues around the world. Although, the number of infections on the continent to date is lower than in other regions of the world (totaling about 1 220 511 cases across 55 Member States as of 28 August, 2020 at 12:00 AM EAT[1]), Africa's exposure to international trade, migration and global financial markets; and governments' containment and mitigation measures to limit the spread of the COVID-19 outbreak, have disrupted production systems, plummeted demand, capital flow reversals and decline in international trade. As a result, many African countries have announced contraction of their economies at around 4 to 8 points to initial forecasts for 2020. On 3rd April, AUC estimates showed that the continent would grow by -1.1 percent in its optimistic scenario; which show that Africa may be in its first recession in the last 25 years. Several other international organizations followed, with the IMF predicting in April a recession in Africa of 1.7%, while the World Bank estimated a decline of -5.1% to -2.1% in 2020 from 2.4% in 2019 (World Bank 2020a). According to the latest estimates available to date (those published by the OECD on June 10, 2020), in the best case, global economic activity will fall by 6% in 2020, China could experience a recession (-2.6%); OECD countries (-7.5%) and the euro zone (-9.1%).

To respond to the COVID-19 pandemic, like other regions, most African countries have taken immediate decisive policy measures spanning containment and closure policies; health system and economic policies to save lives and protect households, business and national economies. Those economic measures include among others economic stimulus packages, additional liquidity for banking systems, lowering taxes, increasing public expenditures, noticeable reductions of monetary policy rates and financial support to businesses and households. The effectiveness of the governmental responses could explain the difference in the magnitude of the impact of the pandemic between countries.

However, it is true that we know how the COVID-19 pandemic began and nobody knows how the pandemic will end because of the unknowns surrounding the virus itself. Virologists believe that unless the whole world population is vaccinated, the virus will not be wiped out. It is likely to become an endemic and the world should learn how to live with it. As the pandemic seems to be contained and many countries have started progressively easing the lock-down measures, it is necessary to assess the magnitude of the socioeconomic impact of the COVID-19 on African countries and identify bold urgent, medium-term and long-term measures to continue saving human lives and restoring African economies and to build a more endogenous and resilient economy to ensure Africa's self-reliance. There is still extreme uncertainty around growth forecast on the continent. The depth of the impact of COVID-19 depends on several factors that interact with one another, hence making it hard to predict. These factors include the

[1] https://africacdc.org/covid-19

duration and pathway of the pandemic, the effectiveness containment efforts, the extent of supply disruptions, the repercussions of the tightening in global financial market conditions, shifts in spending patterns, behavioral changes, volatile commodity prices, etc. This paper is an updated version of our previous report released on 3rd April 2020. In the paper, we strive to provide new information and analysis on the impact of COVID-19 on health systems and the socioeconomic sectors in Africa by employing new scenarios based on member states data and IMF's data to complement missing data and taking into account the evolution of the pandemic and the effectiveness of countries responses and propose economic recovery plan and recommendations to build resilient economies on the continent.

The report contains five chapters with the first chapter being the introduction, followed by, chapter II providing the socioeconomic impacts emanating from the implementation of the lock-down and the social distancing measures to reduce the transmission of the virus. The effects range from the revised growth rate (GDP), a slump in commodity prices, job and outputs losses, trade & disruption of supply chains, revenue loss, FDI & remittances decline, etc. Chapter III assesses the socioeconomic policy responses at the national, regional, and continental levels and proposes policy actions to get the African economies back on track. Chapter IV provides solutions to building resilient economies and avoid challenges posed by unforeseeable circumstances in future. Lastly, Chapter V provides short, medium, and long term policy recommendations.

Socioeconomic Impacts

This chapter analyses the overall trajectory of the pandemic in the world and the potential socioeconomic impact. In continuity of the AU Comprehensive Response to the socioeconomic Impacts of the COVID-19 pandemic. The chapter first addresses the global situation of the pandemic and its potential impact of global economy. Afterward, it assess the impact on the key selected macroeconomic indicators including GDP, external trade, commodity prices, inflation, fiscal Revenues and external financing and government expenditure and sovereign debt. The third part presents the status and the effects of the pandemic on the economic sectors: agriculture, manufacturing industry, construction, mining, services and infrastructure sectors. The last part of the chapter assesses the social impact by comparing per-pandemic and post-COVID effects on health systems, poverty and vulnerability, employment, private sector and SMEs.

On 11 March 2020, WHO declared COVID-19 as a pandemic and has since become a global emergency, given its impact on the entire world population and the economy. As of 28 August 2020, 10:33am CEST, the COVID19 outbreak has reached 216 countries and territories around the world, affecting more than 24,181,299 persons, with around 825,135 deaths[2]. The figure below depicts the reported cases around the world.

[2] https://covid19.who.int/

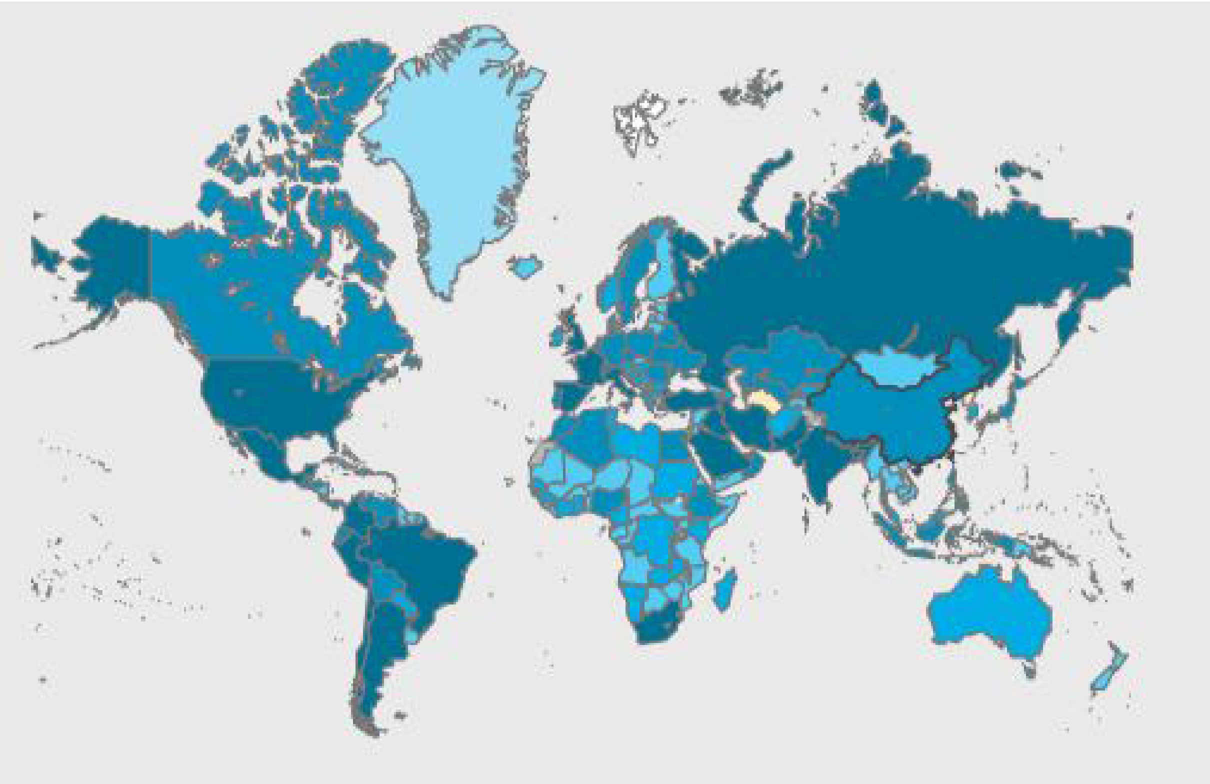


Figure 1: Number of Confirmed cases reported in the last days by country or area

Source: WHO, https://covid19.who.int/

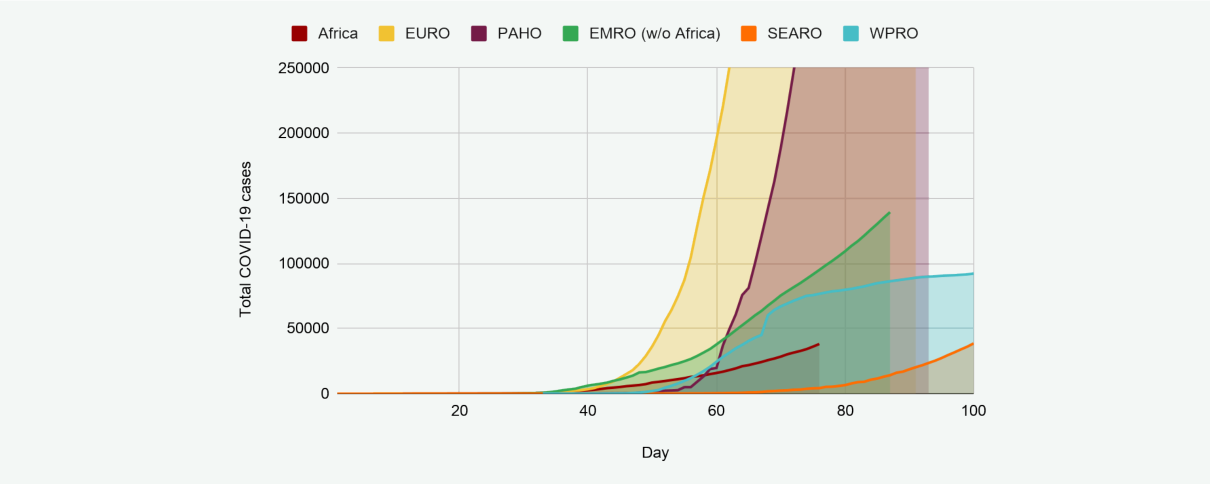


Figure 2: Comparison of the total number of COVID-19 cases reported over the first 100 days since the first case reported in each region

Source: WHO, https://www.who.int/emergencies/diseases/novel-coronavirus-2019/situation-reports

Lockdown, travel bans, social distancing, restriction in economies activities and other precautions measures taken by governments have severally affected all sectors of the economy including transport, automotive industry, tourism, entertainment activities, retail and other services sectors. Many public and private sectors shuttered and business operations and global supply chains disrupted. These have led to a large disruption in domestic activities, drastic reduction private consumption, disruption of supply chains and demand shocks, deterioration in investment.

The global economic activity is projected to contract by (6) percent in 2020 (optimistic scenario) and 7.6 percent (a 2nd wave of infection before the end of year) according to OECD while WEO estimated 4.6 percent fall, much worse than during the 2008–09 financial crisis (Figure 2), as per the most recent estimates by the IMF World Economic Outlook for June 2020. The COVID-19 pandemic continues to spread globally with an escalating invasion in the African continent. In advanced economies, growth is projected at –8.0 percent in 2020, 1.9 percentage points lower than in the April 2020 WEO. Figure 3 presents real annual percent change of GPD growth in 2020 per type of economies.

There appears to have been a deeper hit to activity in the first half of the year than anticipated, with signs of voluntary distancing even before lockdowns were imposed. This also suggests a more gradual recovery in the second half as fear of contagion is likely to continue. Synchronized deep downturns are foreseen in the United States (–8.0 percent); Japan (–5.8 percent); the United Kingdom (–10.2 percent); Germany (–7.8 percent); France (–12.5 percent); Italy and Spain (–12.8 percent) (table 1 below). In 2021 the advanced economy growth rate is projected to strengthen to 4.8 percent, leaving 2021 GDP for the group about 4 percent below its 2019 level. Overall, growth in the group of emerging market and developing economies is forecast at –3.0 percent in 2020, 2 percentage points below the April 2020 WEO forecast. Growth among low-income developing countries is projected at –1.0 percent in 2020, some 1.4 percentage points below the April 2020 WEO forecast, although with differences across individual countries. Excluding a few large frontier economies, the remaining group of low-income developing countries is projected to contract by –2.2 percent in 2020. Table 1 gives an overview of the World Economic Outlook Projections (Percent change, unless noted otherwise).

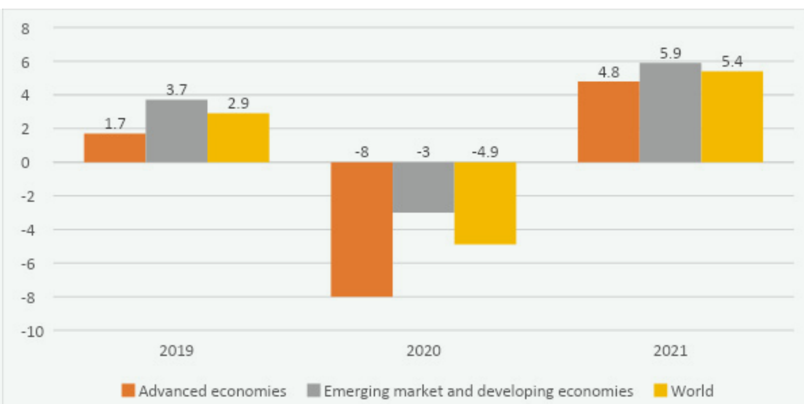


Figure 3: Real GDP Growth (Annual Percent Change)

Source: IMF, World Economic Outlook, June 2020

	Year over Year						Q4 over Q4 2/		
			Projections		Difference from April 2020 WEO Projections 1/			Projections	
	2018	2019	2020	2021	2020	2021	2019	2020	2021
World Output	**3.6**	**2.9**	**–4.9**	**5.4**	**–1.9**	**–0.4**	**2.8**	**–3.5**	**4.6**
Advanced Economies	**2.2**	**1.7**	**–8.0**	**4.8**	**–1.9**	**0.3**	**1.5**	**–7.2**	**5.1**
United States	2.9	2.3	–8.0	4.5	–2.1	–0.2	2.3	–8.2	5.4
Euro Area	1.9	1.3	–10.2	6.0	–2.7	1.3	1.0	–8.6	5.8
Germany	1.5	0.6	–7.8	5.4	–0.8	0.2	0.4	–6.7	5.5
France	1.8	1.5	–12.5	7.3	–5.3	2.8	0.9	–8.9	4.2
Italy	0.8	0.3	–12.8	6.3	–3.7	1.5	0.1	–10.9	5.5
Spain	2.4	2.0	–12.8	6.3	–4.8	2.0	1.8	–11.4	6.3
Japan	0.3	0.7	–5.8	2.4	–0.6	–0.6	–0.7	–1.8	0.0
United Kingdom	1.3	1.4	–10.2	6.3	–3.7	2.3	1.1	–9.0	6.9
Canada	2.0	1.7	–8.4	4.9	–2.2	0.7	1.5	–7.5	4.6
Other Advanced Economies 3/	2.7	1.7	–4.8	4.2	–0.2	–0.3	1.9	–5.1	5.5
Emerging Market and Developing Economies	**4.5**	**3.7**	**–3.0**	**5.9**	**–2.0**	**–0.7**	**3.9**	**–0.5**	**4.2**
Emerging and Developing Asia	6.3	5.5	–0.8	7.4	–1.8	–1.1	5.0	2.4	3.9
China	6.7	6.1	1.0	8.2	–0.2	–1.0	6.0	4.4	4.3
India 4/	6.1	4.2	–4.5	6.0	–6.4	–1.4	3.1	0.2	1.2
ASEAN-5 5/	5.3	4.9	–2.0	6.2	–1.4	–1.6	4.6	–1.4	6.1
Emerging and Developing Europe	3.2	2.1	–5.8	4.3	–0.6	0.1	3.4	–7.0	6.6
Russia	2.5	1.3	–6.6	4.1	–1.1	0.6	2.2	–7.5	5.6
Latin America and the Caribbean	1.1	0.1	–9.4	3.7	–4.2	0.3	–0.2	–9.0	4.1
Brazil	1.3	1.1	–9.1	3.6	–3.8	0.7	1.6	–9.3	4.5
Mexico	2.2	–0.3	–10.5	3.3	–3.9	0.3	–0.8	–10.1	4.8
Middle East and Central Asia	1.8	1.0	–4.7	3.3	–1.9	–0.7	. . .	. . .	. . .
Saudi Arabia	2.4	0.3	–6.8	3.1	–4.5	0.2	–0.3	–4.4	4.1
Sub-Saharan Africa	3.2	3.1	–3.2	3.4	–1.6	–0.7	. . .	. . .	. . .
Nigeria	1.9	2.2	–5.4	2.6	–2.0	0.2	. . .	. . .	. . .
South Africa	0.8	0.2	–8.0	3.5	–2.2	–0.5	–0.6	–2.1	–2.8

Table 1: Overview of the World Economic Outlook Projections (Percent change, unless noted otherwise)

Source: WEO (2020)

According to WTO (April 2020), world trade is expected to fall by between 13% and 32% in 2020 because of the restrictions and social distancing which have disrupted economic activity and life around the world. The below figure 4 depicts the evolution of the world merchandises trade volume from 2000 to 2022. All economic sectors have been shut down, including hotels, restaurants, non-essential retail trade, tourism, shares of manufacturing, etc.

Estimates from WEO (2020) show that the global economy is expected to grow bounce back by 5.4 percent in 2021 as economic activity gradually revert to normal, helped by policy measures. However, there is still high uncertainty around the global growth forecast. The economic estimated depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the efficiency of containment efforts, the extent of demand and supply disruptions, etc.[3]

The COVID-19 crisis is also affecting African economies. Many sectors are already experiencing a slowdown as a result of the pandemic. If the continent's economic growth rate was estimated at 3.4% for 2020 (AfDB, 2020) before the onset of the pandemic crisis, Africa is likely to experience its worst recession in 25 years. In reviewing the magnitude of socio-economic impact of the Covid19 on African countries, we constructed two scenarios based on thirty Member States' scenarios and data, representing 90 percent of Africa's GDP.

Optimistic scenario

3.4% for 2020 (AfDB, 2020) before the onset of the pandemic crisis, Africa is likely to experience its worst recession in 25 years. In reviewing the magnitude of socio-economic impact of the Covid19 on African countries, we constructed two scenarios based on thirty Member States' scenarios and data, representing 90 percent of Africa's GDP.

Pessimistic scenario

In the pessimistic scenario, the pandemic is expected to last the whole 2020 with all the restrictive policy measures in place to mitigate the impact.

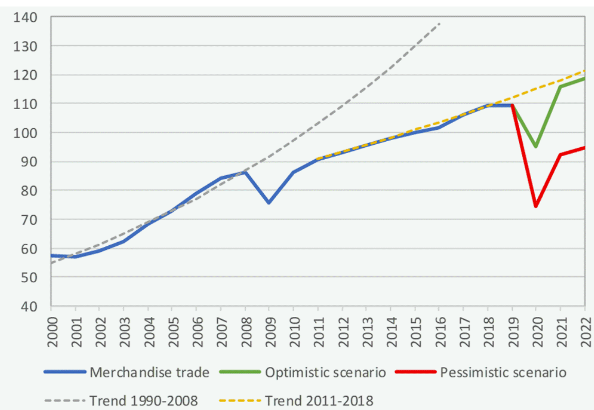


Figure 4: World merchandise trade volume, 2000-2022 - (Index, 2015=100)

Source: WTO Secretariat

[3] IMF, World Economic Outlook, June 2020 update

Macroeconomic Impacts

Growth

Over the decade 2000-2010, African growth has improved significantly (Figure 5). After this decade of renewed confidence, doubts have risen on Africa's ability to maintain sustainably high growth rates. An important reason behind this doubt is the persistent dependence of Africa's largest economies on global commodity prices without transformation of the raw materials locally.

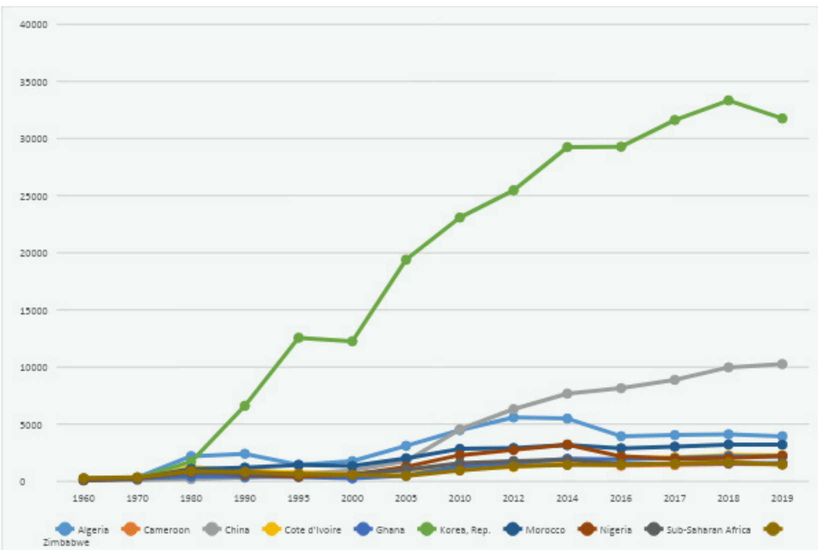


Figure 5: Africa's Economic Growth between 2000 and 2019

Source: AUC (2020)

The reversal in the price of raw materials, which started in 2014, caused slowed down the unprecedented high growth enjoyed in the first decade of 2000s. Economic growth thus fell, from + 5% on average between 2000 and 2014 to + 3.3% between 2015 and 2019. After the short-span of time of enthusiasm and euphoria, Africa is once again facing insufficient growth of below 7percent, the growth rate estimated by the African Union for the continent to significantly reduce poverty.

Deep economic recession in the continent with GDP losses range between $135 billion and $204 billion from pre-COVID–19 GDP of $2.59 trillion. Prior to the COVID-19, the average of the forecasts of the growth of GDP for Africa for 2020 stood at 3.4 percent (AfDB, 2019). However, with COVID-19 impacting negatively on key sectors of the economy including tourism, travel, exports, with falling commodity prices, declining governments' resources to finance public investment, it would be impossible to achieve this optimistic forecast of growth rates in 2020. The continent's economic growth in 2020 is expected to be -2.1% at best and -4.9%. This would cause a drop of at least 5.5 or 8.3 percentage points compared to 2019 (a forecast of 3.4% growth without the pandemic). Such growth would be the worst growth observed on the continent in more than two decades. This could lead to GDP losses range $135 billion and $204 billion from pre-COVID–19 GDP of $2.59 trillion projected by AfDB (2020) (see Figure 6).

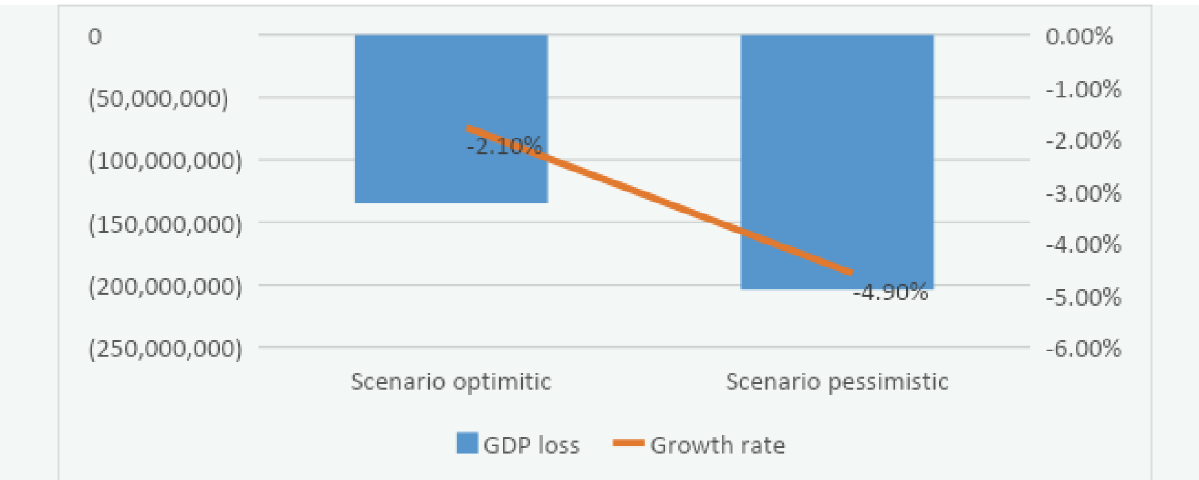


Figure 6: Growth estimates and GDP losses (2020)

Source: AUC (2020)

TOP OIL PRODUCERS AND TOP TOURISM DESTINATIONS

The oil producing and Touristic countries will experience the worst economic prospects than the whole continent, as hydrocarbon and tourism revenues are essential for their budget and meeting their international commitments. These countries did not anticipate the rapid decline of oil price and international travels.

The oil producers will suffer oil price shock. Over the semester of 2020, oil prices fell rapidly by about 50 percent which is more serious than the last oil shock as they have failed to diversify their economies. This will has far-reaching consequences on their economies and the capacity to tackle adequately the pandemic. Before the pandemic, Nigeria produces 2,000,000 barrels / day, Angola (1,750,000 barrels /

day), Algeria (1,600,000 barrels / day), Libya (800,000 barrels / day), Egypt (700 000 barrels / day), Congo (350,000 barrels / day), Equatorial Guinea (280,000 barrels / day), Gabon (200,000 barrels / day), Ghana (150,000 barrels / day) South Sudan (150,000 barrels / day), Chad (120,000 barrels / day) and Cameroon (85,000 barrels / day) will face budget deficit more than double because of the pandemic. In 2014, the crude oil price dropped from $110 to less than $60 per barrel and later dropped to less than $40 per barrel in 2015 (CBN, 2015). This implies more than 60 percent decline in the national income of the net exporting nations.

Oil price instability has a significant effect on economic growth and exchange rate for Nigeria and indirect impact on inflation through the exchange rate (Akalpler and Bukar Nuhu, 2018). Therefore, oil producers will be at risk of a depreciation of their currencies during this crisis. In particular, the Central African countries which, during these last years, have been under fire for the devaluation of CFA will be even more tested due to low level of diversification of their economies and rely mainly on petroleum and hydrocarbons for revenues. Oil accounts for more than half of tax revenue and more than 70 percent of the national exports of these countries. With the drop-in hydrocarbon prices and the drop-in production due to the closure of certain companies involved in the value chains, revenues related to Oil and other hydrocarbons could drop by at least 40 to 50 percent on the continent.

The economic crisis is likely to be more serious than that experienced in 2014.The IMF estimates that each 10 percent decline in oil prices will, on average, lower growth in oil exporters by 0.6 percent and increase overall fiscal deficits by 0.8 percent of GDP. Table 2 shows the oil price and annual change in GDP growth from 2014 to 2016.

YEAR	2014	2015		2016	
Average Oil Price	$93.17	$48.72		$43.58	
Country	Growth	Change(%)	Growth	Change(%)	Growth
Nigeria	6.31%	-3.66%	2.65%	-4.25%	-1.6%
Angola	4.8%	-3.90%	0.9%	-1.70%	-0.8%
Algeria	3.79%	-0.05%	3.76%	-0.46%	3.3%
Congo	9.5%	-2.60%	6.9%	-4.5%	2.4%
Gabon	4.4%	-0.50%	3.9%	-1.80%	2.1%
Chad	1.8%	-8.06%	-6.26%	-0.04%	-6.3%

Table 2: Oil price and annual change in GDP growth (2014-2016)

Source: Calculations of the authors based on countries estimates

Oil price dropped from June 2014 to March 2015, mainly due to increased oil supply in the US and elsewhere as well as reductions in global demand. This drop led to both direct effects through trade and indirect effects through growth and investment and changes in inflation. For example, a 30 percent drop in oil prices (IMF and WB forecast this as the approximate drop between 2014 and 2015) is expected to directly reduce the value of oil exports in sub-Saharan Africa by $63 billion (major losers include Nigeria, Angola, Equatorial Guinea, Congo, Gabon, Sudan), and reduce imports by an estimated $15 billion (major gainers include in South Africa, Tanzania, Kenya, Ethiopia). The largest African economy (Nigeria) could face the worst recession in 30 years that could last until 2021, due to the sharp fall in international oil prices. The country remains depend to crude export which is its largest source of revenue, energy and foreign exchange for the past three decades, contributing to more than 90% of aggregate foreign exchange earnings and 80 percent of federal government revenue according to government records. The trade effects feed through to economies including through current accounts, fiscal positions, stock markets, investment and inflation. The decline of oil price is expected to decrease growth.

In oil exporter such as Nigeria, Angola, Algeria, Libya, Egypt, Congo, Equatorial Guinea, Gabon, Ghana, and Soudan, the average growth was estimated at 3.49% (AfDB, 2020) before the pandemic crisis. However, these countries will enter in dramatic recession between -2% and -4.79%. Figure 7 shows Growth forecast for Oil producers and Touristic countries.

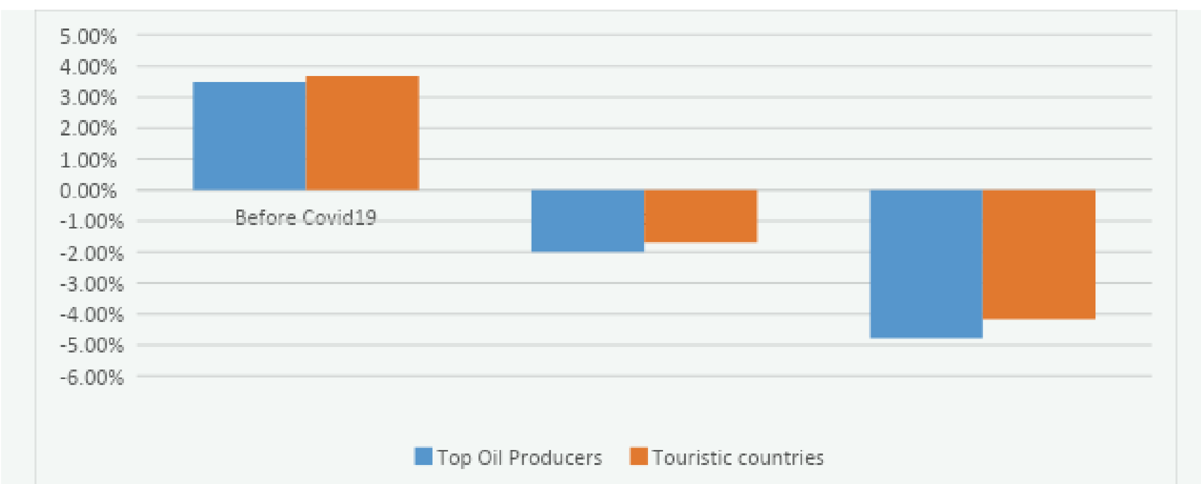


Figure 7: Estimated Economic growth for Top Oil Producers and Touristic Countries before and after Covid19

Source: AUC (2020)

Top tourists destinations. According to the World Travel & Tourism Council (WTTC), tourism industry contributed 8.5 percent (or $194.2bn) of the continent's gross domestic product (GDP) in 2018. Furthermore, Africa was the second-fastest growing tourism region in the world with 5.6 percent in 2018 as compared to the average global rate of 3.9 percent. Out of 1.4 billion international tourist arrivals in 2018, Africa received only 5 percent according to the United Nations World Tourism Organization (UNWTO). Top tourism destinations in Africa include Morocco with around 11 million tourist arrivals per annum, Egypt (11.35 millions), South Africa (10.47 millions), Tunisia (8.3 millions) and Zimbabwe (2.57 millions). The prospects of Africa's tourism industry were very strong as compare to other regions in the world. It was projected to increase between 3 percent and 5 percent in 2020.

However, with the ongoing restrictions, hotels are laying off workers and travel agencies are closing in many African countries, a negative growth is likely to be expected. The overall impact of COVID-19 on the economies of top tourist countries will be much higher than that of all African economies. Tourism industry contributed to more than 10 percent of GDP of the following countries: Seychelles, Cape Verde, Mauritius, Gambia, Tunisia, Madagascar, Lesotho, Rwanda, Botswana, Egypt, Tanzania, Comoros and Senegal in 2019. In these countries, economic growth is expected to drop on average to a value of between -4.17% and -1.69% in 2020 whereas in countries Seychelles, Sao Tome and Principe and Mauritius, the impact will be much higher at ranging from -14.4 to -8.7 percent in worst scenario. Figure 8 depicts the tourism dependence index in top tourism countries in the world.

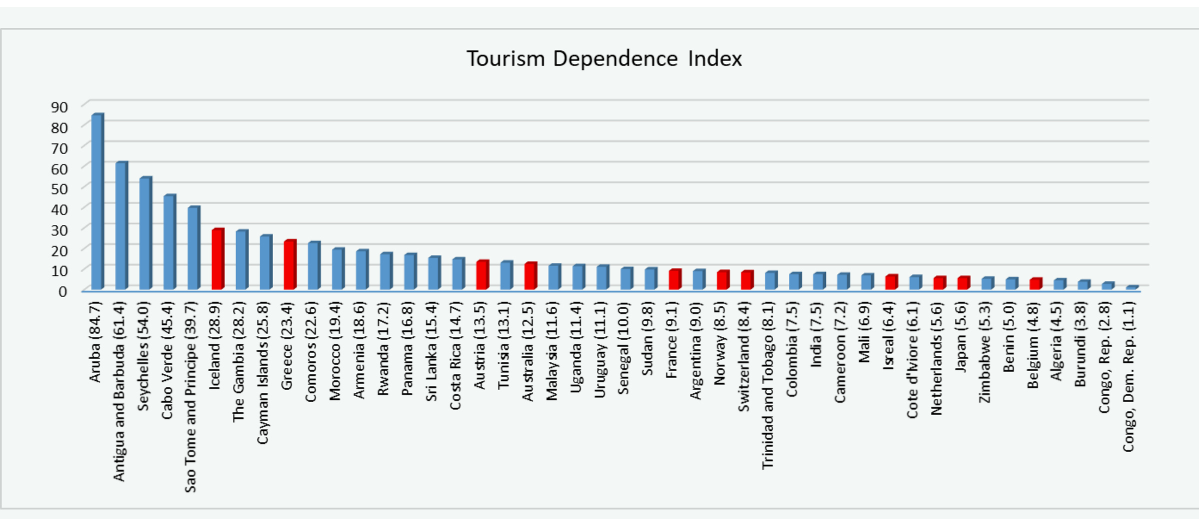


Figure 8: The Tourism Dependence Index

Note: The blue bars represent developing and emerging market countries and the red bars advanced economies

Source: Data collected by Henry Mooney and María Alejandra Zegarra

REGIONAL ECONOMIC GROWTH

The impact of Covid19 in West Africa is expected to range from -2.26% in the best case scenario to -6.2% in the pessimistic case while economic growth was estimated be at 3.8% before the pandemic crisis. This region is expected to experience the dramatic fall of the dominating economy of the region which is Nigeria. In East Africa, the health crisis would lead to an economic recession of between -3.14% and 0.26%. Before the crisis, economic growth was estimated at just over 5%. According to our estimates, Central Africa economies will contracted between -4.38% and -2.41% while its growth was estimated before the crisis at 3.1%. Initially projected at 1.9%, the COVID19 crisis will create an unprecedented economic recession of between -8.27% and -6.03% in Southern Africa. Economic growth in the Northern African region is projected between -2.7% and -0.4% while the economic growth in this region was projected at 4.2% before the COVID19 pandemic. Figure 9 presents the estimated economic growth per Africa's region before and after Covid19.

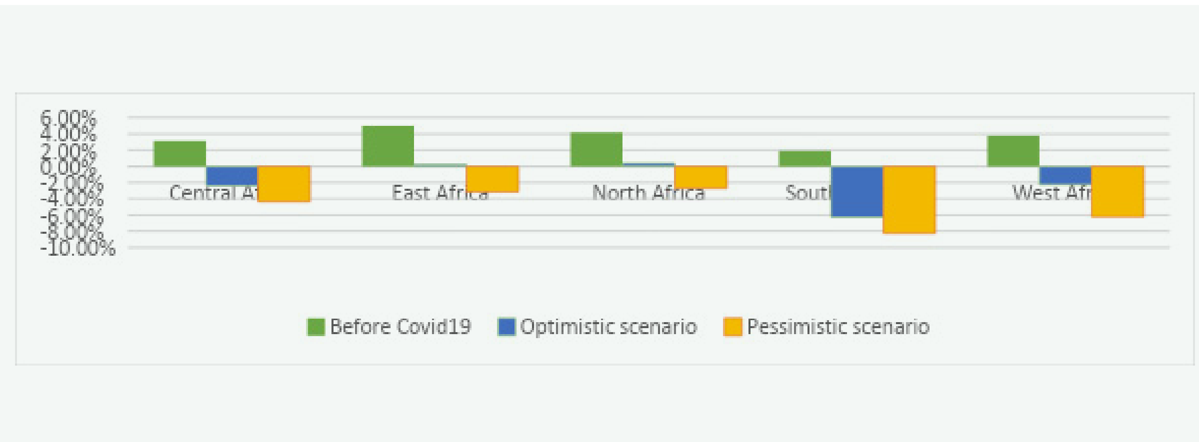


Figure 9: Estimated Economic Growth per Africa's Region before and after Covid19

Source: AUC (2020)

External Trade

Before COVID-19, Africa's trade with the rest of the world has been growing over the past years. Over the period 2014-2018, total trade from Africa to the rest of the world averaged $760 billion in current prices per year, and the share of exports from Africa to the rest of the world represented 83.4% in 2000 –2017 in Africa's total trade. The only other region with a higher export dependence on the rest of the world is Oceania. Intra-EU trade is the highest in the world (68.1%), followed by intra-Asia (59.4%) and Intra-America (55%). Figures 10 and 11 depict African exports and intraregional exports in percentage.

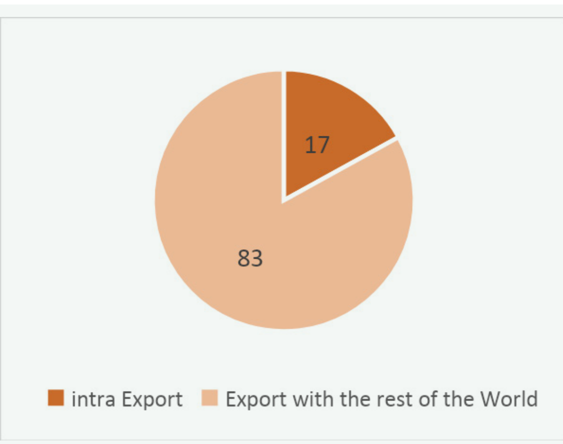


Figure 10: African Exports (in %)
Source: UNTACD (2019)

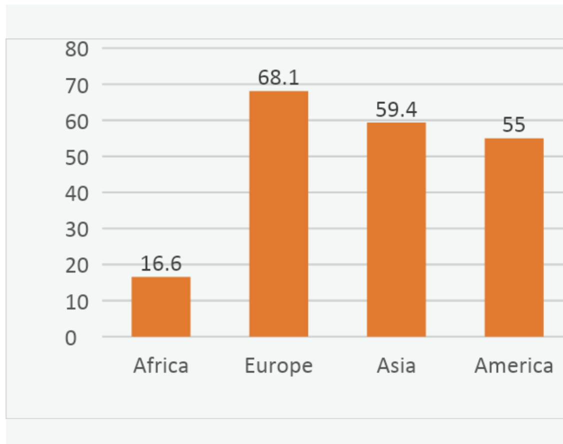


Figure 11: Intra regional Exports (in %)
Source: UNTACD (2019)

However, Intra-African trade is much lower (16.6%) compared with 68.1% in Europe, 59.4% in Asia, 55.0% in America, and 7.0% in Oceania (UNCTAD, 2019). Figure 11 shows the small size of intra-regional trade in Africa compared with other regions. The low levels of industrial transformation, infrastructure development, financial and monetary integration and the tariff and non-tariff barriers, are at the root of this situation. This makes the African economy an extrovert economy and sensitive to shocks and external decisions.

The external sector is the most vulnerable sector to be impacted by COVID-19 especially economies that are overly dependent on imports and capital inflows. The vulnerability of the external sector emanates from the effect of the pandemic on global commodity prices, volume of exports and imports, as well as the disruptions on the global trade and supply chains. WTO estimated a reduction in global trade due to the pandemic and this decline, combined with the logistic hurdle in Africa's trading partners, is estimated to have a combined effect of decreasing global trade by 21% for those countries that have strong linkage with China (Alemayehu, 2020). Unfortunately, Africa's biggest trading partners – China, US and Europe– are greatly hit by the pandemic and the impacts are already being felt in Africa (see figure 12).

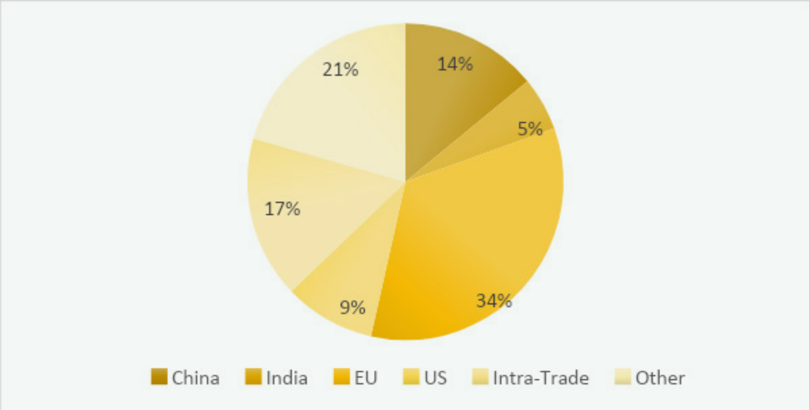


Figure 12: Trade Partners of Africa

Source: AUC/OECD (2019), Africa's Development Dynamics 2019: Achieving Productive Transformation, OECD Publishing, Paris/AUC, Addis Ababa

The European Union, through its strong historical ties with the African continent, carries out numerous trading activities, which accounts for 34 percent of Africa's trade. 59 percent of North Africa's exports are to Europe, compared to 20.7 percent to Southern Africa. China, because of its industrialization dynamics, has for a decade raised the level of its trade with Africa, with Africa exporting 18.5 percent of its exports to China. 44.3 percent of Central Africa's exports are to China, compared to 6.3 percent to North Africa (AUC/OECD, 2019). The continent's exports are dominated by unprocessed raw materials, which subjects it to low offers from European, Asian and American industries. The fall in crude oil prices and demand contraction also directly affect the growth of African countries.

The strident slowdown of growth among key African trading partners is reducing external demand. Disruptions on the continent's global trade value chains are being experienced as China, which accounts for 11% of Africa's exports and 16% of imports; and Europe, which accounts for 33% of Africa's exports and 32% of imports (IMF, 2020) are having to shut down their manufacturing center and ports, resulting to a decrease in demand for African commodities.

In 2019, global trade showed a sign of decline of -0.1 percent in volume terms after rising by 2.9% in 2018 because of the tension between China and US while the value the world merchandise exports in 2019 fell by 3% to US$ 18.89 trillion. The World Trade Organization (WTO) estimates that the volume of global merchandise trade will be falling by 13% this year compared to 2019 in the best case scenario and by 32 percent or more if the containment measures of governments are not efficient.[4] This reflects the considerable weaker demand for goods and services in the world including travel and tourism. According to WEO (2020), the year 2021 will witness the pickup in domestic demand and trade will increase to 8 percent.

[4] https://www.wto.org/english/news_e/pres20_e/pr855_e.htm

Over three quarters of African exports are mainly unpreceded raw materials, which subjects it to low offers from European, Asian and American industries. Any reduction in demand impacts the resource-based economies. Countries such as Angola, Cote d'Ivoire, DRC, Equatorial Guinea, Ghana, Zambia and Nigeria are significantly exposed to risk in terms of industrial commodity exports, such as cocoa, oil, iron ore, copper (McKenzie, 2020). With the widespread nature of the virus, it is difficult to envisage how supply chains could be adjusted rapidly to meet demands. These disruptions can affect the trade balance (TB) and balance of payment (BOP) of most African countries.

Commodity Prices

A considerable tumble in commodity prices. In the normal circumstance, even though, the continent is the major exporter of commodities in the world, unfortunately it doesn't control their prices. The commodities are traded constantly on commodity exchanges around the world such as the Chicago Mercantile Exchange, The London Metals Exchange, and the Intercontinental Exchange; where the continent is not present. This has always been at the disadvantage of the continent. This is why Africa is not getting sufficient benefits from this imbalance trade. The pandemic has contributed to a significant decline in commodity prices for more than 67% of Africa's exports [5]. Less diversified economies are mostly affected as a result of their dependence on commodities for export. The price of crude oil, which accounts for 40% of Africa's exports and about 7.4% of total GDP in Africa, crashed more than 50% to their lowest levels since 2003; Metal prices decreased by 20%, the FAO food price index lost 5%, while cotton or textiles fell 26% (UNECA, 2020). The crashing of oil prices has considerable fiscal and exchange rate implications for the oil-producing economies in Africa. The IMF (2020) estimate a minimum of $65 billion loss to fuel revenues in 2020. Figure 13 presents commodity prices and indexes for key African exports from January 2019 to May 2020.

[5] https://reliefweb.int/sites/reliefweb.int/files/resources/eca_covid_report_en_rev16april_5web.pdf

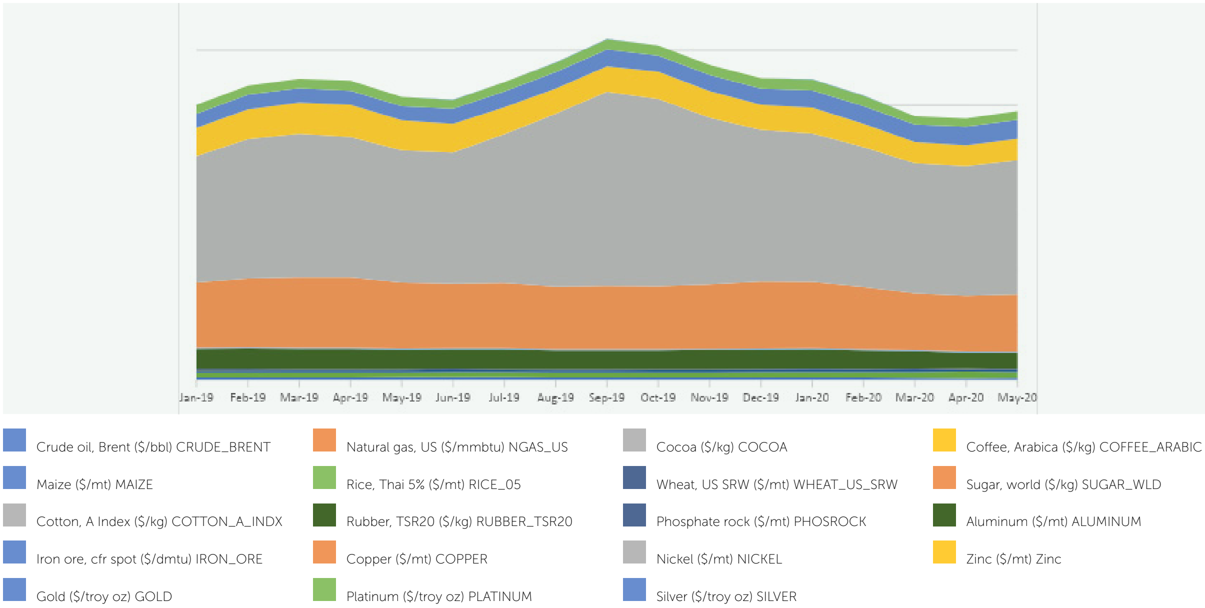


Figure 13: Commodity prices and indexes for African exports from January 2019 to May 2020

Source: World Bank Commodity Markets Database, June 2020

However, large gold exporters, such as Ghana, South Africa and Guinea, which account for 20%, 17% and 9% of Africa's gold exports respectively, are expected to experience a small compensatory benefit from the rise in the price of gold.

The lockdown or containment measures are also affecting the two main textile markets for Africa – USA and Europe – causing a shift in consumer spending away from clothes. This poses a large peril not just on the continent's $15 billion in annual textile and apparel exports, but on employment. Ethiopia and Kenya export more than 65% of their textile products to the United States and Europe. Further down the supply chain, falling demand has translated into a 26% decrease in cotton prices, hence, affecting cotton farmers in Benin, Burkina Faso, Mali and Zimbabwe (ODI, 2019).

With regards to tea, coffee and cocoa exports, a downward trend in demand has already reduced prices for coffee and tea in the major import markets such as the United States and Europe. The pandemic is bound to affect vulnerable small-scale farmers who are the main coffee and tea producers in major coffee-producing countries such as Ethiopia, Kenya and Uganda. Côte d'Ivoire and Ghana depend on cocoa for 39% and 19% of their exports, respectively. Unfortunately, cocoa prices fell by 6% since the start of 2020 (Trading Economics, 2020). The impact of the slowdown in the European, United States and United Kingdom markets has brought major concerns as these markets account for 77% of Africa's cocoa exports (UNECA, 2020). The drop in commodity prices (see figure 14) is significantly affecting African Government revenue and contributing to greater budget deficit as revenue from royalty, income and payroll taxes will reduce in a time when public finance is urgently needed to meet increased health expenditure and reduce the impact on businesses and jobs.

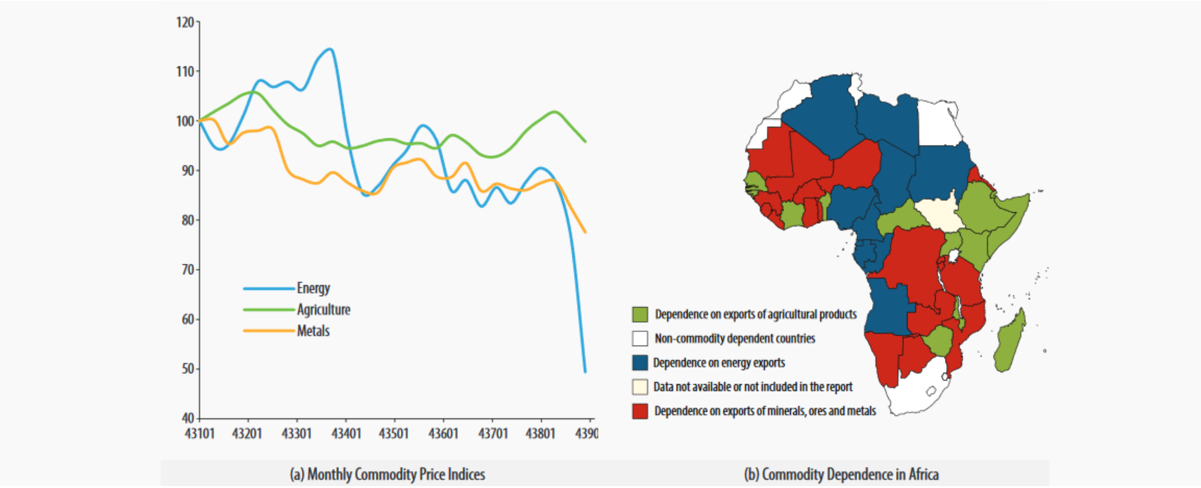


Figure 14: Commodity Price indices for key African exports, 2020

Source: World Bank (June, 2020). Africa Knowledge in Time: Policy Brief.[6]

Inflation

The pandemic has led to sudden increase in the inflation rate of many countries by more than 5 percent in the first quarter of 2020. This increase has mainly been driven by disruptions in the supply of food and energy, the bulk of which are imported, the low commodity prices and the depreciation of exchange on import prices. The drop-in imports and the shortages of basic consumer goods imported from China have increased inflation in some African countries. According to the latest CPI report released by the Nigerian Bureau of Statistics, Nigeria's inflation rate rose to 12.56% (year-on-year) and composite food index rose to 15.18% as of June 2020[7]. In Ethiopia, inflation rate stood at 21.6% as of June and estimated to rise up to 22.3% in July 2020[8].

According to IMF, Libya's inflation rate is projected to rise to 22.3%[9] as well. In Zambia, from 15.9% in June, its annual inflation rate edged down to 15.8% in July 2020 but it is still high compared to 11.5% rate recorded in December 2019[10]. Furthermore, the Sudanese Central Bureau of Statistics announced that Sudan's inflation rate has risen further to 136% in June 2020 from 114% in the previous month, reaching the highest level since December of 1993[11]. Main upward pressure came from prices of food and fuels because the country relies heavily on imports.

[6] http://documents.worldbank.org/curated/en/914781591043537997/pdf/COVID-19-and-Trade-in-SSA-Impacts-and-Policy-Response.pdf

[7] https://nairametrics.com/2020/07/17/nigerias-inflation-rate-rises-to-12-56-in-june-as-food-prices-surge/

[8] https://tradingeconomics.com/ethiopia/inflation-cpi

[9] https://www.imf.org/en/Countries/LBY

[10] https://tradingeconomics.com/zambia/inflation-cpi

[11] https://tradingeconomics.com/sudan/inflation-cpi

Rwanda has recently imposed fixed prices for basic food items such as rice and cooking oil. However, for other countries, the drastic fall in aggregate demand due to the lockdown and other containment measures has eased inflationary pressures, especially among non-resource-intensive economies. The general level of inflation like in other regions of the world is expected to rise gradually in 2021, as economies re-open.

Fiscal Revenues and External Financing

African economies have always been facing persistent current account imbalances which is mainly driven by trade deficits. As domestic revenue mobilization remains low in Africa, many African countries heavily rely on foreign sources of financing of their current deficits. They include FDI, portfolio investment, remittances, official development assistance, and external debt. However, the anticipated contraction or slowdown in origin countries could lead to a decline of the level Official Development Assistance (ODA), Foreign Direct Investment (FDI), Portfolio investment inflows and Remittances flows to Africa. The potential losses in tax revenues and external financing due to the disruption of economic activities will restraint the capacities of African countries to finance their development and lead to the external value of the local currency falling and a depreciation.

DOMESTIC RESOURCES

Domestic resources mobilization has been recognized as the most important source of revenue for financing development in Africa. Africa's Agenda 2063 and the Addis Ababa Action Agenda both committed to the strengthening and effective use of domestic resources to finance national, regional, continental, and international development goals. The extreme social distancing measures taken in many African countries to curb the spread of the virus have resulted in reduced domestic revenues for financing development. Tax and non-tax revenues have been negatively affected as a result of lockdowns that have severely impacted certain sectors of the economy. The travel and tourism sectors have been mostly impacted and revenues to those sectors are set to decline. As a result, tax revenues from the two sectors will decline significantly.

TAX REVENUE: Since 2006, tax revenues have increased significantly in absolute terms, as African countries have been growing wealthier. The largest sources of tax revenues were taxes on goods and services, which accounted for 53.7% of total tax revenues on average in 2017 with VAT alone representing 29.4%. Corporate taxes accounted for an average of 18.6% of tax revenues in 2017, representing quite a significant source of tax in Africa. Comparatively, African countries have, on average, a higher corporate income tax than LAC countries (15.5%) and OECD countries (9.2%)[12] (see table 3). Therefore, the impact of the COVID-19 pandemic on corporations in African countries is likely to considerably reduce the amount of tax revenues in 2020. Many businesses across the continent were shut down as governments fought to contain the spread of the virus.

	Individual Taxes	Corporate Taxes	Social Insurance Taxes	Property Taxes	Value-Added Taxes (VAT)	Consumption Taxes Other than VAT	Other
Africa average	15.4%	18.6%	8.1%	1.6%	29.4%	24.3%	2.6%
LAC average	9.5%	15.5%	16.9%	3.4%	27.9%	21.8%	4.9%
OECD average	23.9%	9.2%	26.2%	5.7%	20.2%	12.2%	2.7%

Figure 3: Tax Structure in African Countries, 2017

Source: Tax Foundation https://taxfoundation.org/oecd-report-africa-tax-revenue-in-african-countries/

Tax-to-GDP ratio ranged from 5.7% in Nigeria to 31.5% in the Seychelles in 2017. Only Seychelles, Tunisia, South Africa and Morocco had Tax-to-GDP ratio above 25% while the majority of African countries are falling between 11.0% and 21.0%. The average Tax-to-GDP ratio of 17.2% is not sufficient (as compared to Latin American countries (22.8% and OECD countries (34.2%) (AU/OECD/ATAF, 2019) to finance the basic social services, including health care.

NON-TAX REVENUES: Taxes account for more revenues than non-tax revenue in most African countries, although the trend in non-tax revenues has been increasing over the years. In 2017, African countries collected an average of 6.1% of GDP in non-tax revenues.[13] However, the impact of COVID-19 is likely to affect non-tax revenues across the continent as commodity prices decline and donor countries are negatively affected. Non-tax revenues include grants, rents and royalties from natural resources, property income, sales of goods and services, and other revenues.

Overall public revenues (no grants) have been declining over the past three years. After sharp drops in 2015 and 2016, public revenues rose from US$394.2 billion in 2016 to US$483.6 in 2018 (table 4).

Private savings in Africa. In April 2020, the IMF forecast that total national savings for African countries would drop 17.8% between 2019 and 2020, after having previously forecast an increase of 7.7%. In the longer run, however, exogenous shocks such as this pandemic could increase household savings due to precautionary savings behaviour. It should be noted that, private savings in the continent has increased from US$ 419.6 billion in 2016 to 427.8 billion in 2018 (2.4 percent in average every year).

[12]https://taxfoundation.org/oecd-report-africa-tax-revenue-in-african-countries/

[13] ECA (2019). Economic Report on Africa: Fiscal policy for financing sustainable development in Africa.

EXTERNAL SOURCES OF FINANCING

REMITTANCES: Remittances have been the largest source of international financial flows to Africa since 2010, accounting for about a third of total external financial inflows. They represent the most stable source of flows, having nearly consistently increased in volume since 2010. Flow of Remittances to Africa was US$ 84.2 billion (3.7 percent) in 2018. As a share of GDP, they exceed 5 percent in 13 African countries, and range as high as 23 percent in Lesotho and more than 12 percent in Comoros, The Gambia, and Liberia. Taken together, Africa's largest economies, Egypt and Nigeria, account for 60 percent of Africa's remittances inflows. However, with economic activity in the doldrums in many advanced and emerging market countries, remittances to Africa could experience significant declines. The World Bank (2020) predicted a 23.1% decline in remittances to African countries in 2020 as a result of the economic crisis induced by the pandemic[14]. A modest recovery in remittances to Africa is expected in 2021.

FOREIGN DIRECT INVESTMENT: According to UNCTAD (2019), the flow of FDI to Africa rose to $45.9 billion in 2018 despite the global downward trend, an 11 percent increase after consecutive declines in 2016 and 2017. This upsurge was supported by continued resource seeking inflows, some diversified investments and a recovery in South Africa after several years of low-level inflows. The top 5 recipient countries were in 2017: South Africa ($5.3 billion, +165.8%), Egypt ($6.8 billion, -8.2%); Morocco ($3.6 billion, +35.5%), Congo (4.3 billion, -2.1%); and Ethiopia ($ 3.3 billion, -17.6%). With scenarios of the spread of the pandemic ranging from short-term stabilization to continuation throughout the year, the expected drop of global FDI flows will be between -5% and -15% (compared to previous forecasts projecting marginal growth in the FDI trend for 2020-2021).

Based on UNCTAD data, OECD indicated early signals of possible Covid-19 impact on FDI reinvested earnings in developing countries. More than two thirds of the multinational enterprises (MNEs) in UNCTAD's Top 100, a bellwether of overall investment trends, have issued statements on the impact of Covid-19 on their business. Many are slowing down capital expenditures in affected areas. In addition, lower profits – to date, 41 have issued profit alerts – will translate into lower reinvested earnings (a major component of FDI). On average, the top 5000 MNEs, which account for a significant share of global FDI, have seen downward revisions of 2020 earnings estimates of 9% due to Covid-19. Hardest hit are the automotive industry (-44%), airlines (-42%) and energy and basic materials industries (-13%). Profits of MNEs based in emerging economies are more at risk than those of developed country MNEs: developing country MNE profit guidance has been revised downwards by 16%. In Africa, this revision amounts to 1%, compared to 18% in Asia, and 6% in LAC (UNCTAD, 2020). Furthermore, there have already been large-scale capital withdrawals from the continent; for example, in Nigeria the All Share Index registered its worst performance for a decade in early March as overseas investors pulled out.

OFFICIAL DEVELOPMENT ASSISTANCE: Many African countries are still continuing to heavily rely on official development assistance to finance their development because of their economic conditions. According to OECD data, ODA flow to Africa was US$55.3 billion in 2018 and as of end of 2017, ODA represented 4% and 6.2% of GDP respectively in Central Africa and East Africa. In 12 African countries, ODA inflows in 2017 exceeded 10% of GDP (with 63.5% in South Sudan). ODA made up 9.2% of the GDP of African Low Income countries (AUC/OECD, 2019). The current economic conditions in donor countries could impact the amount of ODA delivered to these countries.

[14] https://www.worldbank.org/en/news/press-release/2020/04/22/world-bank-predicts-sharpest-decline-ofremittances-in-recent-history

Table 4 presents all sources of development financing including FDI, Portfolio investments, Remittances, ODA, Public revenues (no grants) and Private savings from 2014 to 2018 in billions of USD and in percentage of GDP.

	FINANCIAL FLOWS BY YEAR									
Source of revenues	In billions of USD					As a percentage of GDP				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Inward foreign direct investment	53.9	56.9	46.5	41.4	45.9	2.1%	2.5%	2.1%	1.9%	2.0%
Portfolio investments	30.4	22.2	6.2	57.1	36.5	1.2%	1.0%	0.3%	2.6%	1.6%
Remittances	71.8	71.4	67.5	77.6	84.2	2.9%	3.2%	3.2%	3.6%	3.7%
Official development assistance (net total)	54.1	50.1	50.4	53.8	55.3	2.1%	2.2%	2.3%	2.4%	2.4%
Total foreign inflows	210.1	200.5	170.5	229.8	221.8	8.4%	8.8%	7.9%	10.6%	9.7%
Public revenues (no grants)	524.7	438.2	394.2	425.9	483.6	20.7%	18.9%	18.0%	19.2%	20.7%
Private savings	507.0	419.6	408.2	415.6	427.8	20.4%	18.5%	19.1%	19.3%	18.9%

Table 4: Sources of finance for development in Africa

Source: Upcoming 2020 AUC/OECD AfDD Report

Government expenditure and sovereign debt

Governments will have no option than to rely on international markets which may increase sovereign debt levels. Debt should be used for productive investment or growth-enhancing investments rather than maintaining their spending plans. There is a high probability that many countries could face an implosion in the stock of external debt and servicing costs due to the increase fiscal deficits as the more emphasis will put fulfilling social needs including health care systems, socioeconomic stimulus to households, SMEs and enterprises. Yet one third of African countries are already or about to be at high risk as a result of recent sharp increase of debt levels owing to favorable international (rise of bilateral donors and the non-residents subscriptions to nationally issued bonds on the African market). Debt in many African countries is on concessional terms and multilateral institutions have no other choice to help countries to secure even easier terms.

However, countries with commercial debt from emerging market economies will need to refinance in the current economic crisis. According to EIU Viewswire (2020), credit default swap rates on five-year sovereign issues have increased (Angola by 408% year on year in late March, Nigeria's by 270% and South Africa's by 101%). While interest rates in Africa are around 5 percent to 16 percent on 10-year government bonds, Europe and America are paying nearly zero to negative rates. This trend is particularly worrisome since fiscal policy in African countries is highly pro-cyclical, meaning that spending increases in the good times but falls in the bad. Public spending will be affected due to the scarcity of resources that the Covid-19 crisis will create. Spending in infrastructure development could drop by at least 25% due to lower tax revenues and difficulty in mobilizing external resources.

The African Union has been instrumental in leading the call for multilateral cooperation for debt relief to African countries. Consequently, the G20 provided a temporary standstill on official debt service for low income countries, including 41 African countries[15]. Multilateral development institutions, including the African Development Bank, International Monetary Fund, and World Bank increased emergency funding and support to African countries to assist in the immediate health and economic needs. The additional financing and debt service payment holiday provide the necessary fiscal space for African countries to adequately respond to the economic fallout from the pandemic and to advance their development agenda.

Government expenditure of African countries represents 19% of the continent's GDP and contributes 20% to annual economic growth. Public spending in Africa is dominated by spending on health, education and defense and security (see figure 15). These 3 areas represent more than 70% of public spending. Government spending to health care system is expected to increase in order to contain the spread of Covid19 and limit the impact on the economy.

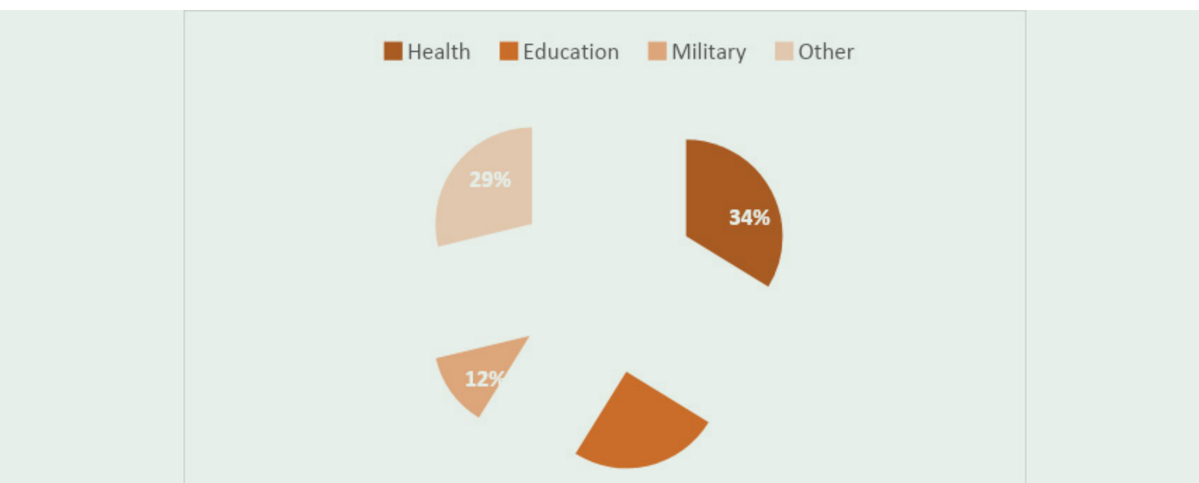


Figure 15: Distribution of public expenditure in the various social sector

Source: AUC (2020)

[15] www.ecdpm.org/dp272

Economic Sectors

Agriculture Sector

Huge impact on agricultural sector: Fears of worsening economies, food and nutrition security of countries highly dependent on agriculture are real. The pandemic poses a real challenge on the already strained health systems and food and nutrition security in Africa. Projections by the World Food Programme (WFP) indicate that the number of people facing acute food insecurity globally has more than doubled from 130 million in 2019 to 265 million in 2020, as a result of COVID-19. Specifically, the impact of COVID19 on Africa's agricultural sector has resulted in labour and supply shortages, food losses and waste, drop in commodity import and export due to border point restrictions, and price fluctuations. Lockdown measures, restriction to movements and border closures have disrupted agricultural production and food supply chains. They have significantly reduced farming activities, especially as the pandemic has hit most of the continent during the rainy and farming season, access to seeds/fertilizers and harvest of agricultural products and limited farmers and fishermen to access markets and sell their products. COVID-19 has impacted on fresh food supplies and increased in food waste as farmers' were unable to sell or properly store their perishable products.

Closures of service sectors such as hotels, restaurants, airlines and other services have hit farmers (both large-scale and small-scale) hard, as they lost a target market and experienced sales decline significantly. This resulted in disrupted production and processing of food. The pandemic is also posing risk at smallholder farms, which approximately constitute 80% of all farms in Sub-Sahara Africa with many livelihoods depending on agriculture production to survive including 175 million employed in the agriculture sector[16]. It is worth noting that 80% of African agriculture is small-scale, feeding and employing two-thirds of the population and work 62 percent of the land[17]. It is imperative, small-scale producers are extremely vulnerable to shocks and stresses.

Informal food trade constitutes a major source of employment in many African countries, particularly for women and 70% of household food purchases. In Ethiopia for example, due to the fact that households choose non-perishable goods, farmers are transforming milk into butter, cheese and yoghurt. Complete lockdown in many countries like Burkina Faso, Zimbabwe and restricted working hours in other countries are likely to create severe food shortages, particularly in the food processing sub-sector. The economic effects coupled with the disruption of agri-food supply chains (due to labor shortages, transport and mobility problems) also risk increasing food insecurity, especially in food importing economies.

[16] http://www.fao.org/3/a-bo092e.pdf

[17] Smallholders, food security, and the environment IFAD, 2013

However, research shows that agricultural countries are more resilient during this period than others particularly oil producer countries.

If these disruptions persist and necessary precautionary actions are not taken by African governments, a food crisis may prevail and agricultural production can contract between 2.6% and 7% in the scenario with trade blockages. Food imports would decline as much as 25% or as little as 13% as a result of higher transaction costs and reduced domestic demand (World Bank, 2020). It is to be noted that Africa is largely dependent on food import. According to the Africa Development Bank (2017), the continent's food import bill amounts to $35 billion, which is estimated to rise to $110 billion by 2025. It is therefore important to keep agri-food production system functioning in order to avoid food crisis and maintain livelihood. This means that farmers must be allowed to farm, traders to trade and sellers to sell. If no timely preventive measures are undertaken, the livelihoods of the overwhelmingly small-scale produces might be easily derailed! The pandemic might exacerbate other depressant factors such as input price hike and climate extremes. Specific interventions such as modernization of the sector through mechanization, workable mechanisms for input supply chains, rural infrastructure development, lifting of tariffs and creation of subsidies, might improve resilience of the farmers and farming systems.

Environment and Biological Resources Sector

In the same vein, Environment related sectors have equally been impacted by the measures taken by governments to control the spread of coronavirus. For example, biological resources used for livelihoods and trade such as plantations, timber, non-timber forest products, and wildlife have been hit by reduced labour and closure of markets. The suspension of patrols for law enforcement in some areas has also opened up windows of opportunities for illegal exploitation of these resources in anticipation for the reopening of markets. In the area of meteorology, there has been reduced efforts for climate and weather observation due to the lockdowns as technicians had been blocked from collecting data at various stations. The grounding of airplanes has also had an impact on the reliability of the weather data, as Africa relies heavily on aircraft observations due to poor internet facilities. The diversion of resources towards health has also deprived the already dilapidated weather and climate observation infrastructure resources for maintenance. The COVID-19 pandemic has also direct impacts associated with disposal of used material such a masks, sanitizer containers, PPEs, and other medical waste. These are compounding already existing waste management challenges faced by most African cities. The pose risks associated with human health and the health of the environment through pollution. However, preventive measures such as lockdown and travel restriction have also reduced air pollution in the world.

Manufacturing Industry, Construction and Mining Sectors

African industrial and manufacturing sector is still at an infancy stage. The contribution of manufacturing industry to GDP in many African countries remains low at around 10 percent (UNECA, 2016), and has been falling recently in some countries.

However, the demand for processing goods is growing on the continent. By transforming the raw material resources locally into value-added finished products, job creation, it will not only facilitate export diversification but also increase intra-African trade. Investing in employment-intensive and higher-value-added manufacturing will drive economic growth and create more jobs for the growing youth population.

The novel pandemic has put a halt on the fragile progress made due to drop in demand, shortages of raw material, closures of borders and ports, increased costs, etc. Like other businesses, manufacturing industries have being hit severely by COVID-19 represented by an unprecedented disruption in the global economy and world trade, as production and consumption are scaled back across the globe. The JP Morgan global PMI for March 2020 showed export orders in manufacturing sinking to 43.3 relative to a baseline value of 50, and new services export business dropping to 35.5, suggesting a severe downturn. The effects of COVID-19 on global value chains is affecting Morocco's automotive industry; representing 6 percent of GDP over the period 2017-2019. Egyptian industries that depend on inputs from China and other foreign countries are affected and unable to meet both domestic and international market needs. In Ethiopia, the drop in demand would be in the textile, apparel and leather sectors, as well as in construction.

Many manufacturers are repurposing production lines to address medical equipment and products shortages and spur industrialization. In many countries, repurposing initiatives have been encouraged, including South Africa, Kenya, Ethiopia, Ghana and Senegal in sectors such as the production of PPEs, sanitizers, testing kits, masks and gowns in large-scale and ventilators in the prototype phase, etc. South Africa with sizeable market share in the global exports of medical equipment, was quick to mobilize local manufacturers to produce ventilators through its national ventilator project aims at producing 10,000 units by the end of June 2020. Also, Distell, a brewing and beverage company in South Africa, committed itself to producing 100 000 liters of alcohol for hand sanitizers and other hygienic products. [18] The Institut Pasteur, a Dakar based Research Institute and Manufacturer, in partnering with Mologic, a UK diagnostic company has started the development and the production of eight million rapid testing kits. This has helped increased the testing and screening capacity of countries, including the possibility of export to neighboring countries. This initiative in partnership with international manufacturers and local institutes would assist countries to boost their capacities to promptly scale up medical equipment and materials production. Contrary to China and India which produce 5,000 and 10,000 manufacturers respectively, the continent only has around 375 drug makers, mostly in the North Africa region, South Africa, Nigeria and Kenya.

[18] https://www.farmersweekly.co.za/agri-news/south-africa/drinks-companies-switch-to-alcohol-production-for-sanitisers/

However, it is estimated that the continent imports between 70 and 90% of the drugs it consumes, compared to 5% for China and around 20% for India.

African construction industry faces serious disruptions from closures of borders and the continent's exposure to the shocks, with the construction output growth anticipated to decline from 6.0% to 5.4% in 2020[19] due to the shutdowns in partnering countries such as China and Turkey. Over the past years, China has been the largest source of construction financing for Africa in terms of railways, hydropower dams, and ports constructions. The ripple effect of Covid19 is affecting the scope and completion of construction projects. Africa's access to skilled personnel is been limited as workers are unable to travel to construction locations due to travel bans. Also, with the mass production shutdowns and supply chain disruptions due to port closures in China, industrial components and manufactured goods from these regions are hindering the completion of several construction projects. Furthermore, due to the drop in income and increase in job loss, population have developed little interest in building or purchasing properties.

Oil and Gas Industry and other mining industry: The sector has been badly hit by the pandemic, since the lockdown and, ban on travels. Across the globe, the activities of exploration, development, production and marketing of oil and gas and their associated products have been affected heavily by the COVID19. This has led to a drastic dewdrop in oil demand and crash in crude oil prices worldwide. Over the last 6 months, global crude oil prices have seen one of the sharpest drops in history (69%+) from a peak of \$60.94/bbl in December 2019 to \$18.84/bbl in April 2020. The disruption of Chinese market would also reduce the demand for South Africa raw materials including iron, manganese and chromium ores to China (equivalent to 450 million euros exports every year). Furthermore, many migrant mine-workers in South Africa were also willing to return to their home countries when the lockdowns measures were declared (AIM, 2020).

Service Sector (Travel, Hospitality and Tourism)

According to UNCTAD (2020), Travel and Tourism industry have been growing over the past years and contributed to \$8.8 trillion and 319 million jobs in 2018. With lockdown measures, disruption of economic activities and closure of borders, combined with restrictions on transport, UNWTO recently revised its 2020 prospects in the international tourist arrivals from between 3% to 4% growth to a profound decrease of 20 to 30 percent. This is an estimated loss of US\$300 to 450 billion in international tourism receipts and almost one third of the US\$ 1.5 trillion generated in 2019. Pessimistic scenario projects a loss of up US\$2.1 trillion in travel and tourism in 2020. Figure 16 depicts African airlines operations in 2018.

[19] https://www.africasurveyorsonline.com/2020/03/20 impact-of-covid-19-on-africas-construction-industry-3/

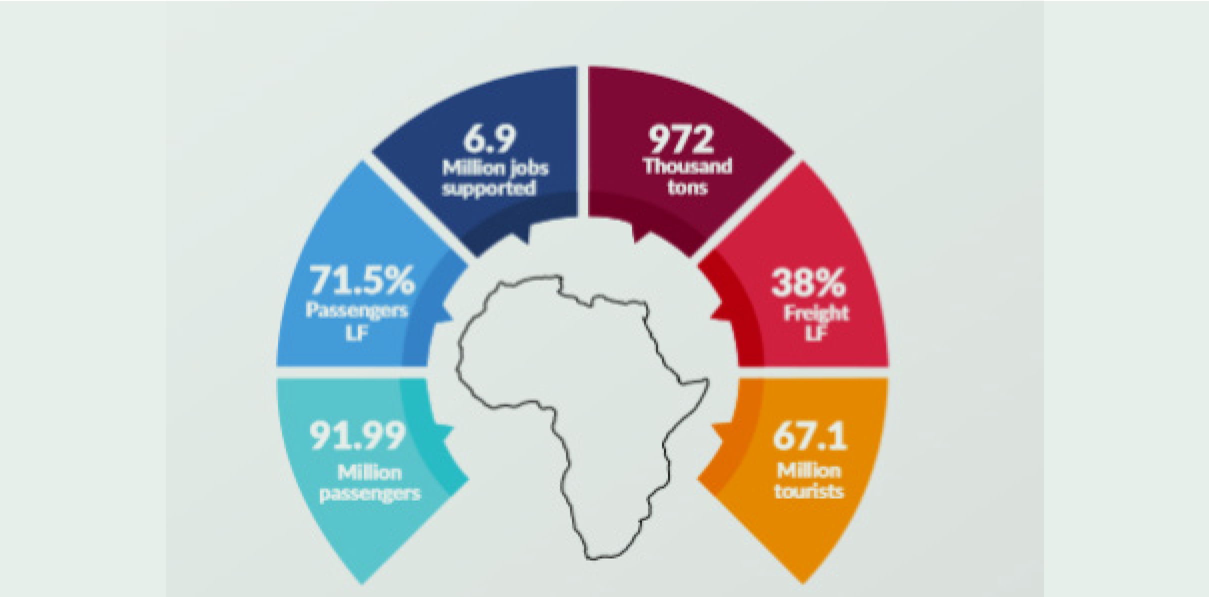


Figure 16: African Airlines Operations, 2018
Source: AFRATS (2019)

COVID-19 in shattering travel and tourism industry on the continent. Tourism sector in Africa has been booming over the past years and accounts for 8.5%[20] or $194.2 billion of Africa's GDP. The continent was the world's second fastest growing tourism industry and was expected to yield billions of dollars in 2020. However, COVID-19 halted the activities in the sector because the continent has always relied on international travelers. In 2018, 95% of Africa's 1.4 billion tourist visitors were from outside the continent (UNECA, 2020). A recent analysis in June 2020 from AFRAA estimates a revenue loss of USD 8.103 billion for African airlines for the year 2020 due to COVID-19 on the airline industry in Africa; which represents a decline of 68 percent as compared to 2019. The report also shows that a 90.3% year-on-year passenger traffic reduction for the month of May. OECD estimates are worst, showing 60% decline in international tourism in 2020, rising to 80% if recovery is delayed until December (OECD, 2020). Furthermore, according to OECD, the tourism and travel sector on the continent would lose more than USD $50 billion due to the pandemic and at least 7.6 million[21] of direct and indirect jobs. The figure 17 below presents the international tourists arrivals by months in the world from 2016 to 2019.

[20]https://qz.com/africa/1717902/africas-tourism-industry-is-second-fastest-growing-in-world/

[21]https://www.statista.com/statistics/1104835/coronavirus-travel-tourism-employment-loss/

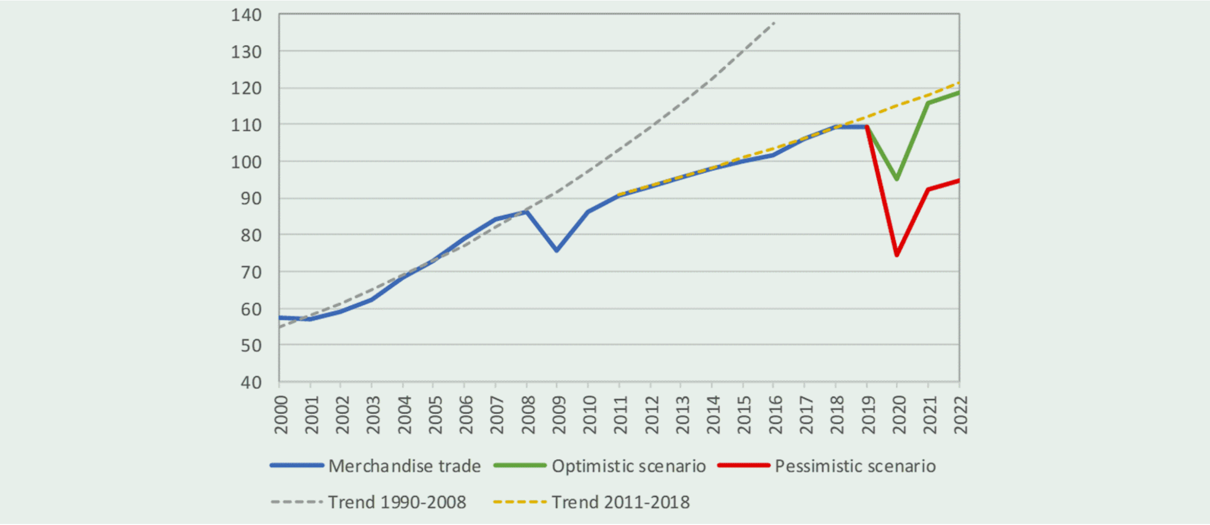


Figure 17: International Tourist Arrivals by month in the world.

Source: World tourism Organization(UNWTO)

Many airlines such as Ethiopian airlines, one of the primary airline companies on the continent, was forced to put thousands of employees on leave with no pay for three months or more in the midst of the pandemic[22] and as a result of lost revenue due to significant decrease in flight operations around the world. The airlines that were struggling before the pandemic will likely end up filing for bankruptcy or seek bailouts. Other more prominent airlines are attempting to maintain incoming revenues through cargo flights and operations. Activities in the industry are expected to resume in the beginning of third quarter with domestic operations, followed by regional and intercontinental flights.

The decline in tourism will have a notable impact on island developing nations (like Mauritius, Cabo Verde and Seychelles), where tourism constitutes a larger part of the economy. The impact on the tourism industry is not limited to just international travelers, employers will face challenges in maintaining working capital and deciding the status of employees.

To avoid long term effects on tourism and transportation industries, urgent and effective measures must be acted upon. According to the IATA estimates, South Africa, Nigeria and Ethiopia are the most hit countries

The COVID-19 outbreak is threatening Africa's hotel and hospitality industry more than other sectors as lockdown measures have heavily impact this sector. According to W Hospitality Group (17 June 2020), hotel industry in Africa was on the rise at the beginning of the year, with more than 78,000 rooms in 408 hotels in the pipeline and 90 hotels with 17,000 rooms scheduled to open in 2020, but the Group estimates that at least half of them will be delayed, bringing the actualization rate down to no more than 40 per cent. A report released by Ethiopian Hotel Association indicates that 88 percent of hotels are fully and partially closed in Addis Ababa because of Ethiopian Airlines cancellation of over 80 destinations to halt of the magnitude of the effects of the pandemic. Furthermore, Ethiopia's Job Creation

[22]https://qz.com/africa/1833287/ethiopian-airlines-starts-laying-off-staff-contractors/

Commission has recently predicted in April 2020 over two millions people could lose their job within three months out of which 300,000 will be from the service sector due to the impact of coronavirus. However, African airlines could experience increased activity than other regions due to the planned evacuation of people seeking to return home from across the world said Tewolde Gebremariam, CEO of Ethiopian Airlines, April 2020. Table 5 depicts the latest IATA impact estimates, selected African countries, April 2020.

COUNTRY	REVENUE IMPACT (US$ BILLION)	PASSENGER DEMAND IMPACT (MILLIONS)	PASSENGER DEMAND IMPACT %	POTENTIAL JOBS IMPACT	POTENTIAL GDP IMPACT (US$ BILLION)
South Africa	-3.02	-14.5	-56%	-252,100	-5.1
Nigeria	-0.99	-4.7	-50%	-125,400	-0.89
Ethiopia	-0.43	-2.5	-46%	-500,500	-1.9
Kenya	-0.73	-3.5	-50%	-193,300	-1.6
Tanzania	-0.31	-1.5	-39%	-336,200	-1.5
Mauritius	-0.54	-2.1	-59%	-73,700	-2
Mozambique	-0.13	-0.71	-49%	-126,400	-0.2
Ghana	-0.38	-1.4	-51%	-284,300	-1.6
Senegal	-0.33	-1.3	-51%	156,200	-0.64
Cape Verde	-0.2	-1.2	-54%	-46,700	-0.48

Table 5: Latest IATA impact estimates, selected African countries, April 2020

Source: IATA, April 2020[23]

[23]https://www.iata.org/en/pressroom/pr/2020-04-23-02/

Fiscal Revenues and External Financing

All infrastructure components have been harshly affected. Apart from ICT sector, COVID19 has harshly affected all infrastructure components. The major sub-sectors impacted by of the pandemic include:

All infrastructure components have been harshly affected. Apart from ICT sector, COVID19 has harshly affected all infrastructure components. The major sub-sectors impacted by of the pandemic include:

TRANSPORT: Closures of major international airports for passenger flights and important transport corridors, and interruption of maritime and land transport corridors resulted in interruptions of trade and travel as well as interruption of air humanitarian corridors and supplies and losses of jobs in transport services including ports, airports, air navigation services, and public transport services and revenues. Industry revenue losses are estimated at USD6 billion.

ENERGY: It is widely recognized that Africa experiences a bitter lack of energy that impacts citizens' quality of life and the continent's competitiveness. Only 49% of African people have access to electricity while not more than 28% of health facilities and 2/3 of schools have reliable energy. The COVID-19 pandemic has worsened the situation. In addition to the drastic fall of oil price, reports highlight the following negative effects:

- Lack of reliable energy for water pumping and portable water stations;
- Inability of low income groups to pay for electricity bills;
- Sharp drop of revenues for power utilities due to demand destruction.

DIGITALIZATION: Due to dependence on digital platforms and tools for disease control, information, education, payments, provision of government's services and retail transactions, digital infrastructure was marked during the COVID-19 period by a surge of load by 100 to 200% accompanied by lower demand for voice services up to 15-20% due to loss in incomes[24] for instance in Nigeria. Unfortunately, this resulted in fivefold increase in cyber-attacks and cyber threats due to lack of cybersecurity frameworks in most countries.

Furthermore, the COVID 19 cyber threat trends have been:[25] (i) increased Spamming and unsolicited emails with websites links related COVID-19; (ii) breach of personal information and Data leaks;

[24]Funke Opeke, CEO of Main One in webinar "African Internet Resilience Webinar Series" Internet Resilience in Africa in the context of COVID-19, 01 June 2020.

[25]Dr. Nnenna Ifeanyi-Ajufo, Member, African Union Commission Cybersecurity Expert Group in webinar "African Internet Resilience Webinar Series" Internet Resilience in Africa in the context of COVID-19, 01 June 2020

(iii) website spoofing, increased impersonation and identity theft (NGOs, CDC, WHO, Government Agencies etc.); (iv) registration of new domain names containing wording related to coronavirus or COVID -19; (v)_malware using coronavirus or COVID 19 themed lures; (vi) phishing using the subject of coronavirus or COVID 19 as a lure; and (vii) attacks against cyber infrastructure, blocking of URLs and denial of service attacks. The health crisis increased also the risk of deeper and wider digital divide. Access to devices, affordability and access to online education have been a cause for concern for the marginalized communities. The absence of transport services coupled with business discontinuity and closure of borders led to the interruption of postal services notably mail circulation.

Social Sectors

Health

COVID-19 has taken root in Africa. Covid19 continues to spread globally and in Africa with more than 24,181,299 confirmed cases and over 825 thousand fatalities worldwide on 28 August 2020, 10:33am CEST. With over 1,220,511 cases, 953,643 recovery cases and 28,850 deaths (as of 28 August 2020, 12:00a.m EAT), the African continent has rather shown low pace in number of cases and fatality compared to the trend in other regions. Figure 18 portrays the status of the pandemic in African regions.

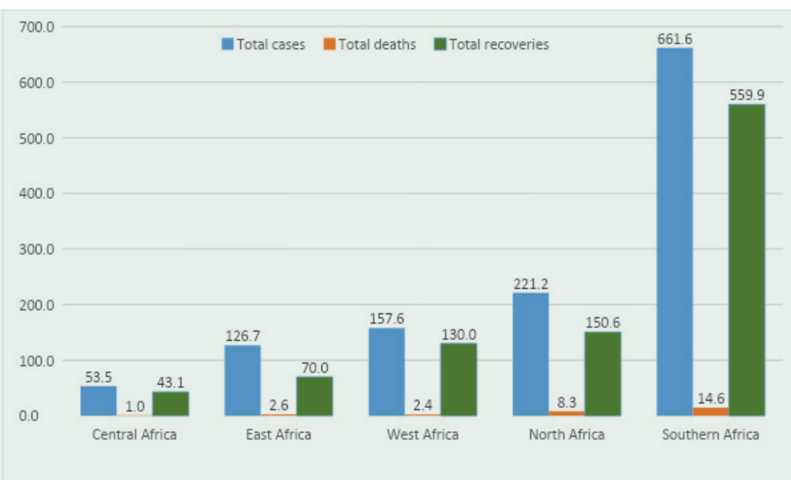


Figure 18: Number of cases, recovery and deaths per region in Africa

Source: Africa CDC, https://africacdc.org/covid-19/ on 28th August 2020

Weak health system on the continent. Over the past years, there have been some improvements in health indicators in Africa (life expectancy, mortality and morbidity, etc.) and improved access to basic health services (UN, 2018 & 2019). However, because of the lack of funding, understaffing, poor infrastructure and equipment, etc. the quality of health services remains very low as compared to other developing countries (WHO 2013). As a result, privileged African elites seek specialized health care services abroad (Musvanhiri 2017). The pandemic is stretching the-already-poor health systems on the continent. Many African countries were not prepared at all for dealing with such a highly communicable pandemic. They have encountered many difficulties in their attempt to control the spread of COVID-19. Health workers are facing several challenges including incredibly weak health systems, with few staff, little equipment, testing kits, gloves, and poor facilities, making disease surveillance, isolation, and supportive care virtually impossible without external assistance. At the beginning of the pandemic, some people were suspicious of both the government and hospitals, some testing centers have been attacked by angry protestors who believe that the disease is a hoax or that the hospitals are responsible for the disease.

The World Health Organization (WHO) has recently warned the world about the possibility of increase of the number of infections. In the case of a prolonged COVID-19 outbreak, WHO projected that about 22 percent of African population would be infected, leading to thousands of hospitalizations and severe straining of the health capacities of countries and about 150,000 deaths (WHO 2020). As a result, the demand for medical gowns, gloves, masks, swabs, and hand sanitizers could surge by 1,600 percent from the baseline (Kearney). In this condition, African health systems will lack essential medical supplies, personal protective equipment (PPE) and ventilators, etc., in addition to the lack of technical medical expertise, such as pulmonologists and respiratory therapists, needed to operate ventilators lack (Obaseki et al. 2015). Africa's biggest suppliers of medicines are the European Union and Asia. However, the drug manufacturing companies in these countries have come to a halt because of the drastic eradication measures taken in the heavily affected countries such as Spain, Italy and France. Furthermore, the demand from COVID-19 patients would overcrowd the health facilities and patients with high burden diseases like AIDS, TB and Malaria would lack access and/or adequate care, and this can result into thousands of people dying from malaria and other diseases, which is likely to exceed that of the outbreak itself.

A report released on 24 June 2020 by the Global Fund to fight AIDS, TB and Malaria warned that" aside from the direct toll of COVID-19, which could be catastrophic in the most vulnerable countries, estimates suggest deaths from HIV, TB and malaria could as much as double if systems for health are overwhelmed, treatment and prevention programs are disrupted, and resources are diverted. For instance, potential increase in AIDS-related deaths due to HIV treatment disruption in the context of the COVID-19 pandemic in (sub-Saharan) Africa could result in 534, 000 additional AIDS-related deaths in 12 months over 2020-2021 compared to 2018 as a result of the COVID-19 pandemic. The same situation threatens to claim 282,000 additional malaria deaths in 2020 compared to 2018 as a result of the COVID-19 pandemic. Furthermore, the report estimates that countries affected by HIV, tuberculosis and malaria urgently need US$28.5 billion to protect the extraordinary progress achieved in the fight against the three diseases in the past two decades.

Furthermore, the report estimates that countries affected by HIV, tuberculosis and malaria urgently need US$28.5 billion to protect the extraordinary progress achieved in the fight against the three diseases in the past two decades. Table 6 depicts Global export of medical equipment in 2018 in the world.

FACE MASKS (MAJORLY N-95) Highly monopolized market by China	VENTILATORS Controlled by handful of countries	TESTING KIT APPLIANCES Dominated by US and EU
Export(% of $12 Bn)	Export(% of $7 Bn)	Export(% of $55 Bn)
China - 44%	Singapore - 16%	U.S.A. - 25%
Germany -7%	U.S.A. - 16%	Germany -13%
U.S.A. - 6%	China - 10%	Netherlands - 8%
Vietnam - 5%	Germany -10%	Mexico- 7%
Mexico- 4%	Netherlands - 9%	Belgium - 6%
• All other countries have a market share less than 2% each • South Africa- Leading African exporting country with 0.14% market share	• Next 5 countries acquire 25% market share • South Africa- Leading African exporting country with 0.03% market share	• No other country with a market share greater than 3% • South Africa- Leading African exporting country with 0.13% market share
HS Code: 630790 | Face Masks(Textile based)	HS Code: 901920 | Ozone,Oxygen,Aerosol Therapy; Artificial/ Therapeutic Respiration Apparatus	HS Code: 901890 | Instruments and appliances used in medical, surgical or veterinary sciences

Table 6: Global Export of medical equipment in 2018

Source: TBI Analysis, World Trade Organization (2018)

Africa is rather doing well compared to the rest of the world. A recent study prepared by Africa CDC and UNFPA, Kenya (https://bit.ly/2UKtvsW) showed that the continent appears to be gradually reaping benefits of policy decisions taken some years back. For instance, the Abuja 2001 Declaration urges African governments to step up the allocation of at least 15 percent of the national budget to the improvement of the health sector. Countries that have achieved this target are also among those with the lowest COVID-19 confirmed cases. An additional, Africa CDC is currently leading the joint continental strategy for covid19 under which numerous initiatives are being implemented to limit the spread of the disease and its socio-economic impact.

No health system in the world was established to anticipate the experience of responding to a highly contagious pathogen with extremely slowed down supply chain pathways and reduced contact-based service provision. Even in the west, with the most advanced healthcare amenities the situation has rather been difficult. The African health systems are perceived to be poor. But the truth is that even with the little capacity they have rather proved to be resilient so far as witnessed by the number of cases far below predictions or trend seen elsewhere thanks to the proactive decisive measures taken by many African governments based on experiences and lessons learnt from other regions.

However, the current number of infection cases should be taken with caution. As of early May, predictions by Africa CDC based on various scenarios of how the pandemic would evolve in the coming 100 days and in a less optimistic situation showed that the continent would need at least 23 million masks, and 20 million test kits. As the continent is lagging behind in terms of testing capacity and some countries are easing the public health and social measures, the Africa CDC has launched a new initiative, the Partnership to Accelerate COVID-19 Testing (PACT): Trace, Test and Track (CDC-T3). PACT aims to strengthen capacity to test for COVID-19 across Africa, with emphasis on countries that have only minimal capacity. This will ensure that at least 10 million Africans, who would have not been tested, get tested in the next six months. To address the equipment challenges, the African Union has launched Covid19 fund aims at raising resources to strengthen the continental response to COVID-19 and the Africa Medical Supply, a platform digital purchasing system that will allow African governments to procure diagnostics and medical supplies.

Education and Youth

COVID-19 pandemic has caused widespread disruption to schooling. The policy measures taken by member states have resulted in the disruptions of economic and social activities and the educational system was severely affected due to the total closure of learning institutions, schools, colleges and universities by governments across the continent. Millions of school children and young people no longer have access to education. By end of March 2020, all African countries but one has country-wide closure of schools. Africa run the risk of losing the gains made with the recent increase of student enrolment in basic education which increased from 76.8% in 2013 to 80.8% in 2019 (continental report on the state of implementation of agenda 2063, 2020). Pre-school and secondary school enrolment rates also increased slightly by 9.5 per cent and 8.2 per cent respectively from 2013 to 2019. But, it is expected that both of these subsectors of the education system will be affected particularly pre-school, despite the centrality of early childhood education and development for the development of vibrant and well-educated children. It is generally believed that enrolment which is already low in African member states will be further affected with the recognition that the longer children and young people stay away from school, with prolonged school closure, the less likely they are ever to return to school after school reopening. The prolonged closures of school will negatively impact all students and disproportionately affect the most deprived and vulnerable students, worsening existing inequalities and risks facing children, girls, disabled persons and other vulnerable populations. Programs such as School feeding schemes are no longer available to needed children, thus further exacerbating food security issues in poor families with no more guaranty for one meal per day for enrolled children. End-of-secondary school examinations are being postponed, due to incomplete curriculum posing the question on the approaches higher education institutions should adopt in selecting their next cohort of students if examination results are not available.

Should the school years be postponed, or cancelled? The African ministers felt the need to arrive at a common joint decision on these issues. As a continent in need for development as outlined in Agenda 2063, science and technology programmes are among the most important for Africa's education. And yet, these programs are the most affected because the students in science and technology will not be able to access laboratories for their much-needed hands on practical. Academic Mobility programs, useful for both students and academic staff are put at an abrupt halt. This will further affect negatively the harmonization, qualification of the higher education in Africa. Many member countries have expressed concern on the repatriation of their students from countries abroad. Teachers development may be affected with the deterioration of their living be affected with the deterioration of their living conditions due to unpaid salary particularly those in the private sector, an important component for the delivery of education in Africa.

Africa has the largest concentration of young people in the world with 75% of its population below the age of 35 years. This segment of the population also experiences fast growth with expectation of 42% growth by 2030. Africa as a continent therefore needs to invest heavily in the African youth so as to harness the derived demographic dividend. Youth are the main beneficiary of the education and thus the first affected by the closure of schools. Young people livelihoods is also jeopardized by the different social measures. There are reports that young people are more susceptible to mental health and other disorders due to measures taken to contain COVID-19. Prevention measures for the pandemic caused lot of uncertainty and disruption in the ways of working leading to closure of businesses and job losses. This negatively affected the livelihoods of many African young workers putting them in a precarious situation. Social distancing affects socialization, recreation, leisure and has wellbeing implications, and young people who are particularly main actors in sport, culture and their related events are disproportionately affected.

Women empowerment

In African, women account for a significant influx of informal cross border trading, agriculture and entrepreneurship, and this assist in keeping the African markets going. It is estimated that in the South Africa Development Community (SADC) region, approximately 70% of the women are engaged in cross border trade, similarly, high rates are also recorded in other regions of the continent[26]. Also, the agriculture sector which is comprised of predominantly small-scale farming with 50% of the agricultural activity on the continent performed by women, who produce about 60-70% of the food in Sub Saharan Africa.

[26]https://ictsd.iisd.org/opinion/women-migration-and-cross-border-trade-in-africa

The evidence is mounting that the economic impacts of COVID-19 has hit women harder. 74% of women in Africa are engaged in the informal economy[27], working as nannies, street vendors or domestic workers. In these jobs, access to social security, health insurance or entitlement to sick leave are usually not provided.[28]As such, women are less likely than men to be able to rely on a safety net. Therefore, the pandemic is significantly affecting women, as it continues to disrupted economic activities. Women are affected mostly as majority lack access to social protection and are in single-headed household.

Women often are active in areas of work that are the first to fall away in economic crises. For instance, they are overrepresented in the service, tourism and hospitality industry that is being strongly impacted by the COVID-19 outbreak. On the other hand, increasing caregiving responsibilities, among other factors due to quarantine measures Falling income for women and rising demand for unpaid household work, changes power dynamics in the household – increasing women's vulnerability.

These factors will have long term consequences for women's economic and social empowerment. As the Ebola outbreak demonstrated, when women have to give up work during times of crises they will be confronted with more challenges than men when trying to spring back after the crisis.[29]Furthermore, as they risk losing their jobs, women might have to take up informal, highly dangerous jobs or exposed to transactional sex for food etc..[30]

Women also comprise much of the smallholder farming sector. Travel restrictions and closures of small agricultural enterprises may reduce the availability of employment opportunities for millions of small-scale traders, who are often predominantly women. From the Ebola outbreak in West Africa region it was noted that women's economic security was adversely affected due to travel restriction.[31]Women make up 70 per cent of the cross-border traders in the Mano River Union region, and the closure of borders due to Ebola restricted their access to markets. Ebola has also disrupted trade within countries. In Liberia, for example, women comprise 85 per cent of daily market traders. Delay in delivery of goods owing to travel restrictions, and increases in transport fares, have negatively affected the businesses of these women and their economic security.[32] Travel restrictions due to COVID-19 may have the same effect on women cross-border traders.

[27]https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2319&utm_source=Gender_section&utm_campaign=3d3d1bdf7c-EMAIL_CAMPAIGN_2020_04_08_08_58&utm_medium=email&utm_term=0_f2d19390ef-3d3d1bdf7c-70545445

[28]UNWOMEN, "Paying attention to women's need and leadership will strengthen COVID-19 response, www.unwomen.org March 19,2020.

[29]https://www.nytimes.com/2020/03/12/us/women-coronavirus-greater-risk.html

[30]https://www.care-international.org/files/files/Ebola_Gender_Analysis_English_v2.pdf

[31]SARA E. DAVIES AND BELINDA BENNETT, A gendered human rights analysis of Ebola and Zika: locating gender in global health emergencies see https://www.chathamhouse.org/sites/default/files/publications/ia/inta92-5-01-daviesbennett.pdf

[32]IBID

Migrant domestic workers, who most often are women, are likely to strongly suffer from the impact of COVID-19. Reports account for hundreds of African women migrant workers working in the Middle East being deported and more face deportation with serious human rights implications[33].Migrant workers face regularly face unequal power relations with their employers and often do not possess any identification documents, which in the context of travel restrictions makes them particularly vulnerable. Domestic workers are also more strongly exposed to the risk of infection as they are required to do chores obliging them to leave the house, such as grocery shopping. The impact on remittances of women domestic migrant workers, on which their families rely, will also likely be impacted, with far-reaching implications.

The COVID-19 pandemic worsened the issue of gender-based violence, which increased by 25% as lockdown measures were implemented.

The figure 19 below indicates a survey conducted by the World Bank using the Facebook data of enterprise owners and managers that uses Facebook page for their businesses. The data highlights the percentage of business closure based on gender from five selected African countries.

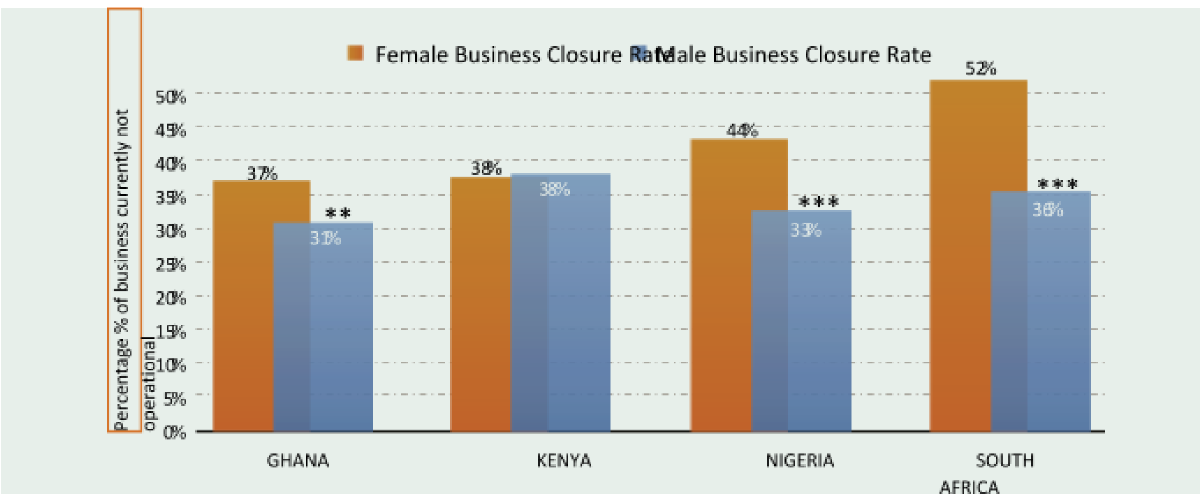


Figure 19: Business Closure Rate by Gender Facebook COVID-19 Future of Business Survey June 2020

Data: Facebook Future of Business COVID-19 high frequency survey wave 1 concluding on 2nd June 2020

The figure as shown the vulnerability of women business as the percentage of businesses currently not operational is higher for women relative to man due to lack of social protection and safety nets, the figures are even higher in South Africa with 58% women compared to 36% men. The sample data used was designed to be representative of the Facebook business page administrator population and not of any country's business population[34]. The vulnerability persists as schools remains closed the drop-out rate

[33]Human Rights Watch, Domestic Workers in Middle East Risk Abuse Amid COVID-19 Crisis https://www.hrw.org/news/2020/04/06/domestic-workers-middle-east-risk-abuse-amid-covid-19-crisis April 6, 2020

[34]https://openknowledge.worldbank.org/bitstream/handle/10986/34016/COVID-19-Pandemic-Through-a-Gender-Lens.pdf?sequence=4

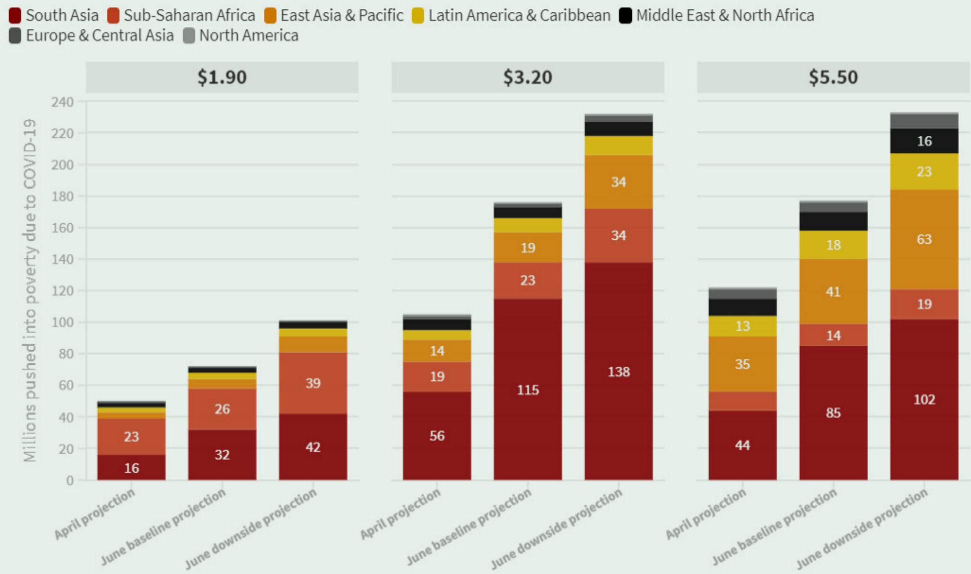
of girls enrolled in school is likely to increase; early childhood marriages increase exacerbated by high levels of poverty. During this pandemic most of the frontline workers involve a significant influx of women, in Africa women constitute 65% in the health \ sector, and majority of them occupying the role of sector, and majority of them occupying the role of nurses, and are also engaged in informal parts of the health workforce, such as home health care, aids or community. The inadequate supply of health supplies and equipment during the pandemic poses a severe risk for women[35].

Poverty and vulnerability

COVID-19 is likely to push between 28.2 million and 49.2 million more Africans into extreme poverty and between 71 and 100 million at global level. According to the World Bank (2019), over the past fifteen years, the poverty rate on the continent has decreased substantially from 54% in 1990 to 41% in 2015 while, the number of poor people living in poverty has increased from 278 million in 1990 to 413 million in 2015, because of the high rate of population growth. It was projected that the share of African populations living in poverty decline to 23% by 2030; which would represent 90% of global poor people. However, the pandemic is reversing developmental progress and a large number of the African population is being push back by million into extreme poverty. UNECA (2020) estimated the pandemic could push back 29 million of African people into extreme poverty on the continent as lockdown measures is costing 65 million per month, to government revenues and this would also impact the attainment of the Sustainable Development Goals (SDGs) in Africa. In its recent report, AfDB (2020b) estimates that the pandemic could push between 28.2 and 49.2 million more Africans into extreme poverty. As millions of jobs are being lost in formal and informal sectors and many vulnerable firms are existing markets, if there is no adequate governmental financial support, loss of labour income which would lead to the reduction of consumption of vulnerable households, resulting in a rise of poverty. As most Africans are locked into vulnerable jobs[36] with low wages and low productivity, the COVID-19 outbreak will reduce significantly the revenwues of households and communities. The most affected sectors include accommodation and food services, manufacturing, the wholesale and retail trade and many more, including million farmers that were producing for the urban market, restaurants and hotels. The figure 21 depicts regional distribution of the Covid19 induced poor.

[35]http://documents1.worldbank.org/curated/en/618731587147227244/pdf/Gender-Dimensions-of-the-COVID-19-Pandemic.pdf

[36]Vulnerable employment is defined as the sum of the employment status groups of own-account workers and contributing family workers.



Source: Lakner et al. (2020), PovcalNet, Global Economic Prospects

Figure 20: The Regional Distribution of the COVID-19-Induced Poor

COVID-19 could lead to food insecurity, malnutrition in Africa. The COVID-19 pandemic has worsened the situation of food security in Africa. Before the pandemic, already about 650–670 million people in Africa faced food insecurity, and approximately 250 million people are considered severely food insecure[37]. The continent is a huge net food importer, at a cost of more than US$ 47 billion in 2018 (Blanke, 2020). The recent devaluation of several African currencies, combined with declining commodity prices, has put further stress on African countries' capacity to ensure food and nutrition security. Food prices spike initially because of the panic buying, transport restrictions, tight food supplies, and rising of prices of food imports. Restrictions are also triggering additional higher post-harvest losses, as unsold and rotting food accumulates on farms.

The pandemic has disrupted the supply chains and cross-border trading which affected the flow of food imports. This poses an urgent need for African governments to safeguard food security through investments in agriculture which can be five-times more in poverty reduction relative to investments in other sectors. Investments in small-scale rural farmers in particularly imperative to attain food security, as 80% of farmers are small in Sub-Sahara Africa.[38]The impacts of COVID19 are compounded by locust infestation in Eastern Africa, the climate related drought in the Sahel, the Fall Armyworm problem in the Southern Africa. Projections by the World Food Programme indicate that in East Africa between 34 and 43 million people are threatened by hunger and malnutrition due to the socio-economic upheavals caused by COVID-19, compared to 20

[37]https://www.mckinsey.com/featured-insights/middle-east-and-africa/safeguarding-africas-food-systems-through-and-beyond-the-crisis

[38]https://www.ifad.org/en/web/latest/blog/asset/41913297

million before the pandemic, similarly the Economic Community of West African States (ECOWAS), the Covid-19 epidemic could raise the number of people in food and nutrition crisis in West from 17 to 50 million between June and August 2020.

Employment

African economies are typically informal and about 25 to 30 million of jobs are at risk. The recent remarkable economic growth has been the result of the boom in the prices and exports of natural resources without creating sufficient decent employments. As a result, most young Africans entering the labour market in Africa end up in vulnerable jobs, such as informal jobs and undeclared work. While the economic measures are intended to support the formal sector, it is critical to be conscious of the fact that the informal sector in Africa contributes to about 35 percent of GDP and employs more than 75 percent of the labour force. The size of informality represents nearly 55% of the cumulative GDP of sub-Saharan Africa, according to the AfDB (2014) even if further studies showed that it ranges from a low of 20 to 25 percent in Mauritius, South Africa and Namibia to a high of 50 to 65 percent in Benin, Tanzania and Nigeria (IMF, 2018). Excluding the agricultural sector, informality represents between 30% and 90% of employment. Additionally, the informal economy in Africa remains among the largest in the world and consists of a kind of social shock-absorber in major African cities. In many African countries, up to 90% of the labour force is in informal employment (AUC/OECD, 2018). According to AfDB (2020b), in 2019, about 773.4 million Africans were employed. This number was expected to rise 792.7 million in 2020. However, the pandemic could lead to between 25 to 30 million jobs losses in both in the formal and informal sectors. ILO's latest estimations (2020), 19 million of young populations (15-24) working in informal sector are at high risk in Africa to lose their jobs and nearly 64 million adults (25+) are in the same situation. The destruction of value chains, the lockdown of the population and the closing of restaurants, bars, retailers, informal commerce etc. would lead to a disruption in many informal activities. In Nigeria, in particular, films and entertainment industry is facing significant adverse impact and multi-billion naira has been lost in the sector.

The telecoms and tech industries are also affected. Some businesses in the sector have already predicted layoffs of 10 percent to 30 percent of their staff due to the limited business expansion caused by the pandemic. Private sector activities in South Africa reached a record low in April, as many companies shut down operations in response to a nationwide lockdown. IHS Markit analysts announced unemployment would reach 40 percent soon, while GDP will drop 12 percent in 2020 in South Africa alone. Around 10 associations of informal players in South Africa have made a call for government to provide for a replace revenue for people that cannot work during the period of lockdown. Some countries like Morocco are already setting up mechanisms to support households. Giving the size of the informal sector in Africa, national government should immediately take measures to support people making a living out of it. South Africa has taken steps towards formalising of informal MSMEs through the MSME portal for preferential procurement and the informal business permit portal[39]. Supporting the informal sector, not only will ensure effectiveness of measures to limit the spread of the disease and support household consumption but it will also limit the risk of social unrest. In the medium and long run, African governments should support the formalization of the informal sector with emphasis on social protection extension to the sector's workers. In the formal sector, employees of airlines and companies involved in tourism will be the most affected, in the event of non-support from the African Governments.

Overall, COVID-19 could have a side effect - possible social unrest associated with containment of Coronavirus. On one hand, a national health emergency could cause people to leave aside their current political grievances (anyone know what the yellow vests are up to in France these days?) – on the other hand, here is a story about 8 health workers massacred in Guinea during the Ebola crisis: https://www.bbc.com/news/world-africa-29256443. Just yesterday we had a story of Kenyan police firing tear gas to clear a market because and forcibly stopping religious gatherings - including firing tear gas into a Catholic church https://www.pulselive. co.ke/news/drama-as-police-storm-churches-lob-teargas-and-order-closure-over-coronavirus-fears/nkwsrxy. In countries with long histories of sectarian violence, this might be worrisome.

Private Sector and SMEs

African private sector is being harshly affected. Before the pandemic African businesses were already facing several challenges including access to financing and markets, poor infrastructure, ineffective rules of law, corruption, high cost of doing business, etc. These have been the main hinderers to the efficiency of the private sector over years. COVID-19 is now further exacerbating the already ineffective private sector through restricted economic activities, closure of borders, social distancing which led to supply chain disruption, a drastic drop in demand for goods and services, especially in hospitality, tourism, transportation and manufacturer sectors and significant declines in garments exports to the US from countries including Kenya, Lesotho, Madagascar and others. These reductions have affected the private sector in a major way, costing many jobs and putting in jeopardy years of attempts to transform economies (UNECA, 2020).

A survey conducted by UNECA in April 2020 shows that businesses are operating below their capacities. Small-sized enterprises operate between 30 and 40 percent of their full capacities, while large-sized companies from 50 to 60 percent; industries that produce goods operate between 30 to 40 percent and services industries between 40 to 50 percent. However, manufacturing industries, travel/hospitality and transportation services are the most affected as they have been operating at their lowest capacities. Furthermore, businesses in agriculture, mining and export sectors are also significantly impacted. The

[39]https://www.ifad.org/en/web/latest/blog/asset/41913297

figure 21 below depicts the challenges facing by African businesses ranging from business closure, lack of operational cash flows, managing workforce, drop in demand and reduction of opportunities to meet new customers.

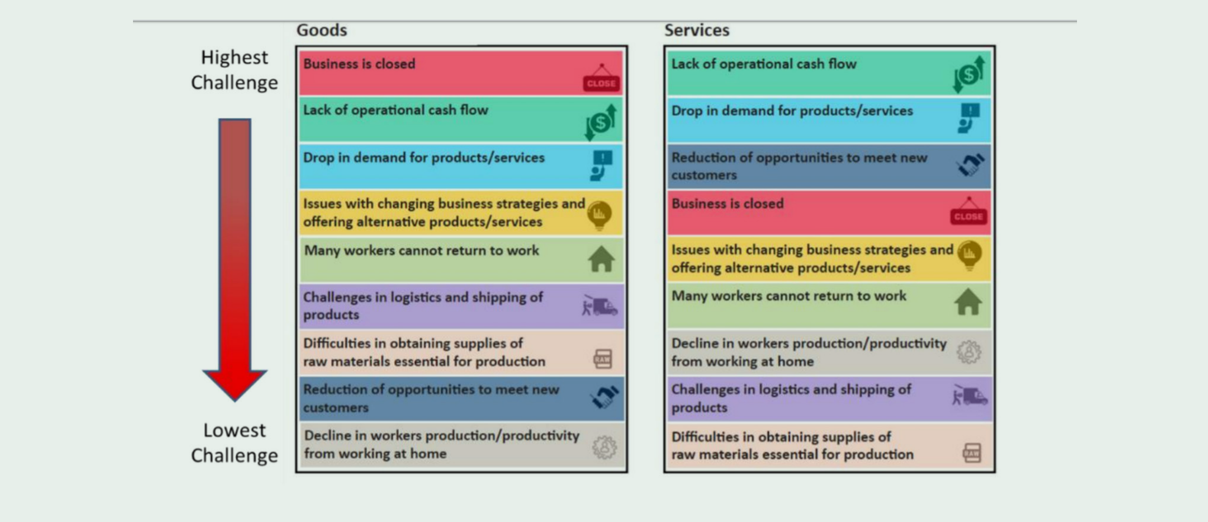


Figure 21: Top challenges faced (from highest to lowest) by companies by main business sector

Source: UNECA (2020)

Some businesses are reoriented their production lines to produce masks, hand sanitizers, but this doesn't not mean they can safe all jobs. In Uganda for example, like in many countries, Premier Distilleries repurposed its production lines to produce hand sanitizers and were able to retained only 20 percent of its employees. South Africa, Morocco, Senegal, Algeria, Egypt, Ghana, Madagascar, and many other countries have quickly mobilise local manufacturers and research centers to develop and produce local testing kits and other medical equipment and products. This part will be further developed in the section on manufacture and industry.

Contrary to other regions around the world, most African governments lack the fiscal space to provide adequate financial stimulus required to protect all jobs and businesses. Many governments in coordination with their central banks and commercial banks have announced several measures ranging from lower monetary policy rates, providing liquidity to commercial banks, direct support to businesses, tax exemptions, meeting costs related to the extension and restructuring of loans; waiving all charges for balance inquiry; elimination of all charges for transfers between mobile money wallets and bank accounts, etc. (table 7). In comparison with developed world that have provided an average of 8% of GDP; so far, African countries have only been able to adopt stimulus packages worth on average 0.8% of GDP (Okonjo-Iweala et al. 2020a). The IMF and World Bank estimate that Africa's funding gap in 2020 is $114 billion, of which official creditors have mobilised $57 billion to date, including $18 billion. Nonetheless, African private sector has been dissatisfied by the economic measures taken by their governments. Most of businesses would like their governments to defer tax payments, providing additional financial resources, subsidising wages, access to low interest loans, and provide support to workers from the informal sector.

COUNTRY	IMPACTS
Egypt	• According to hoteliers and tour guides, the number of visits has dropped to 10% of its normal level, with some hotels reporting a zero occupancy rate. A full 80% of future reservations have been cancelled in recent days. Aviation firms alone stand to lose EGP 2.25 billion ($143 million).
Ghana	• Tourism has suffered from travel restrictions. Hotel occupancy rates are down from 70% to under 30%, and restaurants were experiencing a 60% reduction in trade before the lockdown began.
Kenya	• The flower farms and businesses have lost $75 million in the past month as a result of lockdowns in Kenya's main markets in Europe. Flower farms already forced to send 1,000 workers home given the slump in demand.
Madagascar	• Madagascar usually welcomes 300,000 tourists per year. The tourism industry, which usually contributes 16% of GDP, has ground to a halt.
Nigeria	• Nollywood, the second largest source of jobs in the country, employing around 1 million people, is facing challenges.
Rwanda	• According to the Rwanda Development Board (RDB) report, Rwanda's tourism and hospitality sector is experiencing a huge losses estimated at about $7.6 million, while at least 3,888 employees in the sector have been temporally laid off.

Table 7: COVID-19 Economic and social impact on private sector in selected African countries.

Source: ODI-SET Country Analyses[40]

[40]https://set.odi.org/coronavirus-economic-vulnerability-economic-impact-and-economic-policy-response-tracker

Failure to strategically strengthen the use of existing innovative Private Sector Instruments (PSIs) in Africa such as Blended Financing (the use of public funds to leverage additional private commercial capital) will stifle access to capital with a negative incidence on decent jobs and economic growth. The strategic use of Blended Financing to acquire equity in private sector driven projects as well as the provision of long term guarantees towards SMEs will fast track the creation of decent jobs and GDP growth in Africa. In addition, State sponsored venture capitalism in driving African Information Technology (IT) Entrepreneurs and other relevant high tech projects with huge socio-economic benefits should be encourage upon capitalizing on existing innovation excellence awards under the coordination of the African Union Commission. To leapfrog African industrial transformation, it is absolutely necessary to create five major trans-border technological poles incubated by the Regional Economic Communities (RECs) with the intention to create a community of best practices in technology transfer and to bolster intra-African trade.

Economic Recovery

This chapter discusses the social and macroeconomic policy responses and proposed economic measures to be implemented by African countries to revitalize and recover from the pandemic. It first presents responses at national and regional levels and coordinated efforts at continental level to mobilize financial resources to support member states to protect people's lives and mitigate socioeconomic impact. These include public health responses, monetary policy responses, fiscal policy responses, labor market responses and structural policies. Furthermore, the chapter proposes short term priority actions towards economic recovery by first presenting the economic recovery plans introduced in various regions of the world and recommends policy actions to repair and get the African economies back on track.

Social & Macroeconomic Responses

National level

Given the global impacts of the Covid-19 virus, African countries have come to the realization that the pandemic is fast becoming a major continental challenge. Considering the outbreak does not respect borders, the inability of one country to fight and contain the virus will negatively impact its neighbours over time, thus threatening livelihoods and the growth of economies. Hence, it was necessary that Africa quickly and effectively develops a coordinated response to collectively fight the impact of the pandemic on the continent. This response must be well-targeted and multi-sectorial, involving (i) public health responses to limit the spread of the virus and associated mortalities, (ii) monetary policy responses to ease liquidity constraints, (iii) fiscal policy responses to mitigate and solve the economic impacts of the pandemic on livelihoods and businesses, (iv) labour market responses to protect workers, and (v) structural policies to enable African economies rebuild and enhance their resilience to future shocks (AEO, 2020 supplement). African countries have taken several macroeconomic and social measures in addition to the health and safety measures already adopted so as to have a holistic approach to fighting the virus for a smooth economic recovery.

PUBLIC HEALTH RESPONSES depend on the preparedness and ability of countries to curtail the spread of the virus by testing, tracing and treating infected persons. Indeed Africa is performing better under health responses in areas such as: (i) improving and increasing testing capabilities; (ii) using digitalization and technology to enhance contact tracing; (iii) using ICT (TV, radio & mobile) for public health education of the virus; and (iv) promoting hand washing, social distances, wearing of mask in public places as a control mechanism,. To further contain the spread of the virus on the continent, it is necessary to develop effective information sharing systems on matters related to Covid-19; and allocate more government resources to the public health sector as well as develop efficient health emergency plans. The Covid-19 pandemic stands as a wake-up call for African countries to further strengthen their health systems and build resilience against future shocks (see annex 1).

EDUCATION RESPONSES INCLUDE: ensuring continuous schooling and learning online and offline particularly for vulnerable children, girls and the disabled in deprived communities without access to electricity and internet; re-opening schools with appropriate strategies to catch-up on the lost period of learning and implement back to school campaigns and implement measures to curb further infections in schools and educational institutions; monitor learning engagement with support from partners, and with the view to facilitate inter-country learning and up scaling of good practices; mobilize development partners to support Member States to implement the education response to COVID-19 in online and distance learning (For example concrete agreements have been reached with UNICEF, HP, Bill and Melinda Gates Foundation); the Pan African virtual and E University (PAVEU) launched online courses in Cloud and Virtualization Concepts and Media and information Literacy.

YOUTH DEVELOPMENT. Implement Youth response to COVID-19 programme aims at (a) reducing health risk of COVID-19 among youth, (b) minimising the Impact of COVID-19 on young people and (c) mobilizing & engaging Youth to be responders to COVID-19. To achieve the above objectives, 4 initiatives are being implemented in collaboration with partners: Be Safe: Health campaign to improve knowledge and self-care among young people; Continue learning initiative to provide opportunities for online/continued learning; Be an innovator initiative to provide opportunities for young people to be creative and innovate around COVID-19 challenges; and Be a responder initiative to mobilize young people to safely respond in supporting young people and communities to deal with COVID-19. All initiatives involve mobilizing, orienting, conversing with and supporting young people to take action.

SCIENCE AND TECHNOLOGY RESPONSES measures include: Exchange scientific information, data, and collective intelligence, and to pool ideas for African scientists, with a view to finding solutions to the current COVID-19 outbreak. The African Scientific, Research and Innovation Council (ASRIC) is mobilizing the scientific community to carryout studies on the impact of COVID-19 on Africa's food and nutritional security; socioeconomic impact and on Africa's indigenous Knowledge to Preventing and Controlling Emerging Infectious Diseases on the continent like COVID-19, utilizing an Afro-centric Response.

MONETARY POLICY RESPONSES in line with easing financial conditions of banks and other institutions that regulated by the Central Banks. African Central banks are acting quickly to respond to tightening financial conditions by cutting interest rates, lowering reserve requirement ratios, reducing the lending facility ratio, and selling T-bills among other measures in order to inject liquidity into financial institutions. The Central Bank of West African States (BCEAO) set its monetary policy rate at 2.5% and the Bank of Central African States (BEAC) cut its key policy rate by 25 basis points to 3.25%[41]. Targeted interventions are also being implemented for affected sectors such as firms in the hospitality industry (airlines, hotel chains, and logistics), and SMEs in form of decreased interest rates on loans and loan deferrals. To further address monetary policy responses, Central Banks need to use more macroprudential and unconventional monetary policies to support the economy. Central bankers can also monitor risky or defaulting loans in the banking sector in order to sustain the financial sector and prevent the rise of any systemic crisis (see annex 1).

FISCAL POLICY RESPONSES from African governments are mostly geared towards helping vulnerable businesses and households during the pandemic. Governments are taking action by way of targeted cash transfers (or mobile money transfers), relief assistance such as food for low-income households, and suspension of utility bills, temporary corporate tax reliefs, extension of the period for filing taxes for affected businesses, grants and tax refunds to SMEs, temporary subsidies to affected industries and direct relief/emergency funds (see annex 1).

[41]https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

LABOUR MARKET RESPONSES address the pandemic's impact on vulnerable groups in the informal sector and casual jobs in the formal sector, focusing particularly on youth and women. African governments have developed policies to respond to the labour market crisis in form of income tax reliefs and waivers for some months. Governments have also provided cash transfers for vulnerable workers or those that have been rendered unemployed due to the crisis. However, more coverage of social safety net programs such as unemployment insurance and social security in countries should be further pursued (see annex 1).

A summary of policy responses set by AU Member States is described in annex 1. Four categories are highlighted – movement restriction, health, social and economic measures – with each category indicating specific fiscal, economic and social actions taken by African countries to actively stop the spread of the virus and reduce the socio-economic burden on citizens whilst paving the way for economic recovery.

From annex 1, it is evident that several African governments are supporting their local economies by offering stimulus and relief packages to ensure they do not collapse. It is also noteworthy to point out that international or partner organizations such as the International Monetary Fund (IMF), The World Bank (WB), The United Nation (UN), African Development Bank (AfDB), The European Union (EU), and The Islamic Development Bank have all made tremendous efforts in supporting Africa through the pandemic in a form of grants. As of June 2020, official creditors have mobilized a total of US$57 billion for Africa in the year 2020, with the IMF and World Bank contributing US$18 billion each. Private creditor support is also estimated around US$13 billion, with the remaining coming from other official creditors and sources[42].

However, it is apparent from annex 1 that while some countries are employing several necessary measures and actions to fight the pandemic and mitigate its impact on their economies in the short term, some are yet to implement similar measures essential for the continent's collective and coordinated approach adopted by the African Union in the fight against Covid-19. If few African countries are implementing measures in all four categories, while other countries fail to implement similar measures, collective efforts and achievements will be defeated, thus, it is necessary to advocate for other African countries to take necessary actions to fight against the pandemic.

STRUCTURAL POLICIES go beyond the short term stabilization policies that African countries are currently implementing. Structural policies are long term strategies that will not only help African economies recover more rapidly after the pandemic but also be resilient to future shocks. These policies have not been fully addressed by African governments as most governments are currently focused on strategies to first of all mitigate the health and economic impact of the pandemic. Moving forward, it is important to note that the policies governments put in place for the post-Covid era will determine the long-term trajectory of African economies. Hence, to greatly increase resilience, African governments need to prepare for the future from now by developing and implementing structural policies that will make the continent more invincible to future shocks. Structural policies should be geared towards accelerating structural reforms to rebuild Africa's productive base through increasing productivity and investing in human capital to build a workforce with skills especially digital skills.

[42]World Bank Group and IMF mobilize partners in the fight against COVID-19 in Africa 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

Regional Level

At regional level, the following initiatives have been undertaken to coordinate member states efforts to mitigate the impact of the pandemic and promote regional integration (see table 8).

REGION (REC)	RESTRICTION OF MOVEMENTS	HEALTH MEASURES	SOCIAL MEASURES	ECONOMIC MEASURES
Common Market for Eastern and Southern Africa (COMESA)	• Borders open for the flow of essential goods such as fuel, food and medicines; limiting unnecessary and mass movement of passengers across border • Put in place regulations for truck drivers to have limited interactions with people	• Provide regular reporting on country cases and levels of testing in member states • Online platform for exchange of information on availability of essential products within the COMESA Member States	• Encouraged countries to put in place measures to support vulnerable persons	• Encouraged conformity to uniform standards on Trade and Customs to minimize disruptions in the supply chain for essential goods
East African Community (EAC)	• Closure of airports and borders, curfews, social distancing necessitating the need to stay at home, reduction on movement and lock-down • Ensure smooth and uninterrupted movement of goods and services, through trade facilitation • Handling of cargo at ports of entry/internal border	• Deployed nine (9) mobile laboratories to member states and trained member staff on their use • Procumbent of nine (9) mobile laboratories • Procurement component of over USD 70 million for Infection Prevention and Control (IPC) material • Distribution of 100 test kits to all its Members and addition 500 have been ordered	• Undertook an analysis of food needs in the region and put in place a mechanism to support farmers to ensure continuity of food supply • Put in place a mechanism to ensure food supply to vulnerable families	• Encouraged conformity to uniform standards on Trade and Customs to minimize disruptions in the supply chain for essential goods • Facilitated cashless payments • encouraged local production of essential products • Adopted a coordinated approach toward resource mobilization to support the response to the budget plan of US$ 97 046 212
Economic Commission for Central African States (ECCAS)	• Allowed the free movement of essential goods and services	• CEMAC Health Ministers adopted a plan to manage the availability of medicines and the strengthening of surveillance measures at points of entry (air, sea and land • Provide regular statistic on the pandemic	• Member countries put in place a mechanisms to ensure food supply to vulnerable families	• Through the Central Bank of the Central African Economic and Monetary Community (CEMAC); • Equivalent of EUR 4.5m was released to assist the CEMAC member states • Decreased the costs of electronic transactions within CEMAC • Member countries were encouraged to allocate at least 15% of their annual budget to strengthen health care systems

REGION (REC)	RESTRICTION OF MOVEMENTS	HEALTH MEASURES	SOCIAL MEASURES	ECONOMIC MEASURES
Economic Community of West African States (ECOWAS)	• Harmonized and gradual re-opening of land, air and sea borders for restoring cross border economic activities, especially for movement of humanitarian personnel	• Nominated Nigeria's President H.E. Muhammadu Buhari to lead the regional COVID response • Coordinated response in procuring equipment and technical support • The West African Health Organization (WAHO) coordinates the region's COVID-19 response	• Member countries took the initiative to support the vulnerable communities by ensuring the supply of food and other essentials	• The Central Bank of West Africa States (BCEAO) took measures on 19 March 2020 to: • Increase the liquidity of banks, facilitate access to affordable credit for governments and companies • Reducing the cost of mobile payments to limit the effects cash payments • 120 billion FCFA in concessional loans • Capital payments of 76.6 billion until year end • Support the AU initiative for coordinated approach in negotiating debt relief
Intergovernmental Authority on Development (IGAD)	• Borders open for the international movement of critical health and technical experts	• Nominated H.E. Dr. Abiy Ahmed Ethiopian Prime Minister to lead the regional COVID response • COVID tracker dashboard	• Called on support of the vulnerable populations including homeless families in urban areas, orphans, IDPs and refugees and pastoralists, through safety nets and direct support packages to household • Encouraged member countries to continue working with all stakeholders to ensure food security-	• Called-upon collective action in mobilizing resources • Reduce various tax obligations for different segments of the population especially on essential food and hygiene items • Appealed to local banks and international financial institutions to support the distressed private sector in the region
Southern Africa Development Cooperation (SADC)	• Harmonized border protocols during lockdown, with restrictions and quarantine measures differing from country to country • Free movement of essential goods and services	• Encouraged the use of SADC Pooled Procurement Services for pharmaceuticals and medical supplies • Regular bulletin and statistics updates	• Made specific and concrete efforts to allow the movement of essential goods	• The secretariat raised just over €10 million for COVID-19 responses.

Table 8: Policy responses of Regional Economic Communities

Continental level

Since the beginning of the pandemic, the African Union has been at the fore front coordinating responses at the continental level. In that regard, various high-level conferences and summits including the sectoral Specialized Technical Committees and with several stakeholders including Governors of Central Banks, financial institutions and private sector actors have been held to seek solutions to reduce the negative impacts of the crisis on economies and households.

The Bureau of the African Union Heads of State and Government chaired by H.E. Matamela Cyril Ramaphosa, the Chairperson of the African Union, appointed five (5) Special Envoys to support the continent in the mobilization of financial resources, maintain economic activities and revive African economies. The AU Special Envoys mandate include, among other things, the deployment of liquidity through bilateral and multilateral financial institutions. The AU called on African central banks to support the private sector and enable microfinance institutions to also support the informal sector.

The African Union has conducted several meetings with the Committee of Fifteen Ministers of Finance (F15) and the AU Special Envoys to reflect and provide a coordinated response to the COVID-19 pandemic including mobilizing emergency resources, opening borders and eliminating export restrictions on food and essential medical supplies, and a harmonized approach in mobilizing resources to support and sustain all sectors of African economies. In addition, on 03 June 2020 the African Union has held a joint meeting with the Ministers of Finance and Health to coordinate and align activities of both Ministries in the fight against the pandemic. During the meeting the Special Envoys highlighted that they have been able to negotiate for debt moratorium for countries which was given until end of 2020, however, negotiations were underway for two years with the G20, IMF and World Bank. In addition, thirty (30) countries have already been granted resources including the Financial Assistance and Debt Service Relief (Rapid Credit Facility (RCF and Rapid Financing Instrument (RFI) from the IMF and the Special Envoys are still negotiating more on the SDRs which will enhance the liquidity of countries. Further, a number of resources equivalent to US$ 40 billion have been committed from the African Development Bank (AfDB), IMF, World Bank, Islamic Bank, Global Fund, Garvey, however, only US$ 15.3 billion have been disbursed. The Special Envoys underscored the on-going negotiations with the IMF to increase the US$13 billion disbursed funds to US$30 billion within six months. The table 9 below highlights the amount of resources committed and disbursed from the financiers.

INSTITUTION	FUND COMMITTED US$	FUNDS DISBURSED US$
Word Bank (WB)	14 billion	1.5 billion
International Monetary Fund (IMF)		• 185.96 million- catastrophic containment relief trust • 4.76 billion rapid credit facility • 8.4 billion – rapid financing instrument • 200 million – other resources to to-up existing facility Total 13 billion
African Development Bank (AfDB)	10 billion	458 million
Islamic Bank	1.3 billion	287 million
Global Fund	1 billion	
Garvey	200 million	31 million[43]

Table 9: Amount of resources committed and disbursed from the financiers

[43]The information provided on the table of disbursed and committed resources is as of 03 June 2020

Pan-African business leadership network associations such as the AfroChampions in collaboration with the African Union Commission and Africa Centers for Disease Control (Africa CDC) established a COVID-19 response Fund to support continental revival efforts. The public-private partnership, co-chaired by former South African President Thabo Mbeki and Nigerian businessman Aliko Dangote, brings together a range of businesses and political leaders to intervene in priority areas and actions which include: the procurement of medical supplies and commodities; and, the deployment of rapid responders across the continent as well as providing socio-economic support to the most vulnerable populations in Africa. An estimated US $200 billion worth of stimulus is required to sustain African economies (AUC, 2020).

Further, a call for action has been announced by the African Union Commission, the Afreximbank, the United Nations Economic Commission for Africa (UNECA) and AfroChampions Initiative to African Union Member States and institutions to develop a collaborative and coordinated trade and investment response to the COVID-19 crisis, which will build on the African Continental Free Trade Area (AfCFTA) as a tool for developing domestic, regional and continental value and supply chains, as well as drive the Post Pandemic economic recovery, growth and development plans[44]. Further highlight was given to the urgent need for harmonized regulations to help the African private sector, in particular SMEs, to digitize their businesses in order to trade and compete in a COVID-19 digital era.

The African Union Commission developed an Action Plan to mitigate the secondary social and economic impacts of the COVID-19 crisis and enhance resilience in the long term. Immediate actions to support African private sector include the mobilization of the African private sector to invest in manufacturing medical supplies and personal protective equipment; the establishment of an AU Trade Corridor to ensure the smooth floor of essential goods and services during the pandemic; the identification of investors willing to invest in regional centers of production on identified products and channel the funding to those sectors; the support to AU Member States SMEs through capacity building, access to finance and markets through the AUC SMEs strategy and EAN in collaboration with AUDA-NEPAD.

The AUDA- NEPAD and NEPAD Business Foundation have joined forces to coordinate efforts between various private sector actors in sectors such as health and pharmaceuticals, agribusiness, manufacturing and logistics, financial services and telecommunications. Through the AUDA-NEPAD COVID-19 Response Plan, the African Union is in the process of developing a platform for the production of locally produced pharmaceutical and vital sanitary equipment. In addition, AUDA-NEPAD is working with the RECs to sustain trade movement among AU Member States of food and agricultural commodities.

The development of the Africa Medical Supplies Platform (AMSP) a non-profit initiative launched by the African Union as an immediate, integrated and practical response to the COVID-19 pandemic. The platform was developed under the leadership of Mr. Strive Masiyiwa AU Special Envoy and Executive Chairman of Econet Global and powered by Janngo on behalf of the African Union's Africa Centre for Disease Control and Prevention (Africa CDC) and in partnership with African Export-Import Bank (Afreximbank), the United Nations Economic Commission for Africa (ECA) and other leading African & international corporations, institutions and foundations. The platform was developed to

[44]https://au.int/en/pressreleases/20200418/african-union-commission-afreximbank-afrochampions-and-uneca-joint-communique

assist African Union Member States tackle issues on the supply side of continent's response to COVID19 and is accessible to Heads of State and authorized entities (such as NGOs and non-profits). The continent has already started receiving requests from other parts of the world to license the AMSP concept, an innovation enabling countries to procure medical supplies at an affordable price. The Africa Medical Supplies Platform is a closed, online marketplace with local and international healthcare manufacturers that aims to address the urgent need to procure critical medical equipment and bridge the supply gap in order to help fight the pandemic. As cases continue to rise on the continent, the platform will enable access to critical medical supplies to African governments. AU Member States will be able to register as of 4 June 2020. The Afreximbank will facilitate payments while logistics partners including African national carriers and global freight forwarders will accelerate delivery.

On 27 July 2020, the African Union held a Joint Specialized Technical Committee (STC) with the Ministers responsible for Finance and Economic Development, Ministers for Trade and Industry, and Ministers for Agriculture and Rural Development. The Ministerial meeting followed the meeting of the Bureau Members held on 24 July 2020, and the Experts Meeting held on 20 July 2020. The STC was organized to tackle the challenges posed by the pandemic on food security, intra-African trade and fiscal space of the nations. The Ministers made decisions including (i) removal of trade barriers and keep borders open to facilitate the free movement of food and medical, and health personnel to support countries and eradicate food shortages; (ii) providing adequate safety nets, including cash, food, and other relevant social protection measures to support all vulnerable population groups (iii) put in place trade facilitation measures, including transportation, logistics, food safety (iv) operationalize and implement the AfCFTA, as an enabler to fight COVID-19 and boost economic recovery (v) mobilize additional external resources to supplement domestic and private sector resources (vi) Allow postponement of certain repayments to save businesses and farm workers from bankruptcy and to protect past efforts, so that the recovery is both faster and better. The countries were emphasized to invest heavily in the agriculture sector and prioritize the implementation of the Malabo Declaration to ensure agricultural development and food security. Table 10 presents some key measures taken at the continental level.

Continental level- African Union (AU)

RESTRICTION OF MOVEMENTS	HEALTH MEASURES	SOCIAL MEASURES	ECONOMIC MEASURES
• Coordinated and negotiated for countries to open borders for health experts, medical equipment and supplies, food and other essential	States on addressing the COVID-19 disease developed a continental procurement platform for Member States to procure medical supplies and equipment Coordinate all response to COVID-19 through the guidance of the Africa CDC Establishment the technical working group AFTCOR to provide complex technical and political responses to COVID-19 Held various meeting with the African Ministers of Health to respond the pandemic	• The AU through the Department of Rural Economy and Agriculture (DREA) held an emergency meeting with the Ministers for Agriculture, FAO of the United Nations and other partners to ensure food security for Africa during the crisis; and the development of the African agriculture • Encouraged countries to support highly affected people	• Pledges amounting to US $ 22,950,000 and amount received so far US $ 9,471,148 • Establishment of seed funding of • Appointment of the five (5) AU Special Envoys by H.E. Cyril Ramaphosa, President of the Republic of South Africa and Chair of the African Union US $12.5 million with contributions from the Bureau Members of the AU • AU- Africa CDC, and the AfroChampions Initiative launched a fund co-chaired by former South African President Thabo Mbeki and Nigerian businessman Aliko Dangote • The fund is divided as; US$150m "to prevent transmission", US$ 170m "to prevent deaths", $30m to prevent social harm and US$ 50m for economic support. USD 23.5 million has been pledge and additional USD 37.5 million to the Africa CDC • The Special envoys coordinated resources of the continent from Bilateral and Multilateral and other financiers • Negotiated for the cancellation of the debt of the poor countries and the deferral of debt service payments for the other countries for the next two years. • Coordinated various meetings with the Ministers of Finance and Special Envoys to develop a harmonized approach in mobilizing resources

Table 10: Continental Policy Responses

Short term priority actions towards economic recovery

International Recovery plans

At the international level, many governments around the world are bracing themselves for the impact of an unprecedented crisis. The containment measures were implemented to slow down contagion and "flatten the curve" have affected all sectors of the economies. In order to cushion the effect of the crisis on households and firms, governments are designing a wide range of policy countermeasures and stimulus packages including direct income-support, tax breaks, extension of guarantees, deferred interest payments on debt among others (OECD COVID-19

Policy Tracker (OECD, 2020a). They are also currently putting forward recovery plans, which prioritize actions to repair the economic damages. In addition to countries, the Bretton Woods institutions have put in place a fast-disbursing emergency credit and financing facilities to support their Member States. The following summarizes selected measures taken so far at the international level as of June 15th, 2020.

These measures have helped businesses mitigate the drop in demand resulting from the pandemic, and short-time work schemes allowed firms to maintain existing employment relationships to enable them to return rapidly to full production (OECD, 2020b). Without the extensive policy responses governments have swiftly put in place, nearly one in three companies would have faced liquidity shortfalls during lockdowns, and many otherwise viable firms would now be bankrupt (OECD, 2020c). But these measures came at the price of higher public and corporate indebtedness, may have kept unviable firms artificially alive, and may have increased the scope for lobbying and capture by sectoral interests. Figure 22 presents country policy responses to the COVID19 as of 15 June 2020.

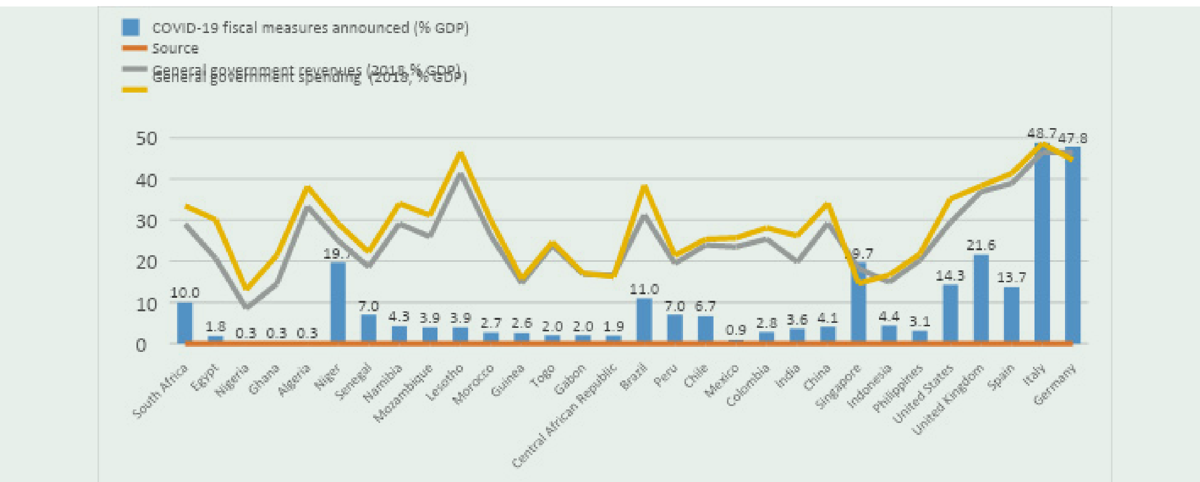


Figure 22: Country Policy Responses to the Coronavirus as of 15 June 2020

Source: OECD COVID-19 policy tracker, IMF COVID-9 policy tracker, Bruegel 2020, IMF World Economic Outlook 2019 databas

Note (*): countries with highest number of confirmed COVID-19 cases by region as of 15 June 2020.

BOX 1: POLICY SUPPORT KEPT COMPANIES ALIVE DURING THE INITIAL COVID-19 CRISIS

The COVID-19 shock has led governments and central banks to deploy extraordinary lending support in the form of loans and loan guarantees for struggling businesses in response to strict containment measures put in place to contain the impact of the pandemic (OECD, 2020d). For example, Germany has announced EUR 756 billion (22% of GDP) in public sector loans and guarantees in addition to unlimited credit supply by the national development bank KfW, followed by Italy (17% of GDP) and the United Kingdom (15%). The headline figures are upper limits, while the effective uptake of funds is often much lower (Figure 1). Nevertheless, targeted lending support came at massive fiscal costs and brings with it the risk of lobbying by big firms and capture by political powerful sectors. This bias remains even in countries coupling state support with a ban on dividend payments and share-buybacks, and excluding firms domiciled in tax havens.

Central banks provided massive liquidity injections to maintain credit supply to solvent firms, averting short-term liquidity issues from toppling otherwise healthy firms, and reducing the tail-risk of cascading failures from the insolvency of interconnected firms (Banque de France, 2020; Barnes et al., forthcoming). Five central banks have extended temporary liquidity facilities and started to directly purchase new classes of corporate bonds, including the Bank of England, the Bank of Japan, and the US Federal Reserve (OECD, 2020d).

SMEs are suffering most from the crisis because they have less cash reserves to weather the drop in demand. Several countries have programmes targeting SMEs, including equity funding and convertible loans for tech start-ups in France, Germany and the United Kingdom. Governments also improved access of capital-weak SMEs to existing loan schemes by temporarily easing co-financing requirements, as in Israel, the Netherlands and the United Kingdom.

Governments' actions were also a response to falling global demand. At least 11 countries extended export credit guarantees to help stabilise demand in the wake of the disruption. For instance, the Swedish Export Credit Agency's loan limit was extended to SEK 200 billion (about 3.8% of GDP) with a higher ceiling for guarantees for export credits.

Tax deferrals and cash support to foot companies' wage bills and avoid permanent lay-offs provided additional liquidity at a time when many businesses saw a sharp drop in revenues due to the pandemic (Figure 2). They prevented the break-up of existing relationships between firms and their employees, ultimately laying the ground for a quicker recovery. However, their design often risks opportunistic behaviour by firms and unnecessarily restricts activity in sectors that remained open.

Tax deferrals were a common measure to alleviate pressures on cash-strapped businesses, with 41 of 43 countries having deferred tax payments at least until the end of June, often until the end of 2020.

Short-time work programmes, furloughing schemes and administrative measures to limit dismissals helped businesses stem their wage bill and preserve existing jobs. These schemes helped to dampen the hit to firms' short-term liquidity (OECD, 2020c), but they may also hinder the transition of workers from unviable jobs to firms with better medium-term growth prospects (OECD, 2020d). In some countries, firms cannot flexibly reduce their workers' hours as needed and keep some workers employed on a part-time basis, and generous replacement rates risk opportunistic behaviour by firms in sectors where confinement restrictions are lifted or where workers work remotely.

35 out of 43 countries have used cash grants in addition to wage subsidies covering the hardest hit sectors, notably hospitality and tourism. In the Netherlands, for instance, firms that needed to close due to the coronavirus can receive a one-off lump sum allowance of EUR 4 000.

Another 18 of 43 countries introduced loan repayment moratoria and loan-maturity extensions to roll over their existing debt. In Hungary, for example, a 3 600 HUF billion (7.7% of GDP) moratorium on loan payments and interest offers debt relief until the end of 2020.

As reopening measures of the economies are currently underway, countries and regional organizations are taking steps to speed recovery plans to repair the adverse effects of the pandemic with the support of international financial institutions. ASEAN and MERCOSUR have adopted strong commitments to alleviating the adverse impact of COVID19 through a comprehensive recovery plan in order to improve stability and resilience of the regional economy, preserving supply chain connectivity, cooperating in the production of and access to medicines and vaccines used to treat COVID-19; promoting local currency settlement to boost intraregional trade and investment flows; and refraining from imposing unnecessary non-tariff measures.

The EU, in addition to what their Member States are currently doing, has recently approved a huge post-coronavirus recovery package: a new recovery instrument, Next Generation. The plan includes €750bn ($859bn) in grants and loans to counter the impact of the pandemic in the 27-Member States (€390bn programme of grants to member states hardest hit by the pandemic and €360bn in low-interest loans will be available to members). This plan will allow to maintain spending in the aftermath of lockdowns that badly affected public finances. It includes: (i) to boost economic growth by restoring and deepening the single market and create prosperity and resilience, stimulating investment in energy, environment and climate programmes; (ii) to invest in digital transformation which will drive Europe's future competiveness and support to a high-quality, cyber-secure 5G networks and increase digital skills at all levels; and (iii) remove all constraints related to the single market and reinforce free movements for goods, services, people, capital and data.

BOX 2: POLICY NEEDS TO FOCUS ON SUPPORTING DEMAND FOR A SUSTAINED RECOVERY

Moving forward, a new set of policies needs to replace life support to businesses. Policy should continue to support demand until the recovery has taken hold. Loans and guarantees should be scaled back in favour of fiscal policies that help kick-start the economy and structural policies that tackle long-term challenges such as climate change and digitalization. As some sectors will see persistently low demand, it is crucial that policies facilitate structural change.
A number of countries have already announced fiscal packages that give priority to private investment and public spending with presumably high multipliers. These packages could inform those currently in preparation in other countries.

Governments should prepare public investment plans that can be implemented swiftly in the recovery phase. Public investment in widely accessible digital infrastructure is important to ensure that businesses can reap the full benefits of digitalization, and improved e-government can reduce the administrative burden for businesses. Among those countries emerging from the immediate health crisis, nine countries have announced public investment in digitalization. An important component is the frontloading of the rollout of 5G infrastructure, as announced in China, Germany, Japan, Korea, and the United Kingdom. Parts of the German and Korean recovery packages aim to improve e-government services.

Streamlining planning regulations could help boost public investment during the recovery. In the United Kingdom, for example, the government announced a reform of the planning system to accelerate construction of public housing, hospitals and infrastructure.

Eleven governments provide additional tax relief measures for businesses to help spur private investment. For instance, Austria and Germany are extending the loss carry-back and extend depreciation allowances for the years 2020 and 2021.

Countries have also announced investment in the green transition to help put the recovery on a more sustainable footing by reducing CO2 emissions. The Korean government announced KRW 73.4 trillion (3.8% of 2020 GDP until 2025) of investment into renewable energy technologies and smart grids to raise energy efficiency.

Governments should take advantage of the ongoing digitalization wave in response to the pandemic (OECD, 2020e) and support private investment of lagging firms to boost overall productivity. Korea, for instance, is bringing forward parts of its KRW 58.2 trillion (3% of 2019 GDP until 2025) investment plans for digitalization (in so-called “New Deal” projects), while Japan supports the digitalization of

SMEs with JPY 0.9 trillion (0.2% of GDP).

Some countries have put in place measures to facilitate a fast resolution of insolvent firms, either through streamlined debt resolution or debt forgiveness (OECD, 2020d). The Netherlands, for instance, improved a dispute resolution mechanism as an alternative to bankruptcy.

Temporary VAT cuts as in Austria, Germany, or the United Kingdom could bring forward consumption spending, but they are often difficult to revert once the situation normalizes. Furthermore, there are more transparent and effective instruments to support struggling sectors.

Recovery Plan:

Getting the African Economies Back on Track in the next two or three years (2020-2022)

Like other regions, African countries have started the re-opening of their economies and are developing recovery plans. Statistics show that COVID19 has drastically reduced GDP of all African countries. This reduction is due to sharp drop in consumer spending, investment, productions, imports, exports which have led to the reduction of huge fiscal revenue and national wealth. The disruption of economic activities has also pushed a huge number of African population into extreme poverty, food insecurity, unemployment, shelters, etc. All economic sectors have been affected including private and public sectors, individuals, informal economy, agriculture, manufacturing, mining, construction, tourism, hotels, entertainment industry, transport (airlines, road transport, port, etc.).

To get the economies back on track, countries should learn from the experiences and lessons of other regions in order to develop recovery plans to bring their economies back on track in the next months/ years (2020/2022). The recovery plan should develop policies in order to seize the opportunity provided by the pandemic. The following strategic objectives should be prioritised:

STRATEGIC OBJECTIVE I:
To Scale up Domestic Production and Supply Chains

The disruption of economic activities and supply chains has reduced production drastically. It is therefore imperative to:

1. **Ensure business continuity plan and boost private sector to meet demands** by providing support to private sector (SMEs, MSMEs and informal economy) in all sectors (agriculture, Manufacturing & construction, service)) in order to allow them the financial space to avoid bankruptcy and reduce job lay-offs, & prepare for them to resume smoothly their economic activities; encouraging them to repurpose or to readjust their business plans to adapt to the new reality of a COVID-19 era to scale up domestic production.

2. **Support digital innovation** by accelerating the development of infrastructure to increase productivity, efficiency in service delivery, to avert the spread of the virus and reduce its possible impact on the economy.

3. **Accelerate economic transformation and industrialization** by supporting the rapid repurposing of SMEs & MSMEs to meet immediate requirements (e.g. for public health equipment and supplies), accelerating industrialization and transformation of raw materials locally, with strong linkages to domestic economies; mobilizing private sector participation, and harnessing the opportunity of outsourcing industry to import foreign jobs.

4. **Improve agriculture production and ensure food security to meet local African demand** by increasing agricultural production and harvesting of seasonable crops under COVID-19 prevention measures to secure food supply; facilitating supply of food across borders under strict COVID-19 prevention measures and promote African solidarity and complementarity; ensuring livestock farmers have access to corresponding inputs; and increasing the use of technology and private sector participation

5. **Protect environment and biological resources** by developing and implementing the continental climate change strategy currently under development and; and implementing the continental climate change strategy currently under development and the measures for climate change adaptation and mitigation as contained in the Paris Agreement on Climate Change and the respective nationally determined contributions.

STRATEGIC OBJECTIVE 2:
To Promote Consumption and Spending

As indicated earlier, the pandemic has increased the level of poverty, damaged the already weak health system and reversed the little social progress made over the past years and hitting women harder. In this regard, it is necessary to:

1. **Reduce poverty, vulnerability and maintain employment** by providing support to the poor and vulnerable households and social security; and maintaining jobs and levering labour intensive programmes such as constructions.

2. **Provide adequate health care** by continuing the reporting accurately health statistics, prioritizing resources to strengthen the local and national health systems, including building health infrastructure, and providing required logistics and equipment, masks, testing kits, pharmaceuticals; investing in the domestic pharmaceutical industries to fill the medical supply gap, as well as increasing funding for pharmaceutical research and encouraging private sector participation

3. **Ensure quality education, science and technology** by ensuring the continuity of quality schooling/education for all children through learning online and offline; re-opening schools after putting in place COVID19 safety protocols; strengthening the education system of the art facilities; monitor learning with the view to facilitate inter-country learning to scaling up good practices; encouraging exchange scientific information, data, and collective intelligence among African scientists, with a view to finding solutions to the current COVID-19 outbreak; and mobilizing the scientific community to carryout studies on Africa's indigenous knowledge to prevent and control emerging infectious diseases on the continent like COVID-19 through the utilization of an Afro-centric response.

4. **Enhance youth development** by implementing Youth response programme to COVID-19 programme through four main initiatives in collaboration with partners including: (i) Be Safe: Health campaign to improve knowledge and self-care among young people; (ii) Continue learning initiative to provide opportunities for online/continued learning; (iii) Be an innovator initiative to provide opportunities for young people to be creative and innovate around COVID-19 challenges; and (iv) Be a responder initiative to mobilize young people to safely respond to supporting young people and communities to deal with COVID-19

5. **Ensure women economic empowerment and inclusion** by developing targeted economic empowerment strategies and/or socio – protection measures such as explore income support and cash transfer programming to mitigate the impact of COVID-19 outbreaks; and ensuring income support programs consider care burdens and gender dynamics (e.g. women should have access to income support). Special social protection measures may also be needed to protect informal workers and small-scale enterprises to prevent long-term impacts on livelihoods.

STRATEGIC OBJECTIVE 3:
To Restore Trade

The pandemic has also disrupted trade system in the world. Key policy actions are required for recovery from the impact of COVID19 on trade in Africa.

1. Restore trade by ensuring vital social services and critical government functions are continued to be delivered with minimal disruption; prioritizing the allocation of forex, combined with partial subsidy, outright grants or low interest and long-terms loans to ensure a consistent, uninterrupted and timely supply of inputs for 'critical' supply chains (especially for food and agro-industrial products, and health equipment); and facilitating cross-border movement of relief and essential supplies and their expedited release through trade corridors.

STRATEGIC OBJECTIVE 4:
To Mobilise Resources and Investments for Economic Recovery

The COVID-19 pandemic has highlighted the importance of quick access to financial resources and investments. As the pandemic continues to spread worldwide including within the continent, effects continue to strain African nations' resources and reduce investments inflows. Many countries are facing fiscal deficits, with some at a high risk of debt distress. To counter the situation and revive economies, the continent has resorted to international assistance for the temporary suspension of official debt obligations. However, more resources and investments will be required to recover from the pandemic. There is a need to: the continent, effects continue to strain African nations' resources and reduce investments inflows. Many countries are facing fiscal deficits, with some at a high risk of debt distress. To counter the situation and revive economies, the continent has resorted to international assistance for the temporary suspension of official debt obligations. However, more resources and investments will be required to recover from the pandemic. There is a need to:

1. **Enhance liquidity and improve domestic resources mobilization by mobilizing** additional fresh resources (US$100 billion as per recommendations of African Ministers of Finance); accessing IFI emergency lending; concessional loans, SDR/issuance and reallocation, central bank currency swaps and repo facilities, trade finance issues, strengthening local capital markets to mobilize domestic savings and foreign investments in local currencies; and improving domestic resources mobilization and fighting against IFFs.
2. **Ensure debt sustainability** by requesting cancellation of debts/write-downs for all African countries to avoid defaults and create space for SDG investments; or extending the moratorium date for at least 3 years to ensure smooth economic recovery including buying back commercial debts (multilateral or regional debt buy-back funds); such efforts would need to be financed, either bilaterally or multilaterally, such as through new issuance and/or reallocation of SDRs or other mechanisms, debt swaps (e.g. Debt for Climate Adaptation Swap Initiative), debt exchanges or re-profiling and other instruments.

BOX 3: GHANA UNPRECEEDED RECOVERY PLAN: GETTING THE ECONOMY BACK ON TRACK (2021-2023). GH¢ 100 BILLION (US$17 BILLION) GHANA CARES.

The programme aims to mitigate the impact of the pandemic on the lives and livelihoods of Ghanaians, and to ensure a stronger and more resilient economy. The COVID Alleviation and Revitalisation of Enterprises Support (CARES) programme is in two phases: a stabilisation phase that runs from July to the end of the year (2020); and a medium-term revitalisation phase that is aimed at accelerating the Ghana Beyond Aid economic transformation agenda. The stabilisation phase of the programme is aimed at extending the duration or coverage of some of the programmes to provide relief and support to Ghanaians, ensuring food security, protecting businesses and workers, strengthening the health system, and attracting private investments to support businesses during the economic revitalisation and transformation phase. Government will extend the provision of free water supply for another three months. Similarly, Government will also extend free electricity supply for those on the lifeline tariff for three additional months. This should go some ways in helping our citizens sustain their quality of life, and in the case of water also uphold the hygiene protocols needed to fight the pandemic. The programme envisages strong actions to improve the private sector environment and provide support to enterprises in targeted sectors in order to accelerate competitive import substitution and export expansion in light manufacturing. It also envisages optimising the implementation of Government economic flagships and key programmes for greater results and financial sustainability. Furthermore, the programme will pursue the focus on Industrialisation: One District One Factory (1D1F) Initiative. The focus of the initiative in 2020, is to identify strategic investors to partner with the government to establish factories in the districts that lack active business promoters. Under this initiative, 232 projects are at various stages of implementation. Among these, 76 are completed and operational, while the remainder, including five medium-size agro-processing factories, are under construction. A total of 154 districts out of the 260 districts are benefiting from the programme. The COVID-19 pandemic has presented new opportunities for 1D1F supported companies in selected sub-sectors of industry. These include garments and textiles (such as the production of PPEs), processed foods, fruit juices and non-alcoholic beverages, pharmaceuticals, and personal care products. The travel restrictions and disruption of global supply chains have reinforced the need for Ghana to build local productive capacity for import substitution, in line with the vision of His Excellency the President for industrial transformation in every district.

Box 3: gives an overview of the Economic Recovery Plan of Ghana.

Source: Source: Mid-Year Review of the Budget Statement and Economic Policy of the Government of Ghana and Supplementary Estimate for the 2020 Financial Year (July 2020)

Covid19

An opportunity to build a more resilient and endogenous economies for emergent African countries

This chapter presents overall structure reforms to help African countries to build more resilient and endogenous economies on the continent and make Africa a global economic power in the next two decades taking inspiration from examples within the continent and outside the continent. The main purpose of this chapter is to stress the need for Africa to learn from the negative effects of Covid19 and truly engage, without delay, in the implementation of all Agenda 2063 flagship projects. The chapter begins by presenting the five reasons for Africa to build sovereign economies. Afterward, the chapter indicates that to harness the full potential of AfCFTA, the continent should revamp agriculture sector, protect the environment, implement measures to mitigate the impact of climate change and exploit the enormous natural resources and blue economy endowed by the continent. It furthermore suggests productive transformation and industrialization policies by building stronger industrial linkages and developing local private sector capacity to transform raw material on the continent. The chapter also discusses how to leverage digitalization, the important of quality education and TVET systems and AfCFTA. The last part of the chapter discusses the urgency of creating a sovereign single currency and develop sustainable domestic financing mechanisms to mobilize adequate, stable, predictable and long-term resources to finance Africa's development agendas.

Building sovereign
economies is no more an option

COVID-19 is reminding Africa again on the failure of its development trajectory. The contents of this chapter are not new. The talk of African economic sovereignty has been there since independence. Many research papers and reports have been written and declarations made at the highest policy levels on the urgent necessity for Africa to shift from its current economic growth and development trajectory to devise more endogenous and resilient economies and take its place in the global economy. The Abuja Treaty drew the way for achieving sovereign economies. The latest initiative Agenda 2063: The Africa We Want" has re-emphasized again and called for the transformation of the economies by exploiting the enormous economic potentials of the continent to achieve inclusive and sustainable development. However, the continent is still failing to implement the right policies to translate its recent impressive growth to create a more sustainable growth and sufficient jobs by promoting the development of higher-productive and high-end services sectors. The economies remain largely dependent on external partners and exposed to external shocks. It is for these reasons, without having a large number of infections in the continent to date, the continent is experienced the worse socioeconomic and humanitarian crisis. If the current trends persist, the share of vulnerable employment in Africa will remain at 66% until 2022 – far from the Agenda 2063 target of 41% by 2023. Today, 282 million workers are vulnerably employed (AU/OECD, 2018). This has been the major challenge for continent and needs to be urgently addressed.

Africa, the most demographically dynamic region in 2021th century. The continent of Africa will be the most populous continent in the world in the coming decades. The African population growth will continue to pose serious challenges to the development of the continent. The main drivers of this situation are the decrease in mortality and infantile rates and the continued increase of fertility rate; which has led to an increase of life expectancy (average 70 years) on the continent. These trends are impacting Africa's economy, health, education, politics, security and stability and welfare of the population in general. Looking at Africa's demographic features and the current developmental trajectory, makes us raise the following questions: can African governments be capable of improving the life and provide essential social services to its population with current level of economic growth? Can they be able to create sufficient jobs and employment opportunities for the increasing labor force and solve the problem with unemployment? Are governments able to eradicate poverty and supply sufficient food, electricity and water to all Africans? Are governments capable of providing sufficient and quality education and basic health care systems for all? How can governments seize the population explosion as an opportunity for business growth, increase consumer spending and potentially transform it into skilled labour force? These are essential questions that African governments should prepare to respond to in the coming years.

The world is moving into a new direction and a new economic order is currently emerging. There is a lot of dynamics currently happening in the world. Within one or two decades, many powerful economies of today would not be among the top 10 largest economies in the world. Many of those are declining. COVID-19 has shown that some developed countries are not so strong and powerful as we think. According to PwC (2015) based IMF data shows that many emerging countries will outperform some G7 or Western countries including France, UK, Canada and Italy. New emerging African economies such as Nigeria and Egypt will outperform some G7 countries (Table 11). Table 11 shows Africa which countries or regions, it should forge future strategic partnerships in order to leverage the benefits for its people.

PPP RANK	2014		2030		2050	
	COUNTRY	GDP AT PPP (2014 US$bn)	COUNTRY	PROJECTED GDP AT PPP (2014 US$bn)	COUNTRY	PROJECTED GDP AT PPP (2014 US$bn)
1	China	17,632	China	36,112	China	61,079
2	United States	17,416	United States	25,451	India	42,205
3	India	7,277	India	17,138	United States	41,364
4	Japan	4,788	Japan	6,006	Indonesia	12,210
5	Germany	3,621	Indonesia	5,486	Brazil	9,164
6	Russia	3,559	Brazil	4,996	Mexico	8,014
7	Brazil	3,073	Russia	4,854	Japan	7,914
8	France	2,587	Germany	4,590	Russia	7,575
9	Indonesia	2,554	Mexico	3,985	Nigeria	7,345
10	United Kingdom	2,435	United Kingdom	3,586	Germany	6,338
11	Mexico	2,143	France	3,418	United Kingdom	5,744
12	Italy	2,066	Saudi Arabia	3,212	Saudi Arabia	5,488
13	South Korea	1,790	South Korea	2,818	France	5,207
14	Saudi Arabia	1,652	Turkey	2,714	Turkey	5,102
15	Canada	1,579	Italy	2,591	Pakistan	4,253
16	Spain	1,534	Nigeria	2,566	Egypt	4,239
17	Turkey	1,512	Canada	2,219	South Korea	4,142
18	Iran	1,284	Spain	2,175	Italy	3,617
19	Australia	1,100	Iran	1,914	Canada	3,583
20	Nigeria	1,058	Egypt	1,854	Philippines	3,516

Table 11: GDP at PPP rankings

Source: IMF WEO database (October 2014) for 2014 estimates, PwC projections for 2030 and 2050

China, South Korean other East Asian countries are showing Africa the direction to take. China was behind Africa and South Korea were at the level with many African countries. According to World Bank data (2020), South Korea and several African countries such as Ghana, Cote d'Ivoire and other were at the same level of development in the 60s. In 1960, South Korea and China's GDP per capita were US$ 158 and US$156 respectively while those of Algeria, Morocco, Cote d'Ivoire, Ghana, Zimbabwe and Sub-Saharan Africa were US$246, US$165, US$156, US$183, 279 and US$132 respectively. This means Africans were much wealthier than the Chinese in the 1960's and many other countries were at the same level with South Korean. In 2019, things have changed. South Korea and China's GDP per capita were US$ 31762 and US$10262 respectively while Algeria, Morocco, Cote d'Ivoire, Ghana, Zimbabwe and Sub-Saharan Africa were respectively US$3948, US$3204, US$2286, US$ 2202, and US$1464 respectively. China has become the world first economy while Brazil, South Korea and other countries such as Chile, United Arab Emirates, Singapore, Thailand, Malaysia, etc. have become emerging economies. Figure 23 presents the evolution of GDP per capital (in US$ at current prices) from 1960 to 2018 for selected countries.

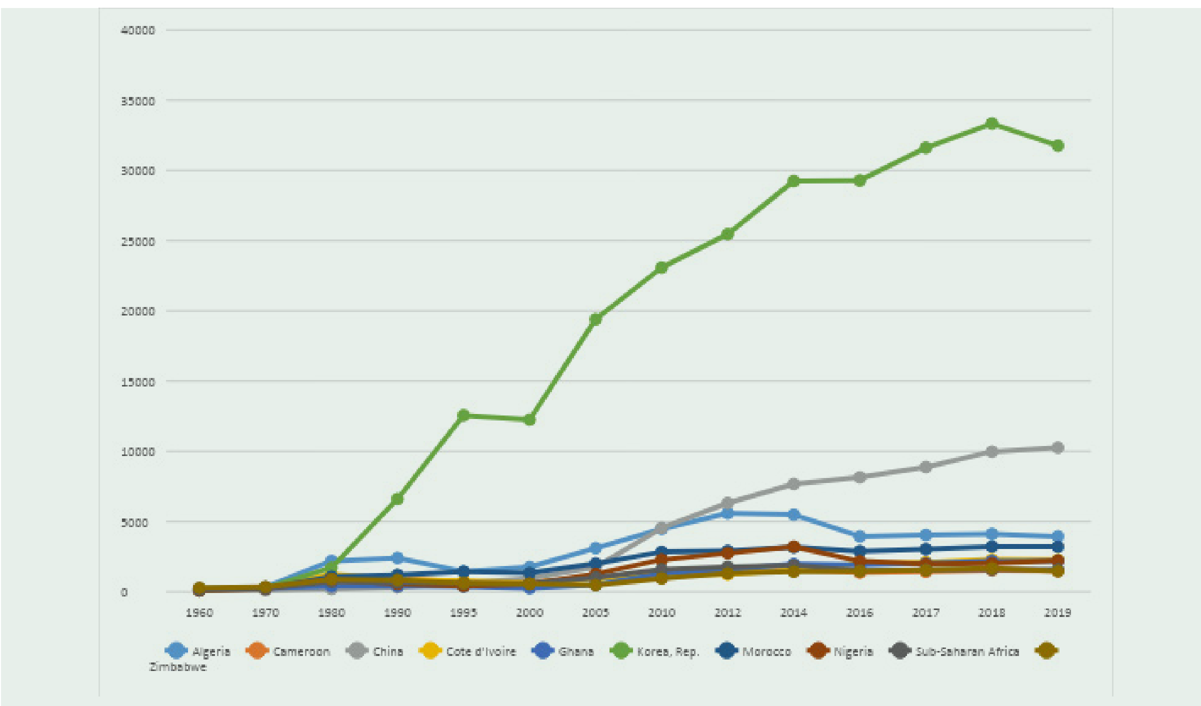


Figure 23: Evolution of GDP per capita (in US$ current prices) from 1960 to 2018

Source: https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=DZ-CN-MA-ZG

What happened in the meantime? Like many developed OECD countries including Belgium, France, Finland, Germany, Norway and Austria, East Asian countries have implemented industrial policies between the 1950s and the 1980s that have led them to become Champions of the world today in many sectors. They extensively used State-Owned-Enterprises (SOEs) to spearhead industrial upgrading using directed credit supported by governments or State owned banks.

The recent economic performances of China are spectacular. Drawing experiences from other East Asian countries (Box 4), China launched its outward-oriented industrial policy in the 80s with the main aim being to encourage foreign trade and foreign direct investment in order to promote the transfer of advanced technology into the country. To achieve this, China developed national team of enterprises, which are large domestic enterprises and cluster industries in different towns and cities in strategic sectors based on their importance for national security and growth prospects. These sectors include defense, electric power, telecommunications, petroleum, shipping, energy-saving technologies, advanced materials and new-generation information technology, high-end equipment manufacturing, etc. Their main objective was to develop global champions in these sectors (Nolan, 2001). Today, China is a contender in many key industries: largest producer of ships, steel, solar cell and heading to become the world leader in ICT, consumer electronics, mobiles, and automobiles. Furthermore, China is also utilizing export subsidies and currency under-valuations to enhance its export competitiveness in global markets (UNECA, 2016). China is also the world's largest economy (on a purchasing power parity basis), manufacturer, merchandise trader, and holder of foreign exchange reserves. This has led to the lift of about 800 million people out of poverty. China is also a top USA trade partner, the top source of import of USA and third sources of exports of the USA. Very near to the continent, the United Arab Emirates in order to take advantage of Dubai's position in the Persian Gulf launched its structural transformation policy to trigger the developments of productive capacities transformation in other related sectors, thereby making its natural resource-led industrialization process increasingly more sustainable.

Hyper-stimulus packages from emerging and developed countries. The COVID-19 pandemic has underlined dramatic inability of the continent to mobilize sufficient resources to adequately respond to the economic impact of the pandemic like other regions. In every part of the world, governments have acted rapidly by taking monetary, budgetary and fiscal measures to alleviate the suffering of their people, support their businesses, maintain jobs and economic recovery. The States have the power, the means and the legitimacy to carry out such a policy of saving and revitalizing the national economy when everything seems to fall apart. A McKinsey's article, published on June 5, 2020, headlines: "The $ 10 trillion rescue: How governments can deliver impact". The article notes the unprecedented impact of covid-19 on the economies and the huge amount of stimulus packages needed in just three months of the year. This amount is three times more than the response during the 2008-2009 financial crisis. These packages include: guarantees, loans, value transfers to businesses and individuals, deferrals and equity investments. Governments have included all forms in their stimulus plans: guarantees, loans, value transfers to businesses and individuals, deferrals and equity investments. Figure 25 presents economic stimulus crisis responses as % of GDP in the world as compare to 2008 financial crisis.

BOX 4: EAST ASIAN TRANSFORMATIVE INDUSTRIAL POLICY

Box 4: East Asian Transformative Industrial Policy during their 'Miracle' included among other things: (i) coordination of complementary investments (the so-called Big Push); (ii) coordination of competing investments through entry regulation, 'investment cartels', and (in declining industries) negotiated capacity cuts; (iii) policies to ensure scale economies (e.g. licensing conditional upon production scale, emphasis on the infant industries starting to export from early on, state-mediated mergers and acquisitions); (iv) measures to promote technology transfer and absorption (e.g. the screening of technology imports, caps on licensing royalties, and lax intellectual property rights laws); (v) regulation on FDI (e.g. entry and ownership restrictions, local contents requirements, technology transfer requirements, export requirements); (vi) the use of SOEs to promote strategic industries, especially in the case of Taiwan; (vii) the state acting as a venture capitalist and incubating high-tech firms; (viii) mandatory worker training for firms above a certain size, in order to resolve the problem of under-investment in the training of skilled workers due to the possibility of poaching; (ix) export promotion (e.g. export subsidies, export loan guarantees, marketing help from the state trading agency); (x) government allocation of foreign exchanges, with top priority going to capital goods imports (especially for export industries) and the bottom priority to luxury consumption good imports. Culture (allegedly leading to high savings rate, strict work ethic, high-quality bureaucracy), the legacy of Japanese colonialism (supposedly leading to exceptionally high literacy and broad industrial base), and Cold War politics (which is argued to have led to exceptionally high foreign aid and special access to the US market).

Box 4: East Asian Transformative Industrial Policy

Source: Transformative industrial policy for Africa, UNECA (2016).

The efforts of African countries that have been made so far, remain below the immensity of the resources required by the economies. No African country can succeed alone sustainably in this situation because of the narrowness of the economy. Africa must have a monetary revolution to get it out of this situation. Without this, the continent will not be able to cope.

Africa is at a turning point. The Covid19 has also shown that radical changes are taking place in the world around us. It is therefore important to rethink Africa's development model in order to build more resilient and endogenous economies. This requires first of all the revival of the economies which are considerably affected by the pandemic and the structural transformation of the economies. After two decades of remarkable economic performance driven by high prices of primary commodities, and at that with relative little upgrading within the commodity sectors themselves (e.g., making cocoa butter and chocolate instead of exporting cocoa beans). The failure of African economies to create a more sustainable growth based on the development of the manufacturing sector particularly processing of primary commodities. It is extremely critical that Africa starts to seriously think about building – promoting the development of higher-productive sectors, vertical strategy within sectors, especially manufacturing but also some high-end services.

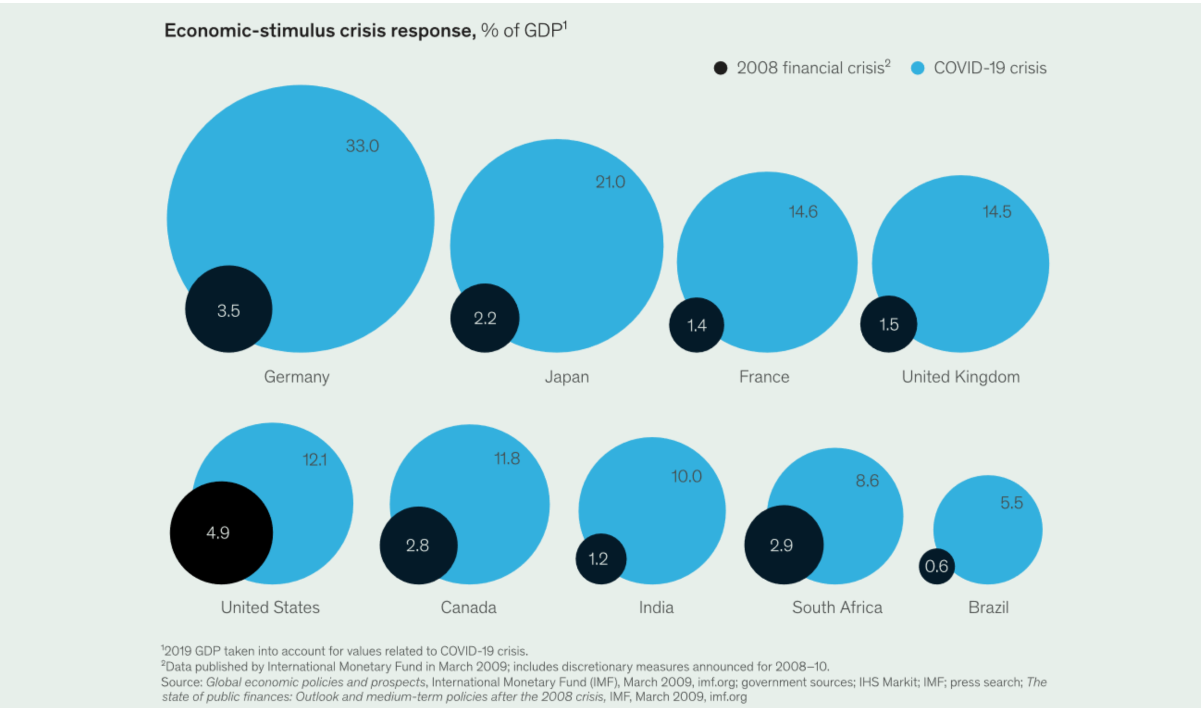


Figure 24: Economic Stimulus Crisis Response, % of GDP

Source: https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=DZ-CN-MA-ZG

If China has become the "Manufacture hub of the world" because of skills and labor costs, Africa will need to consider the COVID-19 pandemic as an opportunity to reposition and take full advantage of the changes expected in the aftermath of the crisis. A new economic order is emerging. The major economies will certainly diversify their production centers by moving in part to other regions. Some African countries such as Botswana, Ethiopia and Rwanda have already started diversifying their economies. It is not unreasonable to believe that some African countries will be able to catch up with China and Vietnam in the light manufacturing industries in the near future. In this regard, African countries should equip young people with the skills necessary to attract multinational enterprises and other players in world trade. It also has the advantage of stimulating local transformation and the efficient transfer of technology in the context of the AfCFTA.

BOX 5: LOOKING AHEAD TO THE FUTURE: VISIONARY LEADER

Africa needs visionary leaders like many fore founder of the OAU – such as OAU founding fathers – who believe in Africa's self-sufficiency and self-control over its own destiny and finding African solutions to Africa's problems. Leaders who dare to make changes. Leaders who understand international dynamic and important strategic issues that are confronting the continent such as climate change, energy, etc.; passionate about exploiting natural resources and using education as powerful tools for well-being of the African people. Leaders should also foresee opportunities such as Fourth Industrial Revolution, artificial intelligence, big data and the Internet of Things, 5G wireless networks, robotics, blockchain, cloud computing and predictive analytics that should be leveraged to leapfrog and fast-track economic growth and ensure resilient economies. Nation-building, well-functioning institutions, good governance and accountability and the welfare of people must be the chief pride of all African leaders.

Despite its abundant of natural resources and well-designed agendas, Africa remains a poor continent. Notwithstanding the numerous natural resources and well-designed agendas such as Lagos Plan of Action for the Economic Development of Africa, Abuja Treaty, Africa Agenda 2063, etc. to transform structurally the economies and increase its self-sufficiency, Africa remains the poorest and the least developed continent. Any government on the continent should be judged on the progress it is making towards improvement in the health of its people; by the number of children in school, by the quality of its education system; by the availability of water and electricity in our towns and villages, by the number of entrepreneurs; by number of start-ups in digital sectors, etc. Africa should be able to create space for women and young entrepreneurs who have wining spirit and self-confidence to establish global giant companies to contend with the rest of the world in key sectors like new technological giants - Mark Elliot Zuckerberg (born in 1984, created Facebook in 2004, market value nearly US$700 billion in 2019); Jack Ma, co-founder of Alibaba (born 1970, found in 1999, market worth $570 billion in 2019); and Eric Yuan (1970, created Zoom in 2011, Zoom's market valuation hits $50 billion mark in June 2020), etc. Why, despite its immense wealth, Africa does not have to date companies similar to Huawei, Facebook, Alibaba, Zoom, or even growing companies, capable to compete with these four behemoths in the near future? Time has come to change our mentality (see box 6).

BOX 6: DEVELOPMENT-MINDEDNESS OR CHANGE MINDSET.

Africa is blessed with abundant natural resources, fertile arable soils and beautiful weather and has great potential for growth, yet chronic poverty is the common trait and a cross-cutting challenge across the continent. Africa doesn't have plague, it can overcome this predicament by doing the right thing. The extreme poverty in which half of its population is living is not due to the lack of resources or means but to what can be cursorily described as a "management problem". If the impediment is tackled seriously, the project of a major turnaround will occur in a very short term in Africa. While outsiders look at the dynamism of African population as an opportunity, political leaders and intellectuals see this as a growing burden and a challenge for social and political stability and security. Another problem of Africa is the lack of nation-building which is to lay the core foundations of statehood, without which states will invariably be limited in terms of their performance, the unity, stability and growth of a nation will be held back as well. Private enterprises alone cannot drive the sustainable and inclusive growth of a nation—it will take far more than that, like a strong social fabric, well-functioning institutions, civic values and education, sound economic planning and management, industrial policy, good governance, accountability, political stability, security, etc. This calls for African nations to become more cognizant of the situation they are in and exert greater ownership and control over their lives and destiny. (Jong-Dae Park, 2019).

Box 6: Development-mindedness or change mindset.

Source: Jong-Dae Park book (2019). Re-Inventing Africa's Development Linking Africa to the Korean Development Model.

Revamping Agriculture in Africa

Agriculture is the backbone of many African countries, if revamped it may contribute immensely to economic growth, increased income of farmers, poverty reduction and improved nutrition. It could also provide the necessary ingredients for AfCFTA. According to the AfDB (2018), the African agricultural sector has the potential of becoming the new oil industry, estimated to reach US$1 trillion by 2030. Therefore more investments are encouraged into the industry, at least US$45 billion annually, relative to US$7 billion currently invested per year.[45] In addition, agriculture can absorb the large workforce in Africa, employing approximately 60% of the working population[46] around 580 million in 2020 (NEPAD, 2013) and accounts for 32% of GDP.

Despite the huge potential for arable land (60% of uncultivated arable land), the agricultural sector is below its productive capacity. Agricultural productivity remains below norms and standards in developed countries due to the old techniques used. Agriculture is essentially based on rainfall without modern irrigation, fertilizers, pesticides and access to high-yielding seeds. The agricultural sector encounters many challenges linked to access to markets and financing, the low use of technological innovations, etc. As a result, Africa remains a net importer of food. According to the FAO (2019), sub-Saharan Africa spent nearly US $ 48.7 billion on food imports (US $ 17.5 billion for cereals, US $ 4.8 billion for fish, etc.), part of which could be reinvested in sustainable development in African agriculture (FAO, 2019). Lately, the continent has been suffering from the implications of climate change. Climate change is projected to increase the median temperature by 1.4–5.5°C and median precipitation by –2% to 20% by the end of the 21st century (Adhikari et al., 2015). Drought which has caused food insecurities in the region, floods destroying crops and livestock, and pests and diseases are diminishing harvest.[47]Lack of diverse source of funding, exacerbated by low investments.

The African Union Heads of State have made commitments toward rehabilitation and the development of African Agriculture through the Comprehensive Africa Agriculture Development Programme (CAADP). Fast-tracking implementation of CAADP is imperative with a view to transforming the agricultural sector, creating wealth, ensuring food and nutrition security, economic growth and prosperity for all. Since the adoption of CAADP, some progress has been registered, especially on the government expenditure to agriculture, 8.5% per year though not yet reached the anticipated target 10% annually[48]. However, this is not consistent across countries. According to the CAADP Biennial Review (BR) Report, 2018, 20 of the 47 reporting countries were on-track to achieve the goals and targets of the Malabo Declaration by 2025. In that regard, slow progress still persists on the implementation of CAADP[49].

[45]https://www.afdb.org/en/news-and-events/africa-agribusiness-a-us-1-trillion-business-by-2030-18678

[46]https://www.tralac.org/images/docs/6460/agriculture-in-africa-transformation-and-outlook.pdf

[47]http://www.fao.org/3/y4252e/y4252e15.htm

[48]file:///C:/Users/ManhandoR/Downloads/Challenges_and_opportunities_to_the_African_agricu.pdf

[49]https://www.ifpri.org/publication/caadp-2020-biennial-review-why-many-countries-are-track

BOX 7: DEVELOPMENT-MINDEDNESS OR CHANGE MINDSET.

Recommitment to Principles and Values of the CAADP process: agricultural policy and regulatory frameworks, coupled with evidence-based planning and budgeting; agricultural sector organizational and functional arrangements and capacity; in-country and regional coordination and accountability mechanisms; partnerships, alliances, including farmer organizations, cooperative and civil society.

Enhancing Investment Finance in Agriculture: public policy, regulatory and financing framework for catalyzing private sector investments; level and quality of agriculture public expenditures; domestic and foreign investment promotion; public-private-partnerships and dialogue.

Ending Hunger in Africa by 2025: access to and use of increased agricultural inputs and mechanization; postharvest management; homegrown school feeding; biofortification; food and nutrition knowledge management, nutrition status and nutrition coordination; food/diet diversification; and social protection.

Halving Poverty by 2025, Through Inclusive Agricultural Growth and Transformation: sustainable land management and governance; irrigation and water management; animal resources development; technology generation, dissemination and adoption; agripreneurship for youth and women; and value chain development.

Boosting Intra-African Trade in Agricultural Commodities and Services: policy and trade regime harmonization; food safety and compliance, and trade standards; market orientated infrastructure; agricultural growth zones/corridors; and trade negotiation capacity.

Enhancing Resilience of Livelihoods and Production Systems to Climate Variability and other Related Risks: early warning and response systems; mainstreaming and sustainability of climate change and risk management; climate change negotiation capacity; natural resource management (especially forestry); and disaster risk management.

Strengthening Mutual Accountability to Actions and Results: focus at the continental level: strategic knowledge management; strategic communication and advocacy; strengthened coordination, partnerships and resource mobilization; M&E systems reporting and biennial reviews; leadership and political engagement for implementation.

The commitments (Box 7) highlighted all the areas requiring immediate attention in order to mainstream CAADP into national agriculture policies and transform agriculture. Though the implementation of CAADP has been slow the results in agriculture development, have been optimistic. The agriculture industry is imperative for most African countries as it contributes significantly to the growth of economies. However, the sector has been receiving inadequate budget relative to other sectors, with public expenditure to agriculture below 10% target of CAADP.

The COVID-19 pandemic posed the immediate need to transform the agriculture sector to ensure food security and sufficiency. Investments into the development of the sector are fundamental. Sound policies that support investments from African banks and attract African private sector into the industry and digitalization should be urgently developed. Annually only an estimated €175 million of funding from few international donors is received into digitalization for agriculture with private investment still lagging.[50] The continent needs to accelerate digitalization for agriculture to improve harvest and yield. Modern agriculture techniques and machinery are essential, climate-smart agriculture, use of improved varieties and seedlings, drones, access to information for farmers, irrigation technologies including overhead irrigation systems such as sprinkler, drip, trickle, micro-sprinkler irrigation and surface irrigation systems such as basins, furrows, and border strips. The promotion of agro-industrial zones, access to finance, road infrastructure and markets and agricultural youth entrepreneurship are also essential to manufacture locally agricultural proceeded goods to facilitate AfCFTA full implementation, create more jobs for the large youth population and ensure the autonomy of Africa and lessen the high import bill on agricultural products of between US$ 45 billion and US$ 50 billion per annum with US$ 6 billion for agricultural inputs[51]. The participation of African private sector is necessary to transformation of agriculture sector.

Environment, Climate Change,

Blue Economy and Natural Resources

Environment and Climate change. The continent is already experiencing the negative effects and threats of climate change. Therefore, delaying actions makes lowering climate risk levels unattainable, hence the need to establish the link between domestic, foreign and international climate policy, in order to achieve better results. Africa needs to enhance its adaptive capacity through the development and the implementation of suitable legislation and policies. It is in this regard that within the AU/NEPAD framework, African leaders have adopted the Environment Action Plan (EAP), which aims at promoting sustainable use of Africa's natural resources in tackling environmental challenges of the continent. It is for this reason that since 2007, the AUC has become an important interlocutor in matters pertaining to climate change, desertification

[50]https://agra.org/wp-content/uploads/2019/09/AASR2019-The-Hidden-Middleweb.pdf

[51]https://www.mckinsey.com/featured-insights/middle-east-and-africa/safeguarding-africas-food-systems-through-and-beyond-the-crisis

and biodiversity. Following this, the Committee of African Heads of State and Government on Climate Change (CAHOSCC) was established and continues to provide political guidance and direction on strategic issues. Africa is also elaborating the continental Climate Change Strategy to guide Africa's efforts for low carbon development, just transition and climate change adaptation. Furthermore, the continent is developing a continental environmental management framework to promote circular economy, waste management and general environmental stewardship. Implementation of various frameworks and initiatives also hold promise to accelerating the continent's recovery from the impacts of COVID-19: (i) Africa Green Recovery Action Plan and Green Stimulus Programme; (ii) Africa Circular Economy Action Plan; (iii) Advancing Africa's common position in the negotiation of multilateral environmental Agreements (e.g. Climate Change, Biodiversity, Desertification and Ocean Treaty); (iv) Enhancing capacities of Member States and RECs to access near-real time environmental, natural resources, and climate information for policy and decision-making, and development planning; (v) Implementation of the Blue Economy Strategy; (vi) Advancing the African Water and Sanitation agenda, in terms of implementation of the Sharm El-Sheikh Commitments on Water and Sanitation, and supporting the Water Basin initiatives; (vii) Facilitating and coordination of the implementation of the Africa Regional Strategy on Disaster Risk Reduction (DRR) and its Program of Action (PoA) in line with the Sendai on Disaster Risk Reduction.[52];(viii) Facilitating the formulation and implementation of an Integrated African Strategy on Meteorology (Weather and Climate Services), to enhance weather and climate service delivery for sustainable development; (ix) Implementation of Measures fo biodiversity conservation and bio-prospecting; (x) Implementation of the Sustainable Forest Management Framework in order to promote sustainable utilization of forest resources for wealth and livelihoods; (xi) Implementation of the Africa Strategy to Combat Illegal Exploitation and Illegal Trade in Wild Fauna and Flora for the purpose of boosting the wildlife economy; (xii) Implementation of the Great Green Wall to enhance resilience building against desertification and land degradation; and promotion of the Africa Environment Partnership Platform.[53]Member states should take steps to own the continent plan and fast-track the implementation.

Harnessing Natural Resources. Africa is the number one exporter of mineral commodities in the world as depicted in the Table 11 below, yet the continent still lacks systematic geological mappings needed to bring to light a much greater resource base. Moreover, most of Africa's minerals are exported in its raw state without any significant value-addition. Therefore, with the universally acknowledge dire need for the continent to industrialize, the structural transformation of Africa's economies must be an essential component of all long-term strategies to achieving Agenda 2063, and sustainable development for the continent post pandemic. In this respect, a resource-based African industrialization and development strategy, must emanate from the utilization of Africa's natural resource assets to catalyze diversified development by locally transform its natural resources as successfully implemented by several resource-rich economies like Finland and Sweden.[54] Table 12 presents selected mining resources on the continent.

[52]Ibid

[53]AU: Environment, Climate Change, Water, Land and Natural Resources https://au.int/en/directorates/environment-climate-change-water-land-and-natural-resources

[54]AU-Africa Mining Vision (2009) https://au.int/sites/default/files/documents/30984-doc-africa_mining_vision_english.pdf

Mineral	Production	Rank	Reserve	Rank
Platinum	54%	1	60+%	1
Minerals				
Phosphate	27%	1	66%	1
Gold	20%	1	42%	1
Chromium	40%	1	44%	1
Manganese	28%	2	82%	1
Vanadium	51%	1	95%	1
Cobalt	18%	1	55+%	1
Diamond	78%	1	88%	1
Aluminum	4%	7	45%	1
Nickel	5%	N/A	12+%	N/A

Table 12: Leading African Mining Resources (2005)

Source: Africa Mining Vision (2009) & AfDB Natural Resource Centre (2016)

In 2011, the African Plan for implementing the Africa Mining Vision was adopted with a focus on the use of mineral resources to catalyze broad-base growth and development for the continent. By so doing, the potential resource endowment opportunities to be achieve will include: (i) resource rents- which emphasizes on the use of resource differential and windfall rents to improve the basic physical and knowledge infrastructure, through investment in physical, social and human infrastructure; (ii) physical infrastructure- which emphasizes on the collateral use of high-rent resource infrastructure to open up other resource potentials, such as agriculture, forestry and tourism; (iii) downstream value addition- which involves the use of local advantage (CIF-FOB) of producing crude resources, to establish resource-processing industries; (iv) upstream value addition- which uses the relatively large resource sector market to develop the resource supply/input sector (capital goods, consumables and services); and (v) technology/product development- where resource exploitation technologies adapt to local conditions (eg. Climate, mineralogy and terrain) to provide opportunities for the development of niche technological competencies in the resource input sector.[55] Box 8 below portrays how Botswana is harnessing its natural resources to improving the lives of its population. Its minerals contribute approximately 30 percent to the country's GDP, 40 percent of government revenues, and account for 70 percent of all exports by value. Member states should learn from Botswana experience in harnessing mineral resources.

[55]Ibid, foot note 4

BOX 8: HOW BOTSWANA IS HARNESSING MINERAL RESOURCES.

Debswana Diamond Company (Pty) Ltd is a 50-50 Joint Venture partnership between the Government of Botswana and global diamond miner De Beers. Debswana operates four mines in Botswana at Orapa (1971), Letlhakane (1975), Jwaneng (1982) and Damtshaa (2003). The Jwaneng diamond mine is the richest in the world, and Botswana is the world's largest producer of diamonds by value. Other companies operate four other diamond mines in Botswana. The country also produces other minerals such as copper-nickel, cobalt, coal, soda-ash, and gold. Botswana is the only country in Africa to have maintained tight control of its mineral wealth. Botswana has produced more than 728 million carats of rough diamonds since operations began there in 1971 and is the source of many of the world's largest and most beautiful diamonds – including the 1,109-carat Lesedi La Rona, which was uncovered in November 2015. The revenue raised from selling these precious stones and other minerals has gone into improving the lives of Botswana's small population of 2 million people. Such is their importance that minerals contribute approximately 30 percent of the country's GDP, 40 percent of government revenues, and account for 70 percent of all exports by value.

The majority of Botswana's minerals are exported in their raw form. However, De Beers moved the company's global sightholder sales operations – through which it sells 90% of its rough diamonds by value – from London to Gaborone in 2013. Diamond Trading Company Botswana is the world's largest rough diamond sorting and valuation facility. According to an economic impact report compiled by De Beers two years after the relocation, the value of rough diamonds traded in-country soared from under $1bn annually to more than $6bn in 2014, which translated into taxes, and royalties for the country. De Beers also generated roughly 1,000 direct and indirect jobs and $380m in revenues for Botswana from the sale of rough diamonds to international manufacturers. An additional 8, 000 jobs have been created in the cutting and polishing of diamonds, and in the broader economy. The resources from the sale of diamonds enabled Botswana to finance its social and economic infrastructure, including transport and communication, health, and education. Primary and secondary school enrolments increased substantially, with tertiary education supported by government up to Bachelor's Degrees. There is universal access to public health care, with more than 90 percent of the population within a 15km radius of a health facility. The transport infrastructure network stands at over 18,000km as at 2016. The government has consistently utilized the mineral revenues for the development of the country and its citizens. This has been possible through various legislative frameworks governing the mining activities in the country.

Box 8: How Botswana is harnessing Mineral Resources.

Source: https://africanbusinessmagazine.com/sectors/commodities/botswana-pushes-for-more-from-de-beers-diamonddeal/https://www.wavespartnership.org/sites/waves/files/kc/Technical%20Rept%20WAVES%20Botswana%20Minerals%20pub%205-28-16%281%29.pdf

https://unctad.org/meetings/en/Presentation/MYEM2019_Amb._Molokomme_16042019.pdf

Blue economy can be a lifeline for Africa. The blue economy, which have tremendous potential remains untapped. The continent has 38 costal and island Member States, 13 million km2 of collective exclusive economic zones (EEZs) and a coastline of over 47,000 km (AU, 2012) and hence presents an enormous opportunity for the continent to develop the sectors associated with the blue economy. The efficient exploitation of oceans, seas, lakes and rivers by expanding fisheries, aquaculture, tourism, transportation and maritime and ports could increase Africa's GDP by $1.5 trillion.[56] The blue economy can also help strengthening the capacity of the continent in terms of food and energy security, reducing poverty and creating more jobs for the growing young population. Currently, the fishery sector employs 12 million people in fisheries, provides food security and nutrition for over 200 million peoples in Africa and contributes to 1.26% of the GDP of the continent ($US 24 billion) (de Graaf and Garibaldi 2014). However, while opportunities are likely to arise, challenges remain as the continent lacks adequate infrastructure and limited capacity to ensure maritime safety, increase level of plastic, chemical pollution, invasive species and ocean acidification, biodiversity loss, and coastal protection, over-exploitation of regional fish stocks, inefficient fisheries management legislation[57]. Therefore, there is an urgent need to establish adequate regulatory and institutional framework and to develop and implement sustainable strategies to boost production and local transformation in the respect of reproduction cycle, inclusiveness and sustainability in the sector (Ruth Waruhiu, 2019). This should be driven by a strong political leadership to catalyze and sustain the momentum.

Quality Infrastructure Development

Building quality infrastructures. In rebuilding the continent's economy post COVID-19, African stakeholders must revisit the common framework already established to build the continent's infrastructural needs, for better integration in the transport, energy, ICT and trans-boundary water networks. As previous studies have suggested, there is a positive correlation between economic growth and infrastructural development, with high income countries like the United States experiencing positive impact on infrastructure and on total productivity growth (Aschauer, 1989). Additionally, further studies also suggest that in addition to the growth impact of infrastructure, investment in this sector also contributes to more equal distributional outcomes. A study of 100 countries between 1960 and 2000, confirmed both growth enhancement and income distribution consequence of increasing investment in infrastructure (Calderon & Serven, 2004). Nonetheless, the economic and social infrastructural deficit in Africa remains significantly high, with major implications on economic growth for the continent.[58]

[56]https://www.un.org/africarenewal/magazine/december-2018-march-2019/blue-economy-can-be-lifeline-africa

[57]file:///C:/AU/AU2020/Covid19/Impact%20Study/Covid19%20impact%20on%20blue%20economy.pdf

[58]Infrastructure Development within the context of Africa's cooperation with new and emerging development partners (2015), page 8, https://www.un.org/en/africa/osaa/pdf/pubs/2015infrastructureanddev.pdf

Normalized Units	SSA Low Income Economies	Other Low Income Economies
Transport		
Paved roads density	31	134
Total roads density	137	211
Power		
Generation capacity	37	326
Electricity	16	41
ICT		
Fixed lines density	10	78
Mobile density	55	76
Internet density	2	3
Sanitation (Improved)	34	51
Water (Improved)	60	72

Table 13: Selected Indicators on SSA's Infrastructure Deficit

Source:Derived from Yepes et al, 2008 and cited in Foster et al, 2008

As depicted in the Table 13 above, for 5 selected areas of infrastructural investment identified, Africa is highly disadvantaged in both social and economic infrastructure, even in comparison to other low income economies. With regards to fixed telecom, tarred roads and other social infrastructure, there are significant differences between the two economies, in addition to marked distributional deficiencies. For instance, only one-third of the rural population in Africa live within two kilometers of asphalt road, compared to two-thirds in other developing economies (Foster et al, 2008).[59]

The development of infrastructure is a key driver for progress across the African continent and a critical enabler for productivity and achieving sustainable development in Africa, thus an essential catalyst for the realization of the AfCFTA. It contributes significantly to regional integration, human development, poverty reduction, and the attainment of the SDGs. The availability of advanced infrastructure makes it possible to stimulate economic activity and production capacities, develop industrialization, connect producers to markets, strengthen intra-African trade and promote regional integration. However, the continent does not have sufficient tangible and intangible infrastructure, hence jeopardizing the progress towards full realization of the AfCFTA. A large share of the African population lacks access to adequate infrastructure. According to AfDB (2014), Africa counted 84,000 kilometers of rail track, for a surface of about 30 million square kilometers, air transport remains expensive by international standards because of lower passenger traffic, limited liberalization of air space, high passenger and airport taxes, safety issues, and limited infrastructure (airports, runways, and safety systems). Africa has only 64 ports, many of them are poorly equipped and uneconomically operated. While North Africa has almost universal provision, in sub-Saharan Africa, only about 45% and 61% of the population have access to electricity and water services, respectively (IEA,

[59] Ibid

2019); UNICEF/WHO, 2019). Furthermore, while there are 77 mobile subscriptions per 100 inhabitants in Africa, which is growing (ITU, 2020[14]), only 18% of households have Internet access (ITU, 202014). In addition, the rural-urban divide in access to infrastructure services remains significant. For example, while 75% of the urban population in sub-Saharan Africa have access to electricity, only 25% of the rural population do (IEA, 2019). While 84% of the urban population have access to at least a basic source of drinking water, only 45% in rural area in sub-Saharan Africa do (UNICEF/WHO, 2019). Almost half of the people with no access to improved sanitation live on less than two dollars a day. Furthermore, the cost of infrastructure services is very high in Africa than anywhere in the world, thus undermining the continent's competitiveness with the rest of the world. It is therefore urgent to set up quality regional and national infrastructures for transport (roads, railways, ports, and airports), ICT and energy, to improve intra-African trade.

The current state of infrastructure in Africa shows an imbalance, relative to other regions in the world, though capital accumulation started to pick up in the early 2000s, as efforts to close the infrastructural gap. According to the African Development Bank (AfDB), Africa's infrastructure needs is estimated to amount to US$130-US$170 billion yearly, with a financing deficit between US$67.6-US$107.5 billion (African Economic Outlook, 2018). Nonetheless, economic transformation of the continent must proceed, regardless of the imbalance in infrastructure.[60]

Agenda 2063 highlights the need for integration as one of the key determinates for Africa to achieve its vision for inclusive sustainable growth and development. Specifically, Aspiration 2 of Agenda 2063 emphasized the importance for the continent to develop world-class infrastructural projects and initiatives across Africa, to improve connectivity within the regions by road, sea, air and rail, as well as developing regional and continental power pools and ICT infrastructure.[61]

The PIDA strategy document highlighted some key projects in line with Agenda 2063 flagship programs, specifically in the areas of infrastructure and energy. These include: i) Developing an integrated high speed train network to connect all Africa capitals and commercial centers; ii) Constructing the Grand Inga Dam Project to provide clean, reliable and affordable energy for the continent; iii) Establishment of a Single African Air-Transport Market (SAATM) to ensure intra-regional connectivity for economic integration and growth; iv) Development of the Pan-African E-Network to promote transformative e-applications and services in Africa; and v) Strengthening of Cyber Security across the continent to promote the safe use of emerging technologies.[62]

[60]Africa Economic Outlook (2018), page 64 https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/2018AEO/African_Economic_Outlook_2018_-_EN_Chapter3.pdf

[61]AU - Infrastructure and Energy Development https://au.int/en/infrastructure-energy-development

[62]Ibid; AU - Infrastructure and Energy Development

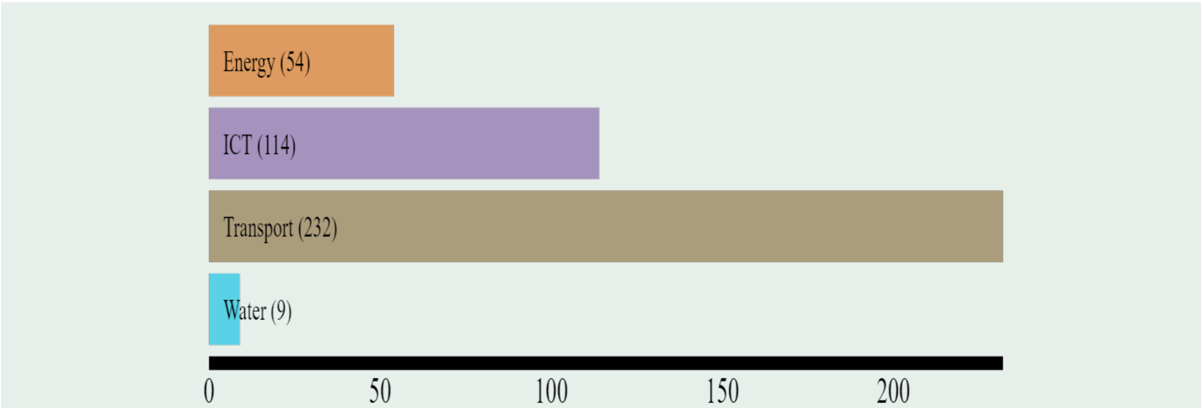


Figure 25: PIDA Projects by Sector

Source: PIDA Projects Dashboard (https://www.au-pida.org/pida-projects/)

As depicted in the Figure 25 above, over 400 projects and programs (PIDA Projects Dashboard, 2020), have been approved for commencement in each of the four sectors, with some already at various stages of completion. Considering these projects are designed to create jobs and promote trade for economic growth and overall development, which are essential for smooth economic recovery post Covid-19, their implementation and completion needs to be fast-tracked. However, this will depend on coordinated actions of actors at all levels of the African development process. That is, AUC and NPCA at the continental level, the RECs at both the regional and national levels, and individual countries on whose territory the projects will be constructed, for the benefit of their population.

To scale up infrastructure development, there is a need to change the traditional business model in order to match the dynamic of the population growth. Turning to Chinese infrastructure finance and construction firms, whose response times and upstream processes are fast and competitive in providing transport, power generation and telecoms infrastructure.

China currently commits more infrastructure finance to Africa than all other external sources combined – second only to the African governments' own infrastructure financing (ICA, 2019[6]). According to OECD/ACET (2020), Chinese model for developing infrastructure suffers from its own shortcomings, including in the areas of governance, ownership, and transparency. The report shows that a number of recent infrastructure projects in Africa used the new mechanisms and instruments including the promotion of Public-Private partnerships comprise the Maputo-Catembe Bridge as a regional corridor project, improving connectivity between Maputo in Mozambique and the Gauteng Province in South Africa; the second Wouri river Bridge in Douala (Cameroon), a key regional hub; and the Henri Konan Bédié Bridge, cutting traffic impasses and travel times in Abidjan, the commercial centre of Côte d'Ivoire, Addis Ababa–Adama Expressway Ethiopia, etc. The current state of infrastructure in Africa calls for massive adoption of the Public-Private Partnership (PPP) model to accelerate infrastructure delivery, because private sector participation in infrastructure development in Africa is very low as compared to other developing regions. This will include establishing well-targeted infrastructure to support competitive industries and export-oriented sectors, using the continent's comparative advantage of abundant human and natural resources; thus giving them the leverage they require to attract light manufacturing from developed economies, as East Asian economies did in the 1960s and China in the 1980s. Africa needs other partners such as turkey, EU, World Bank, AfDB, BADEA, etc. in the development of infrastructure on the continent.

Self-sufficient Energy Production. Development of energy infrastructure is essential if the continent is to increase its productivity and improve access to electricity for all. Currently, Africa is in a state of energy insecurity, yet has huge and varied energy potential in oil, gas, hydro, solar, wind and geothermal energy, essential to grow the continent's industrial, health and education sectors, to improve the life of its population. According to the World Economic Forum (2016),[63] the energy deficit cost Africa between 2-4% of its GDP annually. Furthermore, the population with access to electricity make up only 51% of Africa's total population, which is the lowest in the world (AfDB-ADER, 2018)[64].Additionally, according to Global Energy Interconnection and Cooperation Organization (GEICO), despite all the hydro power available, Africa only uses 10% of hydro power potential (GEICO, 2017)[65].

For these reasons, access to self-sufficient renewable sources of energy is essential for the path towards economic recovery post pandemic, as Africa's growing population increases the demand for energy. The sun and the wind offer great perspectives to its use. Currently, around 600 million Africans do not have access to electricity (Africa Energy Outlook, 2019), hence the need for policy makers to act quickly to address the persistent lack and access to power[66].

As outlined in the PIDA Priority Action Plan 2: 2020-2030, the continent must expedite the process to roll out the Africa Renewable Energy Initiative (AREI). Through this initiative, PIDA can complement AREI with large-scale, cross-border renewable energy projects, whiles AREI provides development and support to strengthen PIDA's renewable energy policies and regulations.[67] Further to this, major hydroelectric projects in Africa need to be interconnected in order to meet the projected increase in demand, as outlined in the PIDA program of action (PIDA PAP) for the energy sector (comprising of 15 projects and programs). This will include developing transmission lines to connect the continent's power pools, for larger increase in inter-regional energy trade and cooperation. Additionally, regional petroleum pipelines such as the Nigeria-Algeria gas pipeline need to be incorporated as part of the PIDA-PAP energy sector for the continent. Upon successful implementation, the impact on the continent will be as depicted in the Figure 26 below[68]. The promotion of regional cooperation and PPP will greatly contribute to the development of inter-regional energy infrastructures.

[63]Africa's Energy poverty is keeping it poor (2016) https://www.weforum.org/agenda/2016/09/africa-s-energy-poverty-is-keeping-its-people-poor

[64]Annual Development Effectiveness Review (2018), page 22, https://www.afdb.org/fileadmin/uploads/afdb/Documents/Development_Effectiveness_Review_2018/ADER_2018_Ch_2.pdf

[65]https://www.aa.com.tr/en/africa/africa-uses-only-10-percent-of-hydropower-potential/814726

[66]Africa Energy Outlook (2019) https://www.iea.org/reports/africa-energy-outlook-2019

[67]The PIDA Vision for Renewable Energy, page 3 https://au.int/sites/default/files/newsevents/workingdocuments/33313-wd-pida_and_the_energy_vision_for_pida_pap_2_e.pdf

[68]Ibid; PIDA Priority Action Plan Progress Report (Feb 2017), page 5

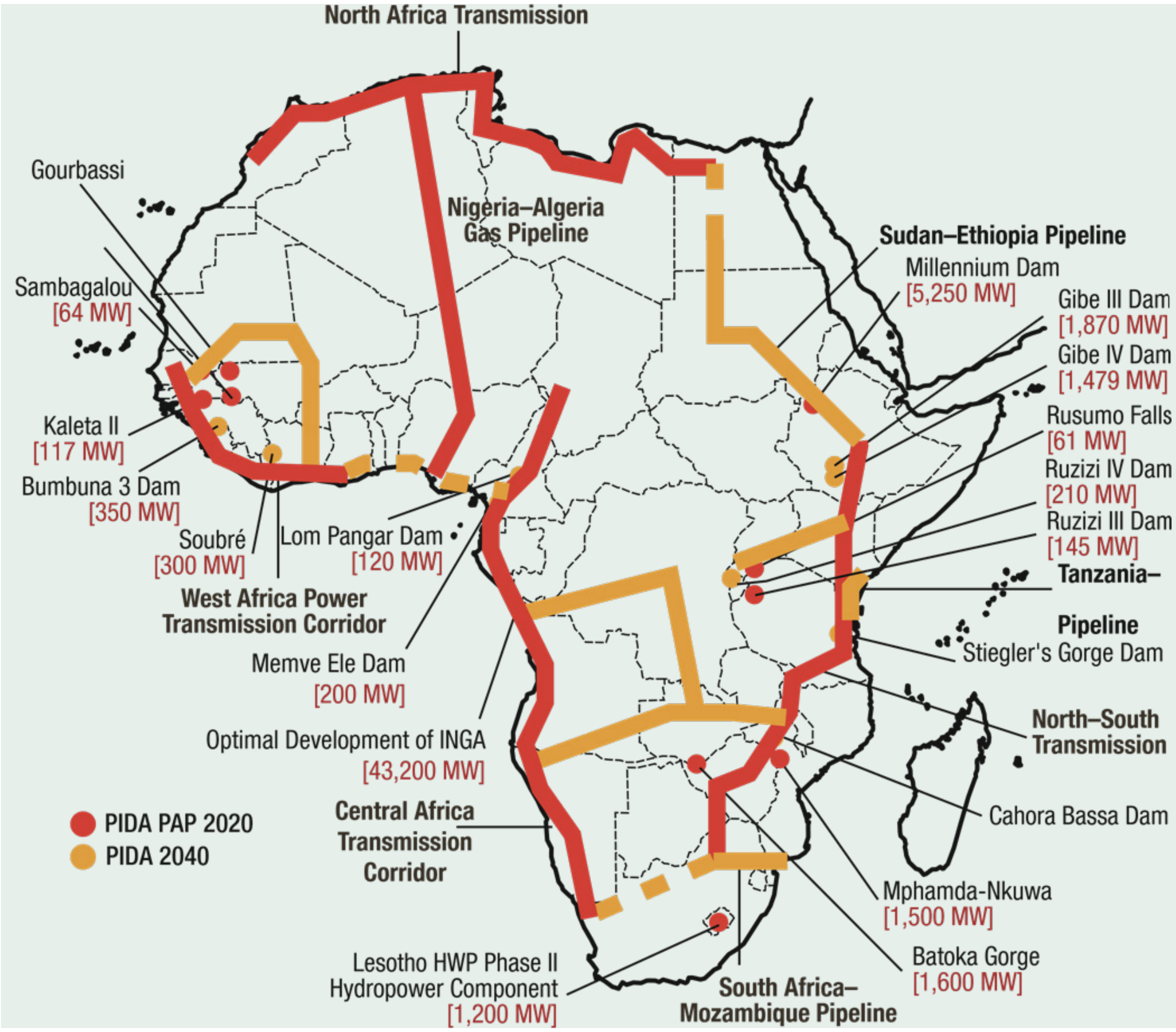


Figure 26: PIDA Energy Impact according to the Program for Infrastructure Development in Africa

Source: PIDA Projects Dashboard (https://www.au-pida.org/pida-projects/)

Developing digital infrastructure. Resilience measures include development of policy guidance on Internet networks resilience to ensure Africa continues to withstand the continued increase in traffic during COVID – 19, deployment of effective digital solutions to facilitate containment of the outbreak while maintaining a balance of health imperatives and privacy concerns and acceleration of the implementation of the African Strategy on Digital Transformation (DTS). In this regard, there is an urgent need to speed up the ratification of the AU Malabo Convention on Cybersecurity and Personal Data Protection.

The detailed medium and long terms action plan as adopted by the extraordinary session of the Bureau of the STC on Communication and ICT to ensure Africa's resilience to COVID-19 and other pandemics is shown in Table 14 below:

Stakeholders	Indicative List	Medium Term	Long Term
Financial Institutions	African Development Bank World Bank Group International Monetary Fund Etc...	Provide in-kind support to Member States to establish eHealth infrastructure and systems to enable them to effectively prevent and manage the spread of epidemics using ICTs. Provide expertise, coordination and technical assistance to support Member States in the development of digital preparedness plans to prevent disruptions during pandemic crisis Contribute to the AU Digital Fund	Finance regional and continental digital initiatives notably the development of trans border Digital Infrastructures to enhance connectivity and implementation of Digital Transformation Strategy for Africa to support regional integration and bridge the digital divide between Africa and other regions
Governments/ Policymakers	Member States	Ensure reliable and affordable access through the use of USF funding notably to health, education, humanitarian and emergency services and people and communities with special needs Support urgent requirements to expand bandwidth and connectivity to respond to the increasing demand and Promote greater digital inclusion to enable all African citizens to benefit from the use of digital technologies in the management of pandemics Work towards the development of a continental data policy framework to increase demand for data, help AU Member States to achieve uniform data processing system and harmonized legal and regulatory frameworks that enables an effective use of digital technologies in countering epidemics (COVD19) and integrates data protection and privacy-by-design principles. Operationalize the project on electrification and connectivity of Post Offices (P.O) in Africa to facilitate the delivery of e-services for underserved areas. Contribute to the AU Digital Fund Implement the Digital Transformation Strategy (DTS) and adopt national digital strategies and policies in key sectors including emergency health response to enhance and accelerate epidemic preparedness.	Support the development and implementation of harmonized Policies and Regulations to increase Broadband penetration, enhance cross-sectoral collaboration and advance digitalization across the continent. Create a Favorable Environment for Attracting Finance and Investment in digital infrastructure to enhance intra –Africa connectivity. Operationalize of the project on electrification and connectivity of Post Offices (P.O) in Africa to facilitate e-services delivery notably in remote areas. Contribute to the AU Digital Fund Work with the Health sector to develop uniform e-health systems and legislations across the continent and create e-health network to support Africa Centre for Disease Control (CDC) in mitigating and responding to pandemics. Develop a continental regulatory and legislative frameworks for a uniform data governance in Africa digital space and lay the foundation upon which data storage, flows and data analytics can achieve its full potential in Africa.

Table 14: Medium and long-term action plan

Stakeholders	Indicative List	Medium Term	Long Term
Industry/ Private Sector/	Telecom Operators and ICT companies	Member States are encouraged to: Support Governments in connecting the unconnected to ensure all citizens benefit from the use of digital technologies to access to information and services. Design and develop effective digital technologies for use in the management of pandemics Contribute to the AU Digital Fund	Member States are encouraged to: Develop policies to connect the unconnected to ensure all citizens benefit from the use of digital technologies in the management of pandemics Work in close collaboration with the public sector to enhance broadband connectivity and support the implementation of e-strategies in Africa. Contribute to the AU Digital Fund
Regional and International Organizations	UNECA, Smart Africa, ATU, PAPU, ITU, UPU and other development partners	Provide expertise and technical assistance to support Member States in the development of their digital preparedness plans to prevent disruption during pandemic crisis Support Member States to develop and design quality data systems and use of AI, and Big Data Analytics to enable better decision and policy making during pandemic crisis. Support implementation of regional and continental digital initiatives as part of the implementation of the Digital Transformation Strategy for Africa Support AU Member States to develop effective cybersecurity requirements and capacities to protect the availability, authenticity integrity, and confidentiality of data; Develop Emergency Telecommunication Guidelines for Africa and work towards the identification of a Continental Emergency Number.	Support the implementation of regional and continental digital initiatives as part of the implementation of the Digital Transformation Strategy for Africa. Contribute to the AU Digital Fund Coordinate efforts to harness the potential of emerging technologies such AI, Big Data Analytics, Cloud computing, IoT and 5G to improve people lives in Africa.

Productive transformation

and development of manufacture sector

It is time for the continent to capitalize on the steady growth it has experienced for the last two decades, coupled with favorable demographics, growing internal markets, growing young population, urbanization, and technological advancements. The continent is endowed with natural resources including precious metals, oil, and fertile soils. Africa supplies around 30% of the world's known mineral reserves which include; bauxite, cobalt, gold, manganese, phosphate, and uranium[69]. Also, it provides for 57% of the world's demand for chromium and diamond. Since the 1990s era, the continent has made progress toward poverty reduction though not sufficient.

[69]https://waronwant.org/media/africa-continent-wealth-continent-poverty

The highly ranked poorest countries in the world are found in Africa and the majority of the population still live below the poverty datum line on less than US$ 1.90 per day[70].

Africa has reached a turning point in its history. It has to reduce drastically its dependence on exports of unprocessed raw materials and imports of proceeded goods. The continent continues to heavily export primary products, with intra-African trade occupying 15% relative to Europe its major trading partner at 67%, followed by Asia with 61%, Americas 47% and Oceania 7%[71]. Product diversification is still a challenge, hence low levels of intra-African trade. The continent's intra-Africa exports are more diversified and less primary commodity-dependent compared to exports from the rest of the world.

African firms lag behind the global productivity frontier in many labour absorbing sectors. Firms need to boost their productivity to sustain long-term growth. Regional and global markets offer several avenues for new and stronger growth patterns. Deepening regional integration and regional value chains can provide sizable opportunities for diversifying exports. Currently, intermediate goods account for less than 15% of Africa's trade. Also, regional demand for goods is rising, and the technology to produce them is increasingly accessible. Demand for food products alone is expected to triple by 2030. Governments can help private sector catch up with global productivity by building stronger industrial linkages and developing local capacity. Innovative policies can help channel financial inflows to unlock private investment.

According to UNCTAD (2019), countries with more diversified products tend to have a large share of export intra-Africa trade in relative to those with less diversified exports. Rwanda is a good example of an African country that maximized on diversifying exports (tea, coffee and minerals), and the overall export value reached US$ $970M million in 2018[72].

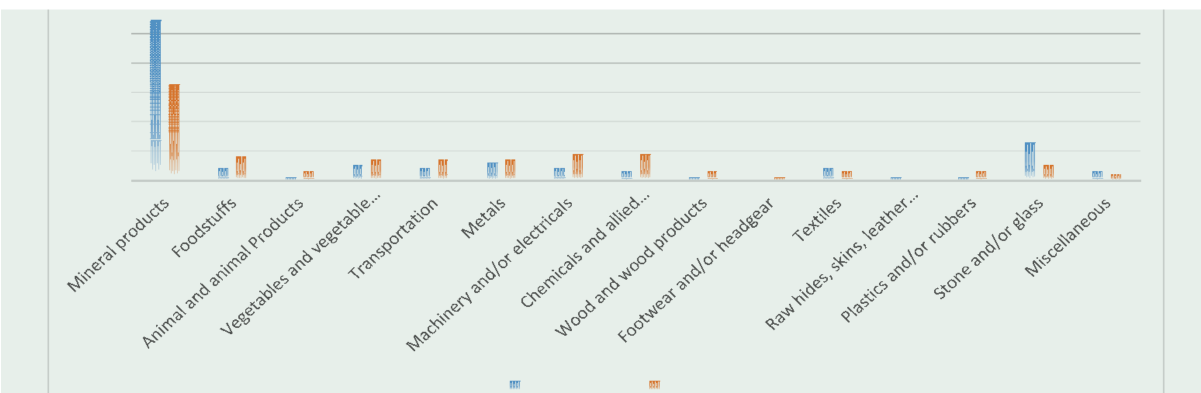


Figure 27: Distribution of Africa's merchandise exports

Source: UNCTAD, 2019

[70]https://www.usatoday.com/story/money/2019/07/07/afghanistan-madagascar-malawi-poorest-countries-in-the-world/39636131

[71]https://unctad.org/en/PublicationsLibrary/aldcafrica2019_en.pdf

[72]https://www.export.gov/apex/article2?id=Rwanda-Market-Overview

As depicted by Figure 27 above, a large chunk of Africa's exports to the rest of the world is represented by 55% of mineral products followed by stone and glass at 13%. Substantial investments in industrialization are critical for the continent to enable diversification of its exports and enable them to become competitive on the global market. Industrialization provides a path toward economic transformation and requires converting the economic structure from predominantly agrarian and extractive activities to more vibrant and value-adding industrial sectors like processing and manufacturing.

Productive transformation and the industrialization process are slow on the continent due to the lack of technological innovation and skilled manpower, the underdeveloped infrastructure with an average rate of access to electricity of 49%, high transaction costs, and inadequate investments in advanced technologies to facilitate diversification and sophistication of productive sectors[73]. Expediting the ongoing process of economic diversification is an absolute priority for the continent as posed by the pandemic COVID-19. The situation postulated the importance of the continent to become self-sufficient and diversify production to avoid inconveniences caused by unforeseen circumstances. The fall in product demand has affected many nations, major African oil-exporting countries suffered terribly from oil-price-wars aggravated by the COVID-19 crisis which resulted in a tumble in oil prices. Diversifying towards more manufacturing will reduce the macroeconomic risks associated with dependence on primary commodities.

Lessons can be drawn from tailor-made industrial policies from the post-colonial era from some of the powerful economies and emerging markets. Countries such as South Korea, Brazil, China, etc. The experiences from countries can be explored to assess the strategies they applied to the development of their nations (see box 9).

BOX 9: SOUTH KOREAN'S STRATEGIC PLAN TO REVIVE ITS ECONOMY

During the 1960s, South Korea undertook a strategic plan to revive its economy. To date, the country has highly compressed industrialization and economic growth obtained through a strong role played by the government, the active entrepreneurship of corporations and the extraordinary level of the people's work ethic. In rebuilding a self-sufficient nation, the following aspects were prioritised; (i) the country was cautious about the type of aid it received, project assistance aid was more preferred than non-project assistance and this was done to reduce aid dependency that limit nation's development. (ii) the country invested immensely in industrialization to promote exports, and modernized the productive sectors which include (cement, fertilizer, industrial machinery, oil refineries, etc.) (iii) increased intervention into domestic markets and provided credit will lower interest rates to support the SMEs. (iii) Interest rates were increased to encourage domestic savings. (iv) tax administration

[73] file:///C:/Users/ManhandoR/Desktop/Productaive%20transformation/WhyAfricaisPoor.pdf

system was reformed to increase revenue. (v) Projects were also vigorously pursued to ease the shortage in the economic infrastructure, such as power and roads. By mid-1962 the country's supply of electricity exceeded demand[74].

The nation managed to achieve what other developing nations were not able to do, which is the 'synchronization' of all fronts of industrialization[75].Despite the recent global pandemic, South Korea has an export oriented economy and is the world's leading producer of displays and memory semiconductors and the second largest producer of ships. Services account for the highest percentage of GDP approximately 57% of GDP. Within services the most important ones are public administration 6%; education 5.3%; information and communication 5% and business activities 4.6% of GDP). A strong manufacturing industry which has turned South Korea into a major exporter account for 32% of GDP[76].

During the period of 1950-1980s, Brazil embarked on a state-led industrialization aimed at developing new industrial sectors and a paradigm shift from specialization in primary products and promoting technology-intensive activities. In addition, for over 30 years, the country has designed and adopted policies that supports the expansion of natural-resource-processing industries and food production. To-date, the country is amongst the top three producers and exporters of orange juice, sugar, coffee, soybean, beef, pork, and chickens. To achieve that, the government has fostered technological change, diversification and upgrading in agriculture through the EMBRAPA (Empresa Brasileira de Pesquisa Agropecuária). The country invested extensively into agriculture R&D, with an estimated annual budget of US$ 1 billion and forged external partnerships to develop agriculture. The country also invested in technology to support sustainable agriculture, since the evolution of Embra, 9000 technologies were introduced to the farmers which include; electronic networks, satellite monitoring, irrigation techniques, sensors and biosensors for food quality control. Also, new varieties were introduced including zoning, tillage, biological fixation of nitrogen, development of livestock for both meat and milk, fruits, vegetables, and knowledge of the cerrado natural resource basis[77].

There are several countries Africa can draw lessons from, Chile became the largest exporter of farmed salmon in the world and main exporters of fresh and processed fruit and tomatoes. This was as result of collaboration between the government, public sector agencies, private sector firms and their associations, and even a foreign aid agency. The cooperation facilitated the investments in agricultural technologies and funds to promote production of agriculture exports. On the other hand, China has managed to revive its economy by modifying and applying successful models already implemented by other East Asian countries[78].

[74,75]https://www.econstor.eu/bitstream/10419/191568/1/978-3-030-03946-2.pdf

[76]https://tradingeconomics.com/south-korea/gdp-growth

[77,78]file:///C:/Users/ManhandoR/Desktop/Productaive%20transformation/tipa-full_report_en_web.pdf

The African continent has the potential to transform successfully if it fully harnesses its resources for sustainable growth and development. The continent still lags behind on manufacturing value-added growth relative to emerging Asian champions. However, Africa has an opportunity to double its manufacturing output and triple historical growth rates as depicted by Figure 28 below. This will be made possible by the growing population, which will push total household consumption above $2 trillion by 2025[79].

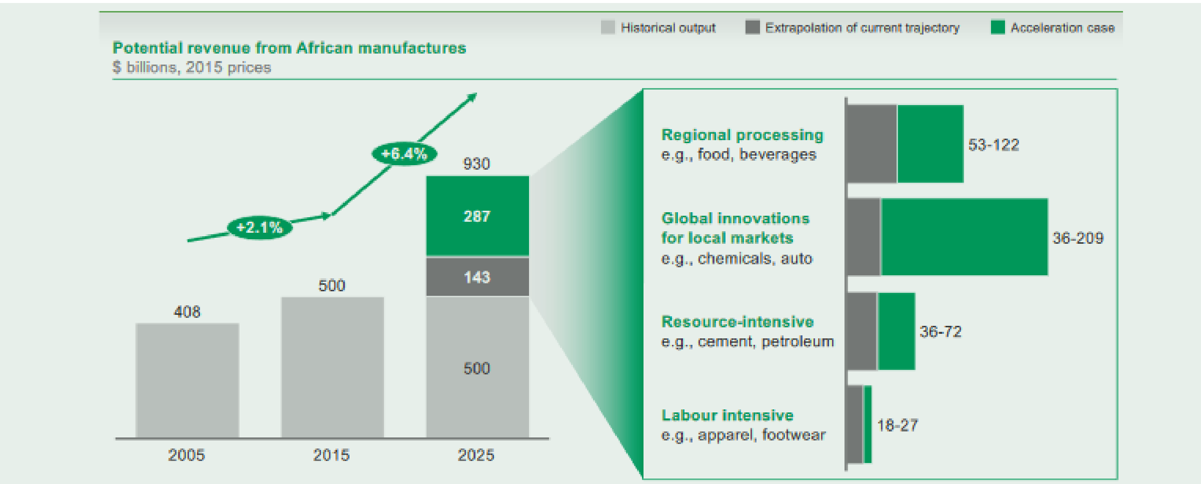


Figure 28: Potential Revenue from Manufacturing in Africa

Source: AfDB (2019). https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Brochure_Industrialiser_l_Afrique-En.pdf

The silver lining is that this trend creates a huge opportunity for the continent, not only for the top economies but also for newer emerging economies whom have adopted policies geared towards industrial. The aforementioned scenarios and best practices from other nations highlight the potential the continent has to adopt in order to become one of the powerful continents through dedication and robust policies that supports the continent's transformation. Accordingly, Africa's Development Dynamics Report (AUC/OECD, 2019) provided emphasis on the following policies: (i) developing strategic clusters of firms. Governments can use clusters strategically to develop an economy. The potential of the regions can make it possible to set up local regional industries whose primary objective will be to produce a good or service for the whole continent that respects international norms and standards through the promotion and consumption of "Made in Africa" products". For example, Ghana and Cote d'Ivoire put together efforts to set up joint factory to transform cocoa into chocolate and related products for the entire continent. Similarly, DRC and Zambia could come together to process cobalt. The success of such a policy depends on choosing the right location, attracting the right capabilities, and providing business services to ensure linkages inside clusters. While African governments have made considerable progress in the first two areas, targeted support for local firms can help develop a stronger supplier base;

[79]https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Brochure_Industrialiser_l_Afrique-En.pdf

strengthening regional production network, as regional sourcing remains under 15%. Countries can better co-ordinate their strategies regionally, 49% of the sectors that new industrialization strategies target currently overlap. Regional norms help smallholders integrate into regional value chains, particularly in agriculture which accounts for 50% of all employment. Co-coordinating strategies for foreign direct investment will attract investors, develop regional capabilities, and avoid undercutting taxes; and (iii) enhancing firms' abilities to thrive in new markets, policies must help African exporters thrive by tailoring to the destination markets. Removing non-tariff barriers reduces uncertainties for exporters and may increase fivefold the gains from tariff removal.

Exporters need to simplify administrative procedures and better connectivity and comparative advantages infrastructure, especially flights, roads, ports, etc.

Buoyed by plentiful extractive and raw commodities, rapidly growing services (telecommunications, ICT, banking), the retail and manufacturing sectors and profiting from easier business regulation and better governance, Africa's economic pulse has maintained an average overall rate of 5% GDP growth over the last two decades and the African pulse is ready to beat even faster over the next decade"[80].

Moving forward, the economic transformation of African economies through industrialization will be key to achieving economy-wide productivity improvements, job creation, and sustained progress in growth and poverty reduction. Industrialization, with strong linkages to domestic economies, will help African countries to achieve high growth rates, diversify their economies and reduce their exposure to external shocks. This will in turn contribute to poverty eradication through employment and wealth creation. The success of Africa's industrialization will require the creation of an environment that enhances domestic capacity in relation to physical and social infrastructure, human capital, financial systems, technology, and governance[81].Therefore, in order to realize the industrial and economic goals, much needs to be done by the public and private sectors to increase Africa's economic complexity, diversity, competitiveness, and productivity.

Africa the next frontier of Business Process Outsourcing/Offshoring destination. In the recent years, several African countries became world's top locations for outsourcing. The driving forces of the growth of BPO industry in Africa include: a large youthful population, a large pool of underemployed at highly competitive rates, a strong and low cost foreign-language-speaking skills; access to a low-cost global communications and computing infrastructure; overpricing of scarce skills in developed countries and other emerging regions; globalization and global competition, the proximity with Europe, cultural similarity - and time zone parallels. All these offer a great opportunity for Africa to become an alternative to develop offshore industry over the next years. Some big outsourcing players such as Accenture, WIPRO, IBM, Genpact, Aegis and Deloitte are already present in countries like South Africa. While the growth opportunities for such companies in Africa are enormous, the recognition that Africa is not one country with standardized regulatory and reporting policies has dissuaded many prospective investments. In order to become a major outsourcing destinations, Africa should address the following issues: build reliable Internet broadband infrastructure; IT education; more investment in IT

[80]https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Brochure_Industrialiser_l_Afrique-En.pdf

[81]https://www.uneca.org/pages/industrialisation-and-infrastructure

or business parks for outsourcing businesses; improve regulatory environment; etc. Africa should create the necessary conditions to use outsourcing industry to import foreign jobs into its shores creates new jobs for its growing young population and achieve economic development.

Investing in People:

education, science, technology and skills development

Literature on the "Asian Miracle" Box 4 in the early 1990s highlighted the impact of education on the remarkable growth recorded by high performing Asian countries like Singapore, Malaysia, Thailand and Indonesia. In their assessment of "the key to the Asian miracle", Campos and Root (1996, p. 56) stated that all the high performing Asian economies invested heavily in primary and secondary education, unlike other developing countries[82].Additionally, the 1993 World Bank report stressed that the rapidly growing East Asian economies, embarked on drastic transformation of their education and training systems during the past three decades. During these period, the quality of education children received at schools increased at the same time as training in homes (World Bank 1993, p. 43)[83]. Birdsall, Ross and Sabot (1995, p. 481) have also pointed to the virtuous circle identified in East Asia, where education stimulates growth and growth stimulates education[84].According to them, high rates of investment in education lowers inequality, which then stimulates economic growth for more investment in education. This led Ashton and Sung (1997, p. 207) to conclude that the Asian tigers have developed a "new model" on educational development, a key component of which is forging newer and closer links between education, training and economic growth.[85]

In this respect, it is evident that investment in education will play a key role for the continent on the path towards economic recovery and sustainable development. This requires that Africa makes significant investments in education and human and social capital, and skills revolution that emphasizes on innovation, science and technology[86] in line with the AU Continental Education Strategy for Africa 2016-2025 (CESA 16-25) and the AU Digital Transformation Strategy for Africa. Major focus areas include: (i) harnessing the capacity of ICT to improve access, quality and management of education and training systems. This includes providing computers and internet connectivity in all schools; (ii) expand access to quality education by building, rehabilitating, and preserving education infrastructure and developing policies that ensure a permanent, healthy and conducive learning environment, by incorporating

[82]Campos, J.E. & Root H.J; The Key to the Asian Miracle: Making Shared Growth Credible (1996)

[83]World Bank. The East Asian Miracle: Economic Growth & Pubic Policy (1993)

[84]Birdsall N; Ross D. & Sabot R. Inequality & Growth Reconsidered: Lessons from East Asia. World Bank Economic Review 9, No. 3 (1995)

[85]Ashton, D. & Sung, J. Education, Skills Formation & Economic Development: The Singaporean Approach (1997)

[86]African Union: Education, Science & Technology https://au.int/en/education-science-technology

digitalization and e-Learning in all sub-sectors; (iii) build an inclusive digital skills and human capacity development program across the digital science and education, both technical and vocational, to lead and power digital transformation. This will include coding, programming, analysis, security, block-chain, machine learning, artificial intelligence, robotics, engineering, innovation, entrepreneurship and technical policy and regulation; (iv) deliver online digital skills for all programs that provide basic online knowledge, security and privacy skills for 100 million African a year by 2021, and 300 million a year by 2025; and (v) expand TVET opportunities at both secondary and tertiary levels and strengthen linkages between the world of work and education and training systems.[87]

Insufficient strides have been made in education. Over the last 2 decades, educational development across the African continent has made significant gains, with the number of children and young people having access to school, growing at all levels. However, this is insufficient as there is still around 30 million children in Africa not in school, with the number expected to grow as the population keeps increasing (GMR, 2015)[88].When compared with Asia and Latin American countries as depicted in Figure 30 below, it is evident that amongst other developing regions, Africa lacks behind after analyzing the number of years spent in school for children across these three regions. Additionally, looking at statistics on Figure 30 on the percentage of school children enrollment at all levels, there is huge disparity, system dysfunctionality and inefficiencies across sub-sectors of the African educational structure.

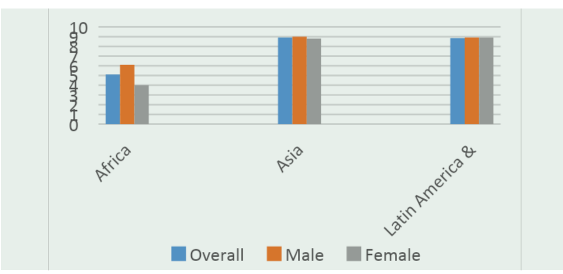


Figure 29: Average years of schooling for Africa, Asia & Latin America; and

Source: UNDP 2019 & AEO 2020

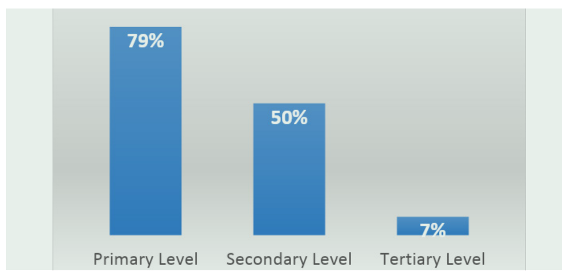


Figure 30: Percentage of Enrolment at all Levels

Source: GMR 2015

Currently, African countries on average spend only 5% of GDP on education (AEO, 2020), however, spending per student is the lowest in the world though 16% of governmental budget is allotted to financing education, which meets the UNESCO criteria for achieving universal primary education (AEO, 2020).

[87]African Union: Continental Education Strategy for Africa 2016 - 2025 (CESA 16 - 25) https://au.int/sites/default/files/documents/29958-doc-cesa_-_english-v9.pdf

[88]EFA Global Monitoring Report, UNESCO (2015)

From current estimates on external financing gap for developing countries, an estimated amount of about US$39.5 billion per annum is needed for the year 2015-2030, to achieve basic education (AEO 2020). Subsequently, the African Development Bank (AfDB) estimates that by 2020, almost all the global financing gap will be from Africa, due to the low GDP per capita and high population.

Promoting Technical, Vocational, Education and Training (TVET) & Entrepreneurship. Youth unemployment and underemployment remains one of the major socio-economic challenges facing most African governments, where the lack of job-related skills makes it difficult to access employment opportunities that offer decent income. To make matters worse, the closure of most African economies as a control measure to contain the pandemic, led to massive job losses which further increased the unemployment rate for the continent.

Post-pandemic, one of the key elements for economic recovery and long-term socioeconomic development is to reskill the youth to acquire professional skills, through Technical and Vocational Education and Training (TVET) programs, to promote entrepreneurship. Though efforts have been made to strengthen TVET and entrepreneurship training across the continent. TVET systems and resources in many African countries are under-resourced, obsolete or damaged. Other challenges include inadequate inter-sectoral linkages, lack of labor management information systems, limited curricula and inadequate human resources. Additionally, though Africa has achieved significant growth rate in the last decade, it has not translated into new jobs to reduce the high unemployment rate. Hence, the continent is still challenged with a labor force that is poorly educated and unskilled, thus becoming a threat to stability and development in the region[89].

It was in this context that the continental strategy was developed to revitalize TVET programs in Africa, through the implementation of the Plan of Action for the Second Decade of Education for Africa 2006-2015. Further to this, the AU recognized the importance of TVET as a support mechanism for economic growth, by empowering the African population to establish sustainable livelihoods. According to UNESCO, around 100 million youths in Africa are illiterate, unemployed and/or in low-paid jobs (UNESCO, 2012). Therefore, workforce distribution patterns must be considered when developing national and strategies for TVET programs and entrepreneurship.[90]

In the continental strategy, the term TVET is used in its broadest sense to cover all aspects of training and skills development, be it formal, informal or non-formal. Based on this, TVET delivery in Africa is divided into three broad categories: (i) public technical and vocational institutions belonging to the state; (ii) private vocational training institutions; and (iii) traditional apprenticeship including in agriculture. In this respect, the goal is to rethink the educational systems of Member States so the youth can receive compulsory basic education, aimed at equipping them with essential general skills, qualifications and attitudes, leading to continuing education culture and entrepreneurship spirit. This will enable the youth in Africa adapt to the constantly evolving world of work. For these reasons, reliable TVET programs should be based on solid general education, reliable basic general/technical education, including communication programs, entrepreneurship and learning practical life skills, as well as specialized technical training[91].

[89]AU Continental Strategy on TVET to foster Youth Employment, http://www.edu-au.org/downloads/Strategic%20Documents%20and%20Frameworks/AU%20TVET%20Strategy/AU_TVET_Strategy_en.pdf

[90,91]Ibid

Building a strong health care system

The poor health sector of the African continent has been known for years. Despite achieving some improvements in the health sector, which was partly triggered by the linkage between health and economic growth, health care service delivery and infrastructure still remains very poor across the African continent. According to a WHO report in 2013, sub-Saharan Africa had a health worker deficit estimated around 1.8 million, and is projected to rise to 4.3 million by 2035.[92] Doctor to Patient ratio for Africa is estimated to be 1 doctor to 5000 patients, bringing the number of doctors per every 1000 patients to 0.2. In comparison with other countries in different regions across the globe as indicated in the Table below, there is a clear disparity between Africa and the rest of the world. Table 15 presents the status of health workers.

Country/Region	Patients per Medical doctor	Patients per Nurse/Midwife	Hospital beds 2017/1000
Africa	3324	985	1.6
Americas	417	120	2.6 (2014)
South-East Asia	1239	559	2.8
Europe	293	123	6.1 (2013)
Eastern Mediterranean	989	690	1.6 (2017)
Western Pacific	533	275	4.1
Qatar	25		1.3 (2017)
Cuba	28		5.3 (2017)
Spain	38		3 (2017)
Russia	44		8.1 (2017)
Norway	44		3.6 (2017)

Table 15: Number of people for every single (Nurse/midwife and Medical Doctor)

Source: Quartz Media Inc. (2020)[93]; WHO (2020), CIA World Factbook (2020)[94] and World Bank (2020)

[92]A Universal Truth: No Health without A workforce (WHO, 2013)
https://www.who.int/workforcealliance/knowledge/resources/GHWA-a_universal_truth_report.pdf?ua=1

[93]Quartz Media Inc. (2020) https://qz.com/520230/africa-has-about-one-doctor-for-every-5000-people/#:~:text=Africa%20has%20about%20one%20doctor%20for%20every%205000%20people%20%E2%80%94%20Quartz\

[94]https://www.cia.gov/library/publications/the-world-factbook/fields/360.html

Analysing the challenges/reasons for the deficit in healthcare workers, one in particular is glaring, which is the lack of healthcare education systems across Africa. Currently, there are around 170 medical schools serving 47 countries in sub-Saharan Africa, out of which six countries have no medical school and twenty only have one medical school[95]. Reasons for the shortfall included lack of funding for education and training; international migration of health workers abroad; career changes among health workers; and premature retirement[96].

Beyond the shortage of healthcare workers, there is also the problem of hospital beds and access to healthcare systems, with a disparity between the rural and urban areas. Fewer than 50% of Africans enjoy access to hospital care (mostly in the urban areas), whiles majority of rural communities have little access to both primary and preventive care[97].

Distance to health facilities is also major challenge in Africa. In a survey conducted by the World Economic Forum in 2018, a model was developed to calculate the time it takes a patient to travel from any 100m by 100m square to the nearest health facility. The findings revealed that less than a third (29%) of the total population in sub-Saharan Africa, live more than two hours from the nearest hospitals[98]. Out of this figure, South Sudan, Central African Republic, Chad and Eritrea had more than half of their population living outside the two-hour threshold. For these reasons, there is an increase in demand for huge investment in the health sector, in order to bridge the deficit gap. In a report compiled by the International Finance Corporation of the World Ban Group, an estimated US$25-US$30 billion in investment will be required over the next decade to meet Africa's healthcare demands[99]. According to the report, the demand for investment over the decade will include: over half a million hospital beds; better production facilities and distribution, including retails systems for pharmaceutical and medical supplies; and the education/training of additional health workers, consisting of 90,000 doctors, 500,000 nurses and 300,000 community health workers[100].

Quality of Pharmacopeia in Africa. Most African countries are endowed with vast resources of medicinal and aromatic plants. Although less than 8% of the 1,100 medicinal plants commercialised internationally are from Africa. Also, the pharmaceuticals are small in the continent and import more than 95 percent of pharmaceuticals (UNCTAD, 2020) relative to India and China who only import 5 and 20 percent, respectively[101]. High imports in pharmaceuticals are as a result of lack of financial and technical resources, skilled personnel, required equipment, and reference materials required to manufacture medicines. Many countries in Africa have underutilized capacity to produce quality-assured, essential pharmaceutical products locally. Currently, the continent has around 375 drug producers, most of them in North Africa, serving a population of about 1.3 billion people. Those in sub-Saharan Africa are mainly concentrated in just nine out of 46 countries, and are mostly small, with operations that do not meet international standards.

[95,96,100]ibid

[97]Stanford Business: Taking on the Challenges of Health Care in Africa (2015) https://www.gsb.stanford.edu/insights/taking-challenges-health-care-africa#:~:text=Fewer%20than%2050%25%20of%20Africans,their%20GDP%20on%20health%20care.&text=African%20countries%20have%20to%20embrace,partnerships%20can%20help%20with%20that

[98]WEF: This is how far people in Africa have to travel to reach a hospital (2018) https://www.weforum.org/agenda/2018/09/people-across-africa-have-to-travel-far-to-get-to-a-hospital-we-worked-out-how-far

[99]International Finance Corporation (WBG): Health Care In Africa: IFC Report Sees Demand for Investment https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/healthafricafeature

[101]https://www.mckinsey.com/~/media/McKinsey/Industries/Public%20and%20Social%20Sector/Our%20Insights/Should%20sub%20Saharan%20Africa%20make%20its%20own%20drugs/Should-sub-Saharan-Africa-make-its-own-drugs.pdf

Thus, manufacturing output remains low due to challenges in sourcing active and raw herbs, lack of available investment to scale up operations, inadequate modernized equipment, and infrastructure limitations. Moreover, African herbal medicine relies more on wild harvested plants than any continent on earth yet the sustainability of this indigenous resource is increasingly endangered through deforestation. According to the WHO, 80 percent of the emerging world's population relies on traditional medicine for therapy; with over 90 percent use in some African countries. WHO recognizes that traditional, complementary and alternative medicine has many benefits and Africa has a long history of traditional medicine and practitioners that play an important role in providing care to populations. The direct impact of this massive loss of biodiversity is that many medicinal plants will become extinct even before they are documented. Loss of plants also means loss of accompanying traditional knowledge and African Herbal Pharmacopoeia. Another major constraint to the quality of African Pharmacopoeia industry is the lack of suitable technical specifications and quality control standards which makes it extremely difficult for buyers whether national or international to evaluate the safety and efficacy of plants and extracts. Consequently, the level of world trade in European and Asian medicinal plants and extracts is far greater than those from Africa. Therefore, for Africa to achieve quality Pharmacopoeia, it must publish an internationally recognised herbal pharmacopoeia prepared by researchers of international standing and integrity[102]. The continent could also development PPP to improve the development of this sector.

Rich African population going abroad for treatment. Evidently, the quality of healthcare delivery in Africa forces segments of the population to engage in Medical Tourism. As a result of the slow advancement of medical systems in Africa, it is not surprising that out-bound medical treatment is on the increase. Africans mainly travel to Europe, North America and Asia for their medical needs. The absolute number of outbound medical treatments is currently unknown, nevertheless, it is estimated that Africans spent over USD$6 billion on outbound treatment – Nigeria is a major contributor as its citizens spend over USD$1 billion annually on medical tourism. Apart from Nigeria, outbound medical tourism[103] is also high in Kenya. According to Kenya Bureau of Statistics, about 100,000 patients leave Kenya every year for better healthcare facilities in India[104].

The effective health systems in Western and Asian countries are being patronised by African elites because those health systems were developed and are consistently maintained through political commitment and visionary leadership – qualities that are clearly lacking in Africa. To bring change, Africans must start condemning political medical tourism. Essentially, if leaders do not experience the poor state of health care, they might not strive to see any positive changes.

As the continent's health system struggles to provide basic care to the population, some experts have come to believe that systematic barriers are restricting achieving greater success in the sector, hence the need for a comprehensive approach to overcome them.

Therefore, before looking at ways to build a resilient African health sector to withstand any future pandemic, it is important to identify some of the cross-cutting challenges facing the region. These include:

[102]African Herbal Pharmacopoeia. (2010). Edited by: Brendler T., Eloff J.N., Gurib-Fakim A., Phillips L.D. http://cms.herbalgram.org/heg/volume8/files/AfrHPexcerpt.pdf

[103]https://theconversation.com/african-politicians-seeking-medical-help-abroad-is-shameful-and-harms-health-care-82771

[104]https://medicaltourismbusiness.com/medical-tourism-from-africa-to-

lack of access to quality healthcare and health facilities to seek treatment; lack of adequate health workers, thus creating an imbalance when it comes to doctor to patient ratio; lack of infrastructure and medical logistics (clinics, hospitals, medical supplies, etc.); lack of access to quality medication and pharmaceutical products for treatment; and high cost of medical care and insurance, making it difficult for the poor and vulnerable to seek health services. As medium to long term approach in strengthening the region's health systems. African leaders must embark on an aggressive development agenda by investing heavily in the health sector. This includes bridging the infrastructure deficit gap between the rural and urban areas, for access to high quality health care service. Additionally, the health worker to patient ratio needs to be addressed as efforts to improving the quality of health care service across the region. The health sector needs to emphasize on education and training of more health workers for deployment in the rural communities where the demand is high. Also, investment in the Africa pharmaceutical and research sector needs to be expedited, so as to produce quality local medications on time for treatment, in order to save lives. The world is moving fast in terms of digital health services and digitalizing health systems; hence Africa must join the moving train by investing in e-health systems and using digitally advanced medical equipment for health care delivery on the continent. Last but not the least, studies have shown that the cost for accessing quality medical care is very high within the region. For a continent where majority of the population live below the poverty line, it makes little sense for access to basic primary health care too expensive and unaffordable for the poor and vulnerable. For this reason, African governments need to consider developing free access to primary health care for the poor and vulnerable, including subsidizing health care services to increase access to all who need it.

Women Empowerment and inclusion

As gender inequalities still persists though in recent time progress has been recorded in the number of enrolment of women in education and labour participation rate. Gaps still exists and has left women in vulnerable position as the pandemic hits, women business are at a risk of not surviving as implementation of social distancing and lockdown measures continues. Also, the closure of borders affecting informal cross border trading which involves a large number of women. The diagram below (see Figure 31) depicts factors that ensures women empowerment and their contribution toward building resilient economies in Africa.

Social Protection in this coronavirus era proved to be essential to enable survival of female business in the continent, according to the ILO (2020) globally, 65% of women have no access to social protection. Cash transfers are imperative for economic recovery and can support household consumption. In addition, social protection can assist in reducing inequalities, as women are over-represented in self-employment and, they are less likely to contribute to social insurance schemes.

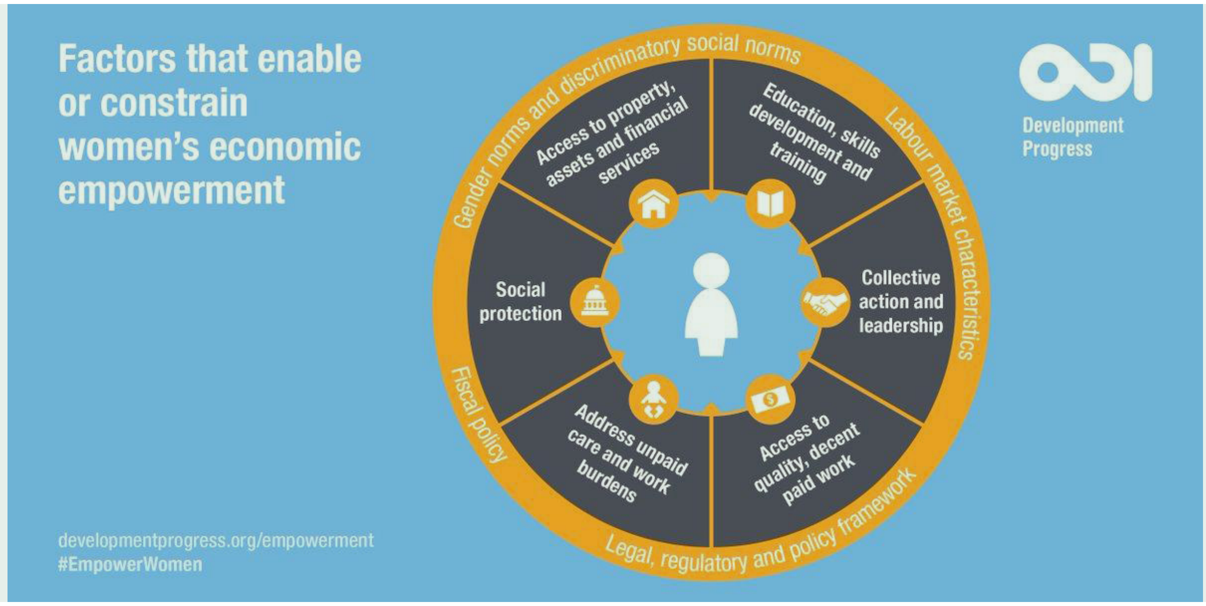


Figure 31: Factors that enable or constrain women's economic empowerment

Source: UNWOMEN

Enhanced Education, Skills development and training is crucial though the sector has been seen progress in terms of women involved, however, the progress is no sufficient. Education will provide an opportunity for women to increase their participation in formal employment and reduce even the risks of oppression in the informal sector and cross border trading. According to Hunt and Samman (2016) education improves wages by 10% per additional year of primary school, 15-25 percent additional year in high school, and 17% in tertiary education. Increase in wage will stimulate individual consumption, therefore increase in production and economic growth.

Access to property, assets and financial services this has remained a major challenge, though developments have been made in financial services through digital financial services that has increase the number of women with access to a bank account on the continent. Due to inadequate capacity of most women to have collateral to secure loans as they are engaged in informal sector most women do not own property, including title deeds to land as most women are in agriculture. Policies that support acquiring of land and title deed by women should be strengthened and implemented, including access to affordable financial services and assistance without any collateral attached to the loans. In addition, most of the time, rural women are not aware of the existence of their land rights. In this regard, campaigns to encourage women to assert their rights and attain equality regardless of their level of education and socioeconomic status need to be intensified.

Access to quality, decent paid work as stipulated by the availability and access to education and enhanced skill development plays significant role in assisting women in getting decent jobs. Educational attainment would reduce disparity in informal employment as evident by 50% in Ghana and 35% in Kenya, with working poverty dropping by 14% and 7%, respectively[105].

Collect action and leadership the Agenda 2063 for Africa's sustainable development, clearly stipulates the importance of women participation in decision making and occupying some leadership roles. The proportion of women in parliament in Africa stands at 23.6% though this is an achievement, the percentage is still not sufficient to cover the gender gap[106.] Immediate effective implementation of all policies that supports the inclusion of women in leadership and decision-making positions is crucial in order to facilitate collective action toward building resilient nations.

Address unpaid care and work burdens as women undertake a number of hours of unpaid work relative to man. Women will end up giving up their passions and work in informal sector which is flexible and allow them to attend to domestic work. It important to change this norm, allowing women to follow their passion through equal distribution of responsibilities with man, thereby, facilitating the participation of women in formal sector of the economy.

All these factors are hampering the women empowerment and inclusion. Long-term strategic policies should curb these challenges including among others: (i) transform women's role in the economy and in society more broadly; (ii) increase their contribution to the socioeconomic development; transform ingrained cultural attitudes about a woman's ability to work and raise her family simultaneously; (iii) ensure women's financial inclusion by increasing economic services and training; (iv) initiate combined vocational training and life skills such as the ability to manage challenges and advocate for their rights for old women; ensure parity at the primary level, significant gaps in secondary schooling remain.

Leveraging Digitalization

Digitalization has ushered in a new era of development that brings along socioeconomic implications for Africa. The emergence of the digital age has offered colossal opportunities that can be harnessed for the socio-economic transformation of the African continent. In 2019, African Tech start-ups raised a record US$ 2.02 billion in equity, compared to US$ 1.16 billion in the previous year, to be used to create digital jobs in ICT services, Apps and software development, E-commerce and artificial intelligence (Partech Report 2019)[107]. According to Moretti (2012), this could trigger a multiplier effect as one new job created in a highly technological company in a community, creates five additional high-tech jobs within that same community. Additionally, these digital-enabled jobs further increase demand for local goods and services, hence making digitalization pivotal for Africa's continental integration agenda.

[105] https://gem-report-2016.unesco.org/en/chapter/work/

[106] https://www.uneca.org/sites/default/files/PublicationFiles/women_in_decision_making_spheres_new.pdf

[107] 2019 Africa Tech Venture Capital Report (2020)

Despite the challenges the continent faces in the digital space – such as inadequate infrastructure, small markets, lack of human capacity building and so on – many policies geared towards digitalization in Africa are in progress at national, regional and continental levels, coordinated by the African Union. Through Agenda 2063 programs, the African Union is leading over 15 initiatives to harness digital technologies and innovation for industry, trade, financial and payment services, education, agriculture, health and other sectors. In line with Agenda 2063 aspirations, the aim is to strengthen Africa's position as a digital producer in the global ecosystem, by developing a digital single market by 2030. For this purpose, the AU has developed a Digital Transformation Strategy for Africa (DTS) 2020-2030, which received endorsement from the African Union Executive Council, in February 2020.

However, for digital revolution to be fully operational and beneficial for African countries, certain indicators need to be present. According to the UN, the OECD and the International Telecommunication Union (ITU), three key indicators are essential for accessing readiness for the digital age. These include: i) access to ICT (telephone, mobile, computer & internet); ii) use of ICT (sue of fixed & mobile broadband internet, mobile money and online payments systems); and iii) skills in ICT (ICT literacy). In providing these key indicators, policy makers have a fundamental role to play in ensuring that adequate public and private sector infrastructure investments are made to accommodate the missing middle. This includes creating a business environment that will allow the informal sector to thrive in a digitalized economy, by guaranteeing availability, affordability and inclusion for all (World Bank, 2019)[108].

When the COVID-19 crisis struck, Africa was in the midst of a far-reaching digital transformation mood. The continent has experienced a fast rate of new broadband connections with mobile data traffic which was forecasted to increase sevenfold between 2017 and 2022 (McKinsey, 2020). This improvement in Africa's digitalization has been largely driven by expanding mobile digital financial services. The continent had nearly half of global mobile money accounts in 2018 and will see the fastest growth in mobile money through 2025 (Foresight Africa, 2020). More so, mobile technologies and services have generated almost 3.5 million jobs (both formal and informal), contributed about $144 billions of economic value (8.5% of sub-Saharan Africa's GDP), and contributed $15.6 billion to the public sector through taxation (GSM Association, 2019).

Digitalization is also making headways in the agricultural and health sectors in Africa. Modernizing agriculture and agro-industries, for instance, Ghana-based companies Farmerline and Agrocenta, offer farmers mobile and web technology for agricultural advice, weather information, and financial tips. Zenvus, a Nigerian startup, measures and analyses soil data to help farmers apply the right fertilizer and optimally irrigate farms[109]. In the health sector, digitalization is improving health care systems through mobile technology platforms for improving medical data and service delivery. Rwanda became the first country to incorporate drones into its health care system, using autonomous air vehicles to deliver blood

[108]World Bank. (2019). The Future of Work in Africa: Harnessing the Potential of Digital Technologies for All. https://openknowledge.worldbank.org/handle/10986/32124

[109]https://ressources-magazine.com/news/intelligent-farming-an-ai-opportunity-in-africa/

transfusions to remote regions. The Novartis' SMS for Life programme, a public-private partnership keeps pharmacy shelves in sub-Saharan Africa well stocked through the use of mobile phones to track stock levels of essential drugs[110]. Recently, digitalization has been used to improve the Covid-19 pandemic response with the use of mhealth by health startups across Africa such as Kenya's Ilara Health, Cameroon's OuiCare, and Ghana's Redbird, South Africa's RecoMed, and in Nigeria mDaaS and Curace[l111].

Education is also reaping the benefits of digitalization. The COVID-19 crisis has accelerated initiatives around e-education and now may be an excellent time for education institutions in Africa to rethink what the future of education would look like and take practical steps towards adopting a blended learning approach in education. Several universities across Africa in countries such as Egypt, Ghana, South Africa, and Rwanda among others have moved some of their programmes to online platforms and partnered with Telcoms to zero-rate platforms[112] to facilitate learning. Remote learning requires a deliberate and focused policy and a commitment from all stakeholders, both in the public and private sector.

Under business-as-usual scenario, the number of educated youths in Africa is expected to increase to 346 million by 2040 and if African countries could replicate the past success case of Korea in education policy, this figure could reach 521 million by 2040 (AUC/OECD, forthcoming) (Figure 32).

On the path towards economic recovery, it is evident that digitalization has a huge transformative potential in Africa, as it can fight poverty and inequality; restructure labour, skills and production; and increase, online trading and financial services and investment among others. Therefore, efforts must be made to mobilize international development partners, towards achieving the digital transformation agenda. These include, the Digital Economy for Africa initiative (DE4A) 2020-2030, in collaboration with the World Bank; and the Policy and Regulatory Initiative for Digital Africa (PRIDA), in collaboration with ITU and the European Commission. The spread of digital technologies for instance, has the potential to empower the poor with access to information, as well as create job opportunities and services that improve their standard of living.

[110]Access to Medicine Foundation. https://accesstomedicineindex.org/media/atmi/Access-to-Medicine-Index-2016.pdf

[111]https://disrupt-africa.com/2020/04/african-e-health-in-the-age-of-covid-19-and-beyond/

[112]https://www.weforum.org/agenda/2020/06/higher-education-africa-covid19-coronavirus-digital-online/

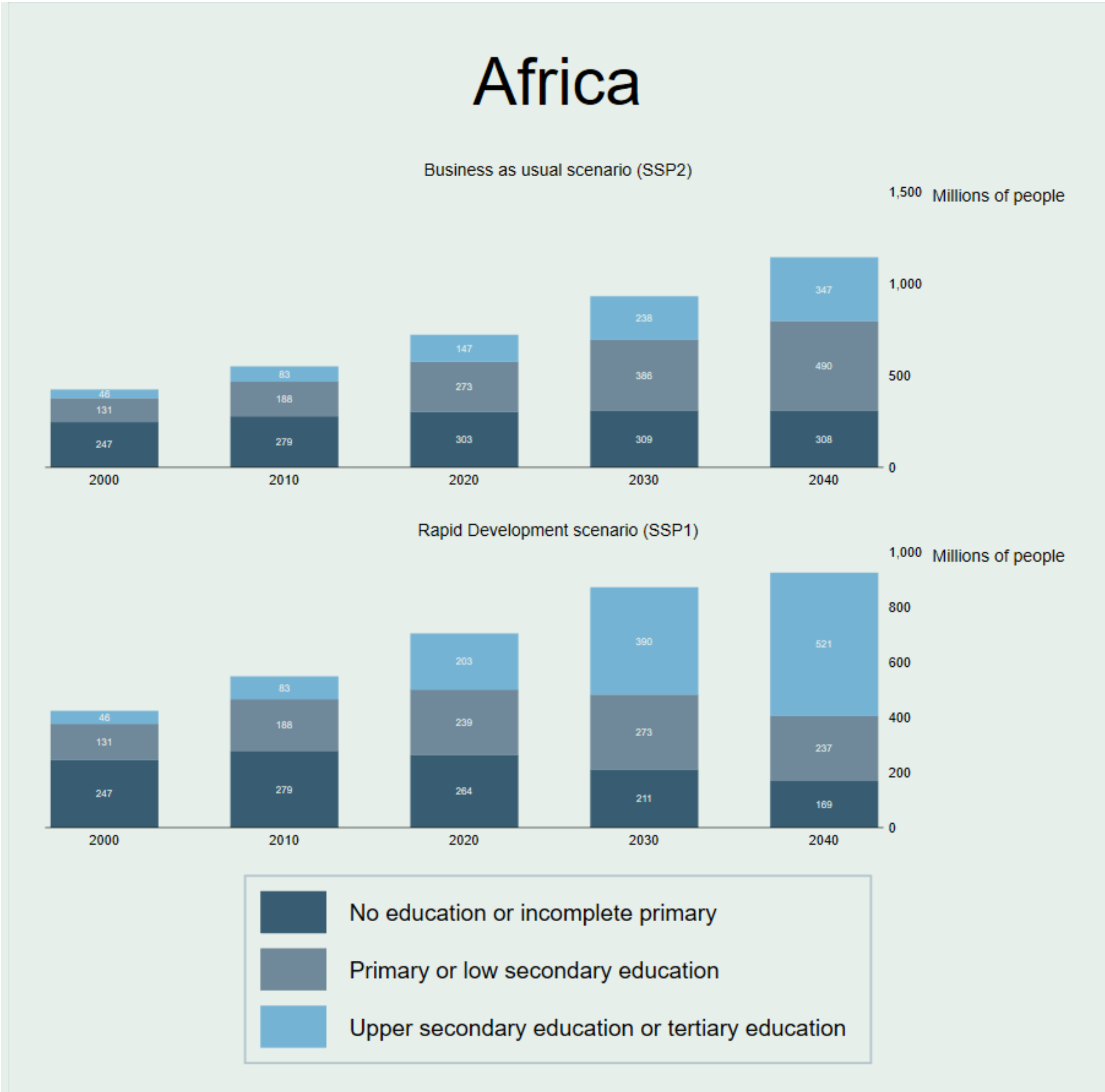


Figure 32: Education profile of African youth (aged 15-29), 2000-40**Source**: UNWOMEN

Source: AUC/OECD, Africa's development dynamics 2020 report (forthcoming), calculations based on projections from Wittgenstein Centre's Human Capital Data.

Digital Financial Services (DFS) driven mainly by mobile money payment and banking and FinTech solutions, have grown in Africa with a positive effect on financial inclusion. Empirical evidence shows that the spread of mobile money in Kenya helped raise at least 194,000 (2%) households out of extreme poverty and induced 185,000 women to switch into business or retail as their main occupation (Suri and Jack, 2016). The Malagasy leader in mobile payment has savings and nano-credit options. More broadly, digitization is enabling entrepreneurs and businesses to rethink business models that are more impactful, sustainable, and connected to other sectors of the economy. For instance, with Fintech, digitization has gone beyond the financial sector to affect the real sector and households, transforming product designs and business models across market segments (Njuguna, 2018). Furthermore, MSMEs can rethink their business models to be digitally-enabled to survive and thrive in the new normal. According to the National Small Business Chamber of South Africa (2020), using digital marketing and digital distribution channels like online marketplaces can enable agility and efficiency. Businesses are able to trade online and individuals are able to operate financial services and payments for shopping and investments. The government is also migrating to online platforms to conveniently provide public services through e-governance in countries like Cape Verde, Cote d'Ivoire, Ghana, Senegal, Nigeria and Burkina Faso.[113]

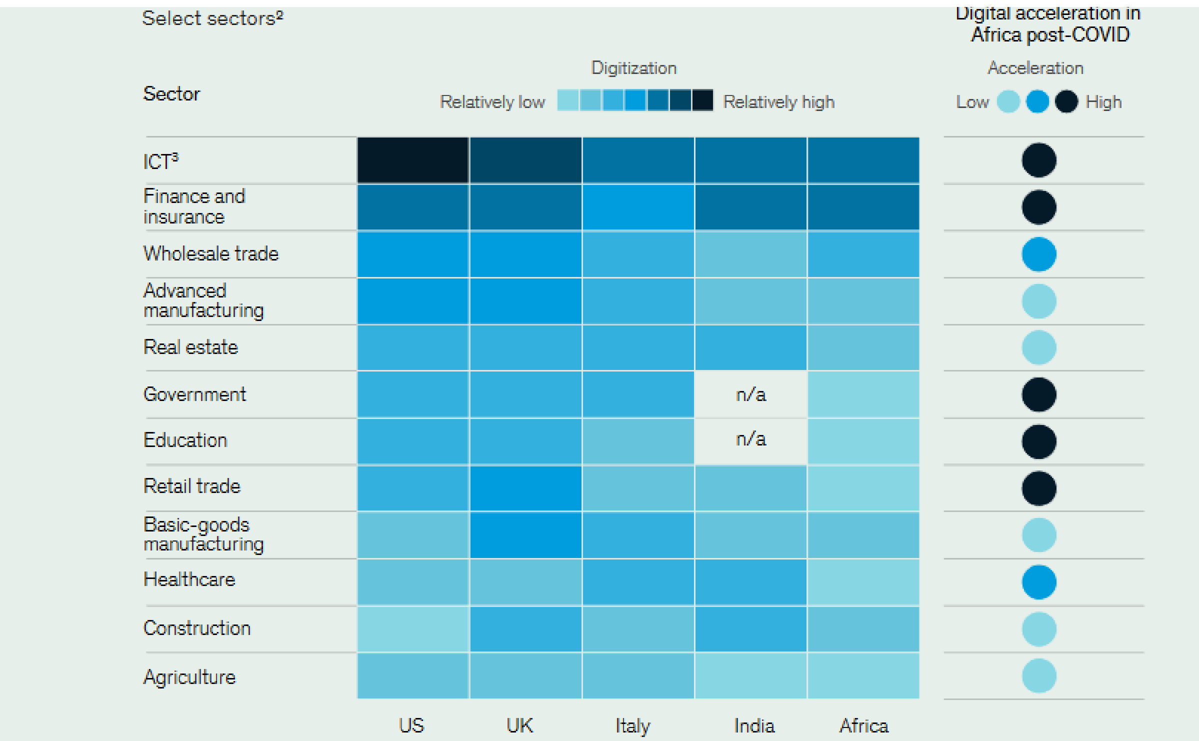


Figure 33: Africa's Digitization Index

Source: McKinsey & Company (2020). Reopening and reimagining Africa: How the COVID-19 crisis can catalyze change.

[113]https://www.undp.org/content/undp/en/home/librarypage/democratic-governance/access_to_informationande-governance/e-govinWA.html

Despite the progress made, most sectors of African societies and economies still lag behind the rest of the world in digitization, but the Covid-19 crisis could be a catalyst to help close that gap and accelerate digital transformation in most sectors. (Figure 33) in the text

Digitalization offers a unique opportunity for African countries to significantly facilitate economic growth and ensure the economy is resilient, endogenous and self-sufficient. The World Bank estimates that reaching the African Union's goal of universal and affordable Internet coverage will increase GDP growth in Africa by 2% per year[114]. Also, the probability of employment – regardless of education level – will increase from 6.9% to 13.2% when fast Internet becomes available as it facilitates firm entry and boosts productivity and exports (Hjort & Poulsen, 2019). The COVID-19 pandemic has also highlighted the urgent need to invest in digital technology as shown by remoting working and education. Also, massive investments are crucial in digitalisation for agriculture to enable food sufficiency and for productive transforming and diversification for the continent.

However, this potential cannot be fulfilled unless Africa addresses its sizeable deficits in digital infrastructure. A study carried out by the World Economic Forum (WEF), in collaboration with A.T. Kearney (2018) identified that Africa is lagging behind in terms of creating the conditions for digital transformation. African countries fell in the category of 'Nascent' countries due to the fact that they lack the production capacity as well as the key enablers of the production component required to increase their readiness for the 4IR. But on the bright side, even though the continent spends about 1.1% of GDP on digital investment compared to an average of 3.2% for advanced economies[115], the continent is eager to embrace digitization. Therefore, the key issue for policymakers is how to position the continent to leverage digitalization especially during the post-Covid era.

Governments should ensure that all key enablers are in place to support digital adoption. Private sector should accompany countries in this endeavor. The forthcoming Africa's Development Dynamics 2020 argues that automation can affect employment in Africa by changing the global competitiveness landscape (AUC/OECD, forthcoming). A fix in labour-skills mismatch is needed as some of the current technologies tend to replace low-skilled workers (of which Africa has abundance). Many governments are reluctant to support technologies that threaten existing jobs since creating jobs for the growing youth population is a priority in most African countries. In response to this, education systems need to be remodeled by investing in education and reskilling programs (for both basic and advanced digital skills) to make sure African youths are employable and equipped especially for the post-Covid era, in which digital skills will be at the core of many occupations. These skills range from high specialized skills in science, technology, engineering, or mathematics (STEM), noncognitive skills and complementary skills. The development and adoption of the AU's Continental Education Strategy for Africa 2016-2025 (CESA 16-25) is an effort to align education to the skills required for the future.

Additionally, digital technology should be expanded to macroeconomic and fiscal policy tools, to provide a host of digital solutions for economic transformation of the continent. These include encouraging the use of e-payment and other cashless payment platforms (Mobile Money) to facilitate easy transactions; developing a well-functioning e-learning platform for students; using digital tools to facilitate resource mobilization and taxation; reskilling the youth to acquire digital skills to increase their employability for digital jobs; and facilitating digital adaptation of the informal sector, through the development of tailored digital and financial products and services.

[114] https://openknowledge.worldbank.org/handle/10986/33541

[115] https://www.brookings.edu/wp-content/uploads/2020/01/ForesightAfrica2020_20200110.pdf

Furthermore, to support broader digitalization, major infrastructure expansions will be required, by prioritizing the development of both physical and digital infrastructure. This requires investing in broadband connectivity (high-speed internet, internet exchange points), Internet of Things (mobile devices, computers) and data repositories (data centers, clouds). Further to this, closing the digitalization gap with advanced economies will require African governments and the private sector to recognize new niches for the economy and leverage them to achieve sustainable and inclusive growth on the continent. Likewise, Member States need to enhance effective governance for secure and effective management of digitalization, in order to support innovation and create an enabling business environment. This entails increasing cybersecurity as most African countries lack a comprehensive legal framework and institutional capacity to address cybercrime. The public and private sector should invest in cybersecurity skills for employees and integrate cyber risk protection in decision making processes.

Improving African Business Climate

The African Investment Attractiveness Outlook. Stimulating investments in the post COVID 19 era requires a succinct appraisal of investment trends in the past decade in order to develop a predictable outlook for the future. According to the report "Investing in Africa – Outlook for 2019/2020"[116], worthy to accentuate, Africa is comprised of a range of distinct investment destinations, with each region and country having its own appeals and challenges, created through differing cultures, business practices, as well as political and economic circumstances. However, African private equity activity has remained steady over the past seven years, with investors having confidence in the long-term attractiveness of Africa, especially when compared with other emerging and developed markets. According to the African Private Equity and Venture Capital Association, 76% of surveyed investors plan to increase or maintain their allocation to African private equity over the next three years.

Existing Challenges and the impacting factors in Africa. Some of the challenges that cause investors to shy away from investing in Africa include private equity investment into Africa where there is still a large gap in reliable data pertaining to private companies. This makes it difficult to achieve reliable valuations and peer comparisons, resulting in African companies being compared to international peers, which in turn leads to mispricing. Local regulatory frameworks often create barriers to investment and place burdensome restrictions on private equity operations, including limited access to local capital such as domestic pension funds, exchange controls, local content requirements and ownership restrictions. More developed frameworks in South Africa and Nigeria are driving change, but progress is slow.

A McKinsey Global Survey (2020) suggests that to address the perceived challenges of doing business on the continent - most often political instability and corruption - success in Africa requires direct investment in a

[116]Hogan Lovells Publications | February 2019, Investing in Africa – Our outlook for 2019/2020, https://www.hoganlovells.com/en/publications/investing-in-africa-our-outlook-for-2019-2020

company's own business ecosystem (for example, providing financing to their suppliers, vertically integrating their supply chains, etc.). The survey also reveals that the top performers in Africa have taken a more active approach to talent development, a formal strategy for growth in Africa, and faster adoption of mobile and digital technologies to support this strategy. The findings of this survey support all of the strategic pillars developed in this report. Indeed, it is by developing infrastructure and energy, taking bold steps to nurture vocational and managerial skills among local talent, investing in digital technology, among others, that investors will be able to capturing the business potential in Africa and thus increase their investments in the Continent, while supporting local development**.**

Panafrican investment code is critical important. A favourable investment climate is key to attracting and retaining more private investment, create more and better jobs and improve the lives of their citizens. This also entails policy framework, macroeconomic stability, good governance, the rule of law, access to markets, the available physical and digital infrastructure. It goes hand in hand with development of efficient financial systems including innovative financial instruments and blended finance to leverage additional private sector investment and complement scarce public development funds. To attract more investments into the continent, the AUC has developed the Pan African investment code. The main purpose of the Code is an important instrument that member states can use to attract investment to strengthen their productive capacities. As of today, the "Code" has just been adopted by member states as a guiding "non-binding" instrument for investment in Africa. It is an important policy document that countries can use to boost their productive capacities by attracting more knowledge-intensive FDI within the continent.

The investment drivers of the African Marketplace. On the overall, Africa's competitiveness and its investment attractiveness compared to the rest of the world looks great. Worthy to ascertain is the fact that Africa is at the crossroad of harmonizing its investment policies towards building the biggest common market and investment destination in the world coupled with favourable enabling factors thus:

- The Pan African investment code aims at attracting more knowledge-intensive FDI within the continent. China used its investment strategy to attract FDI in export-oriented manufacturing and service industries in special economic zones/industrial parks. As a result, thousands of multinational corporations invested in China;
- A comparatively less costly youthful skilled and semi-skilled workforce of more than 65% of its demographics;
- A comparatively less costly youthful skilled and semi-skilled workforce of more than 65% of its demographics;
- A common market of more than 1.3 billion people regulated by the AfCFTA. On a positive note, intra-African trade is set to increase interest in Africa with upcoming operationalization of the AfCFTA in January 01, 2021 that seeks to stimulate and facilitate intra-African trade, which should fuel investor confidence, particularly in the ever-popular consumer goods sector. Additionally, Africa's middle class is growing, with rising disposable incomes, stimulating investment into telecoms, consumer and financial services;
- Lowest COVID 19 death toll paving way for quick economic recovery through accelerated domestic and FDIs;
- Increased capital expenditures from national Government spending that automatically stimulates both public consumption for increased GDP growth;
- Consumer spending is increasingly accounting for more than 65% of GDP growth in most African countries due to a growing middle class created by domestic and FDI projects in Africa;

- The RECs have integrated and harmonized industrial production standards for accelerated industrial transformation in Africa;
- In addition, the RECs are building trans-border hard (roads, railways, airports, seaports…) and soft infrastructures (broadband internet services, interconnected mobile money services, common accounting standards…) in order to ease distribution goods and services on a record time across the African continent;
- The operationalization of the African Passport in the nearest future will accelerate the movement of people and goods across the African continent;
- Lighting Africa through solar and hydropower climate friendly projects in Africa is at its peak will reduce the cost or energy in order to accelerate Africa's Industrial Transformation; and
- Africa has more than 60% of green farmland capable of producing vital industrial raw feeds for the agro-industrial value of the globe.

In nutshell, over the past few years, Africa has emerged as an exciting investment destination. The continent should be the new destination of FDI in the world in the coming years. Box 10 below presents how Rwanda and Ethiopia have improved their respective business climate.

BOX 10: IMPROVING AFRICAN BUSINESS CLIMATE: THE RWANDA AND ETHIOPIA CASE STUDIES

Over the years, the Government of Rwanda has taken a series of policy reforms attract foreign direct investment (FDI). This has led the country to achieve high rankings in the World Bank's Ease of Doing Business Index and enjoy strong economic growth. As measures to improve the business climate, Rwanda in 2018 implemented reforms to decrease bureaucracy in construction permits approvals, improved the supply and provision of electricity, reduced processing time for exporters at the customs division, and introduced online certification for origin and phytosanitary approvals. Additionally, Rwanda further presented a number of FDI opportunities in the areas of infrastructure, manufacturing, energy, agriculture and agro-processing, housing, tourism, services and ICT. Further to this, an Investment Code was introduced to offer equal treatment between foreigners and nationals, when it comes to free transfer of funds and compensation against expropriation. According to the Central Bank of Rwanda, these policies and measures attracted US$ 342.2 million in FDI inflows (4% of GDP) in 2016 for the country. In 2018, the Rwanda Development Board registered more than US$ 2 billion in investment commitments, mainly in agriculture, mining, manufacturing and agro-processing (47% of which are FDI). Also in line with the country's goal to become a regional hub for tourism, services and logistics, the Government is implementing a number of high-profile infrastructure projects including, the Kigali Innovation City to accommodate technological universities and companies, the construction of the Bugesera International Airport, and a rail line to connect Rwanda with Tanzania. All of this was made possible due to measures taken by the Government to provide an enabling environment for business to thrive and attract investment.

Likewise, the Government of Ethiopia over the last two year, have undertaken a number of unprecedented economic and political reforms. The new Government led by Prime Minister Dr. Abiy

Ahmed, following his swearing into power announced several policy reforms to democratize the country, transform the economy and increase private sector participation. The new administration has made efforts to improve the business climate and boost investment, by partly or wholly working to privatize major state-owned enterprises in the telecom, aviation, energy, transport and manufacturing industries. Additionally, restriction on logistics have been lifted, allowing the enactment of laws for Public Private Partnerships (PPP) to gradually open up some sectors of the economy to foreign investors. Restoration of diplomatic relations with Eritrea also has opened trade relations, including alternative ports for import and exports of goods and services. To boost tourism and attract FDI into the country, the Government has ratified the AfCFTA agreement, eased visa restrictions for AU Member States and announced its commitment to modernize the financial sector and improve the ease of doing business, while enhancing macroeconomic and fiscal management. This has attracted major FDI to Ethiopia, with the largest contributors coming from China, Saudi Arabia and Turkey.

Harnessing the full potential of the AfCFTA

AfCFTA as an instrument to promote Intra-African Trade. With 54 Member States signed onto the African Continental Free Trade Agreement (AfCFTA) and 30 countries having ratified it (as of January 2020)[117], the continent is now implementing the world's largest free trade area. Implementing the AfCFTA is more than just trade, it is about bringing to reality the AU's Agenda 2063. It is a test of commitment for African countries in relation to economic integration (UNECA, 2019). The continent looks at the AfCFTA as an investment, economic diversification, and job creation blueprint that will shape the future of Africa in the years to come.

The significance of the AfCFTA cannot be overstated as it is expected to have a significant impact on manufacturing and industrial development, tourism, intra-African trade, and economic transformation (Landry & Colette, 2019)[118]. UNECA (2018) has predicted the AfCFTA will raise intra-African trade by 15% to 25%, or $50 billion to $70 billion, by 2040, compared to an Africa without the AfCFTA. The International Monetary Fund (IMF) similarly have projects that, under the AfCFTA[119], Africa's commodity and labour markets will significantly increase the continent's overall ranking on the Global Competitiveness Index[120], enhance the competitiveness of industries, exploit economies of scale, and exploit the advantage of domestic resource mobilization.

[117]https://www.tralac.org/resources/by-region/cfta.htm

[118]Landry Signé & Colette van der Ven. (2019). Keys to success for the AfCFTA negotiations. Africa Growth Initiative at Brookings. Policy Brief. https://www.brookings.edu/wp-content/uploads/2019/05/Keys_to_success_for_AfCFTA.pdf

[119]UNECA. (2018). An empirical assessment of the African Continental Free Trade Area modalities on goods https://www.uneca.org/sites/default/files/PublicationFiles/brief_assessment_of_afcfta_modalities_eng_nov18.pdf

[120]IMF, "A Competitive Africa: Economic integration could make the continent a global player," December 2018. https://www.imf.org/external/pubs/ft/fandd/2018/12/pdf/afcfta-economic-integration-in-africa-fofack.pdf

Against this backdrop, the AfCFTA is it is crucial to expected to enable countries to break into new African markets especially for agricultural products. According to UNECA, by 2040, the AfCFTA will increase intra-African trade in agricultural products between 20% and 30%.[121] The AfCFTA is also expected to improve export diversification and sophistication across the continent by enabling more countries to integrate regional and global value chains and consequently increase the quality of exports. Africa's welfare (or standard of living), GDP and intra-African trade are likewise expected to grow.

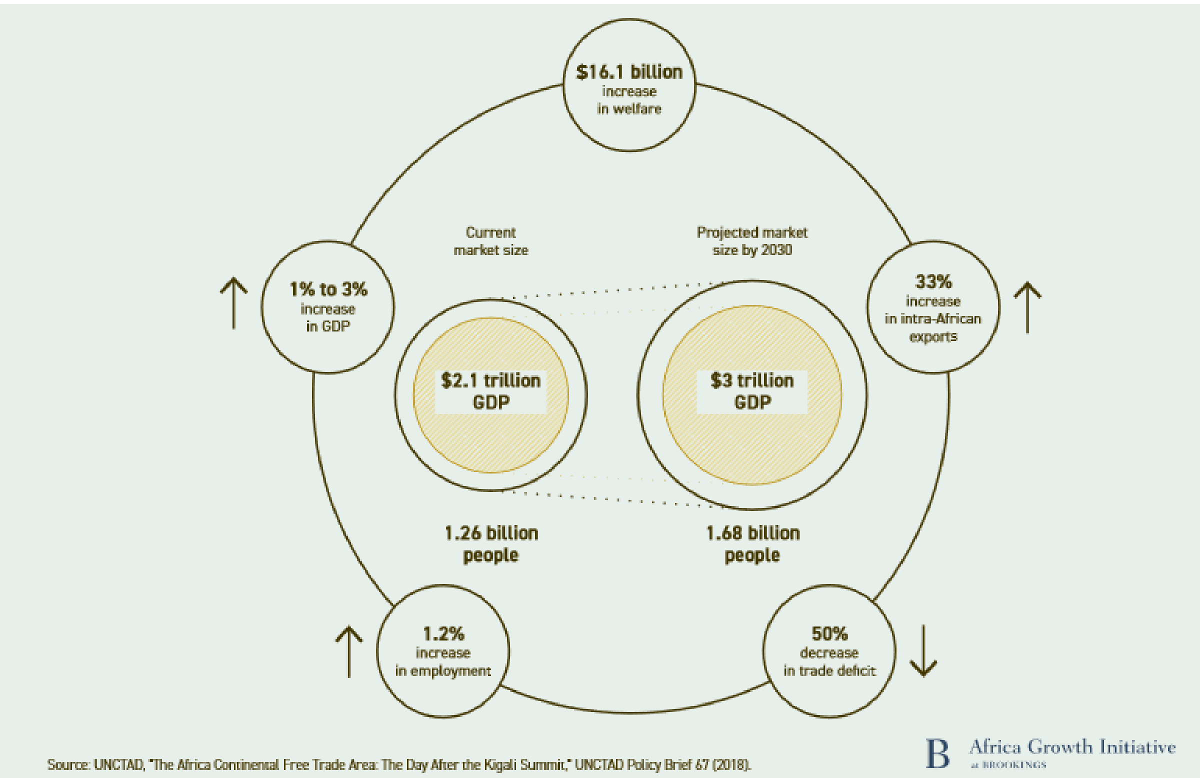


Figure 34: Gains from the African Continental Free Trade

Figure 35 above shows the continent's potential gains under a scenario in which there is 100 percent liberalization of tariffs on trade in goods[122]. Furthermore, the AfCFTA provides an appropriate platform for digital trade as the potential for digital trade to drive economic development and transformation in Africa remains largely unexplored (Selma, 2019). The increasing impact of digitization sends a signal for Africa to harness digital trade through the use of E-commerce. This provides an alternative route to market for SMEs and entrepreneurs who were previously constrained by the market size.

[121]https://www.brookings.edu/research/intra-african-trade-a-path-to-economic-diversification-and-inclusion/

[122]https://www.brookings.edu/wp-content/uploads/2020/01/ForesightAfrica2020_20200110.pdf

AfCFTA should be for Africans first. Africa should be at the driver seat, not passenger. The Covid-19 pandemic provides a great opportunity to accelerate and exploit the full potential of AfCFTA as well as transform African economies in an inclusive and self-sufficient manner. AfCFTA should be for African people first and African private sector. The continent should therefore speed up its industrial development agenda, develop local contender private sector and reconfigure supply chains to overcome the continent's trade and logistics challenges that have been highlighted by the coronavirus pandemic said H.E. Cyril Ramaphosa, Chairperson of the AU on July 7, 2020 in his statement commemorating Africa Integration Day. He further indicated that the continent-wide free-trade area offers the best platform to accelerate regional integration in the wake of the coronavirus pandemic. The establishment of a duty-free zone is "defragmenting Africa to put behind us the history of small uncompetitive markets that have thwarted our efforts to achieve inclusive sustainable development for the benefit of our people. An individual country cannot succeed alone in the current situation, there is a need for increased solidarity and complementary and strengthened continental integration. The AfCFTA and measures to facilitate trade could significantly mitigate COVID-19's economic impact in Africa[123]. As such, policymakers need to sustain the momentum of the AfCFTA. With the increased usage of digital tools during the pandemic, digital trade will be a critical component of recovery plans in this new digital era. African countries must develop effective policies and strategies for exports, and identify new opportunities for diversification, industrialization, and value chain development. Particular attention should be attached to trade facilitation and building productive capacities. Trade facilitation is key in reducing trade costs, and it is important for ensuring inclusive benefits since landlocked countries and MSMEs are usually more burdened by inadequate trade facilitation. Additionally, building productive capacities through re-skilling programs will be crucial to ensure that displaced workers and vulnerable persons are able to participate in welfare-enhancing opportunities under the AfCFTA (Songwe, 2019). African private sector,

Productive transformation has not been fully harnessed as the continent still heavily relies on producing and exporting unprocessed raw products. The contribution of manufacturing industry to GDP in many African countries remains low at around 10 percent (Signé & Johnson, 2018). However, the demand for processing local goods or made in Africa products is growing on the continent. Hence, through the local transformation of raw material resources into value-added finished products, Africa will not only facilitate export diversification but also increase intra-African trade, thus contributing to AfCFTA. However, many studies have shown the negative effects of the implementation of Economic Partnership Agreements (EPAs) and trade agreement on African economic integration particularly AfCFTA as it can compromise the structural transformation efforts on the continent.

Investment is the first step in building capacity to take advantage of the AfCFTA. Investments in trade-related infrastructure such as forms of transport across the continent and soft infrastructure such as energy and ICT (to facilitate digital trade) can be supported through: (i) effective implementation of the Programme for Infrastructure Development in Africa (PIDA) and (ii) strategic logistics management to align trade facilitation with infrastructure development. Trade finance is also needed and this calls for leveraging public–private partnerships and putting more efforts in the establishment and strengthening African financial institutions.

[123]https://www.brookings.edu/blog/africa-in-focus/2020/05/22/the-african-continental-free-trade-area-and-measures-to-facilitate-trade-could-significantly-mitigate-covid-19s-economic-impact-in-africa/

Digital trade should also be truly inclusive. This requires African countries to build the necessary digital capacity, eliminate the digital divide and develop home-grown digital skills in trade through equipping labour with the right expertise[124]. In addition, an adequate legal framework could tackle the issue of trust which may act as a barrier to the participation of both consumers and suppliers in e-commerce transactions. For Africa to realize the full potential of the AfCFTA it will have to put in place policies that encourage and protect innovation with a sharper focus on domestic innovation. Patents are important tools for encouraging and protecting domestic innovation.

Establishing a Pan African Payment and Settlement System (PAPSS) is critical for the successful operationalization of the AfCFTA. Quick and effective settlement of cross-border transactions through a digitalised PAPSS will facilitate economic and financial innovations, resulting in new business and employment opportunities in Africa. Specifically, the enhanced market liquidity resulting from quicker payment and settlement will enhance market liquidity and deepen national, regional, and continental capital and financial markets as well as e-commerce platforms.

It is also important to note that a peaceful and conducive environment is eminent to exploit the gains of the AfCFTA. Member States at the level of both RECs and the African Union should strengthen the promoting good governance, peace and security on the continent with the aim of creating the right environment for the pursuit of regional integration and a common market.

Sovereign Currency and Sustainable

Financing for Africa

The catastrophe COVID-19 continues to hit the world and escalate the government's expenditures. According to the International Monetary Fund (2020), globally, the pandemic has cost governments more than US$ 10 trillion to fight the COVID-19 negative impacts and revive economies. The virus worsened the situation in Africa which already has fragile economies[125]. The pandemic caused disruptions to global travel and supply chains, and the collapse of global commodity prices — especially oil escalated by oil price wars, unprecedented capital outflows from the region, currency depreciation, stock market declines and increase in sovereign borrowing.

The advanced nations have expanded their fiscal space by using monetary and budgetary policies including all forms in their stimulus plans: guarantees, loans, value transfers to businesses and individuals, carryovers and equity investments during this crisis. However, for Africa, this approach deemed complex due to fiscal constraints. In that respect, the African continent resorted to borrowing from international financial institutions and negotiated for a moratorium, to increase their liquidity. In addition, negotiations with bilateral creditors to temporarily suspend debt payments from fiscally constrained low-income countries are underway. Though borrowing provides immediate emergency

[124]https://www.bakermckenzie.com/en/insight/publications/2019/08/leveraging-afcfta-to-drive-digital-trade-in-africa

[125]https://www.ft.com/content/f29bf66c-d3fa-462e-9026-b1bba49ec2cd

support for nations, nonetheless, it risks the region's vulnerability to debt distress since most of the debt is denominated in foreign currencies above US$100 billion in 2018 and private creditors representing 40% of external debt (World Bank, 2020).

The IMF has raised concerns over global debt anticipated to reach 101% of the GDP in 2020, 19% increase year-on-year[126]. The situation is worse for the African continent which had 60% average of government to GDP in 2019, surpassing the 2013 level[127]. The continent has been acquiring debt pre-COVID-19 daunting hurdles to support their fragile economies. The IMF warned that "Elevated debt levels could constrain the scope of further fiscal support and will pose an important medium-term challenge for many countries". Therefore, debt sustainability is imperative for the continent to avoid debt distress in the long term.

African Sovereign Currency. The situation of the pandemic in the continent demonstrates the urgent appeal to create sovereign currency and sustainable financing for Africa's development. Africa must put an end to the policy of the outstretched hand and take charge of its destiny by changing the paradigm for the financing of its development. Ensuring the financial sovereignty of the continent is crucial for building resilient economies and achieving the level of social development witnessed in other regions of the world. The African Union Financial Institutions (AUFIs) namely; African Central Bank (ACB); African Investment Bank (AIB); African Monetary Fund (AMF); and the Pan African Stock Exchange (PASE) have an important role to play in that regard to internally mobilize adequate, predictable, and sustainable resources for sustainable development. The vision of H. E. Nana Akufo-Addo, President of Ghana - "Ghana beyond Aid" - should inspire a new continental vision of an "Africa beyond Aid."

The main objectives of the AUFIs include: (i) ACB will facilitate the development of a multilateral system of payments in respect of current transactions between members and eliminate foreign exchange restrictions that hamper the growth of the continent's trade with the rest of the world, thereby, reinforcing the implementation of the African Continental Free Trade Area (AfCFTA). (ii) PASE will facilitate the integration of capital markets through cross-border trading and settlement of securities, removal of the stringent regulatory environment, and promote the participation of SMEs on stock markets hence more capital. (iii) AIB will utilize available resources for the implementation of investment projects contributing to the strengthening of the private sector and modernization of rural sector activities and infrastructures. AIB will promote public and private sector investment activities intended to advance regional integration of African states. (iv) AMF will provide short-term and medium-term credit facilities to sustain the balance of payments and provide technical assistance and policy advice to member countries to assist in financing their overall balance of payment deficits. The continent should prioritize the immediate implementation of the AUFIs through signing and ratifying the legal instruments establishing the AUFIs, and avail adequate resources toward their immediate set-up. If Africa had the ACB it would have assisted with the issue of debt burden and sustainability.

The countries will have to make budgetary efforts with more selective spending, these efforts will be helped by lower interest rates and failing to have an African central bank, through the actions of the IMF, development banks such as the AfDB will provide cash to pay these debts. This means that the debt will be paid sooner or later by the countries. Regional organization such ASEAN and MERCOSUR are working in a

[126]https://www.ft.com/content/f29bf66c-d3fa-462e-9026-b1bba49ec2cd

[127]http://pubdocs.worldbank.org/en/888831588788355661/Global-Economic-Prospects-June-2020-Regional-Overview-SSA.pd

coordinated manner by developing comprehensive recovery plans that focus on improving stability and resilience of the regional economy, preserving supply chain connectivity. The recent, EU summit has approved its recovery plan post-covid19.

Africa beyond Aid: Improving DRM as an effective way to have sustainable and predictable resources. In addition to the setting-up of financial institutions, expanding domestic resources of countries is essential through improving tax revenues, fighting against illicit financial flows and corruption, tax transparency and exchange of information for tax purposes to counter tax evasion and avoidance, and facilitate international cooperation and transparency of corporate bodies and taxation of digital economy. The continent's tax-to-GDP ratio is still below 20, currently, around 17.2% in 2018 and very low as compare compared with 22.8 in Latin America and the Caribbean, and 34.2% for OECD countries. It is insufficient to finance basic social services that are required to reduce poverty on the continent (Africa initiative, 2020), and most economies have a large informal sector that is not taxed. DRM is essential for the transformation, self-reliance and sovereignty of the continent in order to build an endogenous economy and achieve Agenda 2063. By putting more emphasis on DRM, fighting IFFs, tax transparency is critical in order to achieve Agenda 2063: The Africa We Want – the long-term vision for Africa's transformation for 50 years. In 2015, IFFs from the continent were estimated at $50 billion per year (HLP on IFF from Africa). Recently, according to UNCTAD (2020) new estimations, Africa loses about $88.6 billion per annum in illicit capital flight. IFFs appear most prominent in the extractive sector, estimated at over $40 billion in 2015 and a cumulative amount of $278 billion from 2008 to 2018. This needs to be addressed to stop. Furthermore, with to tax abuse, corruption and financial crime, the High Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (FACTI)Panel (2020) estimates that $500 billion are lost by governments each year from profit-shifting enterprises; $7 trillion in private wealth hidden in haven countries, with 10% of world GDP held offshore; and money laundering of around $1.6 trillion per year, or 2.7% of global GDP.

Almost every year since 2010, remittances to Africa have increased, going from USD 54.8 billion in 2010 to 82.8 billion in 2018. Over the years, they have become the largest and most stable external source of financing flows to Africa. Remittances, referring to the transfers of funds from migrants to households in their country of origin, are sources of income for many households, and account for a significant fraction of foreign exchange in many African countries. Taken together, Africa's largest economies, Egypt and Nigeria, account for 60 percent of Africa's remittances inflows. Channelling remittances toward longer-term productive investments is also a challenge.

Remittances, coming from individual savings, tend to go more toward household consumption than investment. But with encouragement, remittances could be a crucial source of capital for small and home-based businesses, and maybe seed-money for start-ups. African governments could focus policies on providing support to diaspora-funded businesses. Diaspora bonds can create a pool of funds to finance major projects and allow governments to borrow from their citizens abroad. Successful diaspora bonds tend to have an attractive structure as well as being registered in the place of residence of the potential investors. Nigeria used this strategy, raising USD 300 million in diaspora bonds in 2017[128]. Diaspora bonds are not always an easy sell as Ethiopia discovered when they launched their Millennium Development Bonds in 2008[129].

[128]https://africanarguments.org/2019/07/10/how-bonds-aimed-at-the-diaspora-can-raise-crucial-funds-for-africa/
[129]https://blogs.worldbank.org/peoplemove/ethiopia%E2%80%99s-new-diaspora-bond-will-it-be-successful-this-time

Conclusion & Recommendatoins

Conclusion

The impact of the COVID-19 pandemic continues to expose the weak endogenous economic structures of the African continent. Though records indicate the number of cases remains low relative to other regions globally, Africa's weak health systems coupled with many struggling national economics could make the path towards economic recovery long and difficult. Developed economies like the United States, Spain, Italy, Germany and the United Kingdom, who were perceived to have established strong health systems, thus increasing their level of preparedness for a pandemic are struggling to keep up with the overwhelming number of cases. Therefore, considering the continent's health structures and systems are not as advanced as developed economies, Africa will need to take extra precaution to "bend the disease curve", so as to prevent a collapse of the already fragile health systems.

The highly dependency of African economies vis-à-vis foreign economies predicts a negative economic spinoff for the continent, evaluated between -4.9 and -2.1 percent for 2020. Such growth rate would be the worst growth observed on the continent in more than two decades and could lead to GDP losses range between $142 billion and $215 billion from pre-COVID19 GDP of $2.59 trillion. Regardless of the scenario whether optimistic or pessimistic, COVID-19 will have a harmful socioeconomic effect on Africa but the continent can use this as a window of opportunity to build more resilient and sustainable economies through strengthen policies that promote growth.

For the path towards economic recovery, it is evident that African leaders have taken certain short-term health and macroeconomic measures, as an immediate response to containing the pandemic and limit its negative impact on their economies. However, regarding smooth economic recovery post pandemic, African governments will need to revisit the continental blue-print for building a robust, endogenous and resilient economy, against external shocks in future. This will include fast-tracking the implementation process for the realization of Agenda 2063 for sustainable and over-all development of the African continent.

Recommendations

From the above, breaking with past mentalities, change mindset (see for example Box 6), inward vision (see Table 10) and new leadership (see Box 5) are needed in order for the continent to play a major role in the new economic order. Africa must imperatively increase its share of exports of manufactured goods, increase intra-African trade and significantly reduce imports of processed goods and services that it can produce locally by exploiting its natural resources. In this regard, the AUC recommends a three-year short-term 2020-2022 plan for the revival of the economies and a medium and long-term agenda to build more resilient economies for an

The new economic order calls for the contribution of all the living forces of the continent in particular, the young and dynamic population, women, local financial institutions, the African private sector through the establishment of public private partnership, etc. Improving African business climate and governance that ensures equality of citizens and the confidence of partners and investors is also critical. The mobilization of domestic resources must be among the actions that contribute to the achievement of the three-year plan as well as the sustainable development of the continent. No individual African country can succeed alone. A synergy of coordinated actions, solidarity and complementarity between countries is necessarily needed to achieve an emerging Africa in the near future.

The following short, medium and long-term strategy policy actions are proposed to bring African economies back on track and to build sustainable development.

SHORT-TERM POLICY ACTIONS FOR ECONOMIC RECOVERY TO GET THE ECONOMIES BACK ON TRACK (2020-2022)

Taking into consideration of the member states capacity to mobilize domestic and external financial resources, local private sector, local and international investors, development partners, the following policy actions should be prioritized:

STRATEGIC OBJECTIVE 1
To Scale up Domestic Production and Supply Chains

Ensure business continuity plan and boost private sector to meet demands

The following policy actions should be implemented sharply to protect and scale up domestic production by boosting private sector (SMEs, MSMEs and informal economy):

Member States to:

- Reduce, in collaboration with Central Banks, interest rates, low-cost credit and/or credit guarantees for private sector to improve liquidity and refinance debts, using quality-assured microfinance institutions. This should include providing financial institutions with sufficient liquidity to support local businesses and also strengthen/promote the use of cashless transactions across all sectors;
- Offer stimulus/relief packages to the private sector (SMEs, MSMEs and informal economy) in all sectors (agriculture, manufacturing & construction, service), in order to safeguard them from collapsing and cushion any immediate shocks to the economy in the support of development partners, international financial institutions, etc.
- Introduce waivers, moratoriums and extensions for all interest payments, corporate bonds, tax returns declarations and lease payments, income tax exemptions, expedition of VAT reimbursement, suspend temporary social security contributions for businesses and workers, etc. and mobilize financial institutions to avail affordable financing instruments to SMEs and manufacturers to boost their productive capacity;
- Support transport companies (airlines, airports operators, ports authorities, public transport companies, tourism companies, hotels, etc.);

- Ensure the continuity of input and output distribution channels servicing the agricultural sector backed by support for maintenance of occupational safety across all key aspects of the supply chains supporting the rural economy and connecting it to the urban economy; and
- Initiate job retention programmes to help sustain employment levels in the most impacted sectors such as construction, hospitality and tourism as well as provide support to the private sector to create jobs for youth entering the labor market. The AUC should mobilize assistances from development partners and international institutions to assist Member States in the implementation of the programme.

Support digital innovation

Member States to:

- Promote innovation in corona virus spread mitigation, including in contact tracing, treatment knowledge resources and many other medical services;
- Accelerate with the support from the private sector, the development of digital infrastructure and digital connectivity (coverage, access, quality, and reliability) to increase productivity, efficiency in service delivery, connect people and finally, make Africa a dynamic and competitive player in the global economy. In this regard, the AUC should mobilize development partners, investors and international financial institutions to assist to improve innovation and digitalization in Africa.
- Accelerate with the support from the private sector, the development of e-commerce and e-governance including digital banking, digital payments platforms, e-financial services (e.g. microcredit and micro insurance), a national ID system, and robust digital communications systems within government.
- Encourage the participation of the private sector in the development of digital infrastructure and digital connectivity.

Accelerate economic transformation and industrialization

Member States to:

- Encourage rapid repurposing of SMEs & MSMEs to meet immediate requirements (e.g. for public health equipment and supplies) using guaranteed public contracts over a specified period and securing adherence to quality standards.
- Create conducive policy reforms to fast-track industrialization and diversification process with strong linkages to domestic economies and invite local private sector and international investors to transform raw materials locally under a win-win concept, with respect for African people, African values.
- Encourage the private sector to invest investment in manufacturing of medical supplies and personal protective equipment; to participate in the development of pharmaceutical industry; and
- Push African private sector to harness the opportunity of outsourcing industry to import foreign jobs into its shores, thus creates new jobs for its growing young population and to achieve economic development.

Improve agriculture production and ensure food security to meet local demand

Member States to:

- Increase agricultural production and harvesting of seasonable crops under COVID-19 prevention measures to secure food supply and AfCFTA successful implementation. AUC to mobilise development to assist Member States in improving agriculture production and ensuring food security.

- Facilitate Weather Risk Management through the use of ARC Insurance to reduce the potential impact of food insecurity in the midst of managing COVID-19
- Provide food bank storage facilities for subsidized food and secure space for street sales of agricultural produce and for food stalls (cooked food) under strict COVID-19 prevention measures
- Ensure access to quality equipment and crop inputs, including seeds and planting material
- Ensure that livestock farmers, including pastoralists, and fish farmers have access to corresponding inputs, such as veterinary products, animal feeds and access to pasture as well as quality fish inputs to support the aquaculture industry
- Provide incentives including inputs, subsidies, and grants to farmers to ensure the continual local production of food;
- Encourage Research centers/institutes to carry out to improve the quality of seeds and products.
- Increase their participation of the local private sector, international investors, international financial institutions to revolutionize the agriculture sector and prioritize rural infrastructure development, produce agricultural machines, equipment, fertilizers, etc.

Protect environment and biological resources

Member States to:

- Develop a continental environmental management framework to set standards that will also guide the implementation of the African Continental Free Trade Area;
- Implement sound waste management measures including handling of medical waste and plastics;
- Harness the potentials of the blue economy in Africa and increase private sector participation in this area; and
- Promote bio-prospecting using Africa's rich biological diversity for development of potential vaccines and supporting pharmaceutical industries, improvement of food production and provision of various development solutions.

The AUC to:

- Promote the implementation of the continental frameworks including (i) Sustainable Forest Management Framework to support value addition and trade; African Strategy to combat illegal exploitation and illegal trade in wild Fauna and Flora, in order to conserve wildlife which is the foundation of ecotourism in Africa; and solidarity in fight against trafficking; (ii) Sustainable land management measures given the importance of landscapes in tourism and mitigating greenhouse emissions, and the drought strategy for Africa to strengthen resilience of the continent; (iii) Africa Water and Sanitation commitments as contained in the Sharma El Sheikh Declaration and the African Water Vision 2025, in order to effectively control the spread of coronavirus.
- Strengthen the continent's capacity for building resilience to multi-hazards and for preparedness to disasters; and establish a continental early warning system; and
- Strengthen the collection and provision of climate and weather data for informing policies and development programmes.

STRATEGIC OBJECTIVE 2
To Promote Consumption and Spending

Reduce poverty, vulnerability and maintain employment

Member States to:

- Waive value-added tax on essential food and non-food items for a limited period of time.
- Transfer cash to vulnerable and affected populations in urban and rural areas (self-employed, paid sick leave, day laborers, unemployment benefits, partial unemployment- / short-time work benefits; pensions or child grants and considering delivery of humanitarian cash transfers through social protection systems or, where this is not possible, expansion of social transfer coverage through delivery of cash, salaries and refunds up to 100% of personal income taxes, social and medical contributions. This will boost local markets.
- Provide food provision- take home ration approach of the school feeding, as part of the services (water, sanitation, health) being provided to households.
- Provide health insurance to all workers to deepen access to health.
- Ensure that contingency provisions in urban and rural settings (such as water tanks, water treatment plants water and sewerage pumps and generators, vehicles for the facilities, treatment chemicals, water quality testing equipment and kits, operation and maintenance parts)
- Support employment and incomes (extending social protection for all as well as measures to protect employment such as short-term work, paid leave with the assistance of development partners.
- Leverage labour intensive programmes including in the reconstruction activities and infrastructure development with the support of development partners.
- Encourage private sector to protect or maintain existing jobs where possible.

Provide adequate health care and other social sectors responses

Member States to:

- Continue reporting accurately health statistics and work together with WHO and the African Centers for Disease Control and Prevention, to ensure transparent monitoring of the crisis and maintain the population's confidence in African public health systems;
- Prioritize resources to strengthen the local and national health systems, including building health infrastructure, equipment, required logistics and pharmaceuticals with the assistance of development partners.
- Develop traditional medicines and pharmacopeia.
- Allocate for pharmaceutical research.
- Prioritize resources to strengthen education, TVET and entrepreneurship development including building infrastructure, equipment, etc.
- Encourage private sector and international investors to invest in domestic pharmaceutical industries to fill the medical supply gap.

Promote education, science and technology

Member States to:

- Ensure continuous schooling and learning online and offline particularly for vulnerable children, girls and the disabled in deprived communities without access to electricity and internet with the support of development partners.

- Re-open schools with appropriate strategies to catch-up on the lost period of learning and implement back to school campaigns and implement measures to curb further infections in schools and educational institutions;
- Strengthen education system and monitor learning engagement with support from partners, and with the view to facilitate inter-country learning and up scaling of good practices; mobilize development partners to support Member States to implement the education response to COVID-19 in online and distance learning;
- Exchange scientific information, data, and collective intelligence, and pool ideas for African scientists, with a view to finding solutions to the current COVID-19 outbreak.
- Work together with the AUC to mobilize the scientific community through the African Scientific, Research and Innovation Council (ASRIC) to carryout studies on the impact of COVID-19 on Africa's food and nutritional security and on Africa's indigenous Knowledge to Preventing and Controlling Emerging Infectious Diseases on the continent like COVID-19, utilizing an Afro-centric Response.

Enhance youth development

Member States to:

- Implement, together with the AUC and the assistance from development partners, Youth response to COVID-19 programme aims at (a) reducing health risk of COVID-19 among youth, (b) minimising the Impact of COVID-19 on young people and (c) mobilizing & engaging Youth to be responders to COVID-19.
- Engage, together with the AUC, private sector and the assistance from development partners, youth in the implementation of four initiatives including: Be Safe health campaign to improve knowledge and self-care among young people; Continue learning initiative to provide opportunities for online/ continued learning; Be an innovator initiative to provide opportunities for young people to be creative and innovate around COVID-19 challenges; and Be a responder initiative to mobilize young people to safely respond in supporting young people and communities to deal with COVID-19.

Women's Economic Empowerment and Inclusion

Member States to:

- Develop, with the support of the AUC in collaboration with development partners, targeted economic empowerment strategies and/ or socio – protection measures such as explore income support and cash transfer programming to mitigate the impact of COVID-19, and ensure they consider care burdens and gender dynamics, including support for populations who are employed during the public health emergency and could lose their revenue stream once the outbreak is contained, and for communities to recover and build resilience against future shocks.
- Ensure that income support programs consider care burdens and gender dynamics (e.g. women should have access to income support). Special social protection measures may be needed to protect informal workers and small-scale enterprises to prevent long-term impacts on livelihoods.
- Ensure economic rights for women and girls, women-headed households and in particular unprotected women workers in the informal sector and migrant workers

- Protect the rights of migrant (domestic) workers and ensure they have access to health services, without fear of deportation.
- Ensure that economic incentives or other measures also target single parents and women-headed households with the assistance from AUC and development partners.

STRATEGIC OBJECTIVE 3
To Restore Trade

Member States to:

- Ensure vital social services and critical government functions continue to be delivered with minimal disruption;
- Prioritize, in collaboration with financial systems, allocation of forex combined with partial subsidy, outright grants or low interest, long-terms, loans to ensure a consistent, uninterrupted and timely supply of inputs for 'critical' supply chains (especially for food and agro-industrial products).
- Facilitate cross-border movement of relief and essential supplies and their expedited release through trade corridors;
- Strengthen, in collaboration with financial system, the use of e-banking, particularly mobile banking in conducting daily transactions and avoid the handling large amounts of cash to reduce transmission of the virus.
- Keep domestic food markets functional and borders open to facilitate regional trade with the support of the AUC and Recs.

STRATEGIC OBJECTIVE 4
To Mobilise Resources and Investments for Economic Recovery

Enhance Liquidity and Improve Domestic Resource Mobilization

Member States to:

- Modernize and strengthen local capital markets to mobilize domestic savings and international investments;
- Put in place reforms to increase domestic resources mobilization and fight against IFFs.

The AUC to:

- Lead, with Member States, the mobilization of fresh resources (US$100 billion as per recommendations of African Ministers of Finance), engage international financial institutions to facilitate access to IFI emergency lending;

Ensure debt sustainability

The AUC to advocate for:

- The cancellation of debts/write-downs for all Member States to avoid defaults and create space for SDG/Agenda 2063 investments; or extending the date of the moratorium for at least 3 years for smooth economic recovery;
- Paying back commercial debts (multilateral or regional debt buy-back funds); such efforts would need to be financed, either bilaterally or multilaterally, such as through new issuance and/or reallocation of SDRs or other mechanisms, debt swaps (e.g. Debt for Climate Adaptation Swap Initiative), debt exchanges or re-profiling and other instruments.

MEDIUM AND LONG-TERM POLICY ACTIONS FOR RESILIENT ECONOMIES

This section is devoted to medium and long-term strategies to build resilient economies. Member States and the AUC should mobilize all other stakeholders including local private sector, local and international investors, development partners to assist in the implementation of the following policy actions:

Revolutionize Agriculture and Ensure Food Security

Member States to:

- **Harness the great potentials of agriculture** by fast-tracking the implementation of the Comprehensive Africa Agriculture Development Program (CAADP) with the support from the AUC. This is essential for contributing to immense economic growth, increase income for farmers, reduce poverty, food value chains and increase food security across the continent, whiles improving nutrition;
- **Develop public policy, regulatory and financing framework** to catalyze private investments; increase level and quality of agriculture public expenditures; attract domestic and foreign investment; promote public-private-partnerships and dialogues. This should increase intra-African trade (AfCFTA) and enable the continent export surplus of agriculture products.
- **Enhance private investment finance in Agriculture in order to modernize agriculture sector:** irrigation and water management; rural infrastructure development, digital technology generation, construct of agricultural machine, planting material and equipment, agro-industries, agripreneurship for youth and women; and value chain development and invite development partners to assist.
- **End Hunger in Africa by 2025:** increase access to and use of increased agricultural inputs and mechanization; post-harvest management; homegrown school feeding; biofortification; food and nutrition knowledge management, nutrition status and nutrition coordination; food/diet diversification; and social protection.
- **Halt Poverty by 2025 through inclusive agricultural growth and** transformation: sustainable land management and governance; irrigation and water management; animal resources development; technology generation, machine and equipment production, dissemination and adoption; agripreneurship for youth and women; and value chain development
- **Boost intra-African trade in agricultural commodities and services in collaboration with AUC and RECs:** policy and trade regime harmonization; food safety and compliance, and trade standards; market orientated infrastructure; agricultural growth zones/corridors; and trade negotiation capacity
- **Enhance resilience of livelihoods and production systems to climate variability and other related risks:** early warning and response systems; mainstreaming and sustainability of climate change and risk management; climate change negotiation capacity; natural resource management (especially forestry); and disaster risk management.
- **Encourage research centers/institutes** to carry out to improve the quality of seeds, fertilizers, and products.

Protect Environment, mitigate the effects of Climate Change and harness Natural Resources

Member States to:

- Establish a Multi-Hazard Early Warning System and strengthen the provision of climate and weather information
- Promote sustainable management of biodiversity, forest and wildlife resources
- Fast track implementation of the Blue Economy Strategy
- Implement multiple clean development approaches including circular economy, green economy and blue economy approaches in line with the AU Action Plan of Green Recovery with the assistance from development partners.
- Strengthen implementation of Water and Sanitation commitments
- Strengthen efforts for resilience building including promote sustainable land management (e.g. Great Green Wall initiative) and implementation of the AU Strategy on Drought and AUC to mobilize partners to assist countries.

AUC to:

- Complete development and implementation of the continental climate change strategy currently and the measures for climate change adaptation and mitigation as contained in the Paris Agreement on Climate Change and the respective nationally determined contributions (NDCs) with the assistance from development partners.
- Complete development and implementation of the Africa Green Recovery Action Plan and the Green Stimulus Programme, as well as the Circular Economy Action Plan in order to create much needed jobs for the youth and women and stimulate technology development and transfer, with the assistance from development partners; and
- Develop and implement a continental framework for Environmental Management to deal with waste management resulting from measures for addressing the pandemic and urban areas with the assistance from development partners.

Productive Economic Transformation and Industrialization

Member States to:

- Diversify and transform economies by strengthening the productive capacity of African private sector and mobilizing foreign private sector with the support of the AUC and RECs to transform raw materials locally under a win-win concept, with respect for African people and their values in order to reduce drastically the dependence on exports of unprocessed raw materials and imports of proceeded goods.
- Develop strategic clusters of firms. Use clusters strategically to develop an economy's comparative advantages. The success of such a policy depends on choosing the right location, attracting the right capabilities, and providing business services to ensure linkages inside clusters, targeted support for local firms can help develop a stronger supplier base.
- Strengthen regional production network, as regional sourcing remains under 15% or regional manufacturing and logistics hub. Coordinate strategies regionally, 49% of the sectors that new industrialization strategies target currently overlap. Regional norms help smallholders integrate into regional value chains, particularly in agriculture which accounts for 50% of all employment. The AUC and RECs should develop and coordinate regional strategies for foreign direct investment to attract investors, develop regional capabilities, and avoid undercutting taxes;

- Enhancing firms' abilities to thrive in new markets. Policies must help African exporters thrive by tailoring to the destination markets. Removing non-tariff barriers reduces uncertainties for exporters and may increase fivefold the gains from tariff removal. Exporters need to simplify administrative procedures and better connectivity and infrastructure, especially flights, roads, ports, etc. and
- Push African private sector to harness the opportunity of outsourcing industry to import foreign jobs into its shores, thus creates new jobs for its growing young population and to achieve economic development.

Improve African business climate and development of the private sector

Member States to:

- Create conducive business climate including promoting good governance and rules of rules and independent judiciary system to ensure the confidence of investors; and utilization, with the support of the AUC, of the Pan African investment code aims at attracting more knowledge-intensive FDI within the continent and employing good investment strategies from emerging countries such as ASEAN countries in order to ensure that Africa is the new destination of investment of the world in the coming years;
- Provide incentives and promote for youth and women entrepreneurship and special and affordable financial instruments for African SMEs;

Scale up the Development of Quality Infrastructure and Sustainable Energy

Member States to:

- Scale up, with the support of the AUDA/NEPAD and development assistance, the implement of PIDA and development of quality infrastructure projects, for improved connectivity within the regions by road, sea, air and rail, in addition to ICT infrastructure and continental power pools;
- Integrate PIDA in Member states strategies plans with the support of AUDA/NEPAD for ownership and implementation
- Develop and sustain an efficient and financially viable energy sector that provides secure, safe, and reliable supply of energy to promote economic growth.
- Increase through Public-Private Partnership (PPP) models to accelerate infrastructure delivery, sustainable energy and water production, transportation services, etc. with the assistance of investors and development partners.
- Promote regional cooperation and PPP with the assistance of development partners for the development of inter-regional infrastructures particularly energy infrastructures.
- Set tax rates for fuel, energy or carbon as well as identify incentives to reduce carbon emissions as a component of stimulus packages and accelerate the transition to a green economy.

Leverage digitalization

Member States to:

- Accelerate/prioritize the implementation of the African Strategy on Digital Transformation (DTS) in collaboration with the AUC in order to transform production systems, industrialization, innovation and the use of advanced technology in all sectors of the production value chain and mobilize development partners to provide assistance.

- Develop enabling environment (through the promotion of intellectual rights, cybersecurity and funding) while providing a legal framework that encourages companies to innovate, adapt digital solutions to African context and ensure inclusive access for all.
- Ratify with the support from the AUC, AU Malabo Convention on Cyber Security and Personal Data Protection.
- Harness digital revolution to transform the African economies to achieve Agenda 2063 and address youth unemployment, and make possible the implementation of prevention measures (e.g. teleworking for white collar workers).
- Educate, together with private sector/training centers and with the assistance from development partners, African workforce for 21st century markets by developing specific skills needed for the fourth industrial revolution and the adaptation of digital innovations to the informal sectors.
- Strengthen the science and math curricula and disseminate scientific knowledge and the culture of science in the African society.
- Coordinate through the AUC and RECs the various digitalization strategies at continental, regional, national and local levels to better prioritize, implement, monitor and evaluate the progress made.

Invest in People: Education, Science, Technology and Skills Development

Member States to:

- Increase public investment and create policy space for private investments in quality education, science, technology and skills development to build the continent's human resource.
- Prioritize/implement, with the support of the AUC and development partners, the AU CESA 16-25 document on education, skills revolution that emphasizes on innovation, science and technology, through TVET & Entrepreneurship, public technical and vocational institutions, traditional apprenticeship including in agriculture
- Expand access to quality education by building, rehabilitating, and preserving education infrastructure and developing policies that ensure a permanent, healthy and conducive learning environment in all sub-sectors.
- Harness the capacity of ICT to improve access, quality and management of education and training systems
- Ensure acquisition of requisite knowledge and skills as well as improved completion rates at all levels and groups through harmonization processes across all levels for national and regional integration
- Launch together with the AUC effective literacy campaigns across the continent to eradicate illiteracy.
- Expand TVET opportunities at both secondary and tertiary levels and strengthen linkages between the world of work and education and training systems; and
- Encourage the private sector to increase investments in education system and private technical and vocational training institutions

Build a Strong Health Care System

Member States to:

- Embark on an aggressive development agenda by investing heavily in the health sector including bridging the infrastructure deficit gap between the rural and urban areas, for access to high quality health care service.

- Address the gap between health workers to patient ratio as efforts to improving the quality of health care service across the region;
- Put emphasis on education and training more health workers for deployment in the rural communities where the demand is high.
- Develop free access to primary health care for the poor and vulnerable, including subsidizing health care services to increase access to all who need it.
- Scale up PPP in building health infrastructure and world class health regional centers, in the production of medical equipment and drugs, pharmaceutical industries to fill the medical supply gap, digital innovation, e-health systems and use of digitally advanced medical equipment for health care delivery.
- Encourage research Centers/Institutes to develop traditional medicines and pharmacopeia; and researches needed so as to produce quality local medications.

Improve Women Empowerment and Inclusion

Member States to:

- Implement immediately all policies that supports the inclusion of women in leadership and decision-making positions in order to facilitate collective action toward building resilient nations and mobilize assistance from AUC and development partners.
- Enhance education, skills development and training of girls and women and increase access to property, assets and financial services for women and assistance without any collateral attached to the loans with the assistance from AUC and development partners.
- Address unpaid care and work burdens as women undertake a number of hours of unpaid work relative to man and increase access to quality, decent paid work.
- Increase their contribution to the socioeconomic development and in society more broadly; transform ingrained cultural attitudes about a woman's ability to work and raise her family simultaneously in collaboration with AUC.
- Ensure women's financial inclusion by increasing economic services and training;
- Initiate combined vocational training and life skills such as the ability to manage challenges and advocate for the rights of older women; and ensure parity at the primary and secondary schooling levels.

African Continental Free Trade Area (AfCFTA)

Member States to:

- Support the AUC working in close collaboration with RECs in advocating for the full operationalization of the AfCFTA taking into consideration experiences and best practices in the regions.
- Strengthen the capacity of African private sector to harness the full potentials of the AfCFTA by transforming locally raw material into value-added finished products in order to create jobs and increase export of African manufactured products.
- Build the necessary digital capacity, eliminate the digital divide and develop home-grown digital skills in trade through equipping labour with the right expertise.
- Put in place policies that encourage and protect innovation with a sharper focus on domestic innovation. Patents are important tools for encouraging and protecting domestic innovation.
- Work closely with the AUC, RECs and African financial institutions to integrate African financial system including the establishment of Pan African Payment and Settlement System (PAPSS), critical for the successful operationalization of the AfCFTA

- Set up in collaboration with the AUC an adequate legal framework to tackle the issue of trust which may act as a barrier to the participation of both consumers and suppliers in e-commerce transactions.

Stable and Sustainable Financing Mechanisms

Member States to:

- Improve financial inclusion, access to finance, domestic savings and domestic private sector credit to GDP. Many Africans (around 66% in sub-Sahara Africa) are "unbanked. Use new money technologies and other blockchain innovations to improve financial inclusion. Domestic savings and credit to private sector will also enhance countries ability to finance Africa's development needs.
- Increase domestic resources from the current level of 17.2% to at least 20% in all countries by broadening the tax base through structural economic transformation to improve tax frontier, tax culture, tax transparency, fight against IFFs, address challenges related Domestic tax base erosion and profit shifting (BEPS), taxation of digital economies, digitalization of tax systems. This will help African countries to reduce borrowing and increase its capacity of debt servicing.
- Focus policies to support to diaspora-funded businesses, attract remittances to create a pool of funds to finance major projects and allow governments to borrow from their citizens abroad. Remittances could be a crucial source of capital for small and home-based businesses, and maybe seed-money for start-ups.They triggers technology spillovers, assist human capital formation, help create a more competitive business environment and enhance enterprise development; which contribute to higher economic growth.
- Ensure transparency in Debt Management. (i) Continued improvements to market-based approaches, such as improved contractual terms and greater use of state-contingent debt instruments (such as linking future payments to GDP growth), including by official creditors. (ii) Further development of soft law principles, including both principles for fair restructuring and for responsible borrowing and lending to prevent debt crises, and their increasing use by adjudicative bodies—national courts, for example—to guide decision-making. Need to use debt for productive investment or growth-enhancing investments rather than maintaining their spending plans;
- Attract more of Foreign Direct Investments. FDI has become an important source of private external finance for the development of countries.

AUC, RECs, AACB, ASEA and other financial institutions to:

- Ensure financial sovereignty is pivotal for sustainable development in Africa. Urgent actions need to be taken to establish the African Central Bank (ACB), the African Monetary Fund (AMF) and the African Investment Bank (AIB). These institutions are essential for creating a sovereign currency and sustainable financing for Africa's development. African can make sovereign monetary policies and ensure issuing future debt in national currency.
- Pan-African Stock Exchanges (PASE). Development and integration of financial markets to mobilize sufficient long-term resources to finance the sustainable development.

Development partners to:

- Continue fulfilling their commitments towards ODA and align ODA to Government's priorities; which is not always the case in many developing countries.

References

Adhikari, U., Nejadhashemi, A. P., & Woznicki, S. A. (2015). Climate change and eastern Africa: a review of impact on major crops. Food and Energy Security, 4(2), 110-132

AfDB. (2019). The High Five: Industrialize Africa. https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Brochure_Industrialiser_l_Afrique-En.pdf

Africa Initiative Report. (2020). Tax Transparency in Africa 2020

Africa Outlook. (2020). How COVID-19 could impact the African economy. https://www.africaoutlookmag.com/industry-insights/article/1173-how-covid-19-could-impact-the-african-economy

African Development Bank (2018). Africa agribusiness, a US$1 trillion business by 2030

Alemayehu Geda. (2020).The Macroeconomic and Social Impact of COVID-19 in Ethiopia and Suggested Direction for Policy Response. Department of Economics Addis Abeba University. www.Researchgate.net/Profile/Alemayehu_Geda

AU (African Union). 2014. The Malabo Declaration on accelerated agricultural growth and transformation for shared prosperity and improved livelihoods. African Union Commission, Addis Ababa, Ethiopia.

AU-AUDA. (2013) Agriculture in Africa transformation

Baker McKenzie. (2020). The Impact of COVID-19 on Key African Sectors. https://www.bakermckenzie.com/en/insight/publications/2020/03/the-impact-of-covid19-on-key-african-sectors

Benin, Samuel. (2020). The CAADP 2020 biennial review: Why many countries are off-track. ReSAKSS Issue Note 32. Washington, DC: International Food Policy Research Institute (IFPRI). https://doi.org/10.2499/p15738coll2.133721

Cesar Calderon et al., Africa's Pulse, No. 19, April 2019: An Analysis of Issues Shaping Africa's Economic Future (Washington, D.C: World Bank, 2019)

Dirk Willem te Velde, San Bilal, Stephany Griffith-Jones, Sony Kapoor, Stephen Karingi, Vera Songwe. (2020). Saving Africa's private sector jobs during the coronavirus pandemic. https://www.edfi.eu/wp/wp-content/uploads/2020/04/Saving-Jobs-During-Pandemic_te-Velde-et-al_15-April-2020.pdf

Financial Time. (2020). IMF slashes economic outlook and warns of public debt burden.

Foresight Africa. (2019). Top priorities for the continent in 2019. Africa's Growth Initiative at Brookings.

Foresight Africa. (2020). Top priorities for the continent 2020-2030. Africa's Growth Initiative at Brookings.

GSM Association. (2019). The Mobile Economy: Sub-Saharan Africa 2019.

Hjort, Jonas & Poulsen, Jonas. (2019). "The Arrival of Fast Internet and Employment in Africa," American Economic Review 109 (3), 1032-1079. https://www.aeaweb.org/articles?id=10.1257/aer.20161385

https://africa.cgtn.com/2020/06/04/uneca-projects-covid-19-could-push-29-million-africans-into-extreme-poverty/

https://unctad.org/en/PublicationsLibrary/ditctedinf2020d2_en.pdf
https://www.afdb.org/en/news-and-events/africa-agribusiness-a-us-1-trillion-business-by-2030-18678
https://www.brookings.edu/blog/future-development/2019/03/28/poverty-in-africa-is-now-falling-but-not-fast-enough/#:~:text=As%20of%20March%202019%E2%80%94and,only%20367%20people%20per%20day.
https://www.brookings.edu/wp-content/uploads/2019/01/BLS18234_BRO_book_007_WEB.pdf
https://www.brookings.edu/wp-content/uploads/2020/01/ForesightAfrica2020_20200110.pdf
https://www.ft.com/content/f29bf66c-d3fa-462e-9026-b1bba49ec2cd
https://www.gsma.com/mobileeconomy/wp-content/uploads/2020/03/GSMA_MobileEconomy2020_SSA_Eng.pdf
https://www.newtimes.co.rw/news/covid-19-will-slow-hotel-development-africa-report-says
https://www.researchgate.net/publication/340610720_COVID-19_in_Africa_Socioeconomic_Impact_Policy_Response_and_Opportunities/link/5e94e7b0a6fdcca789154036/download
https://www.un.org/en/africa/osaa/pdf/pubs/2013africanagricultures.pdf
https://www.uneca.org/sites/default/files/PublicationFiles/aria9_report_en_4sept_fin.pdf
https://www2.deloitte.com/content/dam/Deloitte/za/Documents/process-and-operations/ZA_Outsourcing_BPaaS_281015.pdf

IMF. (April 2020). Regional Economic Outlook. Sub-Saharan Africa COVID-19: An Unprecedented Threat to Development.

International Monetary Fund. (2020). Digitalization in Sub-Saharan Africa. Sub-Saharan Africa Regional Economic Outlook, April 2020

Jong-Dae Park (2019), Re-Inventing Africa's Development Linking Africa to the Korean Development Model,
(http://creativecommons.org/licenses/by/4.0/), Gewerbestrasse 11, 6330 Cham, Switzerland

McKinsey & Company. (2020). Reopening and reimagining Africa: How the COVID-19 crisis can catalyze change.
https://www.mckinsey.com/~/media/McKinsey/Featured%20Insights/Middle%20East%20and%20Africa/Reopening%20and%20reimagining%20Africa/Reopening-and-reimagining-Africa.ashx

Njuguna Ndung'u, "Next steps for the digital revolution in Africa: Inclusive growth and job creation lessons from Kenya," Brookings Institution Working Paper 20 (2018).
https://www.brookings.edu/research/next-steps-for-the-digital-revolution-in-africa/

ODI Report. (2019). Comparative country study of the development of textile and garment sectors. www.odi.org/sites/odi.org.uk/files/resource-documents/12694.pdf

OECD. (2020). OECD Policy Responses to COVID-19: Tourism Policy Responses. https://www.oecd.org/coronavirus/policy-responses/tourism-policy-responses-to-the-coronavirus-covid-19-6466aa20/

Ondiege P., Moyo J.M., Verdier-Chouchane A. (2013) African Development Bank. Developing Africa's infrastructure for enhanced competitiveness. The Africa Competitiveness Report. World Economic Forum.

Ozili, P.K. (2020). COVID-19 in Africa: Socioeconomic Impact, policy Response and Opportunities. Central Bank of Nigeria.

Selma Matsinhe. (2019). Leveraging AfCFTA to Drive Digital Trade in Africa. Mckenzie Baker. https://www.bakermckenzie.com/en/insight/publications/2019/08/leveraging-afcfta-to-drive-digital-trade-in-africa

Songwe, Vera. (2019). Intra-African trade: A path to economic diversification and inclusion. Brookings. https://www.brookings.edu/research/intra-african-trade-a-path-to-economic-diversification-and-inclusion/

Trading Economics, 7 April 2020. Available at: https://tradingeconomics.com.

UNECA. (2017). Economic Report on Africa 2017: Urbanization and Industrialization for Africa's

Annex 1: Countries Policy Responses

COUNTRY	RESTRICTION OF MOVEMENTS			HEALTH MEASURES			SOCIAL MEASURES			ECONOMIC MEASURES			
	National Broder closures	Partial lockdown	Shutdown (school, event,etc.)	Ramdo m/Mass Testing	ICT/Dig italized Contact Tracing	Mandatory quaratine of foreign travelers, confirmed and suspected cases	Cash transfer to vulnerable poor people	Distribution of food	Utility Support	Restriction to economic activities	Interest rate reduction & liquidity to banks	Business grant, tax exemptions, support to businesses	Emergency fund (US$)
ALGERIA	Complete	●	●		●		For vulnerable families and unemployed	Food items for vulnerable families			Central bank policy rate reduced from 3.25% to 3%; Reserve requirement ratio lowered from 10% to 6%	Delayed the filling date for tax returns	$544.9 million to health sector
ANGOLA	Partial		●		●		For vulnerable families				$185 million Liquidity Provision support to banks	Delayed filling of tax for selected imports	$120 million spent on health sector; $12.5 million UN grant
BENIN	Complete	●	●	●		●	US$87 million for vulnerable families		Full coverage of electricity and water cost for 3 months		Monetary Policy Rate reduced to 2.5% (BCEAO)	$69 million to be used to support businesses; Tax exemptions; Free MoMo transfers	$124 million stimulus package from government
BOTSWANA	Partial	●	●			●		Food items for vulnerable familiess			Bank Rate reduced from 4.75% to 4.25%;Primary Reserve Requirement reduced from 5% to 2.5%; Benchmark I.R. reduced by 0.50%	$2.5 million loan per borrower offered to tax compliant businesses; Wage subsidy (50% of salaries); Tax deferral	$173.2 million (1.1% of GDP) in refief funds made available from government
BURKINAFASO	Complete		●				Informal Workers	Food and assistance to households and local small businesses	Subsidies to water and power bills		Monetary Policy Rate reduced to 2.5% (BCEAO)	Free MoMo transfers; Tax deferral; lower VAT	
BURUNDI	Complete		Schools open			●						Tax exemptions for hotels and industries; Salary subsidies;	$5 million promised by the World Bank
CAMEROON	Complete		●			●	Increase in family allowance		3-month suspension of parking and demurrage charges		BEAC announced Policy rate reduction to 3.25%; Marginal Lending Facility rate reduced to 5%	Tax exemptions and deferrals; Free MoMo transfers	$101.2 million for health sector from government
CAPE VERDE	Complete		●				$22.7 million (1.2% of GDP) for the most vulnerable	School kids & families	3 months moratorium of utility bill payment		Central bank policy rate reduced to 0.25%; Reserve requirements reduced from 13% to 10%; Banks to grant a moratorium on loans	Loan guarantees of up to 50% for large companies, 80% for compnies in the tourism and transport sectors and 100% for MSMEs; Extension of tax payments	$784 thousand for health sector from government
CENTRAL AFRICAN REPUBLIC	Complete		●			●					BEAC announced Policy rate reduction to 3.25%; Marginal Lending Facility rate reduced to 5%		$47 million (1.9% of GDP) from government to health sector
CHAD	Complete		●				$173.6 million solidarity fund for the vulnerable population	●	Temporary suspension of electricity and water bills		BEAC announced Policy rate reduction to 3.25%; Marginal Lending Facility rate reduced to 5%	50% reduction in business license fees and the presumptive tax for SMEs; Subsidy planned to agricultural sector (0.3% of non -oil GDP)	$54 million (0.6% of non - oil GDP) to health sector; $115.1 million from IMF
COMOROS	Partial	Curfew imposed	●								Reserve Requirements reduced to 10%	Import taxes reduced by 30% for food, medicines	
COTED'IVOIRE	Complete	Curfew imposed	localized				●		Deadline extension for utility bill payments		Monetary Policy Rate reduced to 2.5% (BCEAO)	$338.7 million relief offered to SMEs	$167 million (0.3% of GDP) for health sector; $886 million from IMF
CONGO, REPUBLIC	Partial	●	●			●					Policy rate reduced to 3.25%; Marginal Lending Facility rate reduced to 5% (BEAC)	Corporate income tax reduced from 30% to 28%; and turnover tax reduced to 5% from 7% for SMEs	$1.4 million from government to health sector; $8 million grant from UN

DRC	Partial		●			●			Free charge water and electricity bills		Policy rate reduced to 7.5%	Suspension of late tax payment penalties; 3 - months VAT exemption on pharmaceutic all products and basic goods	$135 million (0.3% of GDP) planned budget from government
DJIBOUTI	Complete		●					Food vouchers for vulnerable households					2.4% of GDP to be used for emergency Covid funds
EGYPT	Complete		●		●		Families & Informal Workers				Central bank policy rate reuced by 3%; Preferential interest rate reduced from 10% to 8% on loans to tourism, industry, agriculture and construction sectors, as well as for housing	Credit repayment for SMEs have been extended; Real estate tax relief for industrial and tourism sectors; Debt moratorium for agricultural sector	$6.13 billion (1.8% of GDP) from CBE
EQUATORIAL GUINEA	Complete		●						Reduced electricity bills for SMEs and households		Policy rate reduced to 3.25%; Marginal Lending Facility rate reduced to 5% (BEAC)	MIT & CIT payments have been extended; MIT has also been reduced by 1.5%	Government emergency health spending package (1.2% of GDP)
ERITREA	Boarders open	●	●			●							
ESWATINI	Partial	●	●			●		Food assistance provided to the most vulnerable	2 months suspension of increase in utility bills		Discount rate reduced to 4%; Reserve requirement lowered from 6% to 5%; Liquidity requirement reduced from 25% to 20% for commercial banks and 22% to 18% for development bank	Tax refunds for SMEs	$6 million (0.14% of GDP) from government to health sector
ETHIOPIA	Partial		●			●	High risk citizens & some gov't workers	Poor & vulnerable is some states			$450 million alloted to private banks		$411 milion from IMF
GABON	Partial		●	●		●		●			Policy rate reduced to 3.25%; Marginal Lending Facility rate reduced to 5% (BEAC)	$375 million to be accessed by SMEs	$147 million from IMF & $270 million from another source
GAMBIA	Complete		●	●				$15.8 million nation -wide food distribution program for households			Monetary policy rate reduced by 10%; Reserve requirement reduced from 15% to 13%; $14 million liquidity released to bank	Revenue Authority granted tax extensions	$9.6 million (0.6% of GDP) from country budget to the health sector; $10 million grant from WB; $10.2 million grant from EU; $1.5 million from other partners
GHANA	Complete	●	●	6.1/1000	●	●	●	●	Free water and some electricity charges for 3 months		Central bank policy rate cut to 14.5%; Primary reserve requirement reduced from 10% to 8%; Capital conservation buffer lowered from 3% to 1.5%	$210 million allocated to selected industries such as phamaceuticals and SMEs; 200,000 SMEs to be allocated $105 million	$100 million from government; $1 billion from IM
GUINEA	Partial	●	●			●	Some vulnerable households		Distribution of sanitation kips to some vulverable citizens		Central bank policy rate lowered to 11%; Reserve requirement ratio reduced to 15%	Temporary tax exemptions for firms in the most affected sectors	National Emergency Plan of $47 million (0.3% of GDP); Economic response plan $328 million (2.3% of GDP); $23.5 million from IMF
GUINEA BISSAU	Partial		●					$0.9 million for the distribution of 20,000 bags of rice and 10,000 bags of sugar to support households			Monetary Policy Rate reduced to 2.5% (BCEAO)	Free MoMo transfers; 1,700 private companies granted access to loan	$0.8 million (0.06% of GDP) to Ministries of Health, Home Affairs and Defense

KENYA	Complete		●		●	●	Elderly, orphans & vulnerable members of society	●			Central bank policy rate lowered to 7%; Reserve ratio reduced to 4.25%; CBR & CRR reduced by 1%	Income tax relief for income below $225 per month; Corporate income tax reduced from 30% to 25%; Turnover tax rate for SMEs lowered from 3% to 1%; Reduction of VAT from 16% to 14%; 100% relief for L.I.E., VAT & C.T. by 2% & 5% respectively	$503 million from National Treasury
LESOTHO	Complete		localized				Children, elderly, disabled, and those working in the informal secto				CBL cut its policy rate from 6.25% to 3.75%; Banks and insurance companies to suspend loan repayments for 3 months	$28.5 million relief for private businesses; VAT payment deferred for 3 months	$39.8 million disaster relief fund has been set up separately
LIBERIA	Complete	●	●					School children			Central bank policy rate reduced to 25%		$17 million from WB
LIBYA	Complete	●	●				●						$359.7 million (1% of GDP) from government
MADAGASCAR	Complete	●	Localized				Poor & vulnerable	Poor & vulnerable			Central bank grants liquidity to commercial banks ($79 million)	Central bank grants liquidity to commercial banks ($79 million)	$165.9 million from IMF; $3.7 million from WB to support health sector; $100 million from WB to improve human capital
MALAWI	Partial		●			●	4 months payments				Liquidity Reserve Requirement reduced to 3.75%	Fees on MoMo transactions have been waived to encourage cashless transactions; 3 months debt moratorium for SME	$20 million to support the health sector
MALI	Partial		●			●		Free cereal for vulnurable population	Free water & power for 2 month		Monetary policy rate set at 2.5% (BCEAO)	Free MoMo transfers; 3 months exemption from customs duties on the import of basic foods	
MAURITANIA	Complete		●			●	For women, elderly and disable		2 -months free water & powerfor the poor and vulnerable		Central bank policy rate reduced from 6.5% to 5%; Marginal lending rate reduced from 9% to 6.5%; Reserve requirements low-ered from 7% to 5%		$290 million from government; $130 million from IM
MAURITIUS	Complete		●				For self employed workers				Key I.R. reduced by 1%; $100 million for commercial banks to support importing businesses; BOM reduced the Key Repo Rate from 3.35% to 1.85%; Cash reserve ratio reduced from 9% to 8%	6 month moratorium on loans to households and SMEs	One -off exceptional contribution $1.5 billion (12% of GDP) from BoM; $130 million from BoM; Applied for $667.7 million form the WB in relief
MOROCCO	Partial		●	●		●	Households, SMEs				Central bank policy rate lowered to 10.25%; Reserve requirements reduced for both foreign currency and domestic currency deposits (to 11.5% and 34.5% respectively)	VAT and import tariff exemptions on food, medicine and medical equipment	$48 million (0.3% of GDP) to support the health sector in addition to $700 million being asked from development partners
MOZAMBIQUE	Partial		●	●		●	Households, SMEs				Central bank policy rate lowered to 10.25%; Reserve requirements reduced for both foreign currency and domestic currency deposits (to 11.5% and 34.5% respectively)	VAT and import tariff exemptions on food, medicine and medical equipment	$48 million (0.3% of GDP) to support the health sector in addition to $700 million being asked from development partners

NAMIBIA	Complete	●	●			●	For unemployed workers due to covid -19				Central bank reduced policy rate to 4%; Benchmark I.R. reduced by 1%	$336.7 million to support businesses; Banks to grant loan moratorium ranging from 6 to 24 months	$480 million (4.25% of GDP) from government for Economic Stimulus and Relief Package
NIGER	Complete	●	●			●		●	2 -months of free utilities to vulnerable household		Monetary policy rate set at 2.5% (BCEAO)	Free MoMo transfers; Temporary tax relief for hard hit sectors	$114.5 million from the IMF
NIGERIA	Complete	●	●				●	●			I.R. has been reduced from 9% to 5%; Monetary policy rate cut to 12.5%; Liquidity injection of $9.2 billion (2.4% of GDP) into the banking system	Gov't announced relief funds of $136.6 million to S.B.; Import duty waivers for pharmaceutical firms; Deadline for VAT & withholding tax extended	$5.9 billion (1.6% of GDP) stimulus package from government; $2.7 million relaesed to NCDC; $18 million addition to health sector; $50 million grant from EU
RWANDA	Complete	●	●		●	●	Cash transfers to casual workers and households	For 20,000 families			Central bank policy rate cut to 4.5%; Reserve requirement ratio reduced from 5% to 4%; $52 million (0.5% of GDP) liquidity facility to banks	Subsidized loans granted to SMEs and hard-hit sectors; Suspension of tax audit for 30 days, in additionto to tax payment deadline extension	$109.4 million from IMF
SAHRAW	Partial		●										
SAO TOME & PRINCIPE	Partial		●				2 months payment to vulnerable mothers & needy families; WB -supported cash -transfer program to the elderly, disabled and abandoned children					Salary contributions and state guaranteed loans to SMEs; Moratorium on debt to businesses	$0.8 million (0.06% of GDP) to Ministries of Health, Home Affairs and Defense
SENEGAL	Complete	Curfew imposed	●					Food kits for vulnerable households	Utility payments for water and electricity suspended for 2 month period		Monetary policy rate set at 2.5% (BCEAO)	Free MoMo transfers; Tax suspension extended from 12 to 24 months	$442 million from IMF; $136.6 million (0.5% of GDP) allocated by government to health sector
SEYCHELLES	Complete		●			●					Central bank policy rate cut to 3%; Credit facility of $28 million will be allocated to commercial banks	Loan moratorium of six months	
SIERRA LEONE	Partial		●								$2.9 million liquidity to commercial banks	3 -month tax holiday on some basic commodities	Government seeking donor support
SOUTH AFRICA	Complete	●	●	9.8/1000	●	●	For elderly, disabled & unemployed	Food items for vulnerable			Central bank policy rate reduced to 3.75%; Liquidity coverage ratio reduced from 100% to 80%	SMEs to receive $114 million; S.B. to get 4 months tax holidays	$26.3 billion stimulus, 10% of GDP
SOUTH SUDAN	Complete	●	●			●					Central bank policy rate reduced from 15% to 13%; Reserve Requirement Ratio lowered from 20% to 18%		$8 million from government; $105 million grant from WB
SUDAN	Complete		●			●	About $498.7 million for households and unemployed					3-months freeze of loan repayments	$3 million from government; $35 million each from both IDB & WB; $2 million pledged by private sector
TANZANIA	Boarders open	●	●				Social security schemes of $32.1 million for unemployed persons				Bank of Tanzania reduced discount rate from 7% to 5%; Minimum Reserves requirement reduced from 7% to 6%	$376 million allocated to support SMEs; VAT and customs duties exemptions to imported medical supplies	$8.4 million from government; Additional health spending of $3.2 million from contingency reserve
TOGO	Complete		●				Cash transfer through mobile payment (NOVISSI) at a total cost of $19 million (0.3% of GDP) to support informal workers		Water and electricity bills subsidized for 3 months		Monetary policy rate set at 2.5% (BCEAO)	Free MoMo transfers; VAT reduced from 18% to 10% for firms in hospitality and catering sectors; Tax deferrals for SMEs	$131 million from IMF

TUNISIA	Complete	●	●		●	●	For low income households, disabled, workers in the informal sector & unemployed due to covid-19				CBT reduced its policy rate by 1%	Loan payment deferral for private sector	$0.71 billion (1.8% of GDP) emergency fund from government; $745 million from IMF
UGANDA	Complete		●		●	●	For vulnerable families	Food to the vulnerable in urban areas			CBR reduced to 7%; Exceptional liquidity assistance for a period of one year to financial institutions	Charges on MoMo transactions reduced; Loan repayment holiday for a maximum of 12 months; Corporate tax deferral; VAT reduced	$1.3million of Contingency Fund to health sector; $80 million to support critical sectors; Additional $288 million from government; $300 million from WB; $491.5 million from IMF
ZAMBIA	Boarders open		●			●					Central bank policy rate reduced to 9.25%; $548.2 million(3% of GDP) of mediumterm liquidity support to banks	Charges on Momo transactions waived; suspended customs duties and VAT on some medical supplies and industry equipment	$36 million (0.2% of GDP) emergency funds from government
ZIMBABWE	Partial	●	●			●	For vulnerable families				Reserve ratio on bank deposits reduced from 5% to 2.5%; Central bank introduced a medium-term bank lending facility at 10% per annum	Corporate tax extension; suspension of taxes for medical supplies	$720 million

Source: Source: Covid-19 Economic Responses of AU Member States from official publications & IMF COVID-19 Policy Tracker at https://www.imf.org/en/Topics/imf-and-covid19/PolicyResponses-to-COVID-19

African Union

AFRICAN UNION
P. O. Box 3243, Addis Ababa, ETHIOPIA
Tel: +251-115- 517 700
Fax: +251-115- 517844 / 5182523
Website: www.au.int