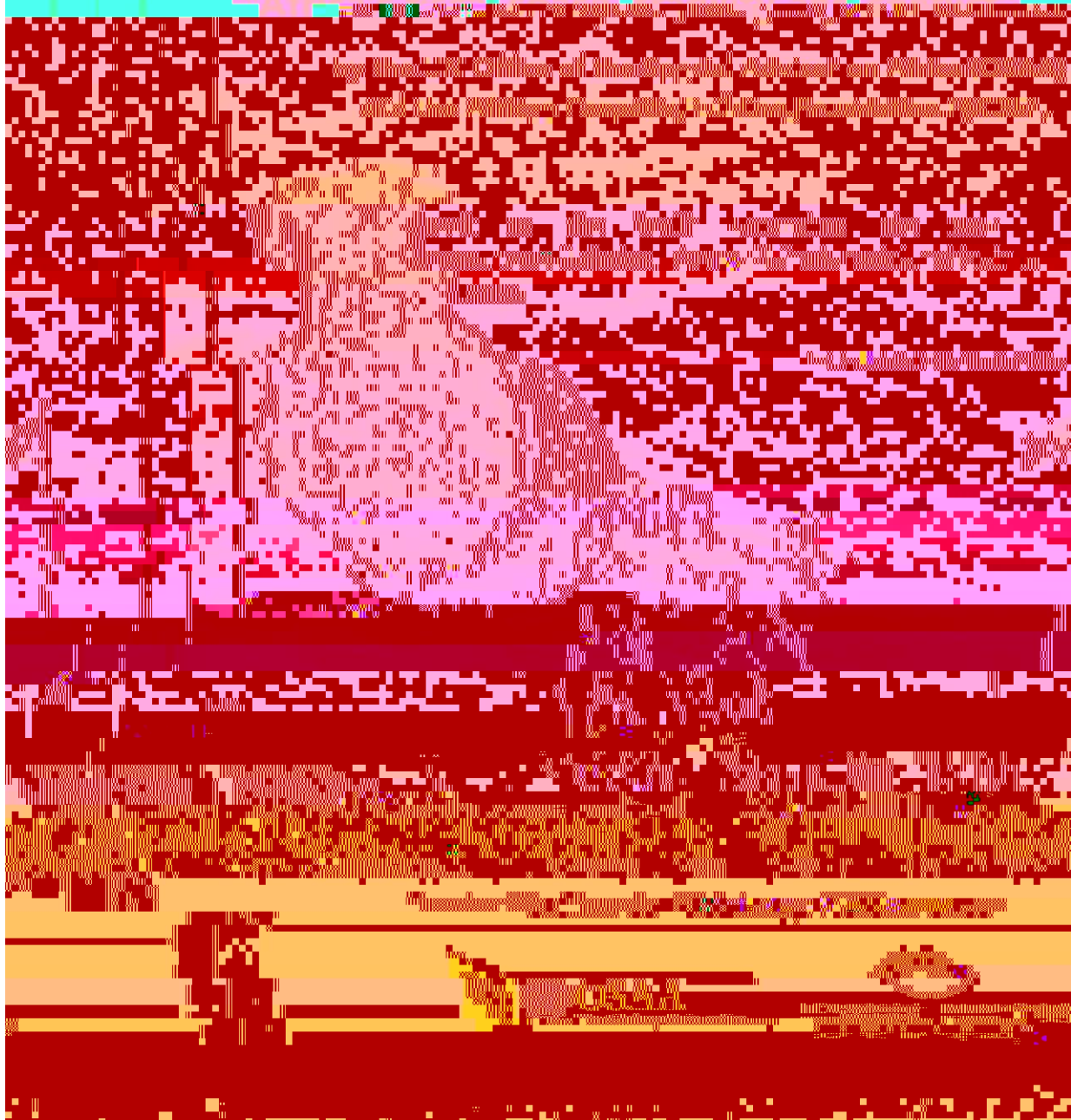


# THE ANNUAL CONFERENCE



**Back to the Well? Untangling the New Debt Accumulation, COVID 19 and  
Social Crisis in Africa**

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### **A Brief historical stretch**

The 1970s witnessed several dramatic changes in the conduct of international economic relations. The breakdown in the Bretton Woods system, the oil crisis and the resultant economic

examines the emergence of new actors like China and how their unilateral approaches to lending could create room for unsafe lending. This section is followed by how the new regime of debt accumulation is affecting

enrolled on the National Social Safety Nets Project and became eligible for regular social assistance plus COVID-19 emergency relief. Although social assistance programs such as feeding for school children has been ongoing before the pandemic, spending to meet the needs of the poor increased during the period

Wasteful spending at the different layers of governance such as the parliament, the executive and at subnational levels through appointment of many aides, special assistants and increasing corruption have constituted avenues for leakages. These leakages affect the extent to which debts can be growth enhancing.

. At the onset of the pandemic, President Cyril Ramaphosa rolled out R500,000billion to support families and the economy (Tromp and Kings, 2020). Apart from payment of social grants, part of this money was also devoted to sp3(e) ti1i71 out

Global Governance of finance and the new regime of debt accumulation in Africa

organizations because the founders knew that the Bretton Woods organizations would be far more important to Western states than the others.

Similarly, the strident calls by developing countries for the reforms of the Bank and the Fund on voting and decision making have not been heeded. Despite the voice reform of 2010,



The figure shows an increase in the external public stock, debt servicing from 2012. Overall, the increase in illicit financial flows is more than the external debt and external debt service from 2012 to 2017.

### **Debt Accumulation, Debt servicing and Social Crisis in Africa**

African countries have been accumulating debt over the past one decade. The growth trajectory that brought about the Africa rising narrative slowed down with the fall in the prices of commodities from 2014. Despite the relatively limited fatalities of COVID 19 on the continent, it came at great economic costs. Apart from the associated costs of shutting down the economy, the government of various African countries provided stimulus packages for vulnerable individuals



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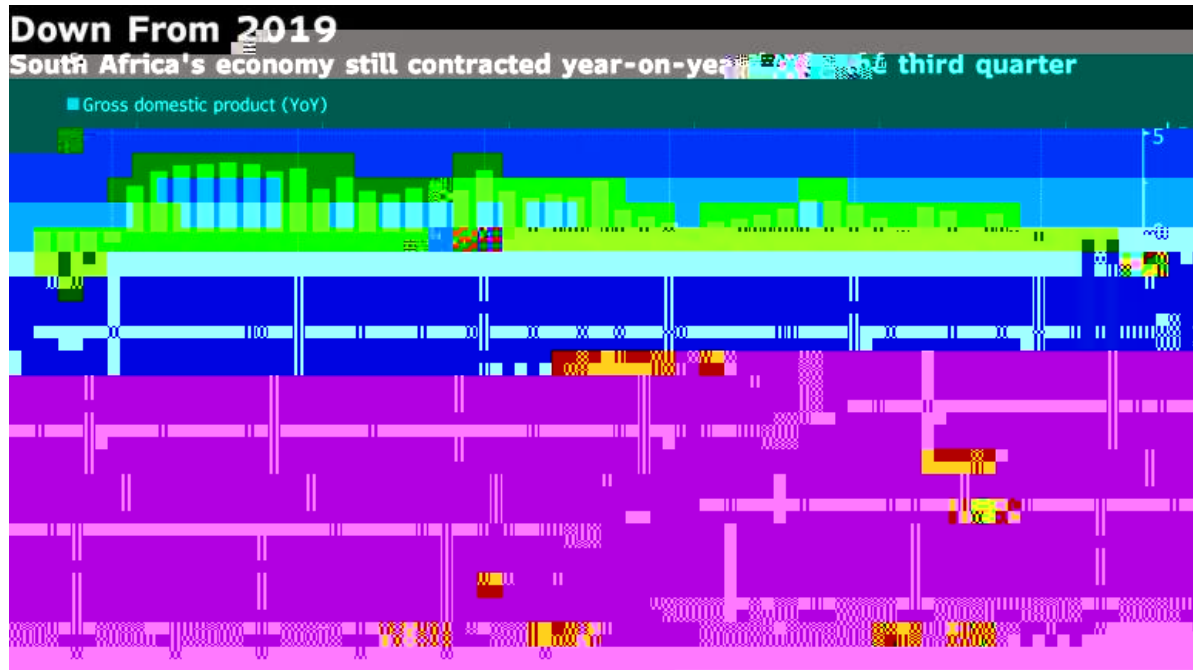
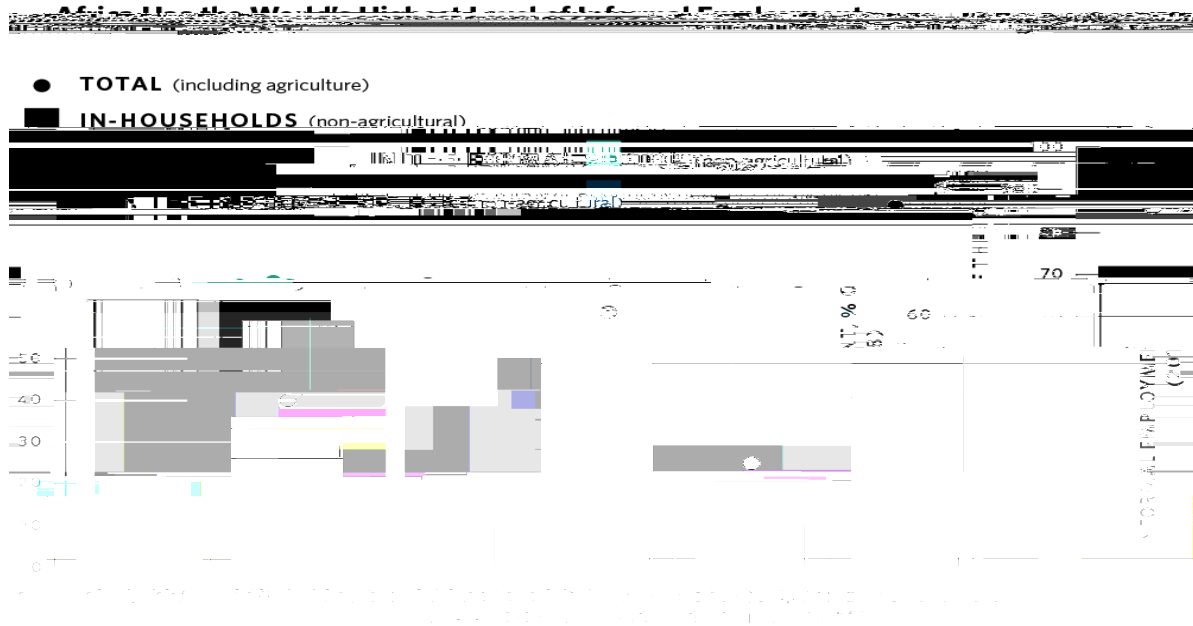
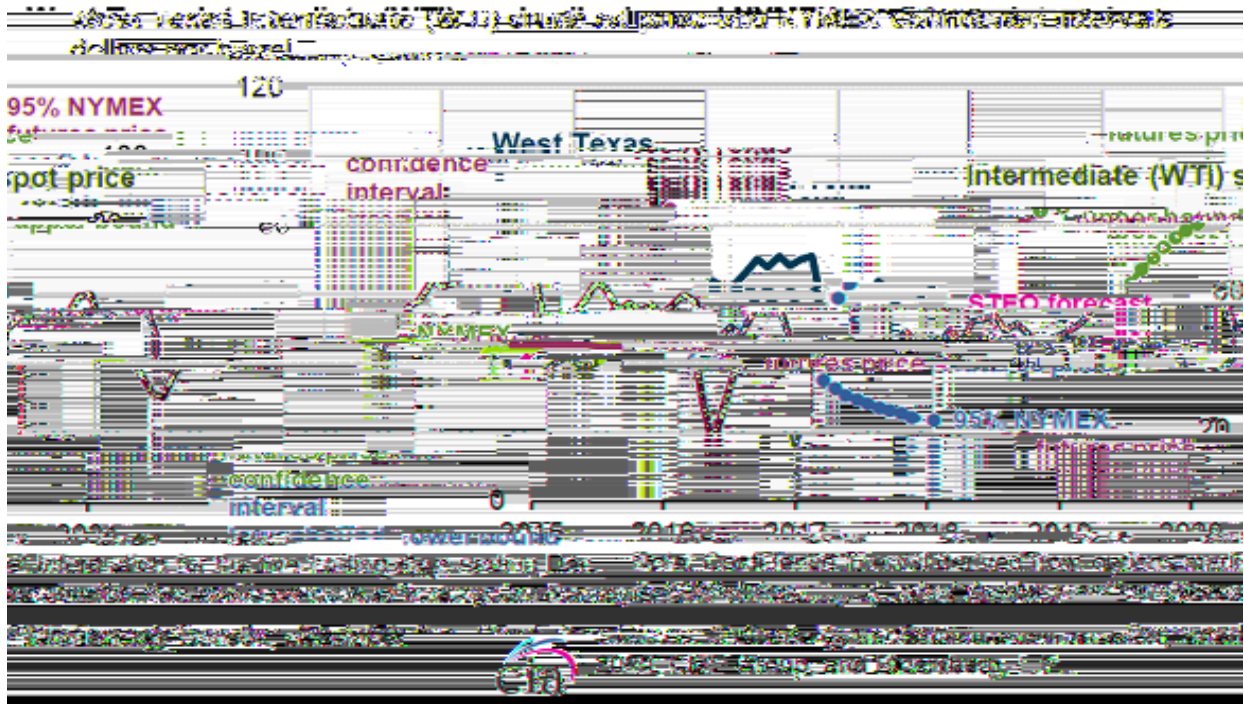


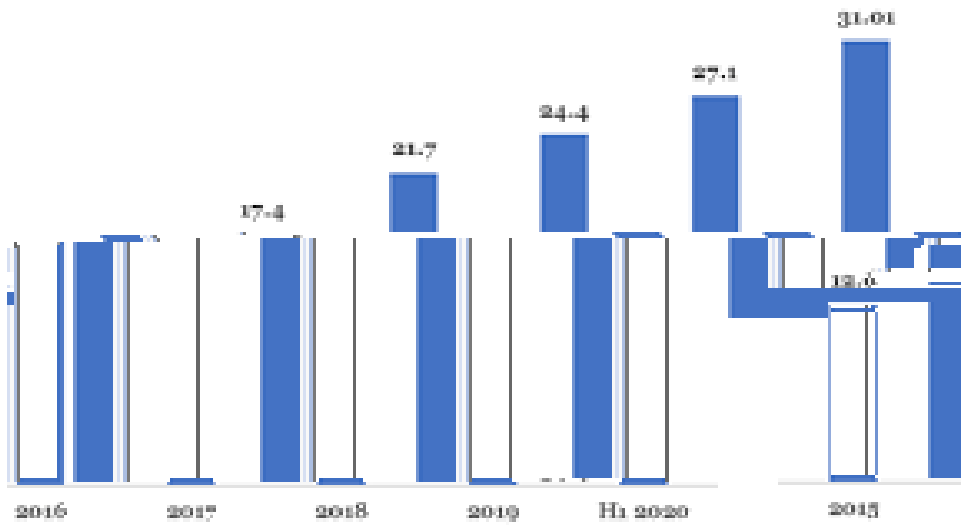
FIGURE 1



Source: Statistics South Africa, Quarterly Labour Force Survey, 2019. The chart shows the percentage of the workforce in in-household employment (non-agricultural) and the total workforce (including agriculture) from 2010 to 2019. The percentage of in-household employment has increased from approximately 55% in 2010 to 70% in 2019. The total workforce has also increased from approximately 25% in 2010 to 35% in 2019.



**Nigeria External Debt (2015-2020)**



**Figure 5**

