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Covid-19 and socioeconomic crises in Africa: Overview of the prevailing incidents

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A G D I Working Paper

WP/20/102

Covid-19 and Socioeconomic Crises in Africa: Overview of the Prevailing Incidents

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Covid-19 and Socioeconomic Crises in Africa: Overview of the Prevailing Incidents

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Abstract

The study gives an overview of the socio-economic consequences and implications of the COVID-19 outbreak in Africa. While it is of common knowledge that the damage caused by the pandemic to the global economy is real, the existing socio-economic crises in Africa could further degenerate. What remains salient is that the huge economic costs would be borne by regions bereft of strong institutional regulatory setup and proactive approach to effectively ameliorate the impact of the outbreak, in both short-run and long-run, to bounce back in relation to the magnitude of the shocks suffered. It is indeed affirmed that in most sub-Saharan African (SSA) countries, such resilient measures seem to be absent or non-existent. Given the degree of behavioral responses and attendant vulnerabilities generated, African socio-economic problems may be potentially exacerbated with the majority of the population facing severe hardships in the continent.

Keywords: Socioeconomic crisis, economic risk, COVID-19, Africa

1. Introduction:

The incidence of the novel coronavirus, commonly called COVID-19, is a universal conundrum which has been an unprecedented global health challenge, and socio-economic crisis. The outbreak of COVID – 19, which surfaced in December 2019 in one of China’s cities — Wuhan, has caused festering wounds on human existence across the globe. Every day different cases are discovered, while it is uncertain where and when the terrible trend of the pandemic will be abated (see Figure 1). Given the strongly connected and integrated world economy, the effects of the disease are far beyond health crises. In many countries, COVID-19 has accentuated financial, social crises, climate, and threatened to alter earlier development plans of countries. Thus, respective governments across countries have been preparing and introducing contingency plans, and welfare packages to ensure that their economies are sustained (Fernandes, 2020).

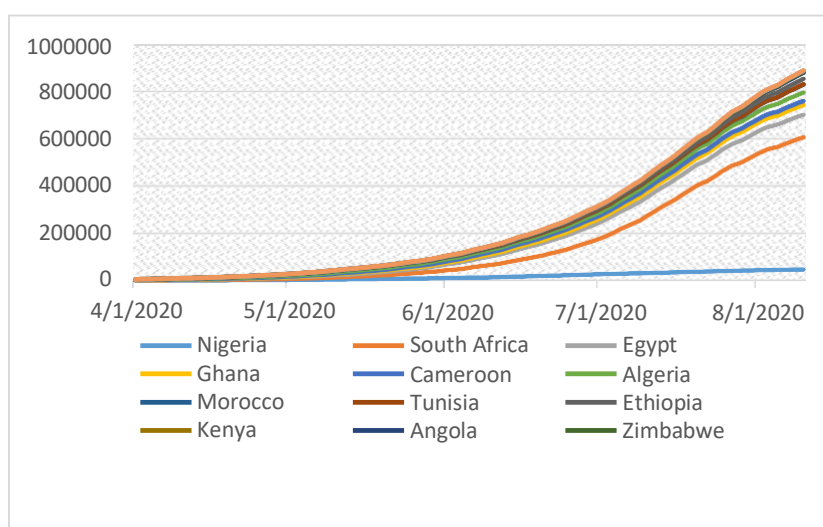


Figure 1: Total confirmed COVID-19 cases in African countries

Source: Max, et al. (2020) - Coronavirus Pandemic (COVID-19).

With the varied transmission channels of COVID – 19 impact on the socioeconomic performance across regions or countries, although depending on their underlying economic, political and demographic structures, the magnitude of effects of the pandemic could be different across economies. For instance, in Sub-Saharan Africa (SSA), with predominantly commodity-export dependent countries, given the sharp contraction of commodity prices across the board, there have been acute reductions in public revenues and foreign exchange. This has strained most African countries’ fiscal efforts — the exacerbation of the levels of perennial fiscal stress in the region. Many economies in the region, have already cut their sovereign ratings, and face significant restrictions in getting access to financial markets and in capability to service existing debt (The United Nations Country Team (UNCT), May 2020). In addition, it is has become apparent that countries well entrenched in the global value chains (GVCs) with less capital-intensive approaches (labor-intensive method and low-skilled workers) will experience significant lay-offs, increased unemployment, and low income, especially for the most vulnerable groups among the working class. These show that the health risk associated with the virus seems to be outweighed by the economic risk to the world economy, as it has direly affected world economy and trade. Indeed, the panic caused

by the pandemic has engendered unpalatable incidents (decreased consumption, distortions in production, and unprecedented movement restrictions) in the world history coupled with tragic rates of death. It is worrying that disastrous socio-economic crisis is imminent in SSA.

Stringent lockdowns and safety measures adopted by governments across countries, although a vital component of response approaches, seem detrimental to the economic development. As a consequence, the International Monetary Fund (IMF) projected that the world economy would shrink by 3% in 2020. The decline has been described as the worst following the Great Depression of the 1930s. Owing to the lockdowns, the functioning and effectiveness of global supply chains have been distorted, affecting production levels across the globe. Almost every day we hear worrying reports about companies shutting down operations, reducing estimates, or presaging further layoffs. The major economies are struggling with increasing unemployment as they have their yearly unemployment rates changed, 2019 – 2020 (see Table 1). Given the overreliance of SSA on these major economies, this development has posed a phrenetic threat to the region’s socio- economic factors. The dysfunctional economic outcomes caused by the pandemic are potentially larger than any previously experienced in history (Fernandes, 2020). With the current projection, the rise in the world unemployment rate will reach, at the end of 2020, a mark of more than 10% in return for 5.2% discovered in 2019.

Table 1: Selected developed countries’ changing unemployment rate as of 29 June (2020)

Country	Unemployment rate	
	2019	As of 29 June (2020)
Japan	2.4%	3%
Germany	3.2%	3.9%
United Kingdom	3.8%	4.8%
Canada	5.7%	7.5%
France	8.5%	10.4%
Italy	10%	12.7%
United States	3.7%	10.4%

Source: IMF, 29 June (2020)

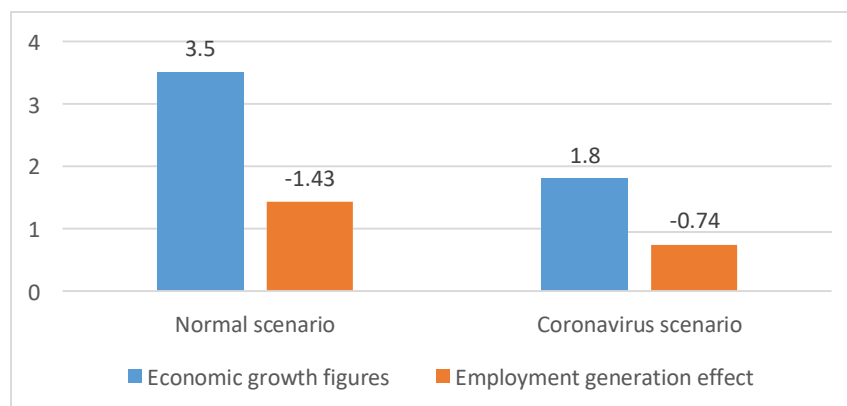


Figure 2: employment effect of COVID-19 in Africa

Source: United Nations Economic Commission for Africa (ECA) 2020

Given that the extent to which countries could curb the Covid-19 impact is nevertheless hugely dependent on the quality of their health care systems, the impact of the virus in Africa could be more inimical. In the continent, universal health coverage and human capital development are lower in Africa compared to other continents. Lower respiratory conditions, overcrowded public spaces, unhygienic settlements and HIV represent the top causes of mortality in African countries. These can exacerbate the lethality of Covid-19 in Africa, together with other critical public health risks in these economies that have a strong association with Covid-19. Also, the mortality rate ascribed to exposure to poor wash services is more in the World Health Organization (WHO) African region than any other WHO region (WHO, 2019). Following Global Health Security (GHS) Index (2019), in addition, Africa is found to be the region with the least global health security. Overall, these factors may inhibit the capacity of African countries to tackle the Covid-19 spread, and the concomitant influence on their socioeconomic measures.

Africa, which is one of the poorest continents in the world, seems to have not been direly impacted by COVID-19 compared to other regions like Americas, Europe and South-East Asia (see Figure 3). However, the seeming asymmetric impact of the pandemic calls for concern. For instance, Noy et al. (2020) argued that the indirect cost of the COVID-19 associated with morbidity and mortality are more than the direct harm attributed to the crisis. Although COVID-19 has not had a dire impact on many African countries in terms of health, countries have started experiencing a recession. Owing to SSA’s poor socio-economic states and its feeble ability to respond to crises resiliently, just minor public health events can have a terrible impact on economic activities in the region. Furthermore, in a globalized world, a sizeable number of countries are suffering indirect effects resulting from value chain distortions, and lower global demand for goods as a result of a seeming pervasive recession. Hence, this chapter sheds light on the socio-economic conditions in African countries, and on the absence of viable development strategy and measures to aid business resumption, reorientation, and inclusive and sustainable post-COVID – 19 crisis development goals in the future, as setting the pace for future planning is increasingly becoming a critical priority.

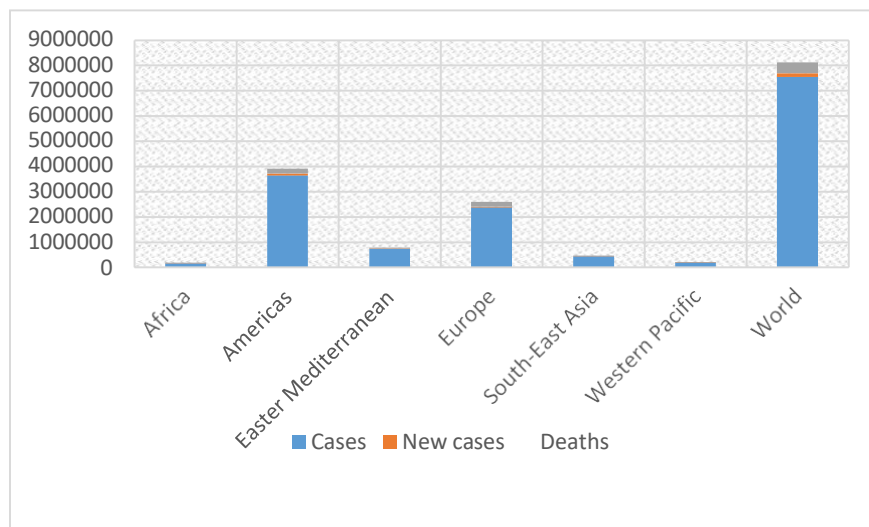


Figure 3: Corona Virus Disease (COVID – 19) situational report across regions as of

August 1, 2020

Source: World Health Organization (WHO), 2020

2. Pre-COVID-19 socio-economic conditions in Africa and the attendant outcome of the COVID-19 outbreak

Over the years, before COVID-19, Africa has been a less developed continent. Most countries in the continent without the support of developed countries and international organizations cannot survive especially in terms of medical equipment needed to relieve their bad health states. However, the global export restrictions have hit many African countries hard due to their lower technological capacity (United Nations (UN)-Habitat, 2020) — the inability of small technology-based industries to mobilize the skills necessary to fill the gap in the production of needed medical material is a big challenge in Africa. Prior to the crisis, the greatest proportion of the African population had no access to social protection and good health care (International Labour Organization (ILO), 2017), coupled with the continent having the largest share in extreme poverty (Brookings Institute, 2019). The labour force of Africa, with an informality rate above 80 % (ILO 2018), seems to perennially lack insurance for any lost income. As most government institutions, businesses and schools are inoperative owing to lockdowns, with no alternative means of livelihood/income, many people are forcefully impelled to go home. No doubt, this has constituted a risk for escalating poverty on African countries. The absence of alternative sources of income likewise implies a higher risk that people will not comply with social distancing policies in the continent. In this context, “poverty can impact contagion, and contagion can deepen impoverishment” (United Nations (UN)-Habitat, April 09, 2020). Hence, COVID-19 can accentuate the festering trend of alarming socioeconomic crises in Africa.

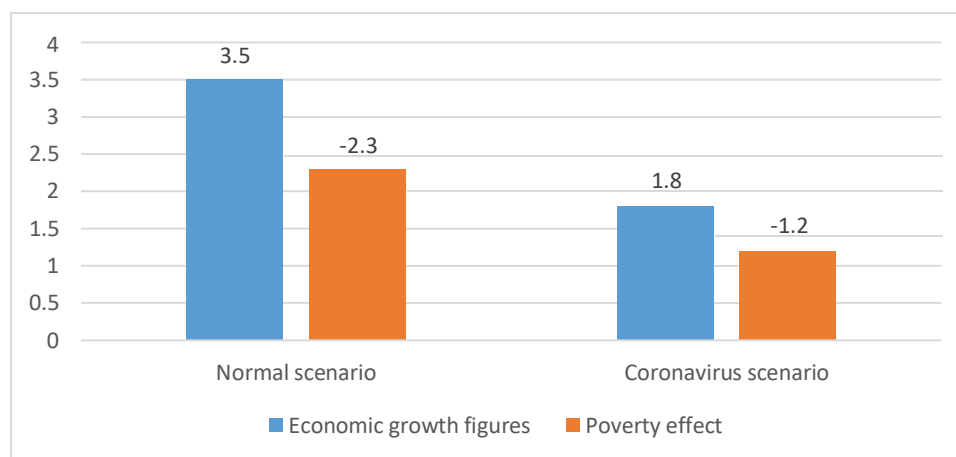


Figure 4. Poverty effects of COVID-19 in Africa

Source: United Nations Economic Commission for Africa (ECA) 2020

Furthermore, the closure of schools can exacerbate the existing low human capital development level in the African continent. Unlike developed countries, in SSA, due to high cost, an e-learning approach seems ineffective or absent in most countries. Since many households could not afford the acquisition of e-learning facilities for their children, access to education has been seriously disrupted. This has created another room for poor development of human capital in Africa. The closure of schools for many months could increase the risk of high levels of dropout. As illustrated in Table 2, millions of children and young people are affected by the closure of schools as a result of the COVID-19 pandemic. Conceptually, school closure → loss of education opportunity → increased literacy rate → low human capital development → increased socio-economic crises. Although, before the COVID – 19 outbreak, the African economy had exhibited underlying vulnerabilities, the pandemic could instigate more gaps in income, wealth and job stability across countries in the continent, as many companies are threatened and bankruptcy or closure of institutions would lead to ubiquitous job losses. Indeed, Africa is on the verge of having a novel appalling record in the world history.

Table 2: Number of enrolled students affected by the closure of schools by level of education and sex

		EARLY CHILDHOOD EDUCATION-ALDEVELOPMENT PROGRAMMES (ECED)	PRE-PRIMARY	PRIMARY	SECONDARY	POST-SECONDARY NON-TERTIARY	TERTIARY
North Africa	Female	2,890	2,016,071	13,668,983	9,815,788	...	3,628,691
	Male	3,142	2,154,728	14,729,268	10,286,436	...	3,224,796
	MF	6,032	4,170,799	28,398,251	20,102,222	...	6,853,487
Sub-Saharan Africa	Female	...	12,462,946	81,593,847	28,404,253	516,192	3,445,320
	Male	...	12,818,750	87,051,592	32,813,556	569,498	4,703,762
	MF	6,625,352	25,281,696	168,645,439	61,217,809	1,085,690	8,149,082
Africa	Total MF	6,631,384	29,452,495	197,043,690	81,320,031	...	15,002,569

Source: United Nations Educational, Scientific and Cultural Organisation (UNESCO), 2020

By and large, the economic effect of COVID – 19 has started manifesting, and estimations predict adverse growth effects, since Africa’s most significant trade partners are seriously infected by Covid-19. Accordingly, the United Nations Economic Commission for Africa (UNECA) predicts a GDP growth contraction of 1.4 percentage points in the continent, from 3.2% -1.8%. Also, according to a report of the African Development Bank, African countries are projected to drop by 1.7 per cent in 2020, contracting by 5.6 percentage points in relation to the January 2020 pre- COVID-19 projection. Following these, the attainment of sustainable development goals (SDGs) in African countries can remain a misconception or mirage. There are many reasons for this, while most developed countries, like Canada, China, European countries and the United States, have initiated aggressive plans to mitigate the

COVID – 19 impact, and bolster their productive capabilities and innovativeness, in several countries in Africa, the existence of such aggressive measures to preclude existing asymmetries from further widening seem inadequate. Hence, there is urgent need to assist African countries in the Covid-19 shock induced through the adoption of a viable mitigating approach developed by experts or policy support measures.

3. Literature review

COVID-19, which was first discovered in Africa on 14 February 2020 in Egypt, has been an unprecedented mass disease transmission in the world history. The coronavirus disease 19 (COVID-19) has been viewed as highly contagious and pathogenic viral infection instigated by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The speed of transfer from human to human has been widely confirmed. The rapidity of the spread is engendered by close contact with an infected individual (Shereen et al., 2020). On the 30th January 2020, the WHO stated that the COVID-19 pandemic is the sixth public health emergency of global concern, followed by H1N1 (2009), polio (2014), Ebola in West Africa (2014), Zika (2016) and Ebola in the Democratic Republic of Congo (2019). This indicates that human health-disease nexus is neither a novel concept, nor a new issue, but COVID-19 seems to have triggered as much or more outrageous human suffering than other transmittable diseases across the globe. Besides its severe effects on human life, COVID-19 has the potential to significantly retard the economy (Chakraborty and Maity, 2020). For instance, Fernandes (2020) stresses that the presence of the disease has made an imminent global recession almost inevitable, considering the huge economic risk associated with it, and the economic channels through which world economic activities are impacted.

With the rapidity of spread of the lethal COVID-19 disease and the poor reach of vaccination, food prices hike and the declension of other related livelihoods could engender famine and starvation, in addition to the exacerbation of corruption, social unrest and terrorism expected to escalate. This can give rise to low human capital development and socio-economic crises across the world, while efforts to eradicate illiteracy and low education will be specifically defeated (Ahmad, 2004; Buheji et al., 2020). For example, in order to preclude the spread of the disease, many countries in SSA have had to adopt the approach used by other regions by “declaring stay at home orders” (lockdown). However, the outcomes of the underlying orders represent worst decisions a country could take in an economy where the majority live on day- to-day income. The lockdown has made SSA more vulnerable, given the high poverty rate existing before the COVID-19 outbreak. Daily wage earners and many street vendors are finding it difficult to survive. While the lockdown was necessary for some reasons and countries, a lot of questions cropped up, in fact one of such is: how do you expect workers with daily wages or income to make a living? (African Union, 2020). Indeed, the short, medium and long-term economic costs (perhaps economic risks) of the disease will be most profound in the extremely poor parts of the globe, such as SSA (Noy et al., 2020).

Vulnerability or exposure, in this context, according to United Nations Disaster Risk Reduction Office (UNDRR, 2017), following disaster risk modelling framework, is termed as the ability of the pathogen (any disease-producing agent) to negatively impact the exposed economy. Hence, given the same degree of exposure to the SARS-CoV-2 virus, a higher level of vulnerability will have a more pernicious effect on the economy. In view of this, Hallegatte (2014) argues that the capacity to manage to reduce the post-shock cumulative loss of income in the time of recovery process for a given rate of the shock implies the degree of resilience in a particular economy. This conceptualizes the ability of such an economy to bounce back relative to the magnitude of the shock suffered. However, resilient policies are most implausible to pursue by African countries' governments, since the capacity to implement such policy measures are determined by both the effectiveness of institutions and finance which are inadequate in the continent. Thus, to gain economic resilience, it is critical to strengthen both institutional and financial effectiveness.

Furthermore, in Africa, the crisis caused by the diseases is affecting almost all sections of the continent's population, especially social groups in the most vulnerable conditions such as poverty-stricken people, disabled persons, older persons and youth. For example, homeless people in African countries find it difficult to get safe shelter, which makes them profoundly exposed to the danger of COVID-19. People that lack access to portable water (especially refugees and migrants) will likewise suffer disproportionately from the pandemic incidence, while the concomitant economic effect including loss of job, low income among others can cause an unbearable degree of public unrest. In fact, lockdown and social distancing policies introduced to prevent the spread of COVID-19 have compounded fears of rising rates of domestic violence in the UK in term of physical, psychological and sexual abuse (Coronavirus: domestic abuse calls up 25% since lockdown, charity says, BBC News, 2020 Apr 7). Hence, if the social crisis instigated by COVID- 19 is not properly remedied through effective social policies, the COVID-19 pandemic can cause an increase in inequality, economic deprivation, and ultimately pervasive socio-economic problems across countries in SSA. Based on the work of Ozili (2020), the greater parts of the region's society rely on person-to-person interactions for survival. Therefore, it has been suggested that to tackle the adverse economic impact of COVID 19, the international organisations, which include the African Union, should develop viable programs that can guarantee the availability of food supplement, financial support, medical aid, and social support to the vulnerable people in Africa (Buheji et al., 2020).

4. Socio-economic conditions in selected African countries: An overview

Over the years, SSA has featured prominently in the global map as one of the very poorest parts of the world. The socio-economic indicators often depict terrible accounts of worsening economic, social and political situations in most countries in the region. While SSA has many trading partners in which the Europe and China are the key, the COVID-19 outbreak will have a huge restriction on the region's economic operations with these economies, given that the slow growth in these economies can affect Africa's export and import products. Hence, this section appraises the socio- economic conditions in selected African countries, and the challenges posed by COVID-19 to mitigate their socio-economic problems.

Angola, a Southern African country and oil-dependent economy, has the first-two cases of COVID-19 confirmed on the 23rd of March 2020, while the state of emergency was declared for the disease on March 27, 2020 for 15 days. Nevertheless, since then, the total number of confirmed cases has been on the increase (as of August 6, 2020 is 1,395). The pandemic could cause a further deterioration of the existing weak social services. Based on UNDP report (2019), life expectancy is 60.8 years, with 5.1 mean years of schooling, and 11.8 expected year of schooling, while for human capital development level, the country is ranked 149th out of 189 countries. Following the Global Multidimensional Poverty Index (MPI) 2019, 51% of the population reported to be multidimensionally poor. The unemployment rate in the country is 31.8% as at the fourth quarter of 2019 (ILO, 2020). High unemployment and weak social protection have hampered all measures put in place to combat the pandemic. In fact, the country faces a decline world economic outlook, volatile oil prices, rising poverty and unemployment, growing fiscal and external vulnerability, and poor access to basic social services as a result of COVID -19 incidence (United Nations (UN)- Habitat, 1-7 April, 2020).

South Africa, as the leading industrialized country in the African continent, has attracted highest FDIs in the continent (Ebrahim, 2020). For country, China is a major market for chrome, manganese, iron-ore and metallurgical coal. Given the global contraction in demand for manufactured goods and mineral resources, South African economy will suffer. The positive case of COVID - 19 was first confirmed on 5 March 2020, while eight days after, the number increased six-fold, from 61- 402 cases, and as of August 6, 2020, the total confirms cases is 538,184. As a consequence, a 21-day lockdown was declared by the government. However, the economic impact for the poverty-stricken people and most vulnerable seems to be devastating. Some researchers predict that, among vulnerable households, the extreme poverty rate will almost triple. It is estimated that the social assistance measures declared by the government will still leave about 45 per cent of the country's workers without relief (Valodia and Francis, 2020). The latest Quarterly Labour Force Survey showed that close to 3 million of the population were working in the informal sector, and it is often served as the only source of income for many more households, guaranteeing that they live above the poverty line. The present crisis is likely to aggravate existing inequalities, and instigate new ones (Statistics South Africa, 2020). In addition, in some parts of the country, the lockdown has led to food protests and looting as desperation for sustenance grows in the height of the crisis.

Kenya, as a key player in the East African economy, witnessed the first confirmation of COVID- 19 case on 13 March, 2020, and as of August 6, 2020, the total confirmed cases in the country is 24,411. The economy of Kenya has been experiencing unanticipated disruptions since the present of the disease was announced in the country. According to the United Nations Development Programme (UNDP) April 2020, the coronavirus could be another avenue of poverty escalation and the reinforcement of existing socio-economic factors. This report is based on the compounding effects of the disease in the country. For example, a study conducted by the Kenya Private Sector Alliance (KEPSA) 2020, which was entitled as Business Perspectives on the Impact of COVID-19 on Kenya's Economy viewed cancellation or suspension of business-related trips as one of the ways businesses might be hampered by the coronavirus. As a key tourist destination, Kenya is already feeling the

impact. The tourism economy, especially at the Coast, has been hit hard (Wambu, 15 March 2020). The fiscal pressures have been aggravated by the immediate trouble of an unprecedented global health challenge translating to social-economic crises which can be catalogued through a decline in production; disruptions of supply chains, inadequacies of goods; mass job loss; loss of income and a vast rise in the rate of dependents. Indeed, the COVID-19 outbreak will exacerbate poverty, income inequality, and unemployment (UNDP, April 2020). Currently, Kenya's Gini coefficient of 44.5 exceeds the 2013 SSA's average of 43.8, while 19.5 million people are poor (Kenya National Bureau of Statistics (KNBS), February 2020).

Uganda, a landlocked country in East-Central Africa, had its first case announced on March 21, 2020, and as of August 6, 2020, the cases had risen to 1,233. In the country, preliminary assessment provided by the Uganda's Minister of Finance, Planning and Economic Development (MFPED), March 20, 2020, given the short-term effect of COVID-19, it is anticipated that the following situation would be experienced: (a) a rise in the number of the poor by 2.6 million; (b) a large decline in the current account balance; (c) internal revenue shortfall of Shs288.3 billion in FY 2019/20 and Shs350 billion in FY 2020/21 as a result of the deterioration of economic activity.

Uganda Revenue Authority (URA) anticipates a loss of UGX 116.26 billion in customs revenue by the end of June owing to the crisis alone, inducing the aggregate revenue loss of UGX 513.26 billion by the end of June 2020; and (d) heightened pressure on fiscal state and space. On the other hand, for the short, medium, and longer-term socio-economic effects, a deterioration in growth in FY2019/20 from 6% to likely between 4.6% and 5.1% under the worst-case scenario. Overall, the COVID-19 outbreak is expected to have medium- to long-term impact on Uganda's development targets into 2030, which include progress across sustainable development goals (SDGs). Due to the huge and economy-wide effect, the potentially adversely impacted SDGs are: poverty, declined hunger, decent work and economic growth, industry and infrastructure, and inequality by 2030 (UNDP-Uganda, April 2020).

Ethiopia, another East African country, on 13 March, the first case of COVID-19 was reported in the country, and as of August 6, 2020, the total number of reported cases is 20,900. The pre- COVID-19 socio-economic state in Ethiopia is somewhat similar to other countries in the region— existing factors do not marry up with global standards. For instance, in the country, there is persistently high non-food and food inflation of 10.2% and 19.8% respectively, in 2018/19; a high debt burden, with 28.1% of GDP and total debt with 56% of GDP in 2018/19; relatively high levels of un- and under-employment (19.1% & 25.3% respectively). There is continued chronic under- employment in rural areas (United Nations (UN) Ethiopia, May 2020). Given the COVID-19 outbreak, Ethiopia's economic growth for fiscal year 2020 will be affected by 2.9 percentage points. Ethiopia's flower export industry has been affected significantly as the demand for flowers has fallen and the price contracted by more than 80% (allAfrica.com, 31 March 2020). A sum of 150,000 employees in this industry is at the risk of being sacked. School closures have affected more than 26 million

students (UNICEF Ethiopia, 9 April 2020).

Ghana, a West African country, had its first two cases of COVID-19 reported on 12 March 2020, and total confirmed cases as of August 6, 2020 are 39,642. Following the report of cases, a compulsory 14-day self-quarantine and testing period for all travelers entering Ghana was imposed. In addition, the suspension of all public and social gatherings, and closure of all schools and universities were fully enforced. Following World Bank (Calderon et al. 2020: 1) report, economic growth in SSA will experience a decline from 2.4% in 2019 to -2.1% to -5.1% in 2020, which seems the first recession in the region in 25 years. In light of this, Ghana's economy can be particularly hit as a result of falling commodity prices (especially Cocoa and crude oil prices). However, as the top producer of gold in Africa, the country may benefit from the rise in gold prices owing to the surge in their levels over the past months. Due to the lockdown and the economic impact, Ghana's finance minister adjusted the country's growth forecast downward for 2020, from an earlier projection of 6.8% to 1.5%. In 37 years, this has been the country's lowest growth rate. Since people economic wellbeing has been affected, disadvantaged groups have suffered disproportionately, while gender inequalities in employment have been exacerbated (Danquah, & Schotte, June 2020).

Nigeria, the biggest economy in Africa, the first confirmed case in the country was reported on 27 February 2020, while as of August 6, 2020, the total number of confirmed cases is 45,244. Due to overdependence on crude oil earnings, the contraction in oil prices by 55% between the close of 2019-March 2020, is one of the most dire economic shocks that Nigeria has faced in its history. Given the oil sector contribution to government and total export revenues of 65% and 90% respectively, the reduction in export revenues is estimated to have a combined impact of 0.55% points fall in GDP, and this may cause fall back into a recession with a growth rate of -1.58% for 2020 (UNDP, March 24 2020). Since the lockdown introduced has significant economic and social implications, as youth unemployment is already high at 55%, if the outbreak intensifies with further restriction strategies, this can be a terrible blow, and a threat to social unrest. Restrictive suppression response interventions, which include shut-downs, disproportionately affect the poor and their livelihoods. With governance deficiency across the board, abrupt cuts in means of livelihood, might result to social unrest, and the aggravation of the existing high poverty rate (as the country is currently regarded as "the poverty capital of the world" — the country with the highest poverty rate). The window of opportunity seems closed due to the rapid escalation of confirmed cases and the inadequate essential health equipment needed for medical care (UNDP, March 24 2020). Hence, Nigeria's socio-economic condition is getting more critical than ever.

5. Conceptual analysis of the socioeconomic impact of COVID-19 in Africa

In order to analyze the possible effect of COVID – 19 on socio-economic factors, a conceptual framework developed by Evans and Over (2020) is adapted. This framework is to further affirm the COVID-19–economy nexus established in the previous section through the work of Chakraborty and Maity (2020); Noy et al. (2020). It is suggested that the declaration

of lockdowns resulting from the COVID-19 pandemic can cause a high rate of economic risks, and in turn escalates socio-economic crises in developing countries. Based on this hypothetical assertion, this chapter follows and analyzes, in a context of Africa, the conceptual framework indicating the potential channels through which countries in the continent can be affected by the pandemic, which can result in short- and long-term effects. Many of the effects identified in this study reflect the international organizations’ assessment (IMF, World Bank, EU and African union).

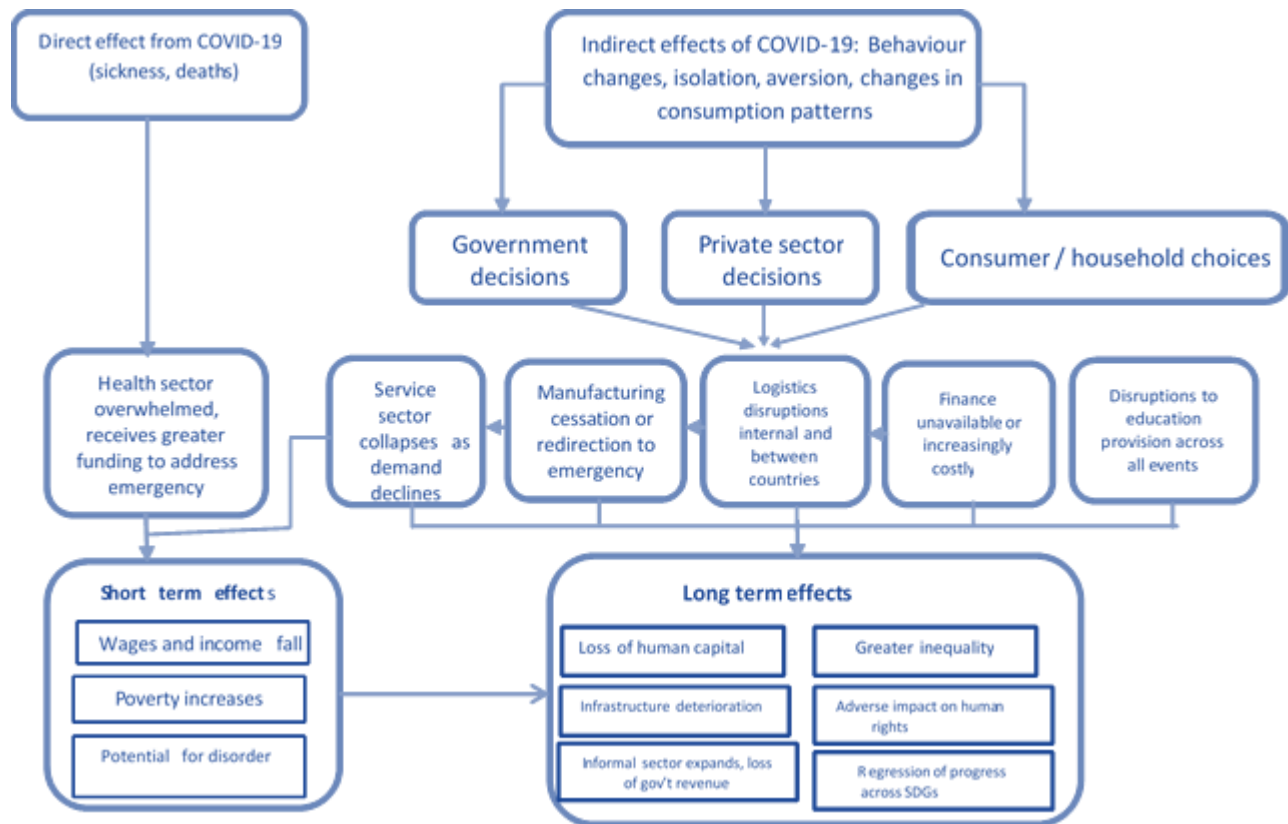


Figure 5. Broad channels of the economic impact of COVID-19 in Africa. Source: Author’s adaptation from Evans and Over (2020) & UNDP (April 2020).

In light of the emanating effects reported globally, the rapid transmission of COVID-19 seems to have generated developments of an unheard-of scale on daunting human tragedies so far experienced worldwide. Compared to the experience of the more advanced regions or continents, African health system/sector characterized by pervasive ineffectiveness and deficiencies, although with less cases, could face unprecedented overwhelming challenges. Beyond the deluging stress this terrible pandemic would place on their health facilities, the expected increase in hospitalization and death rates would adversely impact the level of production across economies — causing a drop in employment, and income, as well as standard of living and human capital in both short- and long-runs. Overall, these can trigger

more poverty incidences than their humanitarian ones. In addition, as Evans and Over (2020) put it, and based on Figure 5, the behavioral aversion (peoples' actions for the avoidance of contacting the virus) emanates from three economic units:

- i) Imposition of ban on different forms of activities by governments across countries;
- ii) Proactive measures taking by firms and institutions which include educational institutions and private businesses. These normally come in form of shutting down of businesses or suspending business operations. While business closure implies that a significant section of the population is already out of the market, in predominant informal economies, especially like the case of African countries, there would be widespread wage loss for workers. Thus, survival could mean the embracement of precarious coping strategies including reducing consumption rate to the level possible, theft and social unrest.
- iii) Acceptance of certain restrictions on personal movements (consumer choices) such as reduced market visits, stoppage of travels, and other social engagements.

Health implications and economic effects associated with behavioral aversion may be more damning and stay longer in Africa, compared to regions with far-reaching proactive and aggressive economic measures. For example, in Africa, there are well-known cross-country disparities in economic development, and improvements in personal income and opportunities have not been distributed evenly. Over the years, these inequalities have festered in the continent (United Nations (UN)-Habitat, 2020). The socio-economic effects of COVID-19 may transform to lower long-term development trajectories for Africa, and the aggravation of low human capital across countries in African continent.

6. Conclusion

This study gives the overview of the socio-economic consequences and implications of the COVID-19 outbreak in Africa. The paper reveals the escalating socio-economic crises accompanied intervention and preventive strategies introduced by governments across board. While it is of common knowledge that the damage caused by the pandemic to the global economy is real, the existing socio-economic crises in Africa could further degenerate. The level of vulnerability, and resilience to the economic risks associated with the disease would determine the short-term and long-term effects on any economy. A significant concern on the current landscape is the catastrophic scale that the pandemic's economic consequences are likely to generate across economies, although it depends on the extent of their exposure to global shocks. What remains salient is that the huge economic costs would be borne by regions bereft of a proactive and viable approach to effectively ameliorate the impact of the outbreak, in both short-run and long-run, to bounce back in relation to the magnitude of the shock suffered (for example, in most SSA countries, such resilient measures are absent or non-existent). Given the degree of behavioral responses and attendant vulnerabilities generated, African socio-economic problems may be potentially exacerbated with the

majority of the population facing severe hardships in the continent. Although it seems to be unknown, since the pandemic has affected the developed countries (especially donor countries) most of which currently have constrained and strained fiscal spaces, this can adversely impact both humanitarian and development funding. SSA's socio- economic situation is becoming critical than ever, unless well-coordinated policy options are put in place.

In the face of this bleak development, the immediate policy option for African countries is to address the prevalent health challenge in the region, and contain the short-term economic risks, while in the longer term, comprehensive reform programs should be undertaken to enhance the fundamental spurs of economic growth and development once the crisis is over. In the short- and long-runs, strengthening health services is required for effective restructuring, and putting in place well-defined stimulus measures to aid in the resurgence of economic growth, enhancement of social inclusion, and helps maintain focus on a sustainable economic approach. Overall, developed countries' support, and global coordination and cooperation are essential to curtail the economic damage, and to facilitate robust recovery and development trajectory globally.

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