Africa after COVID-19 and the retreat of globalism

ELIZABETH SIDIROPOULOS
Executive summary

COVID-19’s spread to all corners of the world has left no society untouched. Its longer-term impact is likely to be felt in communities, politics and economics. COVID-19 illustrates the need for greater international cooperation, just as many countries are turning inwards and preferring go-it-alone approaches. These global developments will have a significant impact on Africa’s development trajectory. This policy briefing identifies five areas in this regard: multilateralism’s erosion and the rules-based system of international cooperation; global trade, where the tendency towards greater protectionism may intensify; the possible reduction in aid flows as economic recession bites in North America and Europe; the climate emergency and cooperation in moving to more climate-friendly energy; and barriers to human mobility and deepening instability in certain regions.

Introduction

A few weeks into the COVID-19 pandemic, the consensus is that the world will not be the same again. COVID-19 has brought the world economy to a standstill. It has thrown into stark relief the weaknesses in global institutions and international cooperation and revealed the dark underbelly of globalisation’s promise. Its timing is ‘auspicious’, with a self-centred hegemon, a rising rival great power, a supranational post-modern arrangement that has been buffeted over the last decade by economic and social crises, and a growing attraction among many strong men (they tend to be men) to chauvinistic nationalism. On the other side of the coin, ‘woke’ citizens are mobilising social movements against discrimination (race, gender, poverty and inequality) and against the feeble response of political elites to the realities of climate change. Could this be the perfect storm?

COVID-19’s rise may well be the liberal international order’s decline, or, as Campbell and Doshi¹ called it, the US’ Suez moment; the point at which it is clear to all that it is no longer the dominant power, as happened with Britain and France in 1956. China’s public diplomacy now – notwithstanding its own initial attempt to cover up and underplay the outbreak and its extent² – is winning it kudos in the face of a seemingly inward-focused US. Branko Milanovic³ writes that the world may be facing a ‘return to natural’, ie, to self-sufficient economies. Gone then are the characteristics of the globalised world we have become used to.

With the weakening of global rules and international cooperation, this will be a world of increasing vulnerability and risk for smaller, less powerful, more exposed countries. Furthermore, if global supply chains are repatriated, food and medical production becomes more autarkic, states become more mercantilist, human mobility is curtailed and international institutions are allowed to atrophy. The resulting order will be one where ‘the strong do what they can and the weak suffer what they must’ – another lesson from the great historian Thucydides. There are many countries that oppose such outcomes, but the duration and severity of the pandemic may change their calculations.

What does this mean for Africa?

Africa faces immediate impacts, with much longer-term consequences. The immediate impacts are easy to fathom:

COVID-19 is putting Africa’s governance systems to the test. Health crises are also governance crises, as Ellen Johnson-Sirleaf’s deputy chief of staff recently told The Africa Report, speaking about the West African Ebola crisis in 2014–15. Longstanding weaknesses in healthcare infrastructure and government delivery will be exposed and citizens already fed up with political elites may well erupt in social protest as protracted lockdowns depriving the most vulnerable of their means of livelihood begin to bite. This will be more acute in places where social safety nets or stimulus packages are absent – which is the case for much of Africa, where cash-strapped governments do not have the means to extend bailouts for anyone. It may also lead to social upheaval against unresponsive elites.

The ODI estimates that the economic costs for Africa of COVID-19 are likely to be $100 billion (or 5% of gross domestic product). The global economic slowdown, especially in African countries’ main export destinations – think of flowers from Kenya to Europe, or minerals to China – will hit them hard. And it is not only lower exports to China, which is the largest trading partner of many African countries, that affect African countries. The

---


shutdown in Chinese manufacturing has led to inventories running low in African shops, thus affecting domestic consumer spending. Depending on the duration of the pandemic, it may decimate families, especially in communities that have been ravaged by HIV/Aids or tuberculosis, diseases that compromise immune systems and make people more susceptible to the virus.

An adequate global financial safety net is crucial to help African governments deal with these circumstances, especially in providing governments with greater fiscal space.\(^6\) The World Bank and the International Monetary Fund are working on a proposal for Debt Relief for Poorer Countries.\(^7\) At the G20 Virtual Summit on 26 March 2020 they called on members to immediately suspend debt repayments of poor countries. The G20’s Joint Statement expressed concern for poor countries, committing to strengthen capacity building and provide technical assistance to at-risk communities and to mobilise development and humanitarian assistance.\(^8\) However, concrete financial commitments will be required.

Yet the longer-term ramifications of COVID-19 for Africa will be more severe. I want to highlight five of these.

**Rebuilding multilateralism**: The first relates to the global multilateral system that has evolved over the last 70 years. It has many faults, not least that it is often stacked in subtle and not-so-subtle ways against the developing world, whether in terms of representation or rules and norms. Nevertheless, it has helped to keep the global peace for most of that time, while creating rules and norms that have increasingly, if not quickly enough, brought in the former rule takers. The institutions and rules of this order have come under increasing pressure in the last few years because the underwriter of the system, the US, has begun to view this responsibility as too costly. To date, the response to COVID-19 confirms this point. On the other hand, the putative global hegemon, China, is not ready to underwrite a new system, yet is assiduously ‘courting’ old and new friends while the US actively sheds its own.

---


COVID-19 may be China’s Suez moment after all, in the way that the Suez crisis in 1956 signalled the rise of US global dominance.

A global system of rules, to which everyone is bound, reduces the possibility that Thucydides’ observation that ‘the weak suffer what they must’ will become reality. While Africa believes the system needs serious reform, it is committed to multilateralism. If COVID-19 acts as the catalyst for the system’s unravelling, the continent will be the hardest hit, especially in areas such as peacekeeping and humanitarian assistance. If anything, the pandemic highlights the need for collective action to tackle these transnational problems, but fear encourages people and states to man the barricades instead.

The pandemic highlights the need for collective action to tackle these transnational problems, but fear encourages people and states to man the barricades instead

**Pinning hopes on trade:** Second, global trade, already suffering from the US-China tariff (or rather, technology) wars and paralysis at the World Trade Organization, may be affected by higher protectionism. In the short term this may affect pharmaceutical products and medical equipment – despite the G20’s declarations to the contrary – but it carries the longer-term potential of fewer global supply chains. This development is happening just as Africa was taking a significant step towards a continental free trade area, which was due to kick off in June this year. The extraordinary AU summit called by President Cyril Ramaphosa for May has now been postponed, and the starting date of the agreement will be delayed. A key element to ensure the success of Africa’s free trade agreement is the creation of regional value chains, which would enable more intra-African trade in goods and services – an area that is lacking at the moment because very few states have significant manufacturing capacity, while opening up trade in services has been assiduously avoided in the past. What will these developments mean if the rest of the world withdraws into protectionism, especially as intermediate inputs are crucial for Africa? It will result in greater urgency to develop domestic or regional production lines. But it will also necessitate greater investment, which will largely have to be sourced abroad. A study undertaken by the UN Conference on Trade and Development in late March found that downward pressure on foreign direct investment flows could range from -30% to -40% during 2020–2021.¹

Development cooperation withers. Third, Africa is home to the largest concentration of low-income countries, which depend on development assistance from the North. An economic recession in the countries hardest hit by the virus – Europe and the US – will undoubtedly have an impact on the flows of aid and aid priorities over the medium term. There was already a shift in the EU in that regard on the back of the migration crisis, but COVID-19 will exacerbate it, depending on its duration. The ambitious Agenda 2030 with its 17 goals requires more than $11 trillion to finance.\textsuperscript{10} Much of that will have to come from non-state sources, particularly the private sector. Without COVID-19 this was highly improbable, it is now virtually impossible. A similar challenge lies in wait for Africa’s Agenda 2063, which overlaps significantly with Agenda 2030. The Organisation for Economic Co-operation and Development (OECD) estimates that the impact of the virus on the global economy in 2020 will be a contraction of 1.5%.\textsuperscript{11} Thus, many will be left behind, and the future of the Sustainable Development Goals as meaningful goals for the world may be significantly eroded.

Of course, the worst possible outcome would be to adopt a narrow response that ignores the underlying structural challenges that will need to be addressed to make for more resilient societies. Many African states suffer from perennial governance failures, which have made them more vulnerable to the impact of COVID-19. Supporting efforts at good governance, including Africa’s home-grown mechanism – the African Peer Review Mechanism – should not be abandoned by the OECD-DAC countries.

China will probably ramp up its commercial and developmental support in the aftermath of COVID-19. It is already apparent that it has gone on the public diplomacy offensive,


supplying medical equipment to virus-ravaged European countries and sharing its experiences. Jack Ma, the founder of Ali Baba, has contributed to that effort by donating 1.1 million testing kits, 6 million masks and 60,000 protective suits to be distributed throughout Africa.\(^{12}\) South–South cooperation à la China style may accelerate, and may be a conclusive pivot of Africa to China – the result of a combination of China’s efforts to change the narrative on COVID-19 and the West’s focus on dealing with its own domestic outbreak. However, will China provide debt relief to those countries that have been affected by COVID-19, or will it avoid that?

Renewing fossil fuels: Fourth, the virus may make the Paris Agreement one of its casualties. President Donald Trump’s apostasy and denialism, in the finest tradition of spurning science, hammered a nail in the coffin, but Europe and China in particular seemed to stand firm in supporting the agreement. Realising the goals of the agreement was always going to be a tall order, even though it was not as ambitious as climate activists and the science needed it to be. With a global recession looming and oil at less than $30 per barrel, leaders may well feel that they can delay a move away from fossil fuels to a sunnier and more virus-free day. There is the potential for this to happen in African countries too, many of which would be relying on the Green Climate Change Fund to support their adaptation and mitigation measures. Although the EU has announced a significant commitment to combat climate change, in its Green New Deal and the partnership for a green transition and energy access in its recently announced comprehensive strategy with Africa, COVID-19 has created so many unknowns that it is not certain what the impact will be on the EU multi-annual budget being negotiated at the moment.

Mobility immobile: Fifth, while it is expected that the travel restrictions imposed to fight the COVID-19 spread will eventually be removed, the anti-migration wave that has become a dominant narrative in the North has been given an added fillip. Restricted mobility and clampdowns on migrants will have an impact on developed world economies in terms of labour, but also on those African economies where remittances comprise a significant portion of revenue. This is notwithstanding the fact that the usual European narratives of disease coming from Africa are not valid in this instance.

Furthermore, more draconian measures may only exacerbate the conflict systems linked to violent extremism across the Sahel, North Africa and the Horn. The existing arrangement of the Europeans that emerged from the Valetta Summit, which gives development money to Sahelian states in return for greater control of people’s movement, has been partially effective in stabilising migration flows, but has not addressed the underlying local grievances that have given rise to the insurgencies in the first place.

---

So how should Africa deal with these multiple challenges?

African leaders have already begun to mobilise to develop a coordinated response to COVID-19. A meeting of African finance ministers in mid-March affirmed the need for solutions that focused on protecting jobs, especially in services sectors such as airlines and tourism. There also needs to be coordination in the procurement and distribution of much-needed medical supplies and pharmaceuticals. Subsequent to the meeting of finance ministers Ramaphosa, as chair of the AU, convened a meeting of the AU Bureau (which included the chair of the AU Commission and the presidents of Egypt, the Democratic Republic of Congo, Kenya and Mali) on 26 March to develop a common African response to the virus. In particular, the meeting decided to establish an Africa Coronavirus Fund, and raised some $20 million within 30 minutes. There would also be a wider campaign to mobilise resources, especially for poor countries with infrastructural challenges. At the G20 Virtual Summit Ramaphosa called on the G20 and international institutions to waive all interest payments on bilateral and multilateral loans during this crisis (a third of sub-Saharan African countries are debt-distressed or at risk of this) and to contribute to the African Coronavirus Fund.

Various countries have taken measures to ease the hardship of the most vulnerable or to help workers and small and medium-sized enterprises. The AU Commission, the African Development Bank (AfDB) and the AU chair should convene frequent meetings over the course of the next few weeks to share developments, interventions and assessments of the progress of policy action. This could be at the level of finance ministers and central bank governors, as well as health ministers.

Multilateral development banks that cater for African countries will also need to come to the party with relief to provide some breathing room to governments that are fiscally constrained. The AfDB should team up with the UN Development Programme’s new multi-donor trust initiative, spearheaded by Norway, to provide support to the healthcare systems of developing countries. While the specifics of the Africa Coronavirus Fund have not been announced, there is potentially a role for the AfDB there too. The World Bank is making $150 billion available over the next 15 months to the poorest countries to support social safety nets and structural reforms to rebuild confidence.
The health emergency has put a brake on the trade talks to launch the African Continental Free Trade Area (AfCFTA) on 1 July. This is understandable in the short term, as all resources have to be ploughed into dealing with the pandemic. But the longer-term challenges for global trade referred to above make it even more essential that the AfCFTA is not left to loiter in the lobby. Not only is it an example of self-interested regionalism and cooperation but it is also necessary if Africa is to break out of the cycle of external economic dependency in a world where globalisation will contract. Now is not the time to give up on the AfCFTA.

For long, a rapid infrastructure roll-out has been a key priority of the AU. In the coming liquidity crunch Africa cannot afford to do less in this area. Infrastructure can play an important role in stimulating economies. In addition, COVID-19 has highlighted the importance of Internet infrastructure, and how not addressing this gap heightens inequality. The pandemic will accelerate usage of technology, but only where there is broadband and where the pricing is affordable. Rolling out broadband connectivity in the region should be a key national and continental priority.

With regard to climate change, in the aftermath of the coronavirus both national governments and continental organisations should continue to emphasise climate change in their plans and allocate resources to it. Africa does not have a big carbon footprint, but the ability to adapt to a new climate normal will be crucial. Climate change considerations will have to be factored into every dimension of policymaking – from finance and risk to agriculture, water and health. And Africa will have to do it, irrespective of whether the funds promised from external sources are realised. Critically, the climate emergency will have an impact on public finance in every African state in the near future. In the aftermath of the pandemic African governments should consider setting up their own climate finance fund. The Development Bank of Southern Africa (or other development finance institutions in Africa) could help leverage the money to maximise contributions from the continent.
And finally, there is the elephant in the room – how to respond to the unravelling of the global institutions that have upheld the current world order. The pandemic has made this even more difficult, as Europe itself, ostensibly the champion of multilateralism, took some time to coordinate a united response. Europe, however, should be a natural partner of Africa in supporting the multilateral system. Africans should become more proactive in not only proposing practical and workable suggestions on reforming the global governance system but also cultivating coalitions to this end. Lastly, it goes without saying that African nations themselves should not retreat into their national sovereignties. The COVID-19 pandemic has shown again that transnational challenges cannot be fought by erecting artificial barriers. They need collective action and a pooling of sovereignty.
Author

Elizabeth Sidiropoulos
is the Chief Executive of the South African Institute of International Affairs, based at Wits University, Johannesburg

Acknowledgement

The author would like to thank Chris Alden, Neuma Grobbelaar, Cyril Prinsloo, Cobus van Staden and Stephanie Wolters for extremely useful comments on earlier drafts

SAIIA gratefully acknowledges the support of the Swedish International Development Cooperation Agency (SIDA) for this publication

About SAIIA

SAIIA is an independent, non-government think tank whose key strategic objectives are to make effective input into public policy, and to encourage wider and more informed debate on international affairs, with particular emphasis on African issues and concerns.

SAIIA’s policy insights are situation analysis papers intended for policymakers, whether in government or business. They are designed to bridge the space between policy briefings and occasional papers.

Cover image

Residents of a Hillbrow, Johannesburg, building observe a police operation being conducted to make sure everyone observes the country’s lockdown. South Africa came under a nationwide lockdown on March 27, 2020, joining other African countries imposing strict curfews and shutdowns in an attempt to halt the spread of the COVID-19 coronavirus across the continent (Marco Longari/AFP via Getty Images)

All rights reserved. Copyright is vested in the South African Institute of International Affairs and the authors, and no part may be reproduced in whole or in part without the express permission, in writing, of the publisher.