

Development Challenges in Africa in the Wake of Covid-19 Pandemic and its Management: The Emerging Opportunities

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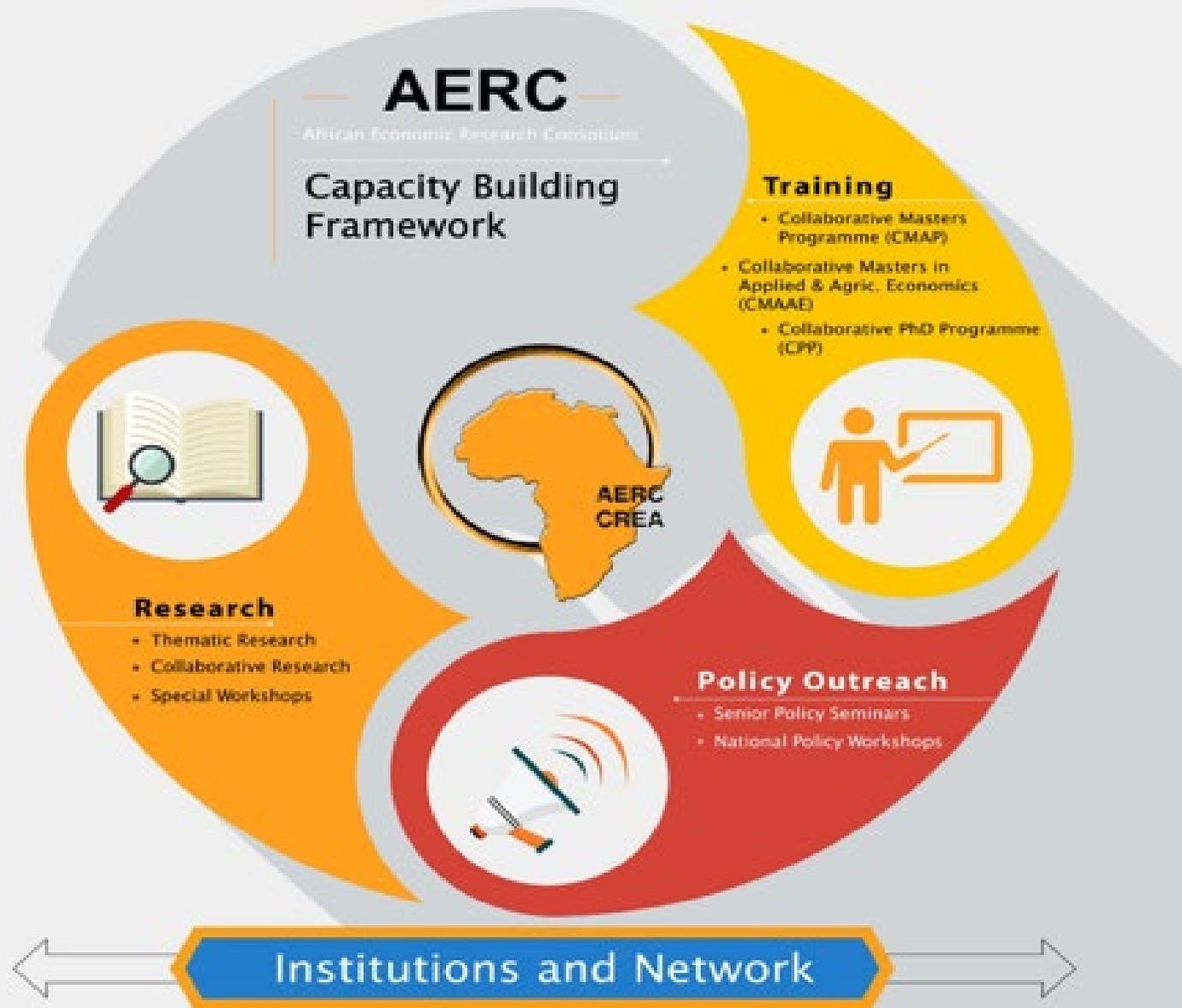
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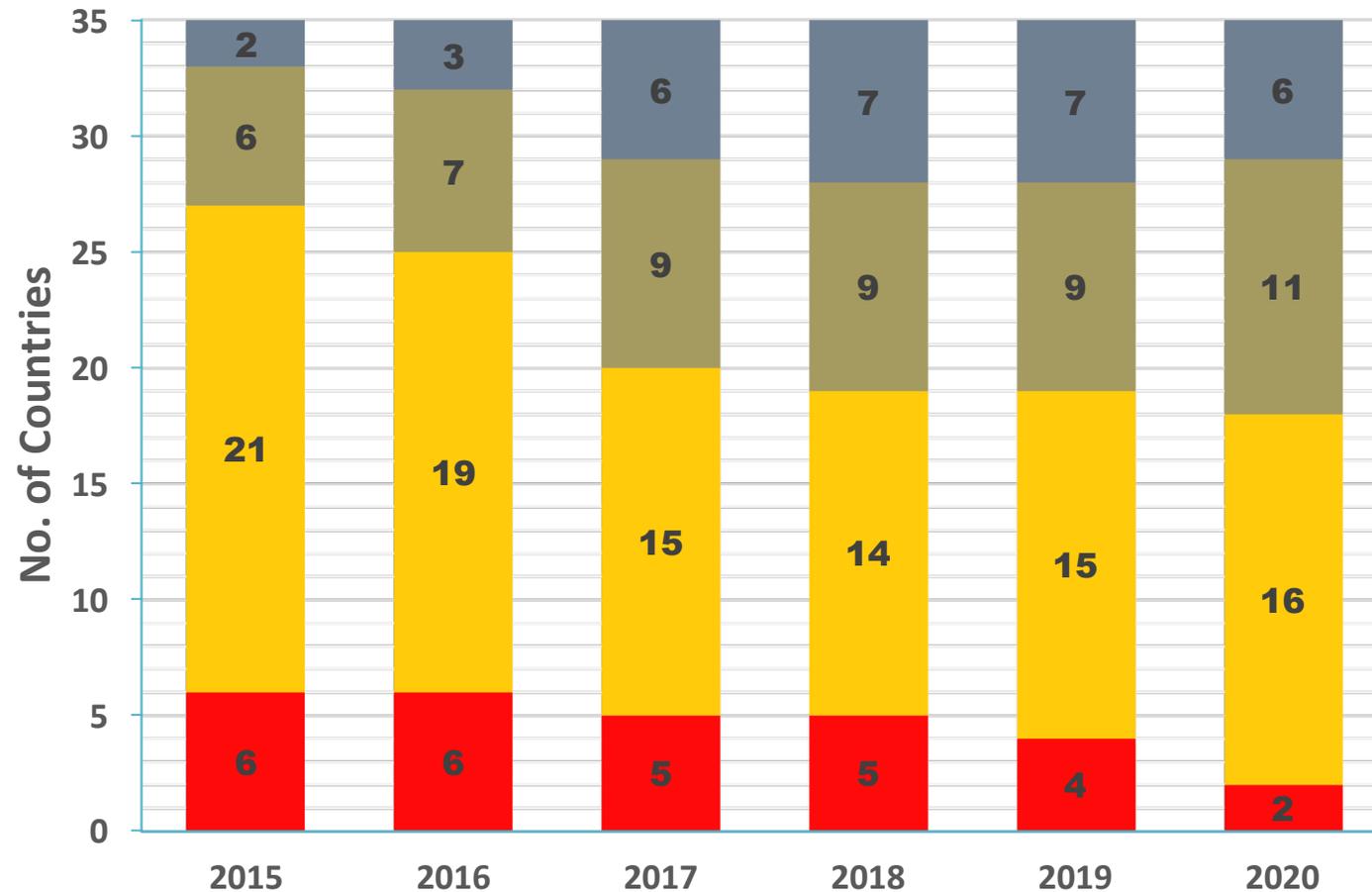


Our Approach to Capacity Building and Knowledge Generation

Five Areas of Coverage

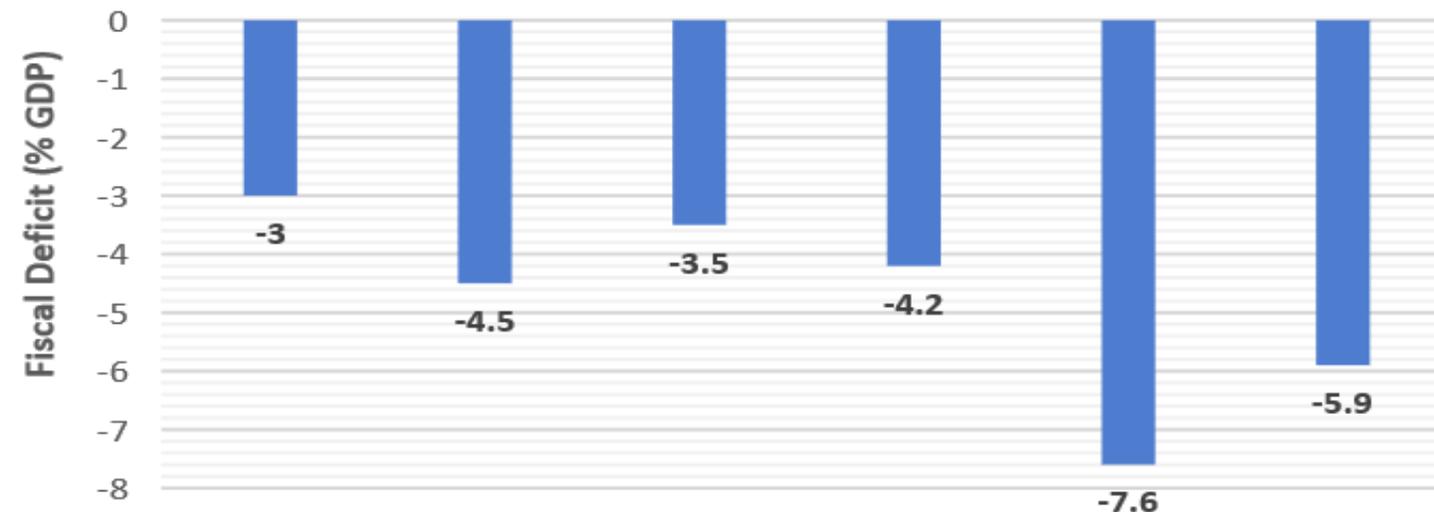
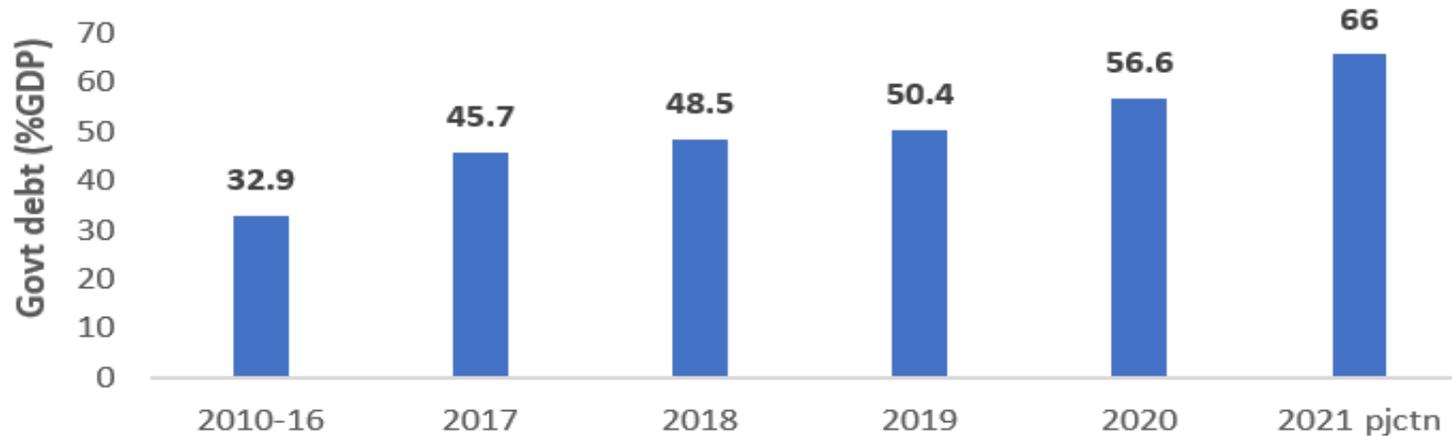
1. The impact of the Covid-19 pandemic – Fiscal space, poverty and inequality.
2. Digital evolution was given a space via the electronic payments' platforms.
3. The post-Covid19 Economic Recovery Strategy is now required.
4. The 4th Industrial Revolution, 4IR, – May define Africa's development path.
5. The role of endogenous structural economic transformation in African economies.

More SSA PRGT-Eligible countries slipping in debt distress



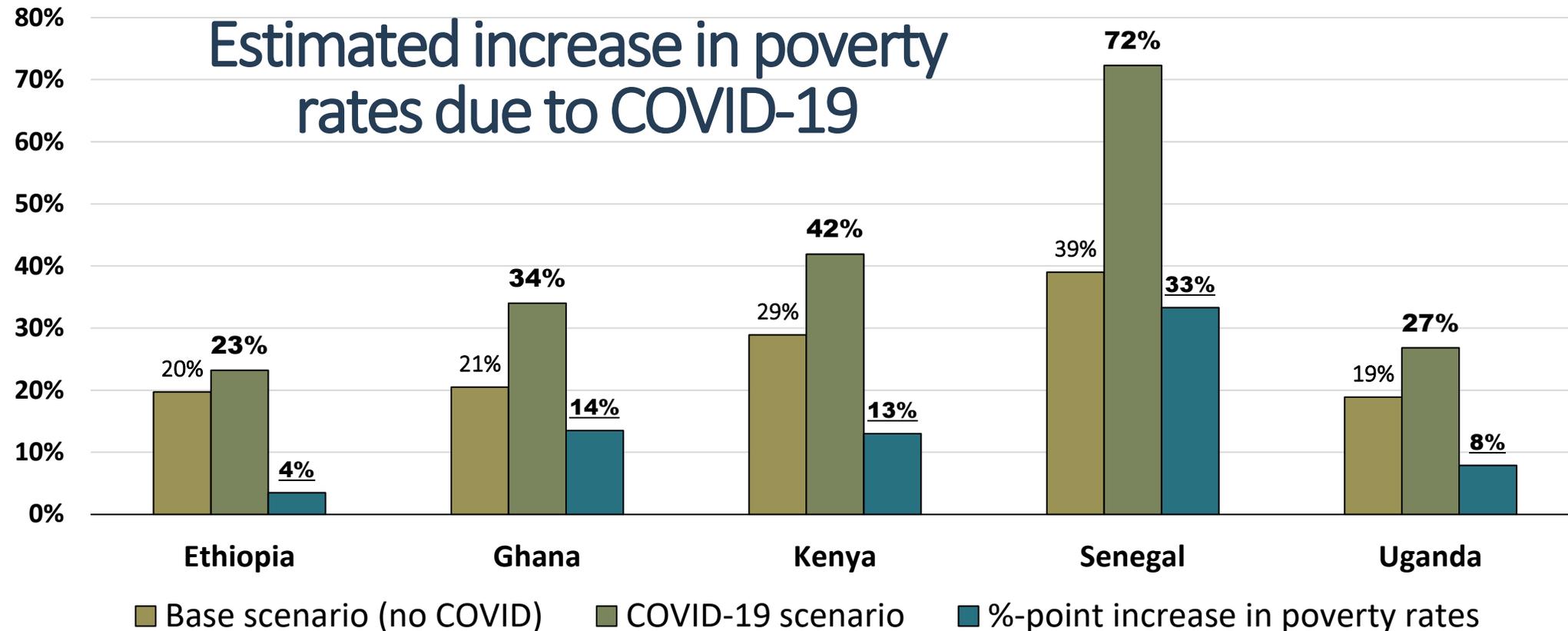
- Debt situation was already worsening
- COVID-19 exacerbated the condition

SSA worsening fiscal deficits contributing to public debt distress



- ❑ Africa started from a weak point – the recession is biting
- ❑ Fiscal space is diminishing, and debt crisis is looming
- ❑ But debt accumulation is not accompanied with capital accumulation to support capacity for future growth

I. The Impact of the Pandemic on Household Poverty



II. Digital Evolution - The Electronic Payments' Platforms

- Digital payments carried the day? – Retail electronic payments platforms were encouraged; Cash was discouraged.
- Targeted social protection programs were designed.
- This has major benefits – Once a **Retail Electronic Payments System has evolved** – It is effective, efficient, transparent and safe - an easier entry into the financial services - also formalising the informal markets in Africa.
- The evolution of e-Government services, tax policy designs, tax payments platforms and revenue administration to minimize leakages
 - *Once a successful electronic payments platform is operational, it becomes a game-changer – FinTechs can roll out new products across all sectors of the economy.*

III. The post-Covid19 Economic Recovery Strategy Required



- In Africa it takes a crisis to push for and implement reforms – let us take advantage of the crisis.
- Where are the critical areas of reforms: The fiscal side, Debt side for capital accumulation – capacity for future growth.
- Health care infrastructure and health financing reforms.
- CfTA and the reforms in the global value chains.
- More critical – institutional reforms - institutions will be important in shaping economic behavior and this is more fundamental than factor endowments.
- This will go hand-in-hand in improving government facilitation to overcome coordination failures that lead to policy and market failures.

IV. The 4IR – The Digital Evolution can take shape in Africa ...1



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- COVID-19 accelerated the adoption of 4th Industrial Revolution technologies as people and companies relied on cloud computing, artificial intelligence, the speed of 5G network, big data, the Internet of Things (IoT), robotics, and 3D printing, and more.
 - Use of **electronic units of money** in lieu of cash transactions, e.g., increased access and fee reductions in Senegal, Kenya, Uganda, Tanzania, Ghana, and Nigeria.
 - **Modernizing agriculture and agro-industries.**
 - ❖ 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 analyzes soil data to help farmers apply the right fertilizer and optimally irrigate farms.
 - ❖ The “Sparky Dryer,” a dehydration machine invented by a Ugandan engineer, uses biofuel to dehydrate produce and reduce food waste. African entrepreneurs and startups are also using the IoTs to help farmers optimize productivity and reduce waste through data-driven “precision farming” techniques.

IV. The 4IR – The Digital Evolution can take shape in Africa ...2

- Improving health care and human capital.
 - ❖ AI is being slowly implemented in Ethiopia to help medical professionals correctly *diagnose* cervical cancer and other abnormalities.
 - ❖ *Telehealth* to reduce unnecessary or arduous trips to health facilities. A public-private partnership in South Africa, for example, has made the mobile health platform *HelloDoctor* free to all during the lockdown.
 - ❖ *AI-based thermal imaging cameras* have been used to scan public spaces with the aim of identifying any potentially sick people; while *robots* have been deployed (e.g., in Rwanda) to deliver medical supplies and meals within hospitals and to patient rooms, guaranteeing a contactless delivery process.
- 4IR may well define, once well harnessed, Africa's development path.



**4IR is here!
Your business must
innovate or...**

IV. The 4IR – The Digital Evolution can take shape in Africa ...3

- **Digitalization of education.** The 4IR technologies used in education sectors in African countries during the lockdown as part of strategies to enforce social distancing include:
 - ❖ Virtual Learning i.e., use of television and radio stations.
 - ❖ Use of Zero-Rated Applications and Educational Websites. For instance, Vodacom, Cell C, and MTN mobile operators did not count the usage of educational applications or websites against a user's monthly data allotment, thereby rendering their use as effectively free.
 - ❖ Launching of STEM Lockdown Digital School and Use of Social Media Applications in South Africa. This was done by Sasol Foundation (SF) and the African Teen Geeks in response to the COVID-19.
 - ❖ Switching to Remote Learning Online through various 4IR tools such as YouTube, Microsoft teams, Zoom, Skype, WhatsApp, and DStv.
- **E-conferencing and e-learning.** There has been a distinctive rise of remote e-learning (i.e. distance learning) using **digital** or **online learning platforms**, even in countries that do not accredit this type of learning. The digital platforms have been used as well by many organizations to organize online meetings, conferences and workshops due to coronavirus-related travel restrictions between countries.

V. Structural Economic Transformation in African Economies is now more urgent

- We must start by emphasizing that the role of institutions in shaping economic behavior is more fundamental than factor endowments.
- The failure of import substitution strategy for Africa's industrialization, for example, was due to lack of capital accumulation to upgrade industries and was based on capital intensity in a capital-scarce region.
- The poverty trap in most African economies is sustained by the inability to implement dynamic structural transformation because capital accumulation is inadequate to cross the thresholds required for this structural transformation.
- When opportunities arise to raise the level of capital accumulation via debt financed public infrastructure – governance issues step in and destroy the process.
- This is in addition to poor government facilitation to overcome coordination failures to improve the choices for physical and core infrastructure for the transformation.
- The 2000 decade witnessed the formation of long-term visions – Vision 2025 in Rwanda, Vision 2030 for Kenya, etc. – A promise of long-term periods of policy clarity and coordination – it is time to make critical assessments?

From AERC

Ahsante Sana

Thank You

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