



United Nations  
Economic Commission for Africa

## 25<sup>th</sup> session of the Intergovernmental Committee of Senior Officials and Experts

**Strengthening resilience for strong recovery and attracting investments to  
foster economic diversification and long-term growth in Eastern Africa**

**27 – 29 October 2021**



Burundi

Comoros

D.R Congo

Djibouti

Eritrea

Ethiopia

Kenya

Madagascar

Rwanda

Seychelles

Somalia

South Sudan

Tanzania

Uganda



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# Macroeconomic and Social Developments in Eastern Africa 2021

## *From Pandemic to Sustained Recovery*

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Sub-Regional Office for Eastern Africa

October 2021





## OUTLINE

### 01 MACROECONOMIC SNAPSHOT

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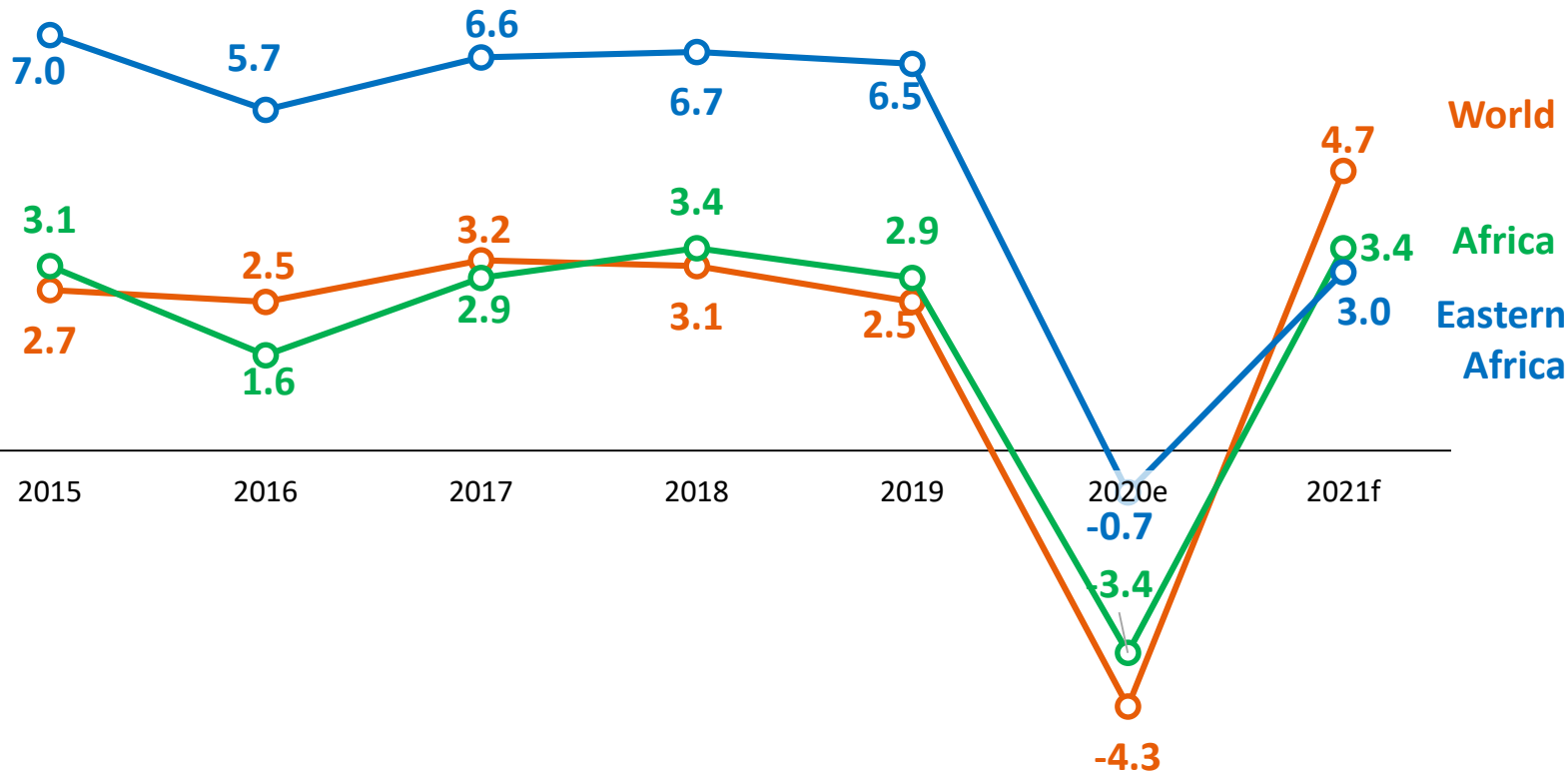
### 02 HIGHLIGHTS OF SOCIAL IMPACT AND POLICY RESPONSE

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### 03 CONCLUSIONS AND POLICY RECOMMENDATIONS

# EA was one of the fastest growing regions before COVID-19

## Average GDP Growth Rates (%), 2015 – 2021<sup>f</sup>



In 2020, the **most negatively impacted economies** were:



**Seychelles: -13.4%**



**South Sudan: -7.2%**



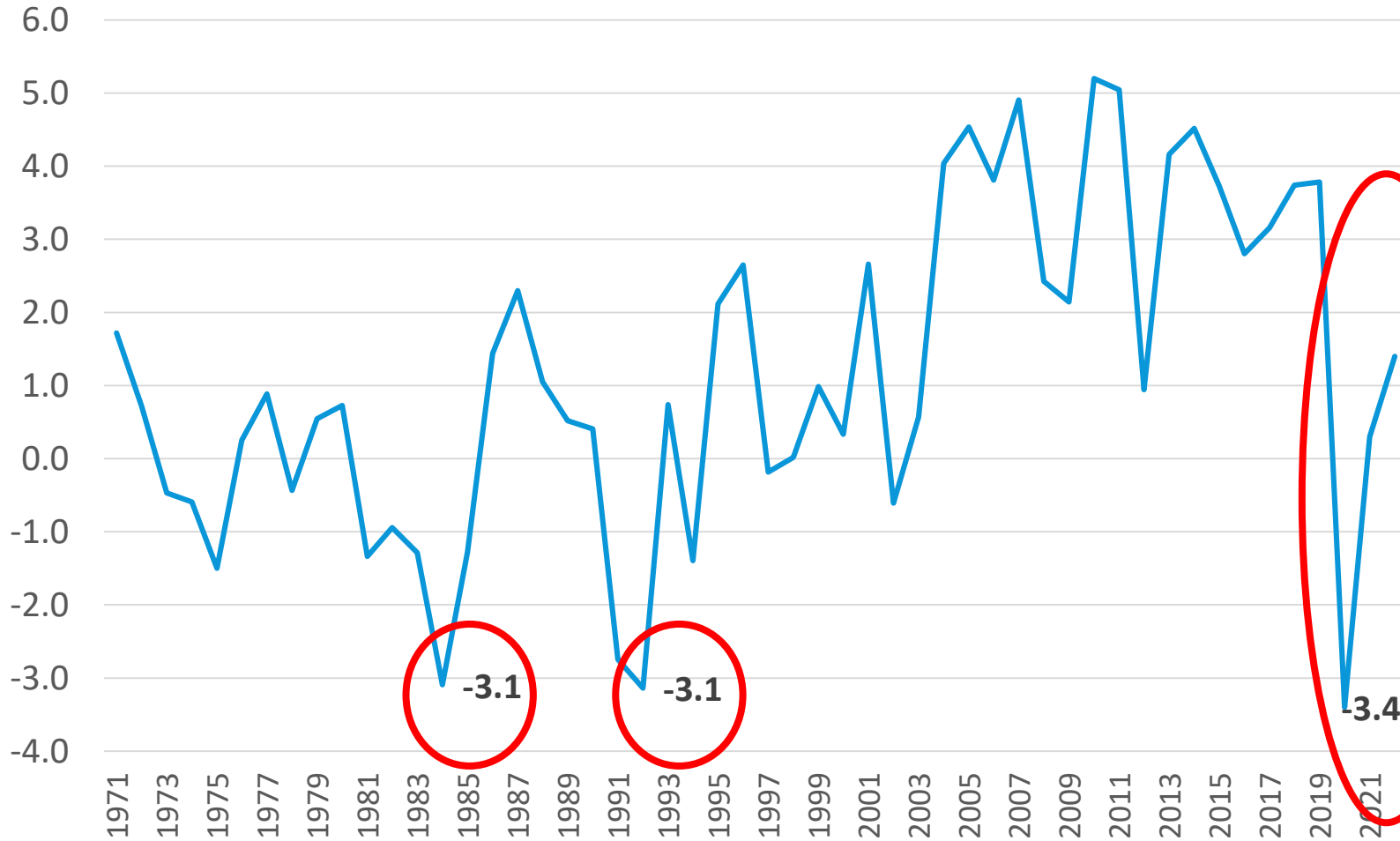
**Somalia: -3.7%**

Source: National sources, UNDESA WESP mid-2020, UNECA calculations

\*Ethiopia and Uganda used fiscal year data 2014/15 to 2019/20

# Per capita incomes experienced largest decline in the last 50 years

Eastern Africa GDP per capita growth (%), 1971 – 2022<sup>f</sup>



**34 million people in Eastern Africa fell into poverty in 2020**

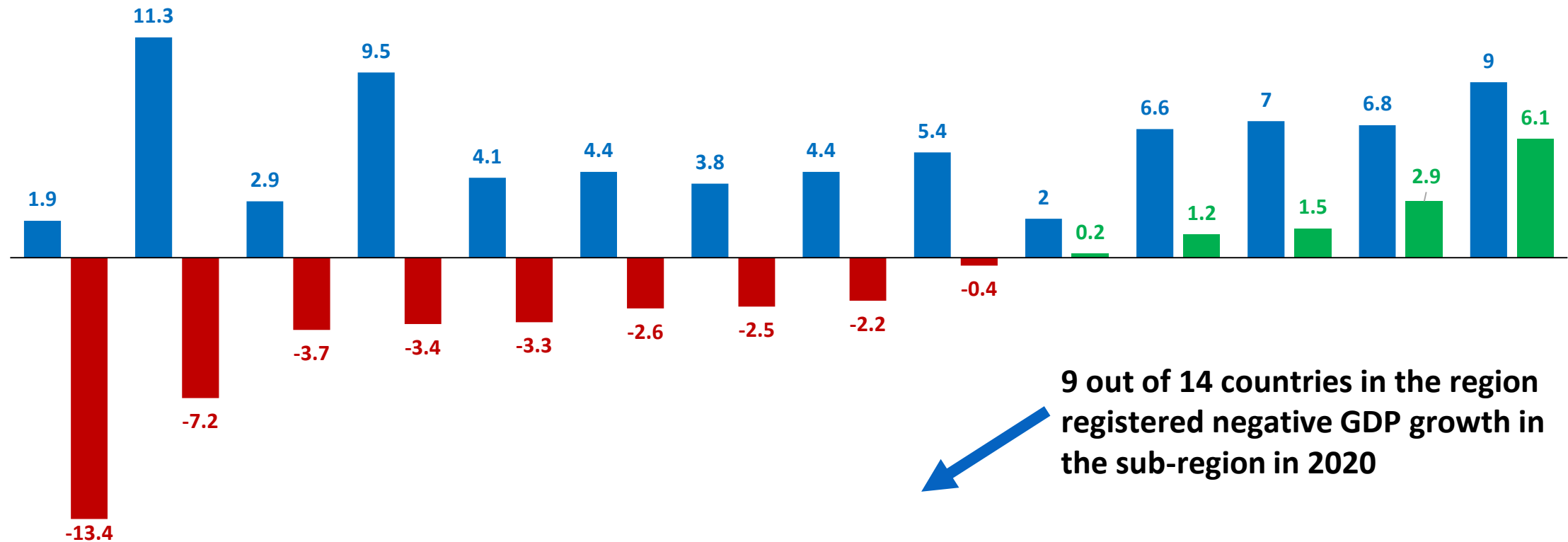


*N.B. Calculations done on the basis of average poverty reduction elasticities in Eastern Africa prior to the crisis*

# Many economies experienced their first contraction in recent years

## GDP Growth Rates (%), 2019 and 2020<sup>e</sup>

■ 2019 ■ 2020<sup>e</sup>



9 out of 14 countries in the region registered negative GDP growth in the sub-region in 2020



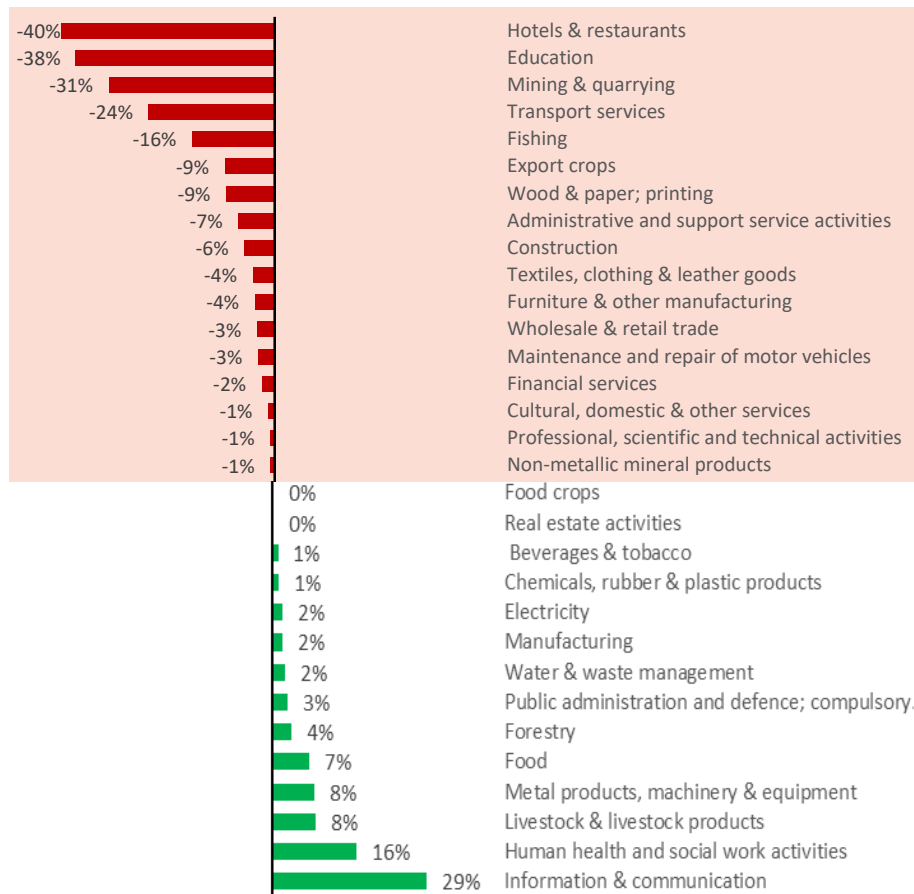
Source: National sources, UNDESA WESP mid-2020, UNECA calculations

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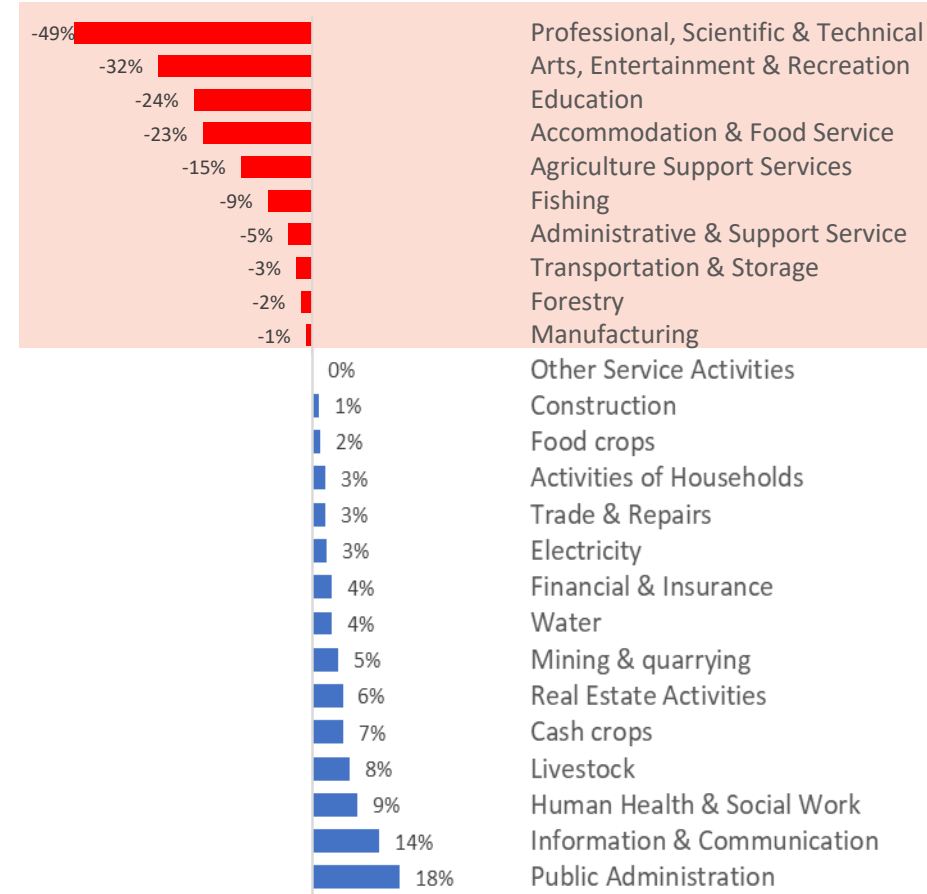
# The economic crisis has had an uneven impact across sectors

## Sectoral composition of growth\* (%), 2020<sup>e</sup>

### Rwanda



### Uganda

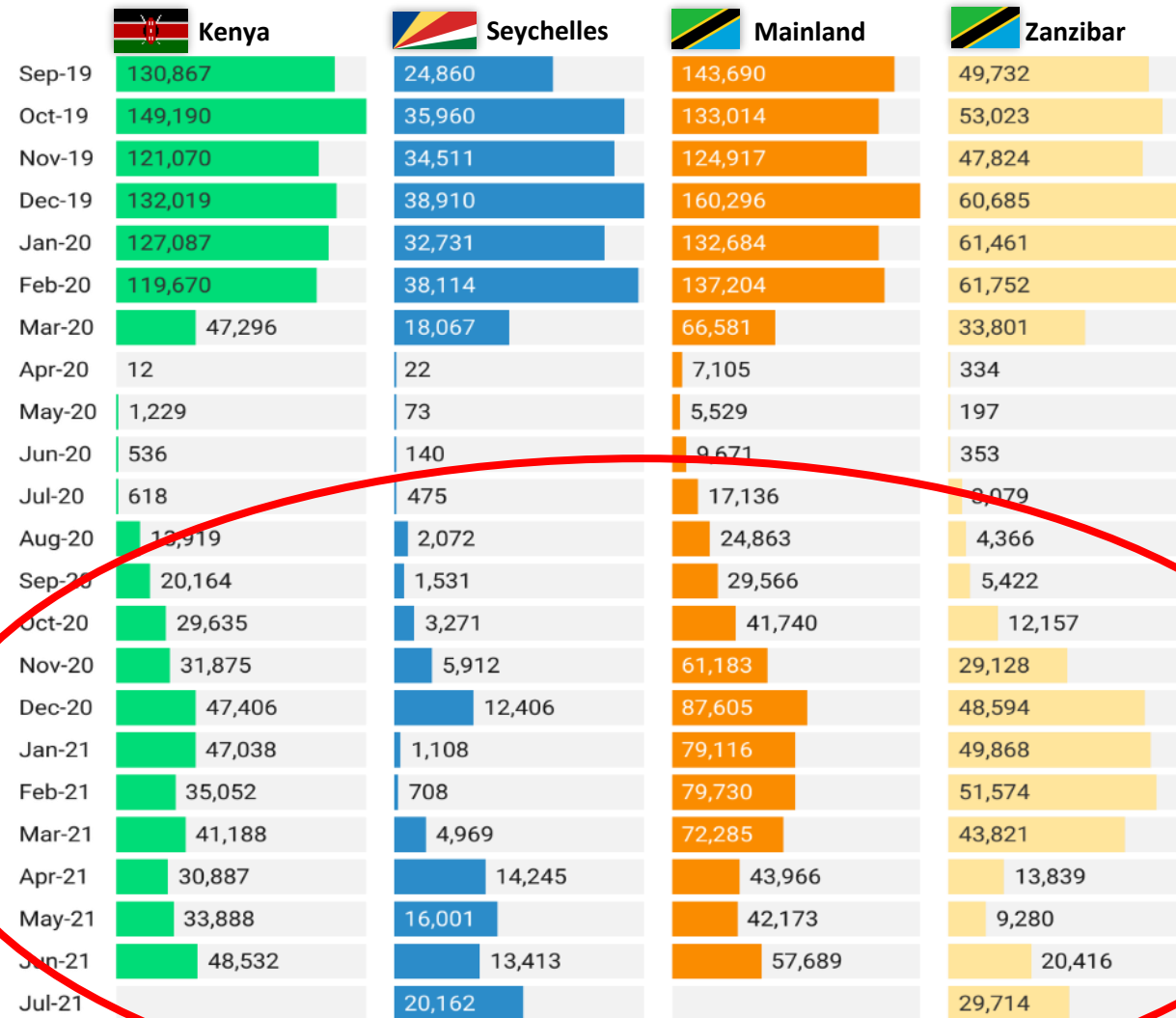


Source: National Institute of Statistics Rwanda, Bank of Uganda  
\*Selected sectors presented; see report for full list

**Hospitality and education** are consistently among the worse hit sectors, while **ICT** thrived

# The global tourism crisis has hit the region hard

## Visitor Arrivals, September 2019 – latest available month

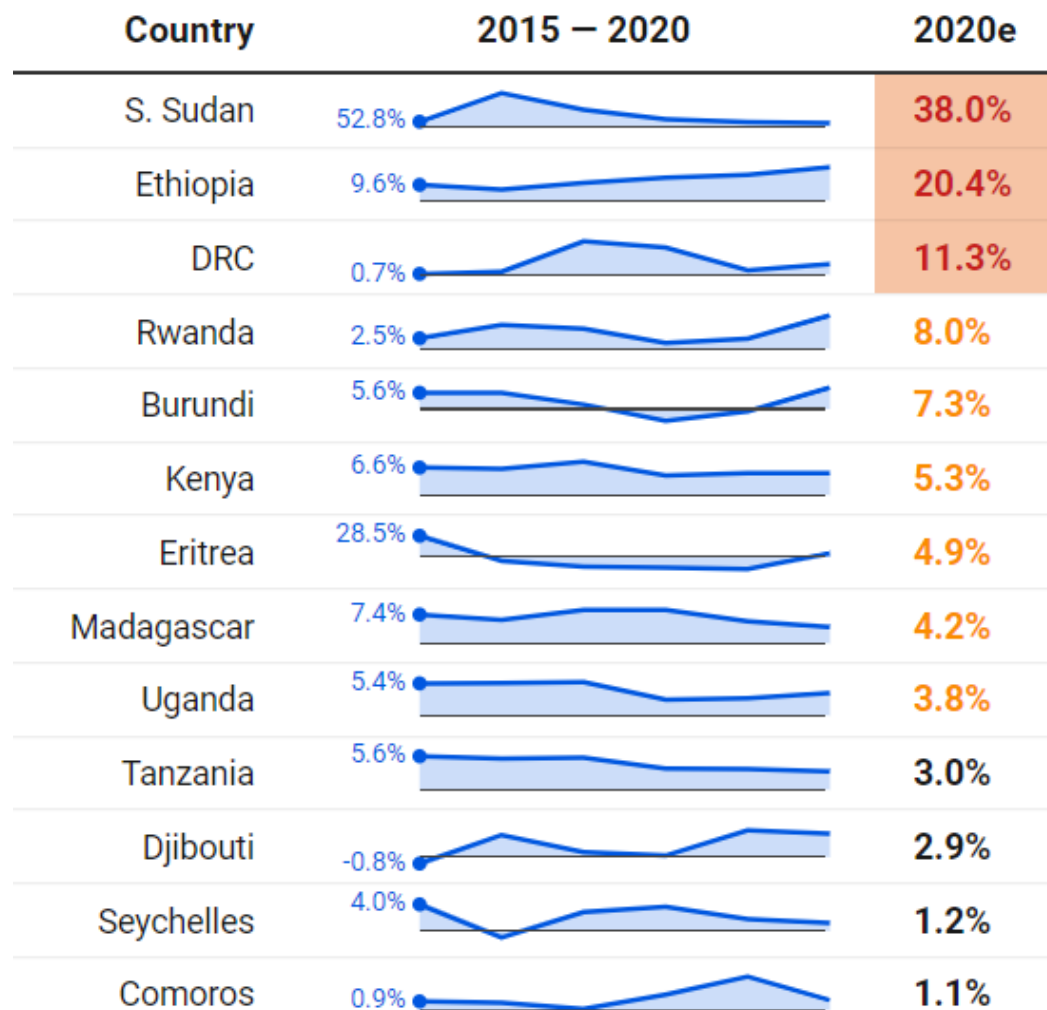


*Visitor arrival numbers have not yet recovered, mainly due to heightened border controls and depressed tourism demand*



# The pandemic has not been especially inflationary...

Average Annual Inflation Rate (%), 2015 – 2020



2020 Inflation Rate



Africa

10%

(African av. driven by Zimbabwe's hyper-inflation?)



Global

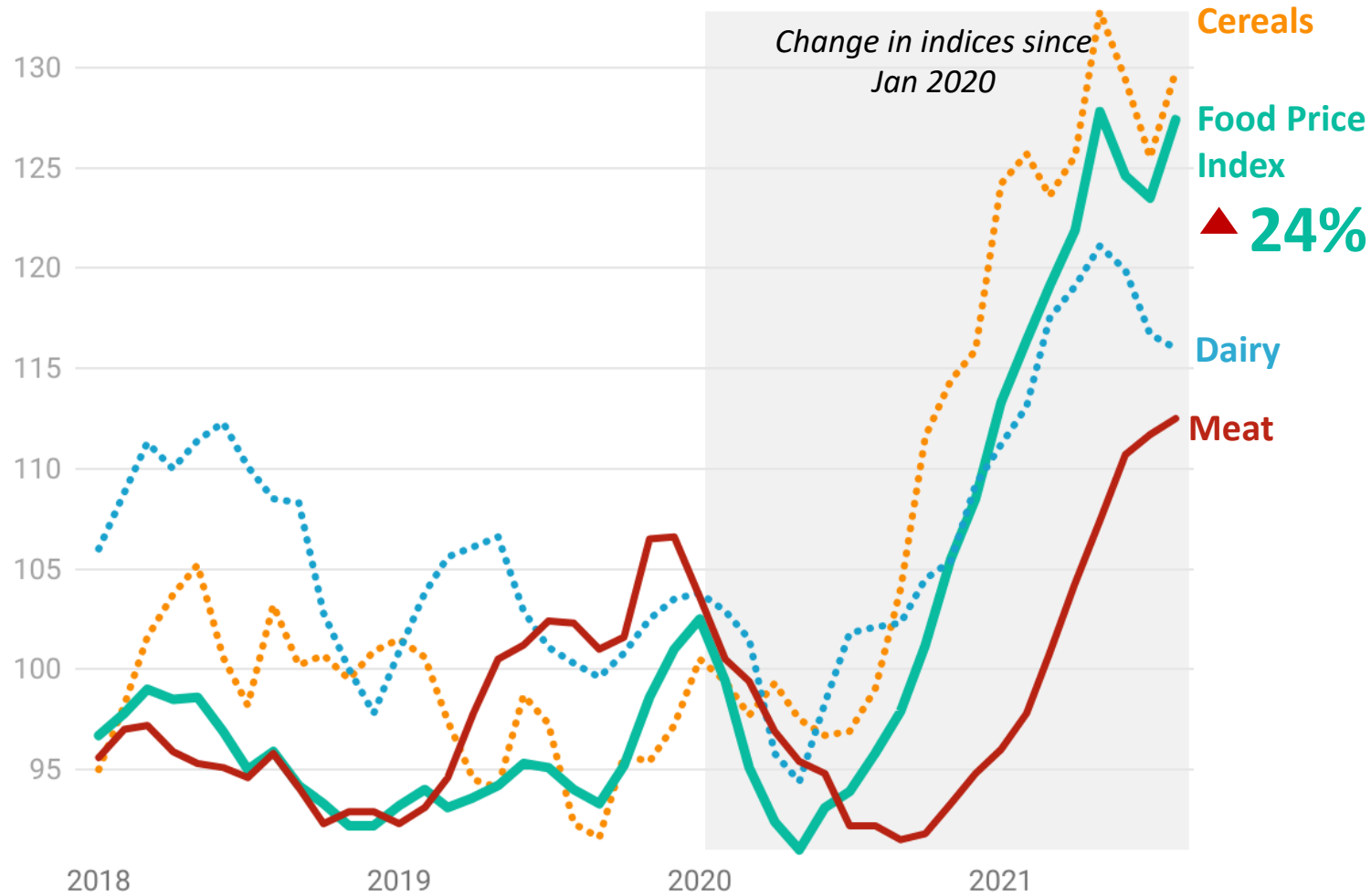
3.2%

...But it has been conducive to inflationary pressures in some sub-sectors (food, transport, etc.)

Source: UN DESA WESP (mid-2021), IMF WEO (April 2021)

# But global price rises in food are a particular concern...

## Global Food Price Indices, 2018 – August 2021



Prices in Eastern Africa generally rose for:



Transport



Housing



Utilities



Food

Source: FAO, Federal Reserve Bank of St. Louis, COMESA  
Note: For food index, 2014–2016 = 100; energy index, 2016 = 100

# Merchandise trade recovered strongly in the second half of 2020

## Merchandise Trade (% annual change), 2020

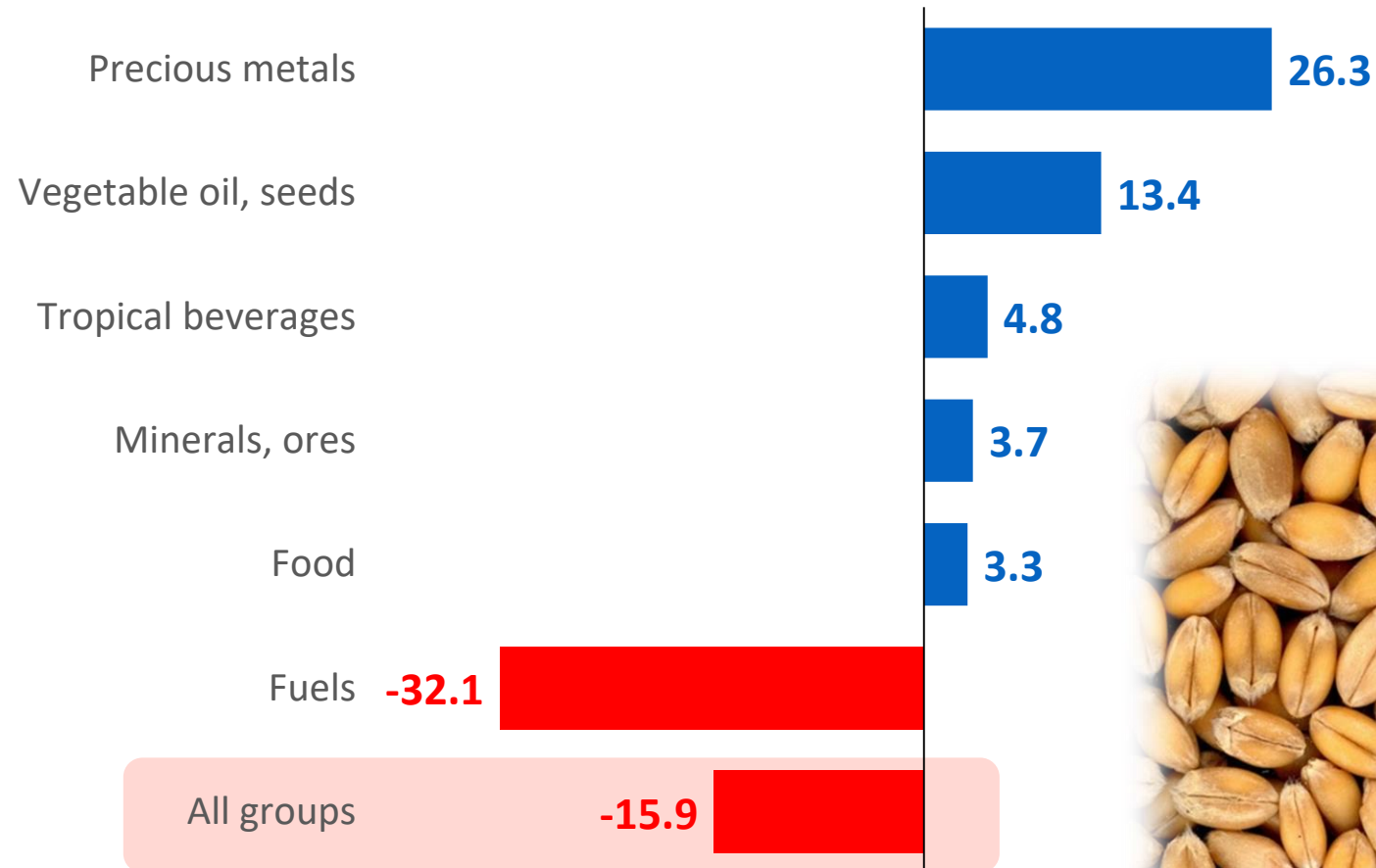
	Exports	Imports
Seychelles	41%	6%
Tanzania	21%	-10%
Eritrea	19%	8%
Rwanda	14%	11%
Djibouti	14%	-2%
Kenya	8%	-9%
Uganda	5%	-1%
DRC	3%	-54%
Ethiopia	1%	-10%
Burundi	-6%	6%
Somalia	-14%	73%
Comoros	-20%	8%
Madagascar	-23%	-22%
South Sudan	-56%	12%



Source: IMF DOTS, national sources (see paper)

# Shifts in global commodity prices generally favourable to regional trade in 2020

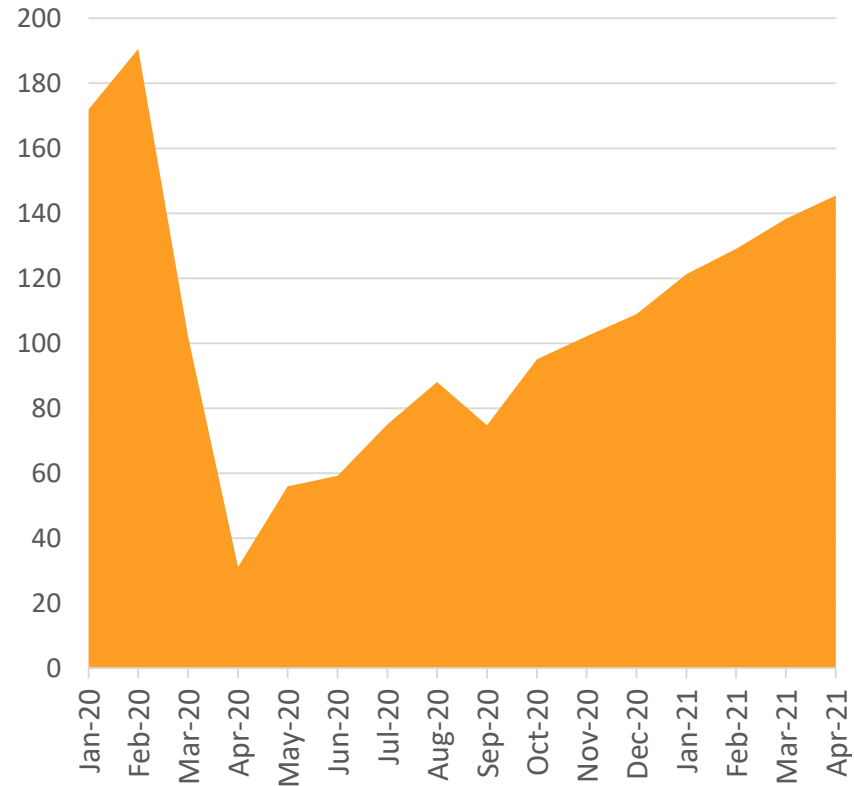
## Commodity Price Indices, % change from 2019 to 2020



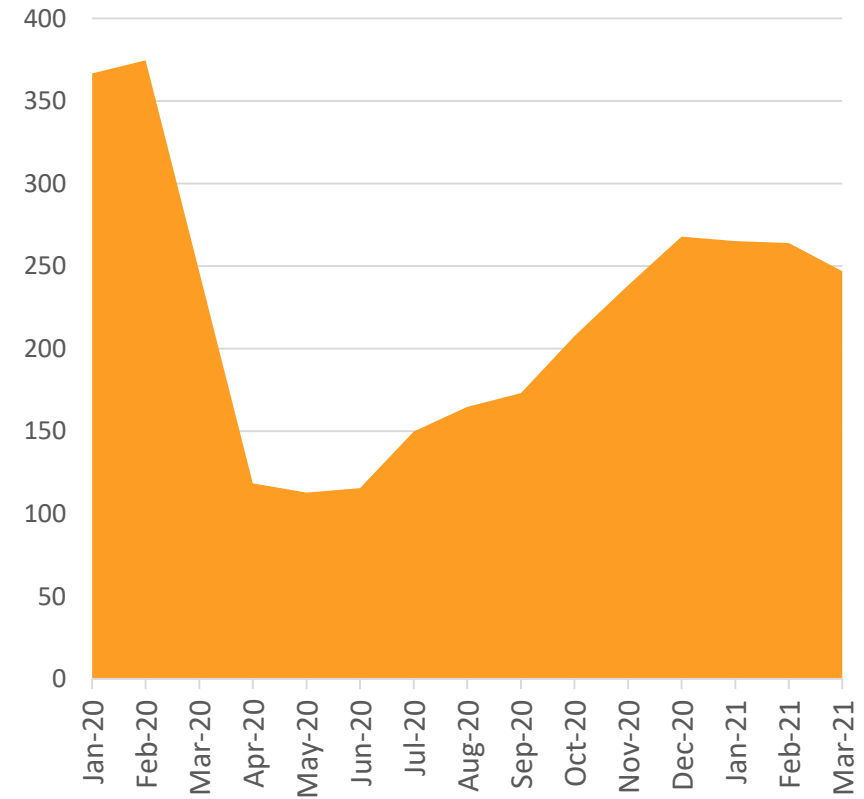
# Yet services trade remains depressed

## Services Exports (USD millions), January 2020 – latest month

### Uganda



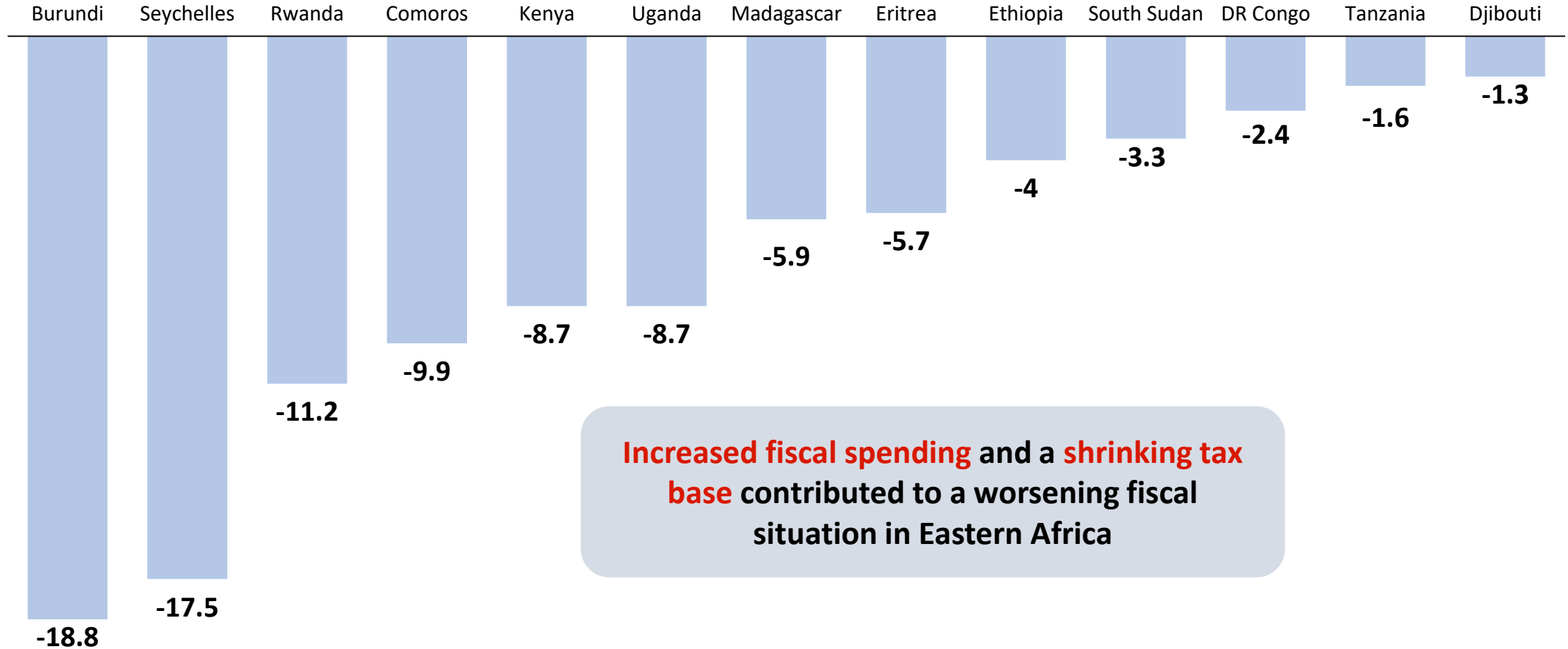
### Tanzania



Source: National sources ()

# Fiscal pressures continue to mount

## Overall Fiscal Balance, Excluding Grants (% of GDP), 2020

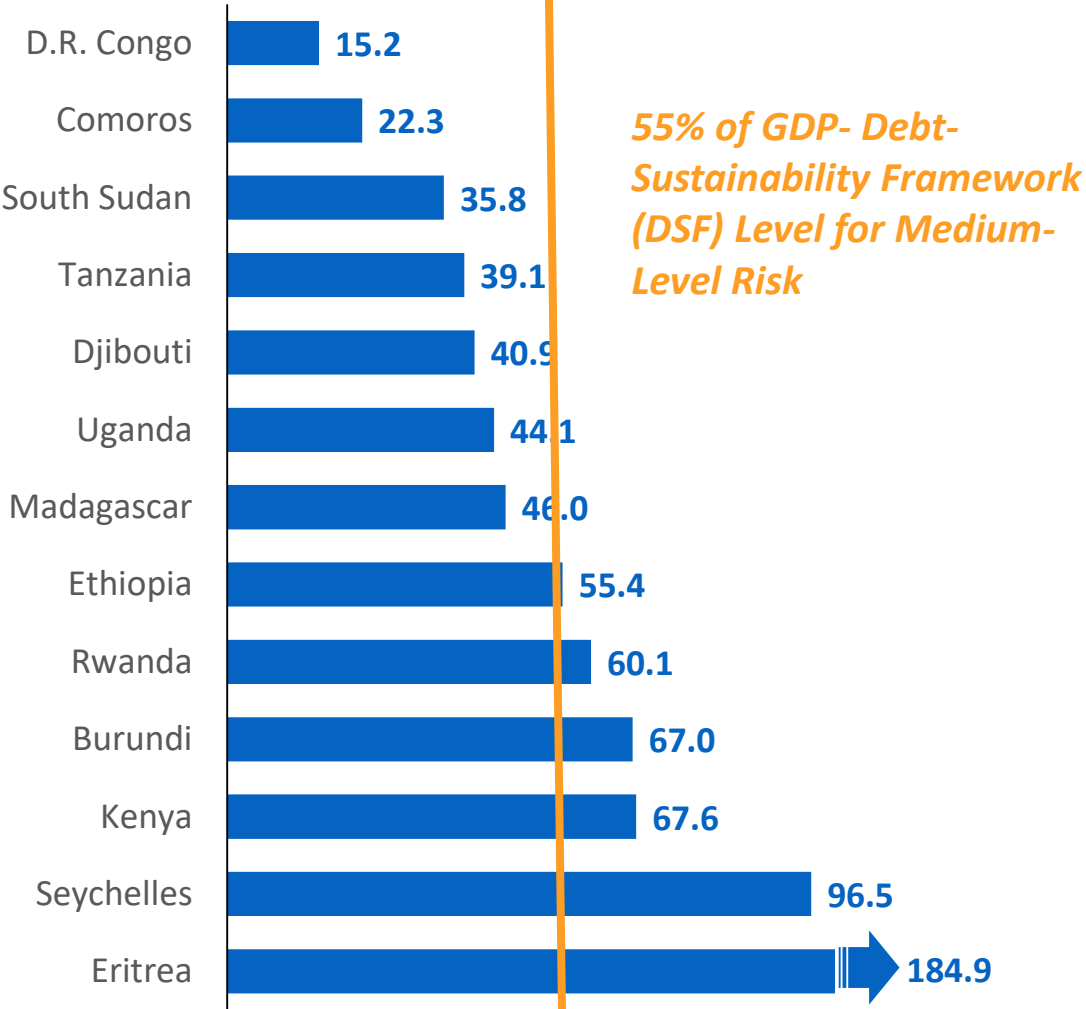


**Increased fiscal spending** and a **shrinking tax base** contributed to a worsening fiscal situation in Eastern Africa

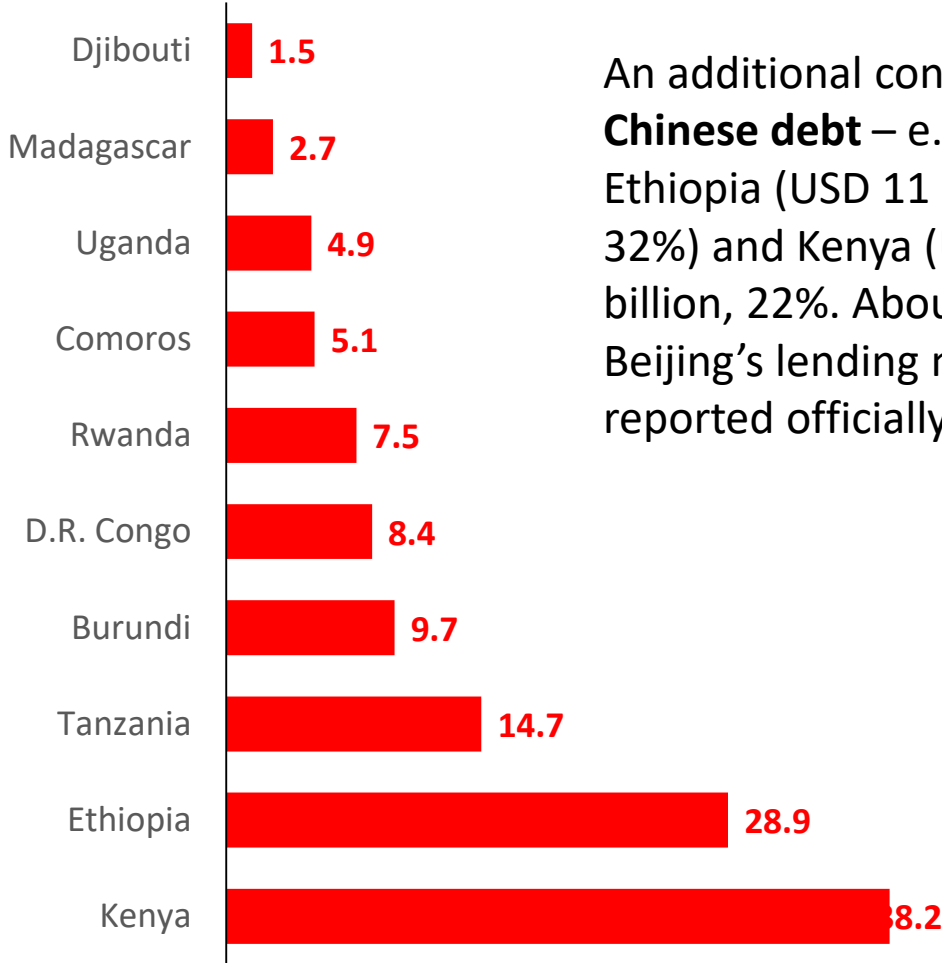
Source: IMF WEO (April 2021)

# Debt levels are rising sharply...

**Government Debt (% of GDP), 2020**



**Total Debt Servicing (% of exports and primary income), 2019**



An additional concern: **Chinese debt** – e.g. Ethiopia (USD 11 billion, 32%) and Kenya (USD 7 billion, 22%). About 50% of Beijing’s lending not reported officially

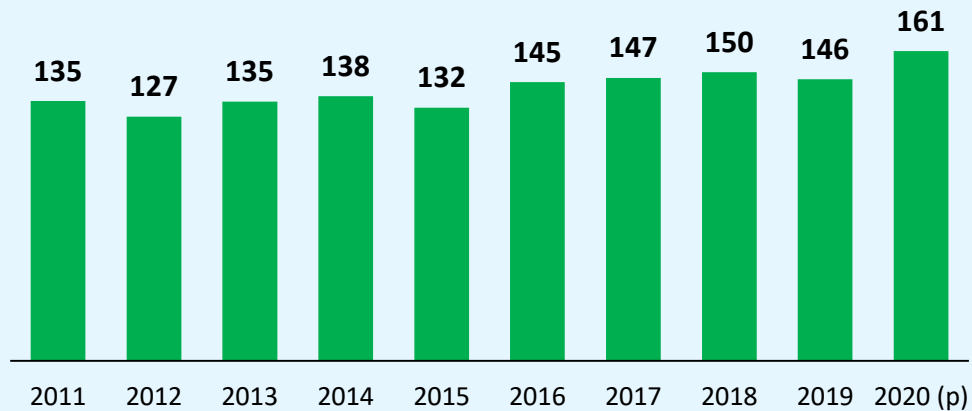
Source: IMF, World Bank

# Inbound financial flows did not behave as expected

## 2020 Trends in Main Foreign Financial Inflows

### Global ODA Flows

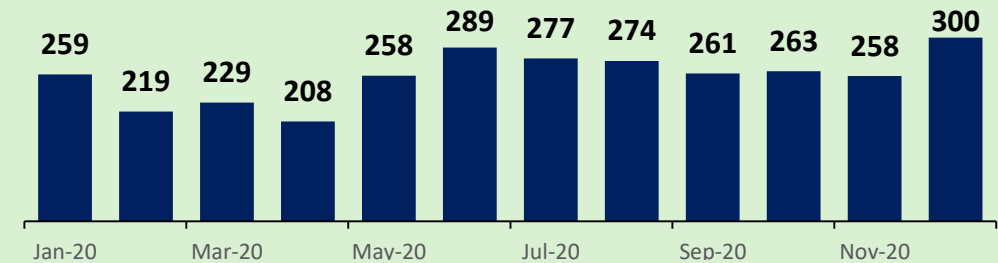
Global ODA from DAC (USD million)



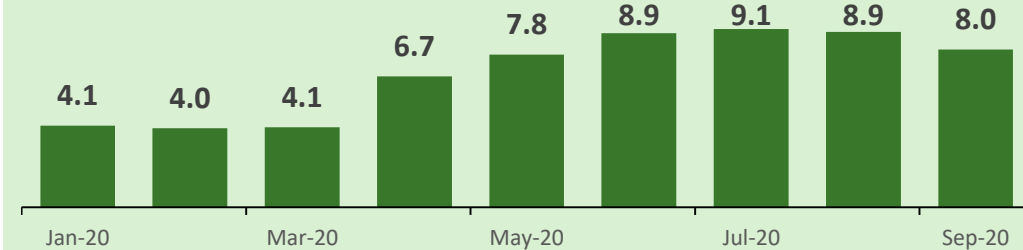
### Remittances

Remittances fell in some countries and were resilient in others

Kenya (USD million)



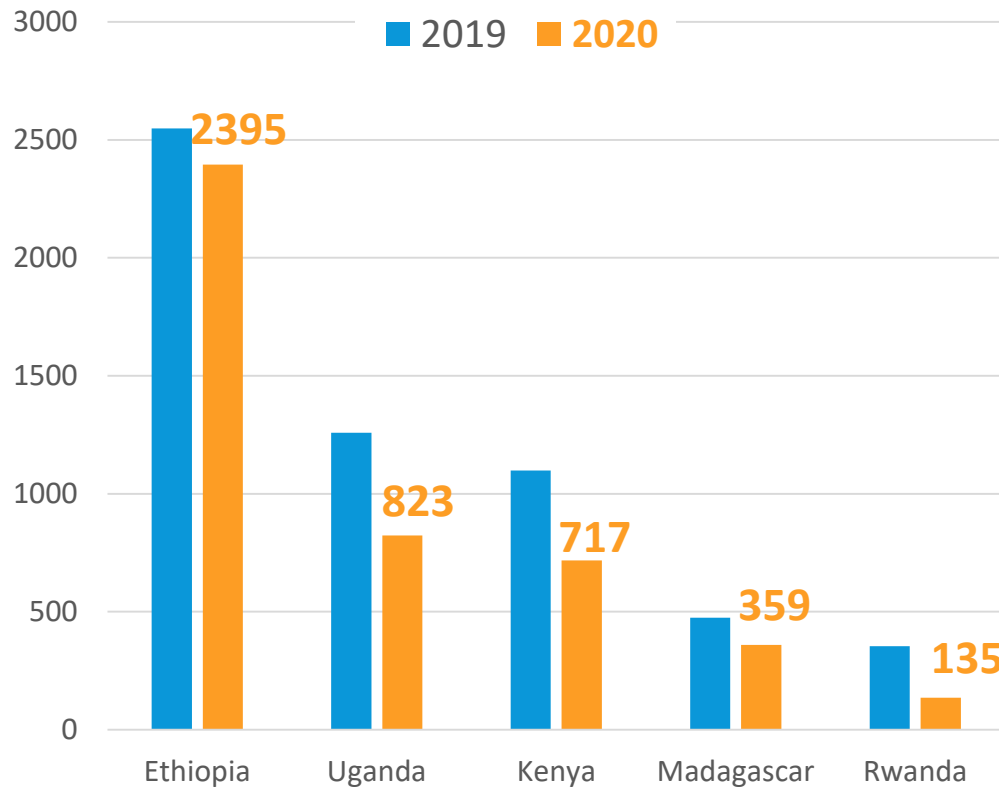
Comoros (KMF billion)



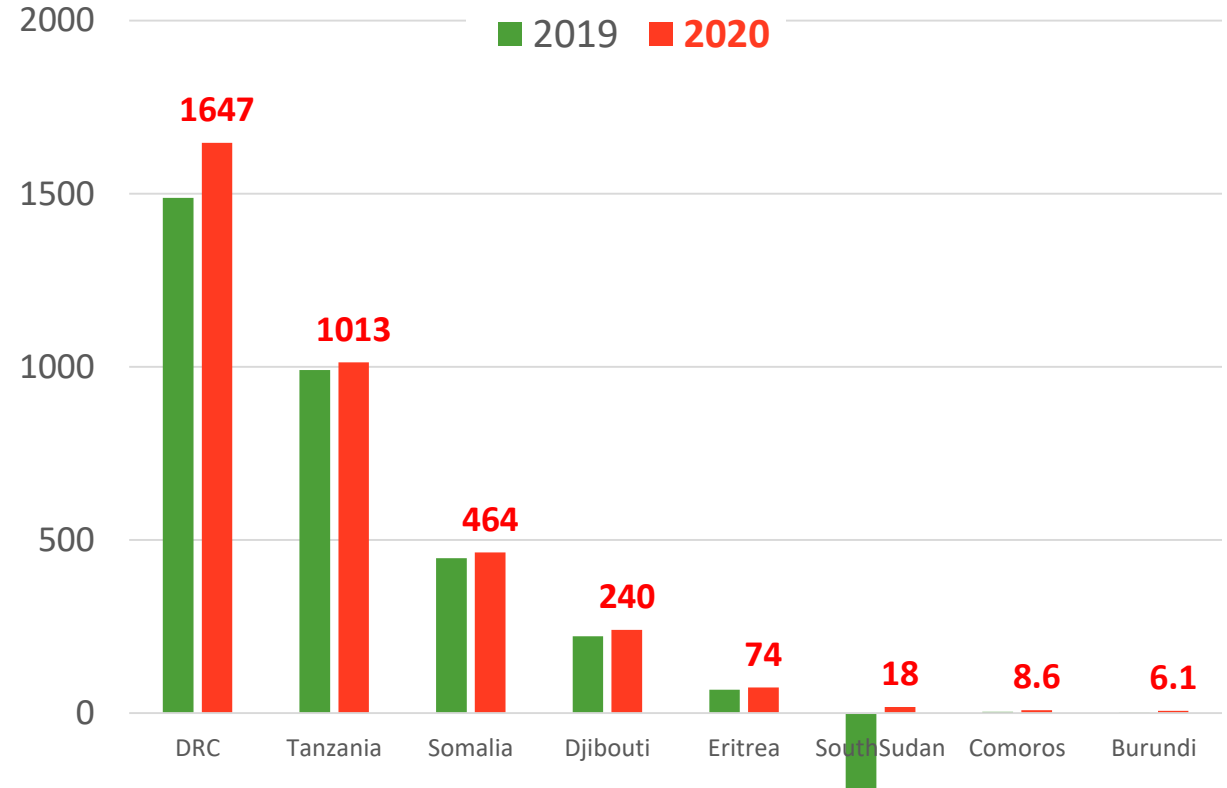


# Attracting FDI has become more challenging...

## FDI Decreasing Countries



## FDI Increasing Countries



- **Overall FDI** into East Africa declined by **14%**
- **Tourism sector** FDI project numbers declined by **67%**
- **Communications sector** cross-border capital investments grew by **41%**

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01 MACROECONOMIC SNAPSHOT

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02 **HIGHLIGHTS OF SOCIAL IMPACT  
AND POLICY RESPONSE**

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03 CONCLUSIONS AND POLICY  
RECOMMENDATIONS

# EA has lower incidence of COVID-19 cases compared to rest of Africa

Recorded COVID-19 Cases and Deaths (total and per million), as of 21 October 2021

Country	Cases per million	Deaths per million	Total cases	Total deaths	Fully Vaccinated %
Seychelles	223,142	1,203	22,071	119	76
Djibouti	13,394	181	13,423	181	3
Rwanda	7,478	99	99,288	1,316	13
Comoros	4,724	166	4,197	147	18
Kenya	4,590	95	252,375	5,238	2
Ethiopia	3,063	54	361,027	6,316	1
Uganda	2,662	68	125,426	3,192	1
Eritrea	1,885	12	6,788	45	
Burundi	1,621	3	19,867	38	
Madagascar	1,535	34	43,622	960	1
Somalia	1,300	72	21,269	1,180	2
South Sudan	1,079	12	12,279	133	0
DR Congo	621	12	57,402	1,091	0
Tanzania	423	12	26,034	724	1
<b>Eastern Africa</b>	<b>2.3k</b>	<b>44.9</b>	<b>1.1m</b>	<b>20.7k</b>	
<b>Africa</b>	<b>6.2k</b>	<b>159</b>	<b>8.5m</b>	<b>216.4k</b>	<b>5.2</b>
<b>Global</b>	<b>31k</b>	<b>623</b>	<b>241m</b>	<b>5m</b>	<b>37</b>

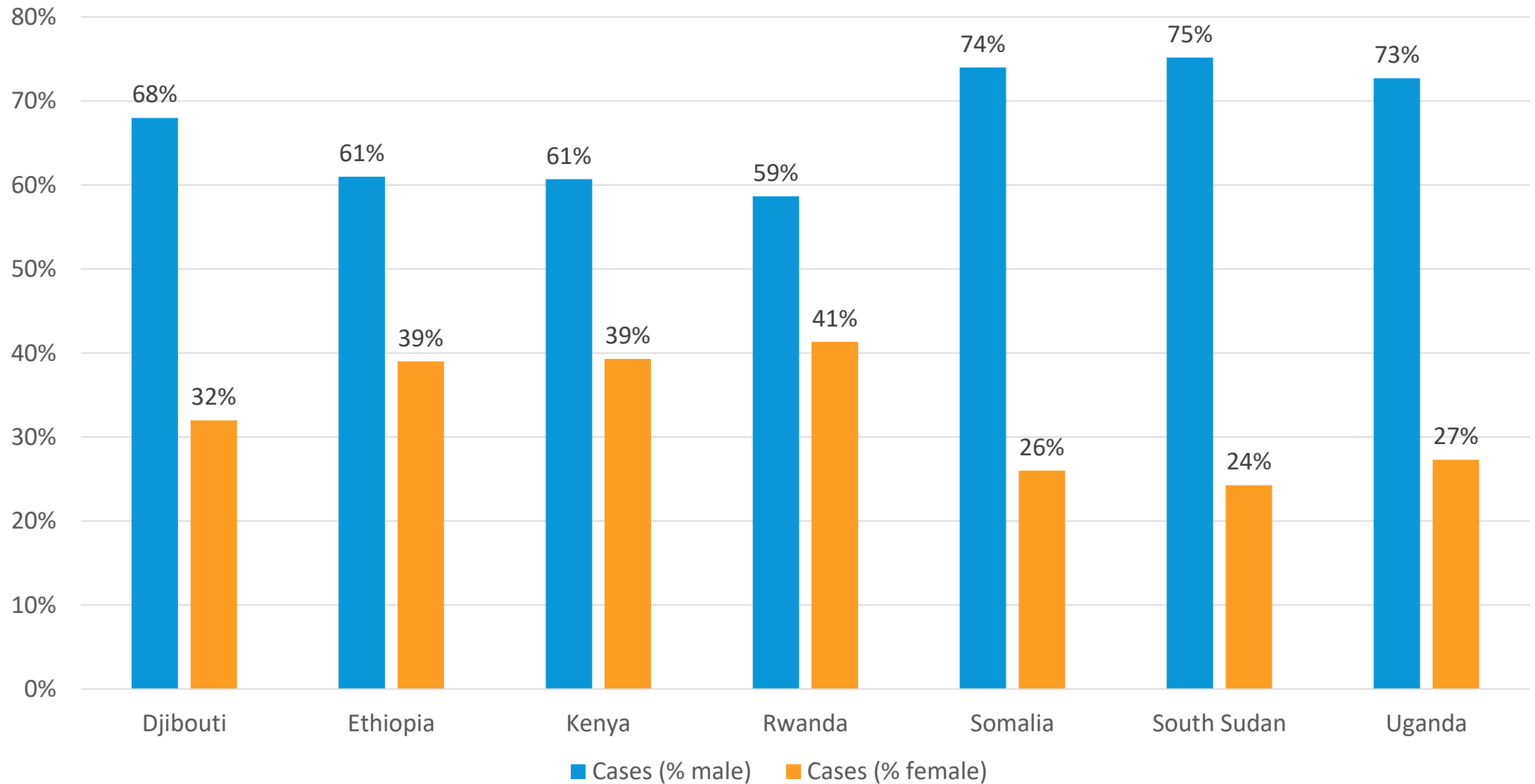
*Containment measures have led most of Eastern Africa to relatively low COVID-19 infection and death rates*

*However the **COVID-19 delta variant** has been driving a third infectious wave*

*Eastern Africa rates of incidence and death are significantly lower than the continental and global averages*

Note: Most figures as at 21 October 2021; Vaccination data as at 20 Oct (Africa, Global), 18 Oct (Comoros, Ethiopia, Kenya), 17 Oct (Somalia, South Sudan), 15 Oct (Rwanda, Seychelles), 14 October (Uganda), 13 Oct (Tanzania), 8 Oct (DRC) and 30 Sept (Djibouti)  
Source: WHO, Our World in Data

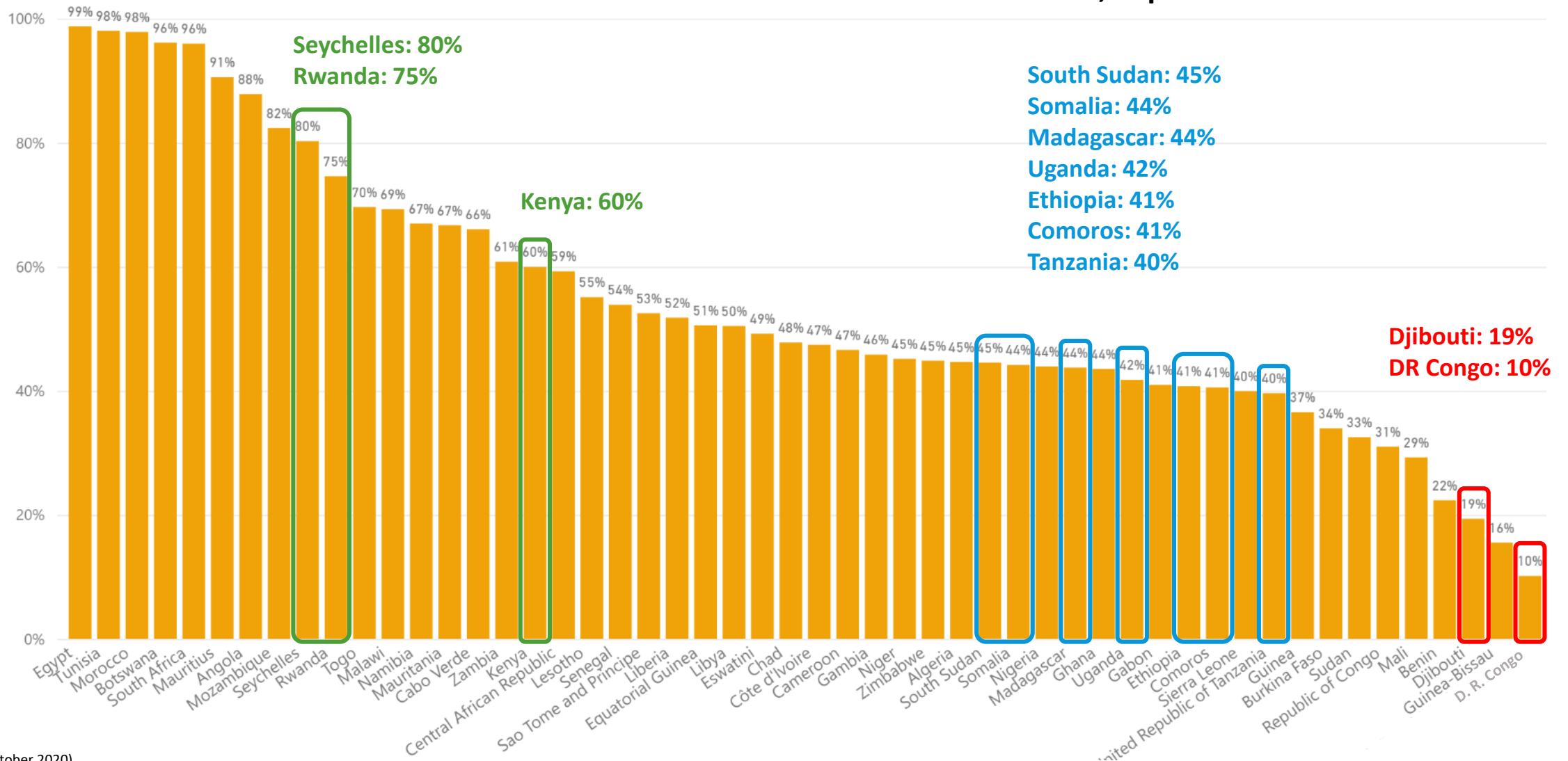
# The Gender Dimension of the Covid-19 Impact is overlooked...



Source: [The Sex, Gender and Covid-19 Project \(2021\)](#) \*on the basis of the latest available gender-disaggregated data

# Economic recovery is partially dependent on attaining high vaccination rates

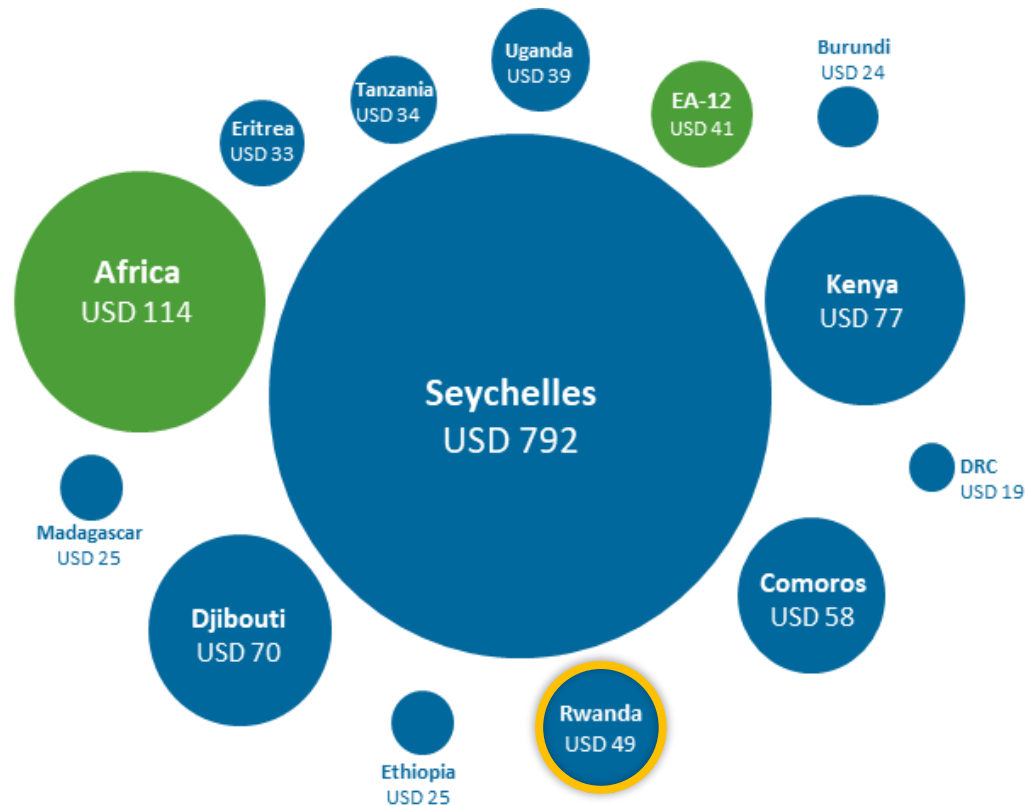
## Ratio of Vaccines Administered over Vaccines Received, September 2021



Source: WHO (October 2020)

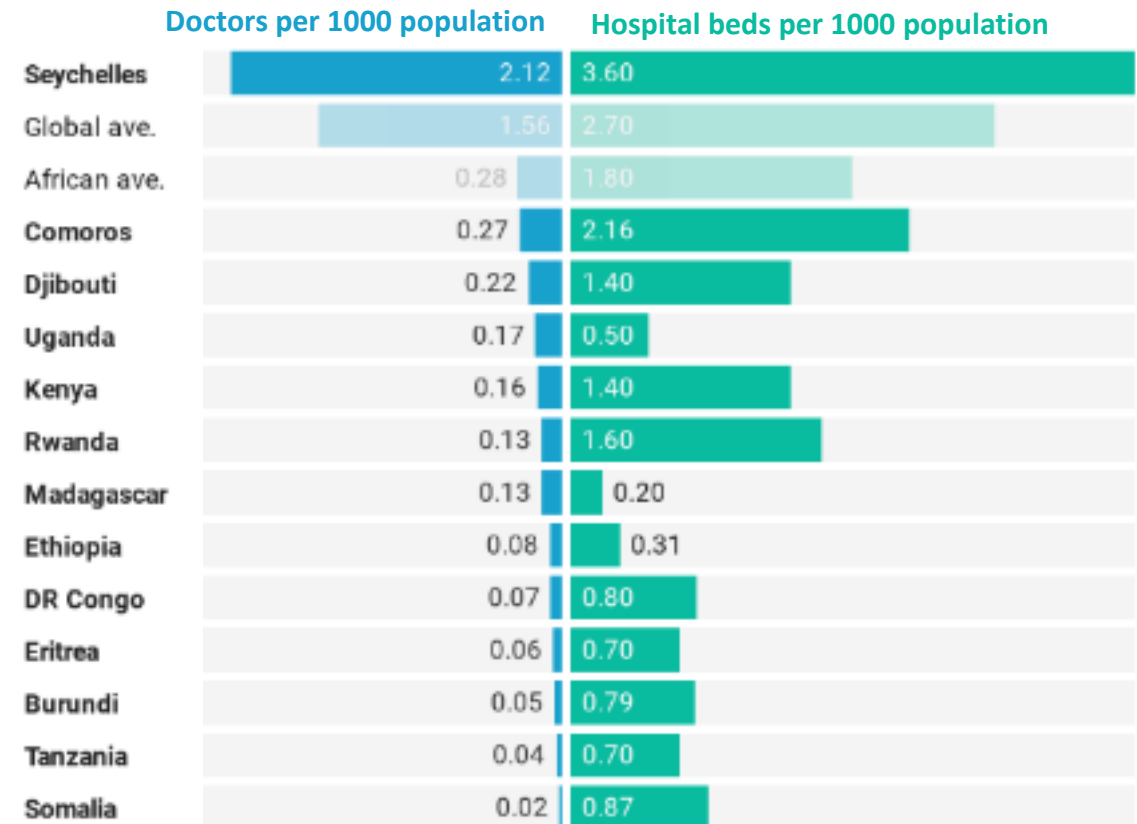
# Pre-Covid-19 spending on public health extremely low in East Africa

Public Health Expenditure per capita (USD), 2017



Note: Continental average is as of 2015  
Source: Global Health Expenditure database

Public Health Resource Density, latest year available



Note: Latest available statistics are from 2006 – 2018  
Source: World Health Statistics, Global Health Expenditure database

# School closures affecting 96 million learners in Eastern Africa

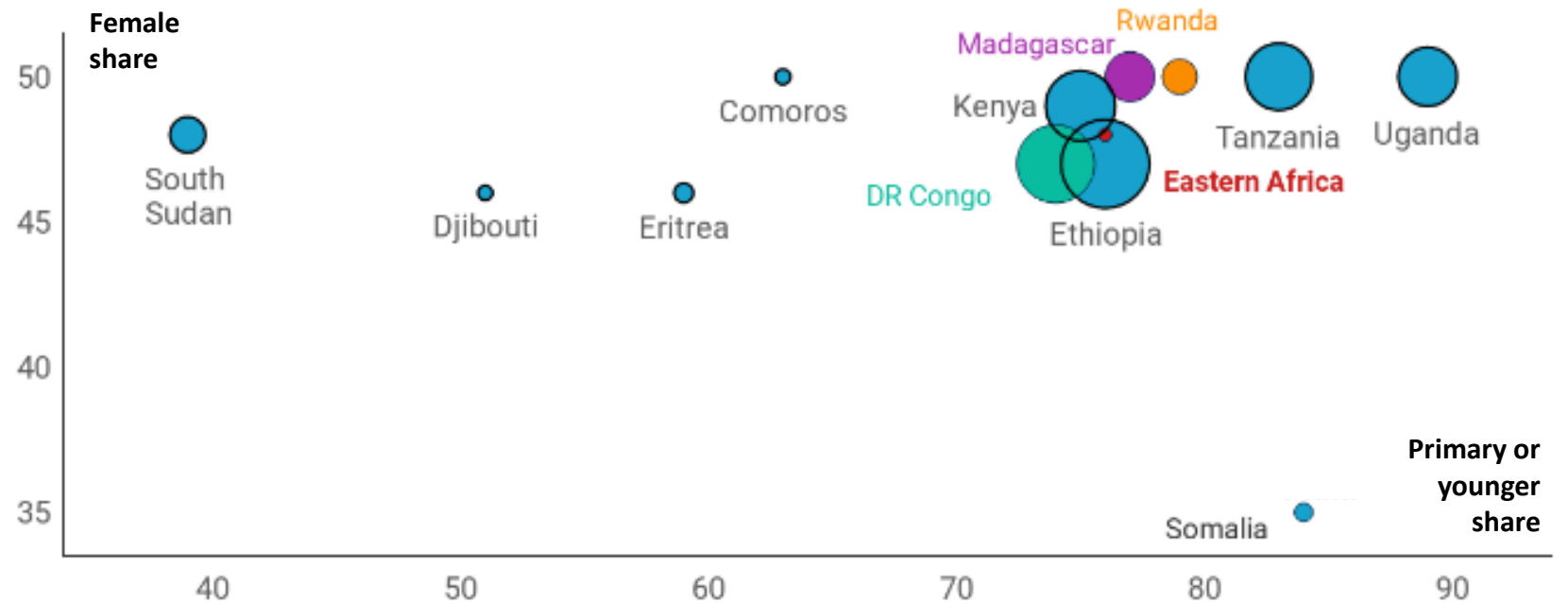
Across all affected learners in Eastern Africa, 49% are female, and 79% are primary school-aged or younger



... slowing progress to **SDG4** ...



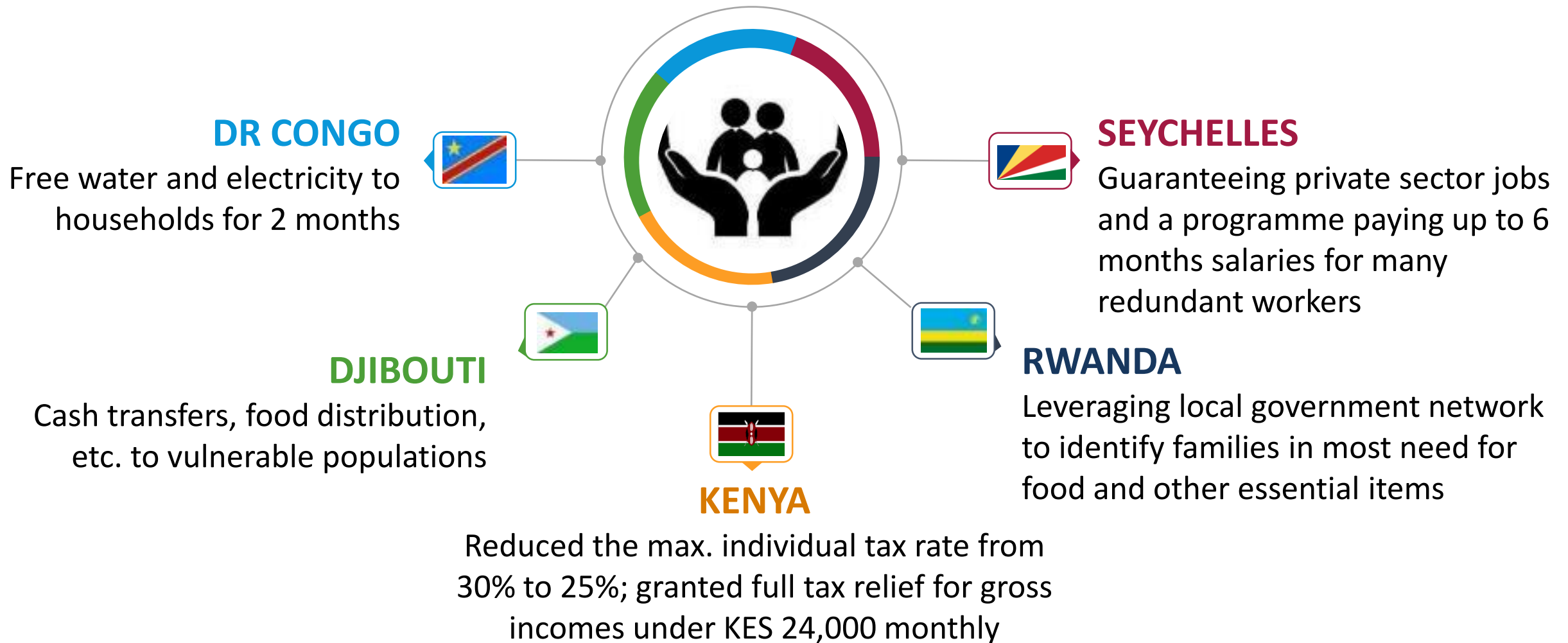
### Share of Female and Young Students Among Total Impacted by School Closures



Note: Except for the Eastern Africa point, country bubbles are sized by the total number of students impacted  
Source: UNESCO, UNICEF, World Bank

# Governments responding with short-term social protection

## Examples of COVID-19 Support in Eastern Africa





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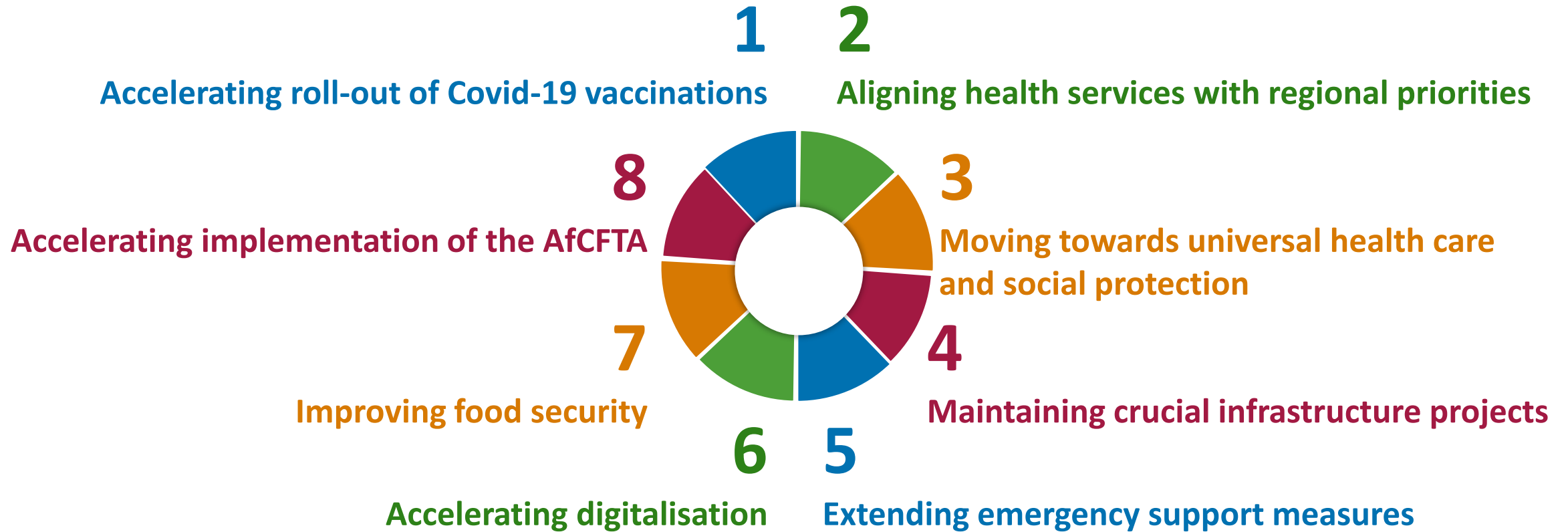
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### 02 HIGHLIGHTS OF SOCIAL IMPACT AND POLICY RESPONSE

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### 03 CONCLUSIONS AND POLICY RECOMMENDATIONS

# Policy Recommendations – for discussion...

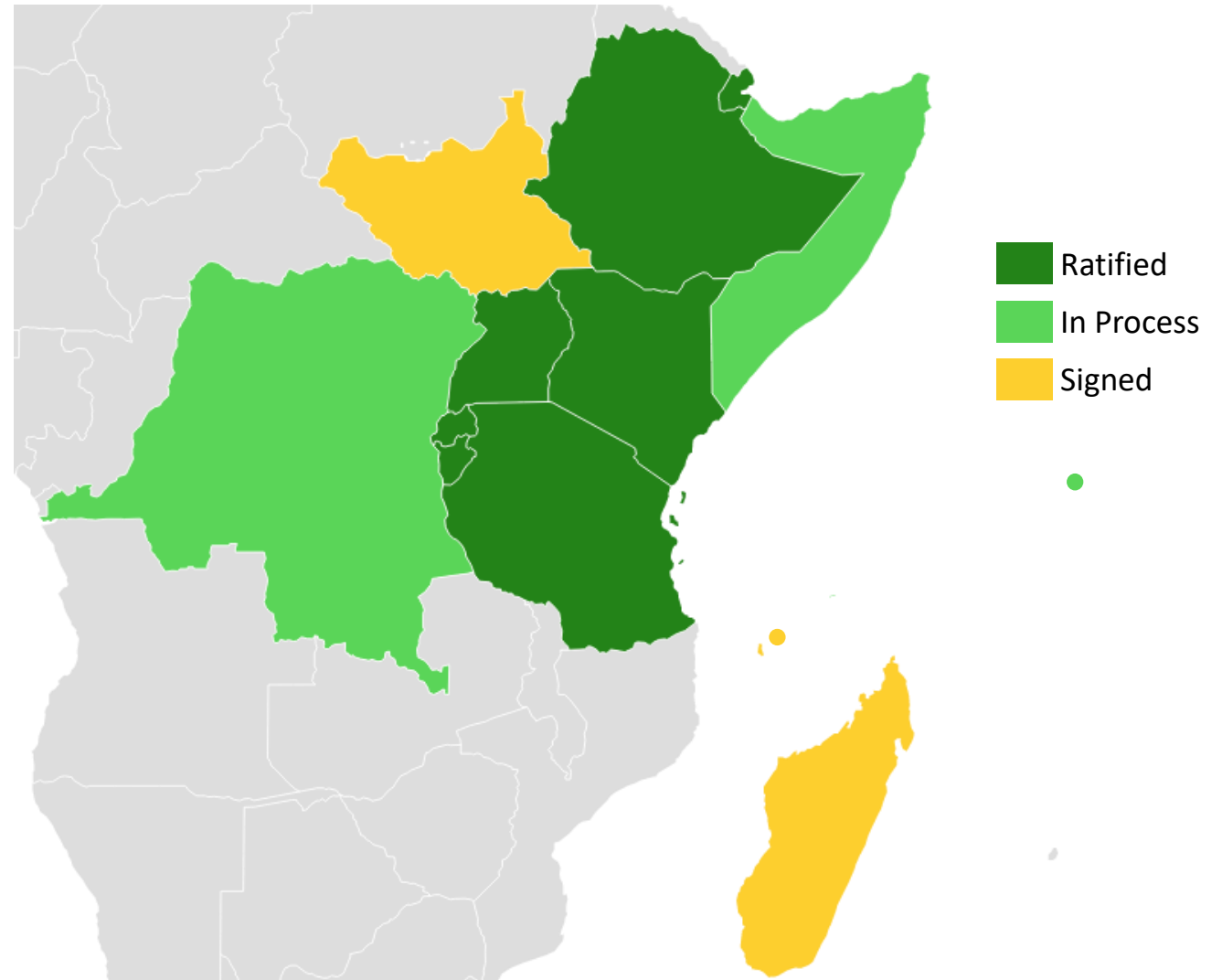


# Implementing the AfCFTA can contribute to regional economic recovery

Growing evidence that regional trade has been more resilient than extra-regional trade during the crisis e.g. Nicita and Saygali (2021) and AERC/ECA/TMEA (2021)



## Status of AfCFTA Ratification as of 22 October 2021



Source: TRALAC