



The African Context on COVID-19

The COVID-19 pandemic is first a public health crisis, but one with profound economic consequences for Africa. Successful measures to curtail the spread of the virus have led to a contraction of the global economy and a decline in global trade, with significant implications on the livelihoods and food security of people in Sub-Saharan Africa (SSA).



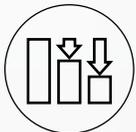
FOOD INSECURITY

African countries with unique challenges--such as averting the potential for widespread hunger-- **cannot be compared easily to other regions as policy makers balance public health and economic recovery.**



VULNERABILITY TO LOCKDOWNS

The Africa Centre for Disease Prevention and Control survey, Responding to COVID-19 in Africa: Finding a Balance, found that **most Africans who responded said they would run out of food and money after 12 days during lockdown due to the COVID-19 pandemic.**



CONTINENTWIDE RECESSION?

Though Sub-Saharan Africa has so far been less affected than other regions from a health perspective, World Bank projections show the region will suffer economically. **As many as 23 million people could be pushed into poverty in Sub-Saharan Africa due to the first continentwide recession predicted in 25 years.**



REMITTANCE FLOWS SHRINKING

Remittances are likely to plummet in Sub-Saharan Africa due to vulnerability to economic shocks facing migrants in destination countries. Due to the pandemic's economic fallout in Europe, the United Kingdom and the United States, **remittance flows to Sub-Saharan Africa are expected to drop by about 23.1 percent from \$US 48 billion to \$US 37 billion in 2020.**



HORN OF AFRICA SHORTAGES

For countries in the Horn of Africa already reeling from desert locust infestation, the disruption of remittance flows is an additional shock which, combined with food shortages, **could push millions deeper into poverty.**



REMITTANCES IMPACT INVESTMENT

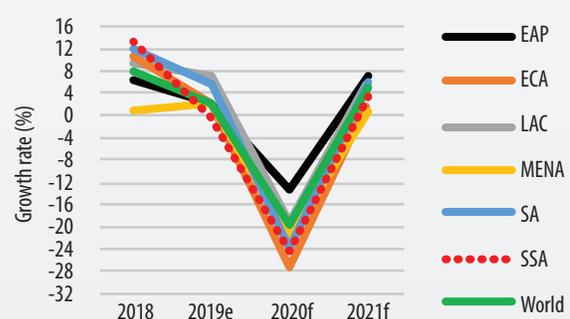
Recent household surveys conducted for the Africa Migration Project indicate that **remittance recipients in five African countries invest a substantial part of these funds in building economic assets such as land purchases, house construction, farm improvement, and agricultural equipment.**

REMITTANCE FLOWS TO SSA REGION



Source: World Bank-KNOMAD

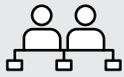
REMITTANCE GROWTH RATES AND PROJECTIONS



Source: World Bank-KNOMAD



Some Africa-Centric Solutions



Debt renegotiation and restructuring can create fiscal space and open up resources for governments to help their own people.



African countries are coordinating policy responses—including a \$US 44 billion stimulus package. Continuing to do so will improve access to critical medical supplies and the path to economic recovery.



Cash transfer programs will be necessary both as part of an emergency response to the crisis and within the long-term economic recovery plan. Cash transfers can help households mitigate consumption shocks in times of crisis.



Microfinance and credit associations can help women in Africa—who are more likely than men to be entrepreneurs—as they make up 58% of the continent's self-employed population.



Female-owned firms are concentrated in consumer-facing sectors (services, hospitality, retail trade) where the demand shock is hitting hard. Providing critical liquidity and other buffers can help to protect female-owned firms from the effects of COVID-19.



Governments can act by supporting women-owned firms, which report more temporary closures than male-owned firms.

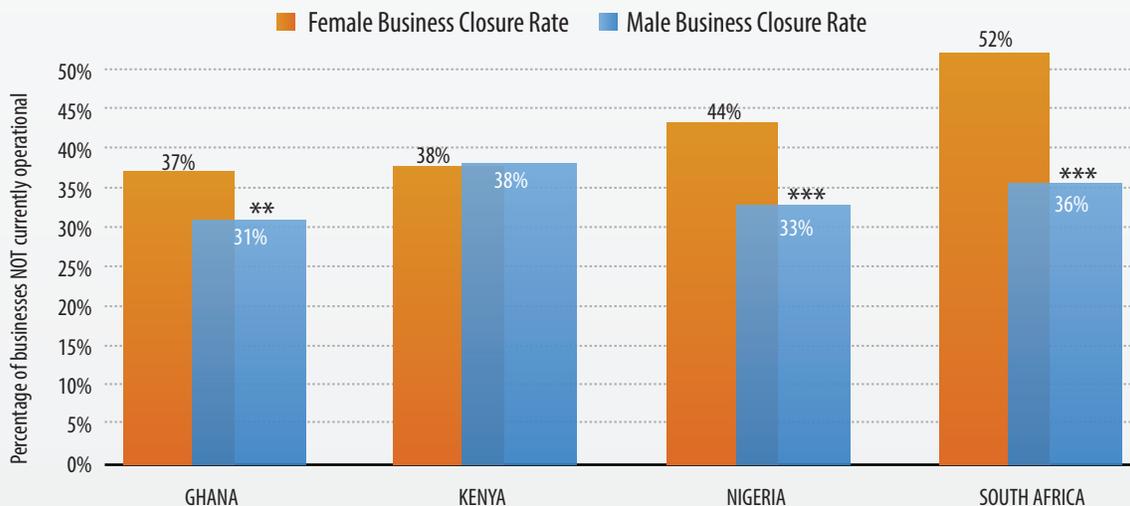


Smart reopening includes broader and more inclusive safety nets that protect Small and Medium Businesses as well as the informal sector.



Lower remittance transaction costs and an influx of robust electronic payment systems could help keep remittances flowing.

BUSINESS CLOSURE RATE BY GENDER
FACEBOOK COVID-19 FUTURE OF BUSINESS SURVEY JUNE 2020



Data: Facebook Future of Business COVID-19 high frequency survey wave 1 concluding on 2nd June 2020. Sample is among Facebook enterprise owners and managers that use the Pages feature on Facebook for their business. Total global sample of 26,948 businesses (19,354 male and 7,594 female businesses) from ~50 countries. The sampling was designed to be representative of the Facebook business page administrator population and not of any country's business population. Only African countries with a large sample size are shown (t-test *** significant difference at 1% level; ** significant difference at 5% level).