

THE BROOKINGS INSTITUTION  
Dollar & Sense podcast  
Could COVID-19 produce a 'great reset' for African economies?  
Monday, February 1, 2020

DAVID DOLLAR

Senior Fellow, Foreign Policy and Global Economy and Development programs and the John L. Thornton China Center  
The Brookings Institution

ALOYSIUS UCHE ORDU

Director, Africa Growth Initiative  
Senior Fellow, Global Economy and Development Programs  
The Brookings Institution

\* \* \* \* \*

**DAVID DOLLAR:** Hi, I'm David Dollar, host of the Brookings trade podcast, Dollar & Sense. Today my guest is Aloysius Ordu, who recently took over as the director of the [Africa Growth Initiative](#) at Brookings. AGI has produced a new report called [Foresight Africa 2021](#), and that's going to be our topic. Thank you for joining the show, Aloysius.

**ALOYSIUS ORDU:** Thank you very much, David. Always good to see you.

**DOLLAR:** So a theme in the report is that the pandemic can be an opportunity for a great reset on the African continent. Obviously, the pandemic and the recession are quite serious, but this is an interesting idea that it can be an opportunity for a reset so can you elaborate on that?

**ORDU:** Thank you, David. Yeah, as you say, 2020 will go down in history, right, as the worst recession since the Great Depression. Prior to the virus, as you know, the African continent was indeed doing very well. I mean, many of the countries that were the fastest growing in the emerging market countries were in Africa. You think of a time when the IMF was talking of a synchronized global slowdown, right. Countries like Cote d'Ivoire, Ethiopia, Kenya, Tanzania, Rwanda were really growing 6 percent and above. Which is fantastic.

The lockdown has meant, of course, that those who produce basic goods and other essentials could not do so because everything closed. Consumers. Think of African markets, right? Things were tough and they could not have access to all of this.

So, with the dominance of the informal sector in Africa, these consequences were quite severe. But so far, the continent has been spared the sort of devastation we've seen in other world regions. But then, no one knows when we will all recover from this, right? What we do know is that the threat is serious and that the next one we don't know where that would come

from. The next pandemic is not so much a matter of if, but when. So this is very important.

So, a key message we conveyed in the report is that now is the time to act. The virus is a wakeup call—a timely reminder that we should do things really, really differently.

You will note in the cover page that we were very intentional in the way we designed it this time. The image basically embodies a narrative within the report. Perhaps not a lot of people know that Africans have been working increasingly in solidarity recently. Not the Africa of old.

Three examples to illustrate that. The launching of the African Continental Free Trade Area, 55 countries, which just took off this January. The Africa CDC, which was basically Africa's response to the Ebola crisis of never again. And of course the Africa CDC came of age during this pandemic and has done a number of things which has set Africa apart. Then a new passport; a new African passport is being launched for free movement across the continent.

So, I believe that these measures exemplify this newfound solidarity on the continent. They are happening at a time when you and I know globalization is severely under threat in many world regions. So, we therefore chose to highlight this idea of the continent's solidarity as an opportunity.

The other opportunity we see is that Africa has always lagged behind, as you know, technologically. Then COVID underscored the importance of infrastructure, particularly electric power and broadband access, right? Many kids up and down the continent have lost a year of schooling. If you think of what has happened here in the U.S., and Europe, and Asia, it's worse in Africa, because those in rural Africa, those in urban Africa, they basically have lost a lot of opportunities, studies.

The World Bank recently put out a report, as you may know, called the learning crisis in global education. Well, guess what? COVID-19 has now compounded that crisis. And so, when you hear talk of education, health, retail, trade, finance, we think these are all challenges, and the way forward is the opportunity this now presents.

For example, in the area of domestic resource mobilization. Africans, we have no choice. How can the countries fill the void created by declining remittances, declining FDI, declining ODA as we know? How can the countries strengthen their health systems? The weaknesses of which were laid bare by this virus, right?

How can countries meet their budget declaration of 2001, where countries agreed to set aside 15 percent of their annual budget for health sector? So, the need to increase spending on science, technology, ICT. David, we see all of these as possibilities where Africans can do things differently.

And in the course of this—I know you are an East Asia hand. We will talk about what I see as an opportunity that this presents Africans to capitalize on as many entities now think of local places to relocate their value chains. So, I'm very bullish about the prospect while cognizant of the fact that the challenges are humongous.

**DOLLAR:** Thank you, Aloysius. Can we do a little bit more into detail about the response to the virus? From the data it looks like the spread of the virus in Africa is actually less serious than in Latin America, for instance. Let's talk a little bit more about what countries are doing, and I'm curious about prospects for vaccine rollout. How do we see that opportunity?

**ORDU:** Sure, thank you. Thank you very much. On the response in Africa, I don't know if you saw a recent Financial Times article which basically did a broad sweep of the world regions

and came out basically concluding that Africa has done very, very well as you just mentioned. So, there are really three levels of response on the continent that accounted for this outcome.

One is at a continental level. Here, at the epicenter of the continental response, is the Africa CDC. It was launched as I mentioned in 2017 in the aftermath of the Ebola crisis in West Africa. Now, it basically coordinated the continent by, as of February 19 for example, last year, a joint African continental strategy on COVID-19 was already rolled out. That's never happened on the continent before.

The partnership to accelerate COVID-19 testing was launched, and the testing capacity was ramped up in many African countries in just months, orchestrated by the Africa CDC. The CDC also ensured something that has never happened before, David: the sharing of public health assets across the continent. The continental assets were networked, right? In the past, samples would have had to be sent to Paris, or sent to Atlanta, but that's not what is happening now. These things are now being done within the continent which are all very important, so the CDC has a key role to play here.

At the national level, as you know, African governments really locked down promptly and spent some estimates suggest one to seven percent of their GDP on stimulus packages. Is this enough? No. We know they don't have the fire power of the Fed or the ECB, but they sought and received funding, financing, from multilateral and regional development banks: the World Bank, the IMF, the ADB, et cetera. So, these are all some of the things they did promptly.

One thing, David, that people don't report often in the newspapers and all that is the important role that African citizens played in the outcome we are noticing. Because here we do not often give them enough credit. Citizens largely complied with extremely inconvenient top-

down measures and they deserve a shout out for that.

Some of the ways they contribute were basically that the places like Ghana or Senegal, countries where citizens have a trust in their government and their institutions. [...] came up with a survey recently that shows that in Ghana and Senegal there is high trust, about 80 percent in the legitimacy of the state and the president, and traditional rulers, don't forget traditional rulers. So in those countries, we also saw that they did very well in the lockdown because citizens responded.

You contrast that to Gabon, to my own country Nigeria, or South African, we show much lower levels of trust. These countries did not do so well. So basically, I think at a continental level, it was clear the CDC. At the national level, countries did their utmost best. And then at the individual levels, citizens responded. So, I think these account for how things have turned out in Africa.

On the vaccine, which you've mentioned, clearly this is a big issue, right? We had the launch of the [Foresight](#) on Wednesday, and one for our panelists was the executive director, Winnie, of UNAIDS and the Under-Secretary of the United Nations. Between her, she echoed also what Tedros Adhanom at the WHO had said. The idea of one world, the idea that no African be left behind, the idea that we do recognize Europeans, Americans, everybody is trying to get their own population vaccinated, but an outbreak anywhere is an outbreak everywhere. So, this caution that Africans clearly also merit inclusion in the vaccine. I think that's really an important message to convey to the global economy. A time really for collaborative action for mankind, if you like.

**DOLLAR:** Aloysius, you already mentioned the issue of education. All over the world, we

have got a lot of children who are missing a year of education, and that's obviously happening in some African locations. Can we go a little bit into more detail about human development, particularly for women and girls? And coming out of the pandemic, what are some of the policies you are thinking about in terms of strengthening human development?

**ORDU:** Right. Thank you. This is a clearly a very important observation, David, because before the pandemic, actually all indications showed that Africa was doing quite well in some of the indicators of human development. Obviously, Africa is not one country, but many countries were doing well. You see infant mortality, the incidence of HIV-AIDS, more than halved in the last decade. Significant improvements were made in educational enrollment, access to electric power, financial inclusion, poverty head count, were all trending downwards.

And many MICs – many countries became MICs with market access on the continent. So, the pandemic really, really the timing was unfortunate because it rapidly really hit these progress very much, right? So, the initial shock of the lockdown as we talked about impacted everybody. Movement was down, et cetera. What we are seeing now is that the challenge of eliminating extreme poverty by 2030 is clearly now, more than ever, difficult, because of this virus.

The pandemic also felt it exacerbated economic hardships and may have pushed some estimates say poverty in Africa – extreme poverty that is – 46 million is what some are projecting. And this is clearly a big deal.

So, Africa's health systems may be weak, but remember also that over the years Africans have been very successful with vaccination campaigns for various diseases. You may recall that Nigeria recently eradicated wild polio and the Congo DRC successfully, finally,

stopped the Ebola outbreaks with some vaccines. These experiences are reasons to be hopeful that Africa will indeed overcome the pandemic.

Luckily, the timing of the vaccine we talked about earlier is important, and we hope that there is a global commitment. But yes, women and girls have borne the brunt, in a number of ways, of COVID-19, exacerbating really preexisting conditions in gender, inequities in education, in domestic chores, in healthcare work, and in job opportunities across the continent. This is why we paid a great deal of attention in the report to the importance of women.

In fact, on this I'm reminded of the powerful image of Amanda Gorman, the poet laureate at President Biden's inauguration, right? We are very intentional, therefore you see in the report we lead off each chapter of our report with a quotable quote by an eminent woman, because we think that showcasing women in leadership sends a powerful message that these women continue to inspire us all.

Imagine the young girls up and down Africa, looking at women and girls, they are central to their ability to build back, we believe. They are central to the attainment of the SDG's. They are central to our attaining a just world. So, we think that they have really severely been impacted in a number of ways, but we are also confident that with hope and the vaccine things will turn out for the better as we go forward.

**DOLLAR:** Aloysius, let me congratulate you because I had noticed that feature you just discussed that every chapter of the Foresight Africa 2021 report starts with a quote from a prominent woman. I think they were all African women.

**ORDU:** With one exception. Kristalina Georgieva of the Fund.

**DOLLAR:** Ah, yes. That was, I thought, a very nice touch. So congratulations on that.



**ORDU:** Thank you, David.

**DOLLAR:** A topic that I want to take up that's very relevant for our trade podcast is the African Continental Free Trade Agreement.

**ORDU:** Right.

**DOLLAR:** It went into effect on January 1 as I understand it?

**ORDU:** Yes.

**DOLLAR:** And it seems very unfortunate that the pandemic and the recession have hit just as this is starting. So how is the roll out going? It's early days so it may be hard to say, but probably more relevant than is what are the prospects for these new trade agreements to really affect the development on the continent?

**ORDU:** Thank you, David, for that observation because clearly in my view, when you look back on the continent right now, this is the most consequential development in my view in Africa. 55 countries coming together, from the southern shores of the Mediterranean to the Cape of Good Hope, all in this together to roll out an integration scheme of this magnitude. 1.3 billion people, with a significant GDP of all these countries combined.

So, I think it's really, really important for the continent and indeed for the world. The African Continental Free Trade Area is the manifestation of Africa's long held aspiration, articulated in the AU's Agenda 2063: The Africa We Want, as it's described.

So, what's different this time? You will see there is an essay in our report by his Excellency Wamkele Mene, the head of the African Continental Free Trade Area. That essay shows that this is not the old Africa. We now have a continent working in collaboration and committed to uplifting the wellbeing of its people.

Like most schemes, integration schemes worldwide, David, trade liberalization is the anchor, right? Most of the attention has been focused on that. It's no secret that trade volumes among African countries, however, are very low. And as a result, intra Africa trade tariff revenues are much, much smaller than the tariffs on imports from the rest of the world. So, the free trade area is seen as a vehicle to boost intra-area trade and economic transformation. So, the idea is that by 2034, for example, Africa will have achieved tariff liberalization on 97 percent of goods in a very staged manner. 90 percent in the first five to eight years, et cetera, and seven percent subsequently. This is the focus now of the new entity—to make sure that these things happen.

Now, many studies have been assessing the likely impact of the Continental Free Trade Area. The World Bank, for example, put out a report you may have seen that shows that exports on the continent will increase by 50 billion or so. 30 million people will be lifted out of extreme poverty. Incomes will rise by 450 billion. And then on women, the wage gains by women will be about 10 percent and above.

That report also shows what will happen by regions, showing that West Africa will see a greater decline in poverty—the biggest—than all the other regions of the continent. And these are all very good things. But here is the thing, these studies rightly recognize that trade liberalization alone will not lead us to the promised land. This is very important because the great gains, as you know, will come from two sources.

The first: trade facilitation. Measures to reduce red tape, simplify customs procedures, make it easier for African businesses to integrate into the global value chain. It means major efforts by countries to reduce the burden on businesses and traders, especially cross border,

right? So, these are all very, very important things, and for this reason the secretariat in Accra, Ghana is currently focused on basically attention to digital technology and social networks to improve trade facilitation.

My own view, David, is that these are all very important, but as an infrastructure guy, I really think the biggest gains from the new, integrated Africa, will come from the non-tariff barriers, particularly infrastructure. Because Africa, as you know, has the highest non-tariff barrier costs on the planet. Weaknesses in railways, in highways, roads, airport, you name it.

As early as the 60's, the father of African regionality understood this, which is why he envisaged that a continental Africa, an integrated Africa, would need unparalleled connectivity. But till today, David, we still don't have railway lines that can take you from the Indian Ocean to the Atlantic Ocean. We don't have roads that can take you from Cape Town to Cairo, Dakar, Addis-Ababa, Lagos, et cetera.

So, developing this sort of cross border infrastructure, in my view, will actually be the most transformative aspects which will enable us to get to the promised land that they've launched in this African Continental Free Trade Area.

**DOLLAR:** I take your point, Aloysius, that trade facilitation is very important. In my years with the World Bank, I worked on quite a few different countries on trade liberalization issues and, you know, I came to see the value of having low tariffs in order that you encourage trade. But I also really came to the conclusion that having a low and fairly even tariff—no tariff is fine, but if you've got a small amount of tariff to collect revenue then it would be set at a constant level like five percent for everything.

**ORDU:** Right.

**DOLLAR:** What I found is there is a huge amount of corruption that's encouraged when you have a 30 percent tariff rate on one item and 5 percent on another. Then you get a lot of administrative fighting over which category are you in.

**ORDU:** Right, absolutely.

**DOLLAR:** I remember this small Thai firm where the entrepreneur had to go visit the port for every shipment because he had to make sure that his parts were put in the 5 percent tariff category. If they were put in a 30 percent category, that wiped out all his profit. Entrepreneurial talent being sucked into dealing with an administration where you could just really make it much simpler. So that's a nice vision you have about infrastructure, trade facilitation, tariff reduction, and promoting trade on the continent.

So last question, Aloysius. You are rolling out your report during what is essentially the first week of the Biden administration. You have emphasized in different ways the self-sufficiency of Africa, relying on their own resources, that's going to be the most important thing. But what can the Biden administration do, in terms of policy, that would affect Africa in a positive way?

**ORDU:** Thank you. President Biden and Vice President Harris, they are the leaders of the moment, right? Expectations as you know the world over are really high, including in Africa, about a return to normalcy. Normalcy in Washington after the tumultuous past four years.

Disrespect for allies, disrespect for established norms, the rollback of globalization, disregard for science-based truths, particularly at a time of unprecedented global pandemics.

I think, clearly, we are all expecting that the tide will turn on these things because these were radical departures from the United States we all thought we knew when I was growing up

in rural Nigeria in the Delta. That U.S. was a very rich country, very powerful—still is—and many of us aspired, they give us choices of where to go and study, make no mistakes, 90 percent want to go to America. That U.S. was an agenda-setter on global scene. It built strong allies. It supported multilateralism and represented a beacon of hope, democracy, good governance, you name it, which we all were hoping our own countries would mirror.

But you're absolutely right. The new administration is a new dawn for Africa, frankly. Here at home of course and the rest of the world. They have challenges on the domestic front but, to answer your question specifically, there are a couple of takeaways, measures, that I believe could constitute an agenda for action by the new administration.

The first is, right now it will be important to have a nuanced approach to U.S. -Africa relations. What do I mean by that? A change of tone. More listening. More respect. Building trust and genuine partnership. I think these things will go a long way.

The second is openness to learn from Africa itself on race relation, truth, and reconciliation. Look no further; South Africa has a bucket-load of lessons for the United States. In fact, looking back in history, 1986, we all vividly remember then-Senator Biden [and] his strong support for Black South Africans and his passionate rebuke of the then-U.S. policy. So, it bodes well at the first African leader he spoke to, President Biden spoke to after his inauguration, was President Ramaphosa of South Africa. So, at a time when race relation is so much on the agenda in the United States, I think a lesson from South Africa would really be important.

The third is on the pandemic. We stated earlier the vaccination of 300 million Americans, obviously is a daunting challenge. We must not forget of course the plight of billions

of Africans, you know, 1.2 billion Africans who need also access at reasonable costs to the vaccines. So, the Biden Harris administration's support, globally, to ensure that no African is left behind, is absolutely the thing to do.

Fourth, is basically I believe a most compelling demonstration of Africa's solidarity and the African Continental Free Trade Area we talked about. I think support by the Biden administration to this continental initiative will be very important. As a trade guy, this also naturally leads one to what they can do on trade, commercial relations, and investment policies.

The Africa Growth and Opportunities Act (AGOA) provides tariff-free access to the U.S. market, as we know, for African manufacturers. Here too the new administration has an excellent opportunity to support the renewal of AGOA which comes up soon—2023, 2024. So this will be important and an opportunity for a continental and collaborated approach rather than the country-by-country trade deals which are really expensive. As we saw in the last administration with Kenya, et cetera. So, the continental approach would make far much more sense in my view.

Sixth, rejoining WHO is absolutely one of the smartest thing to do. "No brainer" as an American would say. But, David, how about U.S. support for Ngozi Okonjo-Iweala, former Managing Director of the World Bank, former Finance Minister of Nigeria, as Africa's first Africa D-G of the WTO? Can you imagine what message that sends across the continent?

We also have the African Development Bank and IDA, as you know. Their recent replenishment seems like a long time ago, but it was quite recent. The fire power of these two entities—ADF and IDA—who are focused on low-income Africa, their firepower has been

exhausted in fighting the virus. So, they are most likely to come for special replenishment during the spring meeting. I think, absolutely, the Biden-Harris administration being on record and supporting of the African Development Fund, the World Bank's IDA, I think that will go a long way in the help to Africa.

And then finally, of course, the institutions, institution-building, governance, health, education we talked about, agriculture, energy, railways, highways, broadband—these are all areas where America, America is the place that has done these things in history and over time. And we need those things enormously across the continent.

So, my sense is that Africa is open for business, and opportunities abound for U.S. commercial entities to do business, create jobs, et cetera. This is not a time to look for new tools, David. America has the tools already. You have the DFC, you have Prosper Africa, you have Power Africa, you have the Millennium Challenge Corporation. These are all excellent building blocks for the new administration to really unleash U.S. commercial investment and trade relations with the continent.

And then, of course, finally, we can't forget security, fragility, and climate change, right? Because the Sahel, Libya, Northeast Nigeria, Boko Haram, Central African Republic, the Horn of Africa, and then sadly recently also northern Mozambique. The last time I checked, these hot spots are not likely to be going away very soon. So continued U.S. engagement, in my view, is absolutely key.

**DOLLAR:** I'm David Dollar and I've been talking to my Brookings colleague, Aloysius Ordu, about the new Brookings report Africa Foresight 2021. It talks about a lot of good things that were already happening in Africa before the pandemic hit. The pandemic has set things

back but there is still a lot of good ideas for progress, and I appreciate your powerful set of suggestions for the Biden Harris administration. So, thank you for joining the show, Aloysius.

**ORDU:** David, thank you very, very much for your time. I appreciate it.

**DOLLAR:** Thank you all for listening. We'll be releasing new episodes of Dollar & Sense every other week, so if you haven't already, please subscribe wherever you get your podcasts and stay tuned.

Dollar & Sense is part of the Brookings Podcast Network. It's made possible by support from Chris McKenna; Anna Newby; Camilo Ramirez; our audio engineer, Gaston Reboredo; and other Brookings colleagues.

If you have questions about the show, or episode suggestions, you can email us at [BCP@Brookings.edu](mailto:BCP@Brookings.edu) and follow us on Twitter [@policypodcasts](https://twitter.com/policypodcasts). Until next time, I'm David Dollar, and this has been Dollar & Sense