By Dr. Rabah Arezki and Dr. Adeleke Salami;

- ***African researchers meeting this week must devise ways the continent's economy can do even better than before the coronavirus pandemic hit***

Since the World Health Organization declared COVID-19 a global pandemic in March 2020, countries, societies, and individuals have struggled to respond to the pandemic's devastation of health systems, economies, trade, and human wellbeing. While Africa has been spared the pandemic's harshest health impacts, it has absorbed a heavy economic burden.

The economic crisis caused by the pandemic has demonstrated the need to rethink Africa's development model, as the world contemplates emerging from the pandemic and aims to build back economies quickly following the current shock—and ensure resilience against future ones.

Africa must do more than get back to normal: it must build back even better, an idea captured in the theme of Africa Economic Conference 2020.

Africa beyond COVID-19: Acceleration towards inclusive and sustainable development. The conference, being held 8-10 December and jointly organized by the United Nations Economic Commission for Africa, the African Development Bank and the United Nations Development Programme, provides a platform for established and up-and-coming academics to present solution-oriented research to policymakers and decision-makers.

Participants will discuss strategies to fast track economic transformation, including export diversification, digital innovation, and investment in health, water, energy, transport, information, and communications infrastructure.

Before the onset of the pandemic, Africa enjoyed robust and rising economic growth: 3.4 percent in 2019 and a projected 3.9 percent in 2020. Now, the Bank anticipates recession: Africa's growth is forecast to decline by more than 3 percent, costing Africa up to $237 billion through 2021.

However there is variation among African countries. Most resource-intensive and tourism-dependent economies are expected to experience a drop in growth, while non-resource-intensive economies will likely remain steady.

This divergence offers a hint as to the way forward after the pandemic: Africa must diversify its trade exports away from natural resources and commodities, which are vulnerable to price fluctuations, and toward value-added and processed products, and also diversify its trading partners to enhance resilience against demand shocks from commodity importing countries.

To this end, the African Continental Free Trade Area Agreement (AfCFTA) has begun reducing trade barriers between African countries and helped increase the value of intracontinental trade. To fulfil the goals of the AfCFTA, African countries should implement export-friendly policies and strategies, as well as find new opportunities for diversification, industrialization, and value-chain development that will make trade more inclusive. The private sector and development partners have roles to play too.

A key vulnerability of African economies is the dominance of their informal sectors which, pre-pandemic, accounted for 67 percent of economic output in North Africa and 89 percent in sub-Saharan Africa. As most informal jobs can’t be performed from home and don’t provide social safety nets, lockdowns have driven poverty and inequality sharply higher.

A critical part of the recovery will be to figure out how policymakers, the private sector, and development partners can help formalize informal businesses and make the sector more resilient to future shocks.

As we focus on Africa’s post-pandemic recovery, progress toward the United Nations Sustainable Development Goals and the African Union’s Agenda 2063 must be guiding stars. Potential tools to achieve this should include: innovative financing for recovery and initiatives to manage emerging risk; putting in place social safety nets and other measures aimed at the most vulnerable; and partnerships to galvanize public and private investments. Other creative solutions are also on the horizon, touching on the green economy, digital disruption, and social contracts.

Even prior to the pandemic, many African countries were fiscally constrained and carrying high debt burdens, with public debt-to-GDP ratios of over 60 percent. As a result, developed economies have been able to pour resources into fiscal stimulus packages to mitigate the health and economic impacts of the crisis while African countries have not.

Given their tight budgetary constraints and limited access to finance from foreign

markets, many African countries have turned to international financial institutions (IFIs), including the African Development Bank, as lenders of last resort. IFI credit has supported health financing and sustained livelihoods during the pandemic.

Looking ahead, these partners must continue to work creatively with African governments, particularly the most fragile states, to find ways to revive economic growth and lessen debt burdens on development.

During the 2020 African Economic Conference we look forward to discussing with researchers and policymakers those innovative solutions and ideas that will bring Africa back even better than before.

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