COVID-19 in Africa: Regional socio-economic implications and policy priorities

7 May 2020

Although the number of COVID-19 cases and fatalities might still appear comparatively low in Africa than in other world regions, the looming health shock of COVID-19 could have disastrous impacts on the continent's already strained health systems, and could quickly turn into a social and economic emergency. Beyond health risks, the COVID-19 shock to African economies is coming in three waves: (i) lower trade and investment from China in the immediate term; (ii) a demand slump associated with the lockdowns in the European Union and OECD countries; and (iii) a continental supply shock affecting domestic and intra-African trade. It is shaking commodity-driven growth models that had largely failed to create more and better jobs or improve well-being. On the health front, greater capacities to test, protect, treat and cure are essential. On the socio-economic front, policy measures should cushion income and jobs losses, while tackling the specific challenges of high informality. Beyond the immediate response, recovery strategies should include a strong structural component to reduce dependence on external financial flows and global markets, and develop more value-adding, knowledge-intensive and industrialised economies, underpinned by a more competitive and efficient services sector. Effective implementation of the African Continental Free Trade Area (AfCFTA) and the African Union's productive transformation agenda can strengthen regional value chains, reduce vulnerability to external shocks, advance the digital transition, and build economic resilience against future crises.

Policy options to face the COVID-19 crisis in Africa

- In the *immediate term*, with the support of the international community, African governments should concentrate efforts on preventing the spread of the virus, invest in preparedness and early-detection mechanisms, and deploy emergency relief measures, notably in highly informal sectors. In order to alleviate the immediate healthcare crisis, OECD and other major producers of medical products should refrain from export bans and other trade policies that fragment production and increase the costs of essential supplies for import-dependent countries. OECD countries should also maintain and increase ODA levels, and reinforce co-operation to mobilise private capital.
- In the *short-term*, fiscal and monetary measures should channel liquidity to SMEs, households and informal workers, especially in the most vulnerable economies, within a co-ordinated global response to the crisis. Although the implementation of the African Continental Free Trade Area (AfCFTA) has been delayed due to the Covid-19 disruptions, and will no longer come into effect on 1 July 2020 as planned, countries should continue progress in their national plans to liberalise goods and services in order to establish a new implementation date as circumstances allow.
- In the *medium-to-long term*, in partnership with the international community, governments should continue to strengthen health systems and extend health and social protection coverage. They should continue progress towards subsequent phases in the implementation of the AfCFTA, including on investment, competition policy, intellectual property rights and e-commerce, as well as the productive transformation agenda particularly through regional integration and digitalisation. These measures will be key to reducing vulnerability to external shocks in trade and commodity prices, advancing the productive transformation of the region, and building human, societal and economic resilience for future global crises.

Africa recorded its first COVID-19 case in Egypt on 14 February 2020. Since then, 52 countries have reported cases. Initially confined to capital cities, cases are now reported in a significant number of countries, and in multiple provinces. On 4 May 2020, the number of confirmed COVID-19 cases had risen to 44 873 and caused 1 807 deaths. The African countries with the highest number of infections at the time of writing this paper are South Africa, Egypt, Morocco and Algeria. However, the full scope of the pandemic remains uncertain, as cases are underreported and accuracy of data collection varies considerably.

On 17 April, the World Health Organisation (WHO) warned that Africa could be the next epicentre of the Coronavirus. In the WHO best-case scenario, where governments introduce intense social distancing, once a threshold of 0.2 deaths per 100 000 people per week is reached, Africa would see 122 million infections, 2.3 million hospitalisations and 300 000 deaths. On 7 May, a new study by the WHO Regional Office for Africa estimated up to 190 000 people could die in the first year of the pandemic if containment measures fail.

Most African governments have implemented measures to encourage social distancing, focusing on border and travel restrictions, school closures, and bans on large gatherings. South Africa has implemented a 21-day period of full lockdown. Other countries, such as Senegal and Côte d'Ivoire, instituted curfews and partial lockdowns or are discussing full lockdowns.

The crisis will affect Africa's growth through domestic and external channels, with a significant impact on the well-being and number of people living in poverty. The most recent forecasts project a GDP contraction in most countries in 2020, the first in 25 years. The UN estimates that nearly 30 million more people could fall into poverty and the number of acutely food-insecure people could significantly increase.

African policy makers and their partners should re-assess the trade-offs between short, medium, and long-term priorities. These and related policy measures will continue to evolve as economies enter the successive phases of crisis-response: surviving the epidemic (ensure adequate resources go to basic needs such as medicine and food, and ensure people's physical and mental health, as well as safety); getting back to normal (support individuals and firms to resume their activities and repair the damage sustained during the pandemic); and re-focusing on the long term (shift resources and attention to long-term development).

Pre-COVID-19 conditions and macroeconomic impact: supply and demand shocks will have a strong impact on growth and development

Africa faces a dual public health and economic crisis that risks overwhelming healthcare systems, destroying livelihoods, and slowing the region's growth prospects for years to come. Prior to COVID-19, in 2019, the continent had already experienced a slowdown in growth and poverty reduction overall, although with large differences between countries. The current crisis could erase years of development gains (OECD, 2020[1]).

In 2019, Africa's GDP growth at 3.6% was insufficient to accelerate economic and social progress and reduce poverty. Growth per capita was around 0.7% and job creation has not kept pace with the need to provide opportunities to the 29 million young people entering working age each year (AUC/OECD, 2018[2]). Since 2000, Africa's GDP growth has largely been driven by domestic demand (69% of the total), rather than increases in productivity. Africa's labour productivity as a percentage of the US level stagnated between 2000 and 2018, and the Africa-to-Asia labour productivity ratio has decreased from 67% in 2000 to 50% today (AUC/OECD, 2019[3]). Global markets account for 88% of Africa's exports, mostly in oil, mineral resources and agricultural commodities.

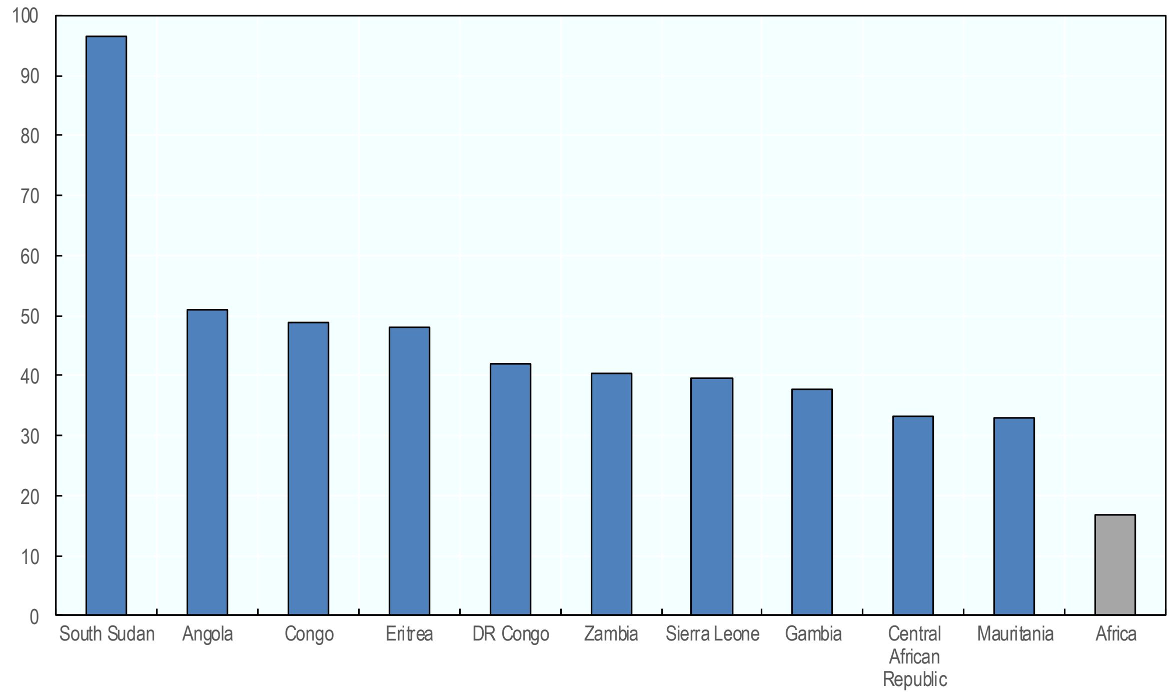
At the onset of the crisis, prospects differed across economies. Some were displaying high growth-rates, in excess of 7.5% (Rwanda, Côte d'Ivoire and Ethiopia), but Africa's largest economies had slowed down. In Nigeria (GDP growth of 2.3%), the non-oil sector has been sluggish, in Angola (-0.3%) the oil sector remained weak, while in South Africa (0.9%) low investment sentiment weighed on economic activity.

Macroeconomic supply and demand shocks will have adverse impacts on growth

Africa is confronted with a double supply and demand shock arriving in three successive waves: first from the People's Republic of China (hereafter "China"), followed by OECD countries (initially Europe, and now the United States), and lastly a likely intra-African wave that may come if African countries fully implement confinement measures, such as South Africa. The decline in economic activity and employment in 2020-21 will be determined by the magnitude and the persistence of the shock, the impact of pre-existing crises and vulnerabilities (e.g. conflict and fragility in the Sahel, or locusts in East Africa spreading to other regions) and the response by African governments and businesses.

- **A first wave comes from China through weakened trade channels and lower foreign direct investment (FDI) in the immediate term.** By contrast with South Africa or Ghana, least developed countries such as Zambia, South Sudan and Mauritania do not have alternatives to China as a buyer, nor do they have viable alternatives to their commodities for sources of growth (Figure 1). For instance, South Sudan was expected by the IMF to be the fastest growing country in the world in 2020, growing by 8.2%, but mainly due to oil exports to China (98% of its total exports). Investment projects will also be delayed or cancelled as the country of origins of FDI (Table 1) go through and recover from the crisis.

Figure 1. Exports to China, 2014-2018 average (in % of total exports)



Source: Authors' calculations based on United Nations Comtrade database.

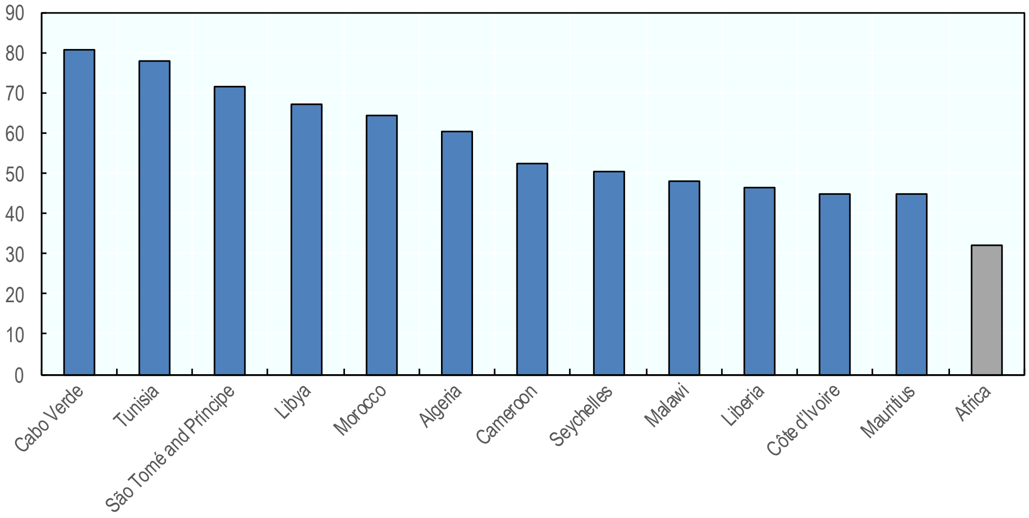
Table 1. Top 5 sources of foreign direct investment (FDI) into Africa (2014-2018 average)

Investor country	Average share in total FDI
China	16%
United States	8%
United Kingdom	5%
UAE	6%
France	8%

Source: Authors' calculations based on FDI Markets database.

- **A second wave will arrive from OECD countries, due to the EU demand slump associated with the lockdown and the halt in tourism.** Most small island developing states, and North African countries, as well as several West African economies depend on the EU for at least 50% of their trade (Figure 2). The impact on their informal workers without social and health protection (e.g. in tourism) may be particularly high.

Figure 2. Exports to EU countries, 2017 (in % of total exports)



Source: Authors' calculations based on United Nations Comtrade database.

- **Finally, a third wave could come from the shock on internal demand and the slowdown of intra-African trade.** The shock to internal demand will be driven by disruptions in household and business spending, and will particularly hit countries affected by strict confinement measures, such as South Africa. Travel restrictions and eventual business shutdowns to prevent the spread of the disease could also hamper regional sourcing, which currently stands under 15%, and endanger cross-border informal trade, which is estimated at about one-third of Africa's trade.

Given the rapidly changing situation and high uncertainty, growth forecasts are constantly being updated – unfortunately downward (see Table 2). A recession in several African countries – the first in 25 years – is now likely, with rippling effects on already high poverty numbers (Beegle and Christiaensen, 2019[4]).

Table 2. Forecasts of COVID-19 impacts on Africa's GDP growth

Institution, date	Africa's GDP growth prospect
IMF Regional Economic Outlook: Sub-Saharan Africa, 15 April 2020 (IMF, 2020[5])	Growth in sub-Saharan Africa in 2020 is projected at –1.6%, the lowest level on record, a downward revision of 5.2 percentage points compared to six months ago.
World Bank, 9 April 2020 (World Bank, 2020[6])	GDP growth in Sub-Saharan Africa could fall sharply from 2.4% in 2019 to between -2.1% to -5.1% in 2020.
African Union Commission, 6 April 2020 (AUC, 2020[7])	Forecasts show a negative growth from 3.4% to between -0.8% to -1.1%.
McKinsey, 6 April 2020 (McKinsey, 2020[8])	Africa's GDP growth will decrease by three to eight percentage points, from 3.9% in 2019 to between 0.4% and -3.9% in the worst-case scenario.
African Development Bank, 3 April 2020 (Adesina, 2020[9])	Projected GDP growth contraction of between 0.7 and 2.8 percentage points in 2020.
Oxford Economics, 26 March 2020 (Oxford Economics, 2020[10])	The coronavirus-related knock to economic growth in Africa's three largest economies alone could affect the continent's GDP growth from 3.8% to 2.8%.
Brookings Institute, 18 March 2020 (Coulibaly and Madden, 2020[11])	Africa's GDP growth is expected to fall from 3.5% in 2019 to between 2.5% and 1.5% in 2020.
UNECA April 2020 (ECA, 2020[12])	Africa's GDP growth prospects are likely to drop from 3.2% in 2019 to between 1.8% and -2.6% in 2020 depending on policy response.

Source: Authors' compilation based on various sources reported in the references.

Fiscal position: the health and economic shocks will quickly put some African countries on an unsustainable debt path

African national debts have been rising in recent years

Several African national debts were relatively low before the present crisis. African countries have debt-to-GDP ratio averaging 60%, except for 4 countries – Sudan, Eritrea, Cabo Verde, and Mozambique – with debt-to-GDP ratio exceeding 100% (IMF, 2020[13]). A debt-to-GDP ratio of 60% is the IMF and African Monetary Co-operation Program's threshold for prudent debt levels. The Heavily Indebted Poor Countries (HIPC) initiative was particularly important to reduce debt and free up resources for poverty reduction in 13 African countries: Benin, Burkina Faso, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Senegal, Sierra Leone, and Togo. In Burkina Faso for example, since 2000 the rate of poverty reduction is identical to that seen in China between 1996 and 2013.

However, IMF data show that debt levels have been increasing rapidly in recent years. After reaching a low of 32% in 2008 thanks to the cancellation of external debt for 31 African countries in the HIPC programme, the total amount of African gross government debt doubled to an estimated 57.6% of GDP in 2019. The increase in public debt is partly related to the return of several African countries to international credit markets, with the emission of Eurobonds, and to the diversification of lenders.

Oil exporting countries and countries that previously benefitted from debt cancellation have been driving the rapid accumulation of public debt in Africa. Oil exporting countries such as Angola, Cameroon, Chad, Gabon, and Equatorial Guinea saw their debt-to-GDP ratio more than double in 2018 compared to the 2010 level, as fiscal deficits widened after the end of the commodity price boom in 2014. And half of HIPC countries saw their public debt as a percentage of GDP increase by at least 50% less than 10 years after having benefitted from significant debt relief.

The improved access to capital markets allowed several African governments to take on more risky, foreign-currency debts. In Sub-Saharan Africa, the median amount of public debt denominated in a foreign currency reached 29% of GDP in 2018, from 22% in 2013. African governments have been drawing down their reserve assets, which have gone from a high of 22% of GDP in 2009 to 14% in 2018. Over the past few years, Eurobonds have risen sharply in importance in Africa, passing USD 100 billion in value in 2019, a USD 27.1 billion increase from the previous year. Only half (49%) of Africa's public external debt between 2012 and 2017 was concessional, compared with 58% from 2002-2007 (Calderon and Zeufack, 2020[14]). Moreover, an increasing portion of public external debt is now owed to non-Paris Club governments and to private creditors. Debt sustainability analysis by the IMF shows almost half of all Sub-Saharan African borrowers were either at risk of, or already in debt distress in November 2019 – a situation indeed common to a large number of low-income countries (Griffiths, 2019[15])

Impact of the COVID-19 crisis on African governments' fiscal positions and debt trajectories

The COVID-19 pandemic will be highly disruptive to development financing in Africa, regardless of the source of revenue. Oil prices had a historic collapse, from USD 61.5 in December 2019 to USD 23.2 in March 2020. This is a major blow to a continent whose oil rents represent 4.5% of GDP (OECD/ATAF/AUC, 2019[16]). It is still too early to assess how large a rebound in prices the production cuts agreed by OPEC and Russia in April and the G20 energy ministers' agreement will prompt. In general, countries' tax bases have shrunk as domestic industries lose revenue, such as African airlines losing USD 4.4 billion in revenue in the first three months of 2020. China, Africa's main trading partner and one of its biggest sources of investment, saw its Purchasing Managers' index hit an all-time low, dropping from 50 down to 35.6 between January and February. At the same time, stock markets at the end of February saw their worst week since the 2008-09 stock market crash. The main index of the Egyptian Stock Exchange, EGX30, declined by over 30% between February and end March. The first quarter of 2020 saw the largest capital flight ever recorded for emerging markets, exceeding the Global Financial Crisis (IIF, 2020[17]). As both domestic and external financial revenue sources dried up, it has become more difficult for African countries to borrow, and government bond yields spiked in Egypt, Nigeria, and South Africa.

If African countries were to implement the same immediate fiscal policy measures as the largest EU economies so far, the OECD estimates that, *all other conditions remaining equal*, Africa's government debt-to-GDP ratio would increase from 57.6% (2019) to about 85% (Table 3). While many African countries may be able to respond immediately to the crisis, the health and economic shocks will quickly put many African countries on an unsustainable debt path. In particular, while a large economy like Nigeria might have larger fiscal space as it benefits from lower levels of government debt as a share of GDP, highly indebted countries such as Sudan, Eritrea and Cabo Verde might reach even more unsustainable public debt levels (IMF, 2020[13]).

Table 3. Estimated public debt-to-GDP ratios based on current COVID-19 fiscal spending measures by EU countries

	2019 government debt-to-GDP ratio (IMF est.)	Immediate fiscal impulse	Deferrals	Other liquidity/guarantee	All fiscal measures
Africa	57.6%	59.7%	67.4%	73.0%	84.9%
Largest economies					
Nigeria	29.8%	31.9%	39.6%	45.2%	57.1%
South Africa	59.9%	62.0%	69.7%	75.3%	87.2%
Egypt	84.9%	87.0%	94.7%	100.3%	112.2%
Most indebted countries					
Sudan	207.0%	209.1%	216.8%	222.4%	234.3%
Eritrea	165.1%	167.2%	174.9%	180.5%	192.4%
Cabo Verde	123.5%	125.6%	133.3%	138.9%	150.8%

Note: Immediate fiscal impulse: additional government spending (such as medical resources, keeping people employed, subsidising SMEs, public investment) and foregone revenues (such as the cancellation of certain taxes and social security contributions). These types of measures immediately lead to deterioration of the budget balance without any direct compensation later.
Deferrals: several governments have decided to defer certain payments, including taxes and social security contributions, which in principle should be paid back later. These measures improve the liquidity positions of individuals and companies but do not cancel their obligations. Therefore, these measures cause deterioration of the budget balance in 2020, but improve it later.
Other liquidity provisions and guarantees: these measures include export guarantees, liquidity assistance, credit lines through national development banks. Some of these measures improve the liquidity position of the private sector, but unlike deferrals which are automatic and generally apply to the target groups, credit lines require action from the impacted companies. Credit lines and guarantees might not weaken the budget balance in 2020, but would create contingent liabilities which might turn into actual expenses either in 2020 or later.
Source: Authors calculations based on (Bruegel, 2020[18]) figures on discretionary 2020 fiscal measures adopted by the largest EU economies (Belgium, Denmark, France, Germany, Greece, Hungary, Italy, Netherlands, Spain) in response to coronavirus as of 26 March 2020, in % of 2019 GDP.

Balance of payments and global integration: overdependence on global markets for essential goods, inputs, tourism and financing will magnify the effects of the crisis

Dependence on imports of food and pharmaceuticals

Nearly two thirds of African countries are net importers of basic food, and crisis-induced shortages could severely impact its availability. The health crisis will add onto pre-existing food security pressures, especially in West Africa. The end of 2019 was marked by severe locust invasions in East Africa, slowly moving towards West Africa, disrupting food supplies in both regions. In West Africa and the Sahel region, 11.4 million people are estimated to be in immediate need of assistance. This situation is likely to worsen, mainly due to the impact of the pandemic. By June-August 2020, 17 million people are projected to be in a critical food security situation or worse, including 1.2 million in an emergency situation. Overall, the association of the health and security crises could tip more than 50 million people over the edge (currently under pressure) in a food crisis situation.

Three types of countries may face food security crises, and their pre-crisis environment will have an impact on their policy and the economic responses:

- Countries already affected by food crises (Niger, Mali, Burkina Faso), where 2.5 million children are undernourished, will undoubtedly suffer the most.
- Countries heavily dependent on food imports (Mauritania, Liberia, Sierra Leone, Gambia) will suffer if restrictions of movement and transport reduce access to markets or if producers of agricultural commodities, such as rice, were to enact export restrictions or bans, as in the food price crisis of 2008.
- Countries with good agriculture production capacity could relaunch local production (Côte d'Ivoire, Senegal, Ghana, Cabo Verde).

Many African countries could see rising food price inflation as supply chains are affected. When the Ebola outbreak struck West Africa in 2014, staple food prices dramatically increased. The price of rice went up by over 30% and cassava by 150%. As the present crisis threatens food supply chains, speculative hoarding may occur and trigger price increases. Higher food prices are, in turn, likely to signal impending shortages. These effects can compound each other in a vicious cycle likely to cause social unrest. In addition, the drop in imports of food and basic consumer goods could further increase inflation and negatively affect business and consumers alike. Localised price increases due to panic purchases of food in Rwanda and South Africa required governments in these countries to impose fixed prices for basic items such as rice and cooking oil. In addition, many small importers, traders, and poor consumers in countries such as Mozambique, Niger, Nigeria, and Uganda are being seriously affected by the crisis as they earn their livelihood trading Chinese products such as textiles, electronics, and household goods.

Pharmaceuticals and protective equipment are imported largely from Europe and other COVID-19 affected countries. As global demand for these products sharply rises, the increase in prices can lead to reduced availability for Africa. African countries import around 90% of their pharmaceutical products from outside the continent. Medical and pharmaceutical products are imported from the EU 27 (51.5% of total imports), India (19.3%) and to a lesser extent Switzerland (7.7%), China (5.2%), the United States (4.3%) and the United Kingdom (3.3%) (ECA, 2020[12]). At the end of March, the African Centre for Disease Control (CDC) and the WHO had rolled out more than 75 000 COVID-19 tests across the continent. The partnership between the Jack Ma Foundation and the Prime Minister of Ethiopia provided each of the 55 member states with 20 000 tests, amounting to 1.1 million additional tests. However, despite large medical aid promised by traditional donors and China, diagnostic material, personal protective equipment, and other medical equipment are in short supply (Simpson, 2020[19]). For example, according to the WHO, fewer than 2 000 ventilators have to serve hundreds of millions of people in public hospitals across 41 African countries, compared with more than 170 000 in the United States. Unlike the Ebola outbreak in 2014, the global nature of the current pandemic and the recent export restrictions on COVID-19-related medical supplies adopted by European countries, the United States, and India, are negatively affecting Africa (OECD, forthcoming[20]) (Primi et al., 2020[21]).

The oil price shock and its impact on African exports

The current decline in crude oil prices has been far more rapid than in 2014, and will have far-reaching consequences on the capacity of several African countries to tackle the COVID-19 crisis and implement counter-cyclical policies. Oil prices fell by about 50% in the first quarter of 2020. In 2014, oil prices fell by 56% over seven months and the decline contributed to bringing GDP growth for sub-

Saharan Africa from 5.1% in 2014 down to 1.4% in 2016. The UN Economic Commission for Africa (ECA, 2020[12]) estimates the losses linked to the collapse of oil prices at USD 65 billion for the continent. At the same time, non-oil commodity prices have also declined since January, with natural gas and metal prices dropping by 30% and 4%, respectively (World Bank Commodities Price Data).

Commodity-sensitive economies will suffer the largest disruptions to trade and exchange rate stability. Algeria, Angola, Cameroon, Chad, Equatorial Guinea, Gabon, Ghana, Nigeria, and the Republic of the Congo will be among the most affected. Oil exports range from 3% of GDP in South Africa (already in recession and showing a weak growth outlook) to 40% in Equatorial Guinea, and almost the totality of South Sudan's exports. For Nigeria and Angola, the continent's largest producers, oil represents more than 90% of export revenues and more than 70% of the national budget. Nigeria's budget forecasts for the first quarters of 2020 were based on a barrel priced at USD 57, twice the level today. The oil price drop will exacerbate the shortage of foreign currency for member countries of the Economic Community of Central African States (CEMAC) and could put pressure to devaluate the Franc CFA.

Strong early impact on tourism

The crisis is already having a significant impact on tourism, threatening direct and indirect employment. IATA estimates the economic contribution of the air transport industry in Africa at USD 55.8 billion, supporting 6.2 million jobs and contributing 2.6% of the continent's GDP. Restrictions to international travel affect African airlines such as Ethiopian Airlines, Egyptair, Kenya Airways, and South African Airways, which are large employers and have linkages to other domestic businesses (PROPARCO, 2016[22]). The first effects will result in the partial unemployment of airline staff. In normal times, airlines transport around 35% of world trade and each job in air transport supports 24 others jobs in the travel and tourism value chain, which creates around 70 million jobs (IATA, 2020[23]). In a moderate COVID-19 impact scenario, the tourism and travel sector in Africa could lose at least USD 50 billion in revenues and 2 million direct and indirect jobs (AUC, 2020[7]).

The overall impact of COVID-19 on the economies of top tourist countries will be much higher than that on average African economies. The tourism industry contributed to more than 10% of GDP of the following countries (in descending order of % GDP): Seychelles, Cabo Verde, Mauritius, Gambia, Tunisia, Madagascar, Lesotho, Rwanda, Botswana, Egypt, Tanzania, Namibia, Comoros, and Senegal in 2019. In these countries, economic growth is expected to drop on average to a value of -3.3% in 2020, whereas the impact will be much higher in countries like Seychelles, Cabo Verde, Mauritius, and Gambia, with an expected -7% drop at least in 2020 (AUC, 2020[7]).

Impact of global trade contraction and reshaping of global value chains

In the short run, the contraction of world trade will affect the productive apparatus of several sectors across the region. African industries import over 50% of their industrial machinery and manufacturing and transport equipment from outside the continent. The most important suppliers are Europe (35%), China (16%) and the rest of Asia, including India (14%). As such, COVID-19-related disruptions in global supply chains, especially from China and Europe, will lead to a decrease in the availability of final and intermediate goods imported to Africa. In the long run, lower value-added sectors such as agribusiness, flowers, or garments may suffer the most from shortages in supply and possible reshoring of production activities closer to final markets. By contrast, sectors that are better integrated within global value chains may recover faster: aeronautics in South Africa, automotive in Morocco, ICT in Tunisia, etc.

The current COVID-19 crisis will likely reshape global value chains, bringing challenges but also opportunities for Africa. Official data show that African producers only source 12.9% of their inputs from within the region,[1] compared with 21.6% in Southeast Asia. Strengthening continental value chains should be a priority given the uncertain global business context, with some multinational enterprises from OECD countries re-examining their supply chain models, possibly moving towards shorter chains and near-shoring approaches. Above all, as the private sector advances its digital transition, it is important for the continent to invest in enhancing essential telecommunication infrastructure, including fibre optics and high-speed Internet, as well as to complete the regulatory (e-commerce) agenda for digital transition. This will be essential for the emergence and expansion of 21st century value chains in the region. In the medium-long term, the effective implementation of the Regional Economic Communities and the AfCFTA will be key to strengthen regional production networks and trade, and reduce the continent's vulnerability to external shocks.

Impact on main financial flows

With a lower level of domestic resource mobilisation compared to other world regions, African countries rely disproportionately on external financial flows, which will likely decrease during a global depression. Over the past three years, average tax-to-GDP ratios have remained at 17.2% of GDP, half the rate of OECD countries (OECD/ATAF/AUC, 2019[16]). The situation varies widely across countries: some have ratios resembling that of high-income countries (Morocco, South Africa), sometimes maintaining a public social security system (Tunisia), while others are more dependent on grants (Rwanda) and resource revenues (Angola, Congo). Total general government revenues in Africa are 20.1 percentage points lower than in high-income countries, despite the significant oil and mineral revenues that have boosted the public finances of countries like Angola, Algeria, Botswana, the Republic of the Congo, and Eswatini. African social security systems are mostly undeveloped, whereas they amount to a source of public revenues equivalent to 8.7% of GDP in high-income countries. When it comes to private domestic resources, gross private savings are 5.4 percentage points of GDP lower in Africa than in high-income countries. In 2018, conversely, external financial flows to Africa were 9.7% of Africa's GDP compared to only 3.6% for high-income countries. In 2018, remittances remained the main sources of external financial flows, for 14 African countries, and for the African continent as a whole (Table 4 and Figure 3).

None of the main sources of development finance have kept up with population growth. In 2018, on average, African governments had revenues amounting to 397 USD per capita compared with over 15 000 for European and high-income countries. Not only do Africans have fewer external sources of financing, but their ability to mobilise domestic revenues through either private savings or taxation has reduced with the decline in African real per capita growth after 2015.

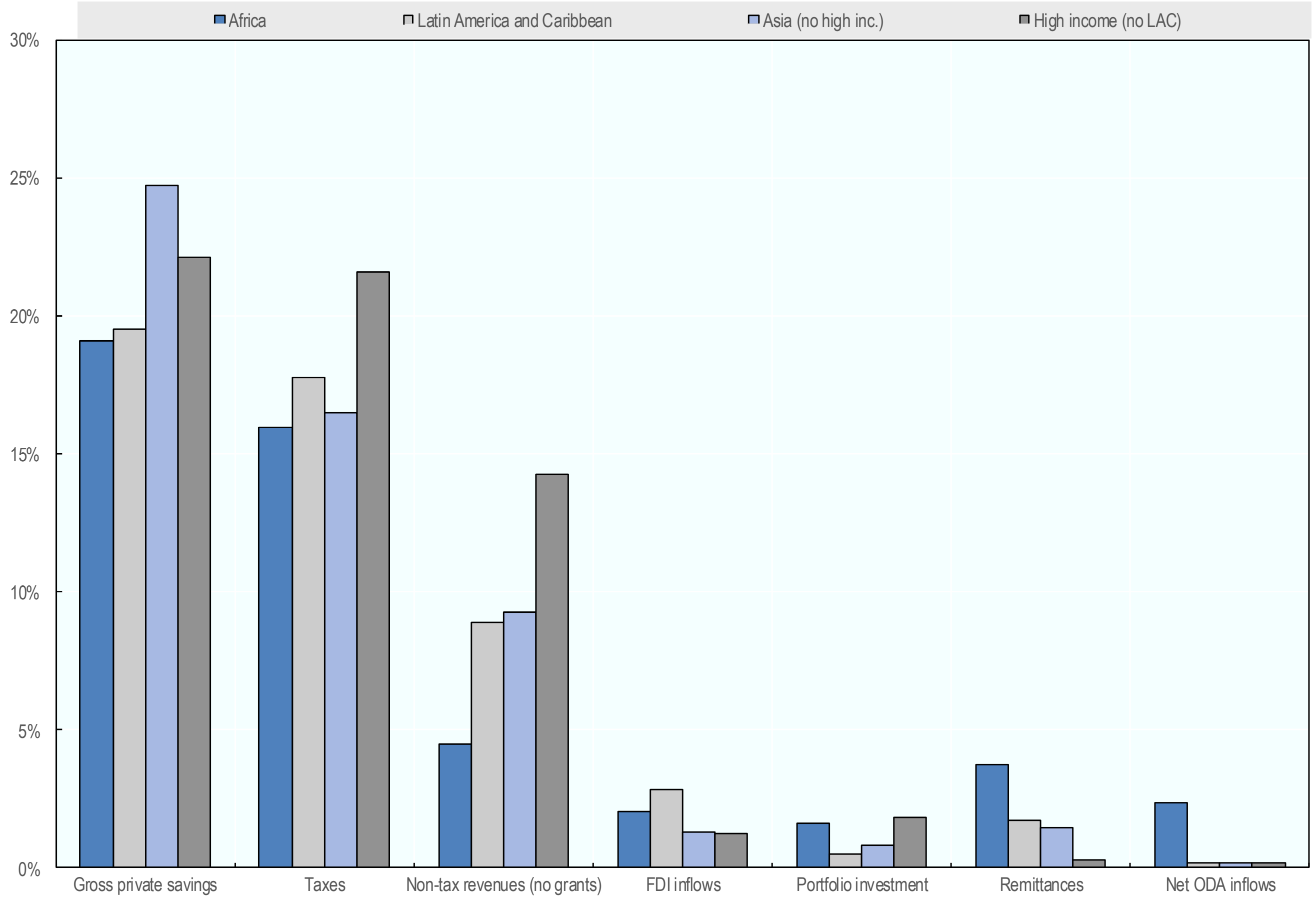
1 The share of intra-Africa value addition in exports in East Africa is at 25%, driven by the development of the East African Community. In contrast, the share of intra-Africa value addition only accounts for 4% of value added in exports from North Africa.

Table 4. Africa's sources of finance for national development

Source of revenues	Financial flows by year									
	(in millions of USD)					(as a % of GDP)				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Inward foreign direct investment	53.9	56.9	46.5	41.4	45.9	2.2%	2.5%	2.2%	1.9%	2.0%
Portfolio investments	30.4	22.2	6.2	57.1	36.5	1.2%	1.0%	0.3%	2.7%	1.6%
Remittances	71.6	71.9	67.3	77.4	82.8	3.0%	3.2%	3.2%	3.7%	3.7%
Official development assistance (net total, all donors)	54.1	50.1	50.4	53.8	55.1	2.2%	2.2%	2.3%	2.5%	2.4%
Total foreign inflows	**209.9**	**201.1**	**170.4**	**229.7**	**220.3**	**8.5%**	**8.9%**	**8.0%**	**10.7%**	**9.7%**
Tax revenues	**408.9**	**339.4**	**309.7**	**328.7**	**362.5**	**16.4%**	**14.9%**	**14.4%**	**15.2%**	**16.0%**
Private savings	**507.0**	**419.7**	**408.3**	**415.7**	**427.5**	**20.6%**	**18.7%**	**19.3%**	**19.6%**	**19.1%**

Source: IMF World Economic Outlook, World Bank Remittances Data, OECD Development Assessment Committee, UNCTAD.

Figure 3. Domestic and external financial resources, as a percentage of GDP, 2018



Source: IMF World Economic Outlook, World Bank Remittances Data, OECD Development Assessment Committee, UNCTAD.

The contraction in economic activity will reduce Africa's domestic tax and non-tax revenues and the reduction might be more than proportional with respect to the contraction in GDP. A reduction in economic activity will reduce tax bases, and generally reduce tax-to-GDP ratios. Short-run tax buoyancy – how much tax revenues respond to a 1% change in GDP – tends to be greater than one in emerging markets and low-income countries during recession episodes (Dudine and Jalles, 2017[24]). Moreover, public revenues will decline as governments reduce taxes in an effort to encourage an economic recovery, and as tax collections are suspended during the pandemic. This could induce both delays and reductions in taxes collected during 2020. The crisis will also affect non-tax revenues, especially rents from the exploitation of natural resources.

Private savings will also be affected by economic disruptions without income support measures that most governments may find difficult to finance. Suspension of economic activities suppressing wages and business income, which are not accompanied by cancellation or restructuring of debt and rent payments, will likely reduce household savings. An increase in private debt may follow. Interventions may be required to prevent a debt overhang from crippling the recovery and the role of banks and other financial service providers will be important for ensuring an effective implementation of income support measures.

Private foreign investment will be affected by economic conditions in both Africa, and in investor countries. If COVID-19 continues to act as a drag on high-income countries, fewer funds will be available for investment in Africa, while persistent – real or perceived – risk and lower growth prospects in Africa will reduce its FDI attractiveness. The OECD expects global FDI flows to fall by more than 30% in 2020, even under the most optimistic scenario (OECD, forthcoming[25])). UNCTAD estimates a decline of up to 40% over 2020-21 (UNCTAD, 2020[26]). Portfolio investors in search of safe assets may further increase their sales of African bonds, stock and other financial assets, triggering more capital outflows.

Remittances could decrease if the economic depression in OECD countries and in oil-producing countries reduces income of the African diaspora. Remittances are the biggest source of external financial flows to Africa (USD 82.8 billion in 2018, compared with USD 55.1 billion in ODA). They represented as much as 5% of GDP in 13 countries. Egypt and Nigeria make up 60% of total remittances flowing to the continent. In addition, remittances tend to be far more stable as a source of revenue than other external financial flows having almost consistently increased since 2000. However, the economic recession and confinement measures preventing senders from working and earning money could reduce remittances inflows coming from the African diaspora in the coming months. World Bank estimates that remittances flows to Sub-Saharan Africa will decrease by 23% in 2020, compared to 20% globally (World Bank, 2020[27]). Now more than ever, it would be very important to accelerate the reduction of the cost of transferring remittances down to 5%, in line with G7 and G20 targets.

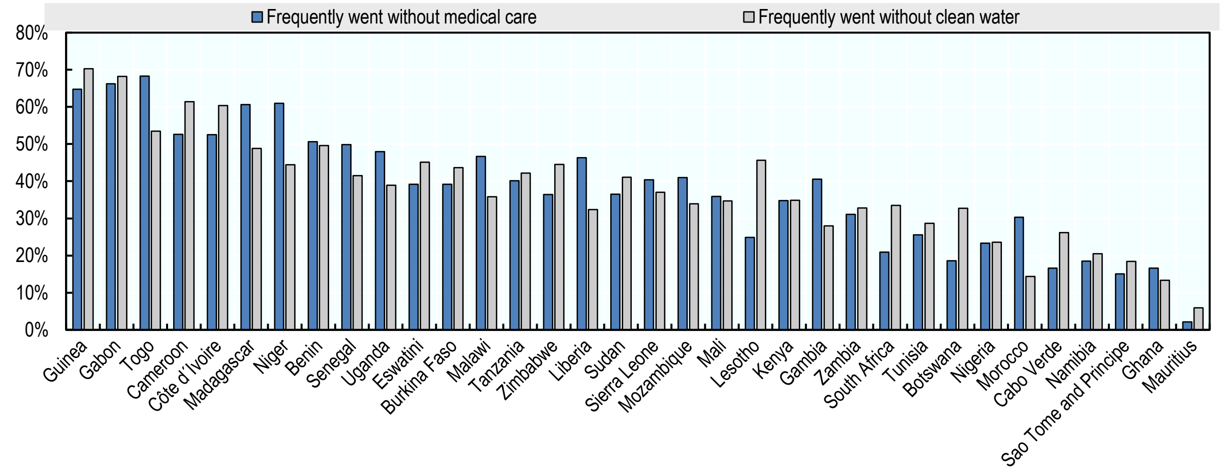
The outlook for official development assistance (ODA) and other official flows is uncertain. ODA to Africa spiked in the early 2000s with the HIPC debt relief programme and has stabilised at around USD 53 billion per year in 2014-18. In per capita term, however, ODA inflows have not kept up with the growth in Africa's population. Going forward, the level of ODA Africans will receive may depend in part on how the pandemic affects donor countries and to what extent the fiscal response to the crisis in OECD countries and beyond will impact aid budgets. In April 2020, the members of the Development Assistance Committee agreed to "strive to protect ODA budgets, encourage other financial flows to support governments and communities in partner countries, and invite other development co-operation partners to do the same" and to "endeavour to support Least Developed Countries and other countries with specific needs via a coherent and co-ordinated humanitarian-development-peace response" (DAC, 2020[28]).

Health systems and social vulnerability: informal workers are most exposed to the consequences of the health and economic crisis

Impact on health systems

The spreading of the virus seems to be slower across the African continent than in other world regions. However, the contagion will likely have a major impact on Africa's strained health systems. At the beginning of the COVID-19 crisis in Italy, Lombardy, the most affected Italian region, had a little more than 700 Intensive Care Unit (ICU) beds for a population of 10.4 million people. The US currently predicts that they will need more than 200 000 ICU beds under a moderate outbreak scenario. By comparison, the number of ICU beds is 55 in Uganda, a country with a population of 42 million people. Countries like Mali, Burkina Faso and Liberia have less than 20 ventilators each (IGC, 2020[29]). According to WHO data, across Africa there are only approximately 1.2 hospital beds per 1 000 people. This is compared to 6.5 in France, 3.5 in Italy and 3 in Spain, the United States and the United Kingdom. Data collected by Afrobarometer Round 7 from more than 45 800 respondents across 34 African countries over 2016-18 highlight that hundreds of millions lack access to healthcare (Howard, 2020[30]) or clean water for frequent handwashing and cleaning (Howard, 2020[31]), a critical means of limiting the spread of the virus (Figure 4).

Figure 4. Lack of access to clean water and medical care in African countries



Note: Respondents were asked: Over the past year, how often, if ever, have you or anyone in your family: Gone without enough clean water for home use? Gone without medicines or medical treatment?
Source: Afrobarometer Round 7 (2016/2018), http://afrobarometer.org/data.

The growing number of COVID-19 patients risks overcrowding health facilities, and patients with high burden diseases like AIDS, tuberculosis and malaria could lack access and/or adequate care. Patients with other active diseases such as Lassa fever[2] in Nigeria and Ebola in the Democratic Republic of the Congo[3] may also be affected. The health crisis could have an impact on treating other diseases in Africa. In Europe, governments have postponed non-urgent treatments to after the lockdown phase. When Guinea faced the Ebola crisis in 2013-14, primary medical consultations dropped by 58%, hospitalisations by 54%, and vaccinations by 30%, and at least 74 000 malaria cases did not receive care in public medical centres (AUC, 2020[7]). Moreover, the implementation of lockdown policies could have negative impact on other infectious diseases, such as tuberculosis (TB)[4].

The full health impact of the pandemic in Africa is not yet known. Yet, many African countries will need international support and resources to minimise the loss of life, and to protect and restore livelihoods. Since the impact of the virus so far has been more severe for older populations, some analysts predict that the health impact of COVID-19 for Africa could actually be lower than in China or European countries, due to the continent’s different demographic characteristics. While the share of Europe’s

[2] https://ncdc.gov.ng/diseases/sitreps/?cat=5&name=An%20update%20of%20Lassa%20fever%20outbreak%20in%20Nigeria

[3] https://www.msf.org/drc-ebola-outbreak-crisis-update

[4] The Stop TB Partnership estimated that the COVID-19 pandemic can produce significant disruptions in the TB Programmes and the TB response and have a massive impact on communities and people affected by TB. Globally, they estimate that “1.4 million more people are expected to die as cases go undiagnosed and untreated during lockdown. This will set back global efforts to end TB by five to eight years”. http://www.stoptb.org/assets/documents/news/Modeling%20Report_1%20May%202020_FINAL.pdf

population above the age of 50 is 40%, it is only 10% for sub-Saharan Africa.[5] However, the advantage of a younger population can be offset by the fact that many people's immune systems are severely weakened by other conditions like malnutrition or HIV and by the more limited capacity to test, protect, treat and cure (OECD, forthcoming[20]). In fact, Africa is the least prepared region in the world to tackle and manage the impacts of a global pandemic, and thus large domestic and international resource mobilisation initiatives to support fragile national health systems shall be prioritised and co-ordinated at continental level.

Countries in West and Central Africa may have useful lessons to offer from their recent experience with the 2014-16 Ebola crisis. The WHO has acknowledged how the fight against the Ebola virus has contributed to significant developments, such as infrastructure and skills for laboratory testing, exchanges of capacities across countries, partnerships among technical agencies, international organisations and the private sector, and public health awareness among the population. For example, the mining sector in Guinea has played an important role in addressing the Ebola outbreak, and that experience and the institutions created at the time are now being mobilised to fight the current pandemic (Touré and Perincek, 2020[32]). Local health systems in Sierra Leone came up with effective responses, with Community Care Centres testing, treating and isolating patients. Given the weakness of central healthcare systems and the absence of wider technical solutions, similar community-based responses should be supported, while noting the differences between the Ebola and COVID-19 pandemics. Other countries like Liberia have rapidly reinforced capacities of health authorities to put monitoring mechanisms in place to face the current epidemic, which could offer lessons for other African countries facing similar constraints.

Informality and social vulnerability

The informal workforce bears the highest vulnerability, due to poor working health and safety conditions, and lack of safety nets. About 86% of total employment in Africa is informal, with up to 91% in West African countries. As more and more African countries go under coronavirus lockdown, survival for many may be threatened not only by COVID-19, but also by an inability to work. Informal workers such as traders, retail, and manual workers will be among the hardest hit if lockdowns force them out of work. Given their poor working and living conditions, informal workers will likely be unable to take many of the precautions suggested by health authorities, such as social distancing or self-isolation. Informal workers are not accounted for and do not benefit from social protection measures. The absence of safety nets to confront the consequences of this shock will thus worsen its consequences on large segments of the population. The ILO estimated that 82% of Africans are without social protection (ILO, 2017[33]), and only a small part of the economically active population is covered by statutory social security schemes, most of which are old-age pension schemes.

The COVID-19 crisis risks deepening inequality within countries, and increasing social unrest. Africa's poorest are most at risk. Without strong policy intervention, the crisis may exacerbate resentment among the most vulnerable communities. South Africa, currently the African country most hit by the contagion, ranks among the 5 most unequal countries in the world as measured by the Gini Index. South Africa's initial spike in COVID-19 cases may have primarily hit the wealthier, internationally mobile population, but if the virus is not contained and community transmission intensifies, it could pose a high risk to lower-income communities who rely on public transportation, do not have savings and must continue working, cannot afford hygiene products, live in large households, or reside in informal settlements.

Pre-existing social and political vulnerabilities risk magnifying the effects of the crisis. The World Bank estimates that the COVID-19 crisis could push 49 million people globally into extreme poverty in 2020, of which almost 23 million in sub-Saharan Africa (World Bank, 2020[34]). Countries affected by challenging social and political conditions – such as political instability and conflicts, food shortages, or high concentration of refugee camps – are most vulnerable to the effects of the contagion. Based on nine

[5] Data from the UN population database: https://population.un.org/wpp/.

socio-demographic[6] dimensions of vulnerability, the (Africa Center for Strategic Studies, 2020[35]) reports that South Sudan, the Democratic Republic of the Congo, Sudan and Nigeria are the most exposed, mainly due to i) poor health systems, ii) existing armed conflicts, iii) large displaced populations in refugee camps, iv) total population living in urban areas, and v) low government transparency and trust in public institutions. The pandemic is already having an impact on the delivery of humanitarian assistance (The New Humanitarian, 2020[36]). For the most vulnerable populations, international support to limit the spread of the virus at an early-stage will be vitally important, as well as enhancing transparent public health guidance and communications by public authorities.

Policy priorities: immediate and medium- to long-term[7]

Immediate response

The vast majority of African countries have put in place containment measures similar to those implemented by OECD countries, from closing their land borders to complete country lockdowns. However, these may not suffice in highly informal sectors where social distancing will be hard to enforce and lockdowns will destroy people's livelihoods (AUDA-NEPAD, 2020[37]). Moreover, most African countries lack sophisticated healthcare systems, and many also lack the capacity to produce essential medical supplies. They are particularly vulnerable to export restrictions by OECD and other major medical producing countries.

Priority policy actions

1. Build preparedness and early detection mechanisms to contain the contagion

- Communicate and adopt context-specific measures to limit the contagion: frequent hand washing, case isolation, bans on public gatherings, lockdowns, etc.
- Check systematically all suspected cases in order to ensure early detection of the infection.[8]
- Support the use of mobile apps for contact tracing, while ensuring anonymity and user protection.
- Report the health statistics and work together with WHO and the African Centres for Disease Control and Prevention, to ensure transparent monitoring of the crisis, and maintain the population's confidence in national authorities and public health systems.
- Revise government budget prioritising emergency spending in healthcare systems and medical supplies.
- Re-purpose and build on Ebola systems already in place.

2. Deploy emergency measures in highly informal sectors

- **Provide emergency relief**, in particular: face masks (including artisanal or home-made ones); emergency food distribution; emergency transportation; conversion of medium-to-large firms' production for medical and emergency equipment purposes; conversion of community spaces into emergency shelters.

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6 International exposure, public health systems, density of urban areas, total population in urban areas, population age, government transparency, press freedom, conflict magnitude, displaced populations.

7 For a more general discussion of the policy response by the international community to challenges developing countries face, see the companion note "Developing countries and development co-operation: What is at stake?" (OECD, 2020[40]).

8 The World Health Organization confirms that 47 African countries can now test for COVID-19 compared to only 2, at the onset of the outbreak.

- **Support public health services**: ensure continuity of essential services through health precautions and personal protective equipment; provide daily clean water and community hand washing facilities; re-purpose some services and public buildings (e.g. schools) into public health and emergency centres.
- **Ensure income replacement**: deliver universal income for workers below USD 4 per day in PPP; provide cash and mobile money transfers to support those who are most affected by the lockdown; re-purpose production to provide alternative employment.
- **Strengthen food chain security**: encourage food crop production, rather than cash crops; ensure continuity of agriculture activities and food supplies to most vulnerable towns and cities.

3. Eliminate export bans and other distortions that constrain access to essential medical supplies

- Dismantle export restrictions of essential medical goods which are fragmenting production and preventing economies of scale, thereby increasing costs and affecting many African countries that rely heavily on imports of medical supplies. Apply temporary reductions or elimination of import tariffs on essential medical products on a permanent basis, in order to lower prices and create more predictability in the supply chains and production networks of medical products.
- Advance international regulatory co-operation efforts to address technical barriers to trade and other standards in medical products, so as to make them as flexible and least trade-restive as possible while fulfilling legitimate goals on safety and security.
- Stimulate investments in the medical supplies sector, reinforcing the regulatory regime – including intellectual property rights – and stepping up co-operation efforts to mobilise private investment.

Short-term response

Most African countries lack the fiscal space and capacity to adopt robust short-run stimulus measures, or are constrained by monetary arrangements that prevent them from implementing national strategies. Many like Kenya, Ghana, Morocco, and Mauritius have initiated national stimulus programmes and launched structural reforms to improve their medium-term fiscal outlooks. International co-operation and public debt relief arrangements need to support the most vulnerable economies, and be particularly mindful of conflict-ridden and fragile states.

Priority policy actions

1. **Target fiscal and monetary measures to channel liquidity to strategic sectors, SMEs and households.** In particular, prioritise interventions in low-income countries most vulnerable to shocks in trade flows with China and Europe; commodities- and oil-dependent economies; and countries most affected by the health emergency and national lockdown measures.
2. **Enact a co-ordinated global response to the COVID-19 crisis, including public debt management arrangements for the most vulnerable and indebted economies.** The response to the crisis calls for global co-ordination and an open and supportive multilateral system. African finance ministers have called for immediate emergency economic stimulus of USD 100 billion. This includes the waiver of all interest payments on public debt and on sovereign bonds, which ministers estimated at USD 44 billion for 2020.[9] The possible extension of the waiver to the medium term would provide immediate fiscal space and liquidity to governments. The World Bank and the IMF highlighted the need to provide debt relief to poorer countries hit by the coronavirus pandemic, and said official bilateral creditors would have to play a major role. The G20 Action Plan and its standstill clause is a step in the

[9] https://www.uneca.org/stories/communiqu%C3%A9-african-ministers-finance-immediate-call-100-billion-support-and-agreement-crisis

right direction; as indicated there, private creditors should join in the effort on comparable terms with official creditors.

3. **Progress with national plans to foster intra-African trade**. Although obvious challenges associated with COVID-19 have delayed the implementation of the African Continental Free Trade Area (AfCFTA), initially planned for 1 July 2020, countries should continue progress towards national plans to liberalise goods and services. The accelerated liberalisation of tariffs can boost intra-regional trade and partly offset the difficulties in importing from external partners. Equally important, the liberalisation of key services covered under AfCFTA, such as business and finance services, combined with the liberalisation of communications, notably ICT, can help support the expansion of digital-enabled services which are relatively resilient to the crisis. Countries could also consider incorporating the health sector as part of the priority sectors covered under the AfCFTA in order to enhance efficiency and regulatory standards in the health systems of the region.

Medium- to long-term response

Policies for regional integration and productive transformation of African economies should be prioritised in the medium- to long-term to reduce the continent's vulnerability to negative external shocks (AUC/OECD, 2019[3]).

Priority policy actions

Press on with policies to achieve the SDGs and Agenda 2063

1. **Strengthen health systems, expand social protection coverage, and integrate gender-sensitive responses**

- **Strengthen health systems.** The African region suffers more than 22% of the global burden of disease but has access to only 3% of health workers, and less than 1% of the world's financial resources.[10] In keeping with their commitment to allocate at least 15% of their national public health budgets by 2015, as per the Abuja Declaration in 2001, African countries could significantly bolster the capacity of the healthcare system and the ratio of healthcare professionals per 10 000 inhabitants[11] to fight health outbreaks and pandemics.
- **Expand social protection coverage.** In sub-Saharan Africa, statutory social security schemes cover only about 10% of the economically active population. The development of national social protection action plans that define the scope and coverage of public provision of services through government agencies, social insurance, private insurance, employers, and micro-insurance schemes is key to achieving universal protection and improve its quality.
- **Gender-sensitive responses.** Women are more exposed to the coronavirus pandemic, partly because they predominate in the global health and social sector workforce (70%). Gender-sensitive policies will be key to Africa's pandemic planning and decision-making, including in the production of pharmaceutical (masks) and related manufacturing products. Risks to women and girls are also exacerbated if health systems divert resources from sexual and reproductive healthcare to respond to the epidemic. As of 9 April 2020, Africa had seen the largest number of mobile clinics delivering sexual and reproductive healthcare close: 447 of them have been shut.[12]

[10] https://www.who.int/gho/health_workforce/doctors_density/en/

[11] This ratio varies greatly: 20.9 in Libya and 18.3 in Algeria, to 7.2 in Morocco, to 0.63 in Eritrea or 0.23 in Somalia.

[12] https://www.ippf.org/news/covid-19-pandemic-cuts-access-sexual-and-reproductive-healthcare-women-around-world

2. Implement trade integration measures and accelerate progress towards the next phases of the African Continental Free Trade Area (AfCFTA) and productive transformation to strengthen regional value chains and local value addition

- **Accelerate progress towards the next phases of the AfCFTA, notably on investment, competition policy, intellectual property rights and e-commerce, and the productive transformation of African countries and regions** (AUC/OECD, 2019[3]). Reposition Africa to respond to the changes expected in the aftermath of the COVID-19 crisis, as multinational enterprises from major economies may relocate production centres. Co-ordinated actions in attracting FDI and joint investment in regional public goods could boost local transformation and technology transfer (AUC, 2020[7]). Accelerating progress towards the next phases of the AfCFTA, particularly the agreements on investment, competition policy, and e-commerce, will be critical to position the region as an attractive investment destination as the regional and global economy starts to recover.
- **Meet the goal of at least 1% of GDP in R&D, according to the 2017 commitment of AU countries and improve the quality of spending.**[13] Productive transformation requires that countries mainstream, facilitate, and enforce the use of technologies. Research and development (R&D) pipelines for diseases that disproportionately affect African countries are insufficient. In general, only three African countries are close to the 1% of GDP in R&D spending (South Africa, Kenya and Senegal, at around 0.8%).[14] Increasing R&D expenditure, including for health research (Simpkin et al., 2019[38]), would help build the resilience of the continent.
- **Increase local drug manufacturing.** The current pandemic is exposing weaknesses in the reliance of the African continent on external suppliers for its internal demand in products as strategic as pharmaceuticals. Therefore, countries should use this opportunity to accelerate the implementation of the Pharmaceutical Manufacturing Plan of Africa and the establishment of the African Medicine Agency by prioritising investment for regulatory capacity development (AUC, 2020[7]). The AfCFTA agenda on intellectual property rights will help enable and co-ordinate a pharmaceutical manufacturing plan for the region.
- **Support the digital transformation of African economies.** Digitalisation can enhance the industrial performance of companies, the diversification of the economy, as well as the improvement of the business climate, governance, transport systems, and communication. Online retailing has been growing in Africa and issues like e-commerce regulation, electronic payments, and regulatory measures to protect consumer data need to be urgently addressed in the region. Policies to scale-up the digital transformation of African economies can induce fundamental changes in employment and production structures in Africa (AUC/OECD, forthcoming[39])

[13] This is one of the outcomes of the 8th AU Heads of State Summit declaration on S&T, on 29–30 January 2007, https://au.int/sites/default/files/decisions/9556-assembly_en_29_30_january_2007_auc_the_african_union_eighth_ordinary_session.pdf.

[14] UNESCO Institute for Statistics, 2018.

Annex: Policy responses in selected economies

Annex Table 1. Fiscal measures implemented by selected African countries

Country	Fiscal measures
Côte d'Ivoire	The government adopted an emergency response plan of CFAF 96 billion (or 0.3% of GDP). The government announced a package of CFAF 820 billion (2.3% GDP) of economic measures to prop the income of the most vulnerable segments of the population through agricultural input support and expanded cash transfers, provide relief to hard-hit sectors and firms, and support public entities in the transport and port sectors to ensure continuity in supply chains.
Egypt	The government has announced stimulus policies in the USD 6.4 billion package (EGP 100 billion, 2% GDP) to mitigate the economic impact of COVID-19.
Ethiopia	Ethiopia initially announced a Br 300 million package to bolster healthcare spending in early March. On 3 April, the Prime Minister's office announced a COVID-19 Multi-Sectoral Preparedness and Response Plan, with prospective costing of interventions. The plan is to be implemented over the following months and will require USD 1.64 billion in funding (about 1.6% GDP).
Morocco	The authorities have created a special fund dedicated to the management of the pandemic, of about 2.7% GDP financed by the government and by voluntary contributions from public and private entities which will be tax deductible. This fund will cover the costs of upgrading medical facilities and support businesses and households impacted by the pandemic.
Nigeria	A fiscal stimulus package in the form of a COVID-19 intervention fund of N 500 billion (USD 1.4 billion), has been approved by the President to support healthcare facilities, provide relief for taxpayers, and incentivise employers to retain and recruit staff during the downturn.
Senegal	The government has set up an emergency fund of up to CFAF 1 000 billion (7% of GDP), financed by a mix of donor contributions, voluntary donations from the private sector, and the budget. The Fund will be used to support vulnerable households and firms.
South Africa	The government is assisting companies and workers facing distress through the Unemployment Insurance Fund (UIF) and special programmes from the Industrial Development Corporation. Additional funds are being made available for the health response to COVID-19, workers with an income below a certain threshold will receive a small tax subsidy during the next four months, and the most vulnerable families will receive temporarily higher social grant amounts for the next six months. A new 6-month COVID-19 grant was also created to cover unemployed workers that do not receive grants or UIF benefits and the number of food parcels for distribution was increased. Funds are available to assist SMEs under stress.
Uganda	The authorities have used part of their Contingency Fund in the FY2019/20 budget to finance approximately 1/5 of the Ministry of Health Preparedness and Response Plan from January to June 2020 (about USD 1.3 million from a total of USD 7 million). The government has passed a supplementary budget of about USD 80 million to support critical sectors such as health and security at the frontline of this pandemic. The government is working closely with the private sector and other stakeholders on measures to stimulate the economy following the COVID-19 pandemic.

Source: Authors' compilation based on various sources as of 4 May 2020, from national sources and IMF (https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19). Updated information is provided in the OECD Policy tracker (https://oecd.github.io/OECD-covid-action-map).

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