



Tourists at Jacaranda beach resort in Malindi, Kilifi County. Tourism players in Kilifi have expressed fears of losing businesses in the coming weeks following the worldwide spread of the deadly coronavirus. PHOTO | FILE | NATION MEDIA GROUP

CORONAVIRUS; ECONOMIC FALLOUT DRIVING AFRICA INTO POVERTY

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Undoubtedly, the COVID 19 presents the biggest danger to the global economy since the 2008 financial crisis, equally denting Africa's already stagnant growth. And, feeling the ripple effects of its interconnectedness to the European Union, China and the United States. Perhaps, responses to Coronavirus in Africa need to take into account populations living below the poverty line who risks sinking deeper into poverty.

The spread of Coronavirus might leave economies across the world in ruins. Inadvertently, measures to contain the new virus are slowing down economic growth. COVID-19 which has infected over 1,011,635 people in over 166 countries, is pushing more people into poverty and widening the inequality gap, especially in Africa.

Undoubtedly, the virus presents the biggest danger to the global economy since the 2008 financial crisis. The United Nations Conference on Trade and Development (UNCTAD) has warned that COVID 19 will slowdown global growth to under 2% this year, effectively wiping \$1 trillion off the value of the world economy.

Africa may have with the list COVID-19 cases reported in some in more than 15 countries so far. Even if Africans don't get sick, the disease has already dealt the continent a severe economic blow. Africans are already feeling the pain, misery and impoverishment from the new virus.

The COVID-19 crisis is seriously denting Africa's already stagnant growth. In its recent report, *Economic Impact of the COVID-19 on Africa* (March 13, 2020), the United Nations Economic Commission for Africa (UNECA) predicts that African growth is expected to drop from 3.2% to 1.8%, a drop of 1.4%.

Before COVID-19 struck, the IMF predicted that Africa has six out of the world's 10 fastest growing economies in 2020. But the virus could lead to Africa's export revenues from fuels falling at around US\$ 101 billion in 2020.

The Continent is feeling the ripple effects of its interconnectedness to the European Union, China and the United States. Oil exporting nations will lose up to US\$65 billion in revenues as crude oil prices continue to tumble. COVID-19, could reduce Nigeria's total exports of crude oil in 2020 by between US\$ 14 billion and US\$ 19 billion.

Economic slowdown generally means less wealth and less new jobs. This week, the UN projected that more than 24 million people could become unemployed owing to the effects of the COVID-19 pandemic, more than the 22 million people who lost their jobs in the 2008 crisis.

Africa's main airlines—Ethiopian Airlines, Kenya Airways and South African Airways—are reeling under new travel restrictions to contain coronavirus. More than a 100 countries out of 195 have put travel restrictions, which have affected up to 48,200 flights with 10.2 million seats.

The International Air Transport Association (IATA) predicted the COVID-19 outbreak could cost airlines \$113 billion in lost revenue as fewer

people take flights.

COVID-19 is affecting tourism and remittances, resulting in the near-complete collapse of hotels and restaurants and massive job losses.

The virus has reduced to a trickle the usual flows of tourists and travelers from the US or Europe. The continent cannot tap into the vast Chinese tourism market worth billions of dollars in revenue. The China Tourism Academy estimates that Africa had about 800,000 Chinese tourists in 2017, with African countries with the largest number of Chinese tourists like Kenya and South Africa feeling the heat.

Africa is already feeling the impact of travel restrictions as global conferences and events across technology, fashion, and sports are being cancelled or postponed to stem the spread of the pandemic.

COVID-19 economic shocks could lead to a sharp increase in poverty in a continent with the largest numbers of poor people in the world, estimated at over 400 million.

The virus is reinforcing existing factors that limit the ability of vulnerable households to escape from or stay out of poverty, making it even harder for the continent to achieve the already extremely demanding UN Sustainable Development Goals by 2030.

Responses to Coronavirus need to take into account populations living below the poverty line who risks sinking deeper into poverty.

Food shortages amid deepening poverty could increase the risk of political upheavals. Anti-Government protesters in Algeria have left the streets to reduce the spread of coronavirus, but food shortages, diminished capacity to purchase consumer items and poverty as a result of prolonged lockdowns may push them back to the streets.

Rising unemployment, competition for scarce resources and youth apathy are exacerbating the risk of xenophobia against people of East Asian origin for their perceived link to the coronavirus.

Internationally coordinated policy response, as happened in the global financial crisis of 2008/9, is likely to stem the economic fallout from COVID-19.

Three sets of policy responses are needed to stem the economic fallout of COVID-19. First, countries need to fix and equip health systems to contain the virus. It is estimated that the continent would need up to US\$ 10.6 billion in unanticipated increases in health spending to curtail the virus from spreading. Further, revenue losses could lead to unsustainable debt. Measures are needed to expand safety nets for healthcare and incomes.

Second, the continent needs to urgently implement the African Continental Free Trade Area (AfCFTA), set to commence this July, to limit dependence on external partners and help mitigate some of the negative effects of COVID-19. African countries who export drugs and basic foods should prioritize selling on the African market.

Third, Africa should work with global partners to implement policy responses to mitigate the economic impacts of COVID-19. Individually, countries should introduce innovative fiscal stimulus packages to weather the COVID-19 storm.

Internationally, Africa should tap into the World Bank's \$14 billion COVID-19 response window to help sustain economies and protect jobs.

The ECA report calls for incentives for food importers to quickly forward purchases to ensure sufficient food reserves in key basic foods items.

Governments could review and revise their budgets to reprioritize spending towards curbing the negative economic impacts of COVID-19. Globally, 50 countries have cut interest rates in order to try to strengthen their economies. Countries should consider unemployment benefits for those who are displaced from their jobs and lack income to make ends meet and stem the tide of poverty.

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