



United Nations  
Economic Commission for Africa

# Socioeconomic Effects of the COVID-19 in Africa: Sub-Regional Perspectives

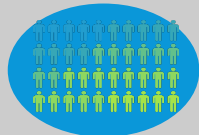
June 2020



# HEALTH IMPACTS

- The number of COVID-19 confirmed cases **Is spreading still in** every sub-region of the continent, **Exceeding now 200,000 cases;**
- Distribution of cases by sex and by age groups **varies** from country to country;

# Situation of the Pandemic in Africa (10 June 2020)



POPULATION  
**1.2 Bn**

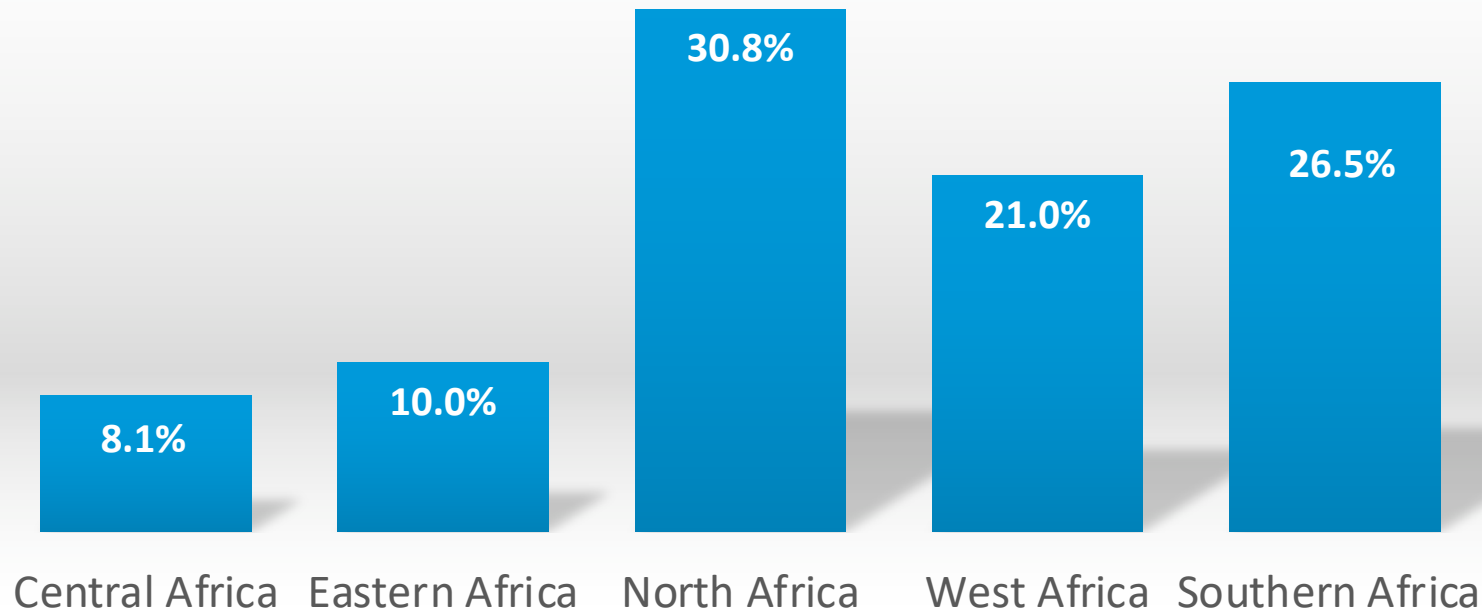


TOTAL CASES  
**203,899**



TOTAL DEATH  
**5,530**

## Distribution of confirmed cases per sub-region



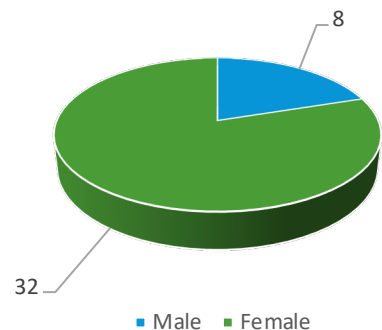
Recovered:  
**91,398**

Active cases:  
**104,951**

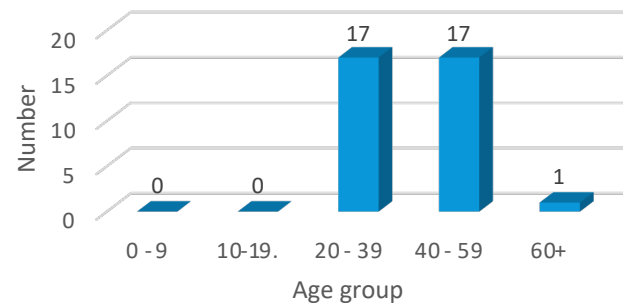
**Fatality rates**  
**Africa:2.7%**  
**World:5.6%**

# Botswana: Disaggregation of COVID-19 cases by gender and age group

Gender distribution of cases



Age distribution of cases

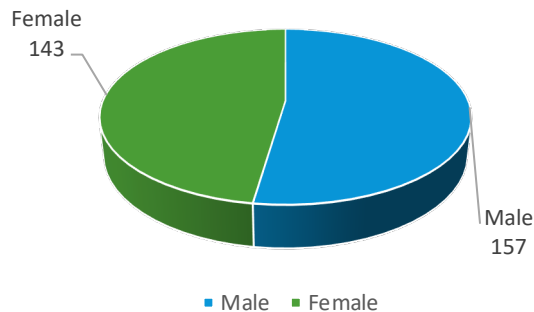


Source: Ministry of Health

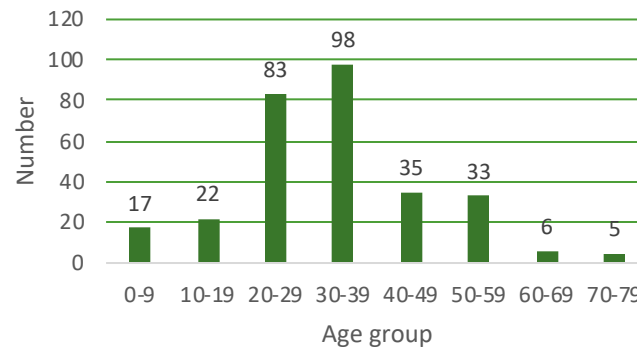
Date: 06/06/2020

# Eswatini: Disaggregation of COVID-19 cases by gender and age group

Gender distribution of cases



Age distribution of cases



Source: Ministry of Health

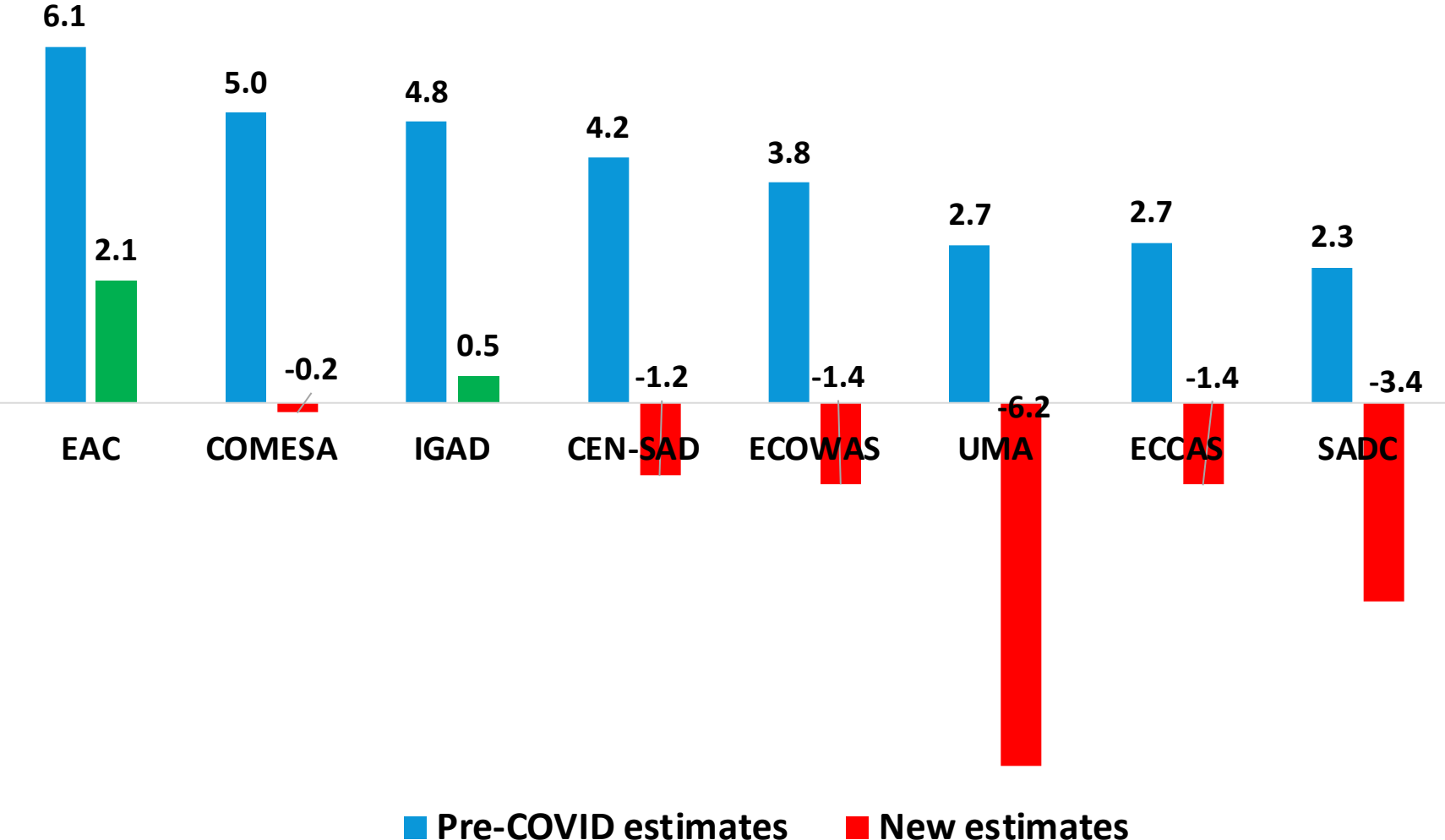
Date: 06/06/2020

# Evolving Growth Forecasts

- COVID-19 crisis is expected to cause a significant **slowdown in economic growth for every country**
- However, a **recovery** is expected as early as 2021 if the pandemic is curbed early enough

# All RECs to experience sharp decline in GDP growth rate

## 2020 Growth estimates for Africa's RECs(%)



# In Central Africa, GDP is expected to contract for all countries in 2020, and recover in 2021

## GDP Growth Forecasts Pre- and Post-COVID, 2020 and 2021

### Central Africa Sub-Region

	2020 Forecast			2021 Forecast		
	Pre-COVID	New	Loss	Pre-COVID	New	Loss
Cameroon	4.2	-1.2	-5.4	5.0	4.1	-0.9
Central African Republic	5.0	1.0	-4.0	5.0	4.0	-1.0
Chad	5.4	-0.2	-5.6	5.8	4.1	-1.7
Congo	2.8	-2.3	-5.1	1.9	3.4	1.5
Equatorial Guinea	-5.0	-5.5	-0.5	1.0	2.3	1.3
Gabon	3.4	-1.2	-4.6	3.8	3.6	-0.2
Sao Tome and Principe	3.5	-6.0	-9.5	4.0	5.5	1.5
<b>Central Africa Average</b>	<b>3.0</b>	<b>-1.6</b>	<b>-4.6</b>	<b>4.0</b>	<b>3.7</b>	<b>-0.3</b>
<i>Africa</i>	3.2	1.8	-1.4			
<i>World</i>	3.4	-3.0	-6.4	3.6	5.8	-2.2

Sources: IMF REOs October 2019 and April 2020; 2019 IMF Staff Reports; Africa's projection is from ECA, April 2020

Note: Sub-regional Averages are weighted by GDP current PPP of given year forecast in October 2019 or in April 2020

# In Eastern Africa, GDP growth will slow in 2020 for all countries; but some may recover in 2021

## GDP Growth Forecasts Pre- and Post-COVID, 2020 and 2021

### Eastern Africa Sub-Region

	2020 Forecast			2021 Forecast		
	Pre-COVID	New	Loss	Pre-COVID	New	Loss
Burundi	0.5	-5.5	-6.0	0.5	4.2	3.7
Comoros	4.2	-1.2	-5.4	3.6	3.1	-0.5
Dem. Rep. of the Congo	3.9	-2.2	-6.1	3.4	3.5	0.1
Djibouti	6.0	1.0	-5.0	6.0	8.5	2.5
Eritrea	3.9	0.1	-3.8	4.0	5.9	1.9
Ethiopia	7.2	3.2	-4.0	7.1	4.3	-2.8
Kenya	6.0	1.0	-5.0	5.8	6.1	0.3
Madagascar	5.3	0.4	-4.9	5.1	5.0	-0.1
Rwanda	8.1	3.5	-4.6	8.2	6.7	-1.5
Seychelles	3.3	-10.8	-14.1	4.1	8.0	3.9
Somalia	3.2	-2.5	-5.7	3.5	2.9	-0.6
South Sudan	8.2	4.9	-3.3	5.0	3.2	-1.8
Uganda	6.2	3.5	-2.7	6.1	4.3	-1.8
United Rep. of Tanzania	5.7	2.0	-3.7	6.0	4.6	-1.4
<b>Eastern Africa Average</b>	<b>6.1</b>	<b>1.8</b>	<b>-4.3</b>	<b>5.9</b>	<b>4.8</b>	<b>-1.2</b>
<i>Africa</i>	3.2	1.8	-1.4			
<i>World</i>	3.4	-3.0	-6.4	3.6	5.8	-2.2

Sources: IMF REOs October 2019 and April 2020; 2019 IMF Staff Reports; Africa's projection is from ECA, April 2020

Note: Sub-regional Averages are weighted by GDP current PPP of given year forecast in October 2019 or in April 2020



# In North Africa, almost all economies will contract in 2020, but likely to rebound in 2021

## GDP Growth Forecasts Pre- and Post-COVID, 2020 and 2021

### North Africa Sub-Region

	2020 Forecast			2021 Forecast		
	Pre-COVID	New	Loss	Pre-COVID	New	Loss
Algeria	2.7	-5.2	-7.9	1.1	6.2	5.1
Egypt	5.9	2.0	-3.9	6.0	2.8	-3.2
Libya	0.0	-58.7	-58.7	0.0	80.7	80.7
Mauritania	5.9	-2.0	-7.9	6.0	4.2	-1.8
Morocco	3.7	-3.7	-7.4	4.1	4.8	0.7
Sudan	-1.5	-7.2	-5.7	-1.1	-3.0	-1.9
Tunisia	2.4	-4.3	-6.7	3.4	4.1	0.7
<b>North Africa Average</b>	<b>4.1</b>	<b>-2.0</b>	<b>-6.1</b>	<b>4.0</b>	<b>5.3</b>	<b>1.3</b>
<i>Africa</i>	3.2	1.8	-1.4			
<i>World</i>	3.4	-3.0	-6.4	3.6	5.8	-2.2

Sources: IMF REOs October 2019 and April 2020; 2019 IMF Staff Reports; Africa's projection is from ECA, April 2020

Note: Sub-regional Averages are weighted by GDP current PPP of given year forecast in October 2019 or in April 2020

# In Southern Africa, significant drops in GDP growth for all countries; but expected to expand in 2021

## GDP Growth Forecasts Pre- and Post-COVID, 2020 and 2021

### Southern Africa Sub-Region

	2020 Forecast			2021 Forecast		
	Pre-COVID	New	Loss	Pre-COVID	New	Loss
Angola	1.2	-1.4	-2.6	2.8	2.6	-0.2
Botswana	4.3	-5.4	-9.7	5.6	6.8	1.2
Eswatini	0.5	-0.9	-1.4	1.6	1.8	0.2
Lesotho	-0.2	-5.2	-5.0	3.6	5.1	1.5
Malawi	5.1	1.0	-4.1	5.5	2.5	-3.0
Mauritius	3.8	-6.8	-10.6	4.0	5.9	1.9
Mozambique	6.0	2.2	-3.8	4.0	4.7	0.7
Namibia	1.6	-2.5	-4.1	2.4	3.2	0.8
South Africa	1.1	-5.8	-6.9	1.0	4.0	3.0
Zambia	1.7	-3.5	-5.2	1.7	2.3	0.6
Zimbabwe	2.7	-7.4	-10.1	2.5	2.5	0.0
<b><i>Southern Africa Average</i></b>	<b>1.6</b>	<b>-4.5</b>	<b>-6.1</b>	<b>1.8</b>	<b>3.7</b>	<b>1.9</b>
<i>Africa</i>	3.2	1.8	-1.4			
<i>World</i>	3.4	-3.0	-6.4	3.6	5.8	-2.2

Sources: IMF REOs October 2019 and April 2020; 2019 IMF Staff Reports; Africa's projection is from ECA, April 2020

Note: Sub-regional Averages are weighted by GDP current PPP of given year forecast in October 2019 or in April 2020

# Also in West Africa, GDP growth will slow for all countries in 2020; but hopeful for recoveries in 2021

## GDP Growth Forecasts Pre- and Post-COVID, 2020 and 2021

### West Africa Sub-Region

	2020 Forecast			2021 Forecast		
	Pre-COVID	New	Loss	Pre-COVID	New	Loss
Benin	6.7	4.5	-2.2	9.2	6.0	-3.2
Burkina Faso	6.0	2.0	-4.0	6.0	5.8	-0.2
Cabo Verde	5.0	-4.0	-9.0	5.0	5.5	0.5
Côte d'Ivoire	7.3	2.7	-4.6	7.0	8.7	1.7
Gambia	6.4	2.5	-3.9	5.0	6.5	1.5
Ghana	5.6	1.5	-4.1	4.0	5.9	1.9
Guinea	6.0	2.9	-3.1	6.0	7.6	1.6
Guinea-Bissau	4.9	-1.5	-6.4	5.0	3.0	-2.0
Liberia	1.6	-2.5	-4.1	3.4	4.0	0.6
Mali	5.0	1.5	-3.5	5.0	4.1	-0.9
Niger	6.0	1.0	-5.0	5.6	8.1	2.5
Nigeria	2.5	-3.4	-5.9	2.4	2.4	0.0
Senegal	6.8	3.0	-3.8	7.0	5.5	-1.5
Sierra Leone	4.7	-2.3	-7.0	4.8	4.0	-0.8
Togo	5.3	1.0	-4.3	5.5	4.0	-1.5
<b>West Africa Average</b>	<b>3.7</b>	<b>-1.4</b>	<b>-5.1</b>	<b>3.6</b>	<b>4.0</b>	<b>0.4</b>
<i>Africa</i>	3.2	1.8	-1.4			
<i>World</i>	3.4	-3.0	-6.4	3.6	5.8	-2.2

Sources: IMF REOs October 2019 and April 2020; 2019 IMF Staff Reports; Africa's projection is from ECA, April 2020

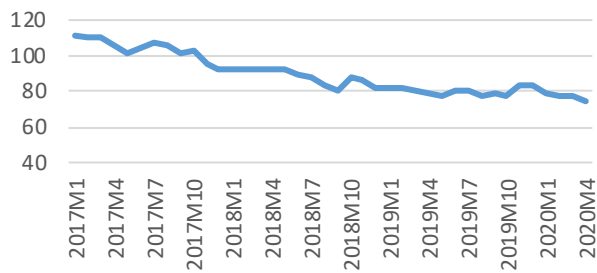
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# Price Trends

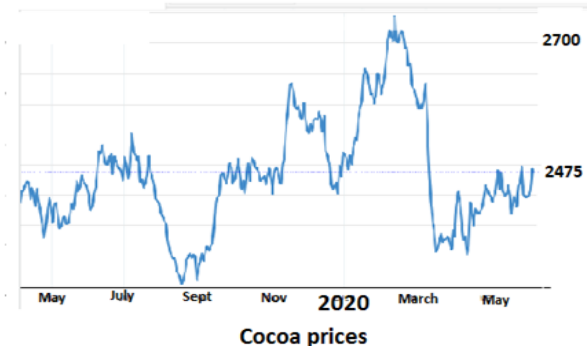
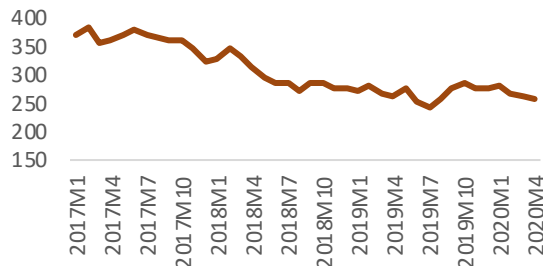
- **Prices have fallen** for several export commodities, including tea, coffee, cocoa
- ...and going upward for critical imports goods such as **wheat**
- A sharp decline in oil price: favourable for African oil importers but devastating for **oil exporting countries**
- Price of Gold going up, a **safe haven**

# Prices of some major commodities exported or imported by African countries

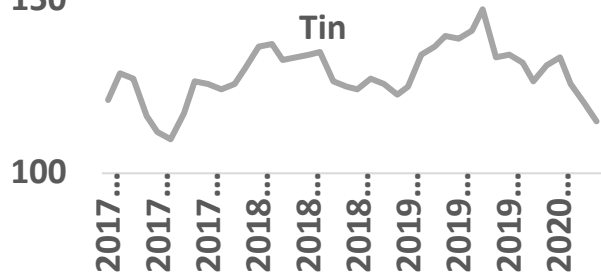
Coffee, USD per kg



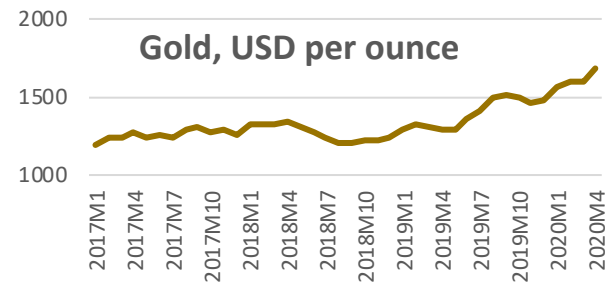
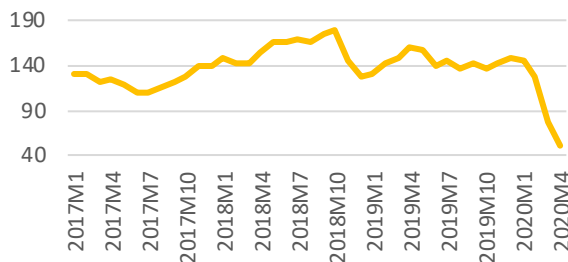
Tea, USD per kg



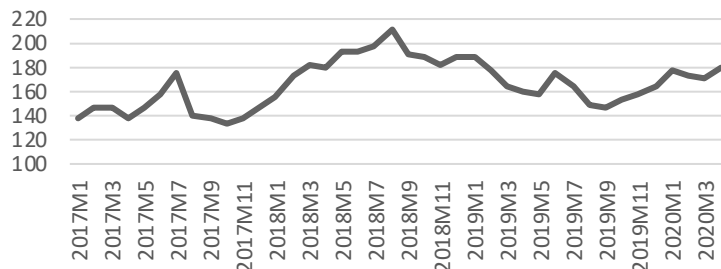
Base Metals, price index includes Aluminium, Cobalt, Tin



Crude Oil



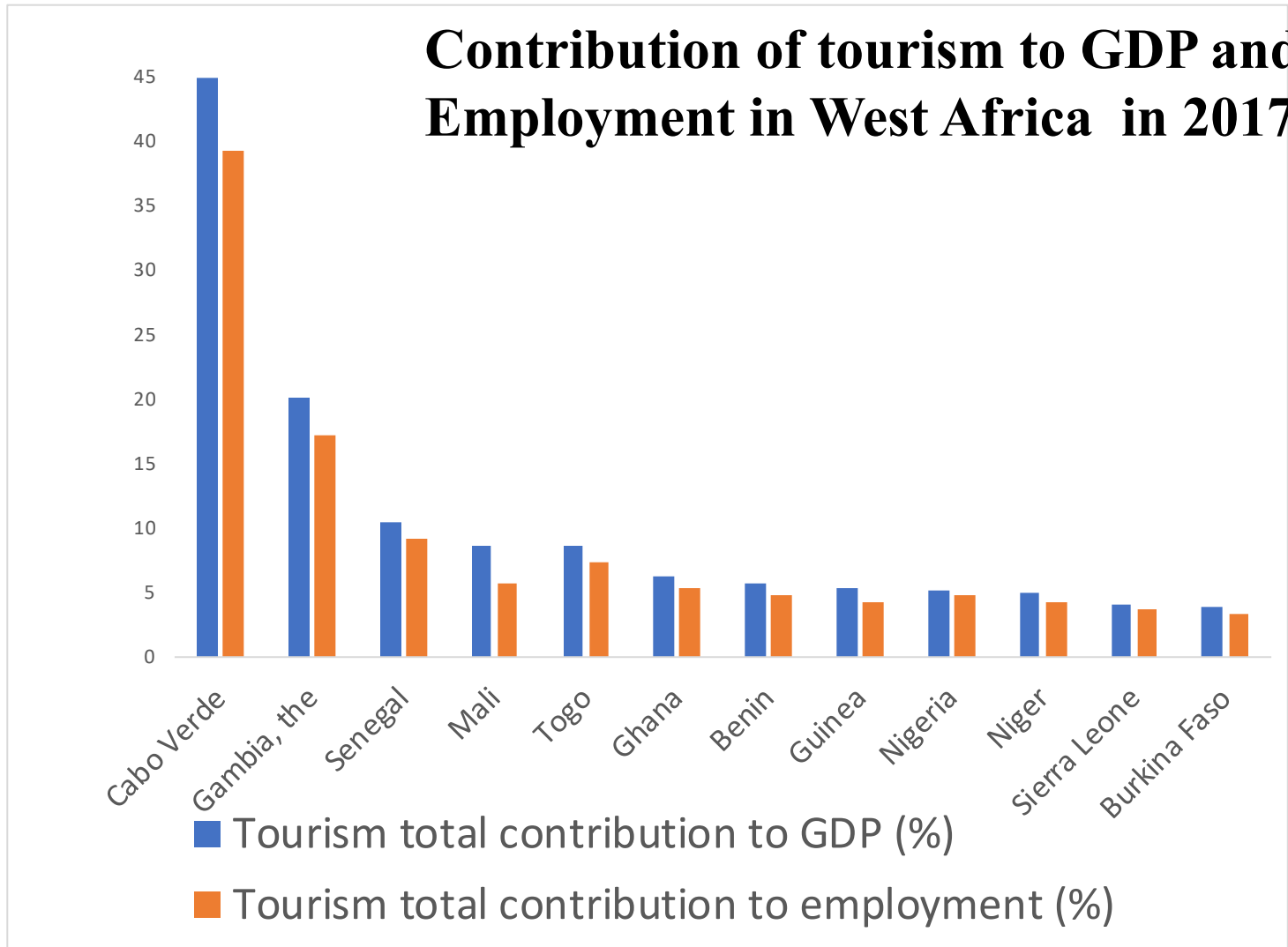
Wheat USD per ton



# Impacts on sectors, enterprises and Jobs

- **Tourism** and **hospitality, aviation,** and **logistics** are among the most affected activities
- Impacts varies with the **size** and **type** of Business
- Reduction of **domestic demand** is a major challenge for businesses

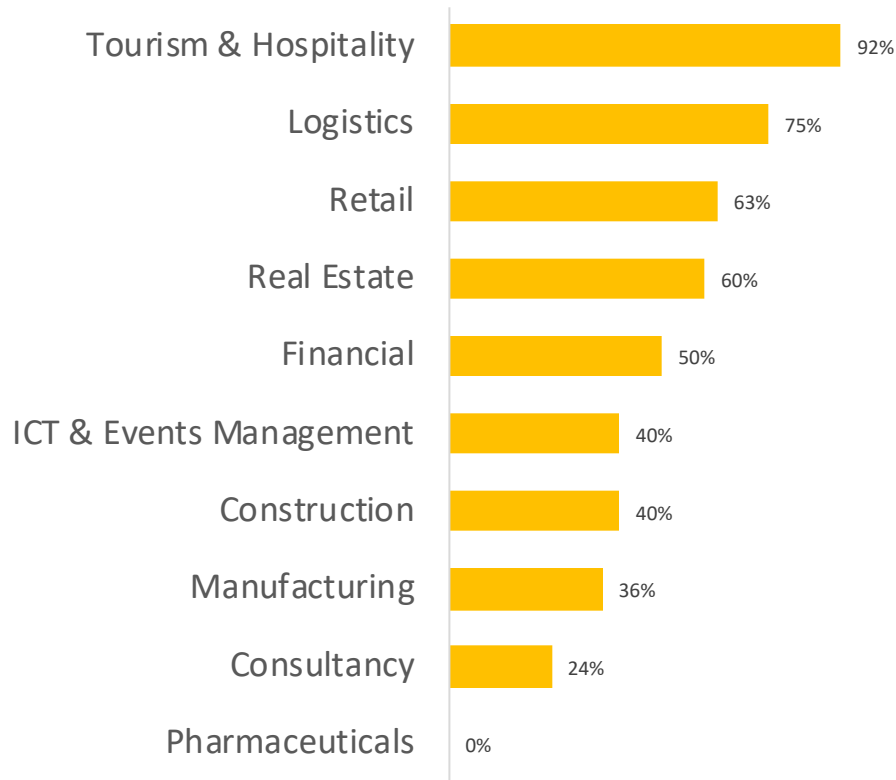
# Risks of Job losses per activity



ECA based on UNCTADStat, 2020

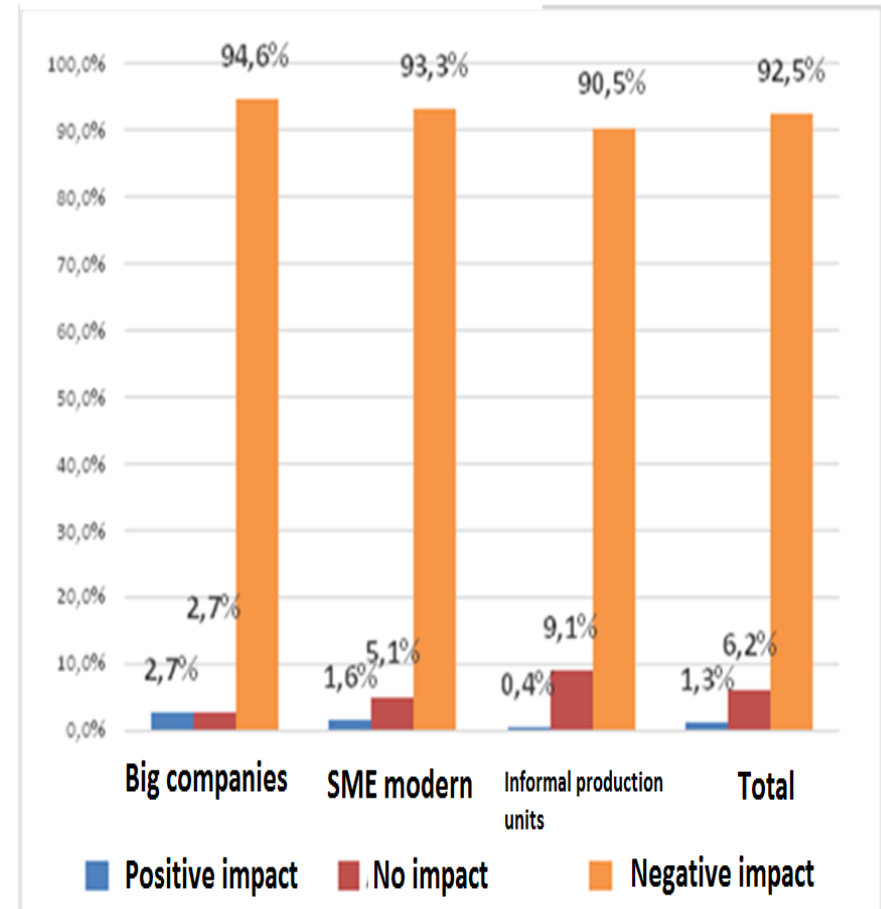
# Magnitude of COVID Impact on businesses in Eastern and Central Africa

## Average reduction in cash flows due to COVID 19, by sector (2020, %) in Eastern Africa



Source: EABC

## Impact by category of business (Cameroun)

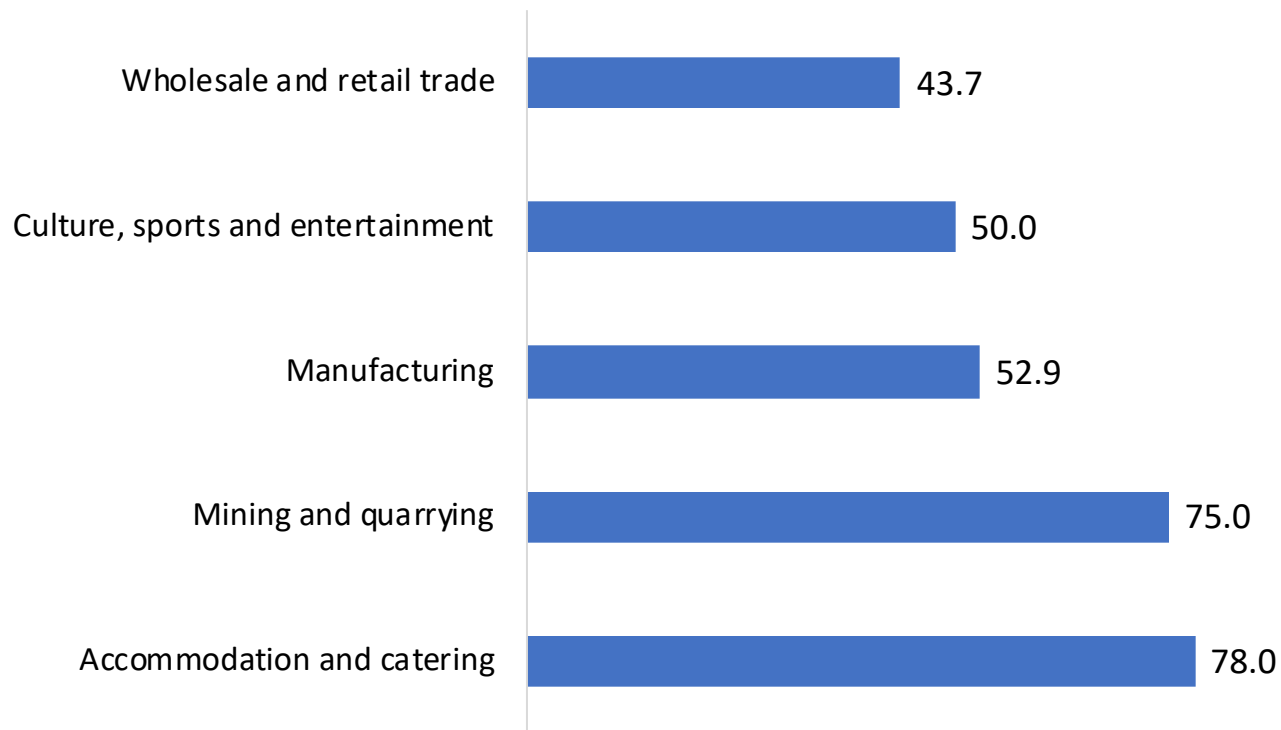


Source: UNCDF and Makerere University



# Risks of Job losses per activity (A survey from Uganda)

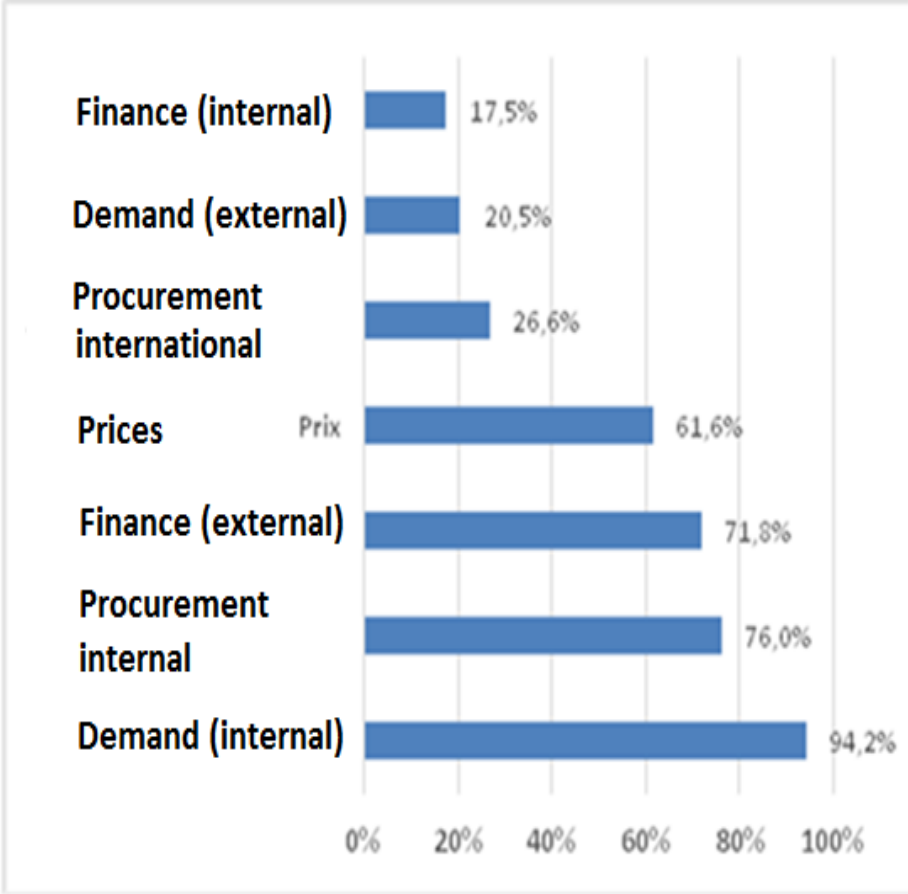
**Actual or intended layoffs by sector of economic activity**  
*(in percentage)*



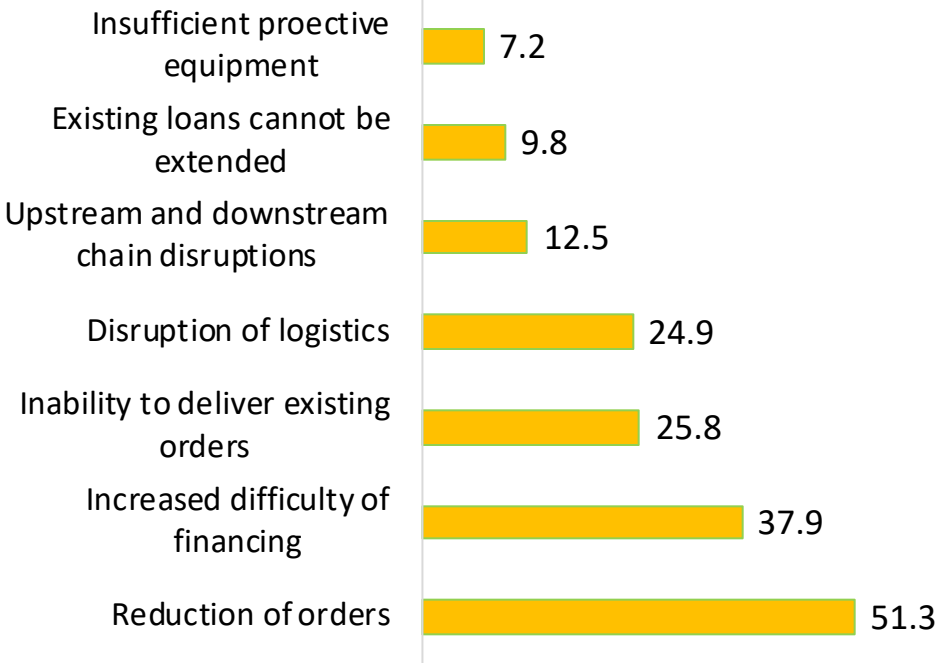
Source: Uganda Business Impact Survey 2020

# Transmission channels of COVID impacts on businesses :

## Key transmission channels (Cameroun survey)



## challenges faced by companies (Uganda) *(in percentage)*



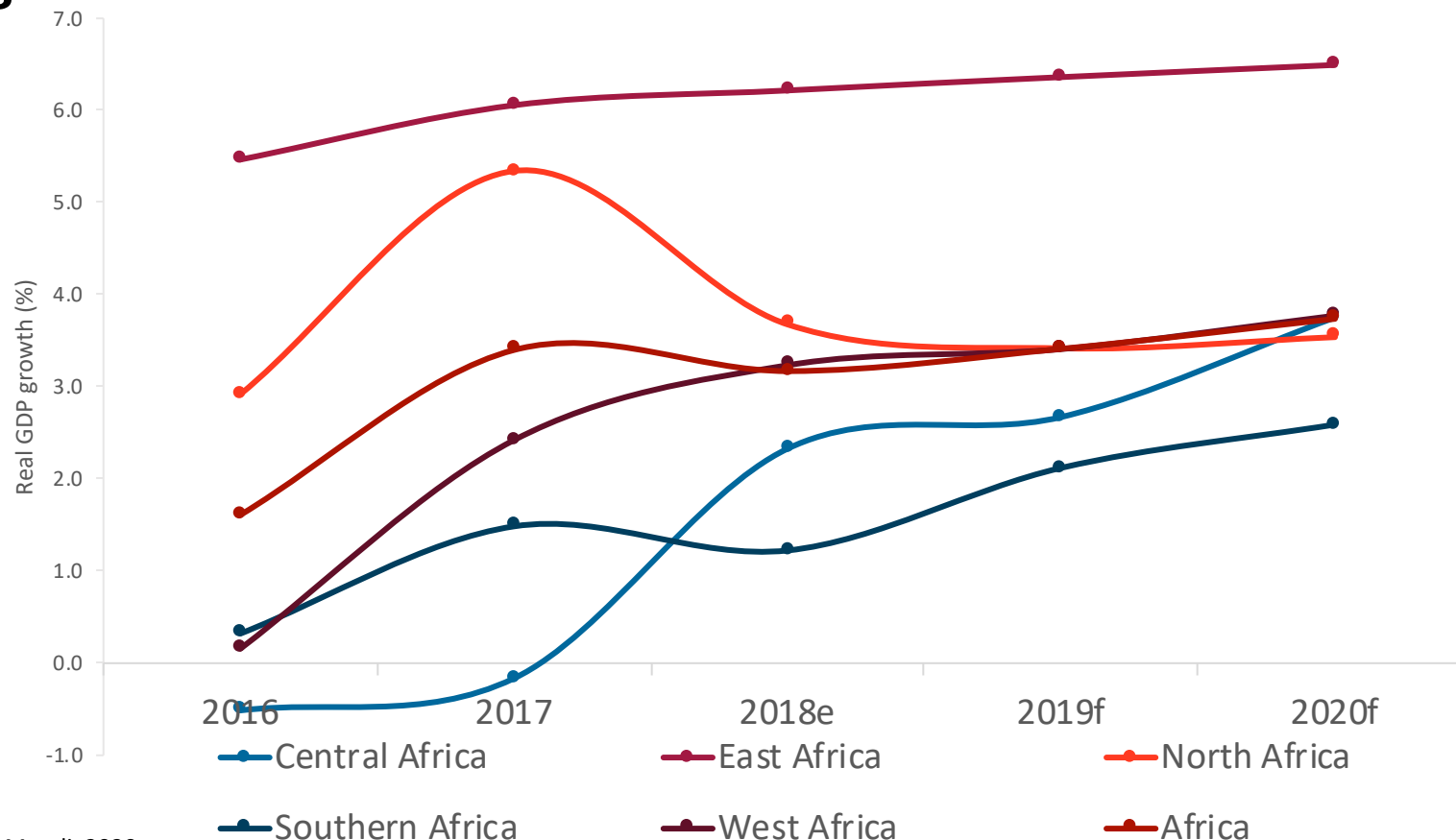
Source: Uganda Business Impact Survey 2020

# Pre-COVID situation

- growth trends were **positive** for All sub-regions;
- however number of macroeconomic and social challenges pre-existed which could be **exacerbated** with COVID;
- COVID-19 crisis will also negatively impact progress towards the SDGs

# Before COVID GDP was showing positive trends for every sub-region....

## GDP growth in Africa before COVID: Growth Outlooks



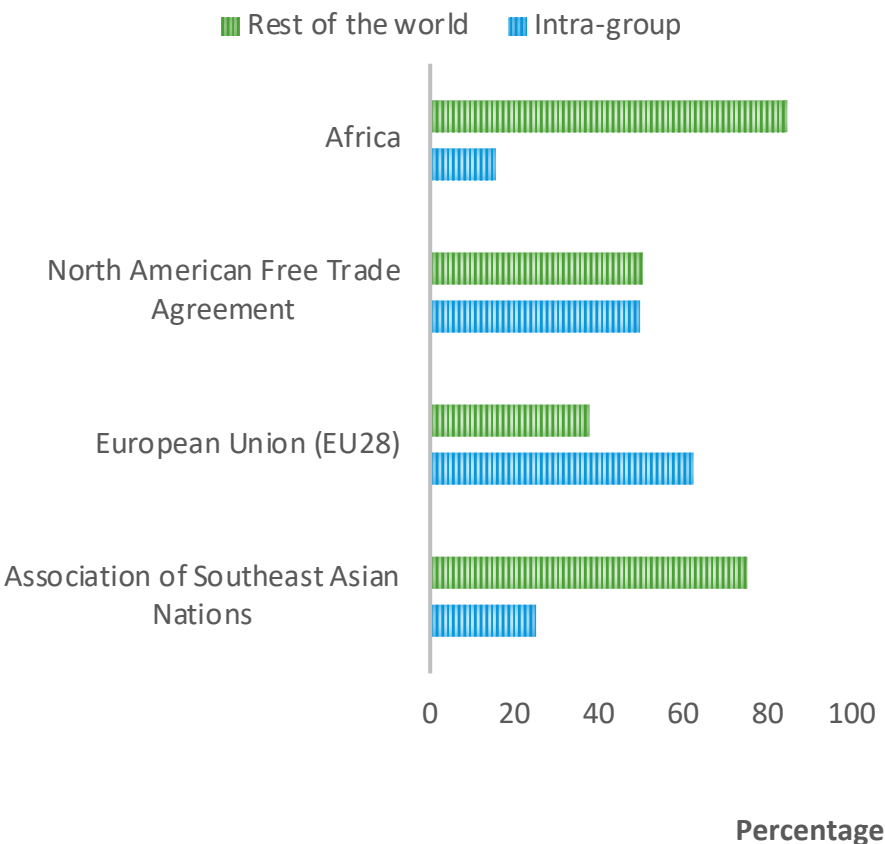
Source: Index Mundi, 2020  
([www.indexmundi.com](http://www.indexmundi.com))

# But there were Several preexisting macroeconomic and social challenges that will be exacerbated with COVID

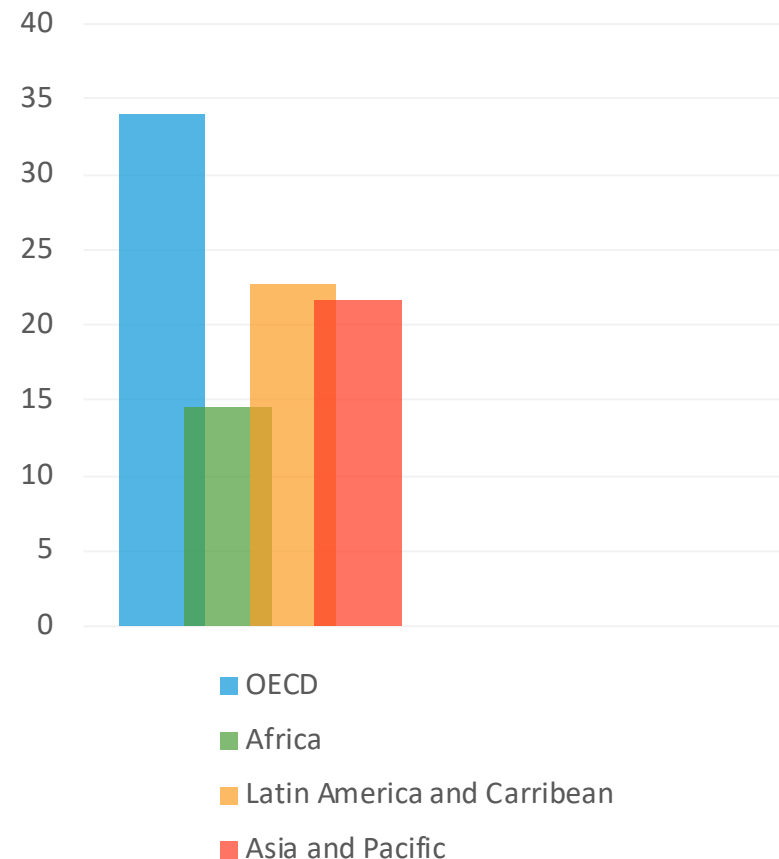
- *Low public revenues collection ;*
- *Increasing debt burden*
- Being Net importers: with falling in Exports,
- *Low reserves of foreign currencies for some countries.....*
- .....vs reduced FDIs,remittances & Rising Debt levels, ....
- *Low regional integration and intra-regional trade*
- *Lack of economic diversification and industrialization*
- Unemployment and under employment;
- Limited nature of social protection and VERY high levels of informal employment (> 90 percent) (ILO).

# Illustration of some preexisting challenges

## Trade: Intra- and extra-group merchandise (% average 2012-2016)



## Tax-to-GDP ratios across Regions



## Some social challenges

### Youth

Young people are particularly affected by the pandemic as they are those with fragile jobs



### Informal sector

Informal production units have no social protection (over 50% of jobs are in informal sector)



### Education

Lockdowns have seriously disturbed education: Poor internet infrastructure aggravates the problem



### Food security

COVID+  
Locust+  
Flood  
Are worsening food security threat in the Horn of Africa



### Innovation

The pandemic has boosted innovation particularly from youth: How to harness it for transformational change remains a challenge



# National and Regional responses

- *Response plans have been adopted at RECs and country levels;*
- They include **Health** security measures; coping measures for **Businesses, households and governments;**
- The objectives include:
  - to save **lives, livelihoods and jobs;**
  - To Support **supply and demand**
  - To Create **fiscal space** for government



# Some examples of measures adopted by countries – support to businesses and Households

- Targeting: distinction made by sector ; by type of enterprise and households
- Type of support measures include: Fiscal, monetary and financial
  - Subsidies
  - Flexibility in taxation and tax payment modalities
  - Reduction of tax rates (corporates, income, VAT)
  - Accelerated Payment of arrears to Private Sector
  - Loans: Zero or Low interest rates loans
- Flexibility in loans repayments
- Debt restructurings
- Provision of garantees
- Etc;

# Practical examples of measures adopted by countries

## ▪ Central Africa: Gabon

- Water and electricity bills free of charge for sometime

## Eastern Africa:

### **Burundi, Seychelles:**

- Subsidies to private sector to help pay salaries in struggling sectors and avoid layoffs

### **Kenya:**

- Reduction of the base corporate income tax rate from 30 to 25 %
- Reduction of the turnover tax rate on small business from 3 to 1 %
- Reduction of the standard VAT rate from 16 to 14 percent

# Practical examples of measures adopted by countries

## North Africa:

- **Tunisia**
- Emergency fund of 100MnTD for social aid;
- Emergency fund of 100MnTD to support those who lost their jobs;
- Postponement of 3 months, for the repayment of bank credits;
- Reduction in interest rate for businesses.
- **Sudan:**
- Fivefold average increase in salaries of public sector employees,
- Substantial increase in the minimum wage;
- Subsidies for badly affected small businesses

## West Africa: Cote d'Ivoire

- A response plan of 2.8 Bn USD

# Exemple of Regional Responses to COVID-19: Case of SADC

## Coordination of transit facilitation through:

- i. removal of restrictions on cross border cargo vehicles for food; medical equipment, medicines, supplies, ppe, fuel & coal; agricultural inputs & supplies; chemicals, packaging, equipment, spares, maintenance materials; inputs for production & processing of food products; and security, emergency & humanitarian relief services;
- ii. simplification & automation of trade & transport facilitation processes;
- iii. introduction/enhancement of pre-clearance of goods & single window processing; and
- iv. acceleration of creation of e-applications & platforms for handling imports & exports, application, issuance & renewals of licences, permits, registration of drivers, operators, vehicles & loads, payment

Sources: SADC Secretariat (2020), SADC Response to COVID-19, Bulletin No. 3 (2020), COVID-19 in COMESA: Situational Report (2020)

Africa was among world fastest growing region before. has capacity to bounce back

- **Prioritizing after COVID: Turn Vulnerabilities into opportunities:**
- **High dependence on imports of essential food, medical and pharmaceutical items to be address by enhancing local production, developing RVCs and supporting AfCFTA implementation;**
- ***Recovery plans and Future National Development Plans To build back both demand and supply capacities (consumption and production) ; And promote increased investments into:***
  - **Health & social protection systems; Digital transformation; Agricultural transformations; climate friendly activities**



**THANK YOU!**