

# Economic Policies African States have implemented to respond to the COVID-19 Pandemic.

## Background

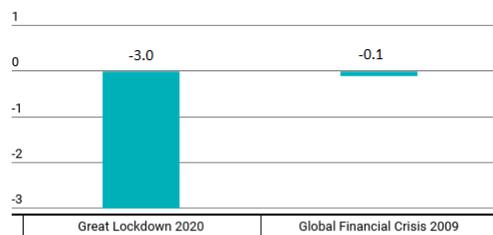
The COVID-19 pandemic has been dubbed the “*defining global health crisis of our time since World War II*,” by international health systems experts. (Source: [www.undp.org/content/undp/en/home/coronavirus.html](http://www.undp.org/content/undp/en/home/coronavirus.html)). To curb the spread of the virus, search for a remedy and vaccine, mitigate the socio-economic effects: governments, healthcare specialists, the private sector and international health organisations have come together to formulate policies, researches and action plans. Economists have stated that the pandemic represents an unprecedented shock to the global economy. The global tally by the World Health Organisation (WHO) as of 29<sup>th</sup> July 2020 illustrates that there are 16,253,815 confirmed cases with about half of those having recovered and 655,112 deaths. (Source: [covid19.who.int/?gclid=Cj0KCQjwvIT5BRCqARIsAAwwD-QhnOJJJ\\_Tgq511TDwluytEllwIJIZ\\_pogeNhbpzbz\\_wMG5shSAfTu\\_B80aApGtEALw\\_wcB](https://covid19.who.int/?gclid=Cj0KCQjwvIT5BRCqARIsAAwwD-QhnOJJJ_Tgq511TDwluytEllwIJIZ_pogeNhbpzbz_wMG5shSAfTu_B80aApGtEALw_wcB) ).

With an already ‘synchronized slowdown’ of the world economy in 2019, the COVID-19 pandemic has sent countries into a recession, with a predicted world GDP contraction of 3%. Additionally, there remains some uncertainty as to growth and recovery of economies with the threat of reoccurrence of the virus looming. (Source: [www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020](http://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020) ).

## The Great Lockdown

The world economy will experience the worst recession since the Great Depression.

(real GDP growth, year-on-year percent change)



Source: IMF, *World Economic Outlook*.

Notably, the United Nations (UN) predict that the economic effects of the Corona virus will see the reduction of 6.7 % of working hours; this is equivalent to 195 million full-time workers. In Sub-Saharan Africa the International Monetary Fund (IMF) estimates \$ 37-75 billion in output losses. African governments have allocated funds for the strengthening health care systems, stimulation of the economy and mitigating the social and economic shocks arising from the pandemic.(Source:[blogs.imf.org /2020/04/14/the-great-lockdown-worst-economic-downturn-since-the-great-depression/](https://blogs.imf.org/2020/04/14/the-great-lockdown-worst-economic-downturn-since-the-great-depression/)).

Recognising the huge debt burden many countries have, the World Bank and IMF have called for a bilateral debt standstill with the hope of softening the impact of COVID-19 and debt crises on developing economies. The world's largest economies the G20 countries, have allowed for the suspension of the collection of debts to some of the developing countries currently facing the effects of the pandemic.(Source: [www.worldbank.org/en/news/factsheet/2020/05/11/debt-relief-and-covid-19-coronavirus](https://www.worldbank.org/en/news/factsheet/2020/05/11/debt-relief-and-covid-19-coronavirus)).

This brief paper aims to give an outline of the national economic strategies in response to the pandemic from a select number of countries in the African continent. Data has been relied on from various UN economic and health bodies, government institutions published strategies and research institutions publishing's. This research has also relied on the [Corona Virus Dashboard by the World Health Organisation](#) for information on the number of confirmed cases. The countries chosen were Egypt and Tunisia from North Africa, Kenya and Rwanda from East Africa, Cameroon and DRC from Central Africa, Nigeria and Senegal from West Africa and South Africa and Botswana from Southern Africa. The aim of this research is to highlight the fiscal, monetary and micro-financial policies implemented to mitigate the economic shocks caused by the virus and prepare nations for a post COVID recovery.

## NORTH AFRICA

### 1. Tunisia

Tunisia has a population of approximately 11.57 million people. The latest statistics show that its GDP stands at \$ 39.87 billion. Real GDP growth slowed to 1.5% in 2019.

Tunisia reported its first confirmed case of COVID-19 on 2<sup>nd</sup> March 2020. The government imposed several strict measures to minimize infections in the country. At the outset, the Tunisian National Security Council issued measures such as bans on public gatherings, but by 18<sup>th</sup> March President Kais Saied declared a nationwide curfew and on 20<sup>th</sup> March he [announced an](#) extended closure of Tunisia's borders to prohibit all non-emergency domestic movement as well. The containment measures will have a far-reaching effect on Tunisia's economy as a whole.

The pandemic increased economic pressure on a country that already faced hardships such as imbalances in its public finances. COVID-19 has had a severe impact on the economy, primarily hitting the most vulnerable social groups. Informal economic activity, which accounts for nearly 40 % of GDP and employs around 32 % of the workforce, [dropped](#) by 60 % following the onset of the crisis.

The damage to the formal economy is especially in the tourism sector, which has experienced a [decline](#) of 23 % since 2019. Tourism [accounted](#) for 5% of GDP and 4.5 % of the employed labour force in 2019. Experts project that the sector will not return to normal before 2022, at the earliest. The manufacturing sector, which [accounts](#) for approximately 18.5 % of the employed labour force and 15 % of GDP, is also under intense pressure given the disruption of global supply chains and the lockdown in Europe. Tunisia's exports have [dropped](#) by 8 % this year, primarily due to a sharp fall in European demand, as well as the closure of manufacturing plants, in response to the COVID-19 outbreak.

The government announced an emergency plan of TND 2.5 billion (1.8% of national GDP) to address the impact of the COVID-19 pandemic on the Tunisian economy, which includes the postponement of corporate income tax payments, other taxes and social contributions, VAT exemptions, VAT refund procedures and reimbursement acceleration, rescheduling taxes and custom arrears, and others in order to provide liquidity to the private sector, cash transfers for low income households, disabled and homeless people. (For more information in English visit the dedicated page from [KPMG](#) and the general overview of key policies by the [IMF Policy tracker platform](#)).

## 2. Egypt

Egypt, has a population of approximately 100 million people. [The Real Gross Domestic Product](#) (GDP) growth increased in Egypt to 5.6% in fiscal year 2019 (ending June 30, 2019), compared to 4.6% in the previous three years. This robust performance was sustained throughout the first half of fiscal year 2020, driven mainly by investments and the improving balance of net exports. The adverse effects of the COVID-19 pandemic are expected to slow down growth significantly.

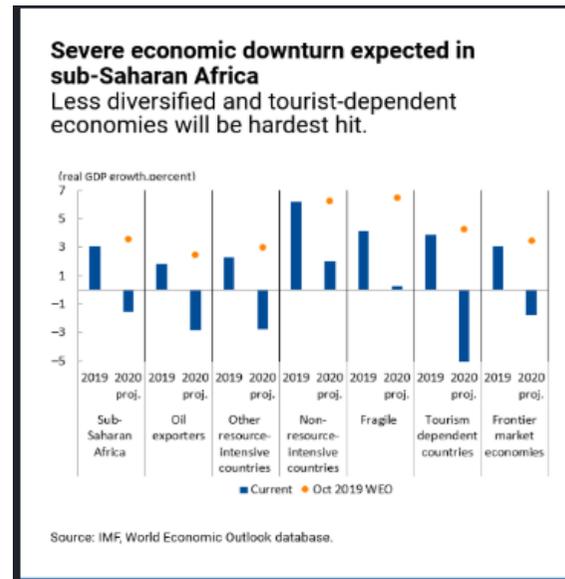


Image source: <https://www.imf.org/en/News/Articles/2020/04/13/na0413202-six-charts-show-how-covid-19-is-an-unprecedented-threat-to>

The first COVID-19 case was reported on 14<sup>th</sup> February 2020. Around mid-March, the government implemented many [measures](#) to contain the spread of COVID-19, including travel bans on international commercial passenger flights, a curfew from 8 pm to 6 am, bans on gatherings, and the closure of schools and religious institutions. These domestic anti-COVID-19 measures are considered modest according to international standards as the partial lockdown of the Egyptian economy aims to strike a balance between public health and economic considerations. Hence, the country has

managed to operate under a slower pace of economic activity, but has avoided a full lockdown. As of 27<sup>th</sup> June 2020, the Government [relaxed](#) most of the containment measures taken such as lifting the curfew and resuming commercial flights in a bid to re-open the economy.

The Egyptian government has taken a number of fiscal measures, debt-restructuring measures and liquidity measures to preserve the economy. Notably, [Egypt](#) has announced a \$ 6.4 billion stimulus package, extending credit repayments for SMEs and increasing the daily withdrawal limits for debit and credit cards. The Central Bank has also announced a rate cut of 3%. (“Egypt, Economic Measures in the face of Coronavirus crisis”, The Global Advisory and Accounting Network).

## EAST AFRICA

### 1. Kenya

Kenya is the leading economy in East Africa, with a population of about 52 million people and a GDP of \$ 87.91 billion expected to rise to 5.9% in 2020.(Source:[data.worldbank.org/country/KE](https://data.worldbank.org/country/KE) ). Over the past decade, the country has made significant strides in political and economic reforms to prompt sustained growth and social development.

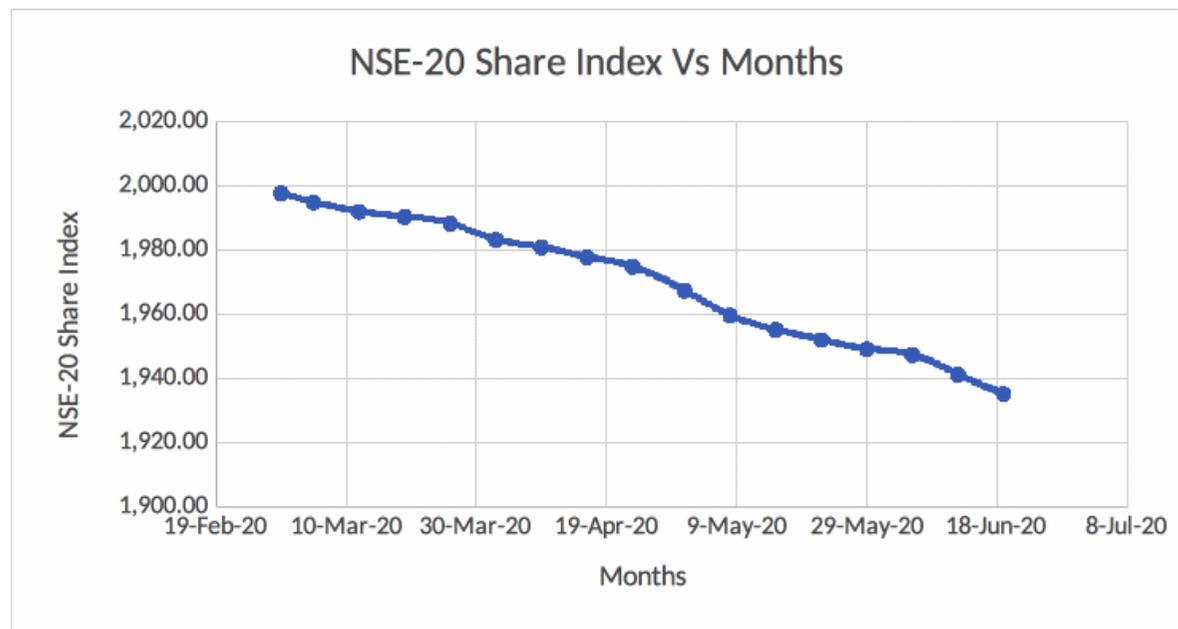


Image Source: [unresearch.org/blog/impact-of-covid-19-to-the-economy-of-kenya/](https://unresearch.org/blog/impact-of-covid-19-to-the-economy-of-kenya/) (NSE-Nairobi Stock Exchange: this is the leading securities exchange in East Africa, based in Nairobi, Kenya)

The first case of the virus was reported on 12<sup>th</sup> March 2020, as of July the country has over 15,000 confirmed cases(Source: [www.health.go.ke/](http://www.health.go.ke/)).The COVID-19 Pandemic has hit the economy hard with industries being forced to shut down in a bid to follow containment measures, cessation of movement orders across the national border, restrictions on movement in and out of some counties, social distancing measures and the ban on sell of alcohol in entertainment establishments. The country also banned social gatherings, imposed limitations on public transportation passenger capacity and gave directives on the closure of educational facilities. (Source: [kenyalaw.org/kenyalawblog/kenyas-response-to-covid-19/](http://kenyalaw.org/kenyalawblog/kenyas-response-to-covid-19/),<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7167550/> ).

The fiscal policies introduced by the government to deal with the Corona Virus pandemic include (Source: <http://kenyalaw.org/kenyalawblog/kenyas-response-to-covid-19/> , [www.health.go.ke/covid-19/](http://www.health.go.ke/covid-19/)) :

1. The allocation of Kenya shillings (KSh) 40 billion from FY2019/20 budget (ending June 30, 2020), initially earmarked for COVID-related expenditure, including health sector (enhanced surveillance, laboratory services, isolation units, equipment, supplies, and communication); social protection (cash transfers and food relief); and funds for expediting payments of existing obligations to maintain cash flow for businesses during the crisis.
2. An 8-point economic stimulus package of KSh 53.7 billion focusing on infrastructure, education, small and medium sized enterprises, healthcare, agriculture tourism and manufacturing. (Source: [www.president.go.ke/2020/05/23/the-seventh-presidential-address-on-the-coronavirus-pandemic-the-8-point-economic-stimulus-programme-saturday-23rd-may-2020/](http://www.president.go.ke/2020/05/23/the-seventh-presidential-address-on-the-coronavirus-pandemic-the-8-point-economic-stimulus-programme-saturday-23rd-may-2020/) )
3. Tax relief measures that include: reduction of standard VAT rate of 16% to 14%, reduction of resident corporate income tax rate from 30-25%, reduction of turnover rate on small and medium sized enterprises from 3-1 %, reduction of top pay-as you earn rate from 30 to 25 %. Additionally, a 100% tax relief for persons earning below KSh 24,000 the equivalent of \$225 a month. (Source: [www.kra.go.ke/en/covid-19](http://www.kra.go.ke/en/covid-19))
4. Kenya also received a \$219 million loan from the African Development Bank and \$1 Billion loan from the World Bank to close Kenya's fiscal financing gap generated by the slow economy and for COVID 19 response. (Source: [www.worldbank.org/en/news/press-release/2020/05/20/world-bank-approves-1-billion-financing-for-kenya-to-address-covid-19-financing-gap-and-support-kenyas-economy](http://www.worldbank.org/en/news/press-release/2020/05/20/world-bank-approves-1-billion-financing-for-kenya-to-address-covid-19-financing-gap-and-support-kenyas-economy) ).

On July 6<sup>th</sup> a reopening policy was announced with timelines set for the gradual reopening of the Kenyan economy, the lockdown measures for movement in and out of some counties were lifted. [Source:www.health.go.ke/covid-19/](http://www.health.go.ke/covid-19/), <http://kenyalaw.org/kenyalawblog/kenyas-response-to-covid-19/> ).

## 2. Rwanda

A booming economy with a population of 11.2 million people, Rwanda has emerged as one of the nations in Africa effectively managing the Corona Virus Pandemic. With a GDP of about \$10 billion and growth of about 10.1% in 2019, the government estimates that the pandemic will cause a revenue shortfall of about 4% of GDP. The first confirmed case of the virus was reported on March 14, 2020. The Rwandan Government's Public Health response to the virus was rapid and robust, with quick guidelines set for social distancing, mass testing and tracing, hand washing and sanitising in all public spaces, restriction on movement internationally and within borders. This helped greatly in reducing the spread of the virus. (Source: <https://www.nation.co.ke/kenya/news/africa/rwanda-lessons-covid-virus-model-country-1447788>).

President Kagame in April 2020 highlighted a Social Economic Plan to respond to the negative effects of the virus, which was approved by the parliament. The plan is aimed at:

1. Supporting workers and vulnerable people,

The government is providing food relief to at least 20,000 hard-hit households (door-to-door provision of basic food stuffs every three days), cash transfers to casual workers, subsidized access to agricultural inputs, and measures to ensure poor households' access to basic health and education.

2. Supporting businesses – the National Bank of Rwanda instructed banks to ease loan repayment conditions to borrowers

Additionally, the government launched a fund to support affected businesses through subsidized loans from commercial banks and microfinance institutions (MFI's), and credit guarantees.

3. Sanctioning business malpractice - the government has imposed strict penalties on businesses that use exploitative practices during the pandemic.

4. Tax deferral and relief measures which are: suspension of down payments on outstanding tax for amicable settlement, softening of the enforcement for tax arrears collection, fast-tracking of VAT refunds to SMEs, principle, interest and taxes (PIT) exemption for private school teachers and tourism and hotel employees earning less than Rwandan Franc (RWF) 150,000/month, and VAT exemption for locally produced masks. (Source: [www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#R](http://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#R) ).

On March 18, the central bank announced liquidity support measures which included the extension of the lending facility worth RWF 50 billion (0.5% of GDP) available to liquidity-constrained banks for the next six months. Later, in April 2020, Rwanda's central bank cut the policy rate from 50 basis points to 4.5 % .(Source: [www.theigc.org/blog/rwandas-response-to-covid-19-and-future-challenges/](http://www.theigc.org/blog/rwandas-response-to-covid-19-and-future-challenges/))

The Rwandan government began to ease restrictions by the 30<sup>th</sup> of April with the loosening of the curfew by extending the time of operation. This was followed by easing restrictions that had been imposed to transport, manufacturing, entertainment and many other sectors.

## WEST AFRICA

### 1. Nigeria

One of Africa's leading economies and the 27<sup>th</sup> largest economy in the world in terms of nominal GDP, Nigeria has \$397.3 billion GDP and a population of about 196 million people. Dahlberg reports that the global recession brought on by COVID-19 could reduce Nigeria's GDP by 4%. (Source: [dalberg.com/our-ideas/dalberg-releases-report-on-the-economic-impact-of-covid-19-on-africas-largest-economy-nigeria-estimates-4-to-23-reduction-in-2020-gdp/](https://dalberg.com/our-ideas/dalberg-releases-report-on-the-economic-impact-of-covid-19-on-africas-largest-economy-nigeria-estimates-4-to-23-reduction-in-2020-gdp/)). Nigeria was already recovering from the 2016 recession with an improvement in 2019 and a GDP growth of 2%. Notably, Nigeria's economy is heavily reliant on oil (80% of Nigeria's exports), as it is one of the world largest suppliers of oil, however the current 2020 oil price shock leaves Nigeria in a difficult position. (Source: [www.worldbank.org/en/country/nigeria/publication/nigeria-development-update-rebuilding-after-covid19](https://www.worldbank.org/en/country/nigeria/publication/nigeria-development-update-rebuilding-after-covid19)). The World Bank estimates that due to the plunge in oil prices and the recession brought about by the COVID pandemic Nigeria's economy could contract by 3.2%. (Source: [www.worldbank.org/en/news/press-release/2020/06/25/nigerias-economy-faces-worst-recession-in-four-decades-says-new-world-bank-report](https://www.worldbank.org/en/news/press-release/2020/06/25/nigerias-economy-faces-worst-recession-in-four-decades-says-new-world-bank-report) )

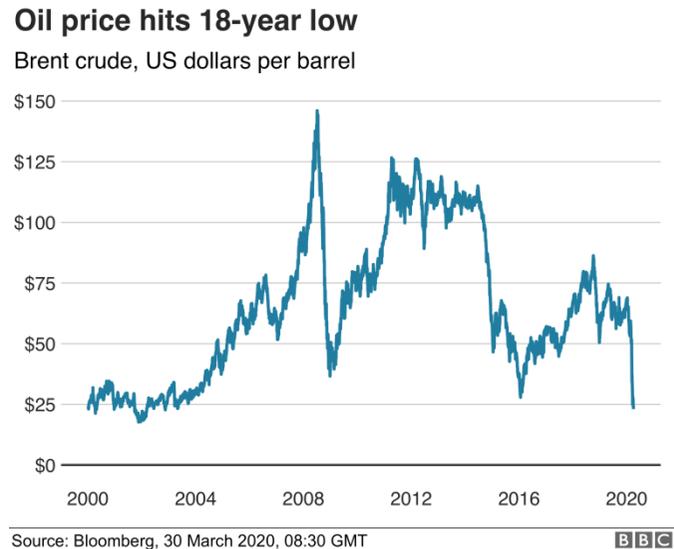


Image source: [www.bbc.com/news/business-52089127](https://www.bbc.com/news/business-52089127)

Nigeria reported its first case of COVID-19 on February 24<sup>th</sup> 2020. In March 2020, the Government responded by imposing a strict lockdown in areas where the spread of the virus was concentrated. The government also banned interstate travel. (Source: [www.cfr.org/blog/how-nigeria-has-responded-covid-19-so-far](http://www.cfr.org/blog/how-nigeria-has-responded-covid-19-so-far)). The country has been severely hit by the pandemic with more than 38,000 confirmed cases as of July 2020, with about half of the patients reported to have recovered and 800 deaths. (Source: [www.worldometers.info/coronavirus/country/nigeria/](http://www.worldometers.info/coronavirus/country/nigeria/))

Nigeria also has the unique advantage of having effectively dealt with the Ebola Virus. This presents Nigeria with an upper hand in dealing with infectious diseases. (Source: [www.effective-states.org/will-nigerias-success-in-stamping-out-ebola-help-it-to-stop-the-spread-of-covid-19-too/](http://www.effective-states.org/will-nigerias-success-in-stamping-out-ebola-help-it-to-stop-the-spread-of-covid-19-too/)) The government has also ordered the release of inmates in correction facilities to decongest prisons, banned social gatherings, directed the closure of education facilities, and imposed restrictions on the transport and entertainment sector.

The government of Nigeria has implemented the following policy responses to the COVID-19 Virus:

1. Contingency Funds \$2.7 million released to Nigeria's Center for Disease Control and \$18 million to boost the health care sector.
2. Revised budget included 0.3% of GDP for COVID intervention fund for additional healthcare services and cushioning the vulnerable.
3. In March 2020, the Federal Government of Nigeria released a N10 billion grant to the state of Lagos (Nigeria's capital city) to increase its capacity to respond to the COVID-19 Pandemic spread in Lagos. (Source: [www.africanews.com/2020/03/27/coronavirus-nigeria-federal-government-releases-10-billion-naira-grant-to-lagos-state//](http://www.africanews.com/2020/03/27/coronavirus-nigeria-federal-government-releases-10-billion-naira-grant-to-lagos-state//) ).
4. Stimulus package of 2.3 trillion Naira (N) which focuses on employment in agriculture, infrastructure and housing.
5. Waiver on import duty for pharmaceutical firms.
6. Regulation of fuel prices, reduction of fuel prices and an automated fuel price formula for the elimination of fuel subsidies.
7. Increase of social services to 3.6 million households up to 1 million vulnerable households.
8. The Central Bank of Nigeria (CBN) has cut the monetary policy rate by 100 basis points and expanded liquidity; it reduced interest rates on the CBN interventions from 9 to 5%. The CBN has also created a N50 billion targeted credit facility and liquidity injection of N 3.6 trillion into the banking system. Additionally, the CBN is currently coordinating a private sector special intervention initiative to deal with COVID-19: N42.6 billion has been received from the targeted N120 billion. (Source: [www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#N](http://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#N)).

## 2. Senegal

The Republic of Senegal is a geographically a flat region with a population of about 15.4 million people. Senegal is politically stable with a GDP of about \$24.13. (Source: [www.imf.org/en/countries/sen?selectedfilters=Article%20IV%20Staff%20Reports](http://www.imf.org/en/countries/sen?selectedfilters=Article%20IV%20Staff%20Reports)). Senegal's economy has been steadily rising with a 7.1% GDP growth in 2017, 6.8% in 2018 and 6.8% in 2019.

On March 2<sup>nd</sup> 2020 the first case of the corona virus was reported. The Government then declared a state of emergency and implemented a national curfew. The government also directed: restrictions on movement, closure of interstate and international borders, social distancing, ban on social gatherings, mass testing and tracing, strict guidelines on operation of the transport, infrastructure, tourism and other sectors.

The government has implemented the following policies to mitigate the negative economic and social effects of the Corona Virus :

1. A resilience package of up to 7% of GDP which is based on 4 pillars: improving the health system, strengthening social protection, stabilizing the economy and the financial system to support the private sector and employment, and securing supplies and distribution for key foodstuffs, medicine and energy products.
2. This includes, in the healthcare system, the allocation of West African CFA Franc 78.7 billion (0.5% of GDP) to improve testing, treatment, and prevention. This will also go towards hiring additional 1,500 health workers in the next 18 months.  
In ensuring social protection: One million households receive food aid (West African CFA 69 billion) and utility payments (for water and electricity) for poorer customers were suspended for a 2-month period (West African CFA 18.5 billion).  
In order to stabilize the economy: Direct support for hard-hit sectors such as tourism and transport which will receive about West African CFA 100 billion and access to additional financing through a credit guarantee fund of about CFA 200 billion.
3. Suspension of tax obligations was extended from 12 to 24 months to improve the liquidity of firms. Their balance sheets will also profit from a partial write-off of tax debt. Tax rebates are envisaged for companies that keep their workforce and salaries above a certain level.
4. Senegal, being a member of the West-African Economic and Monetary Union (WAEMU) in line with the regional central bank (BCEAO) for the West-African Economic and Monetary Union (WAEMU) , will benefit from the banks measures to better satisfy banks demand for

liquidity and mitigate the negative impact of the pandemic on economic activity. The BCEAO has adopted a full allotment strategy at a fixed rate of 2.5% (the minimum monetary policy rate) thereby allowing banks to satisfy their liquidity needs fully at a rate about 25 basis points lower than before the crisis.

5. On June 19<sup>th</sup> 2020, Senegal obtained a grant of \$100 million from the World Bank, to respond to the social and economic impact of the pandemic and improve access to services for the most vulnerable.

As of June 30, 2020, Senegal has lifted the state of emergency and curfew with international travel set to resume.

## CENTRAL AFRICA

### 1. Cameroon

[Cameroon](#) is a lower-middle-income country with a population of over 25 million people. Cameroon is the largest economy in the Central African Economic and Monetary Community (CEMAC), a region experiencing an economic crisis. Cameroon's economy grew an estimated 4.1% in 2019.

Cameroon recorded its first COVID-19 case on 6<sup>th</sup> March 2020. At the onset of the pandemic, the country has put in place a series of containment measures such as closure of sea and air borders, closure of schools and universities, prohibition of gatherings of more than 50 people, closure of bars and restaurants after 6pm, to name just a few examples. Furthermore, sanitary and social distancing measures have been included to limit the spread of the virus. Some of these measures have been relaxed such as re-opening of schools and universities as of 1<sup>st</sup> June 2020 and opening of bars and restaurants after 6 p.m.

The President of Cameroon announced a set of [fiscal measures](#) to alleviate the socio-economic impact of the pandemic. The measures provide for temporary tax accommodation to businesses directly affected by the crisis through tax moratoria and deferred payments, notable exemptions from the tourist tax in the hotel and catering sectors for the rest of the 2020 financial year; the postponement of the deadline to pay land taxes for the 2020 financial year to 30 September 2020. Other measures include an increase in the family allowance from CFAF 2,800 to CFAF 4,500 to help mitigate the impact of the pandemic on households. (Source: [www.reuters.com/article/congo-economy-rates/update-1-congos-central-bank-cuts-interest-rate-in-response-to-coronavirus-idUSL8N2BH65O](http://www.reuters.com/article/congo-economy-rates/update-1-congos-central-bank-cuts-interest-rate-in-response-to-coronavirus-idUSL8N2BH65O))

The Central Bank of Cameroon announced a set of monetary easing measures including a decrease of the policy rate by 25 basis points to 3.2%, a decrease of the Marginal Lending Facility rate by 100 bps to 5%, a suspension of absorption operations, an increase of liquidity facility from FCFA 240 to 500 billion, and a widening of the range of private instruments accepted as collateral in monetary operations. This is aimed at increasing liquidity.

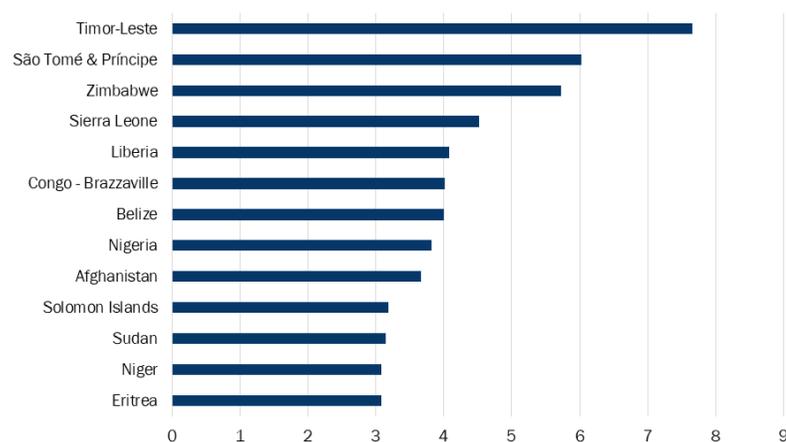
### 2. Congo

The Democratic Republic of Congo (DRC) is the largest country in Sub-Saharan Africa with a surface area equivalent to Western Europe. The country is home to the world's most natural resources. DRC has a GDP of about \$47.23 billion and a population of 84.07 million people. The country is still

recovering from years of civil war. The IMF fears that the Corona Virus could push many citizens in the country to poverty. (Source: [www.imf.org/en/News/Articles/2020/04/22/pr20182-democratic-republic-of-congo-imf-approves-disbursement-to-address-covid-19](http://www.imf.org/en/News/Articles/2020/04/22/pr20182-democratic-republic-of-congo-imf-approves-disbursement-to-address-covid-19)).

**Figure 2. Countries with the largest increases in poverty rates from COVID-19**

Projected increase in poverty rates of at least 3 percentage points in 2020



Source: Authors' calculations.

BROOKINGS

Image Source: [www.brookings.edu/blog/future-development/2020/05/06/turning-back-the-poverty-clock-how-will-covid-19-impact-the-worlds-poorest-people/](http://www.brookings.edu/blog/future-development/2020/05/06/turning-back-the-poverty-clock-how-will-covid-19-impact-the-worlds-poorest-people/)

DRC declared its first case of COVID-19 on March 10, 2020. As of July, the country has reported 8,700 confirmed cases and 201 deaths. On March 24th, the government declared a state of emergency, closed the borders and imposed the confinement of the capital city. The government also banned social gatherings in public spaces, imposed social distancing, closed all educational facilities and provided strict guidelines for various sectors in the economy which included mandatory confinement of workers in mining sites. The government also sought to reduce contamination risks in bank notes by promoting the use of e-payments. New testing facilities for mass testing are expected to be officially launched. (Source: [www.africanews.com/2020/05/02/congo-republic-extends-coronavirus-lockdown/](http://www.africanews.com/2020/05/02/congo-republic-extends-coronavirus-lockdown/))

On June 18th, a new 9-month multi sectorial response plan against the pandemics (PMUAIC-19) was officially launched. The plan includes actions to strengthen the health system, stabilize the economy, and reinforce security and social protection.

A national plan has been formulated, coordinated by world renowned microbiologist [Dr. Jean-Jacques Muyembe](#) focussing on: strengthening early detection and surveillance and foster technical and operational coordination within the government; improving the quality of medical care to infected patients; and developing effective preventive communication strategies and enhancing medical logistic platforms. This is estimated to cost about \$135 million.

The Prime Minister Sylvestre Ilunga on April 12<sup>th</sup> approved: a three-month VAT exemption on pharmaceutical products and basic goods, suspension of tax audits for companies, a grace period for businesses on tax arrears, a full tax deductibility of any donations made to the COVID relief fund. The following social measures were also implemented: supply of water and electricity for a period of two months, free of charge, prohibition to evict renters in case of no payment of financial obligations from March to June 2020, suspension of VAT collection on the production and on the sale of basic goods. (Source: [reliefweb.int/report/democratic-republic-congo/democratic-republic-congo-coronavirus-covid-19-situation-report-7-1](http://reliefweb.int/report/democratic-republic-congo/democratic-republic-congo-coronavirus-covid-19-situation-report-7-1)).

On March 24, the Central bank of the Democratic Republic of Congo (BCC) announced various measures to ease liquidity conditions by: reducing the interest rate from 9% to 7.5%; eliminating the country's mandatory reserve requirements on demand deposits in local currency; and creating a new collateralized long-term funding facility for commercial banks of up to 24 months to support the provision of new credit for the import and production of food and other basic goods. (Source: [www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#C](http://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#C), [www.reuters.com/article/congo-economy-rates/update-1-congos-central-bank-cuts-interest-rate-in-response-to-coronavirus-idUSL8N2BH65O](http://www.reuters.com/article/congo-economy-rates/update-1-congos-central-bank-cuts-interest-rate-in-response-to-coronavirus-idUSL8N2BH65O))

In April 2020, the IMF approved the disbursement of \$363.27 billion to mitigate the shocks of the virus. (Source: [www.imf.org/en/News/Articles/2020/04/22/pr20182-democratic-republic-of-congo-imf-approves-disbursement-to-address-covid-19](http://www.imf.org/en/News/Articles/2020/04/22/pr20182-democratic-republic-of-congo-imf-approves-disbursement-to-address-covid-19)). As of June 2020, the DRC government extended the health state of emergency. In late April, Congo ended the nationwide state of emergency, however, it extended the state lockdown..(Source: [www.garda.com/crisis24/news-alerts/352646/drc-government-extends-state-of-health-emergency-until-july-5-update-17](http://www.garda.com/crisis24/news-alerts/352646/drc-government-extends-state-of-health-emergency-until-july-5-update-17)).

## SOUTHERN AFRICA

### 1. South Africa

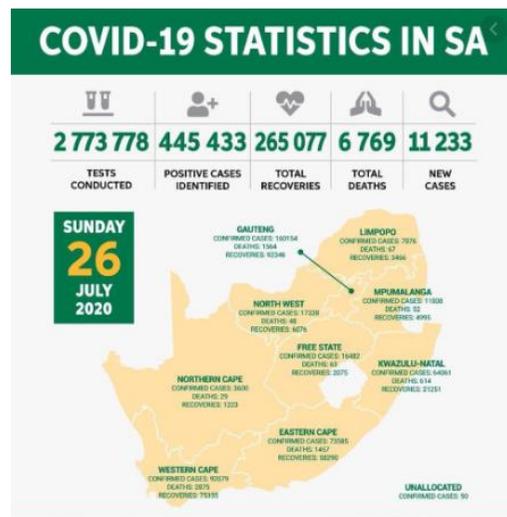


Image source: <https://sacoronavirus.co.za/>

South Africa has a population of approximately 59.62 million people. Real GDP grew at an estimated 0.7% in 2019, down from 0.8% in 2018. [S&P Global Ratings](#) projects South Africa's economy to shrink by 4.5% this year as a result of the COVID-19 pandemic that has impacted production and consumption.

South Africa reported its first confirmed COVID-19 case on 5<sup>th</sup> March, 2020. [Tito Mboweni, Minister of Finance of South Africa](#) describes the pandemic as:

*“A health shock, which will stretch the resources of South Africa's health care system to its limit, a global economic shock, which will substantially reduce global growth and consequently external demand, and a domestic economic shock, because domestic policies will reduce economic activity, both from a demand side and a supply side.”*

Below is a [general overview](#) of the key economic policy responses the government of South Africa has taken to protect livelihoods.

The first phase began in mid-March when the coronavirus pandemic was declared as a national disaster. This included a broad range of measures to mitigate the worst effects of the pandemic on businesses, on communities and on individuals. The measures included tax relief, the release of disaster relief funds, emergency procurement, wage support through the Unemployment Insurance Fund (UIF) and funding to small businesses.

The second phase of the economic response was aimed at stabilising the economy, addressing the extreme decline in supply and demand and protecting jobs. On the 21<sup>st</sup> of April, the President of South Africa announced that a social and economic support package of R500 billion had been finalised, amounting to approximately 10% of GDP.

The third phase is an economic strategy aimed at driving the recovery of the economy as the country emerges from this pandemic. Central to the economic recovery strategy will be measures to stimulate demand and supply.

## **2. Botswana**

[Botswana](#) has a population of approximately two million people. The economy achieved strong growth of 4.5% in 2018, growth which is estimated to have slowed to 3.5% in 2019, reflecting the effects of weakened global demand for diamonds alongside severe droughts affecting the region. The coronavirus pandemic is expected to have a profound impact on Botswana's economy, particularly on the diamond and tourism sectors.

Botswana reported its first case on 31<sup>st</sup> March 2020. The government has declared a state of emergency, effective from April 2, 2020, and has adopted a list of containment measures, including social distancing and travel bans. The government has lifted restrictions on May 22<sup>nd</sup>, after 7 weeks of lockdown.

The government of Botswana has implemented a swathe of both [fiscal and monetary policies](#) to mitigate the impact of the COVID-19 pandemic. Below is a general overview of some of the measures taken.

As part of the comprehensive national response to the threat of COVID-19 Pandemic, the Ministry of Finance and Economic Development established a Special Fund, known as the "COVID-19 Pandemic Relief Fund". The Fund provides financial resources to cater for the procurement of national relief supplies; evacuation cost for citizens outside Botswana; national publicity outreach programmes; relief of selected industries or sectors; public counselling centres or facilities; additional staff to support health professionals and an economic stimulus package post COVID-19 Pandemic. The government will inject 2 billion Botswanan Pulla to the fund. The private sector is called upon to generously contribute to the Fund. Contributions to the Fund will not qualify as deductible expenditure for tax purposes. (Source: [https://www.bocra.org.bw/sites/default/files/covid19-docs/COVID-19\\_GUIDELINES\\_FINAL%20%281%29.pdf](https://www.bocra.org.bw/sites/default/files/covid19-docs/COVID-19_GUIDELINES_FINAL%20%281%29.pdf))

To stabilize businesses, Government Guaranteed Loans of up to 25 million per borrower will be made available to tax compliant businesses. Other measures in place to cushion the economy include the reduction in bank rates, waiver of penalties and rescheduling of loan repayments.

(Exchange Rate to the United States of America Dollar (USD) as of 29/07/2020, 5:00pm CET)

	Countries	Currencies	Exchange rate to the dollar (1 USD {\$} = .....)
1	Egypt	Egyptian Pound	15.97
2	Tunisia	Tunisian Dinar	2.76
3	Kenya	Kenyan Shilling	107.70
4	Rwanda	Rwandan Franc	959.81
5	Democratic Republic of Congo	Congolese Franc	1965.0
6	Cameroon	Central African CFA Franc	559.08
7	Nigeria	Nigerian Naira	386.78
8	Senegal	West African CFA (XOF)	578.172
9	South Africa	South African Rand	16.50
10	Botswana	Botswanan Pula	11.43

## **Conclusion**

African States have enacted and implemented a multitude of policies and directives to curb the Corona Virus pandemic. Recognising that as of July 2020 Africa is the “*least affected region globally*” by the pandemic in terms of infections and deaths, this allows states to strengthen their healthcare and social systems. (Source:[www.weforum.org/agenda/2020/05/covid19-africa-hydroxychloroquine-world-health-organization/](http://www.weforum.org/agenda/2020/05/covid19-africa-hydroxychloroquine-world-health-organization/)).The continent economically, represents a new frontier and a promising future in international trade with a large and multi-faceted market and a massive workforce. What remains too been seen is how the different states will navigate the pandemic and ingeniously create and implement post Corona recovery plans.

**Mario Di Giulio**

**Kimberly Mureithi**

**Cheptum Toroitich**