



United Nations
Economic Commission for Africa

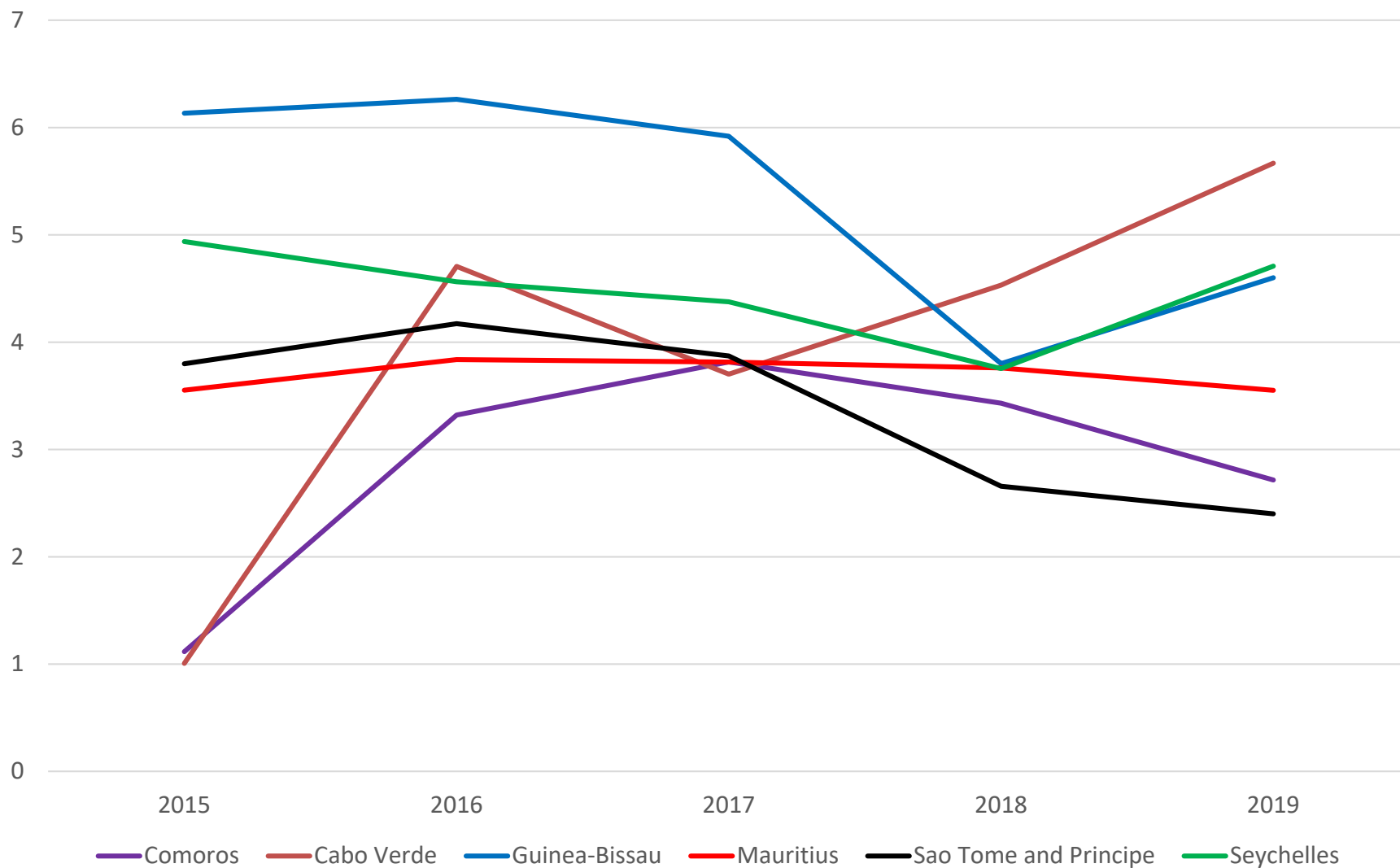
Strengthening SIDS Response to COVID19

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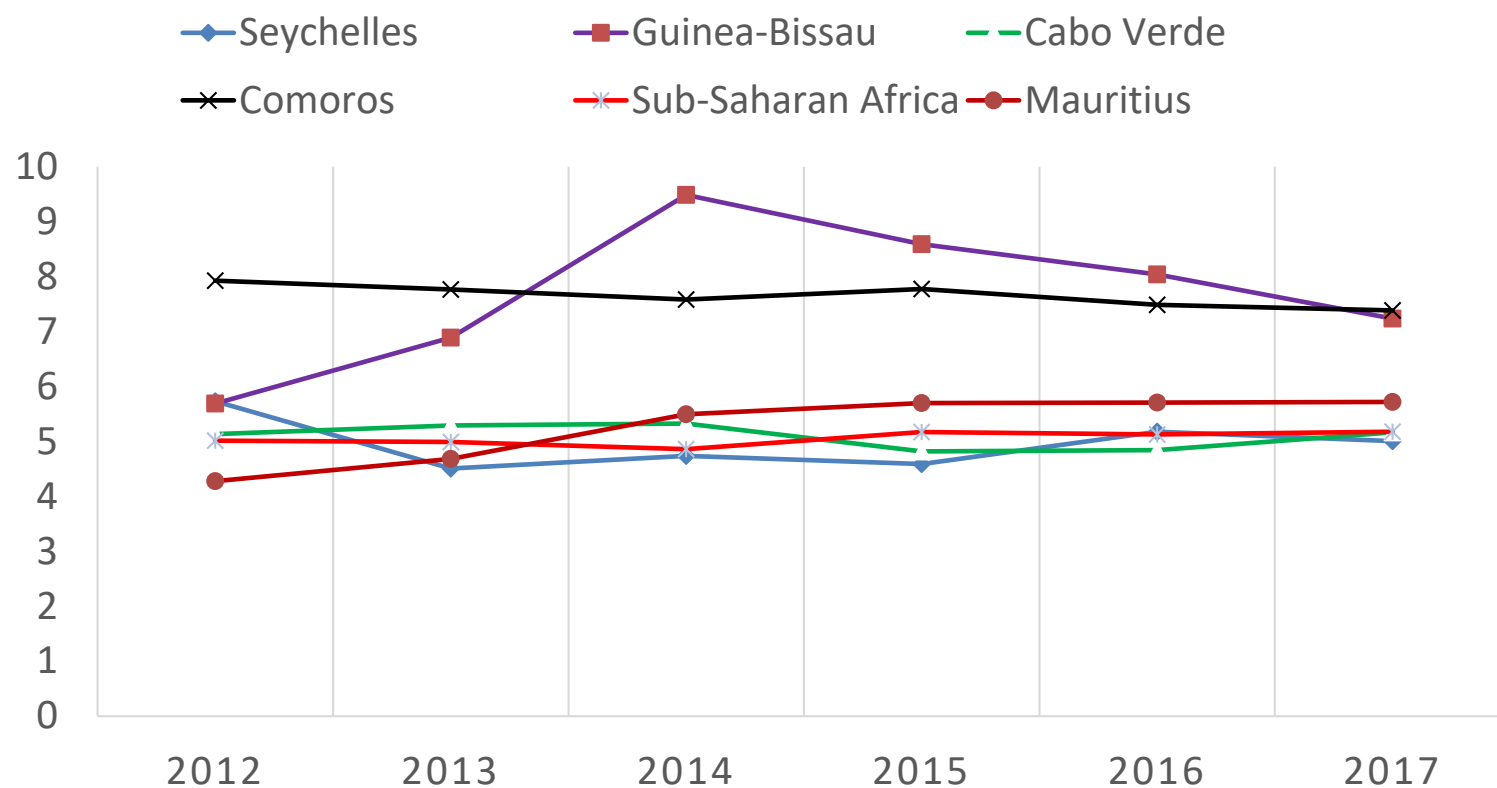


**4th August, 2020
Addis Ababa, Ethiopia**

Real GDP growth in African SIDS



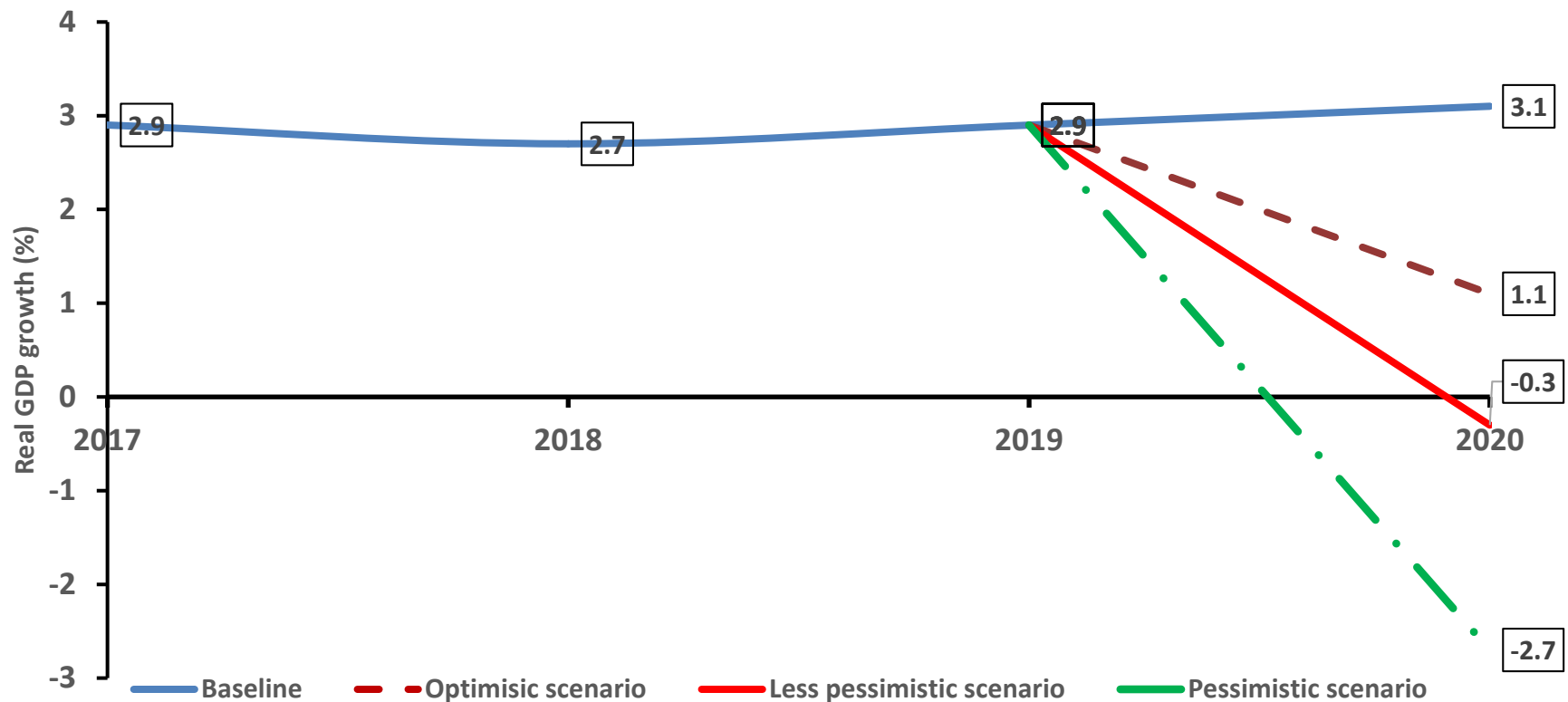
Health Expenditures as % of GDP in African SIDS



Covid Status August 2 2020

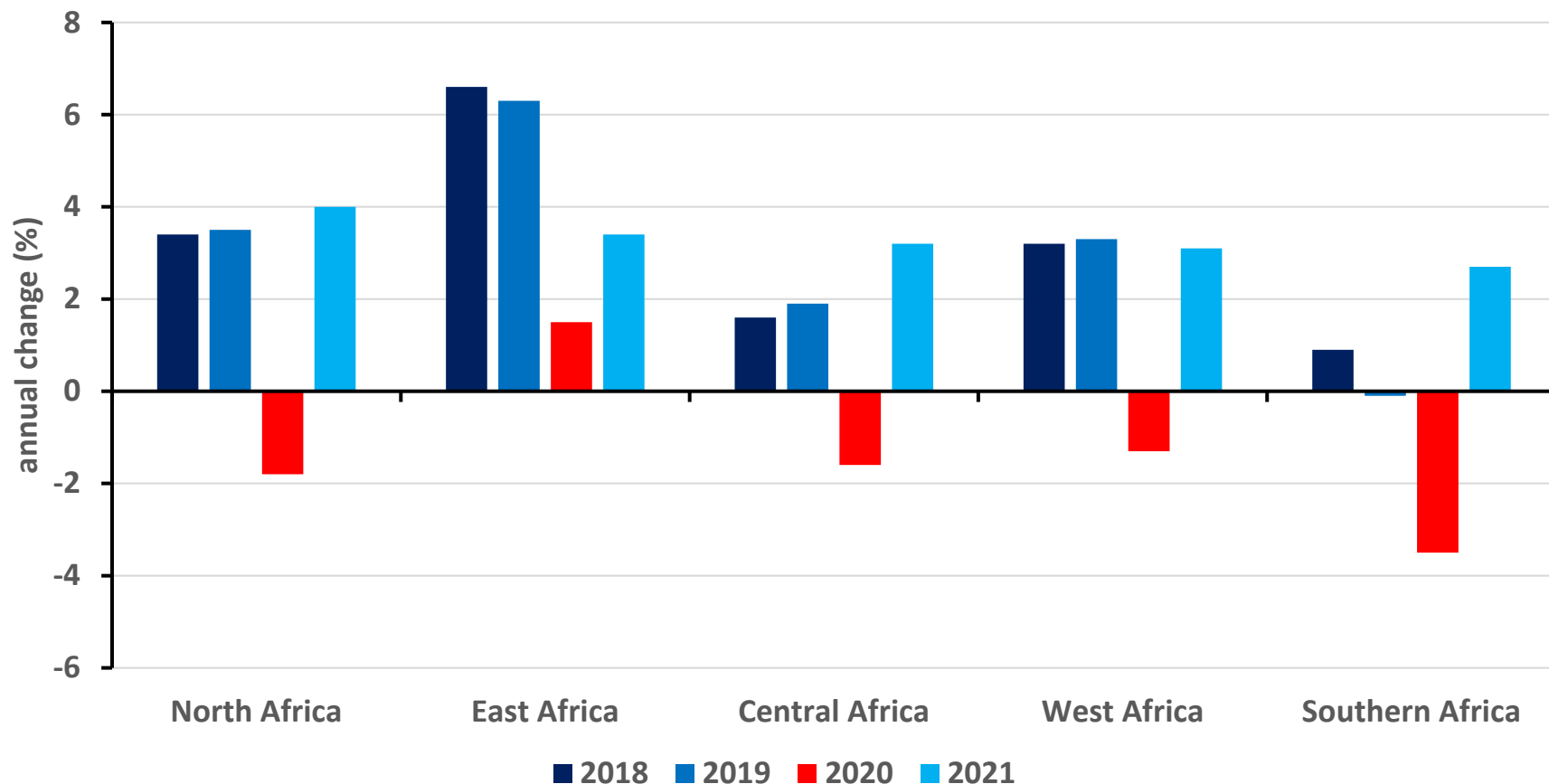
Category	Cases	Deaths	Deaths/Cases
African SIDS			
Cabo Verde	2480	24	0.97
Seychelles	114	0	0.00
Comoros	382	7	1.83
Sao Tome & Principe	874	15	1.72
Mauritius	344	10	2.91
SIDS Total	4194	56	1.48
Africa Total	802,792	13,779	1.7
Global	17,660,523	680,894	3.9

Africa: Corona Virus new blow to economic Growth expected to drop from 3.1% to -2.7% in worst case scenario



Source: ECA

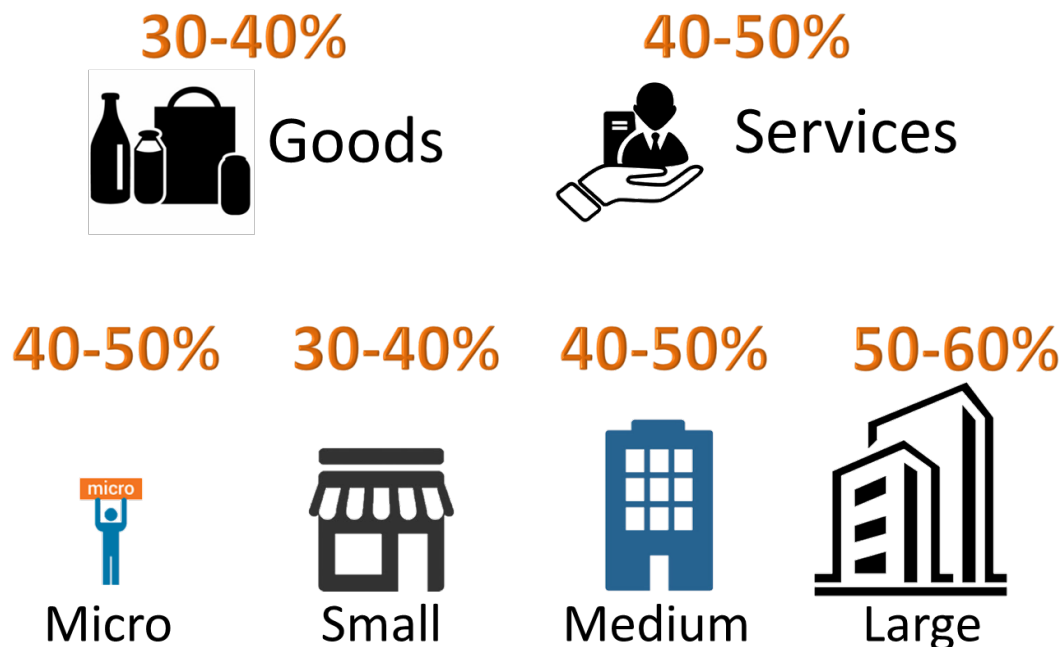
GDP contraction expected in 4 of the 5 regions



Source: ECA, DESA

Capacity utilization low, with smaller businesses worse hit

African firms are operating at low capacity utilization rates

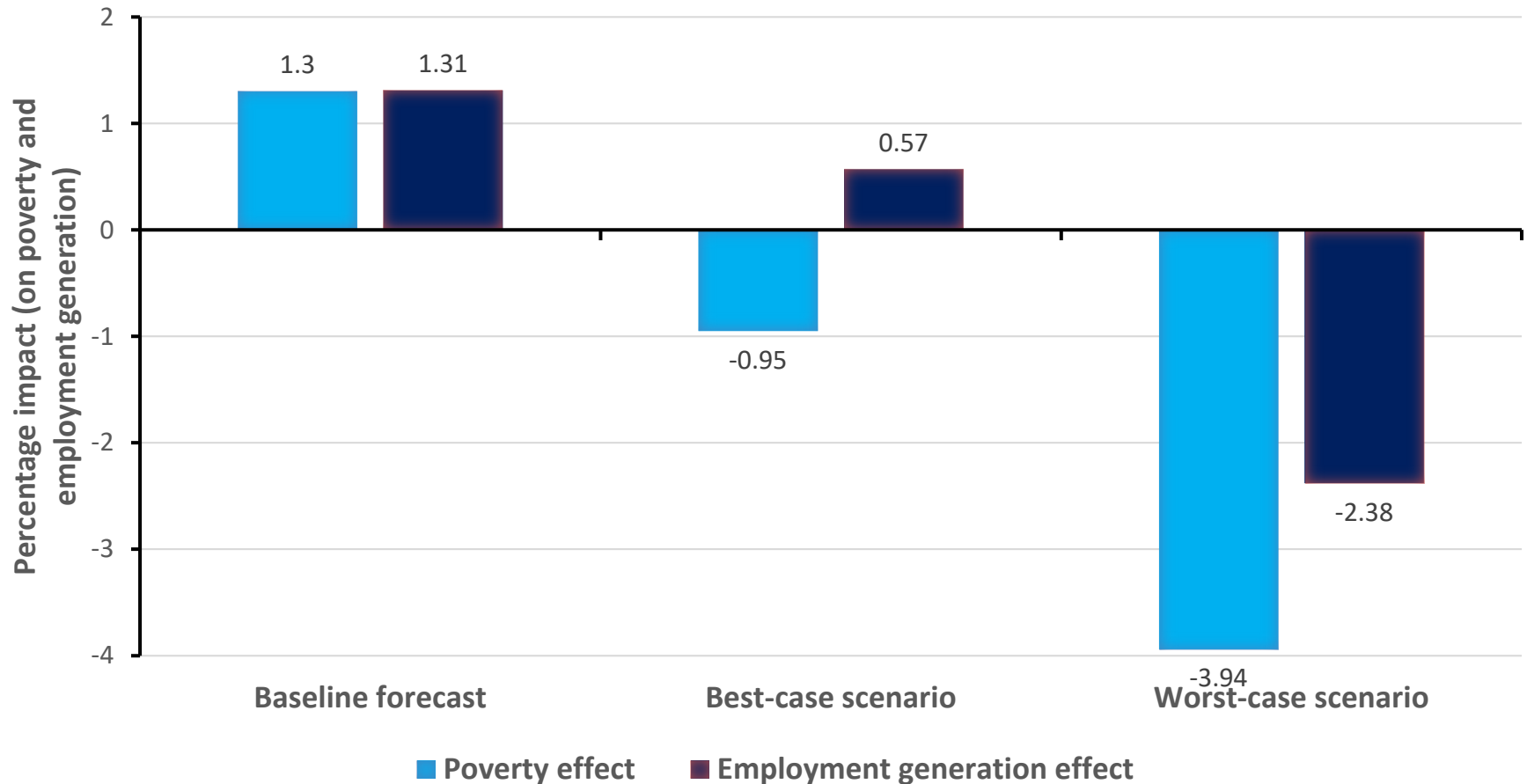


Source: ECA & IEC. 2020. Insights on African businesses' reaction and outlook to COVID-19's. IEC: Mauritius & ECA: Addis Ababa. 30 April

Notes: Each respondent represents a company that operates in at least one and up to 54 African countries, data was collected on 210 firms from 14 to 20 April

- On average, businesses in Africa report to be operating at only 43 percent (in April), though with larger firms reporting to operate at a slightly better capacity
- Top challenges: drop in demand, cash flow, labour restrictions, logistics difficulties

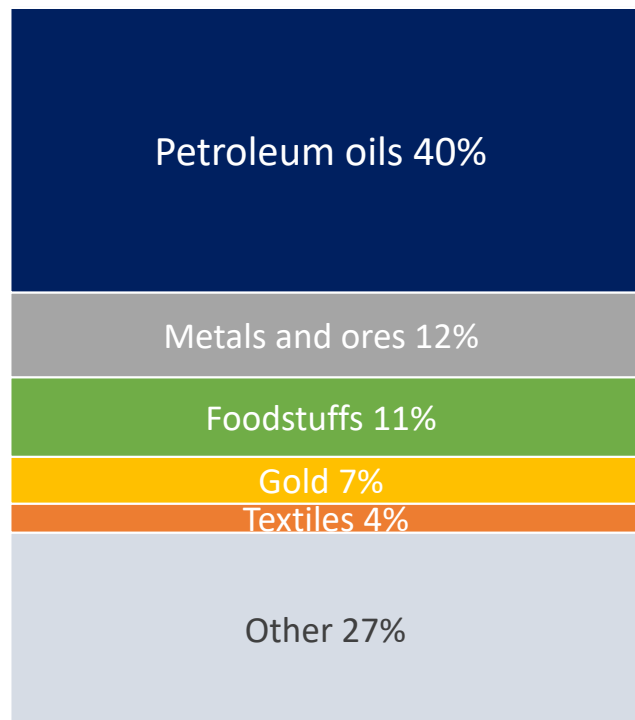
5m to 29 million will be impoverished and 19m will be jobless due to growth decline



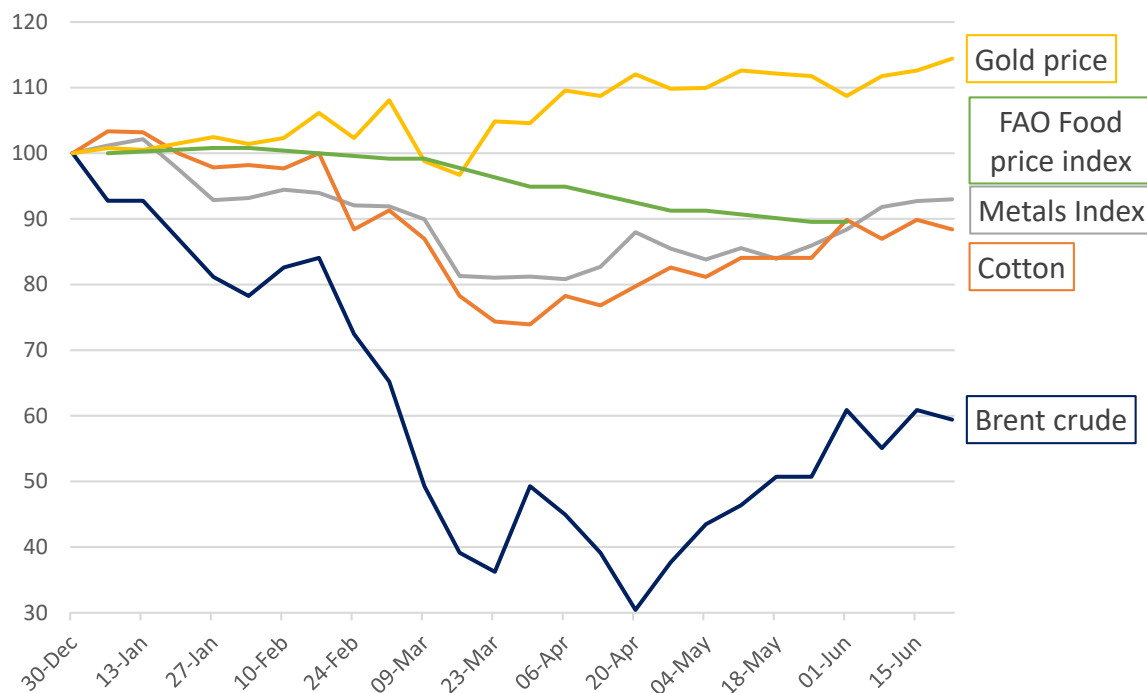
Source: ECA

Indirect shock - Plummeting commodity prices threaten FX earnings

Composition of Africa's total exports



Africa's commodity prices

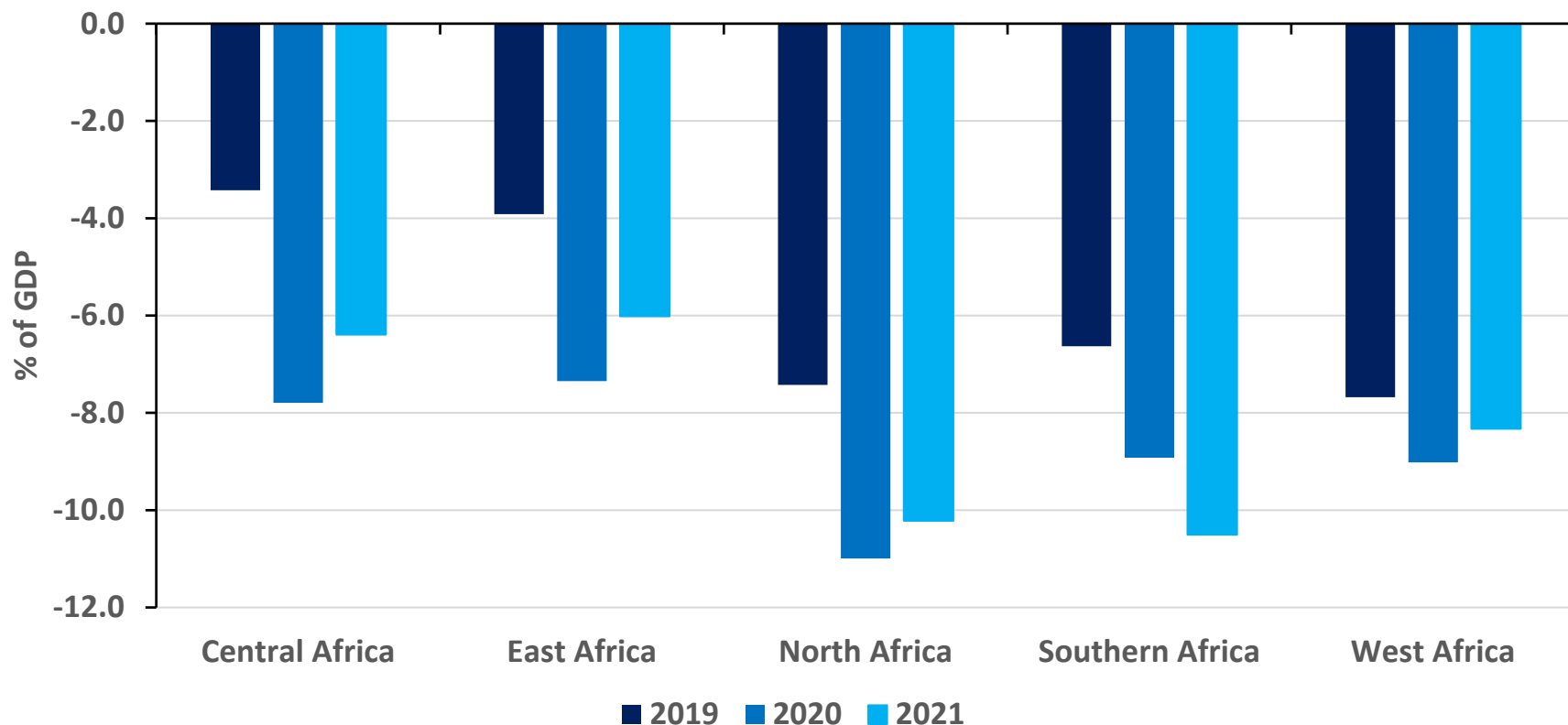


Source: Based on ITC TradeMap Data (2016-18 average) and FAO and Trading Economics, April 2020

- As the severity of COVID-19 emerged through Feb-Mar, commodity prices plummeted for more than 67% of Africa's exports with a modest improvement from April
- Brent crude down 41%, Cotton (proxy for textiles) down 12%, metals down 7%, average food prices down 10%, only gold – a safe haven investment – is up 14%

Impact on Trade – Worsening Current Account Balances

Weighted Average Current Account Balances by regions

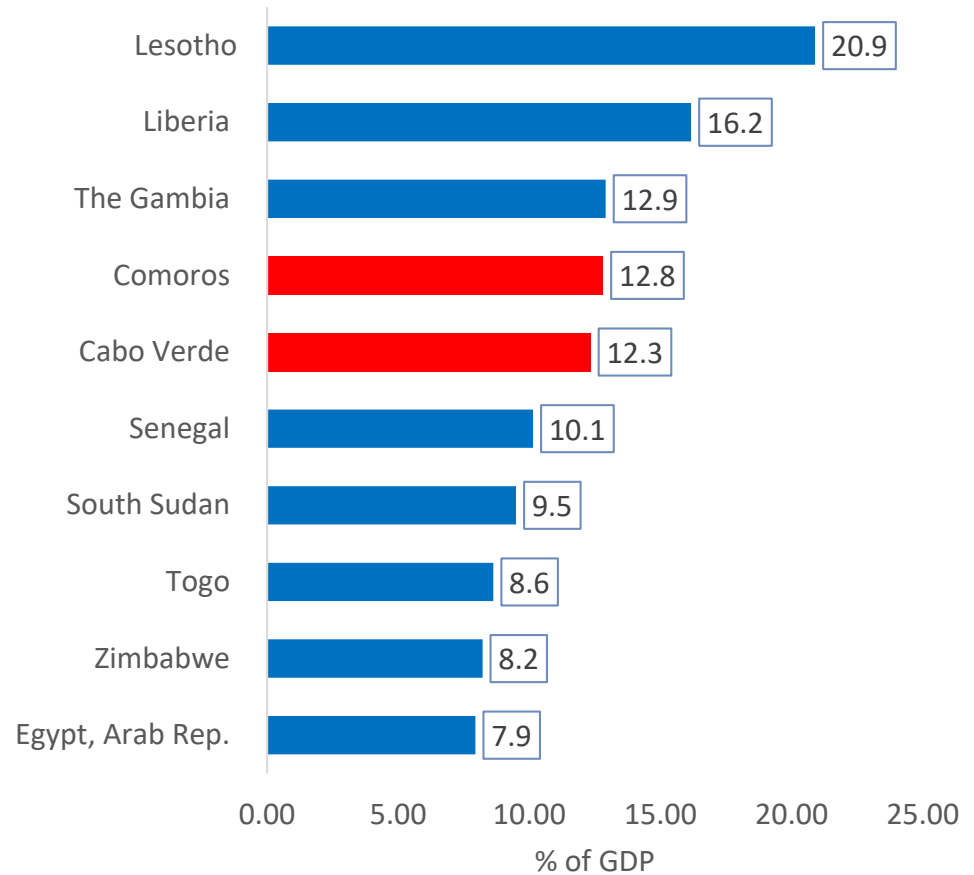


Source: ECA, IMF, EIU

Impact on Trade – 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 implement 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)

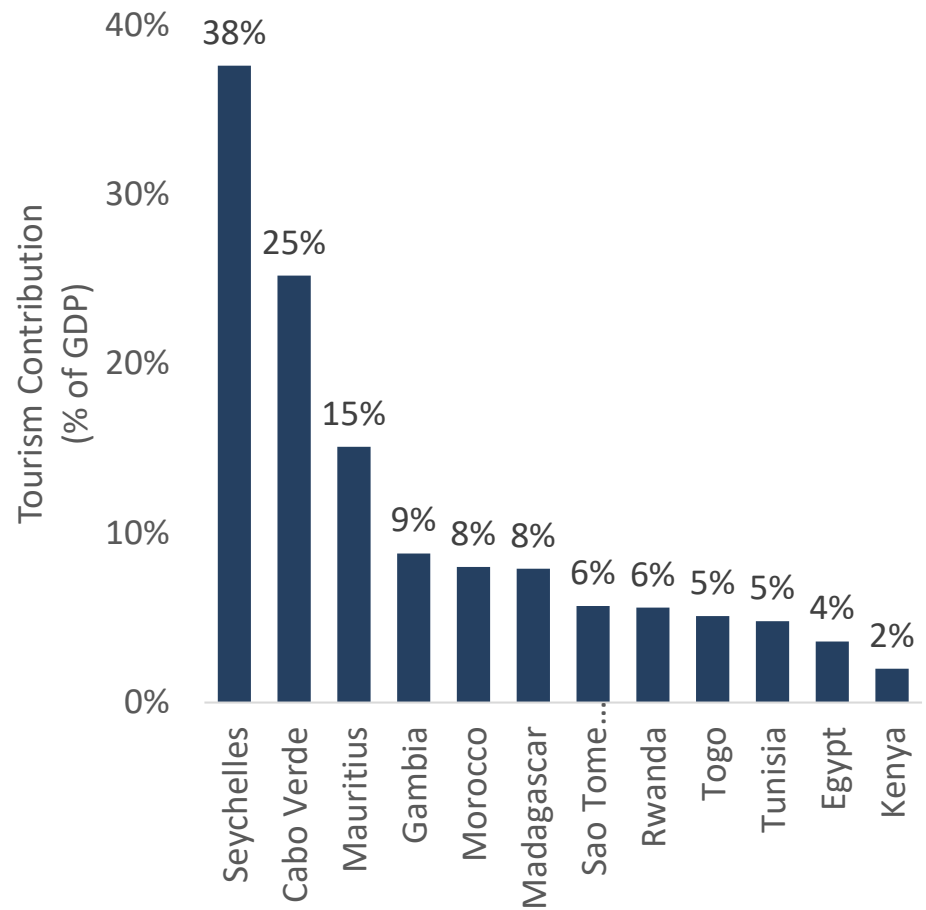


Source: UNWTO

Impact of trade – tourism and transport

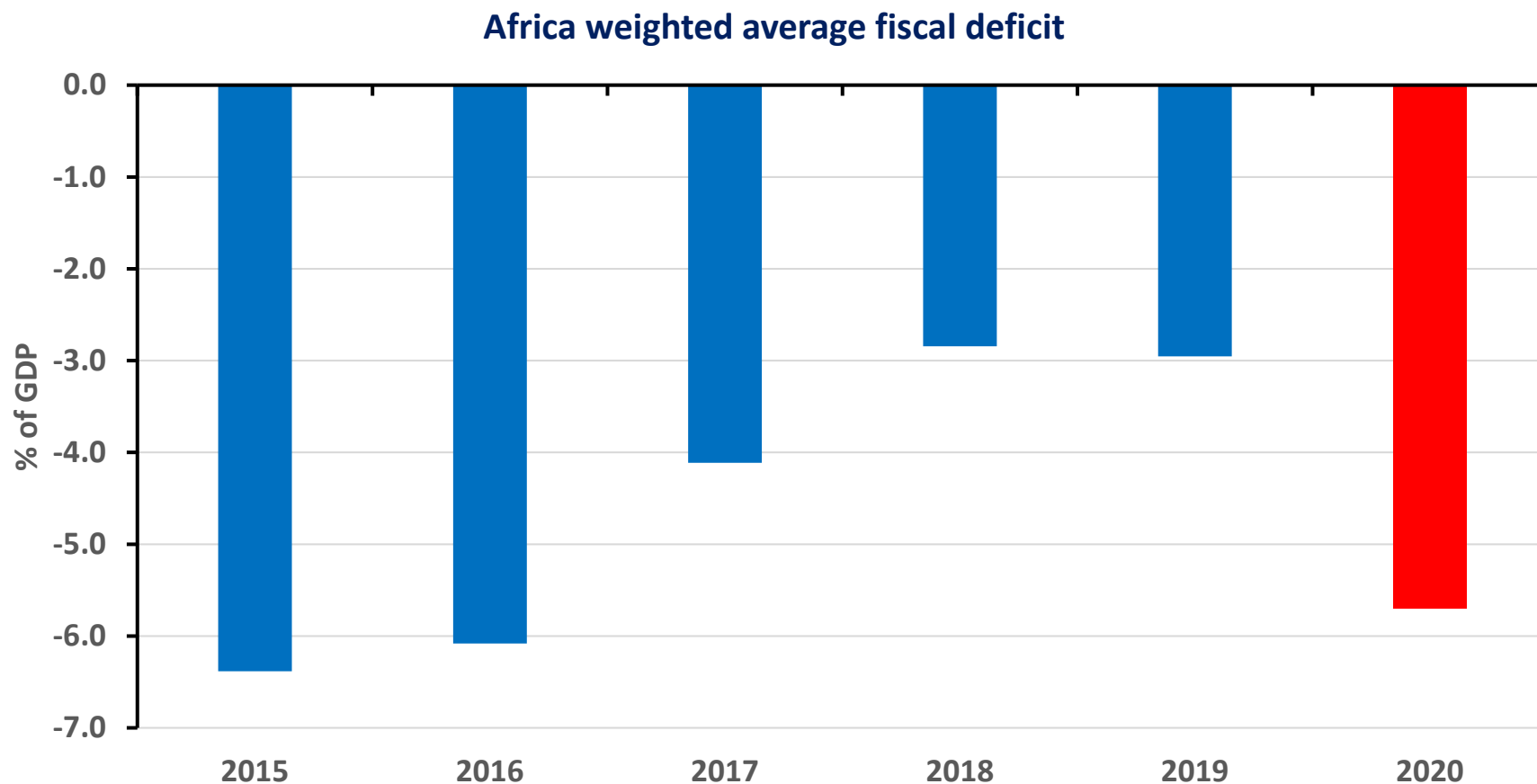
- Tourism and air transport face almost complete short-term collapse
- 95% of the 1.4 billion tourist visitors to Africa were from outside the continent in 2018, with 51% from Europe
- Disproportionate impact on Small Island Developing States
 - 38% of Seychelles GDP
 - 25% of Cabo Verde GDP
 - 15% Mauritius 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



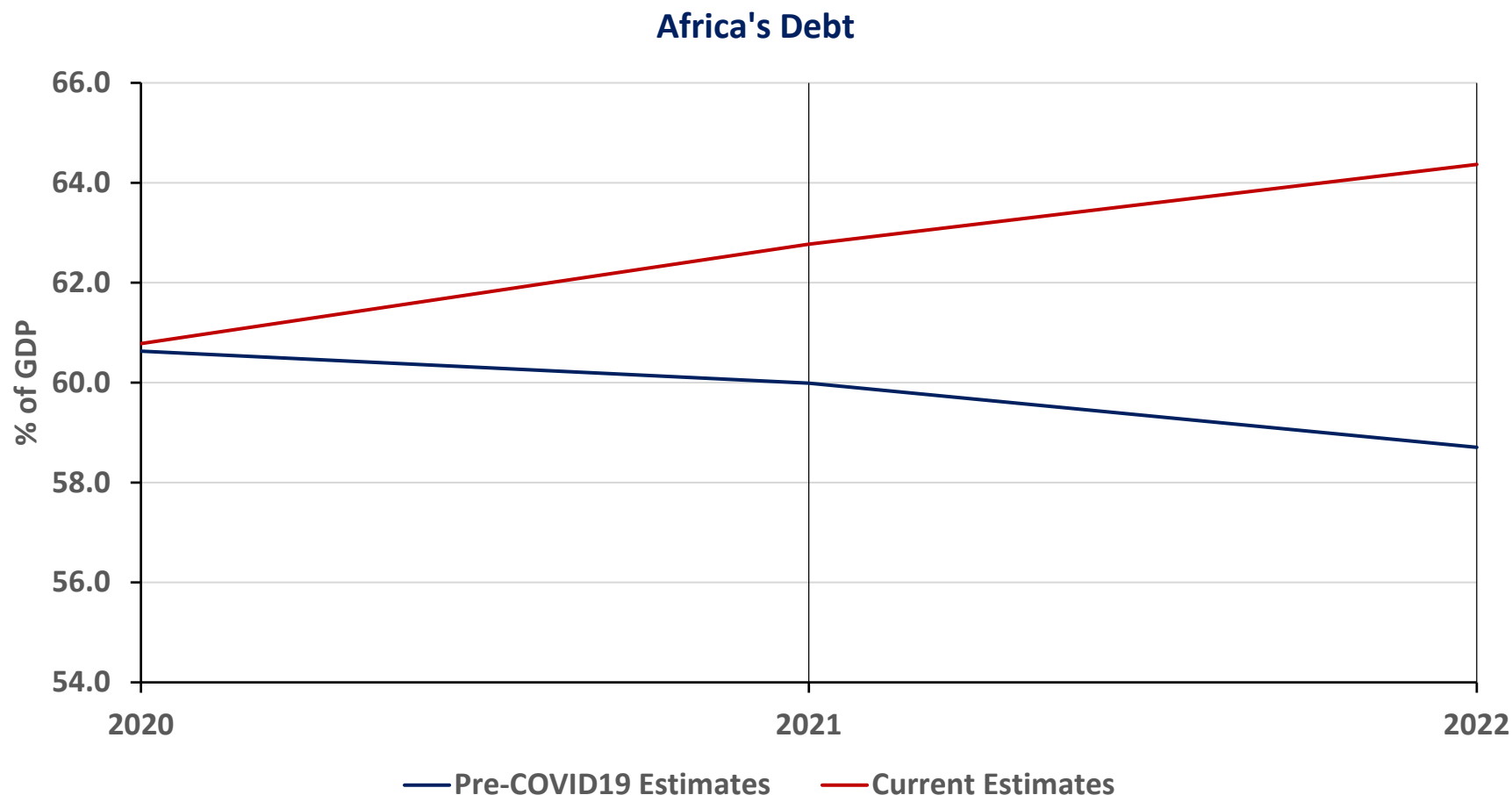
Source: UNWTO

Fiscal deficits projected to rise in the short to medium term



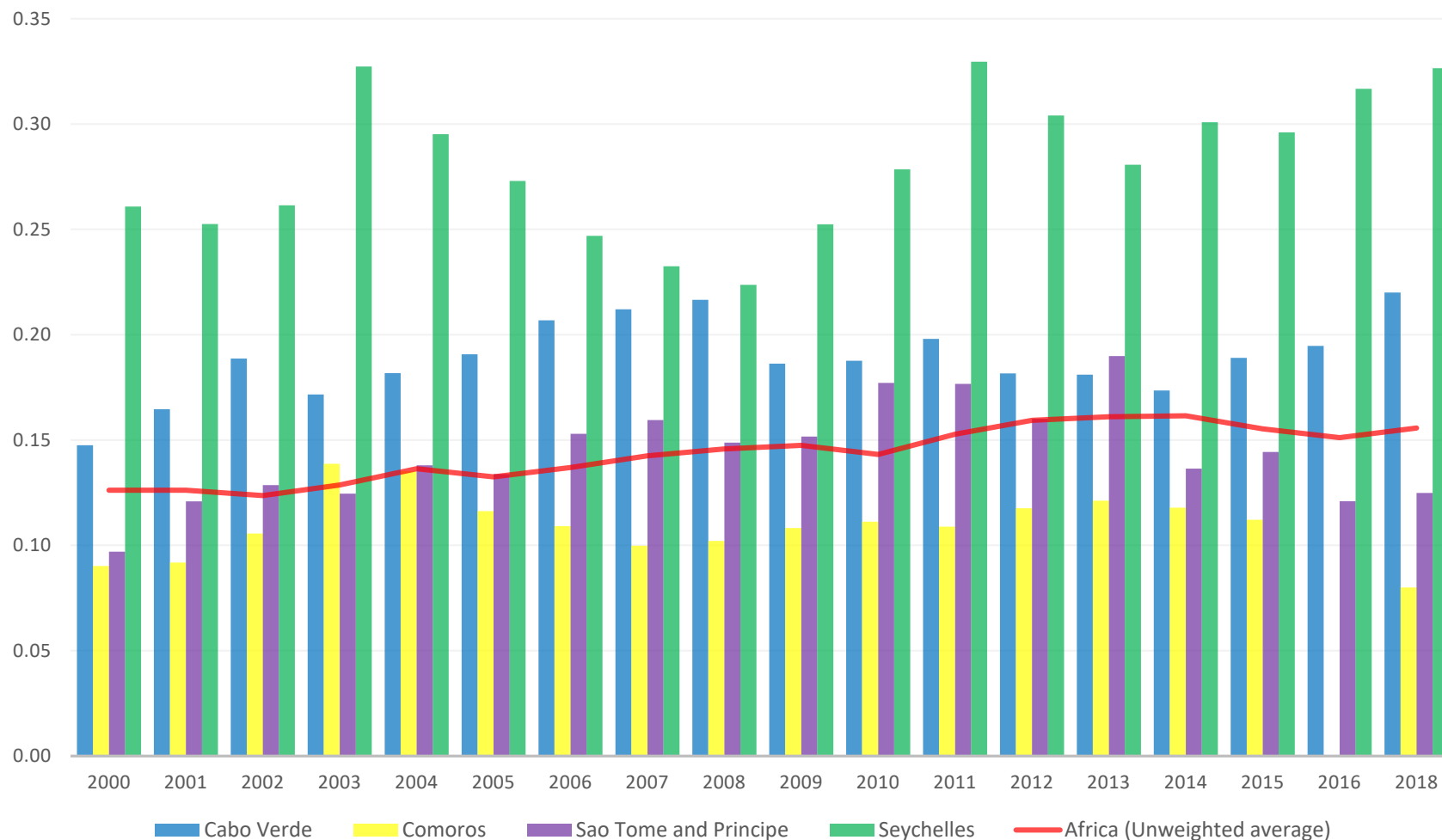
Source: ECA, DESA, IMF

Consequently, Africa's debt expected to increase in the medium term

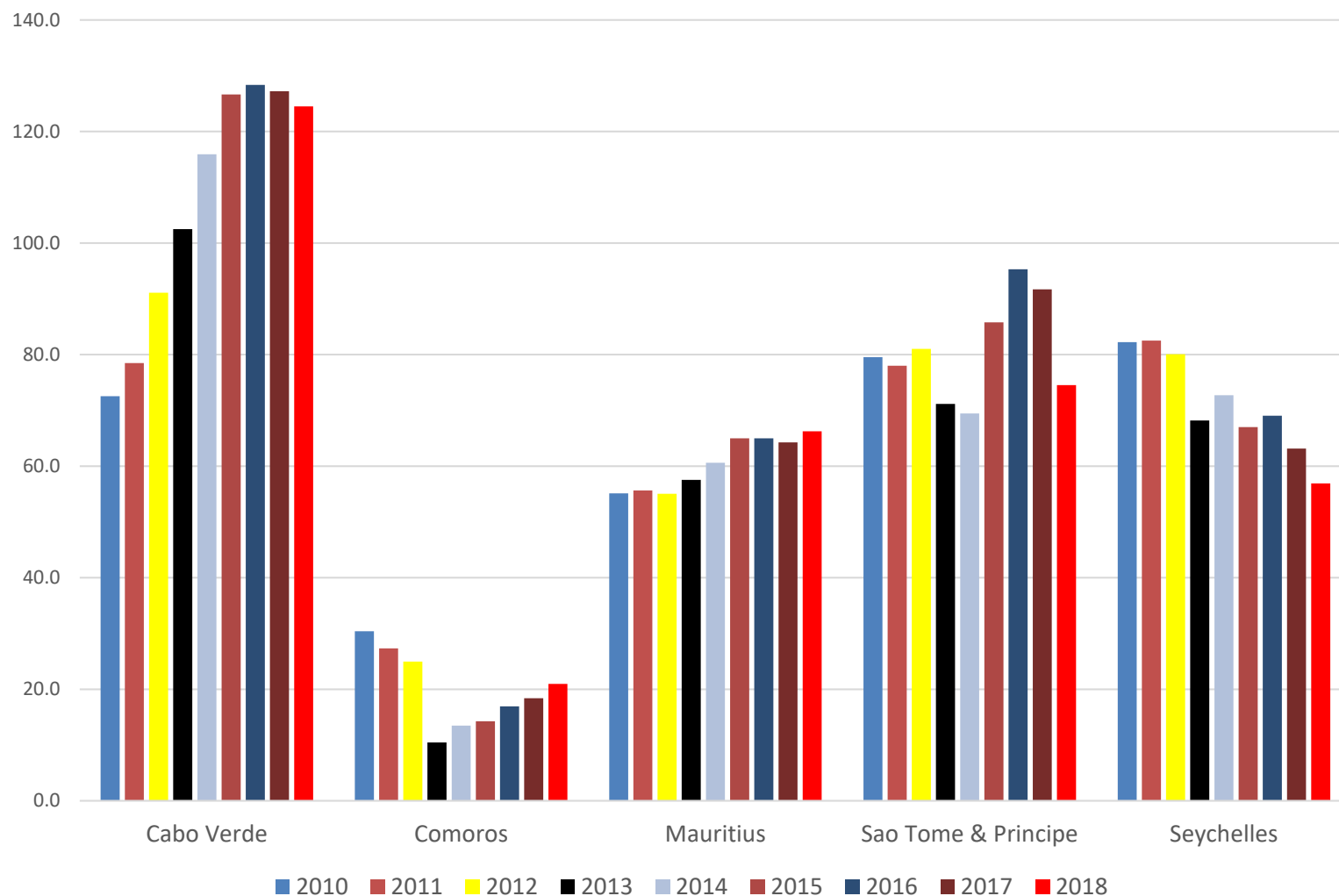


Source: ECA

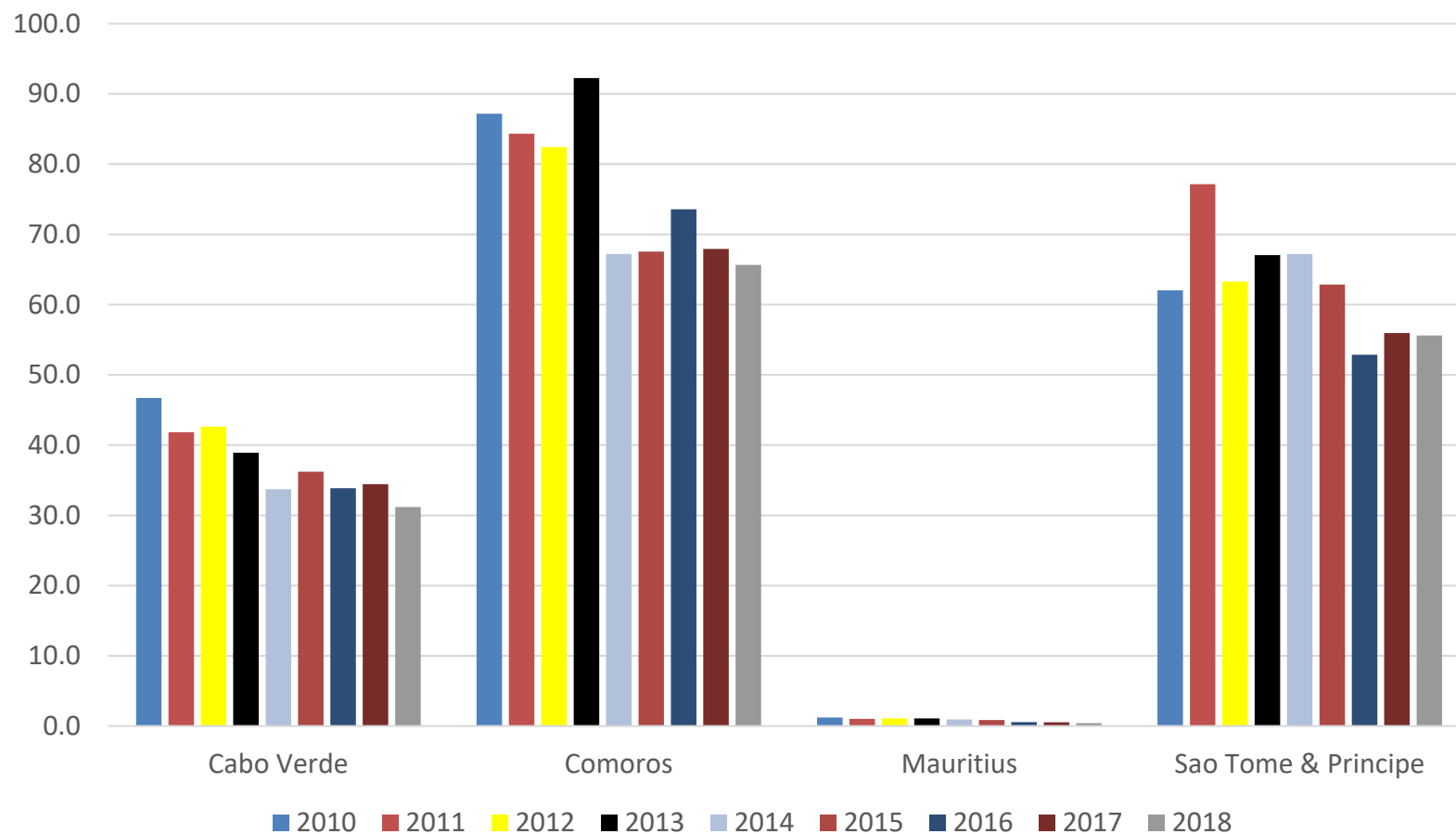
SIDS in Africa - Tax revenue/GDP Ratio



SIDS: Debt to GDP ratio



SIDS: Concessional Loans % of Gross Govt Debt



Disbursements and Commitments to Africa (US\$ Millions)

	Commitment	Actuals
IMF	24,076.99	24,076.99
World Bank	20,100.00	13,011.10
AFREXIM Bank	3,000.00	
DSSI (Participating Countries only)		5,290.80
GAVI		31.34
AfDB	13,000.00	3,026.77
IsDB		507.89
AMF		
BADEA	100.00	
European Union	3,640.00	
Total	63,916.99	45,944.89

Source: ECA, 2020 – last updated on 3 August 2020

Allocation to African SIDS (US\$ Millions)

	Cape Verde	Comoros	Guinea-Bissau	Mauritius	Sao Tome & Principe	Seychelles	Total
IMF	32.00	13.46	1.48	-	14.52	31.23	92.69
World Bank	30.00	40.00	-	100.00	12.50	15.00	197.50
DSSI	14.90	2.30	-	-	2.10	-	19.30
GAVI	-	0.28	-	-	0.21	-	0.49
AfDB	33.00	-	-	208.68	34.50	10.00	286.18
IsDB	-	-	15.00	-	-	-	15.00
AMF	-	-	-	-	-	-	-
BADEA	-	-	-	-	-	-	-
Total	109.90	56.04	16.48	308.68	63.83	56.23	611.16

Source: ECA, 2020 – last updated on 3 August 2020

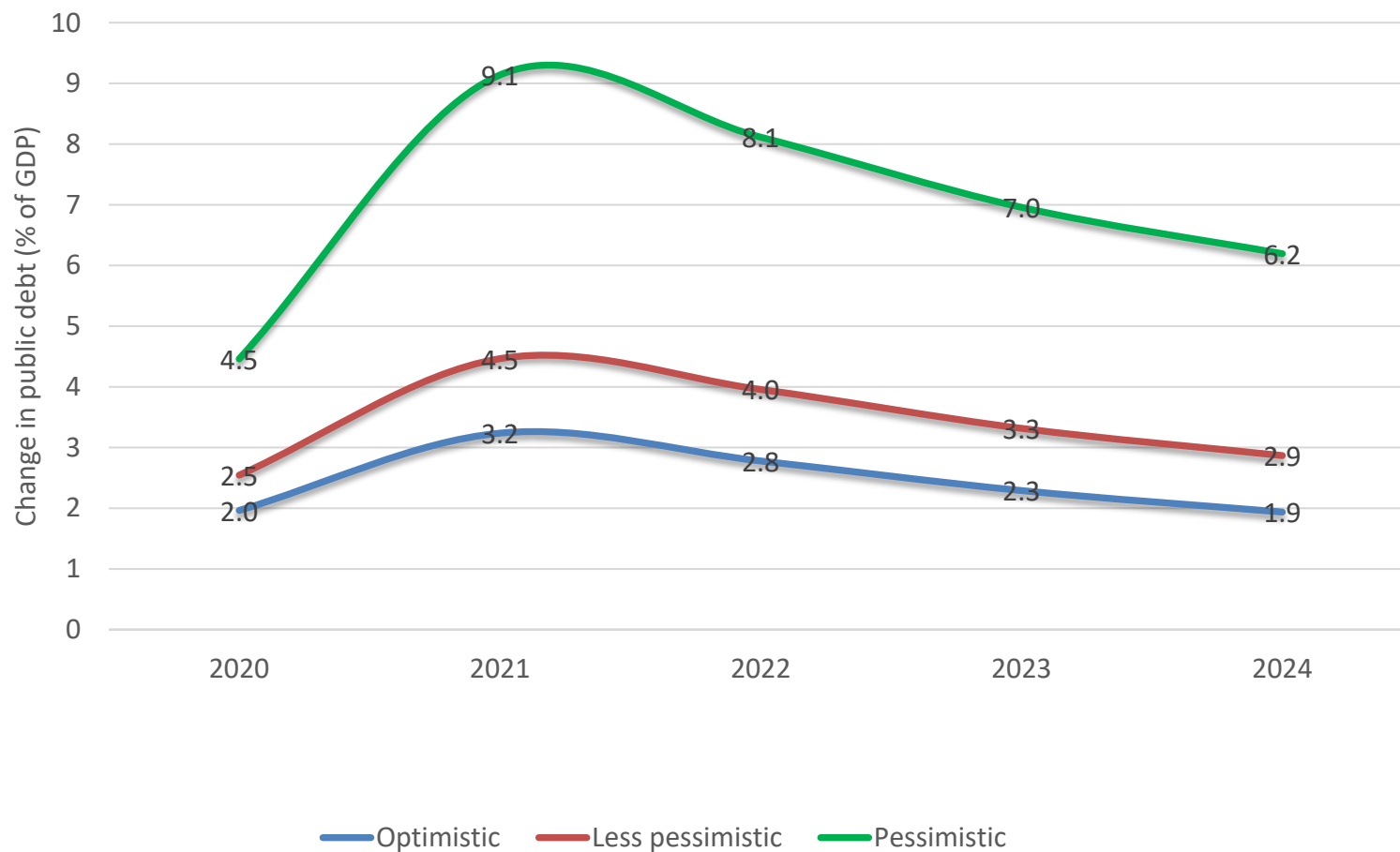
Impact of a \$100bn stimulus

- In the optimistic growth scenario a \$100bn stimulus increases growth from 1.1 percent to 3.8 percent. The 2.7 percentage point increase is equivalent to US\$ 95.4 billion increase in GDP in 2020.
- In the pessimistic scenario a \$100bn stimulus averts a contraction; growth increases from -2.7 percent to 2.2 percent in 2020. This is equivalent to a US\$ 145.9 billion increase in GDP in 2020.

Impact of a \$100bn stimulus

- the positive effects of the stimulus package are stronger, the more pessimistic the scenario of the pandemic
- the impact of the stimulus is higher when spending is channelled exclusively through government spending
- delaying the stimulus by 1 year costs the continent 5.4 percentage points in lost GDP
- Without improving the governance architecture Africa loses 1.9 percentage points in growth due to leakages
- The stimulus will initially elevate debt vulnerabilities, however, the rate of growth of the debt to GDP ratio slows as the stimulus improves GDP growth.

Impact of a \$100bn stimulus on Public Debt Growth in Africa



Platforms to support African countries

- **Covid-19 Coordination meetings** bring together experts from Think Tanks, private sector government and the UN to discuss solutions to the pandemic.
- **Partnership with Afreximbank and Africa CDC** to develop a digital platform for the pooled procurement of COVID-19 related supplies
- **A Geospatial Online Platform** developed to track Covid-19 cases, recoveries and deaths. Pulls data from the World Health Organization (WHO), CDC-US, China and Europe. <https://arcg.is/5LCSa>.

Platforms to support African countries

- **UN Knowledge Hub for COVID19** launched <https://knowledge.uneca.org/covid19/>. The Hub is a one-stop-shop on information and resources relevant to Africa on the pandemic
- The **African Statistical System Collaboration Platform** developed during COVID-19 to:
 - distill key lessons and best practices to mitigate challenges facing National Statistical Systems due to the pandemic.
 - Provide a discussion and problem solving forum
- Working with African countries and CSOs to track stimulus spending



THANK YOU!