

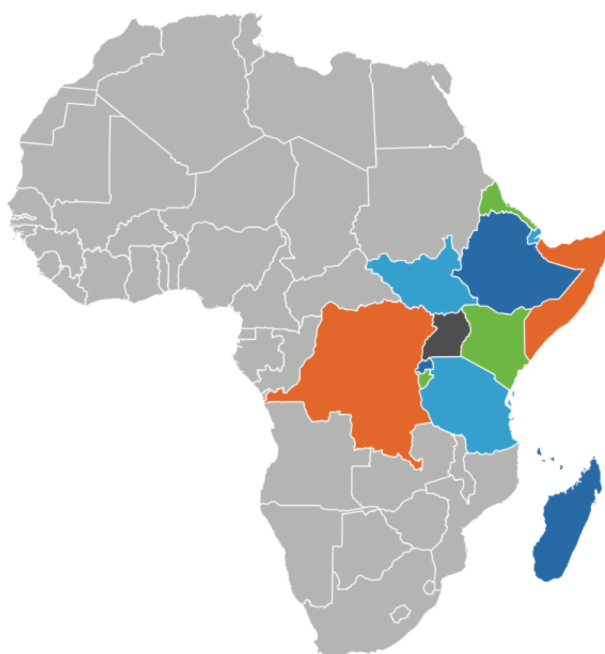


United Nations
Economic Commission for Africa

Sub-Regional Office for Eastern Africa



24th session of the Intergovernmental Committee of Senior Officials and Experts (ICSOE)



The Economic and Social Impacts of the Covid-19
Crisis on Eastern Africa: Strategies for
Building-Back-Better

Concept Note

24 – 25 November 2020

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The Economic and Social Impacts of the Covid-19 Crisis on Eastern Africa: Strategies for Building-Back-Better

Concept Note

Proposed venue: Virtual

Date: November 2020

Theme	Economic and social impacts of the Covid-19 crisis on Eastern Africa: Strategies for building back better
Participants	Representatives of the member States served by the Sub-regional office for Eastern Africa (SRO-EA); various regional, sub-regional and national development focused organisations, experts representing the African Union, Regional Economic Communities (RECs), civil society organizations and the representatives of the United Nations system. With no control over Governments participation, deliberate efforts will be made to bring in women and youth participation from civil society.
Venue	Virtual meeting
Dates	23-25 November 2020

Pursuant to the 23rd ICE communique of 7 November 2019, the SRO-EA had planned to organize its 24th session of the Intergovernmental Committee of Senior Officials and Experts (ICSOE) on the theme *Strategies for Services Trade Development*. However, the current COVID-19 situation calls for a different response. It is to this end that the upcoming 24th session of the IC SOE will be on the theme *Socio-economic impacts of the COVID-19 crisis on Eastern Africa*. The IC SOE is a body set up by the General Assembly of the United Nations and is the statutory organ of the ECA Office for Eastern Africa. It includes representatives of the fourteen member States¹ served by the office, as well as Regional Economic Communities (RECs) and Intergovernmental Organizations (IGOs) of the sub-region, development partners, research centres and other stakeholders.

¹ Burundi, Comoros, D.R. Congo, Djibouti, Ethiopia, Eritrea, Kenya, Madagascar, Rwanda, Seychelles, Somalia, South Sudan, Tanzania and Uganda.

I. Background

Following the 23rd session of the ICSEO, the Bureau was organized as follows: Eritrea (Chair), Seychelles (First Vice-Chair), Ethiopia (Second Vice-Chair) and Tanzania (Rapporteur). The first vice-chair normally hosts the subsequent meeting.

The SRO-EA had thus planned to hold the 24th ICSEO in Victoria, Seychelles. The current pandemic situation however necessitated a change of plan. Historically, ICSEOs had been hosted by SRO-EA member States, with the last ICSEO having been hosted by the Government of the State of Eritrea. In the past, face-to-face meetings have facilitated a robust exchange of ideas.

However, in the current context of travel restrictions and health concerns, an online meeting would be probably the preferred option, with the additional advantage that it will save on travel time for officials and other participants. The likely challenge is connectivity. On its part, SRO-EA will do its best to ensure the best connectivity possible to facilitate a successful meeting. As a consequence, and following consultations with the 23rd ICSEO Bureau, SRO-EA is proposing to virtually deliver the 24th ICSEO from 24-25 November 2020.

The objectives of ICSEO meetings are three-fold:

- i) To define and review the implementation of the work-programme of the SRO-EA;
- ii) To discuss key issues and challenges pertaining to the economic and social development of the region, with the view to making appropriate recommendations;
- iii) To strengthen partnerships and cooperation between stakeholders to sustain regional integration and accelerate the pace of economic development.

The ICSEO meets annually on a rotational basis and has been hosted by various member States in Eastern Africa, including: Eritrea in 2019 on, *Deepening Regional Integration in Eastern Africa – Leveraging New Opportunities in Intra-Regional Trade and Investment*; Rwanda in 2018 on, *Implementing the African Continental Free Trade Area in Eastern Africa: From Vision to Action*); Comoros in 2017 on, *Accelerating Structural Transformation in Eastern Africa: Catalysts and Constraints*; Kenya in 2016 on, *Institutions, Decentralizations and Structural Transformation in Eastern Africa*; Madagascar in 2015 on, *Harnessing the Blue Economy for the Development of Eastern Africa*; DR Congo in 2014 on, *National Champions, Foreign Direct Investment and Structural Transformation in Eastern Africa*; ; and Uganda in 2013 on, *Energy Access and Security in Eastern Africa*. ECA looks forward to holding the 2020 ICSEO meeting in the Seychelles under the proposed theme: *Strategies for Economic Recovery and Resilience in Eastern Africa*.

II. Context and rationale for the theme of the 24th ICSEO

Prior to the eruption of the Covid-19 crisis, Eastern Africa was among the fastest growing regions in the world². Although thus far spared from the worst health consequences, the pandemic represents

² See, inter alia, UNECA (2020), “Macroeconomic and Social Developments in Eastern Africa 2020: Benchmarking Performance Towards National, Regional and International Goals”, SRO-Eastern Africa, Kigali, Rwanda.
<https://www.uneca.org/publications/macroeconomic-and-social-developments-eastern-africa-2020>

a serious challenge to the future economic growth and prosperity of Eastern Africa, for several key reasons:

- Most countries in the region have become highly dependent on their services sectors, and many branches of services have been badly impacted by the crisis.
- Within services, some countries in the region have a very economic dependence on tourism. For instance, it is no coincidence that the country with the highest economic dependency on tourism in the region – Seychelles- (contributing around 66% of GDP) is forecast by the IMF to be most negatively impacted by the crisis, with a fall of GDP in excess of -10%.
- The crisis has exposed the vulnerability of the region’s insertion into the global economy, with a major negative impact on industrial parks, horticultural and floricultural exports, etc.
- Even prior to the crisis, debt levels were rising quite sharply in several countries in the region and will now become quickly unsustainable in the light of the collapse in fiscal revenues and rise in crisis-related expenditures.
- Finally, the food security situation was already quite precarious in parts of East Africa (particularly in the Horn), due to both severe climatic events and the locust plagues which are affecting many countries.

Urgency of Regional Approaches

At the global and national levels, thus far there have been numerous discussions on the consequences of crisis on economic growth and development. However, at the regional inter-governmental level, discussions have been much less frequent. In East Africa in particular, there is a need to collectively share experiences and discuss the conditions under which the region could bounce back from the crisis, to the benefit of all. Especially when it deals with cross-border public goods in areas like health policy and trade, the coordination of policy responses at the regional level is always crucial for their effectiveness. Against this background, the theme of the meeting will be “*Economic and Social Impacts of the Covid-19 Crisis on Eastern Africa: Strategies for Building Back Better*”.

Focus on Services

In line with the office’s area of thematic focus on regional integration and the AfCFTA, the meeting will pay particular attention to the role of the services sector in the regional economy. Prior to the crisis, Eastern Africa’s economies were gradually transitioning from agriculture to services (AfDB, 2020).³ While the contribution of agriculture to the region’s GDP has been steadily declining,⁴ the services’ contribution to GDP has risen from 44.6 percent in the early 2000s to 53.8 percent in 2018.

³ East African Economic Outlook 2020 – July <https://www.afdb.org/en/documents/east-africa-economic-outlook-2020-coping-covid-19-pandemic>

⁴ AfDB (op. cit.) notes that agriculture’s contribution to GDP declined from an average of 33.4 percent at the turn of the millennium to 28.3 percent in 2018.

This shift has been particularly pronounced in the case of countries like Seychelles, Eritrea, Kenya and Rwanda where services contribute 80,67, 60 and 47 percent of GDP, respectively, but is also apparent across the region. It is also an increasingly important generator of employment opportunities across the region, with the ILO estimating that the number of workers employed in the services sector having more than doubled since 2000. Unfortunately, as stressed by the AfDB, most services in the region are not the higher value-added activities in the region to trigger the desired structural transformation.

The focus on services for this regional meeting is particularly timely, for three principle reasons:

1. The Covid-19 crisis has hit many services sub-sectors particularly hard, particularly in transport, hotels, accommodation, restaurants and tourism. But the services sector will also be instrumental in helping the region recover from the crisis. For instance, digital services have prospered during the crisis. Innovative East African initiatives like M-Pesa and mobile money have come to the fore. Post-crisis, sub-sectors like tourism and air transport may have to reconfigure their *modus operandi* and strategies. Financial services will need to be geared towards
2. Against the backdrop of the AfCFTA's goal to bolster intra-African trade, there is a commitment to liberalize intra-African services trade and five sectors have been prioritised: transport, tourism, ICT, financial and business services. Negotiations for the service sector are supposed to be concluded by January 2021. As the region moves into the implementation stage of the AfCFTA, it is important that there is an awareness of the strategic interests of Eastern Africa in these priority service sub-sectors. The crisis has highlighted the essential nature of other service sectors like digital trade, education and health.
3. Early in 2020 ECA will be publishing its Flagship Publication "Assessing Regional Integration in Africa (ARIA) Report X", entitled "*Africa's Services trade liberalization and integration under the AfCFTA*". The discussions held in this meeting will help reflections on the theme for that report.

IV: The objectives of the 24th IC SOE

The overall objective of the meeting is to better understand the impacts and implications of the COVID 19 crisis in East-Africa and identify strategies for a fast recovery and an accelerated structural transformation process.

More specifically the meeting will discuss some of the following issues with the view to come up with actionable recommendations to various entities including countries, RECs, and the ECA:

- What are the Macroeconomic and Social Conditions in Eastern Africa in the Light of the Covid-19 Pandemic?
- What are the implications of the COVID crisis for Eastern Africa, particularly with regard to development finance?
- What needs to be collectively done in the sub-region to fight COVID and promote recovery?

- What role could trade and the AfCFTA play in accelerating the recovery from COVID and beyond?
- What other Regional Strategies need to be considered to *Build-Back Better*, including in the areas of the Blue Economy and Tourism?

In each of these areas, actionable policy recommendations will be agreed.

V. Format of the 24th ICISOE Meeting

The 24th ICISOE meeting will be held as per the decision of the Bureau. All discussions will be held in plenary, with presentations followed by panel discussion or general Question and Answers sessions. The ECA working languages are French and English, with simultaneous interpretation.

VI. Participants

The ICISOE is attended by high-level representatives of Eastern Africa member States, RECs and IGOs. In attendance will also be representatives of the private sector, international institutions, civil society organisations, women, youth, media, and other relevant stakeholders. The 22nd ICISOE was held in Kigali, Rwanda and was attended by over 300 participants, while the 23rd ICISOE was held in Asmara, Eritrea, and attracted 250 participants from across the sub-region. Likewise, for the 24th edition of the ICE, SRO-EA is targeting a wide participation.

VII. Dates and Venue

The 24th ICISOE meeting is scheduled to be held in November 2020 on dates and venue yet to be agreed with the Bureau.

VIII. Contacts

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