



United Nations
Economic Commission for Africa

COVID-19 in Africa: Protecting Lives and Economies

Economic Commission for Africa



13 April, 2020
Addis Ababa, Ethiopia

People

Exposure

- 13,814 confirmed cases of COVID-19 in Africa as of 12 April
- Cases rapidly increasing with steep infection trajectory risk

Susceptibility

- High population concentration in urban slums
- Low access to handwashing facilities
- High prevalence of certain susceptible 'underlying conditions' especially HIV/AIDS, malnutrition and tuberculosis

Vulnerability

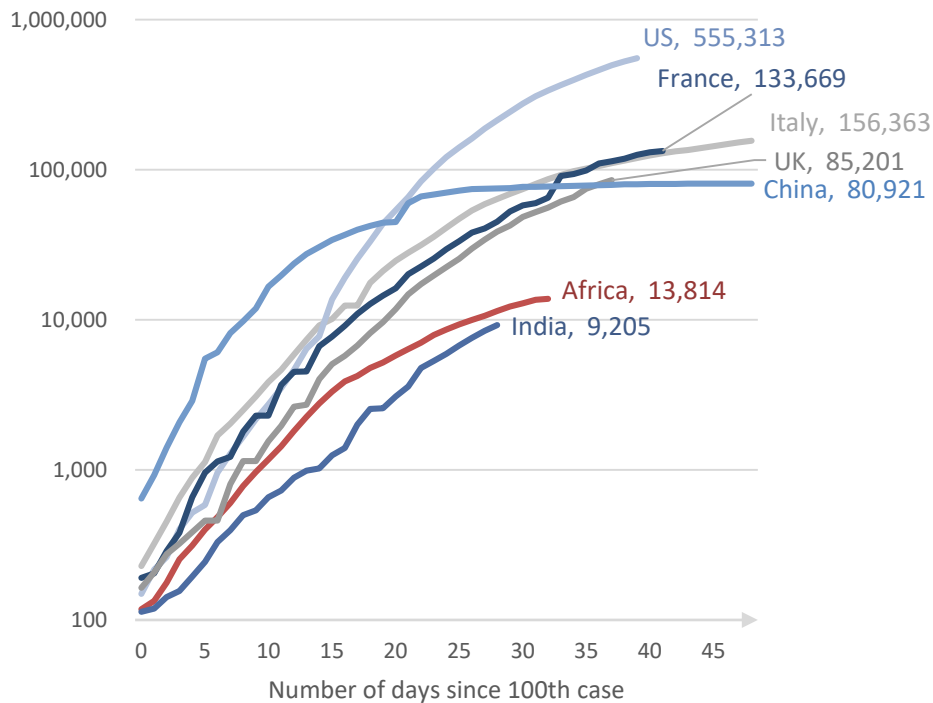
- Low rates of hospital beds, ICUs and health professionals
- Dependency on imported medicinal and pharmaceutical products
- Weaker economies unable to sustain health and lockdown costs

Lives

- 0.3 million to 3.3 million lives lost depending on policy interventions taken
- 2.3 million to 22.5 million requiring hospitalization
- 0.5 million to 4.4 million requiring critical care
- \$44 billion emergency healthcare costs, even with intense suppression and physical distancing

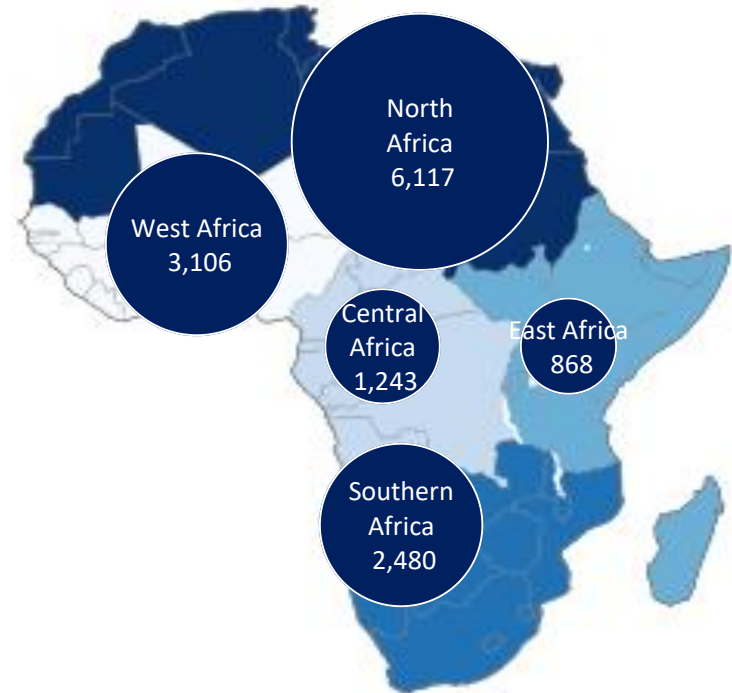
Exposure – status in Africa

Days since the 100th case was reported:
Africa's infection trajectory versus
comparators, 12 April 2020



Source: Based on data from John Hopkins University and Africa CDC, 12th April 2020

13,814 Reported cases of COVID-19 in
Africa, 12 April 2020

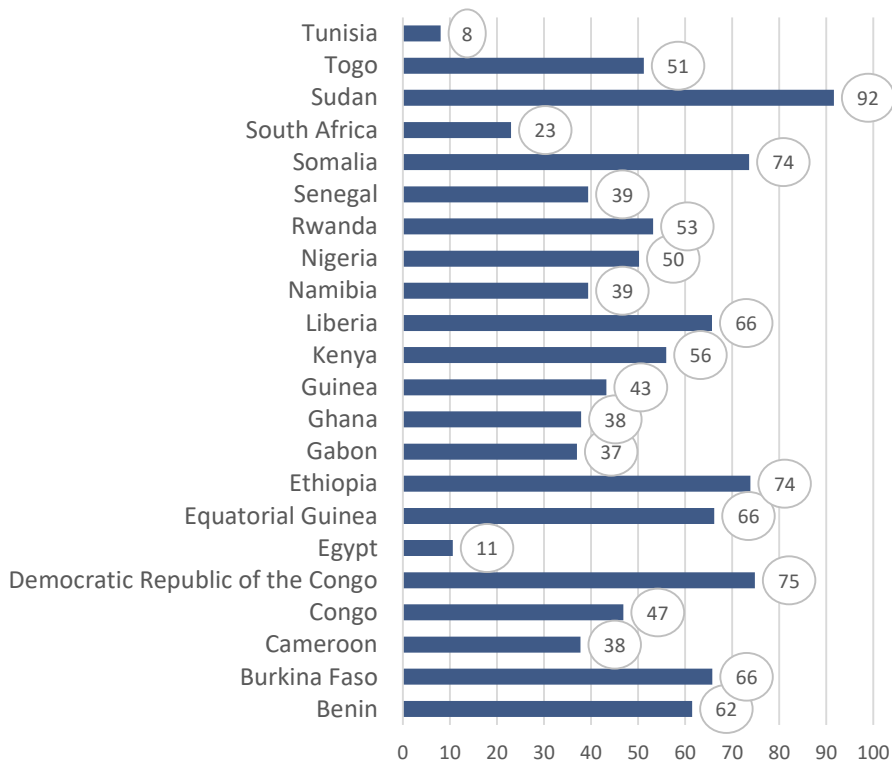


Source: Based on data from Africa CDC, 12th April 2020

- Number of confirmed cases of COVID-19 in Africa is increasing rapidly
- Africa can look to countries at more advanced stages of their COVID-19 trajectories for possible case scenarios, but Africa's susceptibilities differ

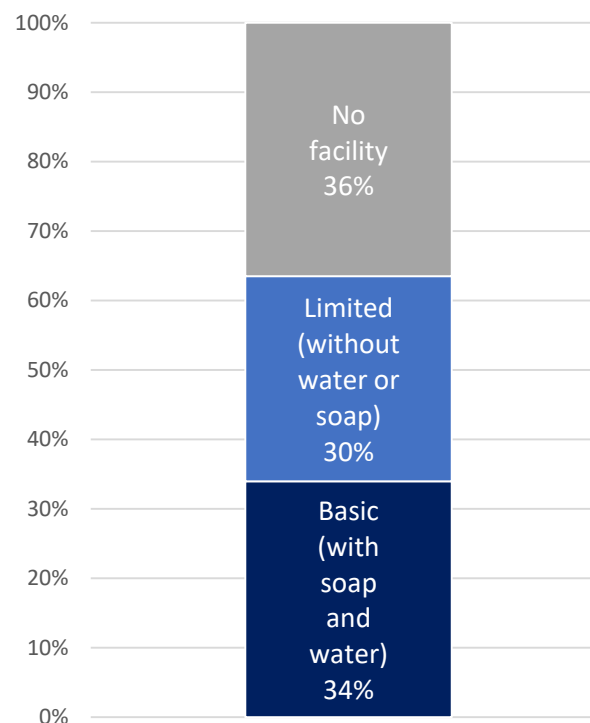
Susceptibility – sensitivity to spread

Proportion of urban population living in slums, per cent



Source: Based on data from UN-Habitat, World Cities Report 2016

Access to household handwashing facilities

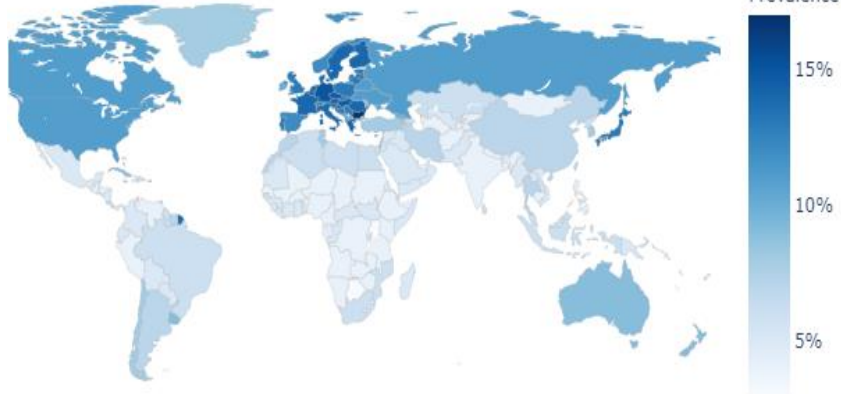


Source: Based on WASH data from WHO/UNICEF, 2017

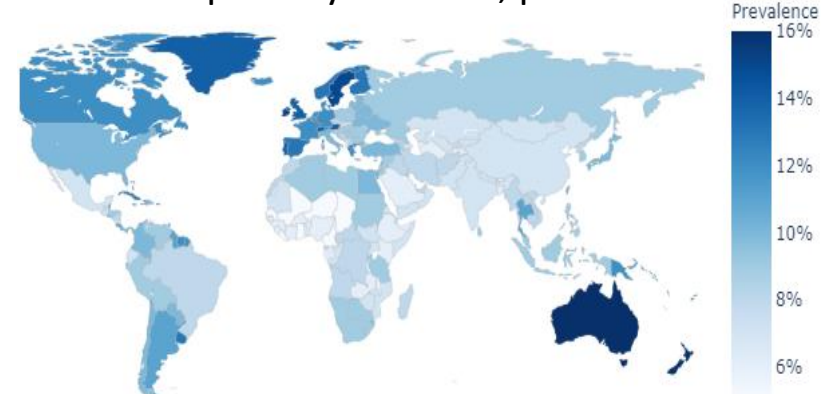
- Nearly 600m Africans (43.5% of total) live in urban areas, of which 56% live in slums
- Only 34% of Africans have access to household handwashing facilities with soap and water

Susceptibility – underlying conditions

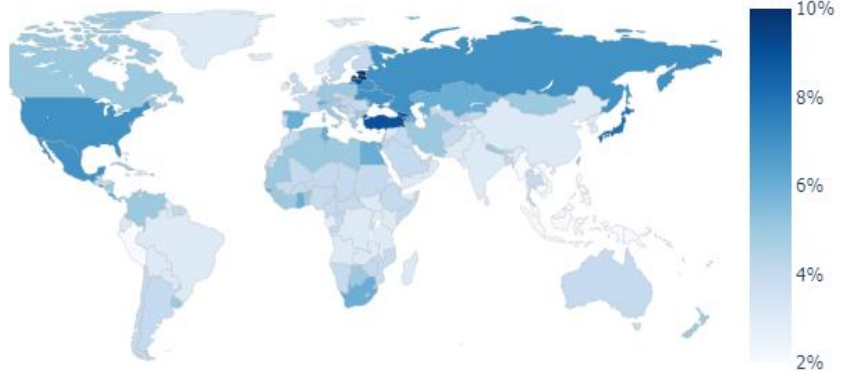
Cardiovascular diseases, prevalence



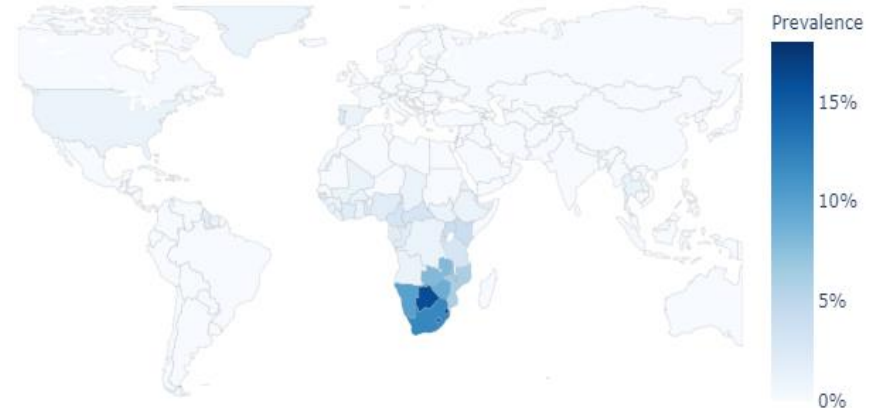
Chronic respiratory diseases, prevalence



Chronic kidney diseases, prevalence



HIV/AIDS, prevalence

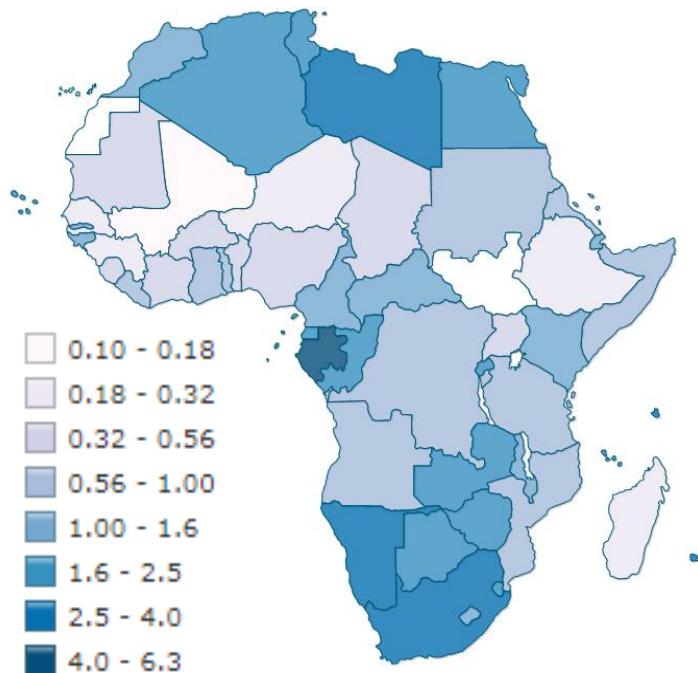


Source: Based on data from Global Burden of Disease Study, 2017

- Africa has a favourable demographic profile (60% of the population below 25 years)
- But high prevalence HIV/AIDS in southern regions, chronic respiratory and kidney diseases in certain countries, and tuberculosis and malnutrition

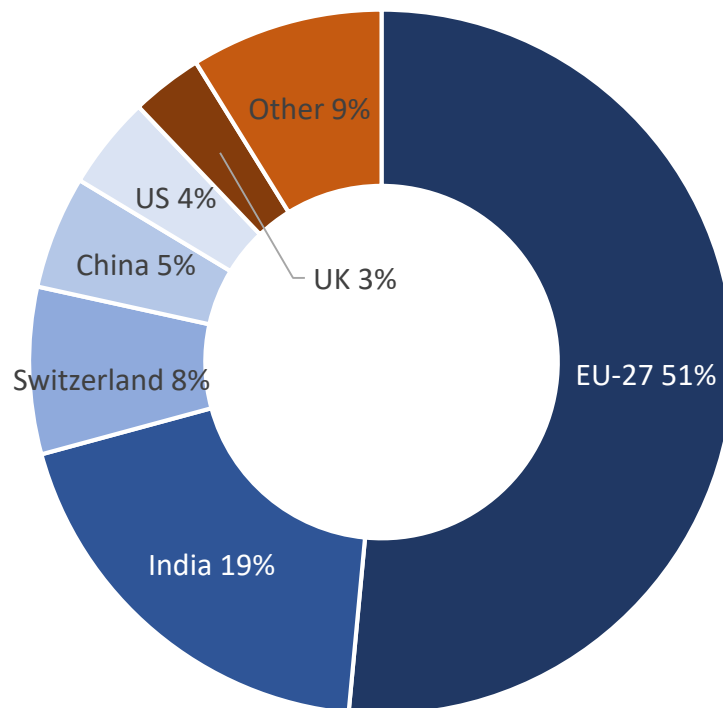
Vulnerability – critical fragilities into Africa’s response

With 1.8 average hospital beds per 1,000 people, hospital beds capacity across Africa is weak



Source: Index Mundi, 2020 (www.indexmundi.com)

Africa’s import sources of medicinal and pharmaceutical products (2016–2018)



Source: Based on data from UNCTAD Stat

- Africa has on average 1.8 hospital beds per 1,000 people compared to 5.98 in France
- Africa is critically dependent on imported medicinal and pharmaceutical products: 94% of Africa’s total stock of pharmaceuticals are imported
- 71 countries have now imposed export restrictions or bans on COVID supplies

Lives – morbidity risks

Projected impact of COVID-19 in Africa by end of pandemic (millions of people and cost)

Scenario*	Infected	Requiring hospitalization	Requiring critical care	Deaths	Projected increase in health spending
A Unmitigated	1 222.3	22.5	4.4	3.3	321%
B Mitigation using moderate physical distancing	841.9	16.0	3.1	2.4	240%
C Suppression using intense physical distancing	520.3	9.9	1.9	1.5	136%
D Suppression using intense and early physical distancing	122.8	2.3	0.5	0.3	32%

Source: Imperial College Epidemiological Model, as at 25 March 2020

- Early implementation of suppression strategy critical to save lives (African health systems quickly overwhelmed by cost of needed medical supplies)
- 0.3 million to 3.3 million lives lost depending on policy interventions taken

Prosperity

Direct shock

- Slowdown in growth from 3.2 percent to as low as -2.6 per cent
- Additional social safety net and economic lockdown costs

Poverty impact

- 5-29 million pushed into extreme poverty
- 19 million jobs lost
- Vulnerable employment up at least 10 percent
- 17 percent of households affected by COVID-19 face at least transient poverty
- Women affected by the socio-economic costs of the disease

Fiscal risk

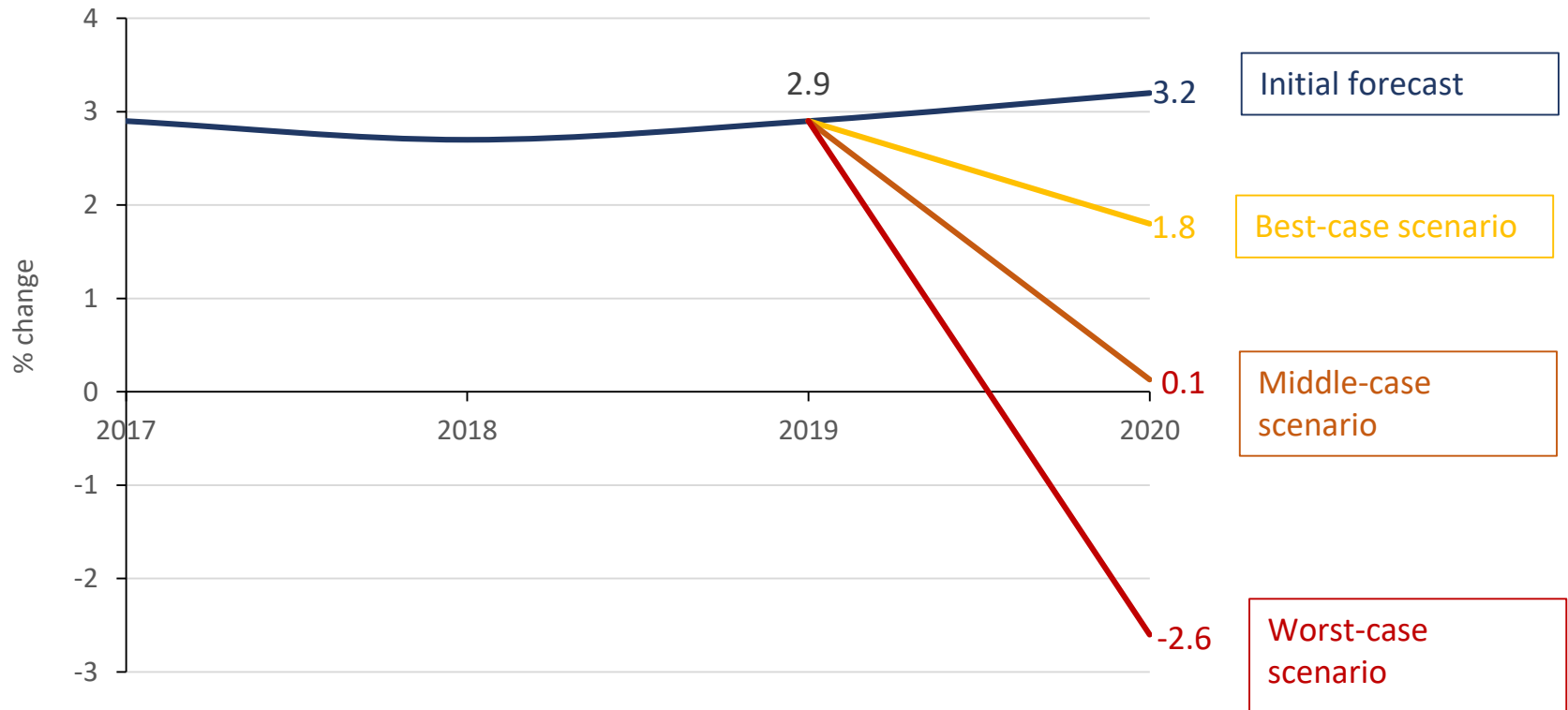
- High initial debt levels and fiscal deficits from 2019
- Increasing borrowing costs
- Depreciating African currencies
- Falling tax revenues and big tax payers hit hard
- African youth will not forgive misappropriation of COVID-19 funds

Ripple shock

- Plummeting commodity prices
- Export sector job losses
- Travel and tourism standstill
- Falling remittances

Direct shock – economic impact

Expected drop in growth from COVID-19 impact, ECA estimates

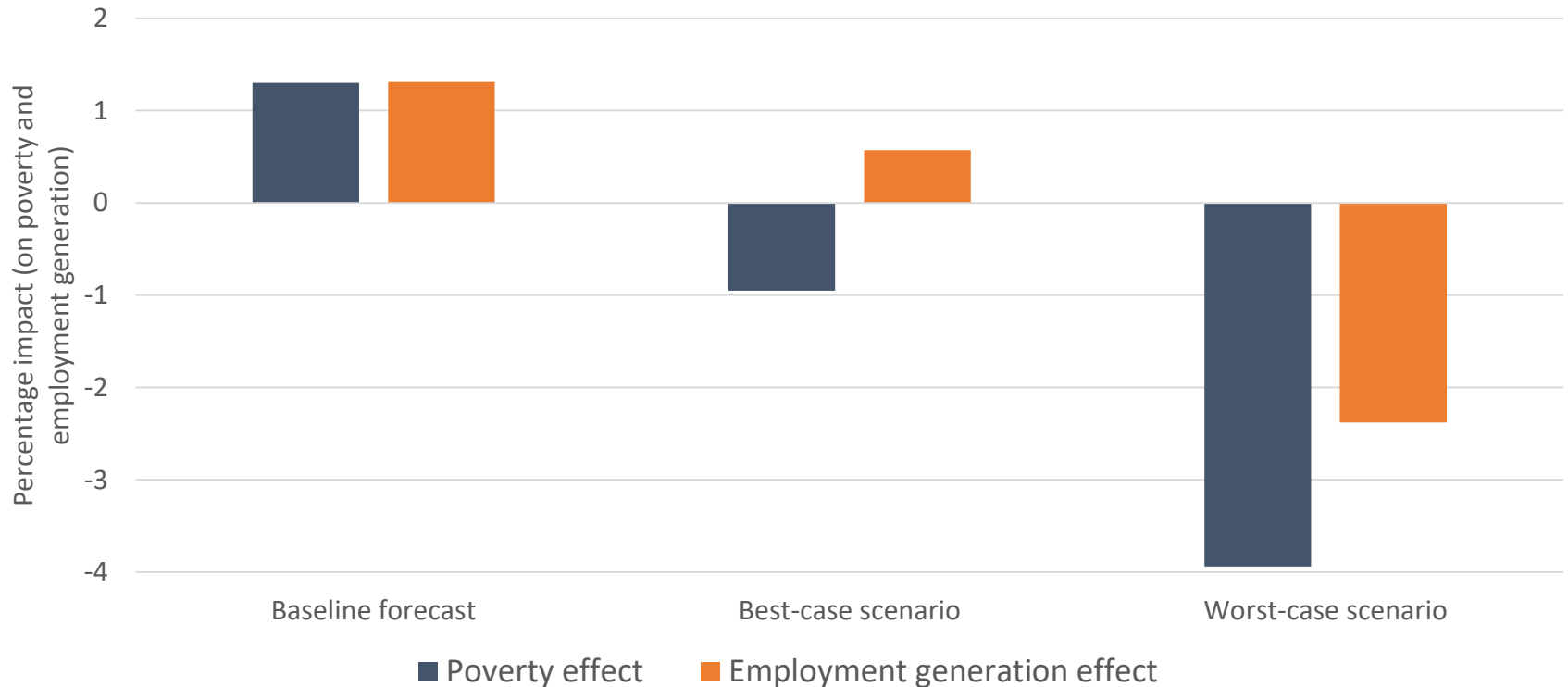


Source: ECA estimates

- We estimate that, in a best-case scenario, Africa's average GDP growth for 2020 will fall 1.4 percentage points, from 3.2 per cent to 1.8 per cent.
- In a worst-case scenario we anticipate Africa's economy contracting by up to 2.6 per cent in 2020

Poverty impact – socio-economic damage

Impact of growth slowdown on poverty and employment generation

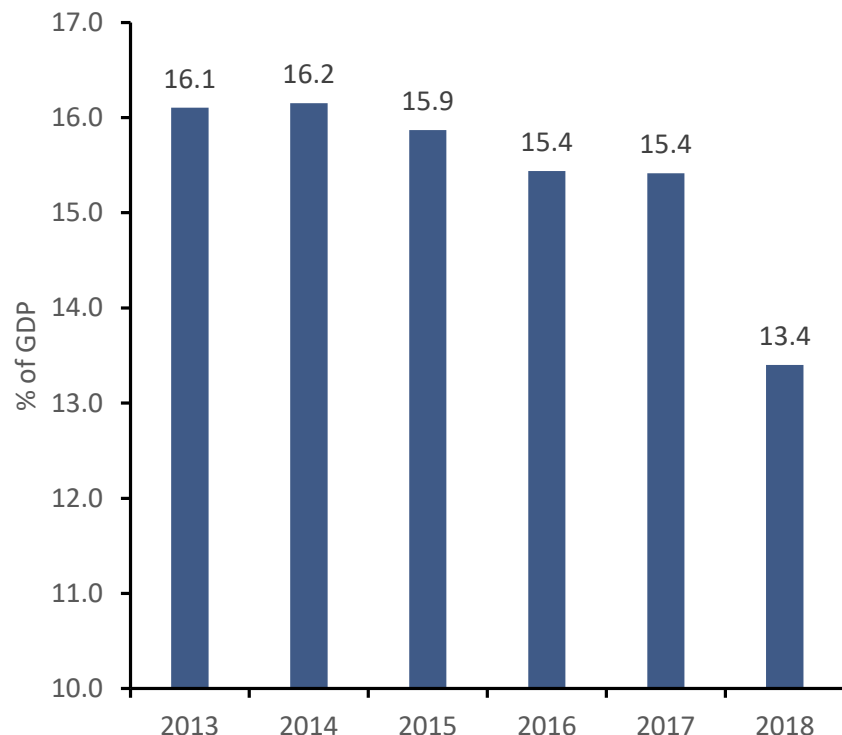


Source: Based on the ECA baseline, best-case scenario (-1.4 per cent) and worst-case scenario (-2.6 per cent) growth impact and 0.68 poverty elasticity and 0.41 employment generation elasticity

- Estimated 5 million to 29 million people will be pushed below the extreme poverty line of \$1.90 per day
- Up to 19 million jobs lost, vulnerable share of employment up 10 per cent

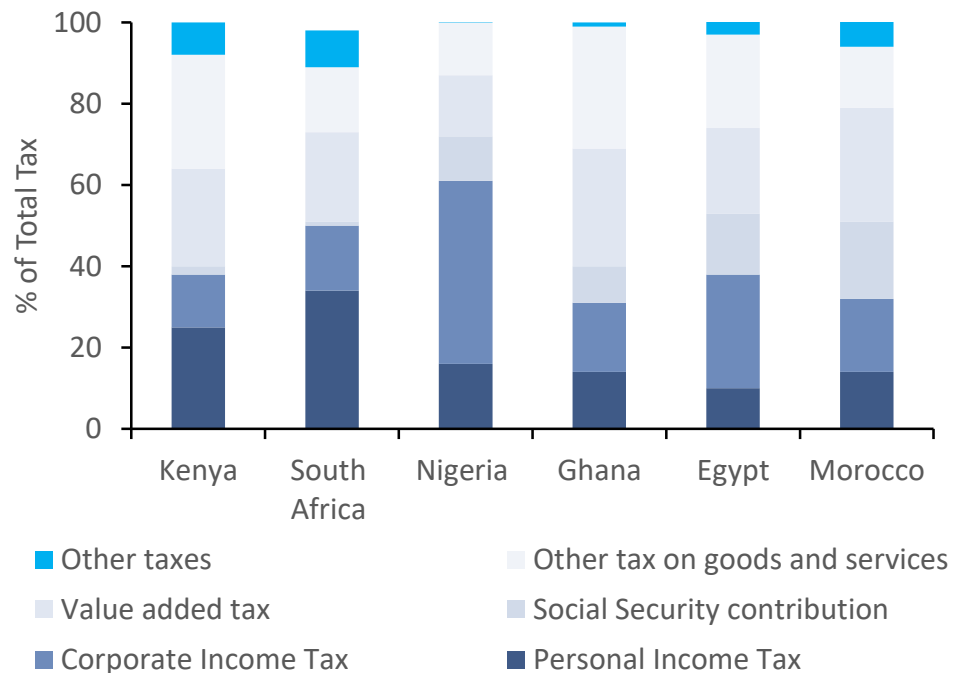
Fiscal risk – Africa's limited space to respond

Africa's tax to GDP trended downward even prior to COVID-19



Source: ECA, World Bank

Corporate and personal income tax and other important sources of revenue, 2017



Source: A, OECD, WDI

- Africa's tax-to-GDP ratio is already low compared to other regions (and has been falling)
- Corporate and personal income tax contribute over 40% of total tax revenue in MICs and LMICs: will be hard hit by economic slowdown

Fiscal risk – debt and borrowing

Weak macro-fiscal position will compromise response to COVID-19 crisis

	Fiscal Deficit (% of GDP, 2019)	Debt (% of GDP, 2019)
Nigeria	-2.6	29.8
South Africa	-5.9	55.9
Egypt	-8.0	84.9
Algeria	-7.6	46.1
Angola	0.7	95.0
Ethiopia	-2.7	59.1
Kenya	-7.2	61.6
Cote d'Ivoire	-3.2	52.7
Ghana	-5.0	63.8
Zambia	-4.6	91.6
Mozambique	-6.1	108.8
Morocco	-4.1	65.3
Cameroon	-2.7	40.5

Source: ECA, IMF and World Bank

Africa's borrowing costs much higher (10-year government bond yields)

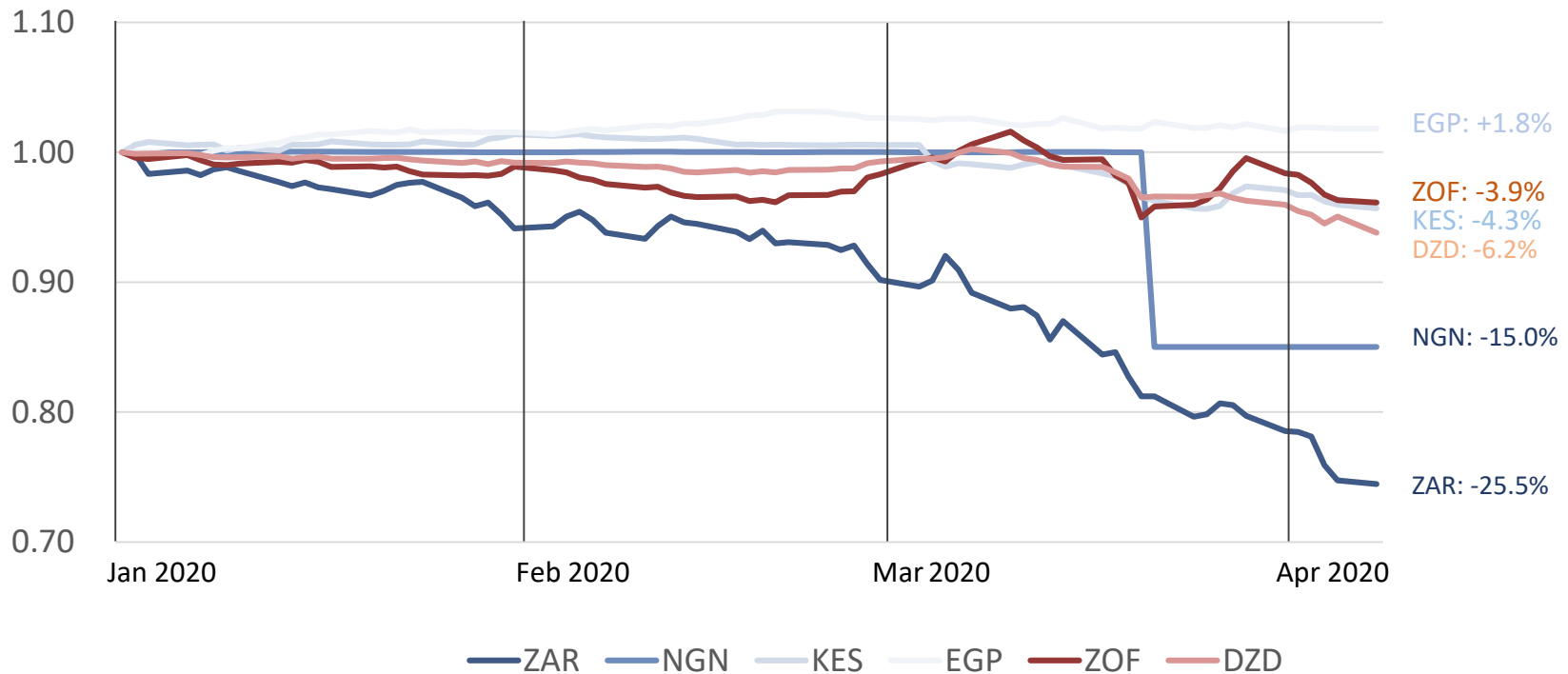
	As of Apr 6, 2020	As of Jan 1, 2020	Change in bps, YTD
Germany	-0.35%	-0.25%	-10
UK	0.36%	0.79%	-42
USA	0.73%	1.83%	-110
China	2.54%	3.17%	-62
Vietnam	3.15%	3.06%	+9
India	6.41%	6.56%	-15
Indonesia	8.23%	7.12%	+111
South Africa	11.03%	8.24%	+279
Namibia	12.18%	10.13%	+205
Nigeria	12.31%	11.23%	+108
Kenya	12.61%	12.58%	+4
Egypt	14.85%	14.14%	+71
Uganda	16.67%	16.41%	+26

Source: www.worldgovernmentbonds.com

- Over 50 per cent of African countries recorded fiscal deficits above 3% in 2019
- While other countries may turn to the bond markets to seek funds for stimulus programmes, extremely high (and rising) borrowing costs constrain Africa

Fiscal risks – currency depreciation

Currency depreciation makes issuing and servicing debt even harder, 2020 (year to date)

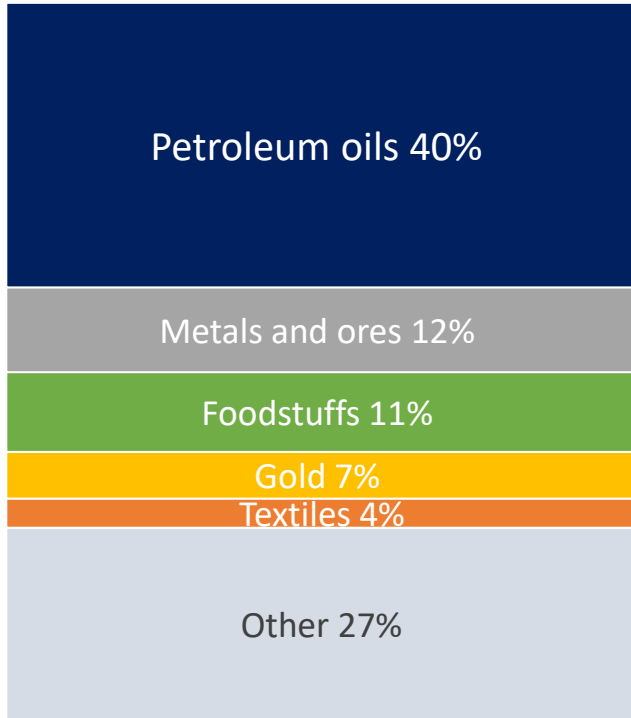


Source: www.morningstar.com (7 March 2020)

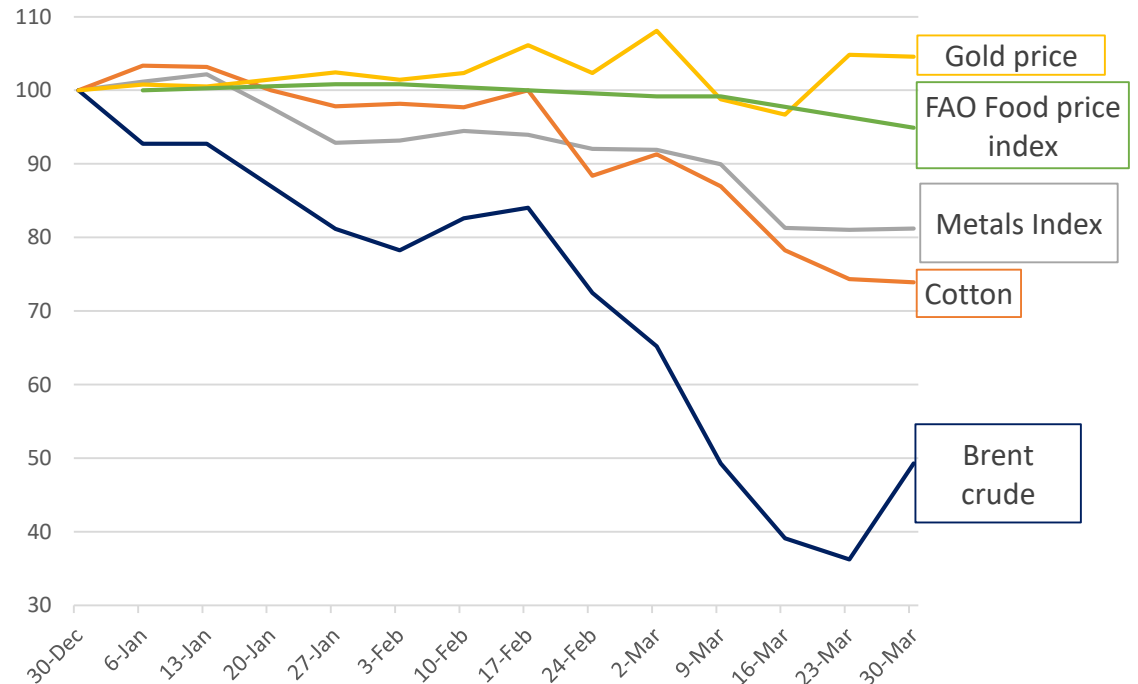
- Most African bonds are issued in dollars or in euros, making repayment even more challenging and raising worries of default
- As the crisis continues, investors and businesses will continue to gravitate towards cash, potentially strengthening the dollar and euro further

Indirect shock - Plummeting commodity prices threaten FX earnings

Composition of Africa's total exports



Africa's commodity prices



Source: Based on ITC TradeMap Data (2016-18 average) and FAO and Trading Economics, April 2020

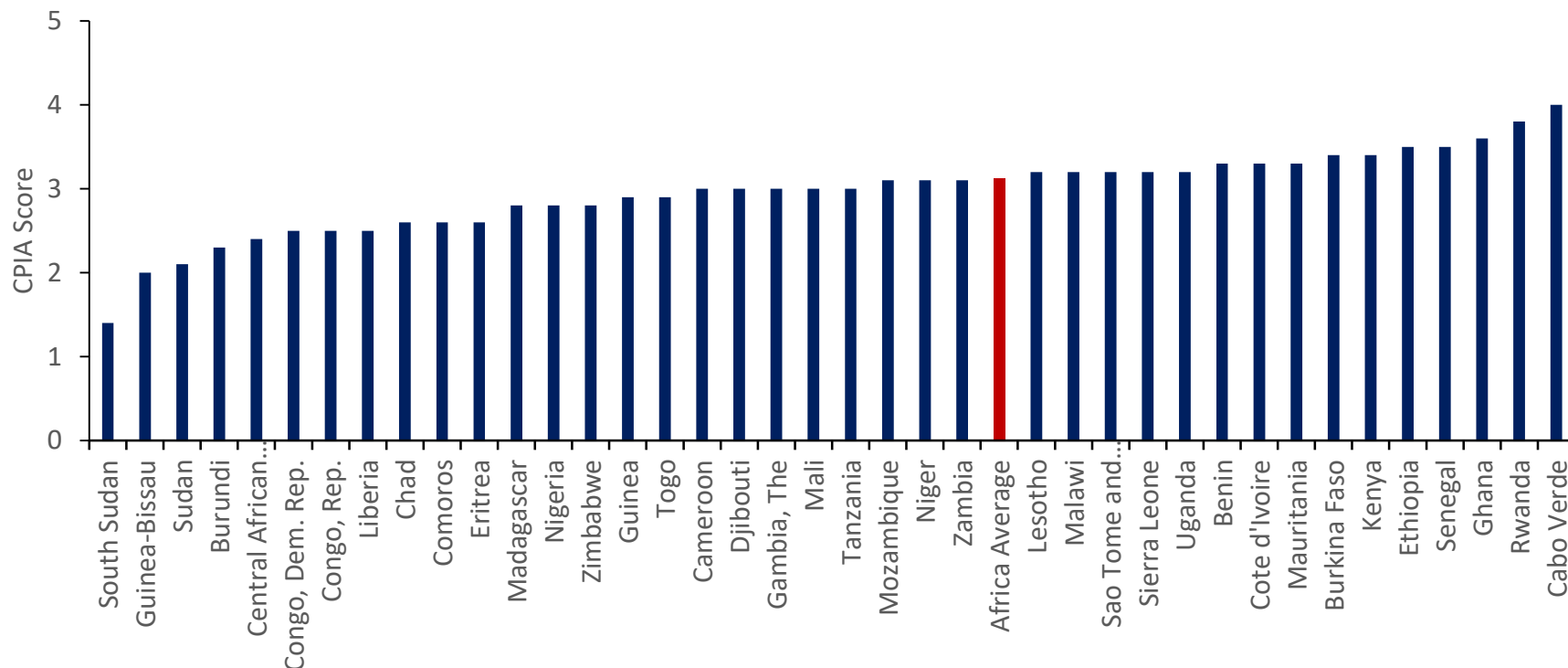
- As the severity of COVID-19 emerged through Feb-Mar, commodity prices plummeted for more than 67% of Africa's exports
- Brent crude down 50%, Cotton (proxy for textiles) down 26%, metals down 20%, average food prices down 5%, only gold – a safe haven investment – is up 5%

Financing Africa's response

- **Secure \$100 billion African health and social safety net fund:**
 - for the most vulnerable, including feeding for out of school children and unemployment support, and;
 - to procure through WHO and CDC Africa the materials needed to save lives, share and promote research, provide vaccines, manufacture health equipment and share emergency services
- **Secure \$100 billion for Africa's economic stimulus:**
 - Prioritize its investment into climate conscious and digitalization projects;
 - Supports African businesses through allowing for the suspension of leasing, debt and other repayments and airlines and the future of tourism;
 - Grant tax breaks to protect from collapsing firms that keep jobs, maintain activity and that can earn export revenues in the recovery;
- **Complete temporary debt standstill for two years** for all African countries, low and middle income included: debt servicing pressures unsustainable
- **Double access to the IMF Emergency Financing Facility and raise IMF Special Drawing Rights allocations** to provide additional liquidity for procurement of fuels and foods
- **Accelerate disbursement of budget support through fast disbursement facilities**, including the Crisis Response Window, the Global Pandemic Window and reprogramming of regular programmes at World Bank Group and others

Special focus on - governance

Average country policy and institutional assessment score in the public sector management and institutions cluster, 2018 (CPIA)



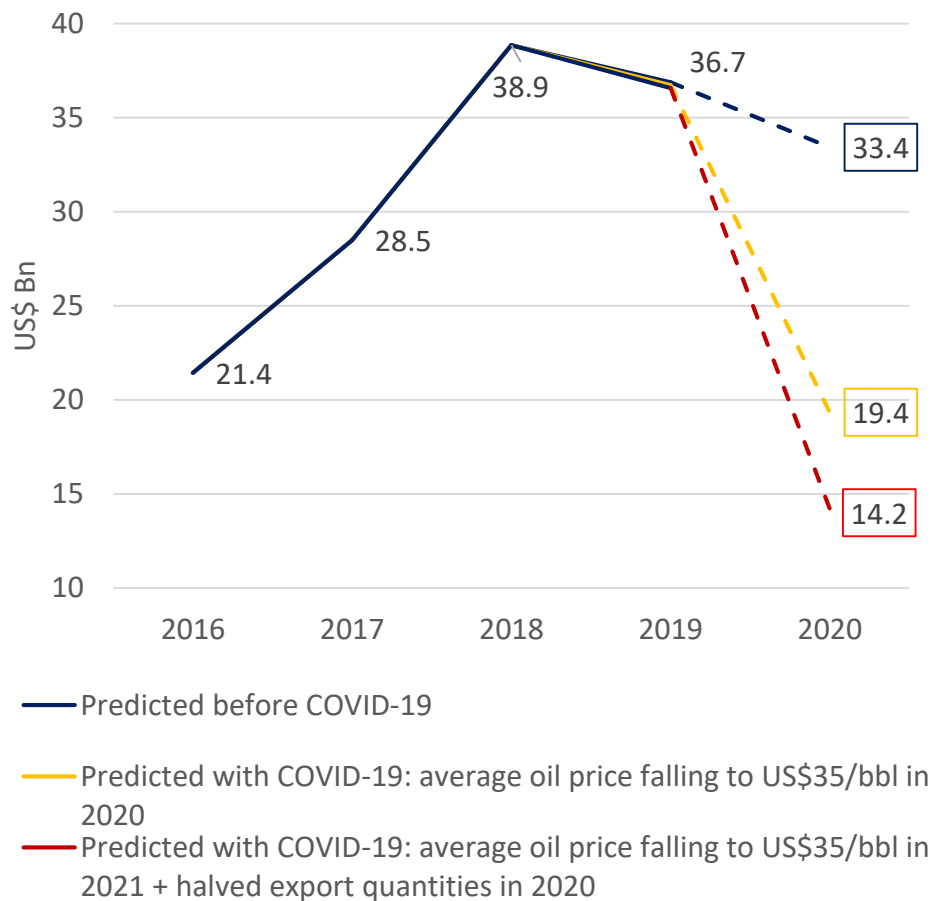
Source: World Development indicators

- African governments must ensure proper use of any COVID-19 financial assistance, debt forgiveness or extra borrowing – in recent years African countries have come under the spotlight for public finance management matters.

Special focus on - crude oil revenues

- Crude oil exports accounted for **7.4% of Africa's total GDP** from 2016-18
- Brent crude average price has plummeted 50% lower than 2016-18 average
- **Lowest price level since 2003**
- Corollary impact on revenues, foreign exchange and domestic consumption
- Nigeria example:
 - Estimated revenues to declines by between \$14 billion and \$19.2 billion

EXAMPLE Nigeria: revenue from oil exports, \$19 billion losses are forecast

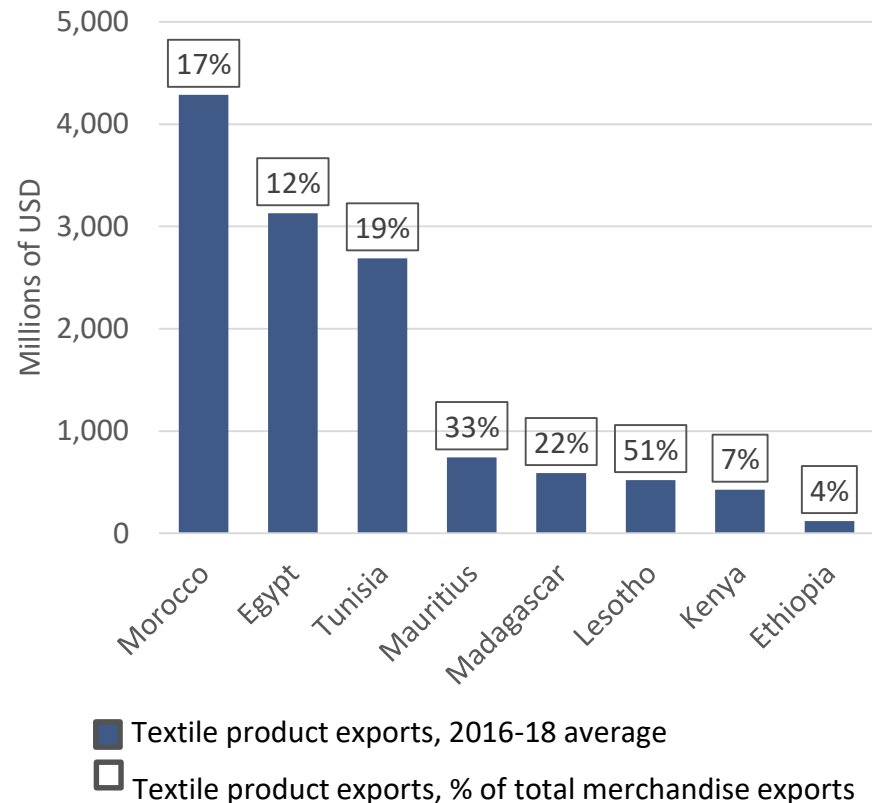


Source: ECA research based on data from the Central Bank of Nigeria

Special focus on – textiles and garments

- Lockdowns and shop closures in Africa's two markets – US and EU – put severe downward pressure on demand
- Offline spending on apparel in EU estimated to have fallen 30-40% and as much as 80% in highly infected regions
- Puts at peril Africa's \$15bn in exports but also source of employment:
 - 38,000 formal workers Kenya
 - 37,000 formal workers Ethiopia
- Knock-on effect on cotton prices for farmers in Benin, Burkina Faso, Mali and Zimbabwe

Textile exports, value and share of total exports (annual average 2016-18)

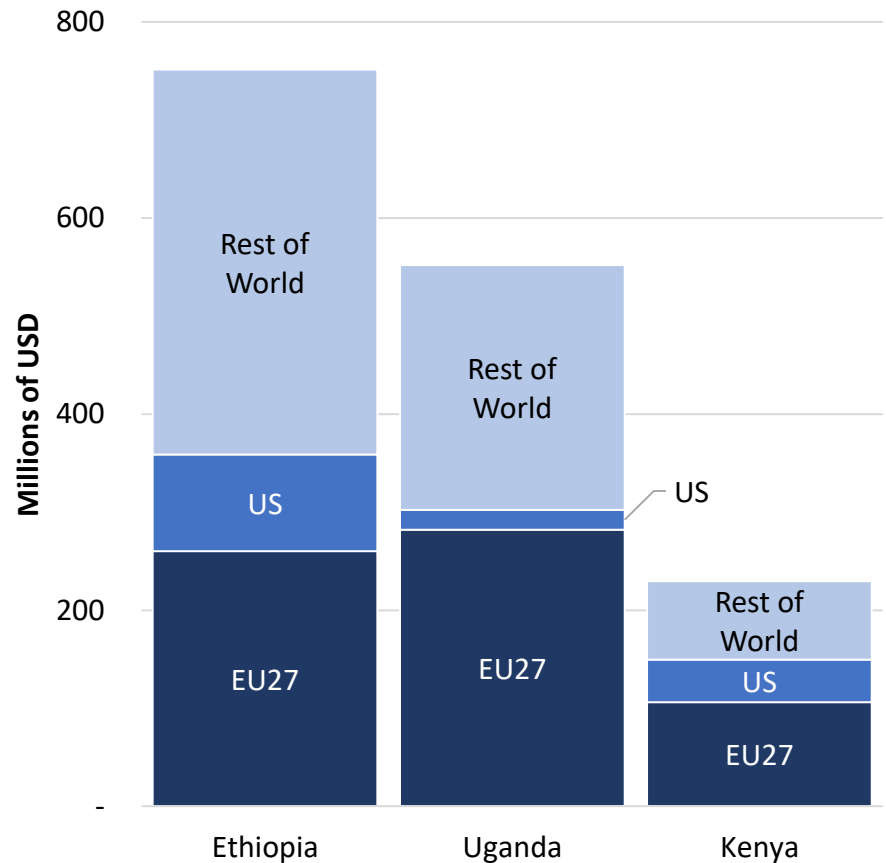


Source: Based on data from UNCTAD Stat. Textile products include textile fibres, yarn, fabrics and clothing (SITC 26 + 65 + 84)

Special focus on – tea, coffee and flowers

- Demand down for coffee and tea (particularly for out-of-home consumption) in EU and US markets
- ICO composite price for coffee fallen 7% since December
- Severe livelihoods risks for:
 - 4 million small-hold farmers Ethiopia
 - 500,000 households Uganda
 - 700,000 small-hold farmers and 3,000 large growers Kenya
- Collapse in demand for fresh-cut flowers – livelihoods risks for:
 - 100,000 Kenya (with indirect impact on 2 million)
 - 200,000 Ethiopia (150,000 job losses already)

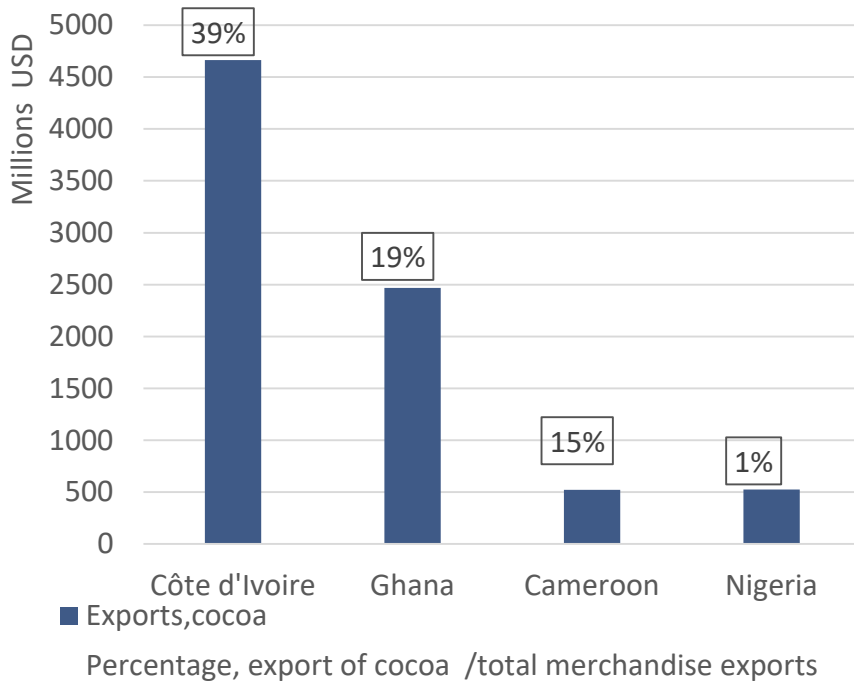
Coffee exports from Ethiopia, Uganda and Kenya to main trade partners (average 2016-2018)



Source: Based on data from UNCTAD stat

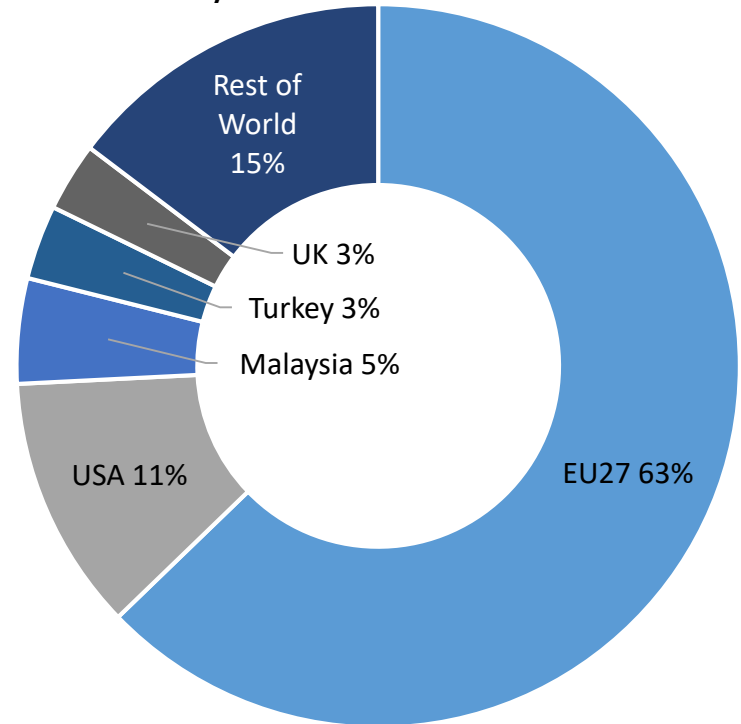
Special focus on – cocoa

Exports of cocoa beans from the main producing countries in Africa (average 2016-2018)



Source: ECA research based on data from UNCTAD stat

Destination for \$10 billion in annual cocoa bean exports from Africa (average 2016-2018)



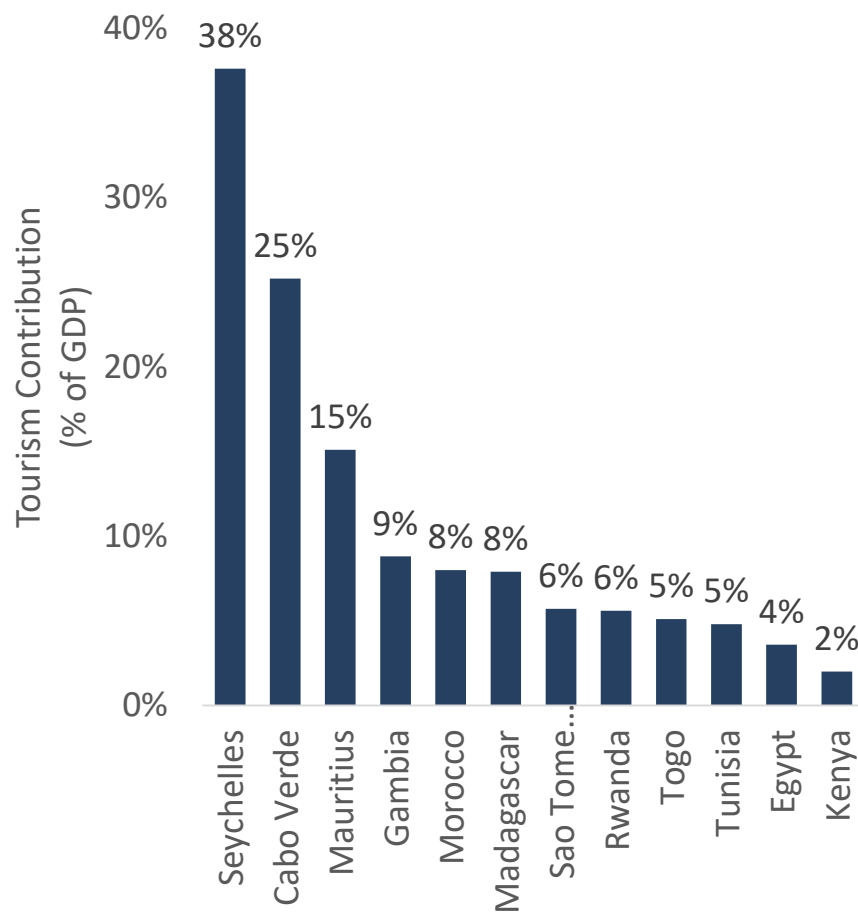
Source: ECA research based on data from UNCTAD stat

- Cocoa prices fall 6% since December, due mostly to slowdown in EU, US and UK which account for 77% of all African cocoa exports
- Large employment sector, involving 800,000 farmers in Ghana

Special focus on – tourism and transport

- Tourism and air transport face almost complete collapse
- 95% of the 1.4 billion tourist visitors to Africa were from outside the continent in 2018, with 51% from Europe
- Disproportionate impact on Small Island Developing States
 - 38% of Seychelles GDP
 - 25% of Cabo Verde GDP
 - 15% Mauritius GDP
- Devastating impact on foreign exchange earnings and jobs
- Air transport employ 6.2 million directly

Contribution of tourism to GDP (by percentage share) as an average for 2016–2018

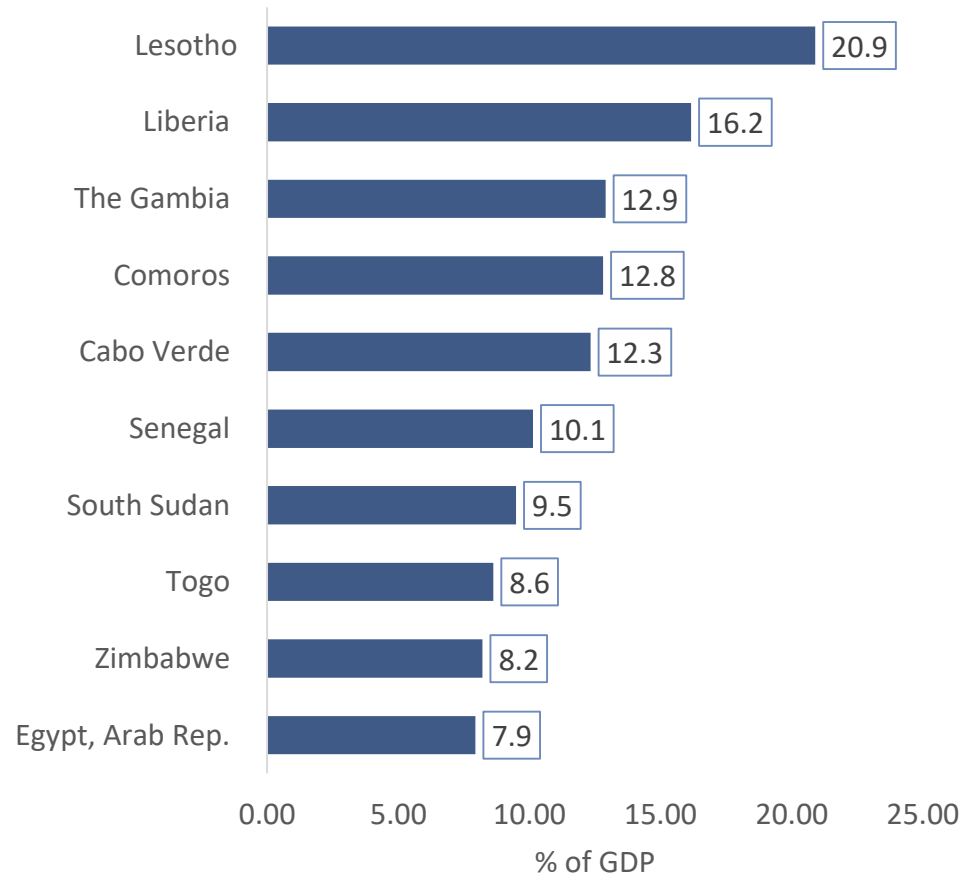


Source: UNWTO

Special focus on – remittances

- Remittances are a critical source of finance
- Previous projection of \$65 billion for 2020
- Experiencing sharp decline as service workers in the remittance exporting countries, such as US and countries in Europe, are subjected to serve social lockdown policies to slow COVID-19 spread
- Declines in remittances will impact small island developing States, LDCs and conflict affected countries most
 - 20.9% GDP Lesotho
 - 16.2% GDP Liberia
 - 12.9 GDP The Gambia

Remittances, the top most dependent African countries, by share of GDP (average 2015-18)

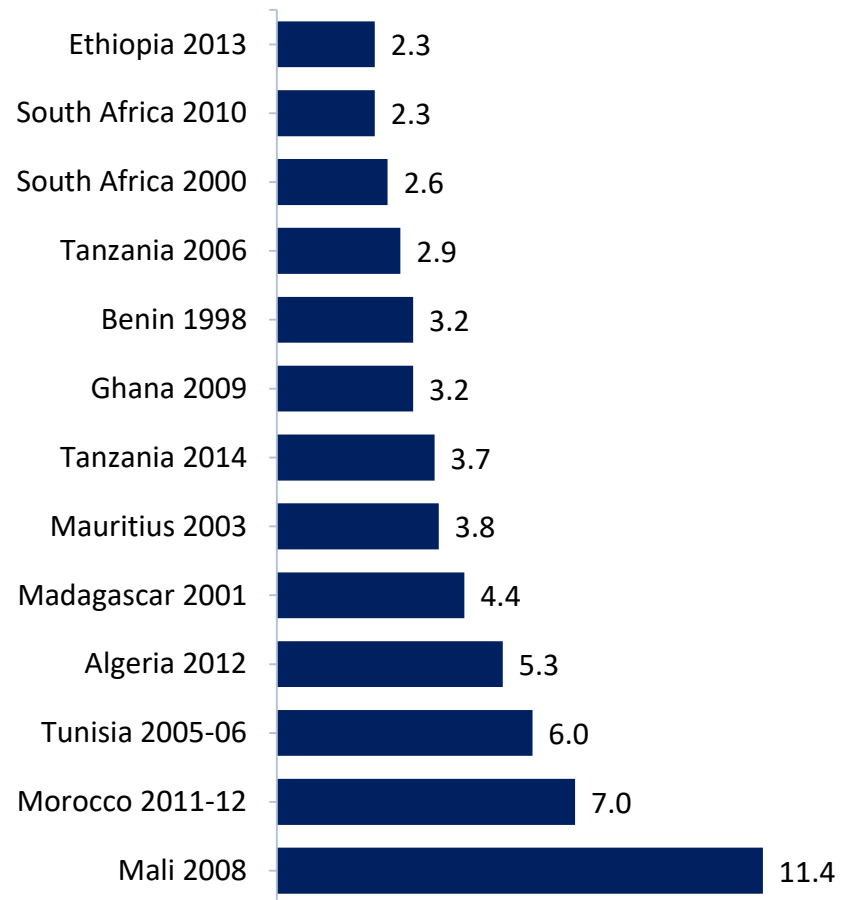


Source: UNWTO

Special focus on – women

- Early indications are that COVID-19 may have higher mortality rate on men
- But women disproportionately affected by:
 - Increase in domestic violence rates from lockdowns keeping families at home together
 - Front line medical workers: 80% of nurses women in South Africa
 - 70% of cross-border traders are women, impacted by border closures
 - Women more likely to have to take up increased household responsibilities (eg child raising as schools close)

Time spent by women compared to men in unpaid work (number of times)



Source: : Charmes, J. (2015). Time use across the World: Findings of a World Compilation of Time Use Surveys. Background paper prepared for the UNDP's 2015 Human Development Report

Partnerships

Medical supplies

- Decongest access to emergency medical supplies
- Remove African import tariffs on medical supplies
- 'Green lanes' for super-fast customs clearance
- Expedite safety standards approval for trusted imports

Staple food access

- Refrain from and remove export bans on staple foods
- Protect distribution and retail supply chains
- Minimize the impact of border and port closures
- Keep trade flowing

Cooperation & leadership

- Share intellectual property on vaccines and medical supplies
- Ensure movement of critical health and technical experts
- Pool medical quality standards and resources, as well as procurement

Weathering the storm

- Leverage the ICT sector with ECA's Good Digital ID Framework principles
- Adapt for the digital economy
- Bounce back with a climate conscience
- Keep the AfCFTA momentum and ambition

71 nations have imposed export restrictions on COVID medical supplies

Export restriction or bans on essential COVID-19 medical supplies as of 7 April, including protective masks, ventilators and medicines (dark blue = export restriction in place)



Sources: Based on Global Trade Alert team, University of St. Gallen, Switzerland, 20 March and ITC/Market Access Map, April 6 2020, based on media reports and official legislations

- Africa is wholly import dependent for many Covid-19 medical supplies
- Export limits may severely impact Africa's Covid-19 health response
- Research on export limits find they raise the level and volatility of world prices while doing little to depress domestic prices, which are driven in part by other factors

Medical supplies – ensuring critical access

- African countries must do their part to improve affordable access
- **Tariffs on these products are high**, constraining their affordable acquisition and distribution
 - **Tariffs on protective garments:** average 18%, max 40%
 - **Tariffs on disinfectants/sterilization products:** average 9.1%, max 50%
 - **Tariffs on medical consumables:** average 7.4%, max 50%
 - **Tariffs on soap:** 24.7%, max 50%
- Introduce ‘Green lanes’ for customs fast-tracking

	Africa's annual imports (US\$ 2016-18 average)	Africa's average MFN tariffs on imports	Africa's Max MFN tariffs on imports
COVID-19 Test kits/ Instruments and apparatus used in diagnostic tests	N/A	2.5	20
Protective garments and the like	748m	18.0	40
Thermometers	58m	4.1	20
Disinfectants/Sterilisation products	9,291m	9.1	50
Other medical devices	1,553m	2.6	5
Medical consumables	589m	7.4	50
Soap (bar, liquid and other)	839m	24.7	50

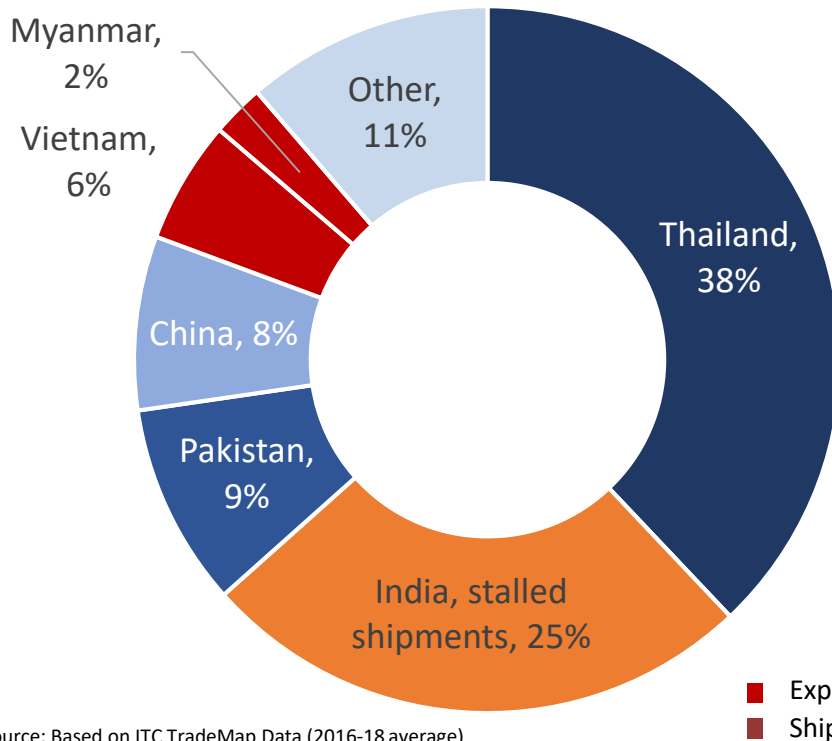
Source: ITC Trade for annual import estimates and WTO data on MFN tariffs, drawing from WCO's HS classification reference for Covid-19 medical supplies . Note: Soap is an addition to the WCO's list.

Medical supplies – domestic production is possible

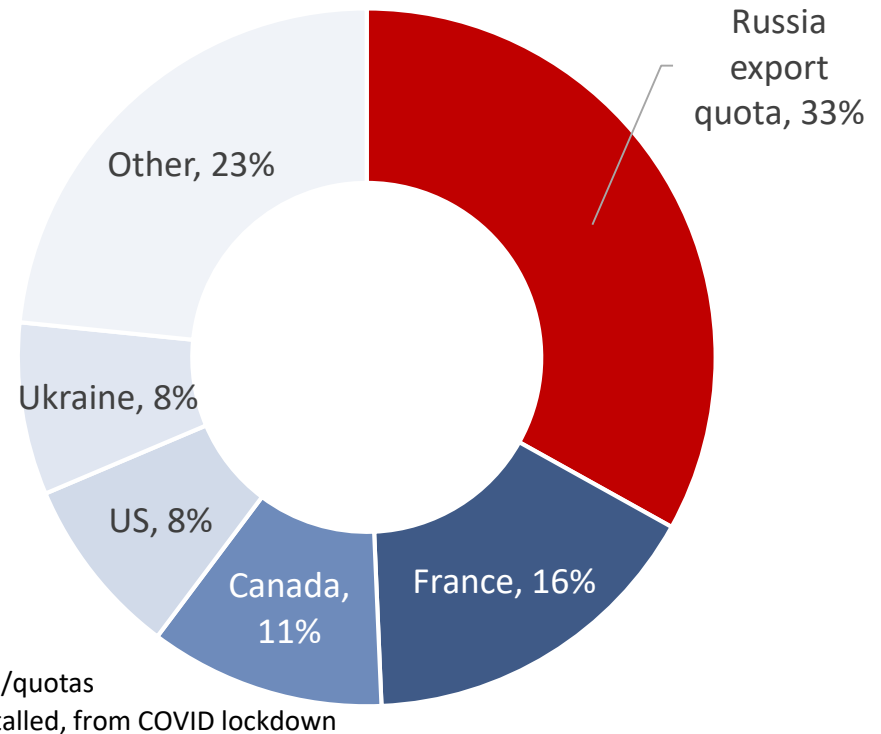
	Medicine	Medicine & PPE	PPE (incl. equipment & device producers)	Other (Hygiene, Oxygen, Textile)	TOTAL
Western Region					234
NIGERIA	37	7	63	39	146
GHANA	20	3	4	1	28
BURKINA FASO	4	7	7		18
SENEGAL	10				10
MALI		8		2	10
SIERRA LEONE				2	2
BENIN				4	4
GUINEA				4	4
LIBERIA				4	4
COTE D'IVOIRE	1		1	6	8
CENTRAL REGION					15
GABON	2	0	4	5	11
CONGO BRAZZAVILLE			2	2	4
SOUTHERN REGION					74
SOUTH AFRICA	15		18	28	61
MALAWI	2				2
MOZAMBIQUE	1				1
ZIMBABWE	2	1			3
ZAMBIA	0	0	1	6	7
EASTERN REGION					89
KENYA	16	11	1	12	40
ETHIOPIA	15		10		25
UGANDA	15			5	20
SUDAN	1				1
TANZANIA	3				3
NORTHER REGION					119
EGYPT	15		21	10	46
MOROCCO	11		10	10	31
ALGERIA	8		7		15
TUNISIA	10		7	10	27
TOTAL	188	37	156	150	531

Staple foods – maintaining access

Africa's rice imports, by origin, average 2016-18



Africa's wheat imports, by origin, average 2016-18



Source: Based on ITC TradeMap Data (2016-18 average)

- Indian rice exports stalled due to nationwide lockdowns, Vietnam and Myanmar have imposed rice export ban: threat to many west African rice importers (Ghana, Cote d'Ivoire)
- Russia (and other much smaller exporters) have introduced restrictions or quotas on wheat exports: threat to many north African wheat importers (especially Algeria, Egypt, Morocco)

Cooperation – leading Africa's response

Demand urgent access to medical intellectual property rights

- WTO TRIPS Decisions establish a precedent
- Need to go further and **demand sharing of novel patents, design schematics and industrial techniques** in the following priority products:
 - Covid-19 vaccines and antivirals
 - Inexpensive and easily produced ventilator models
 - Inexpensive and rapid testing kits
 - Protective garments
 - Medical consumables
 - Highly effective disinfectants/sterilization products

Ensure international movement of critical health and technical experts

- **Experts needed** to initiate and supervise production and safety certification of essential Covid-19 medical supplies made in African factories
- Indian manufacturers **report travel bans** as severely limiting their ability to rapidly accelerate reproduction of Covid-19 medical supplies
- **Cancelled flight capacity of national carriers** can be redirected towards chartered movement of such expertise where required

Cooperation – leading Africa's response

Pool and share medical quality standards and resources

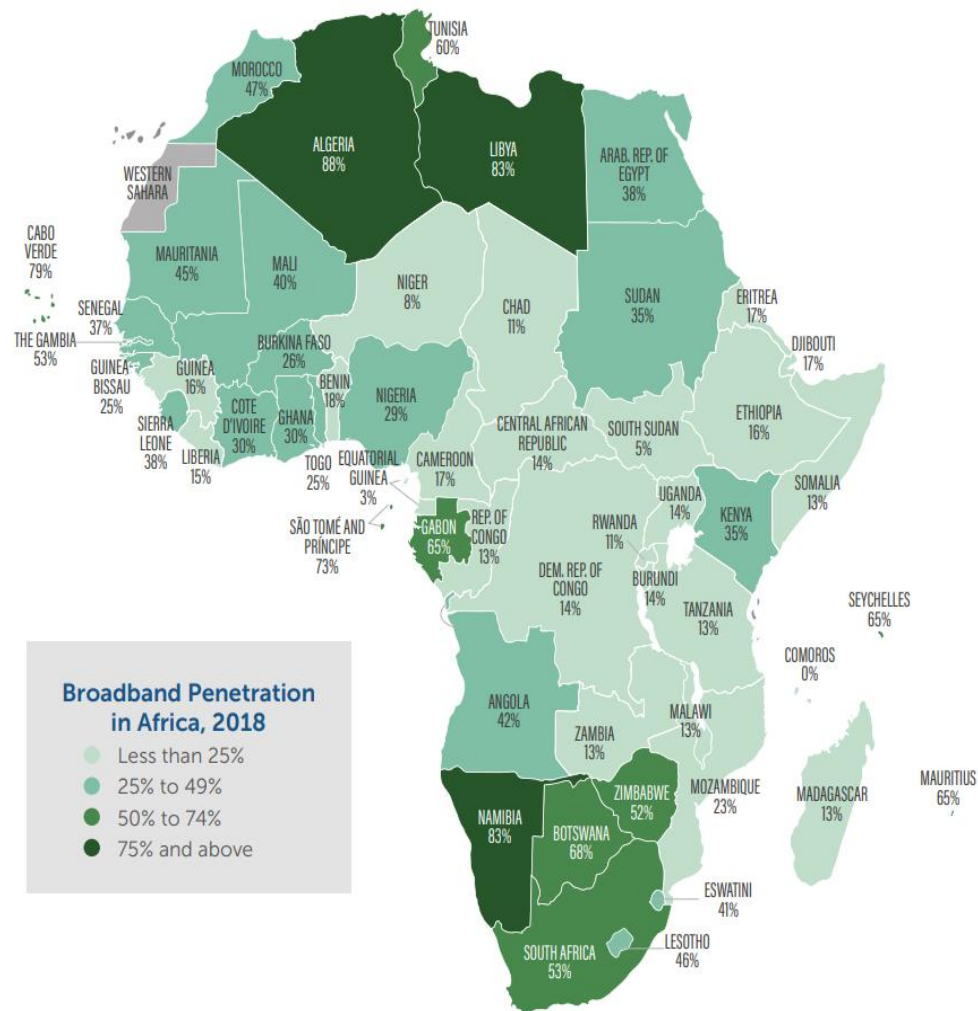
- African Organization for Standardization recommends fast-tracking FDARS 1470-2019 for hand sanitizers
- European Committee for Standardization (CEN) have agreed to make available a 11 European standards for certain medical devices and personal protective equipment
- African standards bodies need to **pool and share resources** to expedite testing and safety approval for new African production

Leverage regional coordination

- REC's can set up **joint reporting mechanisms** on the availability of medical supplies and production facilities
- A number of African countries already have some medical supply capacity to be coordinated: Morocco, South Africa, Tunisia, Egypt and Mauritius
- Over the longer-term, African countries must use the **AfCFTA to create regional value chains** for Africa to better serve its own \$259 bn health market

Weathering the storm – ICT sector

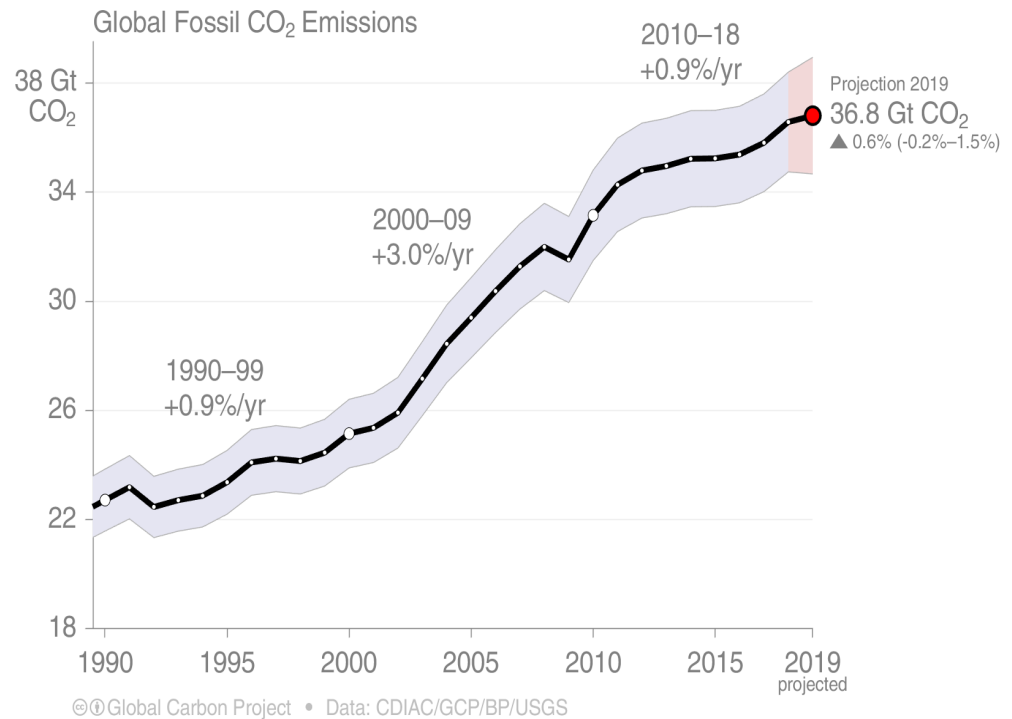
- 40% of Africans lack an official identity (eg birth certificate) this, and lack of digital identity, hampers Africa’s response
 - India using Aadhaar ID can distribute social payments directly
- ICT sector experiencing mixed impact: increased demand (remote working, e-education etc) but fall in major investment events and conferences
- Special initiative can leverage ICT:
 - Fintech to provide financial payment services (reduce money as spread vector)
 - Remote working



Source: World Bank, 2019

Weathering the storm – Climate change

- Africa remains the continent most severely threatened by climate change: projected 15% reduction to West and East Africa GDP by 2050, 10% to North and Southern Africa, and 5% to central Africa
- Emissions have fallen sharply from COVID-19 slowdown, but 2008 financial crisis experience shows they will likely bounce back fast
- Need to bounce back with a climate conscience – prioritize fiscal stimulus spending on green growth projects
- Climate and disease: increased climate change likely to bring wildlife closer to human settlements and increase risks



Source: Global Carbon Project

Policy responses

People

- **Raise awareness** through targeted public health campaigns
- **Test extensively** to identify contagion hotspots
- **Immediately suppress** outbreaks with intense physical distancing
- **Protect health workers** by prioritizing their access to protective garments and treatment
- **Prepare to treat and cure** by procuring equipment, hospital and intensive care beds, and mobilizing additional healthcare workers
- **Urgently suspend tariffs** on imports of essential COVID-19 medical supplies and create expedited customs 'green lanes'
- **Secure \$100 billion healthcare and social safety net fund:**
 - for the most vulnerable, feeding for out of school children and to protect jobs, and;
 - to procure through WHO and CDC Africa the materials needed to save lives, share and promote research, provide vaccines, manufacture health equipment and share emergency services

Policy responses

Prosperity

- **Secure \$100 billion for Africa's economic stimulus** and prioritize its investment into climate conscious and digitalization projects
- **Ensure that stimulus supports African businesses to keep jobs** by allowing for the suspension of leasing, debt and other repayments
- **Support airlines, jobs and the future of tourism** by issuing temporary tax waivers and encouraging banks to renegotiate loans
- **Grant tax breaks** to prevent firms collapsing thereby preserving jobs, and economic activity to earn export revenues in the recovery
- **Partner with businesses** to repurpose manufacturing towards essential medical supplies and boost internet connectivity
- **Permit non-bank financial institutions** to provide mobile money and reduce costs
- **Ensure the soundness of banking system remains** while providing liquidity to SMEs, and restructuring trade credits and other loan
- **Fight impropriety** and corrupt misappropriation of emergency funds with transparency, predictability and accountability of flows

Policy responses

Partnerships

- **Endorse a complete temporary debt standstill** for two years for all African countries, low and middle income included
- **Double access** to the IMF Emergency Financing Facility and raise IMF Special Drawing Rights allocations
- **Call on Development Financial Institutions** to act counter-cyclically and quickly to provide a moratorium on interest and loan repayments to African private sector companies
- **Development Financial Institutions shareholders** to extend part of the \$5 trillion stimulus package of G20 countries beyond the G20 in order to sustain and build supply chains linking to the African private sector
- **Grant access to emergency medical supplies and staple foods** by removing export bans and restrictions and keeping trade flowing
- **Share intellectual property** on vaccines and novel medical supplies
- **Ensure international movement** of critical health and technical experts
- **Pool and share medical quality standards and resources** for the rapid approval of new medical products
- **Involve women** in decision-making circles for policy responses
- **Do not allow pandemic-related official assistance** to allow private creditors to cash out of their positions
- **Keep the AfCFTA momentum and ambition**



THANK YOU!