Economic Effects of the COVID-19 on Africa

Economic Commission for Africa

18 March, 2020
Addis Ababa, Ethiopia
Key messages

1) Africa needs a $USD100bn to respond effectively

2) Prioritize immediate health response through procurement of surveillance and logistical supplies and involve all stakeholders;

3) Mitigate socio-economic impacts through fiscal stimulus -

4) Manage liquidity in the financial sector;

5) Protect/increase funding for social protection;

6) Involve private sector in the response to the crisis

7) Maintain the momentum towards AfCFTA’s implementation.
Outline

1. The Status in Africa
2. Channels of Impact in Africa
3. Focus on Growth and Employment
4. Focus on Trade in Goods
5. Focus on Trade in Services
6. Focus on Financial Sector
7. Poverty, Gender and Urbanization
8. The Fiscal Implications
9. Policy Options
10. The Role of AfCFTA
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COVID-19

THE STATUS IN AFRICA
Exponential health impact
4 days apart 30 fold increase.

13 March 2020

17 March 2020

Number of cases increased from about 50 confirmed cases on 13 March to over 400 confirmed cases on 17 March, while number of countries increased from 12 to 28 respectively
COVID-19 a public good problem
Reported cases in Africa

<table>
<thead>
<tr>
<th>Region</th>
<th>Confirmed Cases</th>
<th>Deaths</th>
<th>Recovered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Africa</td>
<td>8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>East Africa</td>
<td>30</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>North Africa</td>
<td>265</td>
<td>9</td>
<td>27</td>
</tr>
<tr>
<td>West Africa</td>
<td>59</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Southern Africa</td>
<td>67</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>429</td>
<td>10</td>
<td>27</td>
</tr>
</tbody>
</table>
...the crisis may overwhelm weak health systems on the continent

- China: Pop – 1.4 Bn
- Africa: Pop – 1.3 Bn

- Africa’s population is 100m shy of China’s population
- Assuming the crisis hits Africa in same magnitude as China - we can expect about 80K people affected by COVID-19 and about 3000 deaths at minimum (assuming similar responses)
In half of the affected countries more than 50% live in slums (2014)

Proportion of urban population living in slums

UN-Habitat (2016) World Cities Report
In some affected African countries less than 50% of the population have access to safely managed drinking water services (2017).
Achieving the SDGs severely compromised

- Crisis will severely undermine progress on SDGs and Agenda 2063

- $100bn needed to bridge funding gap and propel the Decade of Action
COVID-19

THE CHANNELS OF IMPACT IN AFRICA
Africa is increasingly interconnected with the rest of the world

<table>
<thead>
<tr>
<th>Channels of Transmission</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social</strong></td>
<td>1. Human movement</td>
</tr>
<tr>
<td></td>
<td>2. Trade (China, USA, EU etc.)</td>
</tr>
<tr>
<td><strong>Price</strong></td>
<td>1. Inflationary Pressures</td>
</tr>
<tr>
<td></td>
<td>2. Exchange Rate Instability</td>
</tr>
<tr>
<td><strong>Fiscal</strong></td>
<td>1. Increase in health expenditure</td>
</tr>
<tr>
<td></td>
<td>2. Decline in revenue linked to economic slump</td>
</tr>
<tr>
<td><strong>Trade</strong></td>
<td>1. Directly through trade links with China, US and Europe</td>
</tr>
<tr>
<td></td>
<td>2. Indirectly through trade links between China, Europe and the rest of the world</td>
</tr>
<tr>
<td></td>
<td>3. Remittances and Tourism</td>
</tr>
<tr>
<td><strong>Investments/financial markets</strong></td>
<td>1. Decline in FDI flows</td>
</tr>
<tr>
<td></td>
<td>2. Capital flight</td>
</tr>
<tr>
<td></td>
<td>3. Domestic financial market tightening</td>
</tr>
</tbody>
</table>
Impact of COVID-19 on Africa

• Health-related disruptions in output
• Disruption in supply chains
• Inflationary pressures
• Compression in demand (economic slowdown)
  – Decline in trade in goods (primary commodities) and services (transport and tourism)
  – Deterioration in current account balance
• Decline in investments (uncertainty)
• Job losses
(cont’d) Impact of COVID-19 on Africa

• Drop in remittances
• Deterioration in the fiscal position
  – lower tax revenues and
  – higher social protection spending
• Increased debt
• Banking sector fragility (NPLs)
  – Drop in liquidity/trade credit
• Social impacts – poverty, gender, inequality, access to social services
The Economic dimension in Africa

FOCUS ON GROWTH AND EMPLOYMENT
Africa: Corona Virus new blow to economy
Growth expected to drop from 3.2% to 1.8%

1.4 percentage point GDP decline equivalent to $29bn (i.e., from US$66 Bn in 2019 to US$37 Bn in 2020)
48 percent decline in employment
Economic growth – poverty effects

48% fewer people will be lifted out of poverty

Using the upper level of growth-poverty elasticity of 0.68, these are the results with differing economic growth rates, due to coronavirus of 1.8% growth. The poverty reducing effect would be halved in this case.
The Economic dimension in Africa

FOCUS ON TRADE IN GOODS
51% of Africa’s exports go to countries highly impacted by COVID-19

Africa's merchandise exports flows with its main trading partners (based on annual average, 2016-18)

Merchandise exports in Billion USD (left axis) - Percentage of Africa's total exports (right axis)

Source: Based on data from UNCTADstat
53% of Africa’s imports originate from highly impacted COVID-19 countries.

Africa's merchandise imports flows with its main trading partners (based on annual average, 2016-18)

- Merchandise imports (Billion USD)
- Percentage of Africa's total imports

Source: Based on data from UNCTADstat
High trade vulnerability to COVID-19

Africa’s Top 25 exports and imports of goods – Average (2016-18)

Top 25 Exports (US$ bn)

- Petroleum oils, oils from bitumin. materials,...: 117,0
- Gold, non-monetary (excluding gold ores...: 27,5
- Natural gas, whether or not liquefied: 18,4
- Petroleum oils or bituminous minerals > 70% oil: 15,8
- Copper: 11,3
- Pearls, precious & semi-precious stones: 10,4
- Fruits and nuts (excluding oil nuts), fresh or...: 10,0
- Motor vehicles for the transport of persons: 8,5
- Cocoa: 8,4
- Ores and concentrates of base metals, n.e.s.: 8,4
- Silver, platinum, other metals of the...: 7,0
- Coal, whether or not pulverized, not...: 6,0
- Equipment for distributing electricity, n.e.s.: 5,7
- Fertilizers (other than those of group 272): 5,2
- Iron ore and concentrates: 5,0
- Liquefied propane and butane: 4,4
- Pig iron & spiegeleisen, sponge iron, powder...: 4,4
- Vegetables: 4,0
- Motor vhec. for transport of goods, special...: 3,6
- Articles of apparel, of textile fabrics, n.e.s.: 3,6
- Aluminium: 3,5
- Inorganic chemical elements, oxides &...: 3,4
- Fish, fresh (live or dead), chilled or frozen: 2,8
- Women’s clothing, of textile fabrics: 2,8
- Ships, boats & floating structures: 2,8

Top 25 Imports (US$ bn)

- Petroleum oils or bituminous minerals > 70% oil: 42,9
- Motor vehicles for the transport of persons: 16,3
- Telecommunication equipment, n.e.s.; &...: 13,6
- Petroleum oils, oils from bitumin. materials,...: 12,9
- Medicaments (incl. veterinary medicaments): 12,0
- Wheat (including spelt) and meslin, unmilled: 9,9
- Motor vhec. for transport of goods, special...: 8,0
- Civil engineering & contractors’ plant &...: 7,3
- Ships, boats & floating structures: 6,7
- Parts & accessories of vehicles of 722, 781,...: 6,5
- Other machinery for particular industries, n.e.s.: 6,5
- Apparatus for electrical circuits; board, panels: 6,1
- Sugar, molasses and honey: 5,9
- Rice: 5,2
- Manufactures of base metal, n.e.s.: 5,1
- Paper and paperboard: 5,0
- Equipment for distributing electricity, n.e.s.: 4,9
- Electrical machinery & apparatus, n.e.s.: 4,8
- Tubes, pipes & hollow profiles, fittings, iron,...: 4,8
- Aircraft & associated equipment; spacecraft,...: 4,7
- Iron & steel bars, rods, angles, shapes &...: 4,6
- Articles, n.e.s., of plastics: 4,6
- Pumps (excluding liquid), gas compressors &...: 4,5
- Automatic data processing machines, n.e.s.: 4,5
- Heating & cooling equipment & parts thereof,...: 4,5

Source: ECA based on UNCTADStat
Commodity prices expected to continue declining

Source: ECA based on UNCTADStat
Focus on fuels: Largest export – 7.4% of GDP

- Fuels account for 7.4% of Africa’s GDP for average period 2016-18; peaked at 20% of GDP in 2008;

- Africa is a large net exporter of fuels; exports of fuels tend to fluctuate and closely following evolution of crude oil prices:

Evolution of Africa’s total exports vs. imports of fuels (left axis; US$ billion) and crude oil price (right axis; US$/bbl) – 1998-2018

Source: ECA based on UNCTADStat
Focus on fuels: over US$65bn losses in revenue expected

- Top 10 African exporters of fuels will be hit *(based on 2016-18 averages)*:

![Bar chart showing fuel exports (US$bn) for top 10 African exporters]

- Average 2016-18 yearly exports revenues from fuels for Africa were **US$ 166 billion**, with WTI average yearly price for the period at US$ 57.6;

*Source: ECA based on UNCTADStat*
COVID-19 could reduce Nigeria’s total exports of crude oil in 2020 by between US $14 billion and US$ 19 billion (compared to predicted exports without COVID-19).
Focus on fuels: fuel importers save about USD$19.6bn

- **Top 10 African importers of fuels** *(based on 2016-18 averages):*

- **Potential savings for top 10 African importers of fuels** *(at oil price of US$ 35):*

- **Average 2016-18 yearly import revenues from fuels for Africa were US$ 54 billion, with WTI average yearly price for the period at US$ 57.6;***

*Source: ECA based on UNCTADStat*
Focus on basic food: heavy reliance on imports

- Only 15 African countries are net exporters of basic food
- *Countries do not consume what they export*

**Net trade balance of basic food – African countries – Average 2016-18 – US$ billion**

*Source: ECA based on UNCTADStat*
Focus on basic food: 10 basic foods constitute $50bn (66%) of total food imports

- **Top 10 exported basic food items by Africa (average 2016-18):**

  - Fruits and nuts (excl. oil nuts)
  - Cocoa
  - Vegetables
  - Fish, fresh, chilled or frozen
  - Coffee and substitutes
  - Sugar, molasses and honey
  - Oil seeds
  - Shellfish
  - Tea and mate
  - Fish, prepared, preserved

  ![Bar chart showing top 10 exported basic food items by Africa](chart1)

- **Top 10 imported basic food items by Africa (average 2016-18):**

  - Wheat and meslin, unmilled
  - Sugar, molasses and honey
  - Rice
  - Edible products, n.e.s.
  - Fixed vegetable fats & oils, fract.
  - Maize, unmilled
  - Fish, fresh, chilled or frozen
  - Milk and cream(excl. butter, cheese)
  - Animal Feed
  - Fixed vegetable fats & oils, fractio.

  ![Bar chart showing top 10 imported basic food items by Africa](chart2)

Source: ECA based on UNCTADStat
Food: dependence spread across the continent

- **10 Largest Importers of Top 5 Imported Foods in Africa (average 2016-18):**

  - **Wheat (incl. spelt) and meslin, unmilled**
    - Total Imports: US$ 9.9 bn
      - Egypt, Algeria, Morocco, Senegal, South Africa, Tunisia, Sudan, South Africa, Kenya, Libya, Ethiopia, Others
  
  - **Rice**
    - Total Imports: US$ 5.9 bn
      - Benin, Côte d'Ivoire, South Africa, Ghana, Senegal, Cameroon, Guinea, Kenya, Angola, Madagascar, Others
  
  - **Sugar, molasses, and honey**
    - Total Imports: US$ 5.2 bn
      - Algeria, Egypt, Nigeria, Sudan, Morocco, South Africa, Kenya, Tunisia, Angola, Tanzania, Others
  
  - **Edible products and preparations, n.e.s.**
    - Total Imports: US$ 4.3 bn
      - Nigeria, Algeria, South Africa, Egypt, Senegal, Angola, Ghana, Morocco, Ethiopia, Mali, Others
  
  - **Fixed vegetable fats & oils, crude, refined, fract.**
    - Total Imports: US$ 4.2 bn
      - Egypt, Kenya, South Africa, Ethiopia, Tanzania, Benin, Ghana, Nigeria, Uganda, Angola, Others

*Source: ECA based on UNCTADStat*
Pharmaceuticals: High external dependence $16bn or 94 percent (imported)

- All African countries are net importers of medicinal and pharmaceutical products;

Top 10 African exporters/importers of medicinal and pharmaceutical products—Average (2016-18)

Source: ECA based on UNCTADStat
75% of pharmaceuticals imports are from Europe, India and China

Source: ECA based on UNCTADStat
The Economic dimension in Africa

FOCUS ON TRADE IN SERVICES
Slump in air travel will impact current account

• IATA forecasts a 0.6% global contraction in passenger demand for 2020

• This would bring total global lost revenue to $29.3 billion

• Carriers outside Asia-Pacific are forecast to bear a revenue loss of $1.5 billion, linked to China.
Slump in air travel will impact current account

Number of arrivals and departures, for 7 countries with complete data, 2015-2018

- International tourism, number of arrivals [ST.INT.ARVL]
- International tourism, number of departures [ST.INT.DPRT]
Substantial losses in air transport revenues expected

Top African Air transport exports, USD Millions, 2017
Decline in tourism receipts will disproportionately impact African SIDS

International tourism receipts, (Average 2015-2018)

- Seychelles: 36.9%
- Cabo Verde: 24.9%
- Sao Tome and Principe: 18.5%
- Mauritius: 14.9%
- Gambia: 8.7%
- Morocco: 7.9%
- Madagascar: 6.7%
- Comoros: 5.6%
- Rwanda: 5.5%
- Togo: 5.0%
- Cabo Verde: 5.0%

% of GDP
The Economic dimension in Africa

FOCUS ON REMITANCES
Decline in remittances will impact African SIDS, LDCs and conflict affected countries.

### Remittances, (average 2015-2018)

<table>
<thead>
<tr>
<th>Country</th>
<th>% of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lesotho</td>
<td>20.9</td>
</tr>
<tr>
<td>Liberia</td>
<td>16.2</td>
</tr>
<tr>
<td>The Gambia</td>
<td>12.9</td>
</tr>
<tr>
<td>Comoros</td>
<td>12.8</td>
</tr>
<tr>
<td>Cabo Verde</td>
<td>12.3</td>
</tr>
<tr>
<td>Senegal</td>
<td>10.1</td>
</tr>
<tr>
<td>South Sudan</td>
<td>9.5</td>
</tr>
<tr>
<td>Togo</td>
<td>8.6</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>8.2</td>
</tr>
<tr>
<td>Egypt, Arab Rep.</td>
<td>7.9</td>
</tr>
</tbody>
</table>
The Economic dimension in Africa

FOCUS ON FINANCIAL SECTOR
Declining trend in FDI inflows to Africa (2008-2018) likely to persist in short run
Disruptions in access to trade credit will impact pre-financing options of food exporters and importers

- Trade credits – countries will need liquidity help, especially those which are net food exporters to avoid increase in Non Performing Loans (NPLs)

- Fragilities in the sector leading to economic uncertainties;

Source: ECA based on UNCTADStat
The Social dimension in Africa

POVERTY, GENDER AND URBANIZATION
Female care-givers will be disproportionately impacted by COVID-19

- The vast majority of nurses are females in Africa: 65% of all nurses are females, while 72% of all doctors are males.*

- Evidence from the Ebola crisis in West Africa from 2014 to 2016 shows that health workers were more likely than other groups to become infected and die after being infected (Table 1).

- Since they will be more involved in the care of those infected by COVID-19, it is expected that female health workers are more likely to be infected with the virus.
Increased risks in urban slum areas

• 587 million persons (43.5% of total population) live in urban areas in Africa
• 55.9% of Africa’s urban population (excluding North Africa) live in slums presenting specific challenges for the COVID-19 outbreak
• Surveillance, monitoring, containment, mitigation challenges for infectious disease outbreaks are acute in slums
• Slum challenges for infectious diseases include
  – Population density
  – Overcrowding in households
  – Service and infrastructure deficits (water, sanitation)
  – Lack of fixed address of residents
  – High mobile population
  – Poor health care access
  – Quarantine enforcement challenges (majority daily income earners)
The Economic dimension in Africa

THE FISCAL IMPLICATIONS
Spending on health will increase as Governments set aside funds for COVID-19.
Commodity price shocks will lead to decline in revenue for commodity exporters and undermine the current account balance

Congo
Nigeria
Equatorial Guinea
South Africa
Egypt
Ghana
Algeria
Angola
Gabon
Lybia

% of GDP

www.uneca.org
More than half of African countries have deficits above 3% of GDP.
COVID-19 shock will further impact debt sustainability (Debt/GDP)
Weak macro-fiscal position will compromise response to COVID-19 crisis

<table>
<thead>
<tr>
<th>Country</th>
<th>Fiscal Deficit (% of GDP)</th>
<th>Debt (% of GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>-2.6</td>
<td>29.8</td>
</tr>
<tr>
<td>South Africa</td>
<td>-5.9</td>
<td>55.9</td>
</tr>
<tr>
<td>Egypt, Arab Rep.</td>
<td>-8.0</td>
<td>84.9</td>
</tr>
<tr>
<td>Algeria</td>
<td>-7.6</td>
<td>46.1</td>
</tr>
<tr>
<td>Angola</td>
<td>0.7</td>
<td>95.0</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>-2.7</td>
<td>59.1</td>
</tr>
<tr>
<td>Kenya</td>
<td>-7.2</td>
<td>61.6</td>
</tr>
<tr>
<td>Cote d'Ivoire</td>
<td>-3.2</td>
<td>52.7</td>
</tr>
<tr>
<td>Ghana</td>
<td>-5.0</td>
<td>63.8</td>
</tr>
<tr>
<td>Zambia</td>
<td>-4.6</td>
<td>91.6</td>
</tr>
<tr>
<td>Mozambique</td>
<td>-6.1</td>
<td>108.8</td>
</tr>
<tr>
<td>Morocco</td>
<td>-4.1</td>
<td>65.3</td>
</tr>
<tr>
<td>Cameroun</td>
<td>-2.7</td>
<td>40.5</td>
</tr>
<tr>
<td>DRC</td>
<td>-0.2</td>
<td>13.5</td>
</tr>
<tr>
<td>Senegal</td>
<td>-3.9</td>
<td>63.3</td>
</tr>
</tbody>
</table>
Central Africa: Differentiated impact of Corona Virus

- **Central Africa-11**
  - Oil prices: -4.7%
  - Tourism: -5.7%
  - Non-oil exports: -0.4%
  - Fiscal imbalances expected
  - Oil export channel most critical
  - Tight measures required

- **Angola**
  - Oil prices: -5.7%
  - Tourism: -5.7%
  - Non-oil exports: -0.4%
  - Fiscal imbalances expected
  - Tourism and non-oil exports channels higher

- **Burundi**
  - Oil prices: -0.4%
  - Tourism: -0.4%
  - Non-oil exports: -0.4%
  - Fiscal imbalances expected
  - Tight measures required

- **Cameroon**
  - Oil prices: -3.1%
  - Tourism: -3.1%
  - Non-oil exports: -3.1%
  - Fiscal imbalances expected
  - Tourism and non-oil exports channels higher

- **Central Africa Republic**
  - Oil prices: -0.9%
  - Tourism: -4.8%
  - Non-oil exports: -1.9%
  - Fiscal imbalances expected
  - Tight measures required

- **Chad**
  - Oil prices: -4.8%
  - Tourism: -4.8%
  - Non-oil exports: -1.9%
  - Fiscal imbalances expected
  - Tight measures required

- **Congo, DR**
  - Oil prices: -1.9%
  - Tourism: -1.9%
  - Non-oil exports: -1.9%
  - Fiscal imbalances expected
  - Tight measures required

- **Congo, Rep**
  - Oil prices: -10.6%
  - Tourism: -10.6%
  - Non-oil exports: -10.6%
  - Fiscal imbalances expected
  - Tight measures required

- **Equatorial Guinea**
  - Oil prices: -7.5%
  - Tourism: -5.0%
  - Non-oil exports: -6.3%
  - Fiscal imbalances expected
  - Tight measures required

- **Gabon**
  - Oil prices: -5.0%
  - Tourism: -5.0%
  - Non-oil exports: -6.3%
  - Fiscal imbalances expected
  - Tight measures required

- **Rwanda**
  - Oil prices: -6.3%
  - Tourism: -6.3%
  - Non-oil exports: -6.3%
  - Fiscal imbalances expected
  - Tight measures required

- **Sao Tome and Principe**
  - Oil prices: -34%
  - Tourism: -34%
  - Non-oil exports: -34%
  - Fiscal imbalances expected
  - Tight measures required
Policy Options
Key policy messages

1) Prioritize immediate health response through procurement of surveillance and logistical supplies and involve all stakeholders;

2) Mitigate socio-economic impacts through fiscal stimulus;

3) Manage liquidity in the financial sector;

4) Protect/increase funding for social protection;

5) Involve private sector in the response to the crisis

6) Maintain the momentum towards AfCFTA’s implementation.
Recommendations

1) **Health response**: Focus on immediate health response through improved health systems, logistics, equipment, and pharmaceuticals
   a. Fund virus preparedness, prevention and curative facilities including logistics.
   b. Use crisis to improve health systems

2) **Economic response**: Fiscal Stimulus
   a. Private Sector tax breaks to allow firms to keep jobs and maintain activity
   b. Fast track procurement to provide liquidity to firms
   c. Ensure no arrears
   d. Review and revise budget to account for increase health expenditures and prioritize labor-intensive investment projects
   e. Immediately launch labour intensive capital projects. Rural roads etc.
   f. Advance purchasing to contain inflation
   g. Reduce costs of remittances for populations
   h. Increase amount of transactions on Non Bank Financial Institutions platforms (e.g. Mpesa)
   i. Ensure trade where possible continues (open borders)
Recommendations

3) Financial Sector: Manage Liquidity
   a. Ensure Banking system remains sound while providing liquidity to SMEs.
   b. Encourage Banks to restructure trade credits and other loans
   c. Consider lowering capital requirement to make liquidity available

4) Social Sector
   a. Stimulus to support distance learning and those who have lost jobs

   b. Strengthen the existing social protection systems and programs for the vulnerable groups of society through technology based systems

   c. Protect health workers: by prioritizing their access to disposable filtering face-piece respirators, given that these are in limited supply.
Recommendations

d. Support social distancing measures through temporary social assistance to ensure that workers can remain employed even if quarantined or forced to stay home to look after dependents.

e. Increase supply of hygiene products – accessible clean water, sanitizers, etc.,

Cross-cutting

• Mobilize the private sector and Civil Society in all response initiatives

5) Maintain momentum on CFTA as mechanism for building long term continental resilience and volatility management. For example increase intra Africa trade on pharmaceuticals and basic food products
COVID19 reinforces case for intra-African trade

- A rapid and ambitious implementation of the AfCFTA, will hasten the recovery from COVID19 impacts, while inoculating Africa against future adverse effects of shocks such as COVID19;

- But policy responses are undermining the AfCFTA

- Border closures and travel limitations make it difficult to conclude the outstanding negotiations on rules of origin and tariff offers, needed for trade to start under the AfCFTA;

- Governments should allocate resources to accelerate negotiations once things get back to normal;

- Meanwhile domestic consultations (national level work) should continue, to stay on track for the July 1, 2020 start date of the AfCFTA.
Role of science, technology & innovation
Strengthening Africa’s internet infrastructure is essential for effective responses

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Mobile Social Media Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>3G Coverage</td>
<td>63% 2017 70% 2018</td>
</tr>
<tr>
<td>4G Coverage</td>
<td>27% 2017 34% 2018</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Affordability</th>
<th>Mobile Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Affordability of 1GB (% of monthly income)</td>
<td>8.6% 2017 6.8% 2018</td>
</tr>
<tr>
<td>Average Affordability of cheapest internet device (% of monthly income)</td>
<td>58.0% 2017 68.5% 2018</td>
</tr>
</tbody>
</table>

- **Overall**: Acceleration in mobile broadband coverage has been driven by operators upgrading 2G sites to 3G or 4G.
- **Affordability**: Mobile data has become more affordable but remains above the 2% of monthly income threshold for more than 75% of countries in the region.
- **Content and Services**: According to consumers, the two largest barriers to mobile internet adoption in Sub-Saharan Africa are a lack of digital skills and literacy followed by affordability.
- **Mobile Ownership**: Mobile internet adoption is not equitable – in Sub-Saharan Africa, women are 41% less likely than men to use mobile internet and rural populations are 58% less likely to use mobile internet than urban populations.
Mobile broadband penetration by country in Africa, 2018

Source: World Bank 2019
Connecting Africa Through Broadband: A strategy for doubling connectivity by 2021 and reaching universal access by 2030

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THANK YOU!
Regional Highlights
Eastern Africa one of the fastest growing regions in the world

Average Growth Rates (%), 2014 - 2020

In 2019, the fastest growing economies were:

- Eastern Africa
- Africa
- World

Source: National sources, UNDESA, ECA calculations
Note: Eastern Africa average excludes Somalia and South Sudan; *Estimate/forecast
East Africa Regional exports heavily dependent on services, so if economic activity slows down and services are hit, effects could be substantial.

Source: UNCTADStat

- Merchandise Trade: 61%
- Other Services: 20%
- Transport Services: 14%

Source: UNCTADStat
Trade deficits are less present in services than in Merchandises

Source: UNCTADStat
In Eastern Africa the contribution of tourism to the economies varies across countries, and so COVID 19 will have different effects via this sector.
the region is a net commodity importer...

...and so the overall impact of CODIV is likely to be more ambiguous as prices of oil and other commodities are going down
Southern Africa countries most exposed through the three main channels (commodities, tourism and trade)
Serious challenge to SDGs’ achievement as we are entering the decade of action. SDGs implementation which should be gaining momentum during this decade will slowdown thus putting many countries off target.

- Reduction in social protection programmes means more vulnerabilities
- Significant job losses, particularly in the informal sector where job protection is weaker
- Levels of inequalities, already very high in Southern Africa, will continue to increase

Source: UNDP (2017)

Source: ECA SRO-SA calculations, World Bank Development Indicators
COVID-19 could lead to Africa’s export revenues from fuels falling to around US$ 101 billion in 2020 vs. $166bn average for the period 2016-2018;

Further drops in demand could compound price drops (e.g. cancellation of flights, lower use of cars due to lock downs and quarantine measures, etc.).