



ATLANTIC CURRENTS

AN ANNUAL REPORT ON WIDER ATLANTIC PERSPECTIVES AND PATTERNS

The Wider Atlantic in a Challenging Recovery

FEBRUARY 2022 | Under the supervision of Mohammed Loulichki | 8th Edition

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The Wider Atlantic in a Challenging Recovery

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About Policy Center for the New South

The Policy Center for the New South (PCNS) is a Moroccan think tank aspiring to contribute to economic and social policies that provide answers to the collective challenges facing Morocco and the African continent, as integral parts of the global South. The PCNS advocates for an open, accountable, and enterprising "new South" that defines its own narratives and mental maps around the Mediterranean and the South Atlantic basins, embodied by a forward-looking relationship with the rest of the world. Through its analytical work and focus on dialogue and partnerships from different perspectives and disciplines, the think tank aims to cultivate African expertise and excellence.

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Table of contents

List of Contributors	09
List of Abbreviations	11
Preface	15
<i>Frannie Léautier</i>	
Introduction	23
<i>Karim El Aynaoui & Mohammed Loulichki</i>	

Managing Societies

Chapter 1: Human Rights in the Twenty-First Century: Adding and/or Rethinking Rights?	29
<i>Bernardo Sorj</i>	
Chapter 2: Obsolete Classrooms: Education Paradigms for Now and the Future	37
<i>Kassie Freeman</i>	
Chapitre 3: Le système de la santé publique en Afrique entre contraintes et aspirations.....	47
<i>Nouzha Chekrouni</i>	
Chapter 4: Stability Challenges in Africa: Rethinking Efforts	59
<i>Oussama Tayebi</i>	
Chapitre 5: Afrique et multi-disparités : des fossés à combler.....	71
<i>Abdelhak Bassou</i>	

Managing Power

Chapter 6: COVID-19 in Africa: A Challenging Road to Recovery87

Nathalie Delapalme

**Chapter 7: Plus ça change: America's Pathways with the Wider Atlantic –
The Case of Africa**97

J. Peter Pham

**Chapter 8: The Atlantic Alliance: Its Future and Relationship
with the EU**105

Alessandro Minuto-Rizzo

Chapter 9: The Vaccine Patent Controversy111

Mohammed Loulichki & Oumnia Boutaleb

Managing Economics

Chapter 10: Economic Recovery and the Great Reset125

Otaviano Canuto

Chapter 11: Why the China-US Trade War Will Not End Soon139

Uri Dadush & Ahmed Ouhnini

**Chapitre 12: Penser l'après-COVID-19 : dynamiques
et transformations des capitalismes**151

Larabi Jaïdi

Chapter 13: Great Threats to Humanity:
The Climate Crisis and Energy Transition.....167

Iskander Erzini Vernoit & Rim Berahab

Chapter 14: An Atlantic Macroeconomic Outlook.....191

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List of Abbreviations

ACLED	Armed Conflict Location & Event Data Project
AfCFTA	African Continental Free Trade Area Agreement
AFCOR	Africa Task Force for Novel Coronavirus
AfCTA	African Continental Free Trade Area
AfDB	African Development Bank
Africa CDC	Africa Center for Disease Control
AGOA	African Growth and Opportunity Act
AMO	Assurance Maladie Obligatoire
AP	Advanced Placement
AR6	Sixth Assessment Report
AU	African Union
B3W	Build Back Better World
BAU	Business As Usual
BM	Banque mondiale
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China and South Africa
BUILD	Better Utilization of Investments Leading to Development
CACM	Centre africain pour le contrôle et la prévention des maladies
CAI	Comprehensive Agreement on Investment
CBAM	Carbon Border Adjustment Mechanism
CEDEAO	Communauté économique des Etats de l’Afrique de l’Ouest
CEEAC	Communauté économique des Etats de l’Afrique Centrale
CERs	Communautés économiques regionals
CFLI	Climate Finance Leadership Initiative
CMU	Couverture maladie universelle
CNAMU	Caisse nationale d’assurance maladie universelle
COP	Conference of the Parties

CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CRVS	Civil registration and vital statistics
CSP	Concentrated Solar Power
CSU	Couverture sanitaire universelle
DECAM	Décentralisation de l'assurance maladie
DFC	Development Finance Corporation
ECFR	European Council on Foreign Relations
ECOWAS	Economic Community of West African States
EGD	European Green Deal
EU	European Union
FAO	UN Food and Agriculture Organization
FDI	Foreign Direct Investment
FMI	Fonds Monétaire International
G20	Group of Twenty
G7	Group of Seven
GDP	Gross Domestic Product
GFC	Global Financial Crisis
GHG	Greenhouse Gas
GNI	Gross National Income
GVC	Global Value Chains
GW	Gigawatts
HIV	Human immunodeficiency virus
IB	Initiative de Bamako
IEA	International Energy Agency
IHR	International Health Regulations
IIAG	Ibrahim Index of African Governance
IISD	International Institute for Sustainable Development
ILO	International Labour Organization
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change

IRENA	International Renewable Energy Agency
IT	Information Technology
MDBs	Multilateral Development Banks
MEPs	Members of the European Parliament
MFN	Most favoured nation
NaCA	National-Capitalisme autoritaire
NATO	North Atlantic Treaty Organization
NDC	Nationally Determined Contribution
NEA	National Environment Agency
NMD	Nouveau Modèle de Développement
ODD	Objectifs de développement durable
OHCHR	Office of the High Commissioner for Human Rights
OMS	Organisation mondiale de la Santé
PEPFAR	President’s Emergency Plan for AIDS Relief
PIB	Produit intérieur brut
PNUD	Programme des Nations Unies pour le développement
PS	Promotion de la Santé
PV	Photovoltaics
RAMED	Régime d’Assistance Médicale
RAMU	Régime d’assurance maladie universelle
RCEP	Regional Comprehensive Economic Partnership
RECs	Regional Economic Communities
RNA	Ribonucleic Acid
SADC	Southern Africa Development Community
SAT	Scholastic Aptitude Test
SDGs	Sustainable Development Goals
SDRs	Special Drawing Rights
SOE	State-owned entreprise
SSP	Soins de la Santé Primaire
STEM	Science, Technology, Engineering, and Mathematics
TCFD	Taskforce on Climate-related Financial Disclosures

TPP	Trans-Pacific Partnership
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
UA	Union africaine
UA	Union africaine
UDAM	Unités d'Assurance Maladie
UK	United Kingdom
UN	United Nations
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
URSS	Union des républiques socialistes soviétiques
US	United States
USA	United States of America
USAID	U.S. Agency for International Development
WHO	World Health Organization
WTO	World Trade Organization
ZLECAf	Zone de libre-échange continentale africaine

Preface

The Wider Atlantic in a Challenging Recovery

The COVID-19 pandemic has had a huge impact on the global economy and has challenged the best minds to rethink how to design and implement an effective recovery. Countries in the wider Atlantic region have exhibited differential trajectories in traversing the *pandemic*. A number of countries in Europe succeeded in vaccinating most of their eligible populations, enabling life to return somewhat to normal. A smaller group of countries in Europe could manage infection rates even more tightly by administering booster shots for selected at-risk segments. In the United States, performance varied hugely across different states, with some instituting mandates and vaccinating large proportions of their populations. In several countries the *private sector* has led or contributed by instituting working-at-home policies and supporting employees in getting tested and vaccinated. For the vast majority of countries in the developing world, and particularly in Africa, this was not the experience, as they faced challenges in receiving sufficient doses to vaccinate their populations.

For the countries with sufficient vaccine *manufacturing capacity*, the lower rates of vaccination are driven by those resisting vaccination, which, unlike previous pandemics, has taken on a political nature. Countries without large swathes of populations vaccinated, cannot vaccinate their people because of insufficient availability of doses. Global inequalities have never been so stark as they have been in relation to the COVID-19 experience, and access to medical treatment, diagnostic tools, and vaccinations.

But *global inequalities* are visible in other forms. In most advanced economies, lockdowns, initiated to manage infection rates and reduce pressure on hospital facilities and medical staff, lasted for several months. Effects on incomes were attenuated as many workers were able to work from home and safety nets covered the rest. In developing countries, lockdowns have been hard to put in place and curfews are more common. The hospitals that exist are overwhelmed with cases and cannot treat other health situations. Oxygen and respirators are in very short supply. In the early days of the pandemic, even the basic protective gear was not available. Yet in other countries, and in particular low-income developing countries, people took on an attitude of *living with COVID-19*. They went about their business almost as usual.

The *role of the state* in the pandemic is another aspect generating a lot of debate as a result of the differential performance observed across countries. More advanced economies can supplement income lost by their citizens through direct transfers. Such transfers have protected livelihoods to such an extent that the savings rates in these countries have increased. Lower-income economies

typically are less able to effectuate large-scale transfers. The struggles in the early days of the pandemic led to a myriad of solutions, some hugely innovative. Some examples of innovation in Africa materialized around the use of e-wallets with direct cash transfers made to the phones of individuals. In the United States, direct cash transfers were made using tax records and bank accounts of taxpayers, with the support of the revenue authorities. The nascent digitization strategies in place in developing countries, coupled with targeted social safety nets, proved a major advantage for transferring resources to support lives and supplement the incomes of individuals. The same methods were also valuable in protecting jobs at micro, small and medium enterprises, by providing them with working capital in the form of grants.

Leadership is also a term that has generated tremendous discussion as pundits and academics debate and analyze the type of leadership that has made a difference in COVID-19 related outcomes. Leaders who acted early and decisively were praised for the outcomes, but as more aggressive virus variants have appeared, some leadership choices have been questioned and re-examined. The leadership lessons for handling a pandemic are going to play out for a long time as the world grapples with a risk at a scale it had not previously faced.

What characterizes this period in world history is the massive *disruption* the pandemic has wrought upon the world, and indeed upon the nature and pace of *globalization* during and after the pandemic. Most disrupted were travel, tourism, and hospitality, with cross-country travel grinding to a practical halt. Any resumption of non-essential travel has been at levels much lower than before the pandemic and has been uneven across countries, mainly because of the uneven access to vaccines, differential levels of infection risks, and practices around testing, tracking, and quarantine rules. The range of approaches and achievements to get to the new normal in managing the effect of disruption is providing real-time case studies from which to learn.

Basic goods are the first visible manifestation of scarcity from disruption—starting with products such as toilet paper, where hoarding and shortages were visible in the advanced economies. But as *supply chains* become more disrupted, the impacts become deeper and harder to predict, with potentially serious consequences for future action. An example is the emerging shortage of rare earths that drive the digital revolution. Such a shortage has geopolitical, industry, trade, and business strategy impacts. Or consider the shortage of semiconductors, which are critical for information technology and the advancement of electric vehicles manufacturing and use. Such shortages can impact entire country and industry strategies, and the timing and outcomes related to handling *decarbonization* and other risks of climate change.

Lessons learned from countries *living with COVID-19* are critical as realization sets in in the rest of the world, that COVID-19 is likely here to stay,

and living with it will likely become the norm. The lessons learned are valuable beyond COVID-19 as they contain in them the nuggets needed to sustain supply-chain and other long-duration disruptions on a global scale. Some of the most valuable lessons relate to how we *manage societies* in the face of massive global risks that pit countries and individuals in competition against each other when solving the problem at a global scale. Learning those lessons early and well would benefit everyone, and is necessary for the existential climate challenge we all face. Among the important lessons are how we can leverage on *self-interest* at the individual and country level to drive change and direct action, so we can tackle the existential risks we all face.

Technology and human rights is another area where lessons can be learned from the pandemic and the differential approach to recovery. Those with digital access could easily be reached with information, cash, and solutions. They could also work from home. And the digitally excluded have never been more visibly harder to reach. And yet, even those with limited digital access could use technology to innovate in terms of how they responded to the pandemic and how they sped up recovery, whether through payment systems supporting e-commerce, or directed cash transfer mechanisms to reach those most impacted.

Technologies for *renewable energy and carbon capture* are also critical as they also have an equity or justice dimension to them. The global South has to meet its energy needs using renewable energy, while it has fossil-fuel assets that are likely to be stranded, because fossil fuel financing is drying up or becoming costly, and the world has to reduce its use of these fossil fuels to keep within the rising temperature limits set in the Paris Accord. Meanwhile, advanced economies continue to generate energy from coal, oil, and gas as they weave in their *energy transition strategies*. How best can the world organize the technology transfer needed for a just transition? Should financing be made available to speed up the transition from cooking using charcoal and its effects on deforestation (carbon sinks), by supporting a transition from charcoal to natural gas which is less polluting? Or should financing be made available to go to solar based cooking stoves and skip the fossil-fuel phase altogether? What about the change in vehicle fleets from diesel and petrol to natural gas and then hydrogen? What about the role of electric vehicles in advanced economies and their demand for energy in the interim? Big challenges around shipping and aviation also still face major technical challenges that need to be tackled.

Inclusiveness post-COVID-19 is not just about income and opportunity; it is also about the very possibility of life and survival. Vaccine inequity and vaccine poverty are terms that appropriately capture the stark nature of exclusion in managing a global pandemic. The availability and affordability of diagnostic tests so infected people can be properly identified, isolated, tracked and traced are aspects of exclusion that are having an impact on the evenness of the pre- and

post-COVID-19 transition. Availability and affordability of vaccines is another challenge to inclusiveness, as one looks at the global South and its access to vaccines. The types of job people have and the differential ability to work from home and stay safe are other aspects of exclusion. Those able to work remotely tend to be more educated, with higher incomes, and the pandemic has widened the income inequality from employment as a result. The value of essential jobs such as growing food, delivering groceries, providing health services, or working in food packaging and transport services, has also intensified questions around pay inequality and the quality of jobs. A number of advanced economies are looking at minimum wage and living wage concepts as ways to address such visible inequalities post pandemic.

Having to work and stay at home, and take care of schooling and care of young ones, supports work that had started around *shifting education paradigms*. Indeed, the ability to teach and learn from home is raising the question of in-classroom learning and whether one needs physical classrooms. Yet the isolation that can be experienced by those learning at home, and some of the risks children face, from domestic violence to slower and poorer learning outcomes because of differential ‘at-home’ tutoring, also raise questions around how to render physical classrooms safe to use during the pandemic. Learning institutions that introduced e-learning and other remote education solutions were quickly able to pivot and offer such education and learning solutions in record time. There is a lot to learn and adapt from such a forced experiment with innovations taking place at the technology, content, and delivery level each day.

While public health has always been an important theme, the pandemic has helped sharpen the importance of *public health imperatives* in the global South and North alike. How we test, track, and trace for COVID-19 has lessons for diagnostic solutions that are of general value for public health in countries with limited resources to allocate to the sector. But there are also lessons for advanced economies on how to manage the balance between availability of treatments and uptake of treatments. Lessons on how we communicate on preventive measures such as washing hands, wearing masks, and social distancing are valuable as countries in the global South engage in other health-related challenges, which are sure to multiply as risks of climate change advance.

COVID-19 and its impact has even caused *stability challenges* around the world, which are most visible in South America. How administrations have been seen to lead and handle the pandemic has impacted electoral outcomes. People’s reactions to lockdowns, curfews, and vaccine mandates have divided political opinion and impacted political fortunes in a vast array of countries where leaders have faced elections during the pandemic. What lessons will be extracted on the effect of global risks on stability? Could what we learn from COVID-19 help the

world handle the migration crisis that will only intensify as climate risks escalate? The combined effect of earthquakes and political instability on migration from Haiti to the United States is one example of what is likely to lie ahead.

Yet, the level of development and income inequality is not the only driver of how countries have faced down the pandemic, and how they are organizing for recovery. Many other aspects are critical. *Bridging divides*, particularly in the capacity to manufacture locally, especially in Africa, remains critical. Many countries are using the opportunity from disrupted supply chains and the possibilities for trade under the African Continental Free Trade Area (AfCFTA) to develop local manufacturing and industrial strategies. Of course these also depend on availability of energy and transport, and their ramifications on the ability to meet decarbonization targets at the same time. Bridging the digital divide has become even more important as those not connected have been harder to reach with effective and rapid solutions, from health to education, and even cash. Bridging the access to affordable finance is yet another divide. African countries issuing social bonds to finance the post pandemic recovery face costs of financing that are much higher than issuers in other parts of the world.

Managing power at a domestic and global level is another theme that has become more important as a result of the experiences during the pandemic. Do we rely on bilateral, regional, or multilateral institutions to deliver needed solutions at scale? What type of governance works best at global scale when facing a pandemic? Do such governance arrangements have value when handling climate risks? What pathways should we follow for a sustainable future? What is the future of the broader Atlantic, and indeed the future of Europe? What role will Africa play post recovery?

The importance of *multilateralism* in the construction of a new world order has never been more important, whether to do with the pandemic, climate, trade, or financing development. The speed with which the International Monetary Fund (IMF) came up with solutions allowing use of Special Drawing Rights (SDRs), and the debates that have arisen since, on how to best use the SDRs are but some of the challenges in getting to fast and effective multilateral solutions. While the World Bank, the African Development Bank, the European Bank for Reconstruction and Development, and other multilateral development banks (MDBs) have acted fast to offer much needed financing and innovation to meet the recovery needs of countries, such actions have been seen as too slow, too little, and too rigid for the challenge, and indeed many MDBs have faced capital-adequacy challenges.

We have seen at first hand the challenge of *governance* in times of pandemic, and the need to learn quickly from superior approaches to guarantee stability. The role of the advanced economies in the *wider Atlantic* has become more central, in supporting access to vaccines, engaging in much needed trade

innovations to tackle emerging supply chain disruptions, tackling social and political instability that has arisen from sharpened inequalities, seeking just solutions to climate risks, and supporting less-developed countries in financing the recovery sustainably.

There is a need to continue to *build pathways to sustainability* as the region works itself out of the pandemic, and goes into recovery and a new normal. What national strategies make sense individually as countries build back after COVID-19, and which types of adjustments will be needed so that we collectively meet the carbon reduction targets necessary for our global survival?

Other aspects of managing power at the regional or policy level are equally important. For example, what have the COVID-19 response and post-COVID-19 recovery approaches taught us about the need for, and indeed the *future of Europe* in a post-COVID-19 geopolitical arena? On the policy front, which is equally central, what is the best way to handle the issues that have materialized surrounding the vaccine *patents* controversy? How do we provide incentives for innovation and protect intellectual property rights, while engaging with humanity in the face of a pandemic?

A sustained recovery depends on the effectiveness of approaches for *managing economies*, in relation to the speed and sustainability of *economic recovery* and the great reset. How well will the world handle it and, especially, how will we deal with widening trajectories, which, unchecked, can deepen inequalities and hasten instability? The China-United States trade war is a central uncertainty and a major driver for the type of recovery the world will experience. When will the trade war end? What will happen if it is prolonged?

Questions around *economic models* and *leadership styles* will also impact the nature of recovery and how we rebuild. Which model delivers sustained recovery? Liberal versus authoritarian capitalism is a key debate issue, resulting from the post-COVID-19 ambivalence. At the same time, we don't have much time to lose. We have to learn as we act. There are a great many threats to humanity that need solutions now. There is a key question around sustainable energy and climate change, and whether we will use the post-COVID-19 recovery to build back differently and better, or whether we will bow to short-term pressures as a reason to delay action or backslide on past commitments. An Atlantic macroeconomic, social, and political outlook is critical to enable proper lesson-learning from the unanticipated black swan event that has been the COVID-19 pandemic.

Frannie Léautier

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The Wider Atlantic in a Challenging Recovery

La Huitième édition du Rapport “Atlantic Currents” se situe dans la perspective d’une sortie de crise sanitaire pleine d’enseignements et d’une relance économique marquée par plusieurs défis d’ordre social, économique, financier et stratégique. Les quatorze chapitres qui composent ce rapport tentent de cerner les paradigmes induits par la pandémie en matière d’éducation, de santé, de commerce, du respect des droits de l’Homme, de lutte contre le changement climatique... Comme à l’accoutumée, l’Afrique occupe une place de choix dans les analyses et projections formulées par les dix-neuf auteurs qui ont contribué au Rapport, tant en ce qui concerne les dynamiques internes du Continent que les rapports qu’il entretient avec le reste de l’espace atlantique élargi.

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