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DE DEVELOPPEMENT

## AFRICAN DEVELOPMENT INSTITUTE GLOBAL COMMUNITY OF PRACTICE

# Macro-Economic Policy Responses for Building Resilient Economies in Post COVID-19 Africa

G-CoP

SPM

### Summary for Policymakers

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# Foreword

**T**he COVID-19 pandemic has tested the resilience of governments, leaders, societies, economies and institutions in a way that few crises have over the past century. Experts have gone as far as saying the pandemic may result in the first global economic depression in years.

With this in mind, the African Development Bank Group (AfDB) has spared no effort to help its Regional Member Countries (RMCs) cushion the impact of COVID-19 and save as many lives as possible.

However, in addition to financial resources, the fight against COVID-19 requires a complex response that marshals the finest scientists, economists and other experts we can gather. These are the individuals who will help determine the quality of our response to this devastating crisis and will enable us to shield ourselves against similar crises in future.

Over the past months, we have learned a lot of valuable lessons that will enable us to respond to future challenges even more effectively than we have already done.

The time to scale up our readiness is now. That's why the African Development Institute (ADI) of the AfDB has established a brand-new virtual platform that brings together a consortium of certified global experts and anchor institutions. Entitled the *Global Community of Practice* and abbreviated as G-CoP, the platform offers participants a unique opportunity to engage in facilitated policy dialogue and provide evidence-based policy advice, technical assistance as well as training to the Bank's RMCs on emerging specialised policy themes.

Hosted through a virtual interactive collaborative environment under the auspices of the ADI Virtual Capacity Development Academy, G-CoP includes:

- A certified virtual community of experts and practitioners from the AfDB, governments, think tanks, universities and development practitioners;
- A virtual repository of relevant publications and opinion pieces on COVID-19 response policies and practices in Africa and from around the world;
- Regular webinars/e-seminars to brainstorm on emerging case studies of good and bad practices and lessons learned;
- Country-specific case studies on strategies for more resilient economies that can withstand exogenous shocks such as the COVID-19 pandemic; and
- An interactive virtual marketplace with an "ask the experts" function to enable policymakers to access rapid technical advisory services in real time.



Dr Akinwumi A. Adesina  
President of the African Development Bank Group

The first G-CoP webinar, held in April 2020, was assembled around the theme of macro-economic policy responses for promoting resilience in African economies post COVID-19,

This report summarises the highlights of these highly productive and illuminating engagements and is the first in a series of policy advisory documents prepared by G-CoP with input from global experts to assist policymakers on the way forward. The outcomes will definitely inform the dialogues and decisions of policymakers, academics and pundits all over the world who are seized with the consequences of this pandemic.

I would like to commend ADI for their wonderful initiative and express my sincere gratitude to our partner organisations, including the World Bank, the International Monetary Fund and the African Economic Research Consortium as well as to the many individuals who generously participated in the seminar, which informed the policy recommendations in this report.

In the face of adversity, Africans adapt and innovate. Although the fight against COVID-19 is far from over, we know that victory will be ours as long as we keep working together. Together we will build a better Africa — an Africa where everyone is a winner.







# 01 Introduction

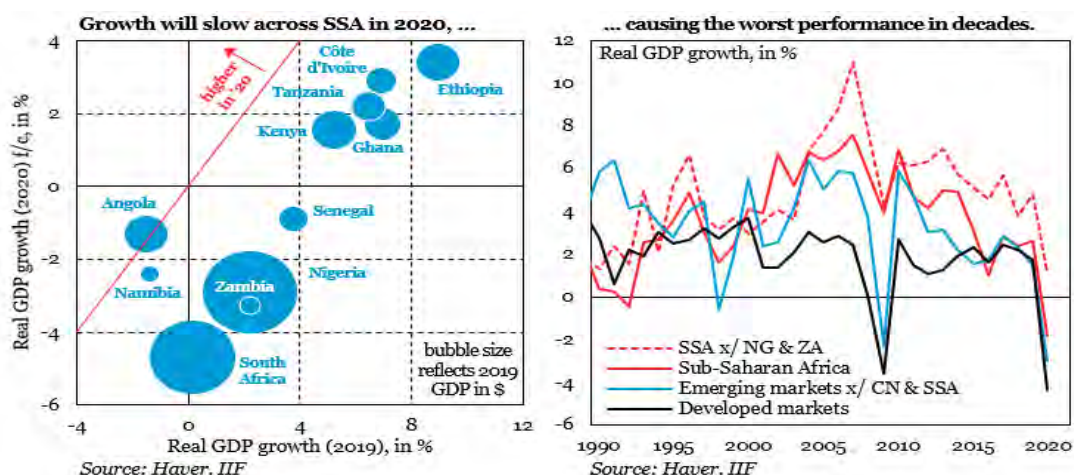
**T**he COVID-19 pandemic has brought unexpected exogenous shocks that have resulted in global, regional, and national policy responses. To contain the spread of the virus and mitigate its impacts, different countries have adopted unprecedented policy measures based on their capacities. These measures are largely two-pronged. The first set – short term – focuses on immediate response strategies to flatten the disease curve through non-pharmaceutical *prevention and containment measures* – notably personal hygiene, social distancing, border closures, and lock-down of economic activity to various degrees. The second set takes the form of eased *monetary and fiscal policies* to help citizens, businesses, and public institutions to cope with the crisis. Indeed, most of the policy interventions have focused on the short term.

**Due to existing vulnerabilities, Africa is likely to be severely hit by the COVID-19 pandemic.**

The short-, medium-, and long-term economic, and social consequences of the pandemic are yet to be fully understood. The crisis is projected to bring about a contraction of -3.0 % of GDP in the global economy in 2020, far worse than in the 2008-2009 financial crisis (-0.07%) . Africa's GDP in 2020 is estimated to fall by -1.7% in the baseline scenario which assumes that the pandemic and lockdowns would not last beyond the first half of 2020 and that all African countries will be affected. In the worst-case scenario, growth is estimated to contract up to -3.4%, assuming that the pandemic and associated lockdowns last beyond the first half of the year and all countries are affected<sup>ii</sup>. This represents the worst economic performance by African countries in the last half century. The crisis is projected to cost Africa cumulative GDP losses ranging from US\$173.1 billion to US\$236.7 billion for 2020 and 2021 (AEO 2020 Supplement). As a result, an estimated 24.6 to 30 million jobs could be lost. The direct impact of the pandemic on over 23 million already vulnerable workers in Africa would drive up the total number of people living in extreme poverty to 463 million in the worse-case scenario as unemployment levels jump.



**CHART 1**  
Impact of COVID-19 pandemic on Africa



**Fiscal deficits are projected to double, and debt levels are estimated to build up by an additional 10 percentage points of GDP.**

The additional public sector financing gap as a result of the pandemic is estimated at US\$ 122 billion. African leaders are already calling for hundreds of billions in financial support and immediate debt relief to create the fiscal space governments need to respond to the pandemic. The tightening of global financial markets, capital flight to safety and the decline in financial inflows—foreign direct investments, remittances and portfolio flows—have led to widening sovereign bond spreads and currency depreciations accompanied by a sudden uptick in inflation in many countries (AEO 2020 Supplement).

**The impacts of the COVID-19 pandemic on the global systems of cooperation will have strong implications for Africa.**

The immediate impacts of the virus on global and national health systems, economies, trade, cultures, and societies have brought to the fore a number of issues. At the global level, the current systems of global cooperation (health, economic, social norms, knowledge management and intelligence, etc.,) that focus on securing geographical boundaries (defined as nation states) appear to have fallen far short of what is required to address contemporary global challenges. Prior to the COVID-19 pandemic, climate change, social media, e-markets and other 4<sup>th</sup> industrial revolution technologies (bitcoins, blockchain, robotics, etc.,) and globalized value



chains were already stretching the ability of available economic policy tools (especially fiscal and monetary policy implemented at national level) to address contemporary global public policy challenges. COVID-19 has deepened questions regarding the adequacy of the current system of global co-operation and national policymaking.

**Like other Multi-lateral Development Banks (MDBs), the African Development Bank Group has put in place a COVID-19 Rapid Response Facility of up to USD 10 billion to help Regional Member (RMCs) respond to the COVID-19 crisis in 2020.**

COVID-19 is spreading quickly in Africa and is already straining the continent's fragile health systems, economies, trade, cultures, societies and livelihoods. Africa's public and private sectors, individuals and communities are struggling to respond to the pandemic amid commercial lockdowns and disruption of income sources. It is estimated that Africa will require stimulus package worth \$110-\$150 billion to provide social and economic relief to its economies in the wake of the pandemic (AfDB Coronavirus Note).

**The African Development Institute (ADI) of the African Development Bank Group (AfDB) convened a Global Community of Practice (G-CoP) on COVID-19 response strategies to support countries with evidence-based policy response strategies, capacity development and technical assistance.**

The inaugural policy seminar of the G-CoP convened on 29 April 2020 brought together 516 delegates including leading global experts in macro-economic policy, former Ministers of Finance, former Central Bank Governors, and anchor institutions globally to consider strategies for *Enhancing Resilience in African Economies through Macro-Economic Policy Responses to COVID-19 Pandemic in Africa*. The seminar examined the short, medium and long-term policy response strategies to flatten the COVID-19 disease curve and build more resilient, inclusive and sustainable economies in Africa in the post-COVID-19 world. It also examined the potency, applicability and multiplier effects of each policy measure in Africa's social, economic and political context.

**This brief summarizes the key policy options that emerged from the seminar**

It includes the short-term policies for COVID-19 prevention and containment, medium-term policies for reopening and rebuilding the economies, and long-term policies for building more resilient and inclusive economies in Africa and resetting the drive towards achieving the SDGs. The summary for policy makers also presents a high-level summary of the potency and appropriateness of each policy option within the African contexts and suggest remedial actions to address the implementation challenges. The overarching goal is to equip African countries with policy options to contain the COVID-19 virus, recover and rebuild better economies with a focus on the quality of growth more than the quantity of economic growth. It was noted that the benefits of the current neo-liberal economic order have at best been unequal, with Africa at the base of the pyramid. Given the global response to the pandemic and exogenous shocks experienced by the continent in global supply systems, the COVID-19 pandemic provides an opportunity for Africa to 'glocalize' - "think globally and act locally" - and build an economy that focuses on efficiency, sufficiency, inclusiveness, and sustainability. This is the best way to enhance resilience to exogenous shocks such as COVID-19 in the Africa we want.







# 02 Policy Options

A number of actionable policy options available to national governments were suggested in time dimensions of short-term (prevention and containment), medium-term (reopening and rebuilding the economies), and long-term (building resilient economies in post-COVID-19) across fiscal, monetary, exchange rate, and other public policy options. A summary of these are presented in this note.

## 2.1

### Short term policies for prevention and containment

Appropriate national policies should focus on prevention and containment measures. Governments and citizens should work together to do whatever it takes to prevent the spread of the COVID-19 virus at all costs to save lives, protect livelihoods, and thriving small and medium scale enterprises. Existing vulnerabilities including chronic food poverty, over-crowded dwellings, lack of basic amenities including clean water, electricity, and shelter could make implementation of some prevention and containment measures like lockdowns without provision of adequate social safety nets potentially fatal for the poor. Considering local pre-conditions and vulnerabilities in defining and implementing prevention and containment policies would assist countries to overcome these challenges.

#### 2.1.1

#### Fiscal Policy Options

The first set of policy options proffered are fiscal in nature. Some of the specific fiscal policy measures recommended are:

**(i) Provision of essential materials for effective prevention**

Ensure: free availability of water for sanitation purposes, but within a limited period of time; ample supply of Personal Protective Equipment (PPEs) for healthcare workers, whether imported or otherwise; and availability of inexpensive masks, while simultaneously promoting their local production.



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**(ii) Re-prioritizing healthcare spending**

Re-prioritizing healthcare spending to accelerate domestic production of medical supplies including personal protective equipment PPEs, and vaccine and drug discovery to counter supply chain disruptions<sup>1</sup>. One example could be off-grid solar battery powered electricity to textile firms producing medical masks. Workers with close skills and firms producing commodities in related sectors could be mobilized to temporarily adapt their production lines to producing the needed items. Budget savings from suspended activities like travels could be deployed into producing the required safety equipment.

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**(iii) Traditional 'social protection and social safety-nets type' measures**

Traditional 'social protection and social safety-nets type' measures such as targeted liquidity and in-kind support to vulnerable households (particularly food), business start-ups, SMEs and MSMEs, and direct provision of basic needs to target vulnerable households<sup>2</sup>, with special attention to the informal sector. Concerns about transparency, accountability, and leakages in public financial system<sup>3</sup> abound at national and sub-national levels. There are also concerns about weak social and legal identification systems for locating and directly targeting the right beneficiaries. One way of dealing with this challenge is to leverage any existing national data and information, for example, electoral cards and driver's licences that are issued to almost all adults as well as Bank Verification Number (BVN) owned by even wider audience. The government also needs to start thinking of digital identification and data systems to generate information about citizens in the medium to long term. To instil confidence, transparency and accountability, measures must be established to ensure effective targeting, monitoring and evaluation of donor funded COVID-19 response projects.

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**(iv) Tax reduction, tax holidays/deferrals on the revenue side**

Tax reduction, tax holidays/deferrals on the revenue side<sup>4</sup>. Limited monetary and fiscal space, as well as lack of flexibility in budgetary systems may constrain implementation of this policy option. Two actions can be taken to ease implementation. First, introduce automatic stabilizers and changes in expenditures that are counter-cyclical and amenable to shocks. Second, deepen innovative domestic resource mobilization beyond taxation. For some countries this may require realigning inefficient subsidies (such as fuel subsidies), reducing unproductive expenditures including remunerations to public officeholders, rethink the size

1 Examples in Kenya (production of medical masks), Senegal and South Africa (production of COVID-19 test kits), Morocco (target production of 10 million masks a day and 50 ventilators a month) Nigeria (production of ventilators), and other emerging social innovations suggest that there is latent capacity in Africa that need to be leveraged and accelerated through targeted investments.

2 This includes targeted direct cash transfers, temporary wage supplements, temporal waiver on interest payments by SMEs and MSMEs to commercial banks, assisted bankruptcy for SMEs and MSMEs, tax reduction and tax waivers (both for income tax and VAT), tax deferrals.

3 There is need to find appropriate measures to effectively identify target beneficiaries of COVID-19 relief packages and avoid political capture, leakages and corruption in implementation procedures.

4 Tax reduction and tax holidays are helpful in the short term to support families and small businesses, but with the projected medium to long term impacts of COVID-19 on economies across the continent, this will further constrain the fiscal space for economies to respond to future shocks.



of the public service, and avoiding 'double dipping' (people receiving two to three salaries from the same government) and other moral hazards in public finance management.

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**(v) Targeted support for the informal private sector to access bank loans to keep afloat**

Targeted support for the informal private sector to access bank loans to keep afloat<sup>5</sup>. High levels of informality in some countries and weak creditworthiness of businesses as a result of the impacts of the COVID-19 reduce availability of collaterals and ability of these businesses to service commercial bank loans. To overcome this challenge, businesses (SMEs and MSMEs) should be encouraged to restructure their financial statements during good times in order to make provision for sinking /guarantee reserve fund for use in bad times.<sup>6</sup> To reach the businesses operating in the informal sector, registered enterprises such as banks, utility companies, mobile phone companies, etc., should be used as channels since they do business with them and have their information in their records. Where available, mobile money options such as MPESA should be leveraged for targeting relief payments. The mobile money options need to be affordable. And for rural areas where such phones may not be easily available, the community institutions such as traditional chiefs, village councils and community health centers should be used to distribute palliatives.

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**(vi) Public and private debt restructuring, prudential borrowing, structured debt relief and targeted debt forgiveness**

Public and private debt restructuring<sup>7</sup>, prudential borrowing, structured debt relief and targeted debt forgiveness. Debt moratoriums / deferrals are helpful in the short term. However, considering the massive impacts of the COVID-19 on already constrained fiscal balances of countries, debt forgiveness is ideal. To deal with this challenge, the African Union and the African Development Bank should champion advocacy for debt forgiveness with the G-20 Member States. The African Development Bank should accelerate the establishment of the proposed Public Finance Management Academy to support RMCs in prudential management of public resources.

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**(vii) Budget restructuring and targeted fiscal deficit financing, and appropriate austerity measures to avoid new debt on the expenditure side**

Budget restructuring and targeted fiscal deficit financing, and appropriate austerity measures to avoid new debt on the expenditure side<sup>8</sup>. Commodity price effects on export revenue and trade balance constrains fiscal space to undertake budget restructuring and respond appropriately to fiscal deficit financing. One way out of this challenge is to restructure budgets to increase investment in research, product development and local manufacturing capacity as a critical path to multisector resilience against exogenous shocks. Countries also need

5 Commercial Bank loan restructuring and cash transfers to citizens and small businesses are urgently required in some countries to prevent bankruptcies among small and medium scale enterprises, most of them in the informal economy.

6 Sinking fund could be held in trust by Central Bank's and National Treasuries who may in turn provide matching contributions in annuity to companies as an incentive to invest in the fund. The Fund should become available to companies only in times of exogenous shocks such as the COVID-19 pandemic.

7 This includes restructuring corporate debt and loan guarantee schemes.

8 Restructuring national and corporate budgeting and financial accounting systems required to build in buffers for rainy days such as COVID-19. A typical example is the innovative expenditure switching strategies deployed by the Republic of Kenya to mop up domestic and international travel budget for COVID-19 response investments.



to focus on building fiscal buffers during booms and create special funds to address specific shocks to improve fiscal space.

### (viii) Fiscal stimulus packages should be large enough

Fiscal stimulus packages should be large enough to have an impact on the economy without getting beyond the country's fiscally sustainable financing limits<sup>9</sup>. Limited fiscal space, high debt levels, and low domestic resource mobilization capacity in most countries before the pandemic means that many countries, on their own, may not be able to finance the fiscal stimulus packages required to keep business afloat, save lives and livelihoods. One way to work around this challenge is to ensure that fiscal stimulus packages, to the extent possible, are financed by idle domestic resources such as pension funds, insurance and wealth funds and idle funds in the treasury single accounts of countries. This would minimize the long-term impact on the fiscal risks and debt vulnerabilities of countries<sup>10</sup>.

### (ix) Give measured guarantees for private sector loans

Give measured guarantees for private sector loans. Non-availability of credit database platform and collateral register that guarantees easy identification of individual and corporate (SMEs) borrowers is a challenge. And so are the prohibitive cost of loan administration and high default rates on loan repayment. A few remedial actions can be taken to mitigate such challenges. These include establishment of mandatory collateral register, relax loan application conditions and qualifications to include movable assets and collateral, promote 'non-collateral' lending of group lending that follows the *Grameen Bank* model<sup>11</sup>, and advocate and promote special banking that includes non-interest banking, and use of solidarity groups.

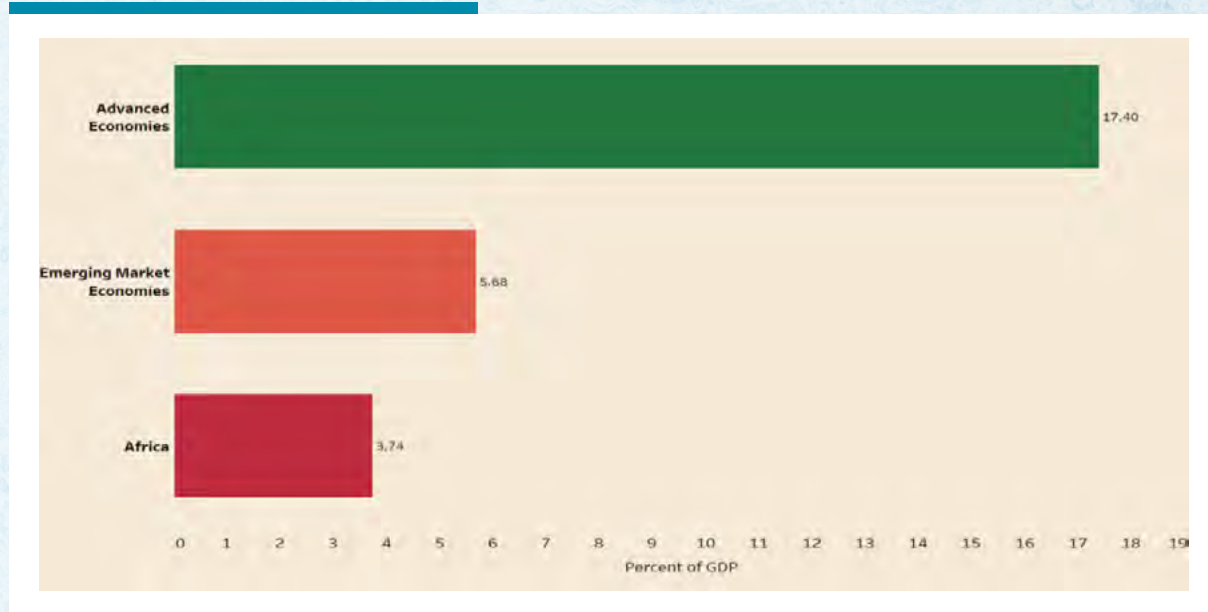
9 This requires inter-state and inter-sectorial coordination to prevent unsustainable debt, limiting their fiscal margin and handicapping future generations in the developing countries.

10 With the unprecedented easing of fiscal and monetary policy prudential limits in many advanced countries, Central Banks and National Treasuries need to carefully manage quantitative easing and inflation with a laser focus on price stability and the distributional effects of exchange rate effects of eased fiscal discipline in the developed countries. The potential deflationary and "reserve currency effects" of COVID-19 stimulus on African countries should be kept in view. Some experts propose "deficit financing as the only option, with all its perilous consequences." Others argue that "balanced budgeting with associated austerity measures is the way forward". It is estimated that with imminent decline in remittances, most African countries would run deep deficits in the balance of payments. Declining revenues and rising expenditure hence result in faster deterioration in primary balance of the government budget. Hence, deficit financing becomes the only option, with all its perilous consequences. Countries need to consider their own local contexts and do whatever it takes to save lives, rescue fledgling SMEs and MSMEs, and ultimately save the economy for the future. The lack of adequate fiscal space, and of strong financial systems in Africa prior to the pandemic requires that both the easing of monetary policy and the use of fiscal stimuli must be carefully disciplined by the available policy space for implementing these responses. The direct COVID-19 impact on their economic growth prospects, fiscal and financial systems, as well as external debt status suggest that if these responses are not carefully calibrated to take account of both the existing vulnerabilities and direct COVID-19 economic impact, "the cure may turn out to be worse than the disease". ADI and Partners will conduct further research on the subject to provide evidence-based policy advice to member countries.

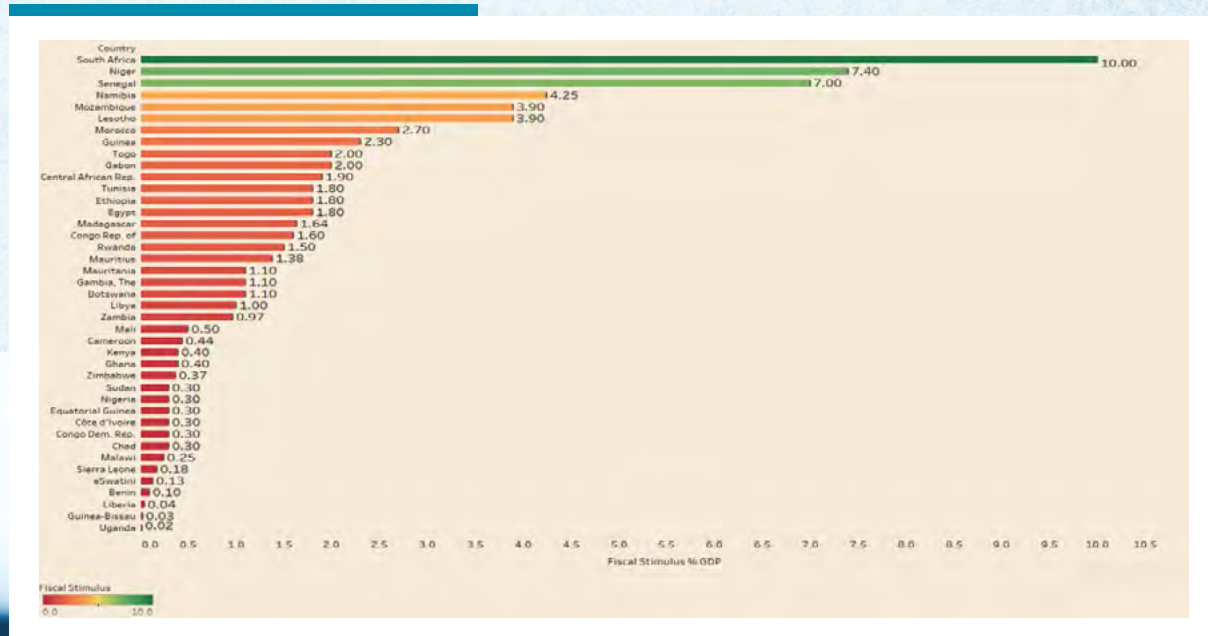
11 This model employs low interest rates that cover costs, peer pressure, small weekly repayments, and personal contact with borrowers to promote repayment.



**CHART 2**  
Fiscal stimulus in response to COVID-19: Africa vs. Others



**CHART 3**  
Size of fiscal stimulus in Africa in response to COVID-19





Monetary and exchange rate policy is the second set of policy options. Some of these are:

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**(i) Provide liquidity to commercial banks and allow bank forbearance on domestic private loans**

Provide liquidity to commercial banks and allow bank forbearance on domestic private loans. This will include moratoriums on microcredit repayment and prudential regulation and protection for the microfinance industry. The challenge with this policy option is that it could induce an apparent moral hazard in using government funds to bail out a commercial entity. Remedial action would require reducing information asymmetry through effective bank supervision by the monetary authorities. Also needed is good management of expected bailout probabilities because this would significantly influence risk taking by banks.

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**(ii) Reduce collateral requirements for local production of medical supplies**

Reduce collateral requirements for local production of medical supplies. Two main challenges could arise from this policy option. First is that it could lead to an explosion of bad debts that have potential to weaken the banking system with possible collapses of banks and contagion. Second, most countries exhibit weak domestic production capacities caused by inefficient infrastructure and lack of appropriate skills. One first step is to deal with the collateral challenge by relaxing the collateral requirements to include movable assets that could be tangible or intangible. This can then be followed with setting up a National Collateral Registry. On weak production base, quick efforts should be made to harness excess capacities in some sectors due to the exogenous shocks and transfer these to deficit sectors to produce needed essential supplies.

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**(iii) Central Banks to provide liquidity support to the banking system**

Central Banks to provide liquidity support to the banking system<sup>12</sup>. As a result of the lockdowns to contain the spread of the virus, many creditors to the banking system would not be able to meet their repayment obligations as businesses are closed. This could lead to financial system crises if the central banks do not extend liquidity to commercial banks through careful adjustment of the overnight money deposit rates and reducing the reserve requirements for banks. This would help ensure that Banks are still able to extend loans to vulnerable firms while staying afloat themselves during the pandemic. Central banks must also enhance their surveillance for banking system to prevent possible bankruptcy due to the predicted increase in banks' provisioning and difficult loans.

12 The pandemic would push some companies into bankruptcies that would, in turn, put liquidity and solvency pressures on the banking system. A system of support such as guarantee is needed to avoid a systemic risk associated with bank failure.



The public policy options are wide-ranging and crosscutting in nature. They span all spheres of life. Some of this set of policies advocated by the G-CoP are:

(i)

**Continued implementation of all necessary non-pharmaceutical safety measures**

Continued implementation of all necessary non-pharmaceutical safety measures. Decongest physical markets to provide social distancing and mandate the wearing of face masks, which should also be extended to all shops, banks, public transportation, and other enclosed spaces. Provide all densely populated areas (slums) with free masks, water, soap, hand sanitizers, and food items, especially when a 'lockdown' is in place. Ban large-group gatherings. Aggressively test, quarantine and effectively pursue contact-tracing.

(ii)

**Effective communication that ensures full transparency and timeliness of communication to maintain government credibility and citizen's trust**

Effective communication that ensures full transparency and timeliness of communication to maintain government credibility and citizen's trust. Trust deficit among political leaders and citizens could limit the compliance rates and success of these policies. Moreover, timely and transparent communication would ensure buy-in by the citizens and limit the extent of social media information deluge and reducible uncertainties around COVID-19. Investment in structured, transparent and timely communication on status of action in managing the pandemic by policymakers would help.

(iii)

**Implementation of modified versions of non-pharmaceutical measures of lock-down and containment policies**

Implementation of modified versions of non-pharmaceutical measures of lock-down and containment policies based on local conditions such as demography, population density, labour market structure, etc. It is noted that the current lock-down policy does not appear to leverage the demographic dividend in Africa including its youthful population. In the short to medium terms, Governments could consider relaxing labour laws and introducing cyclical working hours and incentives for teleworking for those in formal employment in the cities. Youths and other workers under the age of 60 could work in shifts - working from the office in two-week cycles, on the job for 4 days and at home in lock-down for 10 days<sup>13</sup>. An immediate implementation challenge with this policy option is the lack of incentives to adopt policies crafted for other contexts. There is also fear of failure because this is experimental and has not been tried and tested in countries with similar structural features to Africa. More importantly, a high percentage of the working population (85%) are employed in the informal sector making labour market interventions difficult to target and implement. Many workers have no internet connection and/or devices to telework. Many do not have access to electricity at home even if laptops and internet facilities are provided. To overcome these challenges, countries should dare to be

13 This would break the infection cycles for the corona virus and also reduce the number of people in offices each day to facilitate social distancing.



innovative and be different. The use of evidence based on science and epidemiological models relevant to local contexts could spur successful implementation.

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**(iv) Temporary redeployment of vulnerable workers in critical sectors, industries, and regions**

Temporary redeployment of vulnerable workers in critical sectors, industries, and regions to sectors, industries and regions that are less exposed to COVID-19 virus with opportunities for teleworking<sup>14</sup>. Implementing this policy may face challenges emanating from the time and resources required to retrain and redeploy workers. A deliberate effort to set aside dedicated and ring-fenced funds from fiscal savings induced by the pandemic would imbue successful implementation.

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**(v) Public health awareness and sensitization campaigns**

Public health awareness and sensitization campaigns by mobilizing community actions to educate and persuade citizens about the benefits of personal hygiene, social distancing and other behavioural changes required to contain the virus. Public health sensitization could be achieved through teachers', youths', students' and neighbourhood associations, NGOs, community leaders, and faith-based organization. Leveraging existing strong community, traditional and faith-based institutions to mobilize support and drive implementation of the public awareness strategy adopted would help overcome the challenge of reaching every nooks and cranny of all communities with the message.

## 2.2

### Medium-Term Policies for Reopening and Rebuilding the Economies

In the medium term (recovery phase), delegates emphasized the need to focus on reopening and rebuilding the economies.

#### 2.2.1

#### Policy Options for Reopening the Economies

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**(i) Carefully analyze and evaluate available options to gauge preparedness for reopening the economy**

Focusing first on reopening the economies, the following strategic policies were advanced:

Carefully analyze and evaluate available options to gauge preparedness for reopening the economy<sup>15</sup>. While this is a necessary step to take among other options, there are anxieties and uncertainties about reopening which could increase the tendency to adopt options that have worked elsewhere without proper evaluation of their relevance to local contexts. Governments need to follow a carefully planned and sequenced adaptive strategy that will include creating criteria

14 Medical students could be mobilized and given additional hands-on training to enable them support the doctors, nurses and medical practitioners in screening, testing and treating people with Covid-19.

15 Available options include full reboot approach or graduated approach.



and checklist for reopening. Based on careful assessment and analysis, government could then carefully articulate a national framework for reopening.

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**(ii) Create widespread and far-reaching awareness through effective communication on the protocols for reopening economies**

Create widespread and far-reaching awareness through effective communication on the protocols for reopening economies. Public ignorance regarding the strategy for reopening and their individual responsibility in the process could be a major challenge. This policy option can be pursued through the use of all possible communication channels and media to reach all citizens, especially those in the most vulnerable communities.

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**(iii) Scale up testing to exhaustively identify all cases of infection**

Scale up testing to exhaustively identify all cases of infection<sup>16</sup>. To overcome limited testing capacity coupled with limited availability of testing kits, broker partnership among researchers, scientists and national institutions. Such a partnership should aid the experimentation and production or assembling testing kits locally, thus providing a framework for linking local researchers and institutions with global producers of testing kits, in order to facilitate quick apprenticeship, learning and adoption.

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**(iv) A cautious, gradual and orderly reopening is a way to go**

A cautious, gradual and orderly reopening is a way to go. By all means, despite political pressures, avoid premature reopening, because this portends more damage to the economy given the probable risk of infection rebound that would necessitate a second shutdown that may prove to be longer. Ensure transparency of process, in order to build public trust and buy-in for the reopening strategy adopted. If possible, prioritize and sequence reopening using appropriate measures<sup>17</sup>.

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**(v) Establish workplace health and safety standards that are clear, strong and enforceable ahead of reopening**

Establish workplace health and safety standards that are clear, strong and enforceable ahead of reopening. Indeed, poor or non-existent occupational health and safety practices in most public offices and places in Africa and non-compliance or inability to comply by SMEs and informal sector operators could weaken implementation. This would require continued enforcement and implementation of prevention and containment measures (physical and social distancing and avoidance of large crowds) in offices and public places for the medium-term. Support should also be maintained for the provision of cheap, affordable and locally produced safety masks and solutions like water dispenser and soap for washing hands.

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**(vi) Articulate action plan for managing a rebound of the pandemic; do not underestimate this possibility nor leave it to chance**

Articulate action plan for managing a rebound of the pandemic; do not underestimate this possibility nor leave it to chance. Hotspots for possible new outbreaks should be identified ahead of time and a plan of action for prevention and containment be

16 Necessary duty of care must be taken before reopening. Reopening must be based on sound scientific and health advice regarding the epidemiological evolution of the disease

17 This could include potential to increase the risk of new wave of transmission, and estimated impact on the overall economy and livelihood if the lockdown continues.



developed. Large-scale movement of people and gatherings over the medium-term should continue to be curtailed. Furthermore, the time during a lockdown should be used to effectively build the needed structure and plan action for reopening.

**(vii) Establish workplace health and safety standards that are clear, strong and enforceable ahead of reopening**

Establish effective governance for the reopening process. There were various cross-country complaints about brutality of law enforcement agents against citizens while enforcing the lockdowns. During the reopening phase, articulate acceptable rules of engagement by law enforcement agents as an essential element of the reopening process, and ensure consequence management in cases of brutality by law enforcement agents. This will help instil discipline and serve as deterrent to erring law enforcement agents.

## 2.2.2

## Policy Options for Rebuilding the Economies

Once the economies are reopened, the immediate policy focus would be on rebuilding and reinvigorating growth. Some policy actions in this regard are:

### 2.2.2.1 Fiscal Policy Options

**(i) Re-prioritizing healthcare investments**

Re-prioritizing healthcare investments. Sectoral spending priorities adjustments may be required, in order to shift the budget toward the healthcare sector. This may necessitate a temporary shift from the capital, and also from the education budgets as schools remain closed. This policy action would require a rethink of enforcement of the Abuja Declaration on 15% of annual budget allocation towards improving the health sector. Countries could consider setting up an Infrastructure Investment Fund to accelerate the financing of healthcare infrastructure. Significant resources can be mobilized through this source and through other innovative domestic resources to mobilize investment into the health sector.

**(ii) Tax reform**

Tax reform. Reset fiscal policy to raise tax capacity closer to the global average and demand a fair contribution to public funds from all high net-worth citizens and businesses. No doubt, perceived lack of transparency and accountability tends to limit public trust in Government effectiveness and reduces appetite to pay taxes. A government willing to overcome this challenge will elect to join in the implementation of the AfDB's Public Finance Management Academy (PFMA) and Public Service Delivery Index (PSDI) to improve capacity for prudential management of public finances and enhance transparency and accountability in public service delivery. The government will also seek to build tax capacity by improving the macroeconomic environment and ensure there is value for money. There has to be visibility on the good use of the taxes collected to promote tax compliance. Digitization of



tax administration will also improve tax revenues, reduce collection costs, provide timely data, promote fairness, and enhance transparency.

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**(iii) Abolish perverse and inefficient fossil fuel subsidies**

Abolish perverse and inefficient fossil fuel subsidies and promote focused investment in renewable energy that prepares a country for more resilient and decentralized energy sources. The complicated political economy of subsidies and vested interest groups make subsidy reduction and removal unpopular for public officials, explaining the prevalent weak political will to implement. The COVID-19 pandemic induced slump in the demand and supply side factors in the oil industry (with a record negative price of oil) presents an opportunity to remove fuel subsidies with limited political costs to political officeholders and policymakers. Such political costs could be further reduced through a strategy of concerted publicity touting the superior advantages of nationally investing into renewable sources of energy.

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**(iv) Restructure budgets to increase investment in research, product development and local manufacturing capacity**

Restructure budgets to increase investment in research, product development and local manufacturing capacity. One major challenge here is the long-standing neglect of educational system, leading to knowledge dependence and low demand for local research product. One possible solution is for countries to prioritize investments in key sectors, especially STEM education, in the national budgets. Countries should also tap into the work of the African Development Institute (ADI) as it is currently being positioned to become the Knowledge Bank for Africa and support resource mobilization in strengthening African institutions to conduct targeted research for development.

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**(v) Accelerate physical infrastructure investment with a focus on the Bank's Hi-5s strategic priorities**

Accelerate physical infrastructure investment with a focus on the Bank's Hi-5s strategic priorities to enhance food systems and agricultural value chains, energy systems, industrial transformation, regional integration and trade, and improving the quality of lives of African citizens, as measures to build resilient economies in post-COVID-19 Africa. Specific attention should be paid to accelerating investments in health infrastructure, renewable energy, agriculture, digitization and capacity building for the 4th industrial revolution technologies including e-education and e-governance, e-markets, etc.

### 2.2.2.2 Public Policy Options

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**(i) Strengthening capacity for early warning systems and disaster risk mitigation**

Strengthening capacity for early warning systems and disaster risk mitigation. However, poor data systems and institutional capacities for intelligence gathering and coordination could limit successful roll-out of this policy. One way out is to focus on building strong national institutions and governance structures as well as addressing the interaction between them. The national statistics bureaus should be strengthened to generate requisite data through forging strong and effective collaboration with the AfDB's Africa Information Highway for support and assistance.



**(ii) Economic diversification,  
strategic value  
chain development  
and deepening domestic  
markets**

Economic diversification, strategic value chain development and deepening domestic markets informed by efficiency and sufficiency not profit maximization. But a weak industrial base occasioned by the dearth of basic infrastructure, particularly electricity, pose a great challenge. One possible way out of this challenge is to create and raise MSME awareness on innovativeness in marketing, company identification (unique addresses), and insurance support. Additionally, countries need to develop internal demand capacity knowing full well that markets are key for inclusiveness.





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**(iii) Capacity development and training**

Capacity development and training to address immediate capacity gaps in the health sector, public financial management, and public service delivery. Current donor dependence obscures analytical focus on policy questions of interest to African countries. There is need for renewed focus on capacity building.

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**(iv) Develop more inward-looking strategy for African countries along the lines of Agenda 2063 and AfCFTA**

Develop more inward-looking strategy for African countries along the lines of Agenda 2063 and AfCFTA. Africa has been a market for raw materials and a consumer of processed commodities. The benefits of technical progress have therefore accrued elsewhere. African countries must be quick to accelerate adoption and domestication of the protocols of the AfCFTA. To further help African countries, the G-CoP experts will examine the development options for the post-COVID-19 Africa, focusing on quality of growth – efficiency, sufficiency and inclusiveness rather than quantity of growth, and building regional trade and regional value chains for primary products, and export knowledge and technology to the global market<sup>18</sup>.

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**(v) Invest in disruptive social innovations and technologies – e-banking, e-health, e-education**

Invest in disruptive social innovations and technologies – e-banking, e-health, e-education. While several e-technology platforms have been developed out of Africa (e.g. M-PESA), they are yet to be scaled up due to trade and non-trade barriers. There are a few things countries can do to record many more of M-PESA and upscale them globally. First, they need to invest in technology adoption and innovation incubation. Second, they need to begin, even at very low scale, digitization of African economies with the introduction of e-government, e-trade, e-services, e-payments, and e-training. Lastly, but more importantly, countries are invited to be part of the planned ADI's work on online platforms for capacity development in Africa.

## 2.3

### Long-term Policies for Building Resilience

The G-COP experts took a deep dive into the long-term to examine policy options that are needed by countries to build resilience, not only against the COVID-19, but also against all potential exogenous shocks in the future. A summary of some of the policy prescriptions are highlighted as follows:

#### 2.3.1

#### Fiscal Policy Options

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**(i) Build buffers (domestic and external) in good times to weather future adverse exogenous shocks**

Build buffers (domestic and external) in good times to weather future adverse exogenous shocks<sup>19</sup>. It is a known fact that most African countries historically have limited fiscal space and low

18 The future in a post-COVID-19 world belongs to economies who invest in and produce knowledge and technologies not commodities.

19 Foreign exchange reserves, strategic food reserves, strategic reserves of medical equipment, strategic investment in institutional capacity and supreme audit / accountability agencies, Sinking Fund and Disaster Relief system, rules-based Stabilization Fund, etc.



savings culture. Limited fiscal space and high budget deficits that make available resources barely enough for spending on essential services could leave fiscal authorities with little or nothing to save. Even in some countries where funds have been set up, they have been fraught with corruption and lack of transparency and accountability in the management of the funds. Political pressure, especially from opposition and sub-national governments against establishment of such funds with preference for immediate consumption may also arise. To deal with these issues, countries should legislate compulsory fiscal savings, establish and empower anti-corruption institutions and strengthen CSOs to provide oversight function on established funds to ensure zero tolerance level for corruption. Proceeds from the savings can then be invested in sovereign wealth funds, national reserves and other sinking funds for use in the rainy day. If enhanced transparency and accountability in public finance management is achieved, countries will succeed in building buffers to manage future exogenous shocks.

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**(ii) Increase investments in infrastructure for long-term diversification of African economies**

Increase investments in infrastructure for long-term diversification of African economies. Indeed, many African countries are unable to secure long-term financing required for infrastructure development. But sometimes, the challenge is corruption among implementing institutions and contractors, leading to high cost of infrastructure development. Capacity for complex infrastructure development could also be an issue, resulting in shortage of specific skills, expertise and experience. One way to go is to articulate a long-term infrastructure development strategy that incorporates the roles of all stakeholders: public and private sectors, and multilateral and bilateral partners, with priority accorded to maintenance. Domestication of continental infrastructure development initiatives like PIDA and letting objectivity and not politics be the guiding principle in citing infrastructure projects are complementary remedial actions.

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**(iii) Increase funding for all types of research (scientific, economic, social) and specifically R&D advancement in their annual budgets**

Increase funding for all types of research (scientific, economic, social) and specifically R&D advancement in their annual budgets<sup>20</sup>. Limited fiscal space and weak local absorptive capacity in activities and sectors that could spur uptake of the 4th Industrial Revolution Technologies (4IR) are real challenges here. One solution is to mandate private sector contributions to R&D fund. Another one is to provide attractive incentives for private sector institutions to undertake corporate social responsibility and investment in R&D financing. Countries could even consider experimenting with issuing Innovation Bonds that target raising funds to finance specific scientific and R&D projects.

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**(iv) Seek debt cancellation for African countries**

Seek debt cancellation for African countries. This would require some re-calibration in view of the global commitments under the Paris Agreement and the United Nations Sustainable Development Goals 2030. While efforts are already ongoing in this direction, disqualification of middle-income countries

20 This should be tailored towards supporting innovation and uptake of Fourth Industrial Revolution (4IR).



from debt cancellation poses a great challenge. Furthermore, some countries lack the moral justification to seek debt relief due to high levels of corruption and waste of public funds. For example, the cost of running government business in some countries are mind-boggling considering salaries of law makers, political appointees, and cost of running the President's office. There is even double dipping in some instances. There is need to change the narrative on middle income countries as this status has dried up their access to concessional funding. The goal would be to ensure middle income countries benefit from debt relief and not disqualified due to stratification.

## 2.3.2

## Monetary and Exchange Rate Policy Options

### (i) Rethink the foreign exchange regimes in African countries

Rethink the foreign exchange regimes in African countries<sup>21</sup>. It is a known fact, however, that the small size of the economies, making them price takers and induced high dependence on imports, limits exchange rate policy choices. A more flexible exchange rate would further complicate macroeconomic management, leading to further challenges in managing inflation, export competitiveness, balance of payments difficulties, strained fiscal and foreign reserve positions, and welfare loss to citizens due to passthrough inflation. One policy lever here for the policymakers is to unify the multiple exchange rates windows they currently have. They may adopt gradual transition by first exploring the conventional peg arrangement. Relatedly, they should promote coordinated implementation of exchange rate policy with other micro and macroeconomic policies, particularly monetary and fiscal.

## 2.3.3

## Public Policy Options

### (i) Revamp skills development policy and systems with emphasis on the future of work

Revamp skills development policy and systems with emphasis on the future of work<sup>22</sup>. However, economic growth that is lagging behind population growth<sup>23</sup>, limited economic diversification with continued commodity-led economic activities and growth, poor level of productive technology adoption, and non-availability of the right and supportive policy conditions and investments in appropriate technologies are potent factors that could weaken implementation of this policy option. A remedial action that could be taken by governments is to incentivise investments in technologies and R&D by government and private firms to guarantee easy flow of funds into ensuring availability and affordability of digital infrastructure to rural

21 Is it time for adoption of appropriate exchange rate policy to support the real sector?

22 Expand remote learning and reskilling initiatives for all non- or under-utilized employees.

23 Between 2000 and 2014, employment expanded by less than 1.8% while labour force growth was 3% per annum. It is estimated that by 2030, 30 million youth will be entering the labour market annually with need to create 18 million jobs annually to absorb new labour market entrants. Yet, only 3 million formal jobs are being created with only 4% of new entrants between 2010 and 2020 were able to find work in industry and 21% in services.



and urban population. Second, a country could introduce subjects like coding, data analytics, entrepreneurship, and Technical and Vocational Education Training (TVET) into school curricula beginning from primary school to prepare the future workforce.

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**(ii) Develop intermediary cities**

Develop intermediary cities<sup>24</sup>. The challenge here is that African countries have too many unplanned urban settlements, leading to emergence of many slums. This is the result of lack of national urbanization and infrastructure development strategies. Incorporate secondary cities into national development strategies that include spatial strategy and establish a regulatory framework for development of intermediary cities. To make it easier, countries could domesticate the Habitat III's National Urban Policies (NUPs). Adopting innovative fiscal and financing strategies that ensure increased public budgets and leverage this to attract private and multilateral institutional financing.

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**(iii) Support private sector development**

Support private sector development<sup>25</sup>. The absence of a framework for private sector development and engagement and dominance of the public sector in national economic space in most African countries could make implementing this policy difficult. Required actions would include developing a Private Sector Development Strategy such as a framework for public-private partnerships. Setting up a risk-sharing financing institution will also be strategic to moderating the inherent high-risk in some sectors, particularly agriculture.

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**(iv) Pursue global partnerships in fighting future common exogenous shocks**

Pursue global partnerships in fighting future common exogenous shocks. Such a policy would entail strengthening partnerships, with each country considering establishing early warning systems with the help of global health institutions through technical assistance and funding. That would in turn require prioritizing partnerships with global institutions and acting with speed and thoroughness.

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**(v) Less talk and more action on Domestic Resource Mobilisation (DRM)**

Less talk and more action on Domestic Resource Mobilisation (DRM). This policy would likely involve articulating a national DRM Strategy with assigned roles and responsibilities to all stakeholders (national, sub-national, private sector, as well as national and multilateral development finance institutions) in the short, medium, and long term. The Strategy would include finding remedial solution to the limited fiscal space most countries face due to small size of economic activities and large informality that tend to moderate DRM capacities.

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**(vi) Ensure responses are informed by different specialties, crosscutting and holistic**

Ensure responses are informed by different specialties, crosscutting and holistic<sup>26</sup>. Economic agents need to understand the nature, scope, magnitude and evolution of pandemics and similar exogenous shocks. Setting up an interdisciplinary response teams that focus on

24 This will aim to provide critical infrastructure that will play a crucial role in connecting Africa's rural-urban supply chains and helping local SMEs meet domestic and regional demand.

25 By introducing policies to remove risk from the private sector e.g. auctioning of contracts for renewable energy.

26 Lack of understanding of pandemics can lead to myopic responses therefore incorporating epidemiologists can assist with short, medium to long-term planning for pandemics.

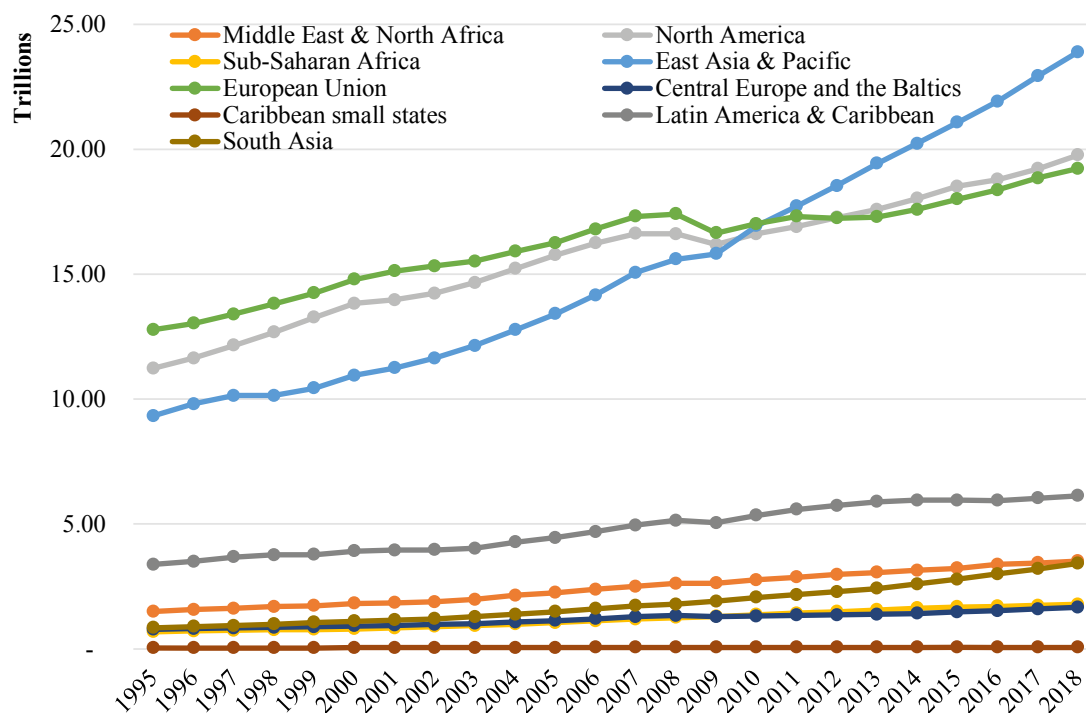


prevention and containment, reopening the economies and building resilience would help countries to manage this challenge.

## (vii) Focus on sustainable development

Focus on sustainable development<sup>27</sup>. Such a policy focus would require grappling with several implementation challenges: large numbers of people living in extreme poverty, and high levels of income inequality; rapid population and urbanization growth rates; wide gaps in human development, data, governance and financing; high levels of corruption and infrastructure deficits; and insecurity. To mitigate these challenges, there would be the need to develop ambitious, action-oriented and collaborative, sustainable development strategies that are adapted to local peculiarities and levels of development; deliberately and systemically change consumption and production patterns through structural transformation strategy; adopt sustainable development initiatives like public-private partnerships; and strengthen as well as support African institutions, in order to build capacity for inclusive and sustainable growth.

**CHART 4**  
Gross Domestic Product by Regions, 1995 – 2018 (Constant US\$ 2010)



This chart reveals benefits of Neo-liberalism, Democracy, Globalization, and Free Markets among regions. Obviously, Africa has not benefited much from the status quo.

<sup>27</sup> There is need for a move from simple economic growth to thinking of the environment putting human values at the centre stage, land degradation, biodiversity, the need of dignified work, health etc. The challenge of COVID-19 is not as big as the Climate Change challenge facing Africa.







# 03 Policy Timing, Design, and Implementation

**W**hichever policy options are chosen, countries should pay attention to the policy design, sequencing, and the timing of implementation. Poorly designed recovery policy is likely to be ineffective in delivering desired economic outcomes regardless of theoretical potential. Countries are advised to avoid “copy pasting” policies designed for other contexts such as the “lock-down” policy. Policymakers should proactively engage local experts and scientists to help them identify the appropriateness of policies in their local conditions<sup>28</sup>. Furthermore, policymakers should map out the potential multiplier effects and co-benefits on other sectors of the economy at the policy design stage. It was noted that lack of capacity for policy implementation is also an ongoing concern on the continent. Policy design should include clear indicators of accountability and strategies for monitoring progress to maximize impact. National contexts and priorities differ and so should the policies targeted at addressing them.

As noted by Hepburn et al. (2020), policy timing, timeliness and flexibility in implementation will be important characteristics for achieving the desired policy outcomes<sup>iii</sup>. In the context of COVID-19, there are many known unknowns and unknown unknowns. It is yet unclear how long the pandemic will last and whether there will be reoccurrence after the first cycle. With the current nationalistic approaches to the prevention and containment measures, it is very likely that hot spots of the virus will remain in less developed countries, especially in Africa, for much longer. These could become future epicenters for another global spread of the virus in a globalized world. In addition, it remains unclear whether the anticipated recession will progress to a deeper depression with possible default cascades<sup>iv</sup>. The discussion on the shape of the recovery of the economies remain unclear. It is yet to be seen whether economies will take the “V”, “U”, prolonged “U” or even a “W” or “L” shaped recovery path. Without a coordinated global action, the recovery path may likely be a multiple “W”, if there are multiple waves in the future.

While extreme urgency was required in introducing prevention and containment policies, that were sometimes inappropriate for local conditions, successful policies for the recovery and

28 The African Development Institute’s Global Community of Practice (G-CoP) provides a platform for member countries to access world class certified experts on specialized policy themes for rapid response policy advisory services, training and technical assistance to the Bank’s Member Countries.



rebuilding phases will be defined by appropriateness of the specific policies adopted to specific social, political, environmental, and financial contexts of actors<sup>iii</sup>.

Equity considerations demand that recovery policies should not pass on significant liabilities to the future generations. Intergenerational inequities will be exacerbated within and among countries if policy responses to pandemics such as COVID-19 are focused on re-booting unlimited consumption. The COVID-19 lockdown and social distancing policies have exposed the significant inequities in the current economic system which focuses on maximizing current consumption without much recourse to the externalities of social and natural capital, and the overall welfare of the current generation. The G-CoP experts encouraged African governments to not just focus on rebuilding the economy, but to build better economies that focus on sufficiency, efficiency, inclusiveness and equity.

The need for appropriate institutions and putting in place mechanisms and strategies for implementation of policies cannot be overemphasized. As earlier highlighted, domestic resource mobilization should be given high priority. During this pandemic, there are good examples of some countries that demonstrated policy responses with some degree of innovative thinking and ingenuity, which present excellent examples for countries to follow.









# 04 Lessons Learned

**There are a number of useful lessons countries can learn from the experience on how the COVID-19 pandemic was handled. A few of these are highlighted below.**

**T**he design and implementation of smart fiscal policies are extremely helpful when dealing with exogenous shocks. It shows the importance of preparing for the worst in good times by building fiscal buffers. This would require establishing specialized funds such as Sinking Fund with which debt obligations that fall due are serviced. Other special funds that could be established during good season include Stabilization Fund and Contingency Fund for budget support in times of shocks, and Infrastructure Investment Fund to leverage private sector infrastructure financing. Prudent public financial management measures should be introduced, and innovative domestic resource management strategies need to be adopted. Furthermore, in designing fiscal policy response, there is real need to act fast, in a coordinated manner, with focus on using solid country-specific evidence and avoid a one-size fits-all approach. Establishment of robust safety nets and social protection schemes must be prioritized.

**Prioritization of investment in healthcare infrastructure and health research is imperative for dealing with health-related challenges in Africa.** The pandemic exposed the poor state of healthcare infrastructure in most countries. A situation where a country has just two ventilators for a population that is in the millions is untenable. Health investment that allows local production of basic healthcare infrastructure would have helped many countries to avoid the unnecessary stress placed on health workers and the health system.

**Embrace the “new normal” to position the economies for the future which is already here.** This would involve massive investment in IT infrastructure for teleworking which would significantly reduce travel costs as well as total cost of doing business. The pandemic has revealed to policymakers a viable means of saving millions of dollars in fiscal spending by adopting simple technologies such as teleconferencing for meetings instead of the previous practice where scores of delegates engage in regular foreign travels to attend meetings.

Partnerships, cooperation and coordination are indispensable for maintaining global order. The spread of the coronavirus





showed that what comes around goes around. Nations must take responsibility for global public health, peace, and progress. Each country must take responsibility and play its part in the process to protect others.

**Non-availability of basic human needs weakens resilience.**

Some countries experienced citizens' resistance to the lockdowns imposed because they neither had basic human needs nor were provided with any by the government. Conversely, areas where such basic needs existed or were provided witnessed full cooperation and success. This teaches the important lesson that despair and resistance to public policy would persist if policymakers could not convince the people that the policies are in their best interest and if the people are not provided with necessary basic support.

**National strategy for dealing with pandemics must incorporate associated challenges like gender-based violence and insecurity.**

Gender-based violence rose in some countries where lockdowns were imposed. These were never anticipated. Hence, it was very difficult to deal with it and bring perpetrators to justice. Going forward, strategies for dealing with this type of exogenous shock need to anticipate challenges that could emerge and include strategies for addressing them in the overall strategy in the short-, medium-, and long-term.

**There is no magic bullet or one-size-fits-all exit strategy.** Now that there are pressures on the countries to reopen the economies and begin the rebuilding work, countries should not 'copy and paste' strategies just because they have worked elsewhere. Experience has taught us that adopting the lockdown measures because they have been adopted in some other countries did not make them necessarily successful in some countries in Africa. There is need to think, rethink, assess local contexts, and look inward before the decision to adopt a specific reopening strategy.



# 05 Conclusion

In the short-term, where the primary objective is to save lives, countries have rightly focused mainly on prevention and containment measures. This had required pharmaceutical and non-pharmaceutical measures that were adopted in countries and regions that first experienced the outbreak of the coronavirus. At the early stage of the pandemic, provision of social protection and social safety nets, targeted fiscal interventions to provide succor for SMEs and other businesses operating in the informal sector to ensure they do not go under. Effective public financial and debt management, loan guarantees and corporate debt restructuring, emergency investment in the healthcare systems, public health information dissemination, and relaxation of labour laws to deploy needed workers to critical sectors have been key policy interventions required to ensure proper prevention and containment of the spread of the virus.

For the medium-term, the focus is for the countries to reopen and begin rebuilding their economies. Before reopening, countries will need to properly assess available options, considering their costs and benefits, rather than to just adopt any strategy because it has worked elsewhere. Preparedness for reopening will need to be assessed and gauged. Scaling up testing to identify most, if not all, cases of infection is a smart action to take, and so is gradual reopening as opposed to reopening in one fell swoop. An action plan for managing infection rebound will be ideal. But to prevent a rebound, establishing ahead of reopening some workplace health and safety standards that are clear, strong and enforceable is necessary. Governments must continue and even intensify communication on prevention, containment and reopening protocols.

Still in the medium-term, countries need to establish and strengthen Early Warning Systems and Response Readiness to avoid being caught unawares in the future. This is also the stage to begin building fiscal and monetary buffers that will help the country to navigate future exogenous shocks. The foundation and framework for structural transformation and economic diversification and strategic value chain development with high potential for deepening domestic markets will have to be laid. Fiscal reform will also be necessary in several respects, one of which is eradication of inefficient and perverse fossil fuel subsidy. Countries need to show their commitment to a more inward-looking strategy for African countries along the lines of Agenda 2063 and AfCFTA.

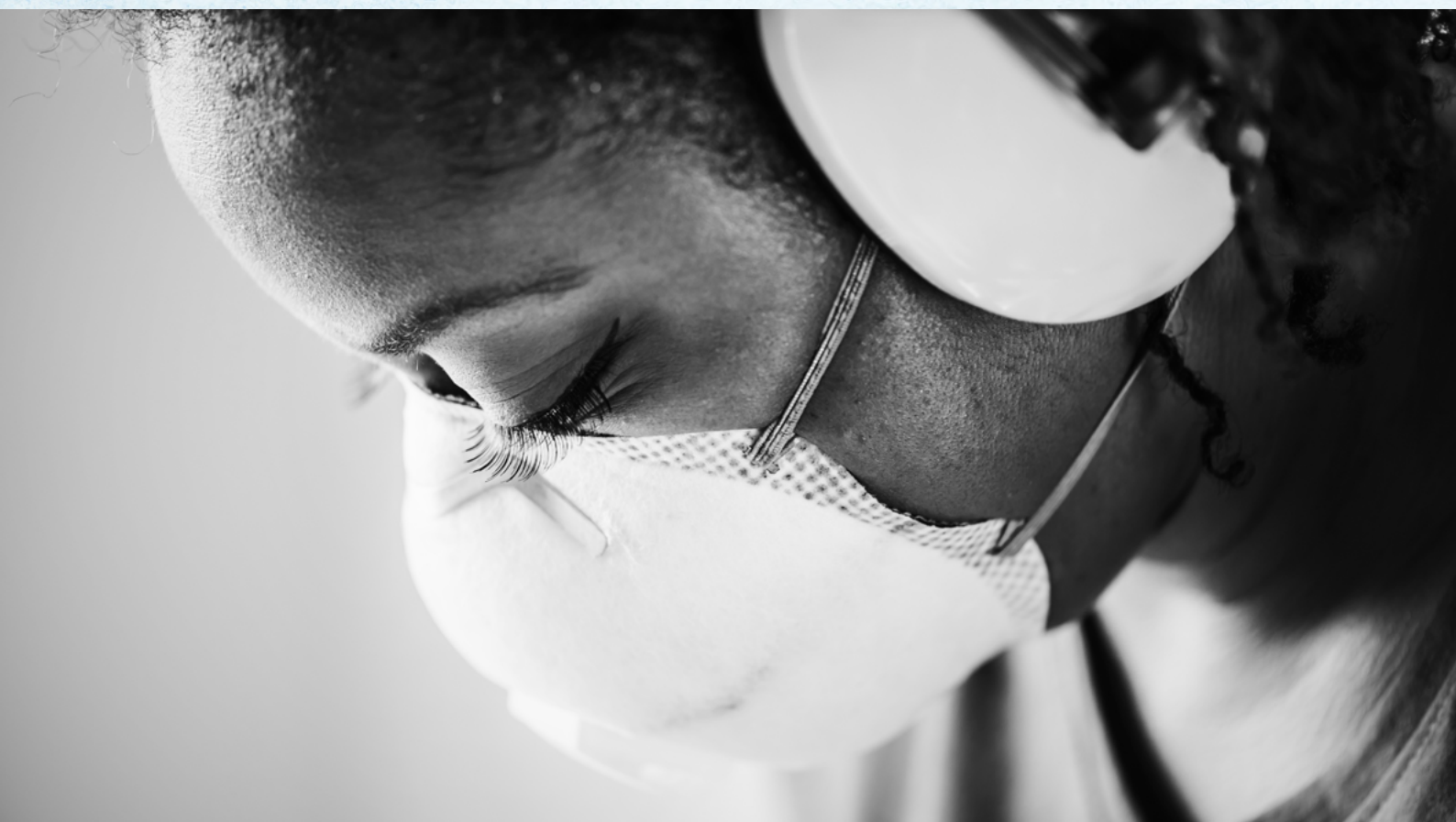




In the long term, building capacity for resilience to future exogenous shocks should be the preoccupation of national governments. This requires public sector reforms, pursuit of global partnerships and cooperation, institutional strengthening, and long-term investment in health, education, infrastructure, social safety nets, and R&D. Countries need to keep an eye on the long-term sustainability of their economies.

The key policy options recommended are not limited to national scale alone. The Seminar also explored specific policy options for regional and global scales. Summaries of policy options for these specialized stakeholders are being synthesized in two Policy Briefs to follow.







**African Development Institute (ADI),  
African Development Bank Group**  
“Strengthening capacity for inclusive growth in Africa – without which  
the global sustainable development goals and Africa’s Agenda 2063  
will not be achieved”

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