



**SOCIO-ECONOMIC  
IMPACTS  
OF EBOLA  
ON AFRICA**

United Nations  
Economic Commission for Africa

**EXECUTIVE SUMMARY**

The Ebola virus disease (EBOLA) outbreak in West Africa has the worst death toll since the disease was diagnosed in 1976.

But fewer reports have focused on West Africa, and virtually none on the African continent. Moreover, most early prospects and projections on EBOLA's socioeconomic impacts were based on patchy data and reflected uncertainty about the disease's future epidemiological path.

It is against this background that ECA began this study. The overall objective is to assess the socioeconomic impacts on countries, the region, and Africa as a whole, both in terms of the real costs entailed and growth and development prospects, so as to devise policy recommendations to accompany mitigation efforts. The findings and conclusions of the study will be adjusted and updated until the crisis is over, culminating in a fully fledged evaluation of the impacts once the outbreak is contained.

**EPIDEMIOLOGICAL SITUATION**

According to the WHO Situation Report (7 January 2015), 20,712 cases had been identified in the three Countries with widespread and intense transmission (13,191 laboratory confirmed), and 8,220 deaths reported.

**ECONOMIC IMPACTS ON THE THREE COUNTRIES**

Reflecting alarmism owing to the disease, as well as EBOLA-related mortality and morbidity, economic activity has shrunk. This contraction reflects multiple cross-currents: falling sales in markets and stores; lower activity for restaurants, hotels, public transport, construction and educational institutions (also caused by government measures such as a state of emergency and restrictions on people's movements); and slowing activity

among foreign companies as many expatriates leave,

with a knock- on felt in lower demand for some services.

- **Public finance.** The outbreak entails lowered revenues and increased expenditure, especially in the health sector, putting extra pressure on fiscal balances and weakening the state's capacity to contain the disease and to buttress the economy via, say, fiscal stimulus. The three countries have resorted to external support to bridge the financing gap.

- **Public revenue. The fall in public revenue may amount to tens of millions of dollars—a non- negligible proportion of gross domestic product (GDP) for three small economies.**

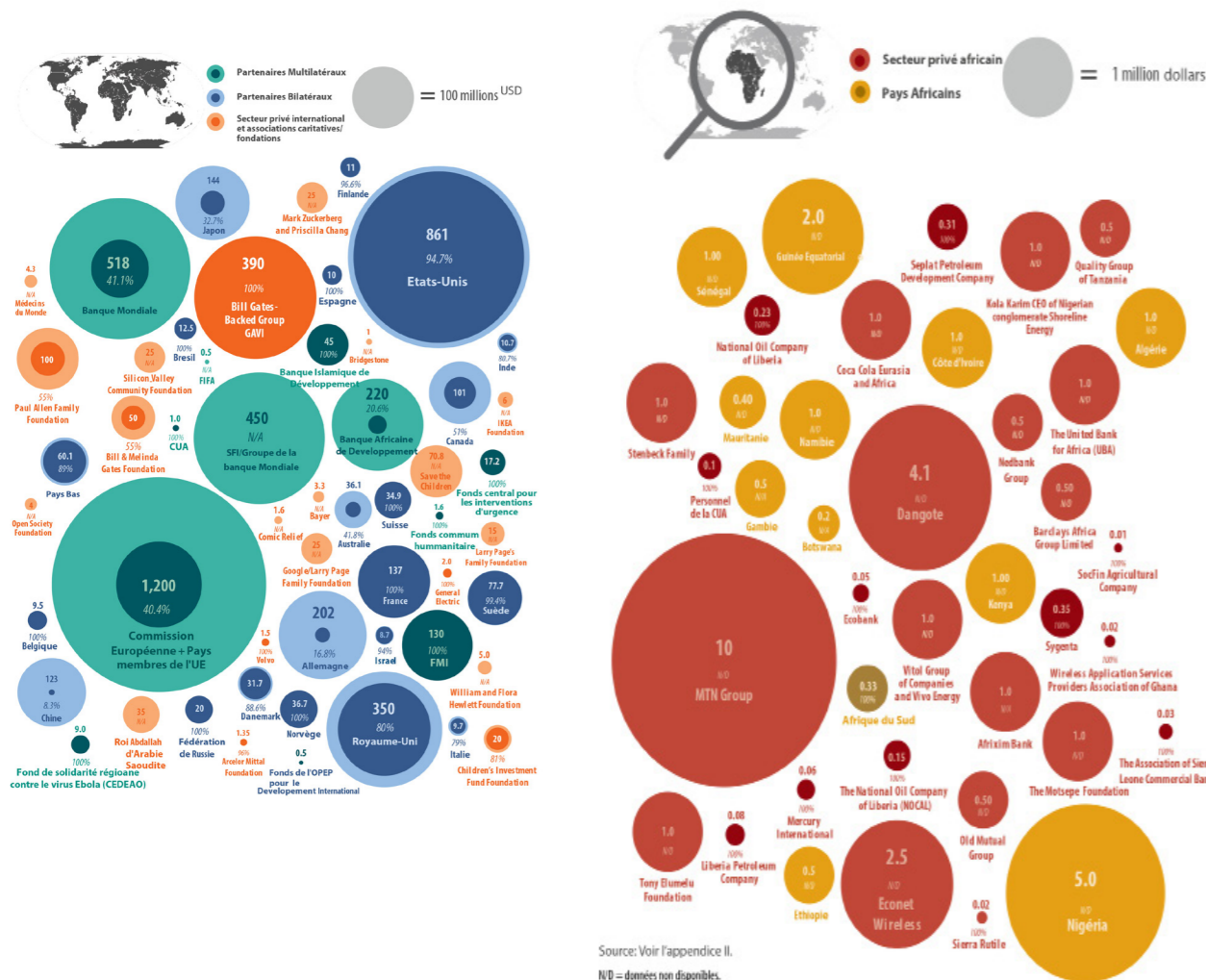
- **Public spending.** On the other side of the coin, the crisis triggered by the epidemic calls for heavy public spending on health to contain the disease, while social protection needs grow quickly. Other non-health expenditure may also emerge, e.g. relating to security and food imports.

- **Fiscal deficits.** Through its adverse effects on public revenue and spending, EBOLA is putting the budget under heavy pressure, substantially widening the fiscal deficit.

- **Investment, savings and private consumption.** The crisis may divert public spending from investments in physical and human capital to health and other social expenditure.

- **Labour supply and productivity.** The crisis has cut the labour supply (including expatriates), potentially lowering the quantity and quality of goods and services, especially public services. EBOLA-related mortality and morbidity have cut the number of farmers available to work in agriculture and taken an extremely heavy toll on health workers.

- **Inflation, money and exchange rates.** Inflationary pressures are mounting as the crisis spreads, undermining competitiveness for businesses and traders and reducing households' purchasing power. External assets have been





substantially reduced and local currencies depreciated as foreign trade tumbles and demand rises for dollars. Countries' currency reserves have also been hit.

**SOCIAL IMPACTS ON THE THREE COUNTRIES**  
EBOLA risks causing a rise in morbidity and mortality from diseases not related directly to EBOLA itself, given the following combined effects on regular health-care provision:

- Fewer people are seeking formal medical attention because of fear or the stigma of being exposed to the disease.
- Weakening health services can allow the incidence of other diseases to rise, including malaria, dengue fever and yellow fever, and push up the risks linked to fewer vaccinations and to less pervasive antenatal and child health care, all of which can raise maternal and infant mortality rates.
- A significant share of the deaths reported have been of medical personnel and specialized doctors, hampering countries' capacity to recuperate from this crisis.

The EBOLA outbreak has curtailed educational services. The implications for educational outcomes are not yet clear. The related economic losses borne by the national budget are high as wages to teachers still need to be paid and facilities maintained. Even worse may be future productivity losses, reflecting the lower education of those who do not return to school, which will also require heavy additional investment in an attempt to bring educational outcomes back to pre-outbreak levels.

Unemployment and commercial closures have risen. Many businesses or branches have shut, and even those that remain open have had to make staff redundant or reduce their working hours. The largest proportion of the population exposed consists of rural families who depend on subsistence farming. Such people seldom have much stock to fall back on and have seen most of their savings eroded. And as markets have closed for weeks and economic activity has contracted, producers of perishable products cannot sell their produce, affecting household security, particularly in border areas. The crisis is leaving behind a growing number of orphans, who will require targeted support—both them and the families looking after them. Finally, stigma is growing inside countries, and those saving lives are the most affected: doctors and health workers are being treated by the population as potential vectors of infection, making it hard for them and their families to lead anything approaching a normal life.

#### EFFECTS ON ECONOMIC PROSPECTS IN WEST

#### AFRICA AND THE CONTINENT

Although Guinea, Liberia and Sierra Leone have suffered serious GDP losses, the effects on both West Africa and the continent as a whole will be minimal, partly because, on the basis of 2013's estimates, the three economies together account for only 2.42% of West Africa's GDP and 0.68% of Africa's

Thus, if the outbreak is limited to these three countries, the size of its impact on GDP levels and growth will be extremely small. ECA simulations based on a "bad scenario," where all three countries record zero growth in 2014 and 2015, suggest that the growth effect for these two years for West Africa will be only -0.19 and -0.15 percentage points, and for Africa as a whole a negligible -0.05 and -0.04 percentage points. In short, at least in economic terms, there is no need to worry about Africa's growth and development prospects because of EBOLA.

#### POLICY RECOMMENDATIONS

Policy recommendations and responses to the EBOLA emanating from the analysis are presented below in very broad strokes and under four major headings.

##### EPIDEMIOLOGICAL

- Governments and partners should ensure that all infected people access timely treatment in designated medical facilities, while preventing new infections. They should also abide by strict burial protocols, including the requirement that burials of victims only be conducted by trained personnel, to avoid further contamination through interaction with dead bodies.
- Countries should carry out a detailed stock-taking exercise to identify the various actors operating in their territory so as to establish what each actor is doing, how they are doing it and the impact that their interventions are having.
- Countries and their partners should devise strategies for collecting and disseminating solid socioeconomic data. Urgent steps should be taken to strengthen the statistical systems of the three affected countries, including their civil registration systems. Other African countries should also strengthen their statistical and civil registrations systems to better manage any EBOLA or other disease outbreaks in the future.
- Countries should develop systems for tracking morbidity in the population in real time, particularly for communicable diseases. The cost of not having a system

that can pick up infections at an early stage and collect subsequent real-time data can have disastrous health consequences and serious socioeconomic impacts.

- Affected countries should step up the resilience of their health systems to deal with EBOLA and non-EBOLA diseases such as malaria, HIV/AIDS and tuberculosis (these three have claimed far more lives than EBOLA).

- Countries should explore innovative financing strategies and domestic resource mobilization to ensure that right amounts of resources are deployed to the health sector in general and to EBOLA in particular.

##### ECONOMIC

- In devising fiscal measures, the three Governments should include social protection and safety net programmes to help families of victims and their immediate communities.
- The Governments and their partners should invest in building skills and human capital in the three countries in the short, medium and long term so as to enhance labour supply.
- The monetary authorities should cut interest rates to boost growth.
- Tourism authorities should refocus their efforts on strategies to increase connectivity among them and the countries of the region more broadly, and on business-friendly travel, such as easing procedures for entry visas and encouraging competitive rates at hotels.
- Governments should reinforce border health checks rather than shut down borders, given the huge damage to economic activity that such closure entails, in affected and non-affected countries.
- The three countries should add value to export products so as to take advantage of preferential trade arrangements, such as the Africa Growth and Opportunity Act.
- Bilateral and multilateral creditors should seriously consider cancelling the three countries' external debts.
- The three Governments and their partners should engage in food aid efforts and emergency safety nets to address acute food shortages, particularly among the most vulnerable groups, such as children at risk of malnutrition.
- The three countries' Governments should provide special incentive packages to their farmers to help relaunch

their agricultural sectors.

- The three Governments should devise recovery contingency plans for quickly reviving their economies, which may require them to revise their medium-, and possibly long-term, national development plans.

##### SOCIAL

- **Strengthening health systems in the three countries and elsewhere should be prioritized. This should not focus on preventing another EBOLA epidemic but on enhancing the capacity to address public health issues of any kind.**
- **African countries should seriously consider the merits of decentralizing their health services to enhance health response capacity locally.**
- **The role of social protection and targeted safety nets will be crucial in addressing groups disproportionately affected by the outbreak and in monitoring the rise in the number of orphans owing to EBOLA.**
- **Governments need to establish or strengthen gender-responsive disaster risk-reduction and management strategies.**
- **Authorities should expand economic opportunities for women, by recognizing and compensating women for the unpaid care work they do, and by providing gender-responsive support services.**
- **All levels of government should act on opportunities, and by challenging harmful social and cultural norms that place women at elevated risk of infection.**

##### INTANGIBLE

**African media and communication houses—print and audio-visual—should be encouraged to provide accurate and fact-based accounts on EBOLA. They should cover progress made to reverse its spread and impact.**

**African leaders should ensure effective implementation of the decisions of the emergency session of the Executive Council of the African Union in Addis Ababa on 8 September 2014, on the EBOLA outbreak (Ext/EX.CL/Dec.1(XVI)). This relates especially to the need to act in solidarity with affected countries, including breaking the three countries' stigmatization and isolation, and strengthening their resilience (and that of the continent more broadly).**