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Article

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FINANCIAL ECONOMICS | REVIEW ARTICLE

COVID-19: The impacts of the global crises on African remittances and countries response to this an extreme crisis

Andualem Kassegn^{1*}

Abstract: As the COVID-19 pandemic continues to afflict much of the global economy, the flow of African remittances is likely to suffer substantially. Therefore, the aims of this review were to assess and compiled the possible impacts of the COVID-19 pandemic on African remittances and highlights the key responses undertaken in the continent, which could be useful and provided necessary information on the ongoing COVID-19 pandemics in the continent. To achieve these objectives, in this review, all relevant information were collected through different search engines of PubMed/PMC/ Medline, Web of Science, Google Scholar, Scopus, Google, and Science Direct databases. In addition, media news, reports relevant to the topic from local and national governments and international organizations were used. This review revealed that the COVID-19 pandemic is inevitably affecting remittance-dependent African countries through devastating impacts on the global economy in the destination countries, and restrictions on travel and high cost of sending remittances to their home country. As a result, remittances to Africa are expected to decrease significantly by around 8.8% between 2019 and 2020, from \$48 billion to \$44 billion. Hence, this review draws practical lessons for African countries to tackle the impacts of COVID-19 pandemic on African remittance inflows. It argues that governments need to design and undertaken comprehensive relief measures, monetary and fiscal policy recovery policies to address problems related to the falling of remittances towards Africa due to the pandemic. Therefore, flexible country level and region-wide collaborative efforts should be made



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Andualem Kassegn holds Master of Science degree in Agricultural Economics and Bachelor of Arts degree in Economics from the recognized government universities. He is currently a senior lecturer and researcher at the Department of Agricultural Economics, college of Agriculture, Woldia University, Ethiopia and has been teaching since September 2015. He has a passion on issues which affect country development. His research interests include impact evaluations, microeconomics, macroeconomics, market related issues, livelihood and income diversifications, food security, poverty reduction, international economics, and economic policy analysis.

PUBLIC INTEREST STATEMENT

Remittances represent an important tool for economic growth and poverty alleviation by ensuring a flow of financial resources from migrants and Diasporas to households and communities in other countries. However, as the world suffers the socio-economic repercussions of the COVID-19 pandemic, the flow of global remittances to Africa is projected to decline sharply in recent history. Therefore, this review assessed and compiled the policy responses undertaken by African countries and the possible impacts of the COVID-19 pandemic on African migrant remittances and to provide inputs to policy makers in order to mitigate the spread of the coronavirus in the continent and reduce the possible effects of the pandemic on African remittances.

to mitigate the expected decline of remittance inflows to African due to the COVID-19 pandemic.

Subjects: Development Studies; Economics and Development; Economics; Political Economy; Finance

Keywords: COVID-19; crises; impacts; remittances; policies; Africa

1. Introduction

1.1. Back ground of the review

Remittances certainly come from migration as basic gains and compensations to the emigrant countries for losing part of their labour force (Blouchoutzi & Nikas, 2014). It has been pronounced as a faster, easier, and cheaper mode of transferring money around the world (Imai et al., 2014; World Bank, 2014). It also represents an important tool for economic growth and poverty alleviation by ensuring a flow of financial resources from migrants and Diasporas to households and communities in other countries. Remittances are non-reciprocal transfers of money from an individual or household in one place to another individual or household in another place (Hougaard, 2008). Globally, remittances to Low- and Middle-Income Countries (LMICs) are worth three times as much as official development assistance, and are now equal to foreign direct investment. This is because, global flows of remittances to receiving countries have grown consistently over recent decades from USD 64 USD billion in 1990 to 694 USD billion in 2018 (World Bank Group, 2019a). However, in the wake of the COVID-19 pandemic, remittances shrunk drastically, endangering poverty reduction plans in migrant-sending economies and prolonging the achievement of the sustainable development goals (no poverty) of the United Nations (Karim et al., 2020; Yoshino et al., 2020).

Recent empirical evidences have shown that the COVID-19 pandemic has generated the worst world economic recession since the Great Depression (World Bank, 2020d). In the time of COVID-19, the destruction of employment and paralysis of economic activity reduced immigrant remittances to their home countries (Djankov & Panizza, 2020). World Bank estimates that as the COVID-19 pandemic and economic crisis continues spreading, the remittance flows to LMICs were projected to decline by 7.2% to 508 USD billion in 2020, followed by a further decline of 7.5% to 470 USD billion in 2021 (World Bank, 2020g). As different evidences showed that the economic impact of the COVID-19 pandemic has led to the loss of millions of jobs in the developed and developing world. According to De vasconcelos (2020) migrant workers who are working in economic sectors adversely impacted by the economic slowdown such as construction, the hospitality industry, tourism, food, agribusinesses, transport and domestic work. This loss of income has ripple effects across the world and directly affected the flow of remittances, putting millions of poor rural families at risk. As a result, the projected declines in remittances were the steepest in recent history and were steeper than the 5% decline recorded during the 2009 global recession (Chuc et al., 2020).

But, when we compared it with the time of 2008 financial crises and the 2014 Ebola epidemic, remittance flows showed comparatively strong. Despite most migrant workers losing their jobs in 2008 and 2009 (Taran, 2009), global remittances exhibited only a 6% decrease. The triggered factor for this difference in remittance flows in the different crises in different time in Africa are lockdown measures implemented in host countries, have caused many migrants to lose their jobs, consequently, reducing remittance flows to African countries, they may not be able to send remittances due to stringent movement restrictions and exclusion of money transfer service providers from the list of “essential services” (World Bank, 2020c). The lockdown measures implemented to control COVID-19 across countries have also led to the closure of businesses and industries, leaving the majority of the casual, seasoned and already lowly paid migrant workers unemployed, either temporarily or permanently (Reed & England, 2020).

In 2020, the World Bank estimates a historical decline in global remittances of US\$110 billion, international remittances are projected to fall around 20% (World Bank, 2020h), individuals, households, businesses, and nations that are highly dependent on remittance flows are already suffering a huge financial blow (Bisong et al., 2020). According to World Bank (2019b) migrant workers are already feeling the impact of the COVID-19, many have lost their jobs. This, in turn, is having dire consequences on incomes of individuals, families and societies in regions where remittances are highly consequential for daily survival. On a global scale, the economic crisis wrought by the COVID-19 pandemic has so far been deep and widespread and has greatly affected the capacity of migrant workers to sustain the level of remittances they regularly transfer to their home nations. The World Bank predicts the largest drop in remittances in recent history, with flows expecting to decline by 20% from 2019 levels. According to World Bank (2020g) remittances are projected to decline by from 48 USD billion in 2019 to 37 USD billion in 2020. It is also estimated that the COVID-19 pandemic will lead to about 35% of migrants sending less than 5% of their previous remittance volumes (Orozco et al., 2020). This is because, the COVID-19 pandemic has disrupted the global economy in a multitude of ways, as a result, the LMICs remittances are projected to fall around 19.7% to USD 445 billion (World Bank, 2020g). This implies that migrant workers are expected to experience a substantial fall in their wages and employment, causing severe distress to the livelihoods and economies of their countries of origin. In addition, the close business cycle linkage between host and recipient countries has a downside risk, shocks to the economies of migrant-host countries just the sorts of shocks being caused by the coronavirus pandemic can be transmitted to those of the remittance-recipient countries (Sayeh & Chami, 2020).

This problem is become very serious in Africa. This is because, in Africa, one out of five people sends or receives international remittances (IFAD, 2020). In addition, Africa is often seen as a continent of mass migration and displacement caused by poverty, violent conflict, and environmental stress (Flahaux & De Haas., 2016). Since 2009, the flow of remittances to the continent has now comprise more than 5% of Gross Domestic Product (GDP) in more than 15 African countries. That is why remittance is become one of the biggest sources of external financial flows in Africa. It is also a vital source of resilience for households, especially since the monetary value of remittances exceeds the value of aid (Naudé, 2012), it significantly improves education and health in the Sub Saharan Africa (SSA) region (Amega & Tajani, 2018). In 2019, migrant workers sent about 85 USD billion to their relatives on the continent (Aidi et al., 2020), remittances to LMICs reached a record high of 548 USD billion in 2019 (Ratha et al., 2020). According to World Bank (2020c), in 2019, 80% of the world's total remittances flowed to LMICs. Therefore, the negative impacts of the COVID-19 outbreak may be more serious in African countries whose citizens heavily depend on remittances from migrant family members. As the world suffers the socio-economic repercussions of the COVID-19 pandemic, the flow of global remittances to LMICs, especially in Africa, is projected to decline sharply by around US\$445 billion, compared to US\$554 billion in 2019 due to the spread of the virus in 2020 (World Bank, 2020g). This was broadly anticipated due to expected losses of employment and/or wage contraction of migrant workers as a result of COVID-19 pressures on the labor market in host countries.

In Africa, the greatest impact of falling remittances in the time of this crisis is likely to be for populations which face a convergence of vulnerabilities. For example, the countries facing the greatest convergence of dependence of the population on remittances, the extent to which remittance-dependent people face economic hardship and exclusion from digital and financial infrastructure to adapt to the crisis are Niger, Burkina Faso, Mali, Lesotho, Zimbabwe, Eswatini, and Liberia (African Union, 2020; Bisong et al., 2020; Gagnon, 2020; Mora & Rutkowski, 2020; The Economist, 2020). Moreover, compared with previous economic crises, this pandemic poses an even greater threat to countries that rely heavily on remittance income (Kalantaryan & McMahon, 2020; Sayeh & Chami, 2020). It is obvious that the pandemic is expected to substantially reduce the amount of remittances that migrants from African countries can send home (World Bank, 2020g).

However, in Africa, the emerging coronavirus literature has discovered the effects of the coronavirus crisis on a specific sector (Ather et al., 2020; Fernandes, 2020; Fornaro & Wolf, 2020; Gosling et al., 2020; Laing, 2020; Ozili & Arun, 2020). As far as the knowledge of the author concerned, emerging works have

not assessed the impacts of the coronavirus pandemic on remittances inflows of African countries. Whereas the impacts of remittance on the economic system is more profound in developing countries particularly in African countries because, they receive 307.1 USD billion of the total 416 billion inward remittances, which is about 74% (Meyer & Shera, 2017), remittance is also 27% of the national GDP of most developing countries (Akano et al., 2013). Because of these, academicians around the world have shown keen interest through investigation of various aspects of remittances. For example, studies have been conducted on the motivation for remittance, cost of remittance, the effect of remittance on inequality and poverty, the impact of remittance on economic growth, etc. Since, it is obvious that, the decline of the size of remittances would be unprecedented and could have significant economic implications for people across much of the continent, but is likely to affect some populations differently to others. In addition, the reduction in remittances will not fall evenly across countries and communities (De vasconcelos, 2020). Although the Covid-19 pandemic has spread around much of the world, it has not affected all countries to the same degree simultaneously. A more diversified remittance flow in terms of sending countries may be more protected from the effect of the pandemic, ongoing lockdown measures or an economic crisis in specific places. Besides, the types of policy interventions taken also varied from country to country (Aguilar & Cantú, 2020), and the magnitude of the impact will depend on the management and control of COVID-19 within the respective countries (Center for Global Development, 2020; Hopman et al., 2020; Nachega et al., 2020). Country responses have not only been diverse but often poorly conceived due to the novel nature of the crisis. As a result, the impacts have varied with the contagion and policy responses (Chowdhury, 2020). Therefore, this review intended to assess the policy responses and likely impacts of the COVID-19 pandemic on African remittances, which is likely to be severely exposed to external shocks. Consequently, this review will contribute to understand the potential economic implications of the Covid-19 pandemic by focusing on its impact on migrant remittances in Africa to set an immediate solutions to mitigate effects of the pandemic. The objectives of this review are: to assess and compiled the impacts of COVID-19 pandemic on African remittances in terms of total inflow and as percentage of GDP, explore the short-term and the mid-term impacts of COVID-19 on African remittances and policy responses, review the trends of remittance inflows in Africa and, finally assess and compile policy responses of past crises to earn lesson for COVID-19 pandemic and the following crises.

2. Review methodology

In order to ensure that this review encompassed all the relevant literature on the impact of the global crises of COVID-19 pandemic on African remittances and countries response to this an extreme shock in continent, evidences were collected through review of relevant materials from quantitative and qualitative literatures including systematic reviews, impact evaluation studies, articles, conference presentations, descriptive studies, working papers, policy reviews, policy papers, World Bank and International Monetary Fund (IMF) reports, and other documents written in English and available on the internet. Therefore, to explore and collect relevant sources, all embracing searches were performed from the following electronic international literature databases including PubMed, Web of Science, Google Scholar, Elsevier (Scopus), Science Direct, websites of the World Bank, and IMF. The documents were identified through searches of using keywords and phrases associated with COVID-19, crisis, remittances, impacts, policy measures and responses, and Africa in the time of COVID-19.

No date restrictions were imposed on the search as priority was given to the relevance of the materials in terms of their substantial contribution to the ongoing discourse on the impacts of COVID-19 on African remittances from the relevance of the previous crises irrespective of the age of the material. Attempts, however, were made to capture as much recent literature as possible in order to reflect the currency and increasing relevance of the topic since it is a current global crises. Literatures that were not related to the topic were excluded. Therefore, in this review, selected materials meeting pre-defined inclusion and exclusion criteria and coherent with the topic were included. The general inclusion criteria were relevance, authority, and currency (Browning & Rigolon, 2019; Wolf et al., 2014). Relevance had to do with how the material had contributed to the topic, while authority refers to whether it had been published by a reputable source or the material had been peer-reviewed or

professionally edited, Currency, on the other hand, was defined in terms of whether the material was still influential regarding the topic (Browning & Rigolon, 2019).

As result, the initial search criteria identified a total of 1214 references. However, applying the screening and eligibility processes stated above, only 722 references were identified for full-text retrieval, out of which 179 were identified as meeting and satisfying the final inclusion criteria. Lastly, pieces of information gathered through the review were synthesized, interlinked, and paraphrased to make them more condensed, concise, coherent and manageable, being careful not to change the meaning of the data when combining the themes. In addition to narrations, figures and tables were used as reviewing techniques to support the qualitative synthesis quantitatively, shorten and hold the attention of the readers on the review. Hence, the final review was a more concise and refined summary of the relevant literature regarding the key issues which are reflected under the topic.

3. Results and discussions

3.1. COVID-19 pandemic and its impact on remittance inflows: an over view

The COVID-19 crisis is different. Beginning as a health crisis, it has evolved into an economic crisis affecting finance flows, with the possibility of resulting in a political crisis in some countries (Devermont, 2020). As the crisis unfolds, there is still uncertainty about its secondary economic impacts. Therefore, the COVID-19 crisis coupled with the declining oil prices, is expected to greatly weaken the potential and size of remittance flows to most developing countries. The Coronavirus disease 2019 (COVID-19), is inevitably affecting remittance-dependent countries through economic downturns in the destination countries and restrictions on travel and sending remittances to their home country (Murakami et al., 2020). As we know, the pandemic has hit the major global economies of the Eurozone, the Gulf Cooperation Council, the United States, the United Kingdom, Canada, and Australia. These double as major migrant employers and thus, the main sources of remittances to LMICs (Ratha et al., 2020; World Bank, 2020g).

The IMF forecasts that the COVID-19 pandemic will cause the worst global recession since the Great Depression and much worse than the 2008 financial crisis (IMF, 2020a). African countries, now more integrated into the global economy through global value chains and financial markets, are likely to experience more severe impacts from this crisis than has been the case with prior crises (Kitenge, 2020). Currently, the COVID-19 pandemic is crippling the economies of rich and poor countries alike. Nevertheless, Africa is expected to be the most vulnerable continent where COVID-19 spreading will have a major impact (Moore et al., 2016). The focus of effect of COVID-19 pandemics needs to shift to the developing nations, and particularly to African countries which rely mostly on developed countries. Africa's growth is estimated to be 3.9% in 2020, which can now drop to 0.4% (in the best case) to -3.9% (in the severely hit case) (African Development Bank Group, 2020; Center for Global Development, 2020). Growth in Sub-Saharan Africa may also fall to between -2 and -5% in comparison to 2.4% in 2019, with a risk of the first recession in the last 25 years (DW. Africa, 2020).

Yet for many low-income and fragile states, the economic shock will be magnified by the loss of remittances sent home by migrant and guest workers employed in foreign countries. As a result, a drop in remittance flows is likely to heighten economic, fiscal, and social pressures on governments of these countries already struggling to cope even in normal times (Sayeh & Chami, 2020). This decline would be unprecedented and could affect the capacity of many African countries to address and exit from the crisis. It directly affected the remittance inflow of many African remittance dependence countries like Egypt, Arab Rep. and Nigeria (Global Money Transfer, 2020). However, absolute levels of inflows do not capture the extent of vulnerability of each country. Evidences showed that falling remittances will be likely to impact on economic growth and poverty in receiving countries and, more significantly, could have significant implications for the capacity of households to absorb the shock of the COVID-19 crisis and to recover in the future. In particular, the COVID-19 pandemic has caused a massive economic shock across the world due to business interruptions and shutdowns from social-distancing measures (Martin et al., 2020).

3.1.1. Short-term implications of COVID-19 pandemic on remittance inflows in Africa

In Africa, economic growth strikes, especially in manufacturing, services and trade, ongoing prior to the Covid-19 outbreak. While the pandemic's economic effects were expected to be short-term as factories and offices were locked, and strict "stay in shelter" lockdowns were enforced to stop contagion (Chowdhury, 2020). For major remittance-receiving countries such as Nigeria, Ghana, and Kenya, the reduction in volume of remittances will have welfare implications on low-income households that are dependent on these inflows for consumption and investment in small businesses. But, in these countries, it may still be possible to receive remittances; it is not entirely break because of the existence of several digital payment platforms and services (World Bank, 2020e). A few recent studies examine the short-term effects of the COVID-19 pandemic. For example, in Kenya, one study conducted in Nairobi's five largest urban informal settlements found that 80% of their sample had experienced income loss, while also experiencing food price increases. Two-thirds had skipped a meal at least once or eaten less in the 2 weeks preceding the survey (Council, 2020). Since, in Kenya, remittances became the highest source of foreign exchange by the end of 2019, ahead of coffee, tea, and horticultural exports (Mwaniki, 2019). Therefore, a substantial decrease in remittances in Kenya may result in further decrease in foreign reserves essential for exchange rate stability. In light of this, some banks have waived mobile money transfer charges (Mutua, 2020), while M-Pesa has doubled daily withdrawal limits and waived charges for person-to-person transfers for up to US\$10 (Wasonga, 2020).

In Nigeria and Ghana, while digital transfer payment platforms exist, regulations limit the transfer and receipt of remittances through mobile money. Official remittance inflows to Nigeria account for over one-third of remittance flows to sub-Saharan African countries. However, these flows, estimated at US\$25.37 billion, are still lower than the actual amounts received, as informal flows are not captured. Coupled with the fall in global oil prices, a reduction in remittances will have severe micro and macroeconomic implications for Nigeria, with reduced investments in the economy directly affecting the construction and real estate sector, as well as domestic production. This will create financing gaps for small businesses (African News, 2020).

Another challenge users may face which limits their use of digital transactions is the payment currency. Whereas in cash transactions users may determine the payment currency subject to local financial restrictions and may receive a certain amount of the total transaction in foreign currency. Senders and receivers of remittances prefer to make whole or partial transactions in foreign currency in order to take advantage of high exchange rates existing in the parallel market, as opposed to the official exchange rates used by financial institutions. In Ghana, remittances were projected to increase following the celebration of the "Year of Return" in 2019, which had encouraged diaspora to visit and to make investments resulting in growth in the tourism and construction sectors (Emi, 2020; ITWEB, 2020). However, a decrease in remittances in addition to the fall in oil prices will badly affect the economy, which is still laden with high public service debts (Debuysscher, 2020). Mobile telecommunications companies and network operators in agreement with the Bank of Ghana have also reduced their transaction fees to promote digital payments for the next 3 months (African News, 2020).

In addition, the effect of the pandemic is unprecedented in countries with a high share of remittance to GDP ratio, such as Liberia (Front Page Africa [FPA], 2019), and the Gambia (Jeffang, 2020), remittances account for over 31% and 22% of GDP, respectively, in 2019. These countries highly dependent on remittance inflows may expect a severe contraction in their economies as a result of the reduction in volume due to COVID-19 pandemic. This has already begun in countries like the Gambia, where the economy has been affected by the reduction in tourism. Consequently, in Gambia, the reduction in remittances will directly affect over 60% of households dependent on remittances at the micro level and external reserves at the macro level. In fragile and conflict-affected societies, like Somalia, this situation also poses additional difficulties for over 40% of the households that are dependent on remittances (Majid et al., 2020). In Somalia, the payment channels as such may thus not be disrupted severely by COVID-19. However, the drop in the volume of remittances sent, which has already begun, may lead to more difficulties for households to afford consumption goods and to pay bills.

3.1.2. Mid-term implications of COVID-19 pandemic on remittance inflows in Africa

As evidences shows, the crisis is expected to have profound effects on the global economy, which will certainly affect African remittances on a much broader scale. Therefore, the negative impacts of the COVID-19 outbreak may be more serious in developing countries whose citizens heavily depend on remittances from migrant family members (World Bank, 2020b). This is because, remittances provide cash in hand for people living in poverty and millions of vulnerable people use remittances to cover their essential needs (UNDESA, 2019). Particularly, SSA is likely to face lasting health and economic effects of the COVID-19 pandemic, with projected losses amounting to as much as US\$200 billion, with approximately 20 million jobs at stake (Miller et al., 2020). This reduction of remittances are lowering household disposable incomes, which is estimated to lower household welfare by about 10% to 14% in case trade borders are closed. However, the macro-economic impacts on African economies reliant on remittances may differ, with some being able to absorb shocks better than others. Some may take an additional hit to GDP beyond the economic impact of lock-down measures. Given the effect on households, governments will need to consider social safety nets and reallocation of scarce resources. But continued COVID-19 lockdown measures may overstrain governments' fiscal space, making them less capable of doing so (Cesar et al., 2020).

In Africa, physical distancing measures have received a mixed level of response, owing to their unintended consequences, especially when these measures are not well adapted to the contextual realities of the communities. For instance, about 85% of Africa's labor force comprises informal workers that operate small-scale businesses (ILO, 2018), therefore, observing physical distancing has come with major losses in income and source of livelihood for many individuals and their families (Barasa et al., 2020). Sharp declines in SSA's agricultural and service sectors are also expected to result from physical distancing (Cesar et al., 2020) and this will likely aggravate the present problem of food uncertainty and malnourishment in the region.

3.2. Significant decline in remittances to severely impact households in the time of COVID-19

Evidence from past economic crises shows that unfavorable macroeconomic conditions translate into reductions in household income and consumption at the microeconomic level (Harper et al., 2011; Jones & Marsden, 2010). In developing settings, where credit markets are less developed or non-existent, and reductions in household income may be accompanied by the depletion of household assets in an effort to smooth consumption. Currently, the raises of risk of households falling into poverty or exacerbates poverty level is expected with the COVID-19 pandemic. Declines in remittance inflows may also negatively affect household support structures, a dynamic likely to occur in the current COVID-19 pandemic as well (Ratha et al., 2020). This implies that decreases in household income imply reductions in quantity and quality of food and services consumed by households. Data on remittances on the individuals and households who receive them can give insights into which African countries may be more vulnerable to the forecast decline in remittances resulting from the COVID-19 crisis. This is because, it is an unambiguous that receiving remittances exert a positive and statistically significant effect on subjective wellbeing. According to Sulemana et al. (2019), a unit increase in the frequency with which people receive remittances receiving remittances increases the probability of having good and very good living conditions by about 1.67% and 0.44%, respectively.

In addition, at a country-level, the expected declining remittance inflow has a bigger economic impact in countries where remittances represent a higher proportion of GDP (Kalantaryan & McMahon, 2020). According to IFAD (2018) remittance receiving families and countries are suffering severe socio-economic effects, especially in at least 60 middle and low-income countries that are most reliant on remittances. Since remittances are associated with welfare of households, particularly for those whose head is male or lower educated (Murakami et al., 2020). Studies have shown that remittances improve household welfare (Adams, 2011; Andersson, 2012; Ivlevs et al., 2017; Sulemana et al., 2018). Since remittances augment household incomes and thereby improve livelihoods, remittances influence many social, economic, and political phenomena in the migrant's home country (Chauvet & Mercier, 2014; Ivlevs & King, 2017; Levitt, 1998; Nikolova et al., 2017). Unfortunately, many migrants lose their jobs or be forced to accept lower wages due to the COVID-

19 pandemic lockdowns or oil price crashes in their destination countries (IOM, 2020b); they may not be able to send remittances due to stringent movement restrictions and exclusion of money transfer service providers from the list of “essential services” (World Bank, 2020c).

As we know, the African economy is “infected.” the economic impacts of this crises is having dramatic effects on the wellbeing of families and communities. According to COMNSA (2020) in Africa and other low-income countries, for vulnerable families, lost income due to an outbreak like COVID-19 can translate to spikes in poverty, missed meals for children, and reduced access to basics like health care, water or housing. Under a scenario in which income and consumption contracts by 20%, between 420 and 580 million people would be pushed into poverty, reversing decades of decreasing poverty trends (Sumner et al., 2020). However, detailed insights in the immediate effects of the COVID-19 crisis at the household-level are lacking for most LMICs. Most evidences are from developed countries. For example, in the US, the lockdown policy reduced time spent outside the home (Gupta et al., 2020), contributed to a significant decline in employment (Montenovo et al., 2020), and caused a large drop in job vacancy postings (Forsythe et al., 2020). This resulted in a reduction in remittance flows and could increase poverty and reduce households’ access to much-needed health services (Lindsay, 2020). The reduction of remittances are also lowering household disposable incomes, which is estimated to lower household welfare by about 10% to 14% in case trade borders are closed (Cesar et al., 2020). Particularly, rural and urban households who rely on remittance mostly to cover basic domestic expenditures such as food, housing, education, and health are highly affected as the worldwide spread of the Covid-19 virus has resulted in lockdowns across LMICs (World Bank, 2020a). It is expected that the decline in remittances as a result of the COVID-19 pandemic will exacerbate food insecurity, particularly in East Africa, a region in which several countries, including Ethiopia, Eritrea, Kenya, the Sudan, and Uganda, are currently struggling to contain a serious desert locust outbreak.

In addition, as many poor wage workers in cities lose their jobs due to the effects of the pandemic, urban to rural migration gathers pace, putting immediate pressure on food security, family resources, and overall livelihoods in rural areas, despite potential advantages inherent to the inflow of skilled and semi-skilled labour. In Kenya, COVID-19 is posing additional challenges to pastoralists already suffering from the severe desert locust invasion that has limited forage available for livestock. In countries such as the Niger, at the end of March 2020, the International Organization for Migration assisted over 2,000 stranded migrants of various nationalities, with concerns over the significant number of migrant flows despite lockdown (IOM, 2020a). According Janssens et al. (2020), the household-level fixed-effects regressions result suggest that income from work decreased with almost one-third and income from gifts and remittances reduced by more than one-third after the start of the pandemic. The World Bank estimated that the COVID-19 crisis can push between 40 and 60 million people into extreme poverty, most of which are found in sub-Saharan Africa (Mahler et al., 2020).

A large decline of 60% in household non-farm income due to household enterprise profits and labour income being almost wiped-out post the lockdown. For example, large negative impacts of the Covid-19 lockdown on the income of households in rural Uganda, driven by business closure and declines in wage labour, which both decline by over 50% compared to before the lockdown (Mahmud & Riley, 2020). In addition, 23% decline in remittances flow into Africa, as a result of economic downturns, restrictions in movement and challenges sending transfers to SSA, is expected to heavily impact the livelihoods of households and countries that rely on them for food and other basic expenditures (FAO, 2020). This decline is expected to exacerbate poverty in the region and hit households that rely on them, some of which might resort to negative coping strategies, such as distress selling of assets or child labour. Economic downturns are already visible in migrant destination that account for nearly 25% of all remittances sent to the region. This dramatic reduction in remittances is expected to severely impact African economies. In some countries, low-income households that are reliant on remittances may be pushed further into fragility and vulnerability, given the predicted reduction in the volume of remittances (IMF, 2020b).

3.3. Costs of sending remittance in the time of crises in the continent

Remittances transfer fees to Africa vary substantially across remittance corridors (UNECA, 2020b). Indeed, Africa, the region with the largest number of people living in poverty, is the most expensive region to receive remittances; at an average cost of 8.5% (Where as South Asia has an average of 5%) (World Bank, 2016b). Therefore, remittance senders to and within Africa continue to suffer from the high costs of sending money home. For example, SSA continued to have the highest average cost, at about 8.5%, while the cost was the lowest in South Asia, at around 5%. High transfer costs have always discouraged some migrants from using formal channels of sending remittances to their families. Although governments and private actors have committed to reducing these costs globally, they have remained high and a great limiting factor in remitting to Africa. On average, the costs of remitting from major migrant host communities such as Europe, America and Asia is about 6.5% of the US\$200 in remittance flows (Bisong, 2020). These remittances go as high as 9% of US\$200 when remitting within SSA. However, the SSA case may be different as (depending on their host country) migrants may also need to change their remittances to an international dominant currency (US dollar or Euro) first and then to their home country's domestic currency (Mora & Rutkowski, 2020).

At the intra-regional level, the cost of remittances remains high, especially in the following corridors: Angola to Namibia, Tanzania to Rwanda, and Nigeria to Togo. But, in the context of the African Continental Free Trade Agreement (AfCFTA), there is an agreement that African countries considerably reduce the cost of sending cash across the continent in order to better support efforts to build back better (World Bank, 2020g). Based on the AfCFTA, most remittance service providers have not increased their fees since the beginning of the COVID-19 pandemic, and some have even waived their fees on a temporary basis (IFAD, 2020). However, due to the pandemic, exchange rate fluctuations and operational bottlenecks mean that the fees that providers charge their customers are likely rise in the near future (World Bank, 2020g). Therefore, the crisis is expected to further exacerbate outstanding issues in remittance transfers to African countries in particular, such as the high cost of remittance transfer fees (Gagnon, 2020) or high foreign exchange fees (Mora & Rutkowski, 2020). The COVID-19 pandemic has made it more difficult for migrants to remit money to SSA using traditional or informal channels as most payments are still in cash and some money transfer operators are closed due to the crisis. The World Bank initiated a weekly survey of remittance costs in several vital corridors to assess the effects of the COVID-19 crisis on the remittances sector. The findings showed that money transfer companies have experienced a significant increase in their transactions through formal channels in the wake of the global pandemic. For example, Money Gram's digital transactions surged 106% in 2020 compared to the previous year, while Western Union's rose 50% for the same period (Endurance, 2020). While the average cost of sending money to and within Africa, in the second quarter of 2016, was 9%, and 6% above the target set by the Sustainable Development Goals (SDG) to reduce transfer costs to the level of 3% by 2030 (African Union, 2016). Remittance costs across many African corridors and small islands in the Pacific remain above 10%. Banks continue to be the costliest channel for sending remittances, with an average cost of 10.9% in 2020, while post offices are recorded at 8.6%, money transfer operators at 5.8%, and mobile operators at 2.8% (Ratha et al., 2020).

In addition, restrictions to mobility in remittance-receiving countries may mean that money transfer operators (MTOs) which are not considered an essential service in some countries may be closed (Mora & Rutkowski, 2020). With the restrictions to mobility, there is a shortage of physical cash moving, resulting in difficulties in meeting payments for both businesses and individuals using these informal systems (Dave & Vyas, 2020). Mobility restrictions resulting in the closure of several (non-essential) businesses, cash flows within the system have been severely limited. In particular, restricted postal services may lead to an increased difficulty to receive cash transfers, especially in rural areas. Whereas the digital transfer platforms are increasingly offering services that transfer remittances directly to the bank account of individuals in receiving countries. However, these account for only about 30% of global remittance transactions (Orozco et al., 2020). A significant number of remittance-receiving family members or individuals reside in rural areas with limited connectivity to formal banking institutions.

The use of formal channels may mean that families and migrant workers may need to pay high transfer fees, thus losing up to 10% of the already reduced amount (Bisong et al., 2020). This may

mean an increased difficulty to receive cash flows which are often essential for families in preparing for their various stages of lockdown or quarantine restrictions. The high costs of intra-African remittance transfers, especially along certain regional corridors which account for high outflows of remittances to other African countries, have also contributed to the low use of formal remittance transfer channels. While a large proportion of intra-African remittances are transferred through informal channels and using self-carry, the restrictions on movement will also affect these options (Bisong et al., 2020).

4. Consequences of COVID-19 pandemic on the continent economy

Declared a pandemic by the World Health Organization (WHO) on 11 March 2020, COVID-19 has become a global emergency, given its impact on the entire world population and the economy (Smith, 2020). Africa is expected to be the most vulnerable continent where COVID-19 spreading will have a major impact (Moore et al., 2016). The focus of effect of COVID-19 pandemics needs to shift to the developing nations, and particularly to African countries which rely mostly on developed countries. Economists had estimated Africa's growth in 2020 at 3.9%, which can now drop to 0.4% (in the best case) to -3.9% (in the severely hit case) (African Development Bank Group, 2020; Center for Global Development, 2020). Growth in SSA may also fall to between -2 and -5% in comparison to 2.4% in 2019, with a risk of the first recession in the last 25 years (DW. Africa, 2020). Whereas according to scenario simulations of the International Monetary Fund (IMF), global growth could fall by 0.5% for the year 2020. The difference is, the continent, because of its openness to international trade and migration, is not immune to the harmful effects of COVID-19 pandemic. Some key sectors of the African economy are already experiencing a slowdown as a result of the pandemic. Tourism, air transport, and the oil sector are visibly impacted (Smith, 2020).

For Africa and many LMICs the spread of COVID-19 is translating into economic impacts that will affect the already most vulnerable populations. 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 (COMNSA, 2020; OECD, 2020). Therefore, COVID-19 is a significant headwind for growth in Africa. In a best-case scenario, Africa's average GDP growth for 2020 will fall 1.4 percentage points, from 3.2% to 1.8%, pushing 27 million people into extreme poverty. In a worst-case scenario, Africa's economy contracting by up to 2.6% in 2020 (UNECA, 2020a). As evidences revealed that the current low remittance flows pose huge economic development implications on remittance-dependent economies, with the possibility of lowering the welfare of several households, and pushing them back into poverty (Ataguba, 2020; Damak & Bahtia, 2020). The impact of COVID-19 on the economies of top tourist countries (in which tourism industry contributed to more than 10% of countries GDP) will be much higher than that on average African economies like Seychelles, Cabo Verde, Mauritius, Gambia, Tunisia, Madagascar, Lesotho, Rwanda, Botswana, Egypt, Arab Rep., 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 in 2020 (African Union, 2020).

African countries have also suffered significant damage to their economies as a result of shutting down activity at home as part of a containment strategy. Perhaps the larger damage was brought about by immediate global reaction to the pandemic, in particular, the closure of borders (impacting trade flows and tourism), the collapse of global demand (for example, for oil, impacting African oil producers) and disruption of supply chains. Especially, in 2020, SSA will suffer its first recession in 25 years (Ndulu, 2020). Furthermore, the price of oil, which accounts for 40% of Africa's export, has halved in value, and major African exports, such as textiles and fresh-cut flowers have crashed (UNECA, 2020a).

5. The impacts of remittance on the African economy (The nexus between remittance and economic growth)

International remittances often account for a large share of foreign exchange earnings and help countries that are facing foreign exchange shortages (Meyer & Shera, 2017). Remittances contribute to higher consumption spending and the accumulation of physical capital and productive capacity by reducing the cost of capital (Imai et al., 2014). As remittances promote human capital development by removing information and liquidity constraints. Evidences showed that migration helps to fill information

gaps on the importance of education and liquidity constrained households to send children to school and keep children out of the labour force (Acharya, 2014; Salas, 2014; Yang, 2008). In Africa, it is one of the most important sources of external resources in many African countries that has real impacts on lives of millions of recipient families across Africa (African Union, 2016). Although remittance flows to Africa are relatively smaller compared to many other developing regions, their contributions to economic growth are enormous and thereby influence quality of life or wellbeing of relatives left behind (Fayissa & Nsiah, 2010; Pradhan et al., 2008; Sulemana et al., 2018). In addition, remittances have contributed to the alleviation of poverty (Masron & Subramaniam, 2018), to access to water, food, medicine, housing, and clean energy (Ebadi et al., 2018; Ndiaye et al., 2016; UN, 2019), to promoting entrepreneurship (UNDP, 2016), and to empowering women (Sambo, 2016).

Therefore, remittances to Africa play an important role in national economies. However, little data exists as many rely on informal channels to send money home. Number of immigrant from Africa today approximately reaches 20 to 30 million adults, who send around US\$40 billion annually to their families and local communities, back home. For the region as a whole, this represents 50% more than net Official Development Assistance (ODA) from all sources and, for most countries, the amount also exceeds Foreign Direct Investment (FDI) (Micro Fiancé Work for Africa, 2015). In several fragile states, remittances are also estimated to exceed 50% of GDP (World Bank, 2016a). Several studies examined the positive development impact of remittances. Remittances are playing an increasingly large role in the economies of many African countries since remittances represent the main source of foreign exchange income in Africa and account for significant shares of countries' GDP. For example, Nigeria, the largest recipient of remittances in SSA, received approximately USD 23.8 billion; while countries such as Ghana, Kenya and the Senegal received USD 3.5 billion, USD 2.8 billion, and USD 2.5 billion, respectively (World Bank, 2020g). This indicated that remittances have a macro implication for African economies. For that reason, among other factors, declining remittance flows are contributing to weakening economic growth and development of Africa in the period of the COVID-19 pandemic (Ataguba, 2020; Damak & Bahtia, 2020).

At the macroeconomic level, total remittances to Africa amount to some 3% of the continent's GDP and constitute a significant source of financial resources for many African countries. In addition, the pandemic is likely to result in a sharp reduction in external revenues, deterioration in African countries' financial account balances, and broader macroeconomic instability (UNECA, 2020b). The economic implications will be particularly grave in countries where remittances traditionally constitute a significant share of GDP, such as South Sudan (34.4%), Lesotho (21.3%), the Gambia (15.5%), Zimbabwe (13.5%), and Cabo Verde (11.7%) (UNECA, 2020b). Currently, African migrants stimulate economic growth and development in areas of destination, transit, and origin through their labour, skills transfer, consumption and investments. Their remittances also make significant contributions to food security, human capital, rural development, and overall GDP in areas of origin (FAO, 2020).

As this review found that remittances are a key component of economic growth in Africa. According to (Global Money Transfer, 2020), for many nations, remittance income forms a significant source of foreign capital vis-à-vis GDP. Moreover, remittances sent by migrants can potentially encourage domestic investment and ensuring economic growth (Dermendzhieva, 2011). At a macroeconomic level, research has struggled to identify a clear relationship between remittances and economic growth in origin countries (Clemens & McKenzie, 2014; Yang, 2011). This may be due to measurement errors, insufficient statistical power in analysis, and the contractionary effects of migrant labour leaving origin countries (Clemens & McKenzie, 2014).

Several studies in the literature such as Siddique et al. (2012), Koay and Choong (2013), Akkoyunlu (2013), Sibindi (2014), and Dramane (2015) among others have found causality among remittances, financial development and economic growth on different countries. According to Olayungbo and Quadri (2019) in the short-run impact of remittances on economic growth is positive and statistically significant, indicating that remittances contribute positively to economic growth of the SSA countries in the short-run for both the Pooled Mean Group (PMG) and the Mean Group (MG) estimates. This finding is consistent with the claim of Nyamongo et al. (2012), Adarkwa (2015), and Karikari et al. (2016) for Africa that remittances appear to be one of the most significant sources of capital for economic development. It is also consistent

with the study which was carried out outside Africa in Bangladesh, India, Pakistan and the Philippines. The result revealed that there was highly significant long-run positive relationship between remittance and economic growth. While here is an insignificant positive association between remittance and economic growth in the short-run. This short-run insignificant finding is likely to be due to various temporary shocks that occur in the economy (Salahuddin & Gow, 2015).

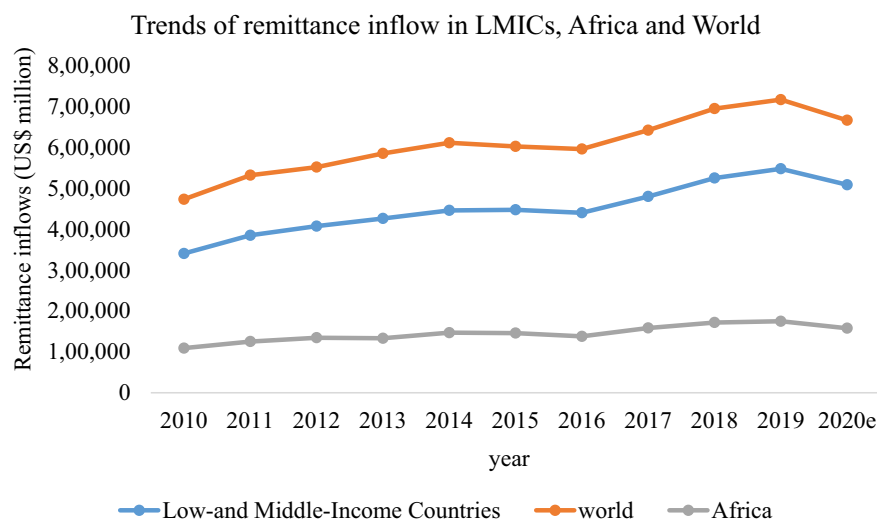
From a macroeconomic perspective, there is no conclusive relationship between remittances and GDP growth (Barajas et al., 2009). This is because, remittances can boost aggregate demand and there by spur economic activity, other researches indicate that remittances may also have adverse macroeconomic impacts by increasing income inequality and reducing labour supply among recipient countries (Federal Reserve Bank of Dallas, 2010). In general, there were inconsistent and opposing empirical evidences which have been reported regarding the nexus among remittances and economic growth. This is marked in the studies conducted on a specific country, region or various countries. Empirically, some studies have shown that remittances do not serve as a significant source of capital for economic development and therefore, there is no significant relationship between remittances and economic growth in developing countries (Karagoz, 2009 for Turkey, Siddique et al., 2012 for Bangladesh, India and Sri Lanka; Feeny et al., 2014 for Small Island Developing States (SIDs) in SSA, the Pacific, Latin America, and the Caribbean).

6. Remittance trends within Africa in the time of crises

Remittances as an element of development finance are usually affected by global crises. This is the case regardless of whether the center of the crisis is in developed countries that host about 32% of global migrants who remit the highest, or in developing countries where about 34% of global migrants are (Ratha et al., 2020). Across the world, international migration and remittances have increased significantly in recent decades. In the same way, as Figure 1 indicates, the inflow of remittances in LMICs has increased dramatically since the 1990s and has emerged as a most important source of private capital flows for dozens of these countries (World Bank, 2011). Since 2000, the migrant stock is increased by 50% and in 2017, close to 258 million people lived outside their home country (World Bank, 2020g). The remittances that flowed to LMICs in 2001 totaled 96.5 USD billion with 14 USD billion to Africa, it increased to 331.7 USD billion in 2010 with 40 USD billion to Africa, 416.6 USD billion in 2013, 429.9 USD billion in 2014 and it rose to 432 USD billion in 2015 out of which 52 USD billion flowed to Africa (World Bank, 2016a). In 2018, SSA also received the highest migrant remittance inflows.

Figure 1. Trends of remittances in Africa, LMICs, and World.

Source: Authors' compilation based on World Bank World Development Indicators; staff estimates.e = estimate



In the current crisis, however, the entire world has been affected, and remittances are falling just when countries urgently need cash to address critical health and economic impacts (Sayeh & Chami, 2020). Based on the trajectory of economic activities in many major migrant-hosting countries, especially the United States, European countries, and the Gulf Cooperation Council (GCC) countries, remittance flows to LMICs are expected to register a decline of 7.2% to 508 USD billion in 2020 (Figure 1). As shown in Figure 1, the projected decline in remittances in 2019 and 2020 will be the steepest in recent history, certainly steeper than the decline (less than 5%) recorded during the global recession of 2009. World Bank also estimated that remittances indicate a more gradual but more prolonged and continuing to decline into 2021 (World Bank, 2020f). Particularly, remittances to Africa are expected to decrease significantly by around 8.8% between 2019 and 2020, from 48 USD billion to 44 USD billion due to the COVID-19 pandemic restrictions measures in movement and their devastating impacts on the global economy.

As mentioned above, this declining trend is expected to continue in 2021, when remittances are projected to decrease by around 5.8% to reach 41 USD billion. The decline in remittance flows in the world is attributed to a combination of factors, all driven by the COVID-19 crisis in major destination countries, including EU countries, the United States, China, and GCC countries. SSA is expected to be among the hardest hit regions by the COVID-19 crises, the overall trend is started to decline in 2019 (Terzo, 2020).

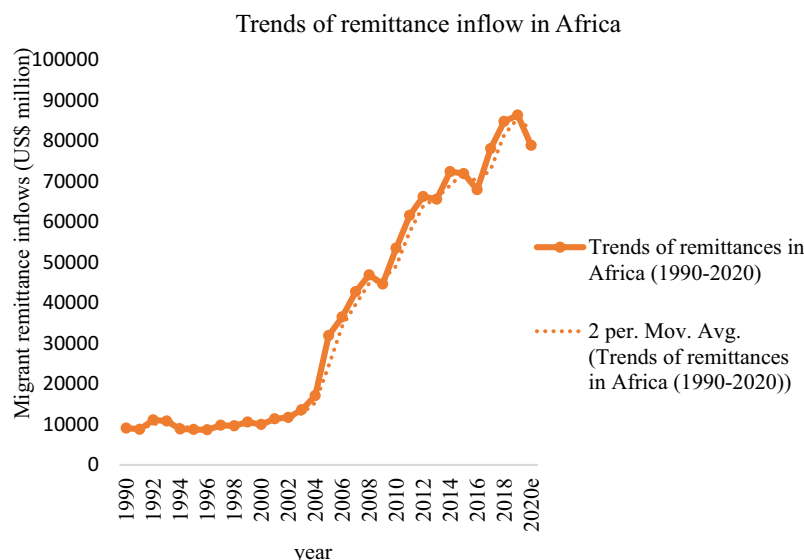
As we see Figure 1, the remittance trend among LMICs, Africa, and in the world is highly interrelated. Meanwhile remittance flows to Africa have been affected by slow economic recovery in high and middle-income countries and the adverse impact of the commodity price decline on regional remittance source countries such as South Africa and Nigeria. Remittances to Nigeria, accounting for around two-thirds of total remittance inflows to the region, are estimated to have declined by 0.8% to 20.7 USD billion, and remittances to South Africa are estimated to have fallen by 5.2% to 0.9 USD billion (World Bank, 2020g). The World Bank said this decline is “unprecedented,” with the closest comparison being the Global Financial Crisis, when remittances fell around 5% (Lindsay, 2020). During the global financial crisis of 2008 (Chen et al., 2019), global remittances to developing countries fell by only 5% compared with 2007, while foreign direct investment fell by 40% over the same period (World Bank, 2010).

As illustrated in Figure 2, remittance flows remained relatively stable at that time despite difficult decisions made by many migrants working outside their home countries. This steady remittance flows helped to insulate migrants’ families from the economic shocks stemming from the 2008 crisis, and helped their home countries’ economies stabilize and recover (World Bank, 2012). The 2009 recession also offers important lessons and clues as to the impact of this crisis on sending behavior. The severity of the recession had an effect of reducing remittance growth by 12%. As shown in Figure 2, it hits African remittance inflow hardly, the decline was largely associated with the inability of those unemployed to remit as well as a decrease in the amount sent by those employed. A 2009 study by the Inter-American Dialogue (IAD) showed that the principal amount sent dropped 5% compared to 2008 and the frequency of sending dropped 20%. Among those unemployed, the percent of people that continued remitting in the first six months of losing their jobs dropped to 25% from 40% (Orozco, 2009). Figure 2 illustrates the trend in remittance inflows to Africa over the last twenty years.

During the 2014 Ebola epidemic in West Africa, remittances were critical in helping households and businesses to cover essential costs during periods of quarantine (World Bank, 2014). Whereas according to UNECA (2020b), remittance flows to the whole Africa are expected to decline by some 21% to approximately 67 USD billion. The possible reason to this sharp declining remittance inflow in Africa is due to the global crises of COVID-19 pandemic (Ratha et al., 2020).

Figure 2. Trends of remittances inflow in Africa (1990–2020).

Source: Authors' compilation based on World Bank World Development Indicators; staff estimates.e = estimates, Chad, Eritrea, and Libya data not included



In Africa, as shown in Figure 2, remittance trend shows up and down trends over 20 years. The potential causes for the up and down movement of the line in the Figure 2 over the period 1990–2020 are the crises include the global financial crisis (2007–2008), the SARS outbreak (2002–2003), the MERS outbreak (2012), the H1N1 outbreak (2009), the Indian Ocean tsunami (2003–2004), the West Africa Ebola Virus Disease (EVD) outbreak (2013), food and fuel price increases in 2007–2008, severe recessions in certain regions (e.g., the 1997–1998 Asian financial crisis, the Latin American “coffee crisis”) and certain countries (e.g., the 1994–1996 “tequila crises” in Mexico), and major earthquakes, and the COVID-19 pandemic crises. Furthermore, fees typically charged for sending remittances to Africa are higher than the fees charged for sending money to any other global region (UNECA, 2020a). As a result, remittance flows to Africa are projected to decline significantly in 2020. This reduction could result in 18 USD billion decrease in remittance inflows to people who depend on this essential lifeline. As a result, this sharp fall in remittances will undermine countries’ ability to deal with the COVID-19 pandemic, let alone their ability to achieve the sustainable development goals (Bisong et al., 2020). This is because, the expected recession will weaken migrants’ business capability, their job availability and their ability to send remittances to their home countries (IMF, 2020b).

7. 2019 vs. 2020 remittance inflows in Africa in the time of COVID-19 crises

Remittances have been the largest source of international financial flows to Africa since 2010, accounting for about a third of total external financial inflows. They represent the most stable source of flows, having nearly consistently increased in volume since 2010 (Opali, 2020). In 2019, total remittances flows amounted to USD 714 billion, close to 1% of global output. Particularly, remittance inflows, both in nominal terms and as a percentage of GDP tend to be higher in Africa and were larger than FDI in 2019 (Ratha et al., 2020). For example, in 2019 as shown by Figure 3(A), the African countries receiving the largest remittance inflows in the nominal form from higher to the lowest were Egypt, Arab Rep. (\$26,791.49), Nigeria (\$23,800.49 million), Morocco (\$6668.77 million), Ghana (\$3520.56 million), Kenya (\$2819.33 million), Senegal (\$2522.21 million), Tunisia (\$1902.29 million), Congo, Dem. Rep. (\$1822.71 million), Algeria (\$1792.00 million), Zimbabwe (\$1729.88 million), Uganda (\$1293.17 million), South

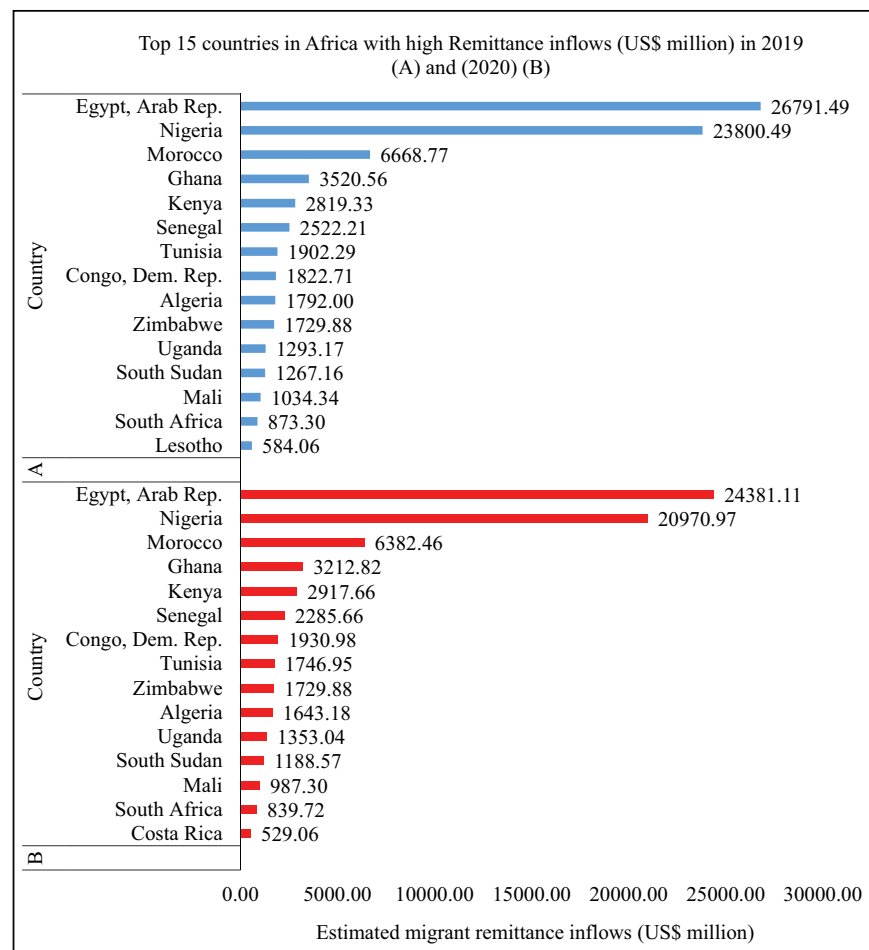
Sudan (\$1267.16 million), Mali (\$1034.34 million), South Africa (\$873.30 million), and Lesotho (\$529.06 million).

Similarly, the top 15 recipients of remittance in 2020 as shown by Figure 3(B), from higher to the lowest were Egypt, Arab Rep. (\$24,381.11 million), Nigeria (\$20,970.97 million), Morocco (\$6382.46 million), Ghana (\$3212.82 million), Kenya (\$2917.66 million), Senegal (\$2285.66 million), Congo, Dem. Rep. (\$1930.98 million), Tunisia (\$1746.95 million), Zimbabwe (\$1729.88 million), Algeria (\$1643.18million), Uganda (\$1353.04million), South Sudan (\$1188.57million), Mali (\$987.30 million), South Africa (\$839.72 million), and Costa Rica (\$584.06 million).

As Figure 3 illustrates, in terms of total inflow, Egypt remains the top recipient of remittances in Africa in both 2019 and 2020. However, as can be shown in Figure 3, migrant remittance inflows slightly declining in 2020 from migrant remittance inflows in 2019. The possible reason for this slight declining migrant remittance may be COVID-19 Pandemic due to restriction-related measures. This implies that the moss deriving factors for the decline in remittances in 2020 are weak economic growth and uncertainties around jobs in several high-income migrant-hosting countries such as the United States and European countries, weak oil price (for example, the economies of countries like Russia, major sources of remittances to South Asia, Southeast Asia, and Central Asia are highly dependent on the oil price, a more structural factor in the case of Saudi Arabia is a shift

Figure 3. Estimated migrant remittance inflows (US\$ million) in 2019 (A) and 2020 (B).

Source: Authors' compilation based on World Bank World Development Indicators; staff estimates.

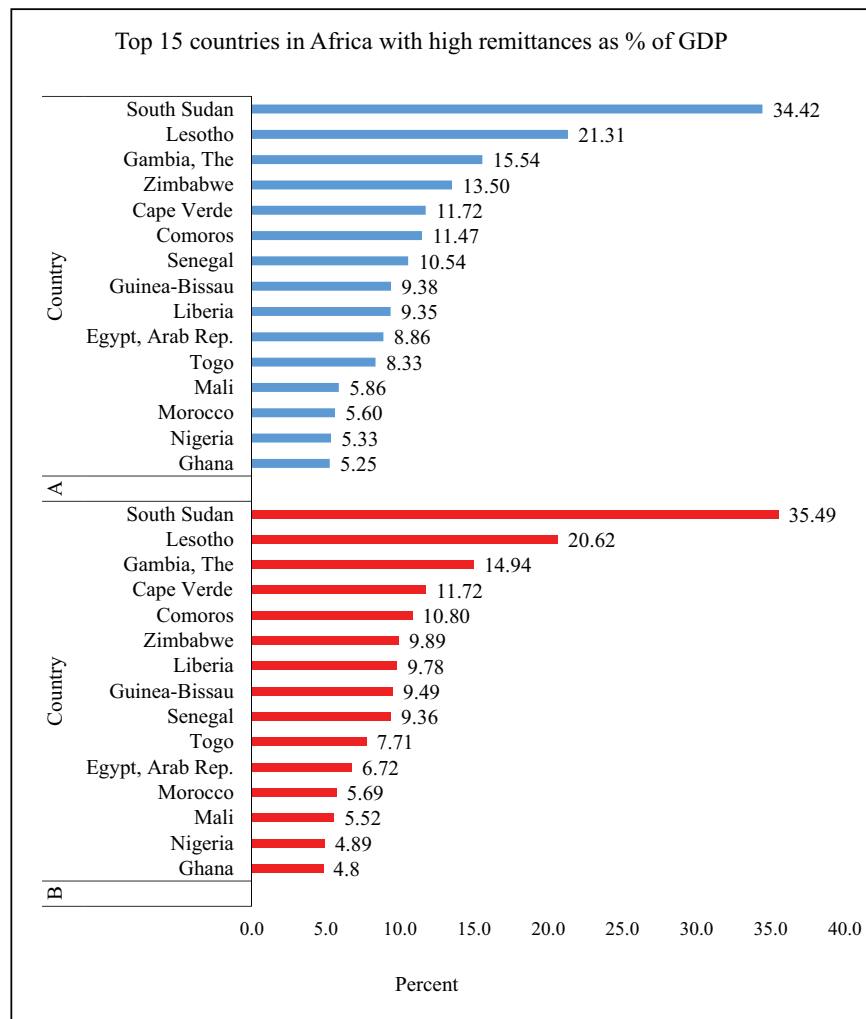


in their employment policies to favor the employment of native-born workers), and the other factor affecting the flow of remittances is the exchange rate (vis-à-vis the US dollar) of source of currencies for remittances (Ratha et al., 2020).

The other assessment point here is, as shown by Figure 4, the top 15 remittance recipient countries as a share of GDP were different from the top 15 recipient countries of Africa in terms of nominal remittance inflows in 2019 and 2020. The top recipient countries in 2019, as shown by Figure 4(A), as a share of GDP from the higher to the lowest recipients were South Sudan (34.42%), Lesotho (21.31%), Gambia, The (15.54%), Zimbabwe (13.50%), Cape Verde (11.72%), Comoros (11.47%), Senegal (10.54%), Guinea-Bissau (9.38%), Liberia (9.35%), Egypt, Arab Rep. (8.86%), Togo (8.33%), Mali (5.86%), Morocco (5.60%), Nigeria (5.33%), and Ghana (5.25%). Whereas the to 15 recipient countries in 2020, as shown by Figure 4(B), as a share of GDP from the higher to the lowest recipients were South Sudan (35%), Lesotho (21%), Gambia, The (15%), Cape Verde (12%), Comoros (11%), Zimbabwe (10%), Liberia (10%), Guinea-Bissau (9%), Senegal (9%), Egypt, Arab Rep. (7%), Morocco (6%), Mali (6%), Nigeria (5%), and Ghana (5%).

Figure 4. Estimated remittances as a share of GDP in 2019 (A) and 2020 (B) (%).

Source: Authors' compilation based on World Bank World Development Indicators; staff estimates.



Despite the slow declining of remittances across in 15 countries as a share of GDP in 2020, the top recipient countries were not the same in the year 2019 and 2020. South Sudan and Ghana are the highest the lowest recipient countries as a share of GDP in 2019 and 2020, respectively (Figure 4). As to whether a country depends on migrant remittances when measured per population (or GDP) largely depends on the size of the population (or GDP) of that country. For example, although Nigeria is the largest recipient of migrant remittances in terms of actual volumes (receiving 40% of the total flows to SSA) and ranked among the top-10 largest remittance-recipients in per capita terms, the Nigerian economy is not remittance-dependent when measured as a ratio of GDP due to its large GDP.

As can be seen in Figure 4(A, B), in 15 countries, remittance inflows were almost equal to more than 5% of annual GDP in 2019 and 2020. In 8 of these it was equal to more than 10% of annual GDP in both 2019 and 2020. As shown in Figure 4, South Sudan had the region's highest share of remittances, as a percentage of national GDP, at more than 34.42% and 35.49% in 2019 and 2020, respectively. In 2020, remittances as a share of GDP range as high as 35.49% in South Sudan and as 4.8% in Ghana.

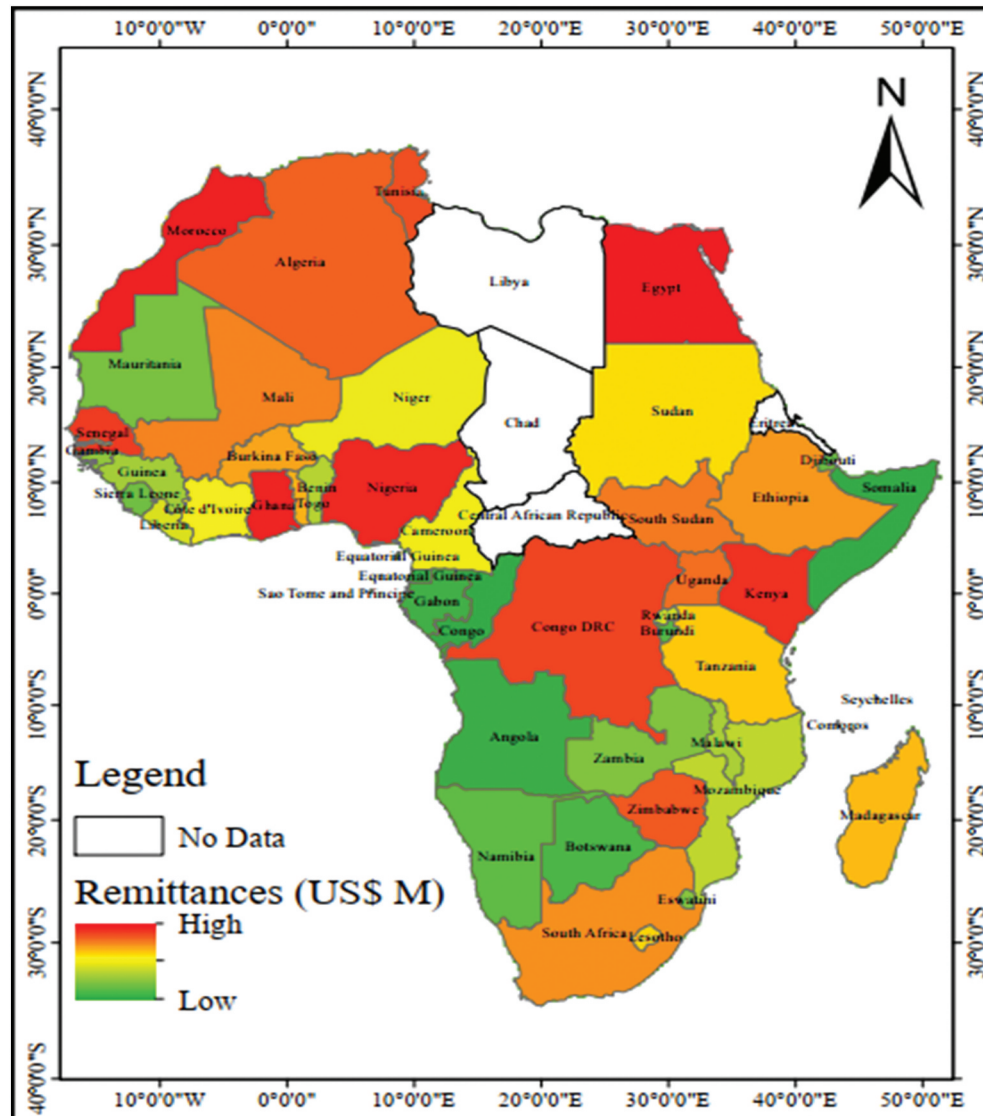
8. Mapping of the remittance dependence African countries

There are disparities in the distribution of migrant remittances and populations being dependent on remittances across Africa. Figure 5 synthesizes this disparities in remittances inflows within the African continent. According to the African Union (2020), at a country-level, it is expected that declining remittance inflows to have a bigger economic impact in countries where remittances represent a higher proportion of GDP. As economic activity in the doldrums in many advanced and emerging market countries, remittances to Africa could experience significant declines. As shown in Figure 5, the share of countries that report being dependent on remittances varies significantly across the continent, it should also be noted that there is significant variation in the degree of this dependence. In Figure 5, the bright red color shows the highest remittance dependence countries. For example, two countries, namely Egypt, Arab Rep. and Nigeria which are shown by the bright red color, account for 60% of remittances received in the continent. Egypt, Arab Rep. and Nigeria have received US 24,381.11 USDMillion and US 20,970.97 USDMillion, respectively in only the year 2020. While, in 2020, Angola has received least remittance (US\$3.21 million) among the rest of African countries. Congo, Rep and Somalia have not received remittances in 2020 where as no data were recorded in countries shown by the white color, Central African Republic, Chad, Eritrea, and Libya. Nigeria, Sudan, Kenya, and South Africa are the countries that have the highest population and geographical size, and therefore are most likely to have the highest number of emigrants. But, it does not mean that these countries are the highest recipients of remittance as a share of GDP. For example, countries such as south Sudan, Cape Verde, Mauritius, Lesotho, Seychelles, Swaziland, Senegal, and Togo with small geographical size and population dominate the list of highest remittance recipients in per capita terms but in the list of lowest remittance per capita recipients, Sudan and Nigeria are found with relatively large population and geographical sizes. However, the foreseen fall in remittances in 2020 will not only impact on people in countries where remittance inflows are highest. For instance, in Burkina Faso, Guinea, and Liberia 22% of the population reports being dependent to some extent on receiving remittances.

In summary, according to World Bank staff estimation in 2020, looking across the 55 African countries that provided information on African migrant remittance inflows (US\$ million), there is a wide variation across the region, ranging from null in (Somalia) to a high of US\$ 24,381.11 million (Egypt, Arab Rep.).

Figure 5. Location map of disparities in remittances dependence within the African continent.

Source: Author compilation and generated based on World Bank (2020), World Development Indicators



9. How African remittances responded to prior crises and relevant lessons to COVID-19

Two recent crises that have had relative significance on African remittances are the 2008 financial crisis and the 2014 Ebola epidemic (World Bank, 2019b). Remittance flows, which are an integral part of development finance, proved relatively resilient during the 2008 financial crisis and the 2014 Ebola epidemic. However, they are currently under threat by the COVID-19 pandemic. Lockdown measures implemented in host countries have caused many migrants to lose their jobs, consequently reducing remittance flows to developing countries. In 2020, the World Bank estimates a historical decline in global remittances of US\$110 billion, with SSA is expected to experience a decline of about 23.1% (Bloomberg, 2020; World Bank, 2020g). The global COVID-19 pandemic has been described as a “once-in-a-century phenomenon” and its global reach and potentially devastating toll on mortality compared to the 1918 Spanish Flu. But the COVID-19 pandemic is not comparable to recent crises, and past experience can provide useful insights to inform current and future policy responses (Tirivayi et al., 2020). For example, public policy responses to the 2007–2008 global financial crisis provide useful experiences of how a global shock was addressed by countries in different ways and provide lessons for the current COVID-19 pandemic (Harper et al., 2011). The 2007–2008 global financial crisis

included a short phase expansionary fiscal and social protection responses, followed by a longer phase of austerity measures (Tirivayi et al., 2020).

Therefore, as confronting novel and challenging scenarios regarding the spread of COVID-19 in Africa, identifying tools or strategies that proved effective for other viral outbreaks on the continent represents a viable approach to help and mitigate the spread of the coronavirus. In this respect, especially, previous high-impact disease outbreaks, such as the Ebola crisis in Western Africa in 2014 and more recently in the Democratic Republic of Congo, have provided important lessons to enable emergency preparedness and to devise context-specific interventions (Mehtar et al., 2020). While evidences showed that past health and economic crises had wide-ranging negative socio-economic impacts on human well-being and the public policy responses to virus pandemics (apart from HIV/AIDS) were limited compared to policy responses to previous economic crises and natural disasters (Tirivayi et al., 2020).

In addition, this review showed that public policy responses to previous rapid onset diseases outbreaks and pandemics are occasionally accompanied by social protection measures in addition to health measures for containment and control (Delamou et al., 2017; Parpia et al., 2016; Quaglio et al., 2019). For example, as with the Ebola crisis, COVID-19 will also impose spillover costs on Africa's existing health challenges as resources are redirected and spread even thinner (African focus, 2020). A crucial challenge for the continent is the very low ratio of medical personnel per 10,000 patients as well as weak health systems (UNECA, 2020a). However, as compared to the previous crises, the Covid-19 crisis was a large, unexpected shock that affected nearly the whole world simultaneously. It is thus a unique example of a worldwide aggregate shock (Mahmud & Riley, 2020).

As households level, the past experiences have highlighted various mechanisms that households use to smooth shocks, such as informal risk sharing, selling assets and livestock, increasing labour supply, cutting back on non-food expenditures, and using savings and credit (Dercon, 2002; Morduch, 1995). However, during an aggregate shock, many of these mechanisms might fail. Informal risk-sharing networks have been highlighted as a key mechanism through which households' smooth shocks, both within the village (Chiappori et al., 2014; Kazianga & Udry, 2006; Townsend, 2010; Udry, 1994), and with wider networks of family and friends both within the country and abroad (Blumenstock et al., 2016; Fafchamps & Lund, 2003; Jack & Suri, 2014; Rosenzweig, 1988). The other lesson learned from the 2014 Ebola epidemic was the cash transfer introduced during the crisis, other interventions were mostly implemented for post-Ebola economic recovery (Guluma, 2018). Communities experiencing in the time of Ebola crises in West Africa in 2014–15 rapidly learnt from scratch how to cope with a deadly new infection, and this provides the rest of the world with important information on strategies to address novel disease threats more generally (Hosny, 2020).

Control measures to tackle COVID-19 in Africa should therefore be informed through lessons learned from past outbreaks and emergencies on the continent. These lessons will represent a key source of guidance for the strategic implementation and promotion of public health interventions to assist scale-up of COVID-19 case management, infection prevention, and control (Bitanirwe & Ssewanyana, 2020). In SSA and other regions, conclude that cash and in kind transfers, including food aid, alleviate the negative consequences of HIV-related illnesses or deaths in affected households (Angela et al., 2003; McCord & Himmelstine, 2013; Temin, 2010; UNHCR, UNICEF, WFP, UNDP & other partners, 2010). These are where Africa's experiences of past crises has something to offer. Therefore, based on past experiences, there is a scope of suppressing transmission of COVID-19, provided governments and the public will change their behavior towards this virus as they did previously for Ebola, HIV, Polio, and other outbreaks (Lone & Ahmad, 2020).

10. Covid-19 pandemic and responses of African countries

COVID-19 continues to spread across the world, with increasing morbidity and mortality. Africa currently is the least affected of all the continents; however, it has to maintain its preparedness and strengthen surveillance (Dzinamarira et al., 2020). Since the importation of the first case in the WHO

African Region, the coronavirus disease 2019 (COVID-19) pandemic has spread to 46 of the 47 countries in the African (WHO, 2020a). Current evidence from the World Health Organization (WHO) Regional Office for Africa and the Africa Centre for Disease Control and Prevention (ACDCP) confirm the spread of COVID-19 across the entire continent (WHO, 2020b). The continent's weak health-care system and a large immune compromised population owing to high prevalence of malnutrition, anemia, malaria, HIV/AIDs, tuberculosis, and poor economic discipline, make it distinct from the other continents that have experienced COVID-19 to date. The majority of countries' health systems, already dependent on donor aid, are ill-equipped and under-resourced to deal with the raging pandemic. However, there is some cause for optimism, for example, in West Africa where infrastructure like diagnostic testing facilities, Intensive Care Units (ICUs), surveillance, and systems for reporting emergencies used during the EVD outbreak of 2013–2016 can be leveraged to fight the COVID-19 pandemic (Dzinamarira et al., 2020).

Therefore, Africa's response to the pandemic was by and large quick and decisive (Senghore et al., 2020). However, for some countries, there was generally a slow response to the pandemic due to several reasons. As the COVID-19 pandemic spread rapidly across some European countries, there was a general belief that this virus could be restricted to colder climates (Lone & Ahmad, 2020), and to areas outside of Africa. As a result, people were slow to take the necessary precautions such as travel restrictions, closure of borders, and containment measures. Some believed, as was the case with SARS 1 virus, that COVID-19 would be contained in Asia and Europe and therefore adopted a laissez-faire approach to the pandemic. On the other hand, most African countries have implemented some form of lockdown during early stages of the pandemic while the health systems of countries in Africa are weaker than those elsewhere in the world, with lower ratios of hospital beds, Intensive Care Units, and health professionals to its population (UNECA, 2020a). According to Moore et al. (2016) Africa has on average 1.8 hospital beds per 1,000 people, compared to 5.98 in France. Additionally, infrastructure in most African communities does not support adequate social distancing and basic hygiene due to overcrowding and limited clean water. Some governments are under increasing pressure to lift lockdown measures and open economies while safeguarding citizens' livelihoods (Dzobo et al., 2020). On the other side, despite the poor performance of health systems, the African governments continued to implement measures to encourage social distancing, focusing on border and travel restrictions, school closures, and bans on large gatherings. For example, South Africa has implemented a 21-day period of full lockdown (OECD, 2020). A few countries have also adopted "light" social distancing, primarily because they could not afford the safety-net costs of lockdowns. They instead relied on personal hygiene and self-preservation, trading off "lives for livelihoods." This category often included countries with impending costly and difficult to postpone elections in 2020 (Ndulu, 2020).

African countries also implemented airport screening and adopted mitigation efforts such as hand washing, social distancing, and stay-at-home lockdown measures. These measures have been instrumental in keeping the number of cases low on the continent. Unfortunately, in the long term these measures are unsustainable due to the socioeconomic dynamics in most African countries (Dzinamarira et al., 2020). Since populations are being severely impacted with measures taken to curb the pandemic. These include closure of borders and schools, restriction of travel, trade and mass gatherings, reduction of economic productivity, and public services among others. Therefore, these causing hardships and socio-economic consequences (WHO, 2020a). Despite commendable measures are being implemented by many African governments to contain the spread of COVID-19, economic and social protection efforts still lag behind (Miller et al., 2020). For example, while governments of several countries are designing stimulus packages to keep businesses and their employees afloat, not all migrant workers will benefit from them (IMF, 2020b).

In Africa, most economies are largely informal, with people living hand-to-mouth, and the implemented lockdown affected the majority of livelihoods as their capacity to earn was eroded. (Dzinamarira et al., 2020). Some did so without adequate resources for safety nets and faced serious challenges in enforcing social distancing, sometimes relying on state forces for compliance,

particularly in countries that declared a state of emergency in their responses (Ndulu, 2020). Therefore, during the COVID-19 pandemic, despite the quarantine and other measures adopted to stop the spread of COVID-19 in African countries, the number of infected cases continued to increase significantly (Senghore et al., 2020). Differences in preparedness across countries in the region further shaped the diversity of their responses. As a result, many of these countries succeeded in slowing the pace of infection, but very few South Africa notable among them were able to flatten the curve before beginning to re-open (Ndulu, 2020).

11. Policy recommendations to face the COVID-19 crisis on African remittances

The current crisis highlights the need for urgent and coordinated short- and medium-term measures between the various stakeholders to ensure that remittance-reliant households can still have access to remittances during the crisis (Mora & Rutkowski, 2020). In the meantime, short-term measures should be taken to ensure that low-income households do not fall back into poverty (Bisong et al., 2020). Encouraging competition and collaboration by removing entry barriers as a long-term measure may encourage further growth in remittance transfers. Encouraging competition and collaboration by removing entry barriers as a long-term measure may encourage further growth in remittance transfers. Further partnership between banks and MTOs for example, may lead to a direct cost reduction (World Bank, 2019b). With reduced cost of transfer, the overall amount of disposable income for the receiving families would increase. Development partners may, building on synergies within various programs, support the scaling up of smaller projects linked to financial inclusion and the reduction of remittance transfer costs. Development partners may also promote the design of innovative services to address some of the challenges faced by migrants and their families in receiving remittances. The African Development Bank for example, is currently organizing a digital challenge to identify and support innovative digital solutions for African countries during the pandemic (African Development Bank [AfDB], 2020).

In addition, governments and regulators may temporarily suspend regulatory requirements to promote financial inclusion and expand the network of MTOs, especially those using digital platforms. The regulations should also link domestic payment systems with international remittance transaction platforms, through a smoother and seamless process (Bisong et al., 2020). African governments have in response, adopted various monetary and fiscal measures aimed at reviving and sustaining economic activity, measures which include cash transfers to households, extending unemployment insurance or social security benefits, temporary deferment of tax payments, and increasing guarantees and loans to businesses (Chowdhury & Sundaram, 2020).

In particular, appropriate fiscal policies will be required to limit the negative economic and social repercussions of the decline in remittances in Africa (UNECA, 2020a). However, the scale of fiscal stimulus responses and policy choices varied across regions and countries, depending on their fiscal position, level of informality of the economy, job market characteristics, maturity of the social protection system and broader policy priorities (Fiszbein et al., 2011; Lewis & Verhoeven, 2010). Many governments in SSA have put in place measures to face the COVID-19 crisis, contain the spread of the virus in region, and to provide some support to shield firms and households affected by the economic impacts.

However, financing constraints mean that governments currently have limited room to introduce measures to limit the long-term impacts of the crisis (Benmelech & Tzur-Ilan, 2020). The United Nations Economic Commission for Africa estimates that African countries will require an additional 100 USD billion in financial assistance so that they can address the immediate health and social needs of their populations and support ongoing efforts to foster prosperity (UNECA, 2020a). In spite of the fact that if governments are unable to provide any kind of compensation to households affected by containment policies, it seems unlikely that all the current stringent measures in place to contain the virus' spread could be maintained. Despite these stylized facts, African governments have adopted unusual monetary and fiscal expansion policies to contain the incidence of global supply and demand shocks imposed through the COVID-19 pandemic spreading (Benmelech & Tzur-Ilan,

Table 1. Country-level financial interventions implemented by selected African countries in the time of COVID-19 pandemic

Name of Country	Policy Measures
Madagascar	The central Bank of Madagascar support economic activities by providing banks with the necessary liquidity to finance the economy; has injected 111 USDmillion beginning of March and 53 USD million at the end of March 2020.
Morocco	Bank Al-Maghrib announced the implementation of the integrated business support and financing program. The fluctuation of dirham from $\pm 2.5\%$ to $\pm 5\%$ and decided to reduce the interest rate by 25 percentage points base at 2% and continue to monitor all of these developments very closely. 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.
Cote d'Ivoire	The government announced 200 USDmillion as a Covid19 response. The establishment of a Fund to boost the economic activities, support affected businesses in order to mitigate jobs cut, etc. The government announced a package of 820billion (2.3% GDP) of economic measures to prop the income of the most vulnerable segments of the population.
Mauritius	The Bank of Mauritius five responses to keep credit flowing to the economy are decreased the Key Repo Rate (KRR) by 50 basis points to 2.85% per annum, A Special Relief Amount of Rs 5.0 Billion through commercial banks to meet cash flow and working capital requirements. The central bank cut its cash reserve ratio by a percentage point to 8%; released 130 USDmillion to fund businesses struggling with the impact of the virus; instructed banks to suspend capital repayments on loans for affected businesses; eased supervisory guidelines on handling credit impairments; and issued a "savings bond.
Rwanda	The Central Bank of Rwanda announced lending facility of around 52 USDmillion to commercial banks; lowering reserve requirement ratio effective April 1 from 5% to 4% to allow banks more liquidity to support affected businesses; allowing commercial banks to restructure outstanding loans of borrowers facing temporary cash flow challenges arising from the pandemic.
Algeria	Bank of Algeria decided to reduce the rate of compulsory reserve of 10 to 8% and to lower by 25 basis points (0.25%), the key rate of the Bank of Algeria to fix it at 3.25% and this from 15 March 2020.
Seychelles	The Central Bank of Seychelles (CBS) has announced that foreign exchange reserve will only be used to procure three items of fuel, basic food commodities and medicines; Monetary Policy Rate (MPR) is cut to four per cent from five per cent; a credit facility of approximately 36 USD million will be set up to assist commercial banks with emergency relief measures.
Sierra Leone	Central Bank of Sierra Leone lowers the Monetary Policy Rate by 150 basis points from 16.5% to 15 %; creates a Le500 Billion Special Credit Facility to Finance the Production, Procurement and Distribution of Essential Goods and Services; provide foreign exchange resources to ensure the importation of essential commodities.

(Continued)

Name of Country	Policy Measures
Niger	The government announced 1.63 USDmillion to support the Covid19 response.
Tunisia	Central Bank of Tunisia decided to provide banks with the necessary liquidity to enable them to continue their normal operations; carry-over of credits (principal and interest) due during the period from the 1 st March until the end of September 2020.
Ghana	The government of Ghana announced 100 USD million to enhance Ghana's COVID-19 preparedness and response plan. Bank of Ghana's' has decided to lower the Monetary Policy Rate by 150 basis points to 14.5%.
Eswatini	Central Bank of Eswatini announced to reduce the interest rate from 6.5% to 5.5%.
Ethiopia	The government has announced that it has allocated 10 USD million to the fight against the pandemic and put forward the proposal on how G20 countries can help African countries cope with the coronavirus pandemic. Ethiopia initially announced a Br 300 million package to bolster healthcare spending. 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).
South Africa	South African Reserve Bank cuts interest rate from 6.25% to 5.25% and has a plan of 56.27 USDmillion to support small businesses during the outbreak. The government is assisting companies and workers facing distress through the Unemployment Insurance Fund (UIF) and special programmes from the Industrial Development Corporation.
Kenya	Banks in Kenya will seek to provide relief to borrowers on their personal loans based on their individual circumstances arising from the pandemic. To provide relief on personal loans, banks will review requests from borrowers for extension of their loan for a period of up to one year. .
Zambia	Bank of Zambia has decided to increase the limit on agents and corporate wallets: Individuals Tier 1 from 10,000 to 20,000 per day (K) and maximum 100,000. Individuals Tier 2 from 20,000 to 100,000 per day (k) and maximum 500,000. SMEs and farmers from 250,000 to 1,000,000 per day (K) and maximum 1,000,000; reduce interbank payment and settlement system processing fees.
Equatorial Guinea	The government committed to contribute 10 USD million to the special emergency fund.

(Continued)

Table1. (Continued)

Name of Country	Policy Measures
Uganda	Bank of Uganda intervenes in the foreign exchange market to smoothen out excess volatility arising from the global financial markets. 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.
Namibia	On 20 th of March 2020, Bank of Namibia decided to cut the Repo rate by 100 basis points to 5.25 %.
Nigeria	A fiscal stimulus package in the form of a COVID-19 intervention fund of 500 billion (USD 1.4 billion), has been approved by the President to support healthcare facilities, provide relief for taxpayers, and incentivize employers to retain and recruit staff during the downturn.
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.
Senegal	The government has set up an emergency fund of up to CFAF 1000 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.

Source: Compiled and modified from (COMNSA, 2020; OECD, 2020)

2020). Increases in current public spending and unconditional government cash transfers are some of the main fiscal policy actions that African countries battle through the COVID-19 pandemic (Alberola et al., 2020), with the change in credit default swaps spreads during the COVID-19 pandemic (Alberola et al., 2020). The external conditions weighted heavily in the fiscal space that countries had when dealing with the repercussions of the COVID-19 pandemic.

In terms of monetary policy measures, many countries were bounded by their institutional framework and monetary policy regime. For example, inflation targeting regimes preclude the financial assistance from central banks to the Treasuries. However, at times of stress such as during the pandemic, many of these regulations and restrictions were lifted (Arslan et al., 2020). For example, as illustrated in Table 1, all selected countries cut their interest rate and provided liquidity facilities for their financial systems (Aguilar & Cantú, 2020). The appropriate fiscal and monetary policies which are undertaken by the selected African countries in the time of the COVID-19 pandemic are briefly explained in Table 1. Table 1 presents mentioning different types of measures implemented by central banks of some selected African countries in response to COVID-19 pandemic.

12. Conclusions

Remittances play a critical role as a social stabilizer and social safety net by reducing poverty and making education and healthcare more affordable, particularly for the poorest and most

vulnerable sectors of the population in Africa. Remittances transfers to and within Africa have been known as the most stable and reliable capital inflows to the continent over the past decades. The total remittances to Africa amount to some 3% of the continent's GDP and constitute a significant source of financial resources for many African countries. However, currently, on a global scale, the economic crisis wrought by the COVID-19 pandemic has so far been deep and widespread and has greatly affected the capacity of migrant workers to sustain the level of remittances they regularly transfer to their home nations. As the COVID-19 pandemic continues to afflict much of the global economy, the flow of remittances is likely to suffer substantially and have equally been affected. The pandemic is likely to result in a sharp reduction in external revenues, deterioration in African countries' financial account balances, and broader macroeconomic instability.

Based on the reviewed evidences, it is widely considered that the COVID-19 crisis will have major implications for remittance inflows across much of African countries. This review also found that the impact is likely to vary across countries and populations. Because of this, considerations of the impact of Covid-19 on remittances, and thereby on development, need to look beyond the total scale of inflows to African countries to also reflect on how declining remittances would intersect with existing social and economic hardship and vulnerabilities. There are vigorous evidences that remittance inflows have a significant positive impact on populations' socio-economic well-being. Therefore, a reduction in remittance flows in Africa of 21% will have a significant negative social (educational and health) and economic implications. The economic implications will be particularly critical in countries where remittances traditionally constitute a significant share of GDP, such as in South Sudan (34.4%), Lesotho (21.3%), the Gambia (15.5%), Zimbabwe (13.5%), and Cabo Verde (11.7%).

In a context of broader economic decline as African governments seek to contain the virus, a loss in remittances will remove a safety net for many households. And if remittance inflows decline or are cut-off entirely, the reduction in income will exacerbate existing social and economic hardship and vulnerabilities particularly in SSA. This review also revealed that many households in both rural and urban areas that rely heavily on remittances will be significantly affected by the sharp decline in remittance inflows resulting from the ongoing COVID-19 pandemic. For example, the greatest convergence of dependence on remittances, economic vulnerability and financial exclusion in Niger, Burkina Faso, Mali, Lesotho, Zimbabwe, Eswatini, and Liberia. This reduced remittance inflows in Africa is likely to exacerbate the ongoing crisis, cutting millions of people off from the economic lifeline on which they depend. In summary, the findings from this review provided a signal into the extent to which African remittances are affected by the largest lockdown due to the COVID-19 pandemic.

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