POTENTIAL SOCIO-ECONOMIC IMPACTS OF CORONAVIRUS ON WEST AFRICA

IMPEDIMENTS TO HARNESSING DEMOGRAPHIC DIVIDEND

18 March 2020
Niamey, Niger
West Africa recorded 13.3% of African cases (60 out of 451)
## West Africa preparedness and responsiveness to the crisis

### Countries Measures and policy response

| ECOWAS | Cross-border collaboration between Member States and control at entry points (air, land, maritime). Necessary preventive and containment measures, Availability of essential medical supplies including laboratory equipment |
| All countries | Border control, prevention, thermal imaging cameras at the airports, assistance and treatment, cancellation of festivities and public demonstration and surveillance measures, suspension of flight from high level infected countries |
| Burkina Faso, Côte d’Ivoire, Ghana, Senegal | Closing of schools and Universities |
| Most of the countries | Resources allocated to prevention and mitigations plans
- Senegal: $US2.3 million
- Nigeria: $US163.6 million
- Burkina Faso: $US20 million,
- Benin: $US102 million
- Ghana: $US100 million
- Cote d’Ivoire, $US1.4 million
- Guinea: $US12.8 million |
| Low-income countries: Benin; Burkina Faso; Gambia, The; Guinea; Guinea-Bissau; Liberia; Mali; Niger; Sierra Leone; Togo | Allocation of $US3.3 billion in grants by World Bank, $US10 billion loans and $US295 million as grants |
COVID-19 potential economic impact by channels

- Potential impact on growth: the case of Nigeria
- Potential impact on remittance inflows
- Potential impact on tourism
COVID-19 potential loss of 1.6% growth rate for Nigeria

Loss of GDP growth for Nigeria in 2020 (two scenarios)

- **COVID1**: Decline of crude oil price limited to 7% during the first quarter of 2020
  - Growth rate for Nigeria could fall from 2.9% to 1.3% in 2020

- **COVID2**: Sharp decline of 22% in crude oil price in reference until the end of
  - With Nigeria accounting for 74% of ECOWAS, it can be inferred the region could follow a similar trend
COVID-19 potential impact on remittance inflows

Potential effect of COVID-19 on remittances—Assuming similar effect in 2008 economic crisis
Top remittance-sending countries affected by COVID-19

- Migrant remittance inflows in West Africa 2005-2019 (US$ million)
- Main remittance-sending countries (millions of US$) to West Africa

Source: authors’ calculation using World Bank data
The tourism sector in West Africa has expanded significantly, in terms of international tourist arrivals, receipts and export revenues. It is a key contributor to GDP and employment, particularly in Cabo Verde; Gambia, The; and Senegal. The COVID-19 will probably lead to important losses as travel bans are in the rise.

Source: ECA based on UNWTO, 2020
COVID-19 impact on Tourism (cont’d)

For the Sub-region, the number of tourists coming from the Europe is the highest. The spread of the virus in many countries beyond China, to Europe mainly will increase the effects of the COVID-19 outbreak on the sector.

Inbound tourism in ECOWAS - Arrivals by region (Thousands)

Distribution of Tourists by region of origin for selected countries (%)

Source: ECA based on UNWTO, 2020
COVID-19 impact on Tourism (cont’d)

- In an optimistic scenario where tourism arrivals fall by 25% (similar to Ebola outbreak in 2013–14), an expected decrease of 25% of tourism revenues annually (S1) could decrease the overall sectoral contribution to the countries (and regional) GDP and employment.

- COVID-19 human crisis, along with travel restrictions would result in a higher decline in tourism in West Africa. In this scenario (S2), an anticipated drop of 50% could decrease further the overall sectoral contribution to the countries (and regional) GDP and employment.

### Decline in the tourism sector contribution to GDP and Employment as a result of COVID-19

<table>
<thead>
<tr>
<th>Country</th>
<th>Tourism total contribution to GDP (%)</th>
<th>Tourism total contribution to employment (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BAU</td>
<td>S1</td>
</tr>
<tr>
<td>Benin</td>
<td>6.06</td>
<td>4.55</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>3.60</td>
<td>2.70</td>
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<tr>
<td>Cabo Verde</td>
<td>43.38</td>
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<td>Cote d’Ivoire</td>
<td>4.90</td>
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<td>Gambia, the</td>
<td>19.94</td>
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<td>Ghana</td>
<td>7.41</td>
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<td>Guinea</td>
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<td>Mali</td>
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<tr>
<td>Niger</td>
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<tr>
<td>Nigeria</td>
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<td>Senegal</td>
<td>11.35</td>
<td>8.52</td>
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<tr>
<td>Sierra Leone</td>
<td>5.39</td>
<td>4.04</td>
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<tr>
<td>Togo</td>
<td>8.47</td>
<td>6.35</td>
</tr>
<tr>
<td><strong>ECOWAS</strong></td>
<td><strong>4.87</strong></td>
<td><strong>3.65</strong></td>
</tr>
</tbody>
</table>

Source: ECA’ calculation based on UNCTADStat, 2020
COVID-19 impact on Tourism (cont’d)

The tourism sector is highly exposed in West Africa as illustrated with Cabo Verde

Tourism sector, a key driver for jobs creation & economic growth for Cabo Verde

- GDP: 44% (2012-2017)
- Jobs: 39% of Total Jobs (91,000) in 2016

Potential economic losses / fiscal impact

Population 2019: 550,983
Tourists 2019: 819,308

Ratio Tourists to population: 1.5

Tourist arrivals: Expected drop with COVID-19

- Estimated before COVID-19
- Predicted with scenario 25% drop
- Predicted with scenario 50% drop

GDP % Loss
Job Loss

Sources:
- ECA, Cabo Verde Country Profile, 2016
Human Crisis induced by the Spread of COVID-19 in West Africa

The spread of COVID-19 occurs in the context of low human development score in West Africa

CODIV19 will worsen the current human crisis in the Sahel region due to the combination of poverty, climate change, low human development and conflict:

Case of Niger

Source: OCHA humanitarian situation overview, 13 March 2020

Human development score of countries in West Africa, 2017

Source: ECA’s compilation from UNDP data, 2018
Sahel countries could be more impacted in West Africa: increased insecurity and narrow fiscal space.

Political stability and security index

Overall fiscal deficit (2019, % GDP)

Source: Worldwide governance index, World Bank (index ranged from -2.5 to +2.5)

Source: World bank database, 2020
Potential impact of COVID-19 on Countries' efforts to harness Demographic Dividend

Main pillars of Demographic Dividend (DD)

• Education
• Health
• Productivity and Decent jobs
• Governance
COVID-19 Impact on Demographic dividend: Education

- Effect of Covid-19 on Education in Affected West African Countries
- Four countries in West Africa have enforced nation-wide school/campus closures
- A total of 24,382,837 learners have been affected

**Covid 19 might affect countries’ already low resources allocated to education and health**

Government expenditure on education, total (% of government expenditure)

Source: authors’ calculation using UNESCO data, 2020 and WDI, 2016
COVID-19 Impact on Demographic dividend: productive jobs

- Government health expenditure (% of general expenditure)
- Number of physicians (per 1,000 people)

Source: authors’ calculation based on WDI, 2016

Source: authors’ calculation based on the WHO's Global Health Workforce
COVID-19 Impact on Demographic dividend: productive jobs

Youth bulge in West Africa

- Productivity of the working-age population could be negatively affected due to illness, self-isolation, government lockdowns of areas or towns
- Individuals’ fear and aversion workplaces could lead to wage loss and COVID-19 can even worsen job vulnerability

Population Pyramid: West Africa

Source: UNDESA 2020 database

Proportions of vulnerable jobs in ECOWAS countries in 2017 (%)

Source: ECA, 2019, West African economic and social profile 2019
POLICY OPTIONS

- Scale up measures adopted to mitigate the pandemic
- Social response
- Economic stimulus
- The above would contribute to address the pandemic impediments to harnessing demographic dividend
## RECOMMENDATIONS

### SOCIAL RESPONSE

1. **Wide information/sensitisation on Codiv 19, specially in rural and remote areas;**
2. **Bring health facility closer to the communities including the vulnerable groups i.e. the poor and displaced people**
3. **Ensure availability of testing and care equipment with a specific attention to rural, conflicted affected areas;**
4. **Increase health personal and protect them**
5. **Fund quality distance learning, covering the most vulnerable groups**

### ECONOMIC RESPONSE

1. **Revise budget to allocate appropriate resources to health, education and other mitigation programmes**
2. **Support cross border trade with greater control, expand testing, care services, etc. to borders**
3. **Regional responses the pandemic, i.e. regional economic stimulus**
4. **Overarching measure: invest in transforming the region’s important natural and mineral resources endowment mineral and natural**
THANK YOU!