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COVID-19 IN SUB-SAHARAN AFRICAⁱ

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To my dear traders on the market of Ejisu Street in Kumasi (Ghana), close to them as ever.

(À mes chers vendeurs du marché de la rue Ejisu à Kumasi (Ghana), plus près d'eux que jamais.)

The coronavirus (Covid-19) is causing business closures and disruptions in international supply chains due to the blocus of ports and airports in China and the rest of the world. This has deeply negative knock-on effects on all sectors of activity. It is referred to as a double 'shock of supply and demand' as it affects at the same time production, consumption and investment. Today, the economic impact in Africa can already be observed in virtually every country.

Lower Chinese demand for raw materials from Africa has been noticeable for weeks. The same applies to Africa's access to components and Chinese manufactured goods. This is a source of instability and economic uncertainty. African growth could be negative in the first quarter of this year and could fall to just 2.4% for 2020.

However, China's economic growth could improve gradually in the second quarter of 2020, once the effects of the virus will have been under control. In parallel to this, monetary policy instruments will support the economy by means of lower interest rates and injecting liquidities within the system.

The more exposed African countries are, first and foremost, those who export a large share of their raw materials to China, and then those exporting them to Europe. And the United States, both also hit hard by the Covid-19 crisis. In these countries, trade will collapse, businesses will close down due to quarantines being imposed, Travel will be very limited or cancelled, and the flux of tourists will recede considerably.



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Since world economic growth is the key determinant of commodity prices, the impact of the Coronavirus will lower the price of African products and will also increase risk aversion among investors.

The spread of Covid-19 across the continent is due to weak health systems, as well as to the importance of contacts between individuals and crowded areas, especially in sub-Saharan Africa. Contacts between humans take place in open markets in the streets. Selling vegetables, fruit and all sorts of products take place on the sidewalk without any protection. It is true that e-commerce can be used in some cities, however it needs to be pointed out that its use is still very limited.

Lockdown measures only have a limited impact in Africa, especially in urban areas, such as the large city of Kinshasa. Most of the population has no food stocks inside their homes, they need to go out every day to 'earn their bread' and make sure they preserve their sole source of income in order to survive.

One distinctive advantage of Africans is its young population. This is the main obstacle to protecting its population from Covid-19. But let us not be fooled: in sub-Saharan Africa, there is a high proportion of AIDS-contaminated people, which weakens the body. There is no easy access to clean water to wash hands. Many conditions are met for the virus to wreak havoc.

To sum up, at this point in time available funds are necessary to protect the health of Africans. It is urgent to lift or postpone payments such as rents, water, electricity and gas bills of business professionals, to relieve or erase the debt of the poorest countries, as requested by many international organisations. This is particularly important in order to prioritise the use of resources in national health systems, develop international cooperation in the areas of epidemiological knowledge, prevention and treatment protocols, and fight the pandemic without respite.

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