Economic Diversification and Innovation: Some Policy Lessons for Post Covid Africa.

By

Washington N. Opara, PhD
Methodist Theological Institute Umuahia, Abia State.
washingtonopara2017@gmail.com 08060258452.

Abstract

Covid-19 came into the world and brought changes that affected every Dick and Harry. It affected the economy of the whole world. Its entrance brought death, lock down, hunger, loss of jobs and economic retardation. In looking at this topic, Historical and phenomenological methods were used. The study found out that Africans were adversely affected because of their lack of industrialization, dependence on foreign goods and mono-economy. It is the recommendation of this paper that efforts should be made by the Continent to embrace e-commerce, diversify her economy and embrace industrialization.

Keys Words-Diversification, Innovation, Policy.

Introduction: Economic activities are the `tonic` that make a nation survive. A nation is great, more or less is based on her economic potentials. This is so because, no nation is self-sufficient. The reliance on other nations and on her nationals, makes the survival imperative. Africa as a Continent is not exempted from the above fact. She is one of the Continents tagged to be `backward` in development especially in technology. She depends heavenly on Western Countries for this in order to stand among the nations. Most of her developmental programmes are being financed through foreign loans. Most of her products for export are mainly refined crude oil (Petroleum), Gold, Palm oil.

Recently the world was hit by a pandemic known as Covid-19. This pandemic affected Africa adversely. This was because there was restriction of movement across nations to avoid the contamination of the disease. The world was in total lockdown. The pandemic has no respect for any person, colour, tribe, sex, religion, or nation. From what happened, it was the advanced nations that were mostly affected. In the midst of this turmoil, Africa was affected because she had no assess outside herself, and within herself, there was no movement. This quagmire affected the Continent adversely in her economic ventures.

The problem this paper tried to solve is the problem of mono-economy of Africa, which made some of her nations rely on one product each. This made them suffer during the pandemic because these their products could not be exported in order to gain foreign

exchange. This had adverse effect on her economy. Historical and phenomenological methods were used.

Since we learn from history, Africa should learn from what she suffered during this time, and change her economic system. This is so because he who will not learn from history, lives to relive it.

Covid-19.

This was the `catalyst`, the `trigger` of the whole gamut of the topic. Without Covid-19, economic diversification and innovation, and their attendant policy will not be invoke. According to Chinwendu Obienyi, "The year 2020 will long be remembered as the year of the COVID-19 pandemic in which the rapid spread of the virus had devastating impact on global economies [especially African]." (2020.p.22). "It all began in China in 2019, and subsequently, spread across the world, including Africa."(Okereocha,2020.p.22.)

Except recently that Vaccine has been found, the best remedy for it are preventive measures. These include the washing of the hand in running water, application of Hand-sanitizer (alcoholic based), social distancing, wearing of face mask, good health hygiene, discouragement of large gathering, lockdown, quarantining of victims.

The Effects of Covid-19

The results of this pandemic are myriad, and circular in nature. These range from "...unstable food prices, less access to nutritious food, lower incomes, and less long-term profitability."(Sevier, Retrieved from https://www.andeglobal)

Not only on food, but also on industries and households especially in Africa. This can be seen in this eye-opener:

> Industrial firms will [would] simultaneously experience a drop in domestic sales and exports (due to lower demand, reduced prices for commodities and decreased production), shortages in supplies (because suppliers located in other countries are [were]affected by COVID-19 containment measures at home), investments (due to higher risk aversion of foreign investors) and labour (people not allowed to work and move during the lockdown period). at the same time, households are [were] restricted in their economic activity; they provide [provided] less labour and hence receive [received] less income from labour, businesses and remittances, and consequently consume [consumed] less due to their

> decreasing purchasing power." (Hartwich Frank, Massoud Hedeshi. Retrieved from https://www.unido.org/news/covid).

In another dimension, the pandemic "Shuttered factories, deserted workplaces, furloughed staff, massive job cuts and losses, a lock down leisure industry, a grounded aviation sector and crash in global oil prices, defined the world economy...It crippled many economies, including the economies of advanced nations."(Ughechie. 2021.p.17) Entertainment Centres were affected. Most of them closed. Here in Nigeria, "No fewer than 12 night clubs and recreation centres have [had] been sealed by the Lagos State Government for breaching COVID-19 protocol."(Fred Itua, Lukman Olabiyi, 2020.p.8.) According to Chinwendu Obienyi, these African countries were prominent where Covid-19 dealt heavy blow on their economy-Capital markets. They were South Africa, Mauritius, Egypt, Morocco, Kenya, Ghana, Malawi and Nigeria. (Obienyi. 2020.p.17). Even Post Offices {NIPOST} in Nigeria were affected, including other African countries. This was because customers were nowhere to be found. "This has [had] resulted in low volumes of inbound and outbound items, declining customer traffic at post offices, dwindling sales and revenues, downsized volumes..."(Younouss Djibrine. 2021.p.10). From the above, every facet of the economy was affected by the pandemic. Such effects call for the serious diversification of African economy in order to be on the safe side for such occurrence in future. This will not go without strong articulate innovations and policies.

The Treatment

This pandemic made both the Federal, State and Local Government Areas build Isolation Centres in order to curtail the spread of the virus, and at the same time, cure the inmates. This had and is still taking money from them. However, the treatment so far, especially in Nigeria, is done by the Federal and State Governments free of charge. The patient, more a less, does not belong to his or her family until after treatment.

Diversification

When one door closes, the likelihood of other doors opening for good is there. Man is a rationale being. Countries are made of leaders who can come to rescue in situation of like magnitude. It is only a tree that cannot adjust. That adjustment in our context is Economic Diversification.

Diversification-What it Means.

This meaning is given by Igor Ansoff in his book Ansoff`s Matrix. He writes that diversification means "...developing new products or services, for new markets." (David

Parrish. 2020. Retrieved from https://www.davidparrish.com/Covid-19-diversification-strtegies-how-to diversify-in-a-crisis/)

The threat the pandemic gave to Africa in which all areas of her life were adversely affected- Agriculture, commerce, industry, medical, transportation, etc, shows the importance of economic diversification .Admassu Tadesse says that "It is another wake-up call. It is giving a new boost to the imperative of industrialisation and diversification across sectors and value chains." (Tadesse. 2020. Retrieved from https://african.business/2020/10/finance-services/african-ecnomies-must-redouble-efforts-to-diversify-in-wake-of-covid-19/.)

Areas of Diversification.

Mono- Economy

Most of African countries depend on one product as their only means of survival. The implication is that, when this product could not lay the `golden eggs`, either because it is now an old layer, or is sick, the economy of such countries is jeopardized. It is like putting one`s eggs in a basket. Nigeria for example, depends on oil {Petroleum} to sustain herself. So if anything happens, either locally or globally as she experienced that during this pandemic, the nation is crumbled. National development and sustenance will bea comatose situation. This assertion is corroborated by Segun David. He is of the opinion that Africa should make "...efforts ... geared towards changing from mono economy to a multi facet economy which embraces and encourages diversification...that is, thinking outside the box. (Bimbola Oyesola. 2020.p.19).

Dependence On Imports. Africans have the mentality of preferring foreign goods to their own. This lack of patriotism has made them depend heavily on foreign products. During this pandemic where there was total lock down, nobody was allowed to go out not to talk of importation, the citizens suffered. Such a situation will definitely make for a change of attitude. A way out is to diversify the economy for the rainy day. "...the persistence structural weaknesses of the continent overexpose African countries to the economic consequences of COVID-19. These include high dependency on imports in areas such as food, drugs, machinery and equipment..." (OECD 2020. Retrieved from https://www.oecd.org).In his own opinion, Segun David says that

> "...government should as a matter of urgency consider paradigm shift in her quest for social and economic emancipation, suffice to say, our system belief of superiority in foreign products and goods should be discouraged and emphasis should be placed on home grown products for the survival

> and maintenance of our local industries; if we truly desire to whittle down the effect of this pandemic [Covid-19] on our socio-economic life... Bimbola Oyesola.p.19.

This situation calls for inward turning. Africans should look inwardly to harness their own natural resources in order to sustain themselves.

Weak Local Production: This is a follow up of the above. Because African countries depend on foreign goods, this aspect has been neglected. Many have not found it necessary to develop Local Industries in order to facilitate the production of food and other products to sustain the economy. Local manufacturers of machineries are not seriously encouraged. This has left the continent with low level of production of essential commodities. This "...weak local production systems, limited ...connectivity..." (OECD 2020.) is a bane to Africa. Africa should wake up and find ways to assist local production of materials to her own advantage.

Industrialization: Diversification will be possible when Africa is industrialized. If the means of diversification is not there, it is still a dream that may not come true. It is one of the driving forces of diversification. Industrialization brings diversification, so that many goods and products will be manufactured to suit different occasions and seasons. Issa Aremu says that

> ...industry is the key driver for sustainable ...development for national economies and the foundation of good living standards, Africa is still exporting raw cotton, crude oil, mineral resources, gold and diamond only to be importing finished manufactured goods from China, Europe and America....He, therefore, called for appropriate industrial policies to re-industrialize Africa....`Africa must copy China`s industrialization drive and diversification, which within 20 years , moved over 250 million people out of poverty through manufacturing and industrialization. (Bimbola oyesola. 2020.p.19).

Industrialization is necessary so that we can diversify our economy. It is the fulcrum upon which the wheel of diversification turns.

MANUFACTURING OF LOCAL PRODUCTS: During this pandemic, there were certain things needed to prevent its spread. These were Personal Protective Equipment (PPE), Face Masks, Hand sanitizers. These could be produced locally. Allied industries could divert

their manufacturing to these areas instead of being idle during this time. The world`s leading manufacturer of PPE is China. According to her government, production of masks at the end of February 2020 stood at 116 million a day. Several countries had rushed to get supplies from her. The price of masks for state procurement rose to USD 0.6-O.8, almost 10 times its usual cost in the United States. (OECD POLICY RESPONSES). Africa could diversify to local production, not only to save money, but also to make them available to citizens during such a pandemic. Ghana had decided to do this. Her "...government worked with regional health directorates to distribute PPE across the country. The government is also fostering domestic production of PPE. Domestic production of face masks, head covers, surgical scrubs and gowns started in April. Ghana estimates that a total of 3,600 will be produced domestically, with an output of 150 per day.(OECD POLICY RESPONSES).

Here in Nigeria, most Tailoring factories, companies and individuals, resorted to the local manufacturing of Face masks. Local industries resorted also to the production of Hand Sanitizers. This is the case with Sudan where "...community resilience committees are [were] making their own hand sanitizers and distributing to residents for free."(EDE IJJASZ-VASQUEZJUDY BAKERDEAN CIRA,2020. Retrieved from .https://blogs.worldbank.org/nasikilliza/).

Innovation

"A cursory glance at history will reveal that the rise of tough, critical situations usually forces innovation, hence the phrase `Necessity is the mother of invention`. As the COVID-19 pandemic continues to ravage the world, innovations to fight it have gone up a notch."(Paul, 2020. Retrieved fromhttps://techpoint.africa/2020/04/23/african-innovations-covid-19/)).It is only God who does not change. With the experience people had during the pandemic, the call for change is inevitable. Innovation is "...something new that is introduced..." (Hornby. et, al.1974. p.447). Vocapture Online Dictionary says that it is "...the introduction of something new....a change in customs....Something new, and contrary to established customs, manners, or rites." So innovation is the change that comes and the status quo is changed; it is no more business as usual; something different has come and has taken place. It is doing something complete new. With this in mind, innovations must come because of the situation the world has seen itself in order for it to survive the situation. The followings are some of the innovations exhibited in order to survive the pandemic.

E-Commerce. What is Ecommerce?

> Ecommerce, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions. Ecommerce

> is often used to refer to the sale of physical products online, but it can also describe any kind of commercial transaction that is facilitated through the internet. Whereas e-commerce refers to all aspects of operating an online business, commerce refers specifically to the transaction of goods and services. (Business ecyclopedia.2020. Retrieved from https://www.shopify.com/).

It could also mean the transaction of money, funds, and data through internet. It is the meeting of buyers and sellers on the internet. They do not meet physically, but could transact business online electronically. This Ecommerce could be done in four ways- "Business to Business (C2B), Business to Customer (B2C), Customer to Customer (C2C), Customer to Business (C2B)." (toppr. 2020.Retrieved from https://www.toppr.com/guides/business-enviroment/emerging-treads-in-business/electronic-commerce/).

Some Innovations During Covid-19

Handwashing Stations, Cellphone Messages, Local Songs: In order to survive the pandemic, the above innovations were made. Local handwashing installations were developed and stationed at public places; campaigns, local songs, cellphone messages were created to make people to be aware of the pandemic.

> Local governments and communities are [were] innovating in the middle of the crisis....Some examples of quick response include the installation of handwashing stations in high traffic spaces such as bus stations and markets stations in cities in Kenya, Rwanda....Public awareness campaigns have [had] been launched in countries such as Liberia, Sierra Leone, and Sudan including the use of free cellphone messages, neighbourhood broadcasts, and songs created by popular musicians. Technology is being used to facilitate access to health information in Nigeria through a tool created to self-assess risk based on symptoms and exposure history. In South Africa, WhatsAPP chat runs [ran] an interactive bot to answer common health questions.ff Innovations in the time of COVID-19: Rising to the pandemic`s challenges in Africa`s informal settlements. (EDE IJJASZ-VASQUEZJUDY BAKERDEAN CIRA/)

In Accra, the government was not relenting in her bid to keep the citizens out of the scourge of the pandemic. She was involved in giving the citizens water tanks for sanitations, soap

and hand sanitizer. She did not stop there. She had developed programmes to help her people to have body and soul together. The following is evidence of the fact:

> In the Greater Resilient and Integrated Development Project, the local governments are [were] expanding services with water tanks and sanitation blocks, and distributing soap and hand sanitizers. For the economy recovery, the project will [would] accelerate implementation of low-income informal settlements upgrading activities focusing on labour-intensive activities that will [would] create about 60,000 workdays.(EDE IJJASZ-VASQUEZJUDY BAKERDEAN CIRA/)

Ventilators: For the first time in Nigeria, ventilators were produced. This was during the Covid-19 era. This was an innovation to combat the virus. They were produced by "The National Agency for Science and Engineering Infrastructure {NASENI}... [for] the first time in Nigeria." (OECDPolicy Responses).

Online Businesses: At the break of the pandemic, there was lock down which restricted movement. Businesses resorted to go online. The government was not left out in this novelty in order to save resources. Meetings were held virtual. These innovations were made possible because of Covid-19. This view is supported by Funmilola Gboteku. He said that "...the government has achieved a far cheaper way of holding meeting via virtual means, a new way to economise resources and moving forward. The outbreak has encouraged many people to start small businesses online as a means of survival. (Gboteku,2021.p.15).

We think also of PAN automobile. It went into online business to display her wares. Instead of waiting for people to come to her show room, she decided to go virtual in order to attract customers. Of course, if there was no advertisement, there would be no sale even though online. This idea was made known by the Acting Manager of the Company, Taiwo Oluleye. He said that "...the platform will [would] provide an opportunity for customers to discover the unique features of the Higer bus range while remaining in their homes in these COVID-19 times...the virtual showroom can [could] be accessed by simply visiting www.pannigeria.com through smartphones, tablets, laptops, and desktop computers..." (Samson, 2021.p.26).

Not only the government holding meeting virtually, Organisations, Groups have joined the race. ECOWAS Court is one of them. She now conducts her business through virtual. This will save money because there will no need of travelling, no hotel bills. This was made

known by the President, Justice Edward Asante. To him, the introduction of virtual business due to Covid-19, "...had proved to be the solution to the high cost of pursuing court cases...with the new virtual sessions, parties and their lawyers do not need to come to Abuja as hitherto required, but can file all processes and pursue their cases to the end from their home countries." (Virtual sessions stay after COVID-19, says ECOWAS Court. THENATIONNEWSPAPER. *Vol.13.No.5200.* Oct.26. 2020.p.37). This is because it is cheaper and accessible to all.

The small businesses who deal on online business (telecommunication), thrived this time because people talked more than travelling. Many changed to the sale of Recharged Cards (Air time) in order to stay on course.

Remedies / Policies/ Recommendations.
The followings will try to showcase the remedies, policies and recommendations that may offer help if we find ourselves in such situation.

Local Manufacturing: Africa should endeavor to increase the manufacturing of her products instead of relying on foreign ones. This will help her stand on her feet in a situation like the lock down. She will not be adversely affected.

Diversification of Economy: There is no gain saying the fact that the dependence on one product like oil, would not longer be sustainable. There must be diversification if she wants to survive in similar situation in the future. Not only the governments, the same applies to individual manufacturers and sellers.

Encouragement of Local Industries/ Industrialization: The pandemic exposed the Continent to see the need to revamp and encourage the Local Industries in order the fill the gap if pandemic of such magnitude should occur. The need for industrialization cannot be overemphasized. The Continent is over ripped for it. This will also save our socio-economic life as a continent.

Back to Agriculture: The continent should go back to agriculture which is our main stay as a continent. The mentality of being import-dependent continent should be set aside. When we produce our own food and other agricultural products, we will be food-sufficient and save our economy. New technologies for agriculture should be used to boost outcome. This should be sustained with a long term planning, having cheaper and environmentally conditions. Local research should be stepped up to make sure the local products are of

international standard. This will involve experts in various fields. The sources of the products should be encouraged and the online services.

E-commerce: This has been said before. When things change, the manner of approach should also change. What is constant in life is change. Ecommerce should be invoked to keep the economy going in pandemic period.

Investment Economy: Africa and her citizens should devise means of moving from consumption economy, to investment economy. They should invest more in her economy than being interested only on consumption. The investment will make for self-reliant because she has `savings` to rely on. Production of local machineries should be encouraged to sustain the idea. Let them learn how to save and invest.

Reference List Entry.

Admassu, Tadesse. (2020) *African economies must redouble efforts to diversify in wake of covid-19*.https://african.business/2020/10/finance-services/african-economies-must-redouble-efforts-to-diversify-in-wake-of-covid-19/Retrieved 10-1-2021.

Afolabi,Omolola, Bukola Olajide. (2020) "Celebrating milestones in a pandemic Editor Adeniyi Adesina. *THE NATION. Friday, November, 20. Volume 13,No.5225*. Lagos: Vintage. p.15.

Amazon Seller Services. (2020).*E-Commerce: Meaning, Types, Advantages, Disadvantages*" https://www.toppr. Com /guides /business-enviroment/emerging-treads-in-business/electronic-commerce/ Retrieved 15-1-21.

Djibrine Younouss. (2021) Theme: The Post:building resilience in times of crises. Topic: "Inventing management amidst the unforeseen.". Editor Adeniyi Adesina. *THE NATION. Volume 13, No. 5284. Monday, January 18.* Lagos: Vintage. 10.

EDE IJJASZ-VASQUEZJUDY BAKERDEAN CIRA. *Innovations In The Time Of COVID-19: Rising to the Pandemic`S Challenges in Africa`s Informal Settlements.(*2020)https://blogs.worldbank.org/nasikilliza/innovations-time-Covid-19-rising-pandemics-challenges-africas-informal-settlements. Retrieved Jan.10,2021.

David Parrish. (2020) COVI-19 Diversification strategies-how-to-diversify-in-a-crisi/ Retrieved-January 10, 2021.

Hartwich, Frank, Massoud Hedeshi, (2020) "*COVID-19 effects in sub-Saharan Africa and what local industry and governmentscan do/UNIDO"*https://www.unido.org/news/covid-19-effects-sub-Saharan-africa-and-what-local-industry-and-governments-can-do. Retrieved 15th Jan.2021.

Gboteku Funmilola. (2021) " ICT in the age of COVID-19". Editor Adeyniyi Adesina *THE*

NATION. Monday 18, Volume 13. No.5284. Lagos: Vintage.p.15.

Hornby A.S., A.P. Cowie,A.P.Cowie, J. Windsor Lewis.(1974) *Oxford advanced Learner`s English Dictionary.* Oxford: Oxford University. 1974.

Itua Fred, Lukman Olabiyi. (2020) "Lagos state seals 12 facilities, begins legal action against violators." Editor Iheanacho Nwosu. *DAILYSUN. Monday, December 28 VoLume 17. NO. 4611.* Lagos: The Sun. 8.

Khurana Ajeet. (2020) *E COMMERCEBASICS.* https://www..thebalancesmb.com/advantages-of-ecommerce-114610. Retrieved, 10th January 2021.

Nwosu Iheanacho. *(*2021*):* "A new beginning." Editor Iheanocho Nwosu. *DAILYSUN. Vol.17. No.4615. January Friday,* 1. Lagos: The Sun.p.11.

N.A. (2020)" Virtual sessions stay after COVID-19, says ECOWAS Court." Editor Adeniyi Adesina. *NATION. Vol. 13. No.5200,* October 26.. Lagos: Vintage . 37.

Obienyi Chinwendu. (2020) "Covid-19, Circuit Breaker, Others Nudge Stock Market In 2020." Editor Iheanacho Nwosu. Dailysun. Monday, December, 28. Volume 17 NO. 4611. Lagos: The Sun. P. 17.

OECD.(2020). OECD *POLICY RESPONSES to Coronavirus (COVID-19)* https://www.oecd.org/coronavirus/policy-response-to-covid-19-what-roles-for-trade-manufacturing-and-intellectual-property-73dOdfaf/ Accessed 10-1-2021

Oguwale Segun. (2020) *Africa`s response to Coronavirus spawns innovation trend*.https://www.theafricareport.com/51089/africas-response-to-coronavirus-spawns- innovation-trend/amp/ Retrieved 10th Jan.2021.

Oyesola Bimbola. (2020) Oyesola Bimbola. (2020) "Post-COVID-19 era: Chemical workers seek stakeholders` cooperation to surmount hardship." Editor Iheanacho Nwosu. *DAILYSUN.Vol.17 No.4586. November.23*. Lagos: The Sun.p.19.

Oyesola Bimbola. (2020) "Why African leaders must secure continent". Editor Iheanacho Nwosu. *DAILYSUN.Vol.13. No.5284. January Monday* 18. Lagos: The Sun.p.10.

Paul Emmanuel. (2020) *"6 amazing African innovations against COVID-19: A cure from physics?-Techpoint Africa"* https://techpoint.africa/2020/04/23/african-innovations-covid-19/ Retrieved 30th Dec 2020.

Samson Willie.(2021) "PAN launches virtual auto showroom". Editor Eze Anaba.*VANGUARD.Vol.27. No.64245. January.8.* Apapa: Vanguard Media. 26.

Servier,Mark ACDI/VOCA.(2020) *Five Market Systems Strategies To Revive Food &AgriculturalSystemsDuringCovid19*,https://www.andeglobal.org/blogpost/920159/349033/five/- market-systems-strategies-to-Revive-Food-Agricultural-Systems-During-Covid-19. Retrieved 15th Jan.2021.

Tadesse Admassu. (2020) "African economies must redouble efforts to diversify in wake of Covid-19." Editor Adeniyi Adesina. *THENATIONNEWSPAPER. Vol.13.No.5200. October. 26.* Lagos: Vintage. p.37.

Vocapture Online Dictionary