“Unpacking the Covid-19 Crisis in Africa”

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FEATURING
Dr. Jakkie Cilliers,
Chairman, ISS Board of Trustees; Head of the African Futures and Innovation, Institute for Security Studies

Dr. Wafaa El-Sadr,
Director, ICAP at Columbia University, University Professor of Epidemiology and Medicine and Mathilde Krim-amfAR Chair of Global Health
Columbia University

Marius Oosthuizen,
Faculty Member, Gordon Institute of Business Science,
University of Pretoria

CSIS EXPERT
Judd Devermont,
Director, Africa Program, CSIS

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Good morning. My name is Judd Devermont. I am the director of the Africa program at the Center for Strategic and International Studies, and I am proud to welcome you to Unpacking The Covid-19 Crisis in Africa. This is CSIS' second virtual event. Last week's event on Venezuela was a huge hit; I'm sure today will be just as successful.

As you know, African countries are facing a severe health crisis. As of this morning, there are 14,573 confirmed cases of COVID-19, and 790 deaths in 54 out of 54 countries. And although many countries have had experience dealing with AIDS/HIV, TB, and Ebola, health systems on the continent, just like in other places, are just not up to the task.

You may know that some of the poorest countries in Africa have very few ventilators available. In fact, in a country like the Central African Republic, a country of five million people, there are only three ventilators. And so, this challenge that the continent faces has raised questions about, what is the right medical and health response? Is it worth it to flatten the curve in places where the healthcare system is so limited and so deficient?

But at CSIS, we continue to say this is an economic crisis and a political crisis as much as it is an economic crisis. The World Bank last week said that Africa will enter a recession for the first time in 25 years. They are expecting as much as a five percent drop in GDP. The reasons are clear, and we'll discuss them in today's event, but trade has been disrupted, there has been postponement of investments, remittance are down, and economic activity has been frozen because of lockdowns.

UNECA, the UN Economic Commission for Africa, thinks that there may be as many as 20 million jobs lost. The challenge in Africa is, how do you prevent the spread when so much of the economies are informal, people in urban areas work and live in such close proximity, and 60% of all urban areas are slums?

There's also a political dimension to this crisis. I think of it in terms of three challenges. Governance; how do governments deliver services, provide safety, security, and allow people to continue their livelihoods? The second challenge would be leadership. We already have a number of leaders who are self-isolating, the king of Eswatini, the president of Botswana. There are many ministers who now have COVID-19, they're positive, six ministers in Burkina Faso, a minister in Côte d'Ivoire, a minister in Guinea. In Nigeria, the president's Chief of Staff, he has COVID-19, and as many as three governors have now
tested positive. So, how do leaders make decisions when they themselves are battling this virus?

And finally, it’s a challenge of democracy. What are the trade-offs between democratic imperatives and health? The continent has at least 15 more elections planned between now and the end of the year, and some leaders may take this opportunity to have an election and bank on a low turnout so that they can pass a referendum, for example, as they did in Guinea so that he could stay on for power. Other leaders may decide that it is worthwhile to postpone an election to hold on to power, and other leaders will do... consult with their publics, their institutions, and the opposition to make...

There’s no wrong or right answer to having an election in this period; there’s only good and bad intentions. So, we have a lot to chew on today, and I’m delighted that we have such smart experts with us on this digital event. And I want to make sure, I promise our audience that this won't be the last time we talk about COVID-19 in its various dimensions. But let me introduce our speakers very quickly.

We have a Dr. Dr. Wafaa El-Sadr. She is the Founder and Director of ICAP at Columbia University. She is the university professor of epidemiology and medicine, and the Mathilde Krim amfAR Chair of the Global Health at the Mailman’s School of Public Health at Columbia University.

Dr. El-Sadr is a prominent researcher and has led numerous epidemiological, clinical, behavioral and implement science research studies that have furthered the understanding of the prevention and management of HIV, TB, and non-communicable diseases. She was named a John D. and Catherine T. MacArthur Foundation fellow and appointed to the National Academy of Medicine and African Academy of Science.

Next we have Marius Oosthuizen. He is a member of the faculty at the Gordon Institute of Business Science, The University of Pretoria in South Africa. He teaches leadership and strategy and ethics, and heads up the Future of Business project that uses strategic foresight methods to explore the future of South Africa, Africa, and [inaudible 00:05:44].

And finally, we have Dr. Jakkie Cilliers. He is the Chairman of the ISS, the Institute for Security Studies, board of trustees and the head of the African Futures and Innovation team at Pretoria. Jakkie co-founded the ISS in 1990 and was the Executive Director until 2015.
He is an extraordinary professor in the Center for Human Rights and the Department of Political Science, faculty humanities at the University of Pretoria. Jakkie just published a phenomenal book, Africa First! Igniting a Growth Revolution. You can go onto our website where you can submit a question. With that, Wafaa, let me hand it over to you to talk about the health implications. Thank you so much for joining us today.

Dr. Wafaa El-Sadr: Thank you very much, Judd, and thanks to everyone else who's on this webinar, and also good morning and good afternoon to all our audience today.

I think I’d like to first situate where Africa is in terms of the global pandemic. As you’re likely aware, there are now close to two million confirmed cases of COVID-19 globally, and the US leads in terms of the largest numbers of confirmed cases, more than half a million cases in the United States. And within the United States, New York City, where I’m based right now, is the epicenter of the epidemic here in the US, and probably around the world, with more than 100,000 cases.

Africa thus far has had, as Judd mentioned, in total about 14,000 cases, less than one percent of the global cases of COVID-19. Nonetheless, this should not really lead to any complacency, but rather should motivate preparedness and putting in place all the measures to prevent this epidemic from taking off in the African continent.

Now, where has been the brunt of the cases in Africa? South Africa as a country leads in terms of the absolute numbers of cases, with about 2,000 cases reported. But as a region, North Africa actually is the region with the highest numbers of cases, particularly Algeria and Egypt have large numbers of cases, followed by West Africa.

At ICAP, we work in several countries in West Africa, and there’s concern about the rapidly increasing numbers in some of those countries, including Côte d’Ivoire and Cameroon and Burkina Faso, Ghana, and other countries.

But nonetheless, as Judd mentioned, 52 out of 54 countries have seen at least one case of COVID-19. What are the implications, and what do these countries have to do?

Obviously, the response needs to be tailored to where the epidemic is at, and when I think of, how do we tackle an outbreak or an epidemic, I think there are very established steps, and I think first of all, you need to recognize it very early and disseminate information to the population so the population’s aware early on of what’s going on, and
they're also aware of how to prevent further transmission of whatever's the cause. In this case, a virus that's transmitted through the respiratory route and through contact [inaudible 00:09:08].

And then, actually, identification, I think there’s a phase of containment, and that’s the phase where the public health response is very vital. This means the ability to disseminate prevention messages to the population as well as to rapidly track any cases that are identified, and to be able to test people, and to isolate those who are testing positive as well as to also quarantine their contacts.

This is very vital in the early phase of containment when there are finite numbers of cases in a community. At that time, it’s important to start building the infrastructure, meaning training the community health workers, establishing the laboratory infrastructure, establishing isolation units, for example. And many African countries have done this already.

And then, once there's more intense transmission within a country, then it becomes important to move to the stage of control and mitigation, and by that is the necessity to put in place some of the population measures that you have all heard about, including limitations on travel, restrictions on travel, stay-at-home directives. Working from home is another one of those mitigation measures, banning large congregation of individuals like public events, and so on and so forth.

And these events are the ones that have huge implications for the economies of the countries that have put in place such strong mitigation measures. But nonetheless, these are very important because when you are in this phase of very intense transmission in a country, social distancing or physical distancing becomes paramount importance to stopping further transmission.

And then hopefully, if that is successful and was flattening of the curve, then we move on to elimination or eradication of the virus. So, the response in various African countries has been shaped largely dependent on where they're at in terms of this epidemic, and many of the countries have already put in place not just some containment measures, but also mitigation measures at the same time.

I think it’s important just to keep in mind that, one, there's a lot of attention often paid to the need for intensive care unit beds and the need for ventilators. There are also [inaudible 00:11:31] public health response as well as a healthcare response, as we’re moving ahead to trying to control an epidemic like COVID-19.
So, trying to put all of these measures in place, of course, many countries are facing challenges and I have to say, it's not only countries in sub-Saharan Africa. The United States is facing enormous challenges, so are many European countries, so this is a global challenge that all of us are facing, and everybody is really struggling with how to contain and mitigate the transmission of this virus. Even in countries that have prided themselves with having strong health systems, they are struggling, sometimes because they haven't invested in the public health response like I mentioned before.

So, I do think there are lots of lessons to be learned across borders, and lessons to be learned also between African countries in terms of how they are shaping their own response, and hopefully by having venues like this one, and webinars, and other methods of sharing and channels of sharing information, that could also help each of the countries to be better prepared, and also to be better able to control the epidemic within their own borders.

I'll stop here.

Judd Devermont: Thank you, Wafaa. Let me turn to Marius now to walk us through some of the economic implications of the COVID-19 pandemic.

Marius Oosthuizen: Thank you, Judd, and it's great to be with you and your audience today. Judd, I think to think about the economic implications, it's sensible to start with what's happening at the global level, and think about how that global economic story is going to affect Africa, that it's already doing so, and how to do so in the sort of medium-to-long term.

Of course, when this pandemic started, we first saw what we might call a supply side collapse in the manufacturing capacity in China. Now, that already started having an impact in Africa even though the health burden had not reached the continent. We then saw in Europe and now in the US a very massive supply side collapse and demand side collapse in the economy on both sides.

Now, given Africa’s relationship to China, Europe and the US in terms of commodity exports, in terms of imports of durable goods, this is sort of a double impact on the African continent. So, even though the health burden at this stage is fairly small compared to elsewhere in the world, the economic implications really started quite early in Africa.

Of course, the pandemic has been accompanied by the collapse in the oil price due to the challenges within OPEC, and we’re starting to see a normalization of that, but that combination of the combined effects of
the pandemic's economic impacts, and a low oil price, have put certain countries in Africa, the likes of Angola, Nigeria, under severe strain in terms of revenues. Now, when you consider those global factors and what they are doing to the countries at the macroeconomic level, they place them in a very difficult position in the short-term and medium-term as they begin to respond to the health crisis and look for the financial capacity, or the fiscal capacity, to respond to that.

If we think about countries like Kenya, that has a fairly large and growing flower export, the likes of Ghana with coffee exports, all of these countries with the lockdown in trade are going to take significant short-term impacts at the GDP level as we saw, as you mentioned, the World Bank estimating a negative five percent GDP for the year. But that, of course, translates into a much deeper cut, especially in the next quarter, some countries estimating up to 15 or 20% GDP contraction in the next quarter. And we'll come to what that means domestically for some of these countries.

Now, that global impact on the side of the pandemic and the oil price, has happened at a time when larger economies in Africa are already in the position where they have a large debt burden. About a third of African countries have between 40 to 50% of GDP in the form of sovereign debt already, and so, that negative economic impact accompanied by a very high debt burden really creates very little fiscal room for countries to employ policy instruments to help them through the crisis.

To give you a sense of the scale of that, rich countries in the OECD are spending up to eight percent of GDP on stimulus; to date, African countries have set aside only 0.8% of GDP for stimulus. And so, really creating an environment where growth is not only in decline, but the shape of that recovery is unlikely to be a sort of V-shaped rapid recovery; much more likely to be a U-shaped, longer recovery over a period of months, and then in certain countries, a much longer recovery, perhaps an L-shaped recovery, taking a number of years, two to three years.

That, of course, brings us to the question of domestic economies. Now, seven of the fastest growth economies in the world in the last decade have been in Africa, in the East Coast, West Coast high-growth economies, Kenya leading the pack. Places like Uganda showing high growth. But a lot of that growth has been driven by commodity exports and infrastructure development. Now, of course, in this environment where the global financial markets are constrained, where there’s a lack of liquidity, where there’s a risk-off environment in currencies, where equity markets are taking a hit, it’s unlikely that
those countries will be able to sustain that infrastructure growth, infrastructure-based growth, and it’s unlikely that they’ll have the investment to drive any kind of fixed capital formation in their economies.

And so, although they had a fairly high growth cushion, we think that even those countries will have a sort of stagnant economic environment in the medium term. Now, that’s all prior to calculating the economic burden of the health crisis. If we do see a scenario, as we have in Europe in the US, where a import of the virus turns into large-scale community transmission, as the health experts are saying is very likely, it would be that that community transmission would take place probably in communities that are highly dense, where there already is food insecurity, where economic conditions are informal, as you’ve said. And so, that creates a health burden that not only has an economic impact, but is very difficult to deal with from a health system point of view.

If you look at Europe, for instance, the average European country has about 10 hospital beds per 100,000 people. In the African context, South Africa is among the highest with 4.5 beds, but some countries like Mali having 0.5 beds per 100,000 people.

And so, as the pandemic expands, it’s likely that the knock-on effect would be a combination of negative economic growth at the macro level, but also a stalling of economic activity at the micro level as countries try to prevent the spread of the virus. We’re seeing this, for instance, in some countries instituting a lockdown which, in the US, you have a stay-at-home order, we’re seeing a much more aggressive approach with the police and the military being used to monitor and police a lockdown environment.

Now, what that means in an environment where up to 60% of the population depend on informal economic activity, their incomes rely on day-to-day activity within the informal sector. If the virus was to expand, as we’ve seen in Europe and the US, in the African context, we have a trade-off thing between allowing those individuals to go about their business, which would of course lead to a massive health burden on the fiscus and from an economic point of view, or to create the lockdown environment, which then creates very immediate food insecurity, in some instances water insecurity, and this has the possibility, this economic, socioeconomic insecurity, has the possibility of worsening the political environment in some of these countries.
And so, that's very likely then to undermine these countries’ ability to attract investment. Of course, some of these countries would have really no other option but to look to the international community, to the multilateral institutions; we are seeing Nigeria, for instance, I think they've agreed to borrow 19 billion dollars from the World Bank and the IMF. But politically, those decisions are very difficult to make in an environment where African populations increasingly want independence from the multilateral system.

Without the financial and fiscal capacity to act independently, it’s very likely that the countries will have to have their debt restructured. Our estimates are that we’re looking at around 300 billion dollars at an Africa-wide scale, and that is very unlikely to be an easy ask to put to the international community. Very likely that only a small portion of that would be available.

Which creates, then, as we’ve said, there’s a low-growth medium-term environment. We do think that there is some potential upside amidst all the economic difficulties: as we see this challenge confront the global system, we think that companies are likely to rethink some of their supply chains that over the last few decades have been centered in Asia, and in a world where large manufacturers look for alternative places to place their supply chains outside of Asia, Africa could receive some of that interest in terms of supply chain diversification.

We also think that it is likely that the world recognizes the sociopolitical risk associated with the pandemic, and then adds to the security interventions in Africa and intervention around up-skilling and up-scaling the capacity of health systems in Africa.

But none of those solutions are really short-term, medium-term solutions. They all will require probably decades-long investment and intervention, really creating a perfect storm as these different challenges intersect with each other in the African context. We think that it will, in some instances, in certain parts along the [inaudible 00:21:45], for instance, lead to increased insecurity, opportunism by some of the terrorist groups active in those areas; we think there are environments, for instance, where issues around poaching, for instance, will increase as communities become increasingly socioeconomically insecure. And then, a large factor as these countries shut down and close themselves off to the global environment, are countries that are highly exposed in the tourism industry, for instance, and have seen the tourism industry as a potential growth sector, will lose out in the medium-term.
And so, really a difficult period in the next two to three years, and then a medium term filled with lots of difficult challenges to overcome before we see Africa returning to a high-growth environment as we've seen in some of these countries. Let me leave it there, and then we can circle back to some of those issues as we discuss them. Thank you.

Judd Devermont: Thanks, Marius, and that was a perfect transition to set up Jakkie to walk us through some of the political and security implications.

Dr. Jakkie Cilliers: Thank you, Judd, and a pleasure to be on your amazing podcast and outreach.

I think I want to start, just to dovetail with what Marius has been saying, to speak a little bit about the impact upon the severity and the length of COVID. Now, as others have mentioned, the World Bank has forecast that sub-Saharan Africa could head for a recession, so growth could collapse to minus five percent in 2020. Now, last year, sub-Saharan Africa grew at about 2.4%.

Now, if sub-Saharan Africa, the economy of the region contracts to minus five percent, sub-Saharan Africa has got a population of about 1.1 billion people, of which about 470 million are living in extreme poverty. So, compared that to the total population of the United States, of about 350 million people.

In a V-shaped recession that Marius spoke about, with the recovery, in other words, in 2021, there will be 55 million more Africans living in extreme poverty compared to 2021. Now, just pause; that is a huge amount. 55 million more Africans living in extreme poverty in a 5.1% economic contraction this year.

If this is a U-shaped contraction, where we only see recovery in 2022, 94 million more Africans will live in extreme poverty. To put that in context, the number of extremely poor Africans will go from about 470 million Africans in 2019, to about 564 million by 2021. And the total GDP of Africa would be about 185 billion dollars smaller. And on top of this, the region could face a severe food crisis with agricultural production expected to contract between three and seven percent.

So, the potential impact of the COVID crisis in Africa is severe. Now, having made that forecast, which is a back-of-an-envelope forecast, I want to emphasize something else which I think is very important. That is, that we simply don't know.

There are important differences between Africa and the rest of the world, and the virus has come to Africa significantly later than it has
in the rest of the world. It is still unfolding. So, as Judd mentioned right at the beginning, I do long-term forecasting, and I’ve just published a book on the future of Africa, called Africa First, which is available on Amazon if anybody wants to buy that, and I want to caution about the kind of comparisons that we are drawing.

First, most important difference is that Africa has a population with a median age of 19 years. The median age in the United States is 38 years. Big difference. We already know that mortality is significantly higher in older-age persons; I understand that the average age of those that have passed away in Germany is something like 80.

Second big difference is about one-third of sub-Saharan Africa’s economy are informal, and they account for anything between 60 to 80% of employment. How is this going to impact upon the ability of Africans that live in the informal economy, or in the subsistence environment, perhaps in the rural areas, to survive?

Third important difference is that Africa is much more rural than any other place in the world. About 60% of the population in sub-Saharan Africa still live in rural areas. That provides a degree of isolation protection because we are less connected with the world. We are less connected not only because we trade less, both within Africa, but we have less connections with the rest of the world. Except for countries like South Africa and Egypt, and so on. So, apart from the fact that our population lives in more rural areas, our population densities are relatively low.

And the second-last big uncertainty is the issue of, what is the impact of seasonal on climate change? For a variety of reasons that I won’t go in now, the seasonal change could have quite an impact upon what happens in the future.

The big uncertainty of all of this is, what’s going to happen with comorbidity? Now, communicable disease rates, death rates in Africa is about 10 times higher than, for example, in the United States, and non-communicable death rates are about five times lower. So, how is this, given our population age distribution... given the fact that the virus has not really expanded, gained momentum in Africa, I’m saying we need to be very careful about exactly how this is going to unfold in Africa.

Judd, in your introductory remarks, you already made some comments about the governance elections, the fact that there are 15 elections scheduled for 2020. I think generally, my view would be that this is going to increase pressure on almost all of Africa. I think we’re
generally going to see that democracies will become more democratic, and authoritarian governments will become more authoritarian. Authoritarian leaders and those that pretend to be democracies will simply dumb down.

And I think also, because of how trade relations, generally from an international perspective, this will accelerate the tilt of Africa towards China. We find ourselves sort of caught between re-surring... I wouldn't call it cold war, many will refer to that comparison, but I think that that will accelerate. China has launched an amazing campaign to try and help Africa, both soft diplomacy and through the provision of realtime assistance.

But in some countries, like in Ethiopia, I think we will see the legitimate postponement of elections for entirely justifiable and rational leaders. In others, like in Guinea and Mali, I think we may see the postponement of elections for particular... to suit the interests of Condé in Guinea, or whatever the case may be. But generally, we are going to see that those leaders, and I would include Cyril Ramaphosa and Ghana's Afuko-Addo in that, would probably come out of this, those that have taken early action, doing much better. Where there are some leaders, like el-Sisi in Egypt, and Edgar Lungu in Zambia, and maybe even Magufuli in Tanzania, that are struggling with showing leadership in what is happening.

But I think that depending on the scenario, on what happens, clearly this could set the scene for greater political volatility in Africa. We've in the last year or so seen significant mass protest movements in Sudan, in South Africa, Zimbabwe, South Sudan, and Ethiopia, and I think the challenge is how, if we really see an acceleration of the virus in Africa, how are we going to respond?

Because traditional lockdown isolation strategies cannot work in an economy that is dominated by the informal sector, people crowded in informal settlements, and sometimes even slum areas. So, this is a huge uncertainty.

There are also, I think, important implications for, for example, peacekeeping. There are eight peacekeeping missions in Africa. Peacekeeping remains far and away the best international response to substantive internal violence, so there are missions in South Sudan, the DRC, in Mali, Central African Republic, Darfur, Sudan and Western Sahara and Somalia. And the impact of the virus will be significant on how peacekeepers are able to conduct their missions and execute their tasks.
It could also have an impact on... troop rotations, quarantine provisions, border closures would all have a huge impact upon Africa as other sources that are available for peacekeeping... and the UN, which was already severely financially constrained, could find that the resources for peacekeeping, and the resources for humanitarian responses, will be severely constrained. And this would really be bad news for Africa.

There have been various... Marius made the point that Africa does not have the financial resources, really, to be able to respond to this crisis. And various packages have been put on the table; Africa has said, "We need about 100 billion dollars in emergency funding." Just compare that to the five trillion dollars that the G20 have committed to its own economic stimulus.

So, I don't think we... There are large uncertainties with what's going to happen on the continent. There are huge risks associated with a real aggressive escalation of the COVID-19 crisis inside Africa, and I think our challenges that Marius have pointed out to are huge. Only 10 African countries provide free and universal healthcare, and in 22 countries, healthcare is neither free nor universal, and so on.

And I think we have spoken about the responses and the very obvious responses with regard to the provision of food supply and essential services in Africa. Africa's largely food-insecure, very few African countries are self-sufficient in the requirements for re-prioritization of spending and ensuring security of supply, particularly for medical and pharmaceutical processes.

So, I think I'll stop there, and I think we could... Judd, if I could then hand back to you.

Judd Devermont: Great. Thank you, Jakkie, and thanks to everyone for, I think, setting the stage for a great conversation. I'm going to give two questions to each of our panelists, then we'll open up to our audience.

But Wafaa, let me start with you, because you opened up with that African countries will have to tailor the response as appropriate to the settings that they work in. So, the first question I have for you is, we've talked about it, every speaker, about sort of the challenges of a lockdown or a total shutdown in African countries versus in the Western world. There was a piece yesterday in Quartz Africa, by the former Minister of Public Works, Gyude Moore, who talked about perhaps curfews are better than shutdowns; we've seen ways in which in India, they've done some staggering of markets, or created social distancing so that people could still access markets.
So, I'd love to hear your thoughts on, how do you tailor this, these kinds of responses, public health responses, for the African context? And then, the second question that I want you to answer is that, in every single time that I have talked to people since this has erupted across the world in Africa, the question is: shouldn’t the US focus on their problems first? Shouldn’t Europe focus on their problems first, before moving to Africa? And can you talk a little bit about how a global response to this pandemic should look like?

Dr. Wafaa El-Sadr: Yeah. Thank you very much, Judd. I think in a lot of ways, there hasn’t been as much tailoring, I think, as there should be in terms of the response in diverse countries around the world. I think we’re using the tools we have, but kind of in a very crude way rather than trying to think, how do we shape our response based on the epidemiology, based on what we’re seeing on the ground?

So, I think, for examples, in countries that have as of yet very small numbers of cases, in the single digits or double digits only, and where they do have sufficient testing going on, because you don’t want to also underestimate the numbers of cases, if you’re not testing anybody. I think for those countries, I would say a stronger focus on the containment part, the contact tracing, the isolation of cases, the building of laboratory infrastructure, and so on and so forth, is of paramount importance.

And of course, the preventive measures, the general educational measures like trying to wash hands more frequently, staying home if you’re sick, all those general preventive measures have a much bigger role to play, and I would hope that some of the countries that have not seen the large increase in terms of hundreds or thousands of cases, that they would focus on those measures and less on complete lockdowns at this point in time.

I think on the other hand, there are several African countries where I do believe there is evidence of ongoing community transmission, where they do need to move to physical distancing and so on, and trying to, as much as possible, encourage people who can work from home to work from home. And in and of itself, that can be tailored, as well. There are many people who can work virtually in African countries, but there are other people who cannot, and I think we need to be sensitive to the economies and how people make a living, and adjust and tailor accordingly.

So, people in the business world in African countries, I am sure, can do a lot of their work virtually, or in the banking industry, or others. But on the other hand, the people who are in the more informal setting,
it’s very hard for them to stay at home and actually not be able to gain a few dollars to be able to eat and feed their family.

But how do we make that safer for them? Is it through wearing, for example, face covering? Is it through trying to, again, provide preventive measures, like try to stay away from people, at least two meters away? To try to make even within the mixing that they have to do every day to survive, trying to bring some safety measures into this kind of mixing. So, that’s what I mean by the tailoring, and I think there needs to be much more careful monitoring of the data and everything else to be able to do the tailoring.

And one very important thing is having the data, and that’s where I think, again, that public health infrastructure is very important. Some countries have very strong systems to have such information, South Africa is an example as well as others, Kenya is another strong example, Nigeria, while other countries have much more fragile public health systems. So, I think that’s… you can tailor within the strategies that you’re using, as well as between the strategies that you have at hand.

Now, your second question is about the US and other wealthy countries, and what is their responsibility? I think now more than ever, it’s really critical that the US and other wealthier countries must continue to invest, and invest in particular, in the health systems in Africa, and particularly in order to tackle this pandemic.

For example, there are concerns that there may be a second cycle, seasonality of this virus. That, for example, even if we can control the virus in the global north, in the US and Europe, while at the same time letting the numbers of cases increase in the global south, because of seasonality or other reasons, that we are likely then to see a resurgence, maybe a resurgence of the virus next season, next fall.

So, we are one world, and epidemics prove to us again and again that epidemics know no borders. So, we have to think of a global response and in moments like this, that’s when the wealthier countries who are tackling their own epidemics must also invest in strengthening health systems elsewhere, where such investment is vital.

Judd Devermont: Great. Thank you so much, Wafaa. Marius, there seems to be a menu of options that countries are looking at to insulate their economies from this economic shock, or at least try to manage it as much, and you mentioned that a series of African leaders are now asking for 100 billion dollars’ worth of debt relief, or a moratorium. But then, I was really surprised by your number of 0.8% in terms of stimulus.
I have been noticing for the... really, remarkably, the social programming has been rapidly increasing across the continent. So, we’ve seen taxes waived on cell phone usage, we have seen individual, or at least the promise of individual, cash transfers; we have seen rents being waived, and school fees being waived. Can you talk a little bit about the debt versus stimulus versus sort of individual cushioning, and how does that all come out in the wash?

And then, just briefly, I’d love you to expand on this supply chain idea. I think while we’re dealing with this terrible crisis, it’s always nice to have a little bit of a silver lining, and if there’s anything you wanted to add on the supply chain side, I think that would be useful for our audience.

Marius Oosthuizen: Thank you, Judd. I think to go to your first question, what we have seen in the west, in Europe and the US, for instance, is really unprecedented action by the central banks, the Federal Reserve in the US, really printing money, creating liquidity, and using that to then buy into the financial markets to prop up the value of the equities, and ensure that the economy keeps moving at the financial level at least, while the real economy is locked down.

Now, that precedent was really set by the global financial crisis. In contrast, Africa really is not in a position to do that, to take those kinds of fiscal measures at the reserve bank level, and the real simple reason for that is the underlying economy that the US has, or Europe, in terms of a consumption-driven, highly developed, highly sophisticated, diversified economy, many African countries just don’t have that company backing their currency.

And so, if they were to take the same measures, it’s very likely that that could translate into high levels of inflation, and that would make its way through, then, as a burden onto the consumer, which ultimately would be self-defeating. And so, when we talk of stimulus in the African context, of course there is some monetary and fiscal policy measures that can be taken; we saw, for instance, lowering of interest rates as a measure in South Africa, and we think we’ll see more of that as the economy continues to go into decline as we go through the lockdown.

But really, where we need the most intervention, in our view, is in your small-to-medium-sized enterprise sectors... these are businesses that are reporting in various surveys that they can handle about a three-week lockdown, but anything beyond three weeks put them in a position where they are unable to pay rent, and unable to pay salaries. You can, of course, imagine the knock-on effects on the property
market, and then on incomes and livelihoods in an environment where small businesses are unable to pay those expenses, also unable to pay upstream suppliers that allow them to continue being in business.

And so, what we don't want to see is really a closure of 50 to 60% of those small/medium-sized enterprises, because they really are the parts of the economy that have the highest likelihood of expanding job-creating capacity in the future. And so, we wouldn't want to lose those.

In terms of the social programs that you mention, we have seen this move by African governments towards a more state-led development model, where the fiscal is positioned to support social development indicators around education, health, et cetera. The difficulty, of course, is unless those financial transfers are backed by growth in the productive sectors in the economy, what they lead to is an expanding of the debt burden on the fiscal level, and we've seen, that's largely been part of why countries have expanded in terms of their sovereign debt levels.

And so, there has to be a point at which the policy changes are made to drive the underlying primary sectors, mining, logistics, infrastructure, construction, and then of course, the secondary sectors around manufacturing. Now, this brings us into your question around supply chains. It is true that we've seen 50 years of an outsourcing globally to Asia, and the questions that have been raised is, well, can some of that manufacturing come to Africa?

20 years ago, before the Internet of Things, before big data and additive manufacturing, 3D printing, it was very unlikely that the long-term investments would have been made in Africa for energy security, for human capital development to make Africa a competitive manufacturing environment. But we're now seeing a different set of rules around the Internet of Things, or the so-called Fourth Industrial Revolution, where at least in some sectors, agro-processing, small-scale like manufacturing around the telecom industries, we're starting to see examples of this being viable in the African context.

And so, my earlier reference was to an environment where possibly, firms in Europe and the US and elsewhere look to Africa as an alternative distribution or value chain, alternative supply chain, for certain parts of their value chain. So, certain component manufacturing elements. We are already in the African context seeing growth in automobile manufacturing, for instance, but a lot of that manufacturing is really component-based manufacturing, and so I
think in a post-COVID environment where the globalization trend is challenged by a need for diversification of our supply chains, from a risk point of view, I think we’re likely to see some of that potentially coming to Africa. If Africa, of course, can position itself from a security and policy point of view to receive that investment.

Great. Thank you, Marius, and it’s a nice preview because Jakkie addresses some of these issues around the Fourth Industrial Revolution in his book, Africa First. But Jakkie, I want to ask you... I want to push back a little bit on your China point, and then ask you a question about security.

I think I would have agreed with you 100% last week, because I think Jack Ma and others have done a phenomenal job on the Chinese side talking about what China can do for Africa in a way that the US and Europe hasn’t.

But over the weekend, the pushback on the treatment of Africans in Guangzhou... it’s been really an incredible thing to witness, and I pair that with the pushback from Africans on President Trump’s attacks on Dr. Tedros. And so, in some respects, this crisis...

My argument, and I'd love you to sort of react to it, is that we have seen more forcefulness from African leaders on both of the great powers about how their citizens are treated, how their leaders are treated, and are we going to see maybe some assertiveness over the next couple of months, years, because of this crisis?

That’s one question. The second one is, in your remarks, you didn’t talk about the other side of security, which is the extremist groups. And unlike in Europe, the groups that operate in the Sahel, in Mozambique, in the Horn of Africa have not taken a pause in terms of the response to the crisis. We’ve seen a number of attacks.

So, there’s a concern that we will have, at the same time that the UN isn’t doing rotations, there’s been COVID-19 infections within [inaudible 00:47:31], where African militaries are focusing on the enforcement of the quarantines, the extremist groups have not decided to slow down their activity, and I'd love your thoughts on what that means.

Thanks, Judd. You know, in simple terms, and we are all generalizing, what we increasingly find is that African leaders and leadership look towards China, towards a strong state-led developmental model, but Africa’s population generally continues to look to the West.
They appreciate the freedom, and they believe in democracy, and in Africa, if you look at trends in democracy, you'll find that elsewhere in the world, you may see evidence of a democratic regression but you don't see that in Africa. The trend in Africa, I think, is still very strongly pro-democratic.

So, where is this going to go? Will leadership look towards the developmental model of China, and Africans, the ordinary population, look towards the West and the freedoms, because they've experienced decades of authoritarian mismanagement? And I think the result is that... I always use the analogy that Africa will probably develop more like India than either China or Western Europe or the US. Chaotic, lots of corruption, ineffectual, but from the bottom upward where its youthful population unfortunately, and I say unfortunately, largely services... a low-productivity economy will drive employment and growth.

So, while there is the trend that Marius is referring to, which is the more regional-ization of the world, which is a trend that is also leading to potentially the location of certain low-end manufacturing in Africa, that trend is a different trend to the trend of multinational, global value chains, intense value chains that happened previously. And I think those are part of the global changes, and COVID is accelerating those changes.

But what is true, the fundamentals are that Africa's trade relations are increasingly with Asia, and Asia is the growing region. If you're looking for growth, if you're looking for opportunity, [inaudible 00:49:51] I apologize for [inaudible 00:49:55] what I think the impact of [inaudible 00:49:58] both on their engagement, how they [inaudible 00:50:01]... This gives them an opportunity.

There also is [inaudible 00:50:05] I think that [inaudible 00:50:08] also [inaudible 00:50:09] see some negative turn of events.

Judd Devermont: Either expertise, or if there's any parting shots they have. Let me just read off the four questions that I thought were particularly helpful to move our conversation forward. "Among response in 34 African countries, now with the public health crisis, will we see an increased activity in civil society to push governments forward to respond?" I'm paraphrasing just a little bit, Jeff.

The second question that I'm going to flag is from Blair from the Accountability Lab. He asked,"To what extent do panelists think that corruption is undermining the coronavirus response in Africa, and in what ways?"
I want to ask a question from Nicole, from the US Holocaust Museum. She asks, "What types of technology now should donors, as well as African governments, be investing in pushing that would help the informal sector survive through this crisis?"

And finally, from Kelly, she asked, "How do you anticipate COVID-19 impeding maritime security in critically important places, like the Gulf of Guinea?" So, don’t answer all four questions, but if there’s anything particularly that you want to sort of tackle, or again, if you have a parting shot or additional insight that you want to add that we didn’t have an opportunity to talk about in the beginning.

So, Wafaa, let me turn to you first.

Dr. Wafaa El-Sadr: Yes. I think I’m going to tackle, I believe, the first question you had is about health and where it stands in terms of priorities. And certainly, for those of us who’ve been involved in health and public health and global health, this is an opportunity now to [inaudible 00:51:56]... reinforce the important fact, which is that investment in health is investment in the health and security and economic wellbeing of a country.

And again, it’s having foundation of a health system that’s strong that’s going to sustain countries during times of crisis, like this crisis. I do hope that one of the lessons that we can learn from COVID-19 is that we should not wait for the next crisis. Everybody knows that there will be other viruses, there will be other epidemics, it’s just a matter of time, and that you can’t be lulled into complacency and then wait to mobilize when it hits.

So, continuing to invest in health is absolutely critical, because it’s a solid investment, and in a way it’s a durable investment. So, I do think this is the time to do so. I also think that, in moments like this, there’s the opportunity for a lot of exchange of information and innovations and scientific discoveries across the globe, and I do hope that during this crisis, that whether it be north to south, or south to north, or south to south, that the opportunities for exchange of information regarding innovations and tackling the epidemic as well as technologies that can help us either enhance the response to better testing, or better management of patients, and so on.

Anyway, hopefully in this difficult time, that we will be able to, as a global community and particularly African countries, to take the lessons learned and be ready, and be prepared for the next crisis.
Judd Devermont: Thank you. And as you speak about technology, we did drop just briefly when I was reading out the questions, so, Marius and Jakkie, when you respond to the questions, if you could just restate what the questions you’re answering are. Thank you. Marius, why don’t you go first?

Marius Oosthuizen: Thank you, Judd. I think I’ll talk about the question around corruption, and technology. So, question two and four.

I think the interesting observation is that we are seeing an acceleration of the use of digital technology, particularly mobile telephony, as we're seeing around the world as universities, schools, businesses are forced to go virtual and online almost overnight.

Now, in the African context, where the really broad societal need is for intrusive development, this rapid adoption of that kind of technology is a significant opportunity, particularly around human capital development, but that is contingent on to what extent Africans have access to the devices, the connectivity, and specifically the data to access that technology.

So, I think from a technology investment point of view, support point of view, certainly there are opportunities there to harness this moment of increased connectedness to bring government services, public services, health services, education and other forms of value to the communities, and to accelerate that curve.

I think on the question of corruption, we are seeing... as with most things in Africa, low levels of accountability and transparency. The moment we talk about resource distribution, whether financial or in the form of goods, there's very little understanding of whether those goods or resources reach the beneficiaries, the recipients for who they're designated. And so, that obviously opens the door for corruption.

Now, what is interesting, if we take this first point and the second point together, is that the technology we have allows us to... whether it’s through a blockchain technology, or through a social media platform, to create mechanisms for accountability to ensure that the recipient of a social grant or a token, a voucher, or a food parcel is in fact the person with an identification number in a geo location.

And so, there is an opportunity contained in the corruption story to say, "How could we use these technologies in this moment to create a layer of transparency and accountability that ensures that we undermine the corruption in the process of dissemination?" The
challenge, of course, is we’ve seen a trend around the world towards the surveillance state, or increasing intrusion into the privacy of citizens, and so, while we harness the technology to combat the corruption, I think there’s going to need to be some real work by civil society to push back against ways in which governments will use this context as a pretext to increase their surveillance capacity. And I think we’re seeing those early signals in various countries on the continent.

Judd Devermont: Jakkie.

Dr. Jakkie Cilliers: Thanks, Judd. A few remarks that sort of cut across some of the responses. The first, I’ve just written a book about the long-term impact of various improvements in infrastructure and so on on the future of Africa. So, when we speak about the importance of investing in healthcare, we all know from a variety of studies that the biggest constraint on growth in Africa is infrastructure. This has been pointed out by many studies, and within infrastructure, very often the finger’s pointed at the lack of energy, electricity supply.

Modern technology allows us to leapfrog that to a large extent. But the point is that when you look at broad infrastructure, the issue Africa really struggles, and we’ve done a number of country studies, across from Ethiopia to Tunisia, Angola, South Africa and so on and so forth, what is often the biggest constraint from a healthcare perspective is basic infrastructure. It is the provision of water health, running water, sanitation, and so on.

African cities have not developed on the basis of the rollout of basic infrastructure, and that is a huge constraint on development. The problem with these investments is that, like education, they take several decades, sometimes generations, to really translate into growth because the fundamentals are not in place. The investment in health, basic infrastructure, in education really takes a significant amount of time.

So, while we all agree upon the importance of healthcare, and in this case, I’m underlining the importance of investment in basic infrastructure, often what we see in Ethiopia and East Africa, we see large infrastructure projects, railway lines and so on and so forth, but if you look at what is the major constraint... for example, in Ethiopia’s development, it is education levels that are half the levels of average of even low-income Africa. Ethiopia cannot go up even the low-end industrial pathway if it doesn’t change that.

So, technology, the Fourth Industrial Revolution allows us to leapfrog; Marius made points about that, which I think are very important. But
it is very often the more basic matters that need to be addressed. They are not sexy, they take time, and they require quite a degree of reorientation by many African governments in terms of their priorities for future expenditure.

Given time, I’ll stop there.

Judd Devermont: All right. Thanks, Jakkie. I’m going to try to just give two seconds for Kelly on her question about the Gulf of Guinea, because I think it’s really interesting, and it’s a little different than talking about the extremist groups.

I think that we will see, and we have been seeing, continued attacks on maritime vessels in places like the Gulf of Guinea, but I think the supply will shrink. I think we will see some of those ships stop moving, at least for in the short term, and others will continue in part because the industry around maritime commerce is so mechanized now, you have smaller teams on the boats.

I did see a really interesting article over the last couple of weeks where, to get to Marius’ point about technology, that the Liberian registration company was using a video to sort of do the kind of inspections that one would need to do during this time. So, some innovation, some threats, but maybe less supply.

Let me first actually say that this is one of many conversations that we’re having in many different mediums on COVID-19. We publish a daily graphic; you can go to our website, CSIS.org/Africa. We’ve published two pieces of analysis. We have a podcast that came out two weeks ago, we have a podcast coming out on Thursday, and then in two weeks’ time, Jakkie will be on a podcast; all of those have COVID elements on it.

We’re also very fortunate that we’ve been doing these Three Questions video series. We had Don Jazzy from Nigeria talking about the way social influencers can interact here. We had a writer from Development Reimagine talk about the economics. So, we’re pushing out a lot of content, and I think there’s a lot more itch to scratch.

Let me end by thanking both my team, CJ, Travis, Topaz, Bianca, and Marielle, and then of course, our illustrious panelists, Marius, Jakkie, and Wafaa for joining us today. I hope that we will be able to do this soon. Thanks to everyone for a great session.

Dr. Wafaa El-Sadr: Thank you.
Marius Oosthuizen: Thanks, everybody.

Dr. Wafaa El-Sadr: Thank you. Bye-bye.