

# Impact Assessment of Covid-19

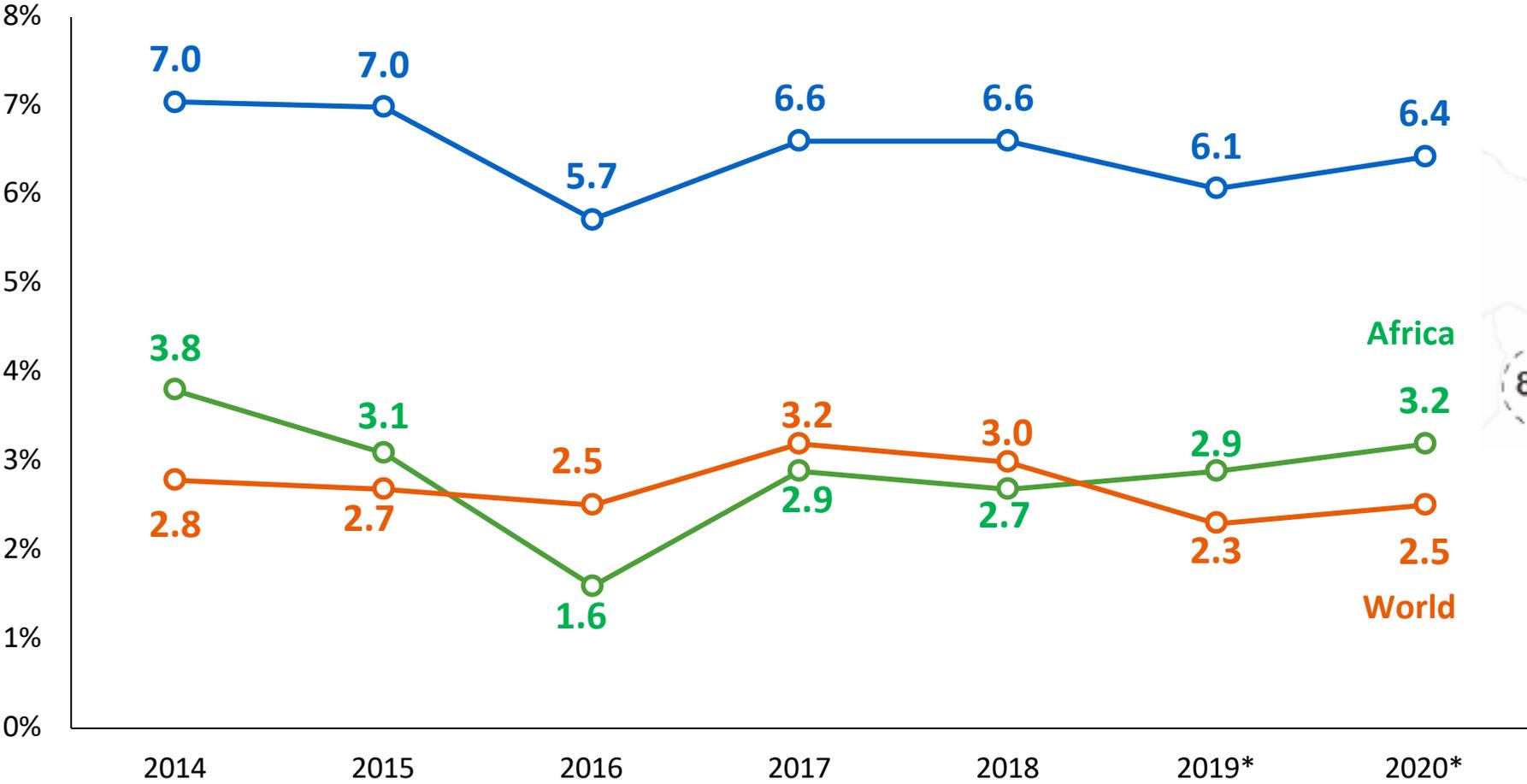
## *The Case of Eastern Africa*



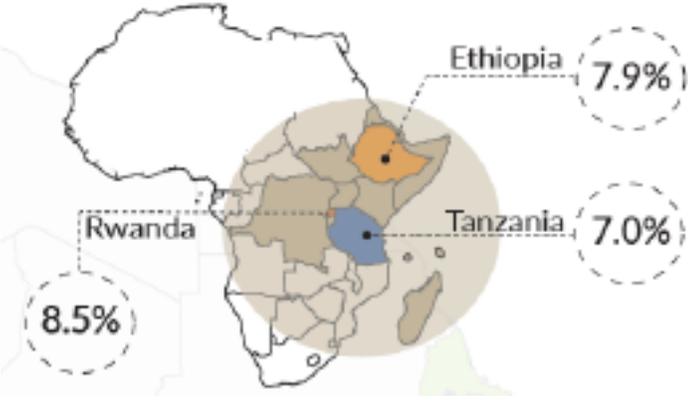
UNECA Sub-Regional Office for Eastern Africa

# Eastern Africa one of the fastest growing regions in the world

Average Growth Rates (%), 2014 - 2020



In 2019, the fastest growing economies were:



Source: National sources, UNDESA, ECA calculations

Note: Eastern Africa average excludes Somalia and South Sudan; \*Estimate/forecast

# Despite high levels of growth, Severe economic vulnerabilities still remain in Eastern Africa as a whole...

Slow paced structural change

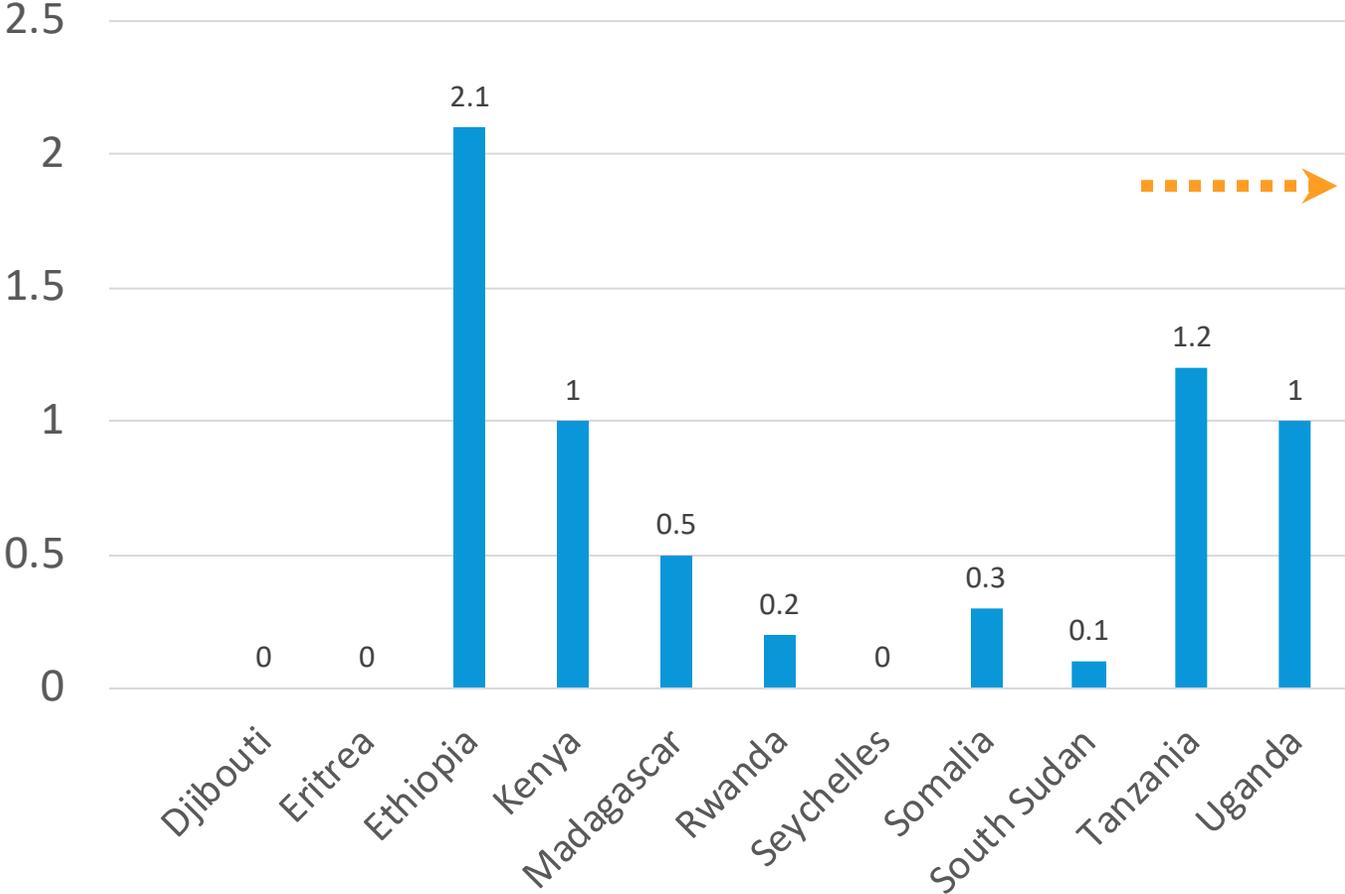
**Demographic pressures**

**Lack of job opportunities**

**Reduced trade performance in recent years**

# Demographic pressures are real...

## Working Age Population (millions) Annual Increase between 2015 and 2030

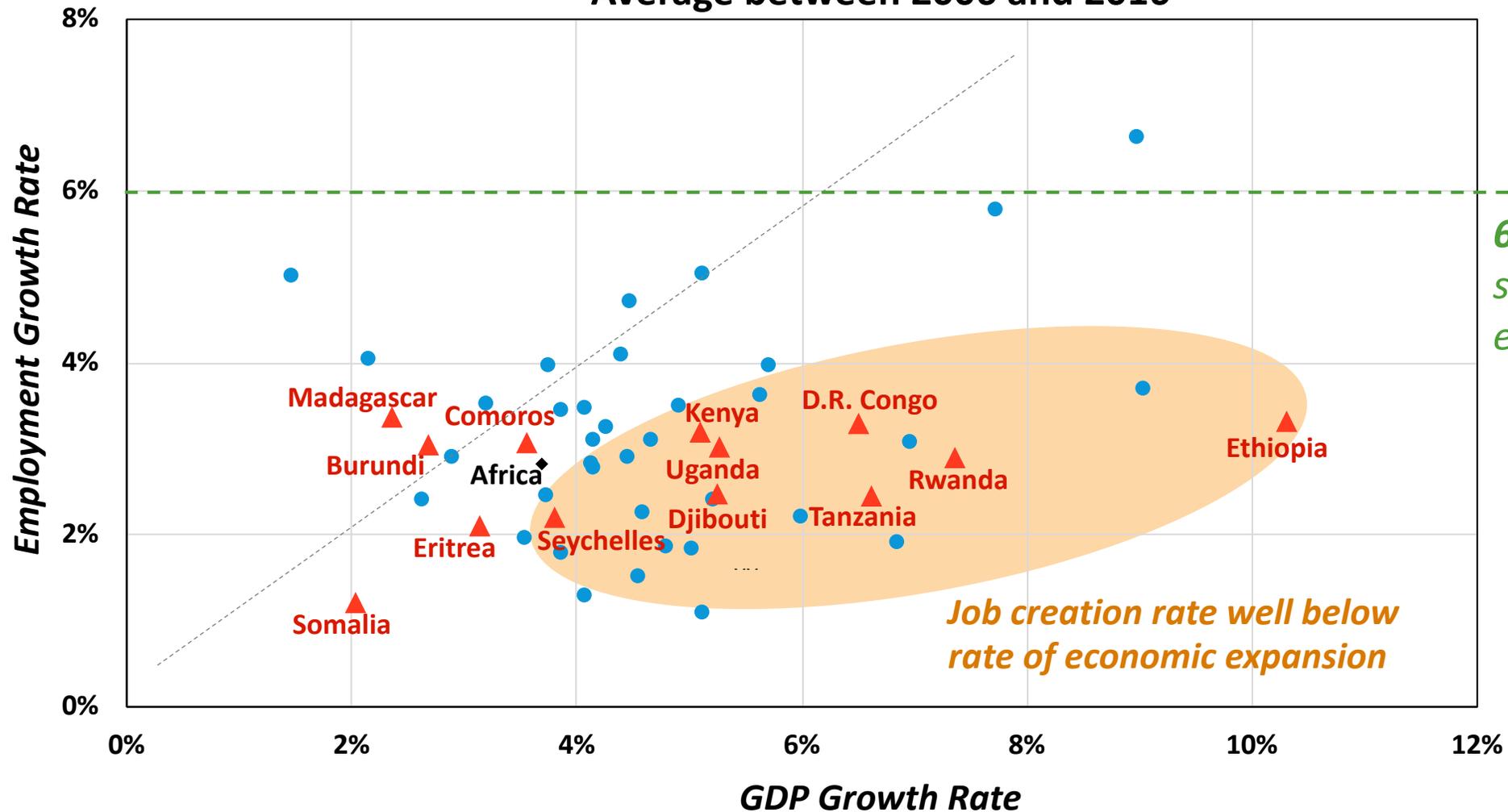


Each year, these economies need to create an aggregate of **7 million** new jobs

Source: UNdata & ILO

# Yet job creation has not kept pace with economic expansion

## GDP vs. Employment Growth Rates Average between 2006 and 2016



*6% growth required simply to absorb new entrants to job market*

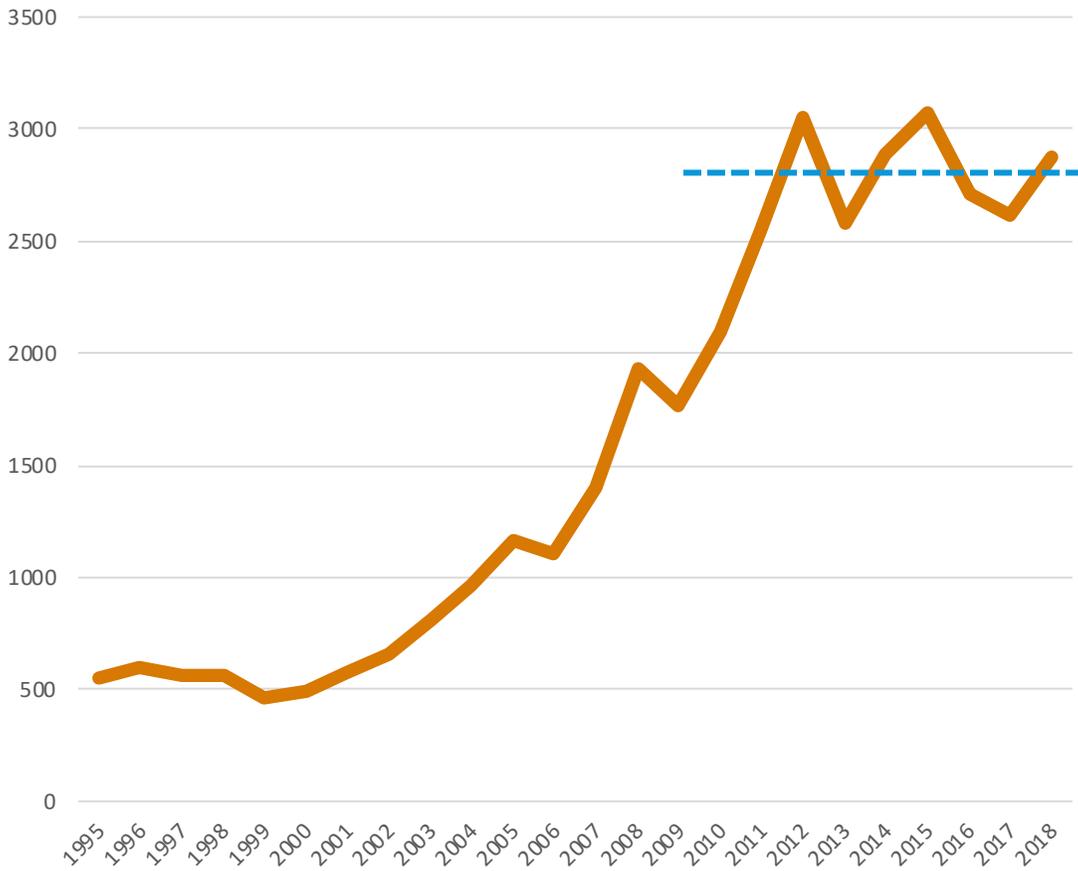
*Job creation rate well below rate of economic expansion*

Source: UNdata & ILO

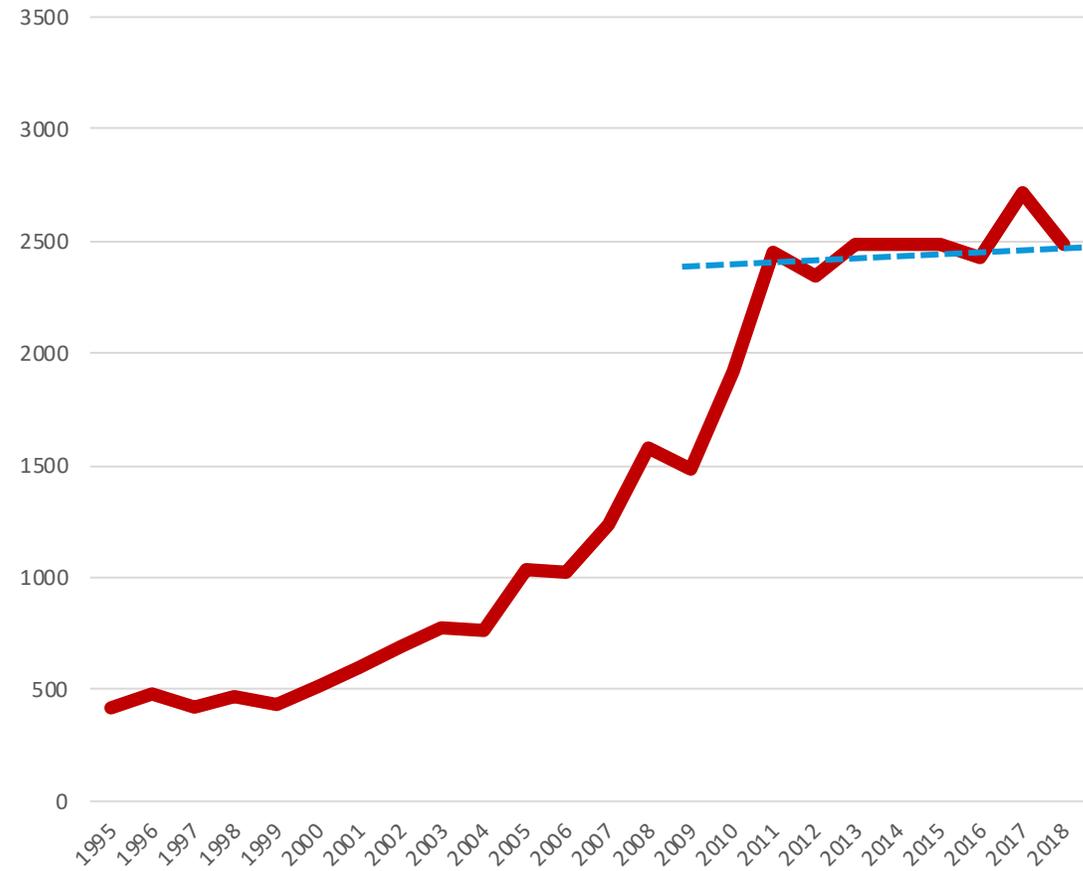
# Intra-regional trade has stopped growing and stagnated over the past decade in Eastern Africa

## Intra-Regional Trade (USD m)

### EAC



### IGAD



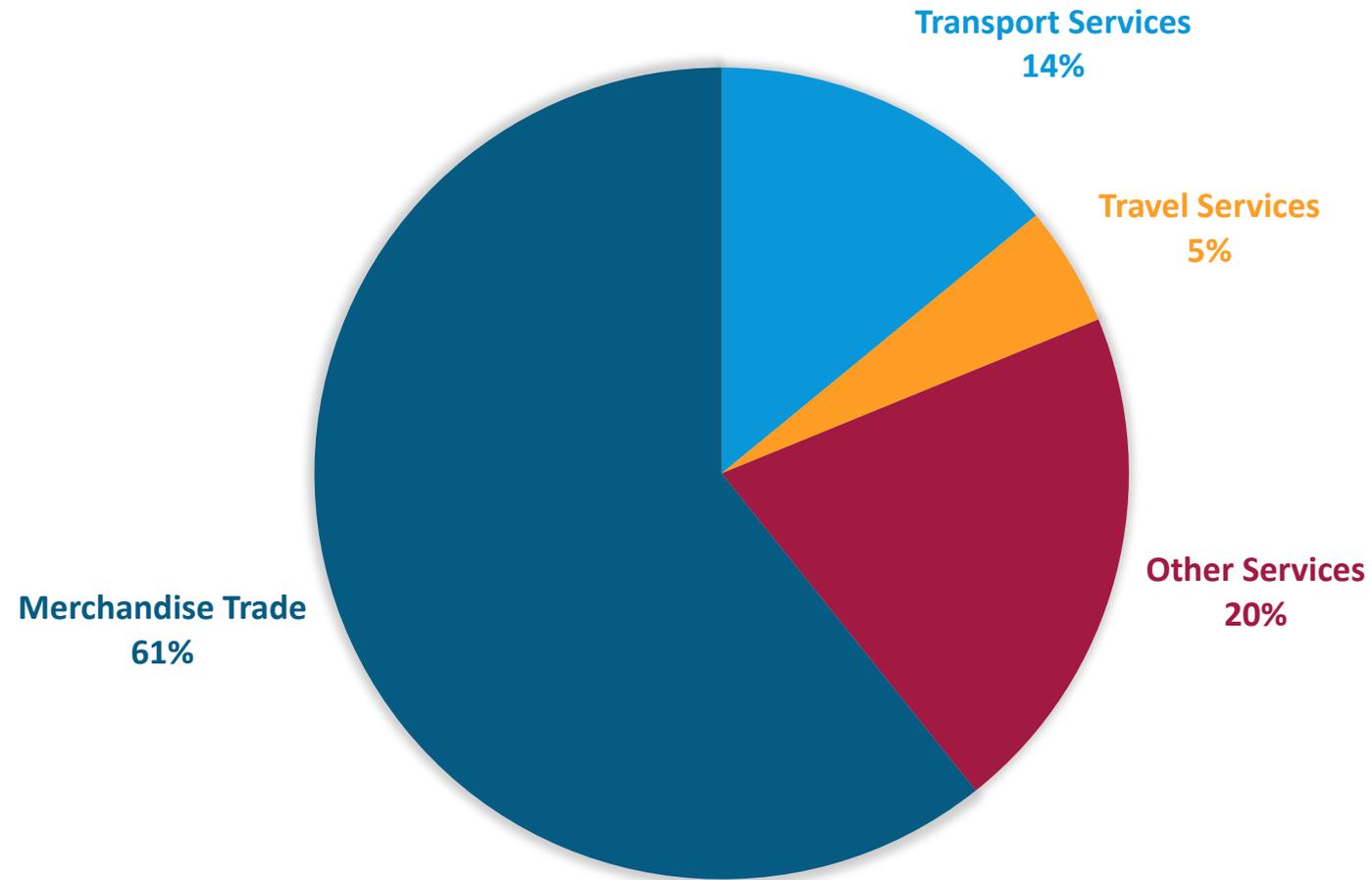
Source: ECA; UNCTADstat

# Covid-19 brings a whole new level of vulnerabilities...

**In Africa as a whole and Eastern Africa in particular, some economic effects are expected in the Service sector:**

- Slow-down in economic activity due to preventive and restrictive measures
- Will result in
  - Losses to regional Airlines
  - Loss of public revenues and households income through tourism-related activities;

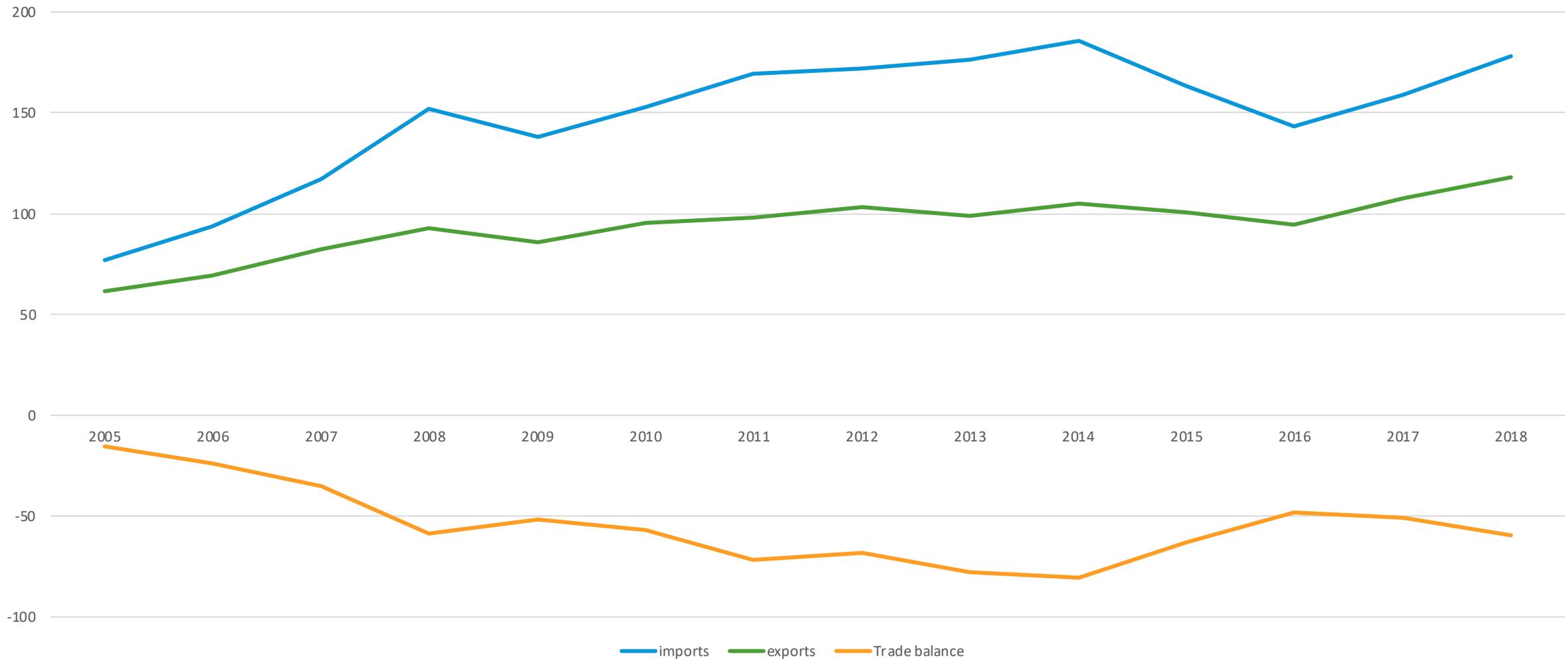
# Regional exports heavily dependent on services, so if economic activity slows down and services are hit, effects could be substantial



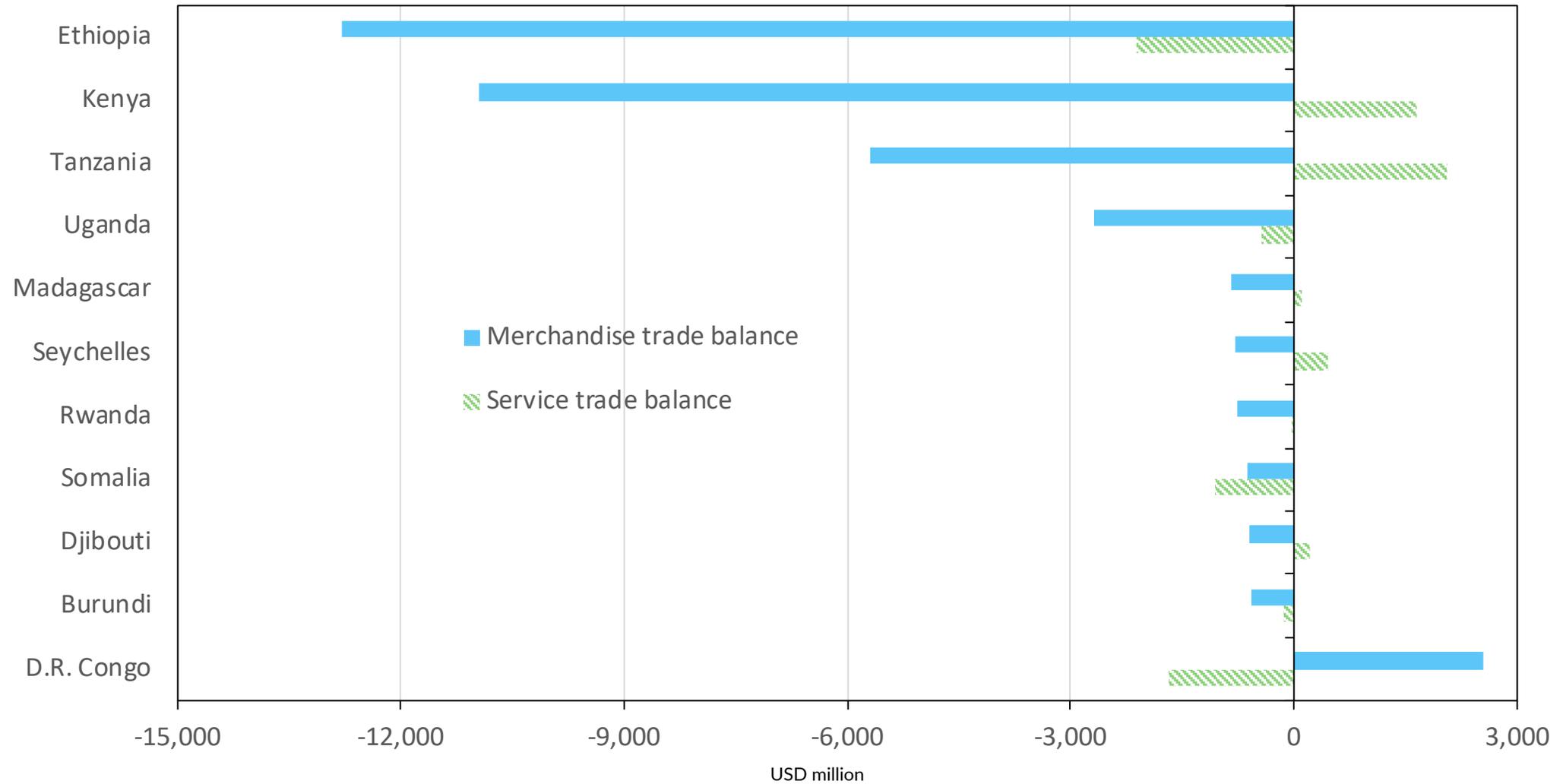
Source: UNCTADStat

# African services trade generate more than 150 Bn USD per year

African Services Exports, USD Billions



# Trade deficits are less present in services than in Merchandises



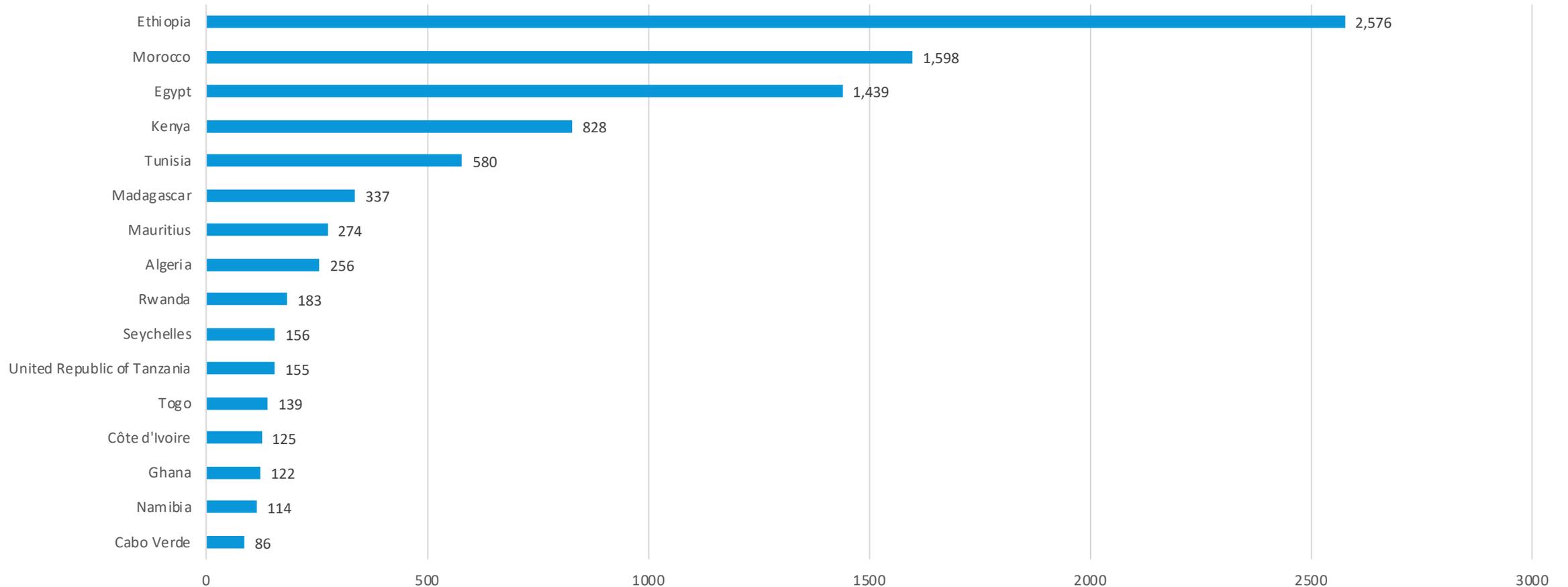
Source: UNCTADStat

**The Contribution of Tourism sector in some Top Tourism destinations in Africa amount to 140 bn USD in 2019. In a scenario where the sector loses 20% of revenues, that will correspond to a 28 bn USD loss from COVID.**

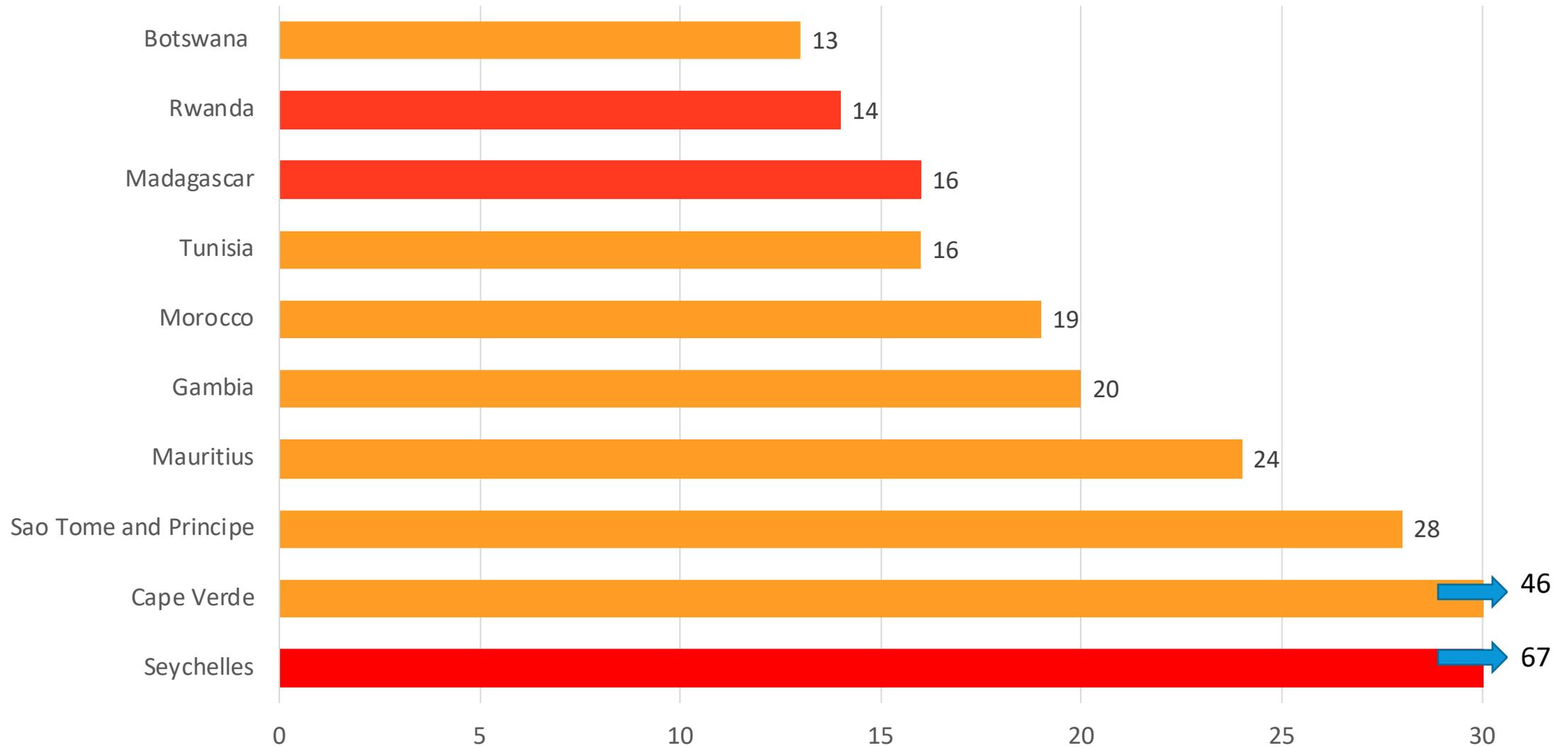
	<b>GDP (USD bn)</b>	<b>% share of GDP</b>	<b>Visitor exports</b>	<b>% share of exports</b>	<b>International arrivals (mn)</b>
<b>South Africa</b>	32.1	9	9.7	9	10.5
<b>Egypt</b>	29.6	12	12.2	27	11.3
<b>Morocco</b>	22.7	19	9.6	20	12.3
<b>Nigeria</b>	18.6	5	1.6	3	-
<b>Kenya</b>	8	9	1.7	15	1.5
<b>Ethiopia</b>	7.4	9	2.5	38	0.9
<b>Tanzania</b>	6.7	12	2.5	28	-
<b>Tunisia</b>	6.5	16	2.2	11	8.3
<b>Cote d'Ivoire</b>	4.6	10	0.5	4	1.8
<b>Mauritius</b>	3.5	24	2.2	37	1.4

**Air transports provide substantial revenues to several economies (about 9 bn USD in total for countries listed below). With flights suspended because of COVID 19, important losses ahead.**

## **Top African Air transport exports, USD Millions, 2017**

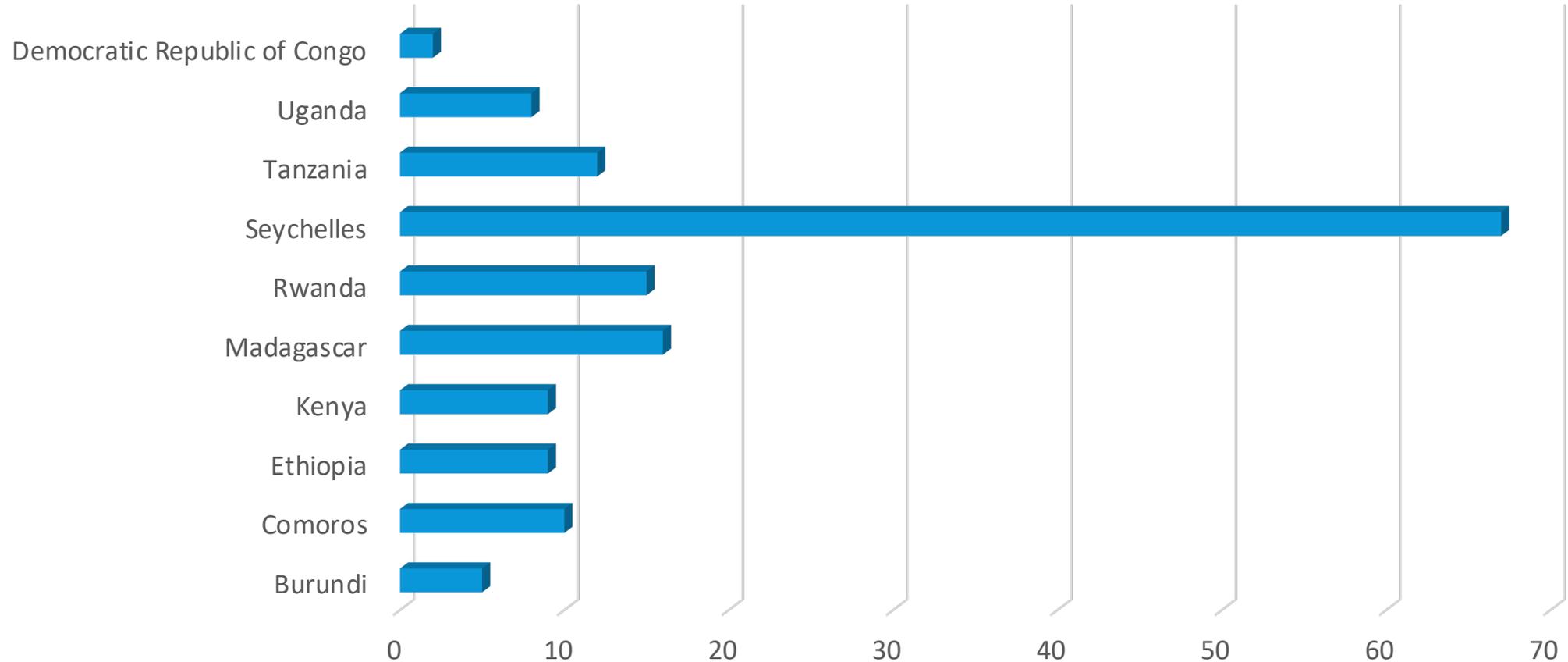


# Some African economies dependent heavily on tourism: Among the top 10 in this category, 3 are from Eastern Africa (Tourism share of GDP, %)

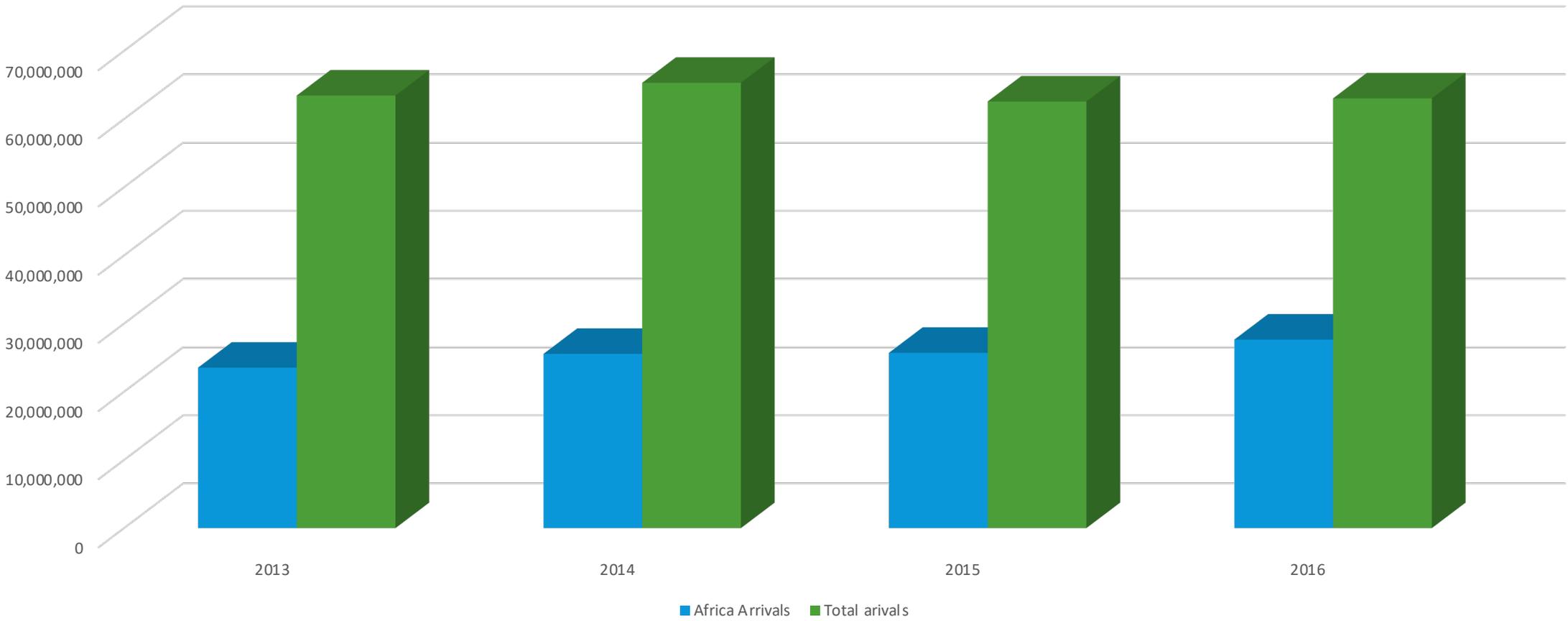


# In Eastern Africa the contribution of tourism to the economies varies across countries, and so COVID 19 will have different effects via this sector

EA Tourism Percentage Share of GDP

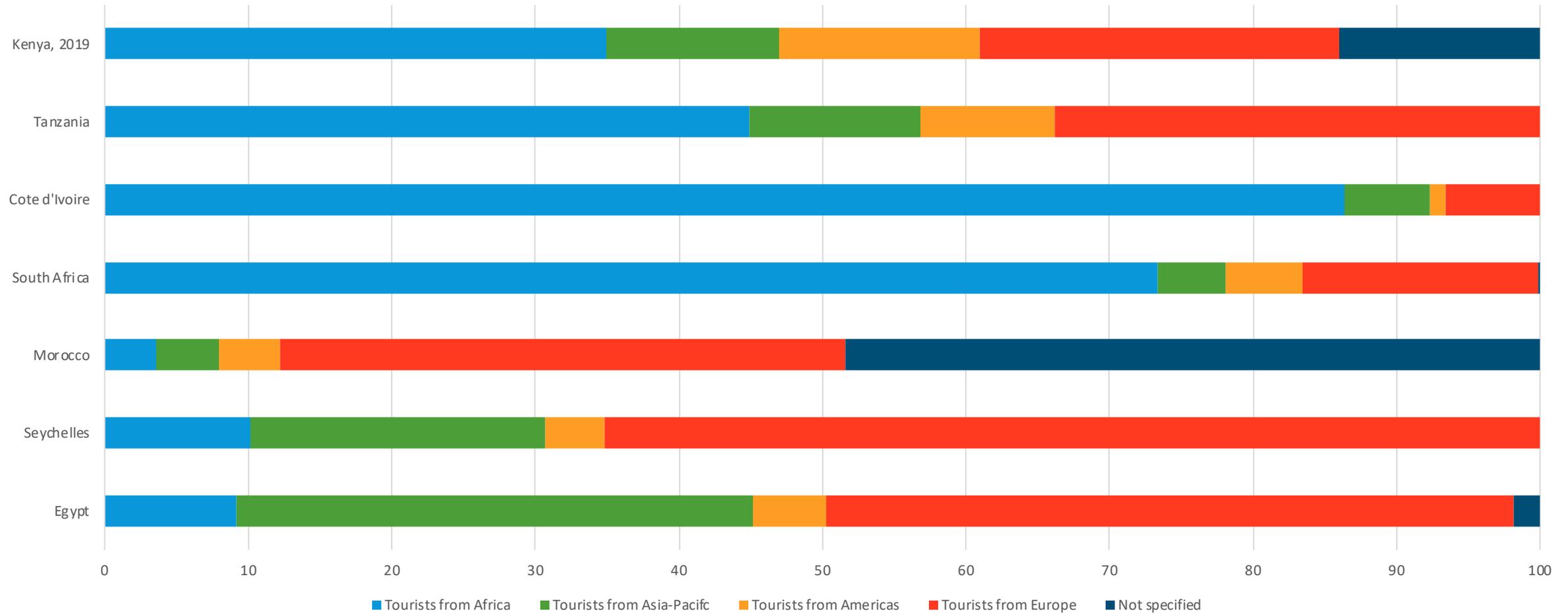


# For the continent, the number of tourists coming from African countries is growing, but that might not be enough to protect the sector from experiencing important losses as travel bans are in the rise

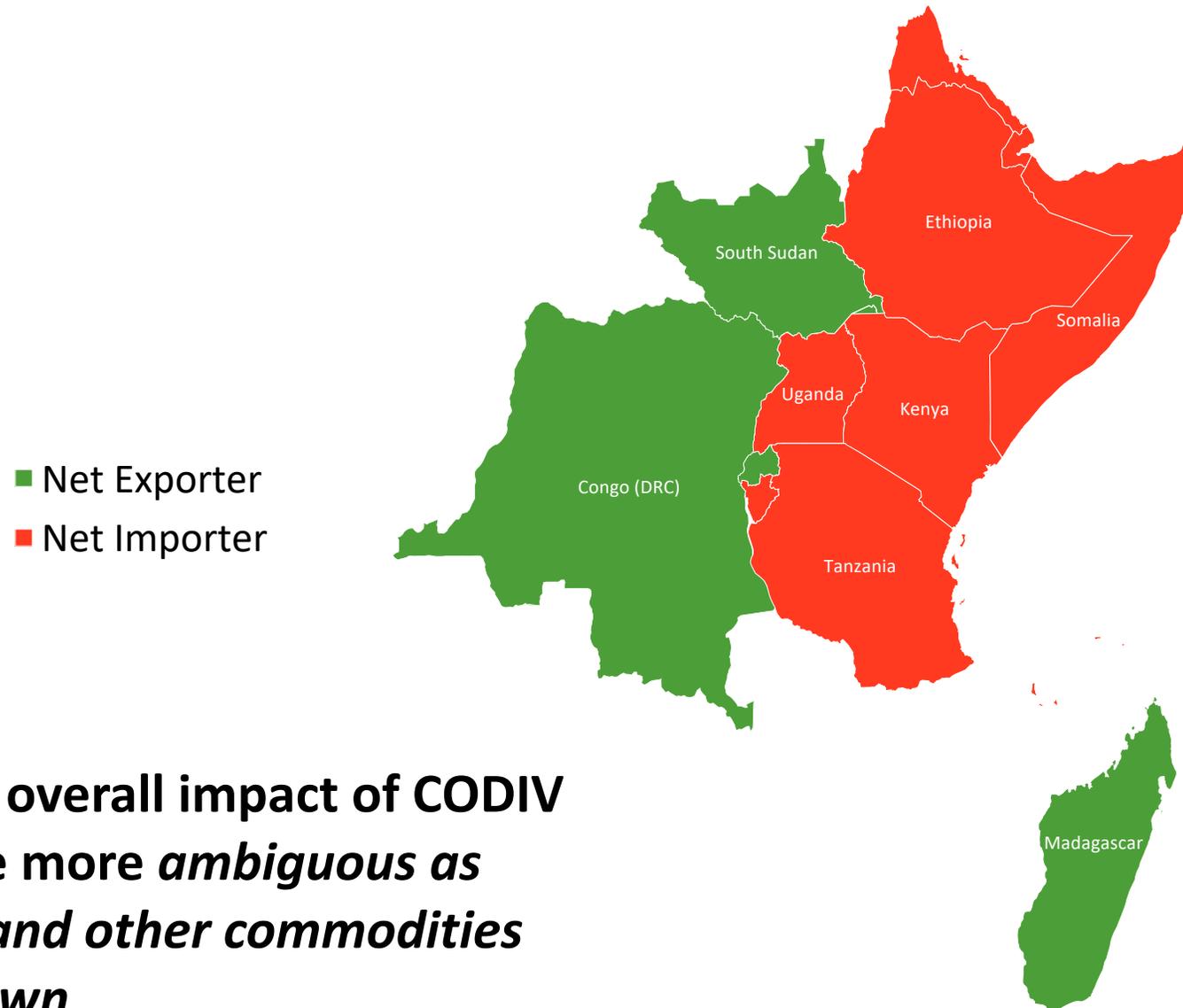


...hence, the origin of tourists is well diversified for several countries, but still COVID is likely to affect substantially the revenues

## Distribution of Tourists by region of origin (in %)



# 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*

# Conclusions

1. Regional growth likely to be very negatively impacted by Coronavirus
2. Measures to prevent spread of disease will slow down economic activity and hit severely the Service sector, across the board.
3. Commodity Price shock will hit hard the net commodity exporters in the region – but will be more ambiguous on other countries.
4. Disruption to trade likely to be severe – but will require creative responses by regional governments to scarcities in some sectors.
5. Over the mid-to long-term, disruption in supply chains (particularly with China) could lead to filling the gap by regional producers – need to implement the AfCFTA!



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Ideas  
to  
Action