Common Market for
Eastern and Southern Africa

COMESA

SOCIO-ECONOMIC IMPACTS OF THE COVID-19 PANDEMIC: EVIDENCE FROM COMESA REGION

FINAL REPORT

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CONTENTS

LIST OF ACRONYMS	i
ACKNOWLEDGEMENTS	iii
FOREWORD BY COMESA SECRETARY GENERAL	v
EXECUTIVE SUMMARY	vii
Chapter One: Introduction	
1.1: Background	1
1.2: Overview of Impacts of the COVID-19 Pandemic	1
1.3. COVID-19 Cases and Mitigation Measures in COMESA	2
Chapter Two: Methodology	5
2.1: Approach	5
2.2: Data Type	5
2.3 Data Sources	6
Chapter Three: Macro-Economic Impacts	**7**
3.1 Economic Growth	7
3.2 Inflation Rate	11
3.3: Financial Sector	13
3.4 Debt Sustainability and Fiscal Balance	17
3.5 Impacts on Business Operations	20
3.6 Mitigation Measures Applied by Member States	22
Chapter Four: Trade and Trade related Impacts	**26**
4.1 Trade in Goods	26
4.2: Trade in Services	34
4.3: Collective Responses to Effects of COVID-19	41
4.4: Mitigation Measures by COMESA Member States	42
Chapter Five: Impacts on Social and Organizational Culture	**44**
5.1 :Health Sector	44
5.2: Implications on Social and Organizational Culture	48
5.3: Education and Human Capital Development	50
Chapter Six: Conclusions and Policy Implications	**52**
6.1: Conclusions	52
6.2: Policy Implications	56
References	59
Appendices	62

LIST OF ACRONYMS

AFCOR	Africa Task Force for Novel Coronavirus
AfCDC	African Centre for Disease Control
AfCFTA	African Continental Free Trade Area
AIDS	Acquired Immunodeficiency Syndrome
ATM	Automated Teller Machine
AU	African Union
AUC	African Union Commission
BOM	Bank of Mauritius
CBR	Central Bank Rate
CCRT	Catastrophe Containment and Relief Trust
CFTA	Continental Free Trade Area
CIT	Corporate Income Tax
CMI	COMESA Monetary Institute
COMESA	Common Market for Eastern and Southern Africa
COMSTAT	COMESA Statistics Portal
COVID-19	coronavirus disease of 2019.
EAC	East African Community
ECA	Economic Commission for Africa
ELA	Emergency Liquidity Assistance
EU	European Union
FDI	Foreign Direct Investment
FMCPI	Free Market Price Index
FTA	Free Trade Area
FX	Foreign Exchange
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
HCPI	COMESA Harmonised Consumer Price Index
HIV	Human Immunodeficiency Virus
IATA	International Air Transport Association

ICAO	International Civil Aviation Organization
IEC	International Electrotechnical Commission
IFRS	International Financial Reporting Standards
IMF	International Monetary fund
IMO	International Maritime Organization
IT	Information Technology
ITC	International Trade Centre
KAM	Kenya Association of Manufacturers
KKIA	Kenneth Kaunda International Airport
KPMG	Klynveld Peat Marwick Goerdeler
Kshs	Kenya Shillings
LMIC	Low and Middle Income Countries
LRR	Liquidity Reserve Requirement
MDI	Microfinance Deposit taking Institutions
MGA	Madagascar
MIC	Middle Income Countries
MNE	Multinational Enterprise
MSME	Micro, Small and Medium Sized Enterprises
NPL	Nonperforming Loans
NTB	Non-tariff Barriers
OECD	Organization for Economic Co-operation and Development
PAYE	Pay as You Earn
PIT	Personal Income Tax
PPE	Personal Protective Equipment
REC	Regional Economic Community
REO	Real Estate Owned
REPO	Repurchase Agreements
ROW	Rest of the World
RWF	Rwanda Franc
SA	South Africa
SADC	South African Development Community
SCR	Seychellois rupee
SDG	Sustainable Development Goals
SFI	Supervised Financial Institutions
SME	Small Medium Enterprises
SSA	Sub-Saharan Africa
TND	Tunisian Dinar
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNCTADSTAT	United Nations Conference on Trade and Development Statistics
UNECA	United Nations Economic Commission for Africa
UNWTO	United Nations World Tourism Organization
UNWTTC	United Nations World Travel & Tourism Council
USA	United States of Africa
USD	United States Dollar
VAT	Value Added Tax
WCO	World Customs Organization
WEO	World Economic Outlook
WHO	World Health Organization
ZW	Zimbabwe

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FOREWORD BY COMESA SECRETARY GENERAL

The 8th Extra-Ordinary meeting of the Council of Ministers held on 14th May 2020 directed Secretariat to undertake a comprehensive study to assess the impacts of the COVID-19 pandemic in the COMESA region and propose appropriate recommendations to Member States.

The Coronavirus Pandemic has taken toll of human life in unprecedented magnitudes across the globe. Although the spread of the virus in Africa was rather sluggish and reported cases comparatively low, the socio-economic impacts have been as devastating as in any other continent. The Member States of COMESA have equally borne the adverse of the pandemic. The direct and indirect impacts of the COVID-19 have been severe and widely spread as established in this report.

The report presents a detailed account of the impacts of COVID-19 across sectors in all Member States. Apart from morbidity and increased health burden on treatment, containment measures employed by governments, have tremendously affected production and global demand and supply of goods and services. Supply chains and trade across borders have been disrupted, the most affected being the movement of essential goods and services. Besides, many businesses across the region closed leading to loss of jobs and livelihoods. Worse still, early evidence indicates that the health and economic impacts of the virus are being borne disproportionately by poor people. If not effectively addressed, the social crisis created by the COVID-19 pandemic may exacerbate inequality, exclusion, discrimination and unemployment in the medium and long term.

Despite the challenges, the report takes cognisance of the opportunities available to build resilience and safeguard the gains of economic integration and trade liberalization. Broadly speaking, the situation provides for a rapid shift towards a Development Approach to Africa's integration with focus on digital transformation to support strengthening of productive capacities and promotion of value chains. In addition, improving the environment for private sector development, entrepreneurship and SME development is necessary to deliver structural transformation, poverty reduction and sustainable development.

In addition, the report makes proposals for possible roles by the COMESA Secretariat as well as Member States in addressing the underlying challenges post COVID-19 period. Broadly, the role of COMESA Secretariat is to foster coordination and collective efforts in facilitating intra-COMESA trade and investments. On the other hand, respective Member States' governments have the cardinal role of ensuring macroeconomic stability and creation of a conducive environment for business to thrive and that sustained and all-inclusive economic growth and development are attained.

It is our hope and expectation that this study report will generate debate and inform policy decisions on how economic Integration can provide a platform from which to build resilience in COMESA and the continent in the context of COVID-19 and possible shocks in the future.

Chileshe Mpundu Kapwepwe
Secretary General
COMESA

EXECUTIVE SUMMARY

The COVID-19 pandemic has plunged the global economy into a deep recession. The situation is comparable only to the 2008 global financial crisis and the Great Depression of the 1930's. The containment policies, involving restrictions on economic, personal and social lives are poised to erode the developmental gains achieved over several decades. The restrictive measures have disrupted global demand and supply with spillover effects across all sectors of economies due to global inter-connectedness.

COMESA Member States have equally suffered the adverse effects of the pandemic. Restrictions of international movements of people and tight border controls have disrupted cross-border trade, cut linkages with global and regional value chains and reduced travel and tourism. Internally, curfews, quarantines, closure of educational and religious institutions, sports and other entertainment activities have led to massive loss of jobs and disrupted social-cultural way of people's lives.

This study report follows a directive of the 8th Extra-Ordinary Council of Ministers' Meeting held on 14th May 2020. It presents insights into the COVID-19 impacts on key macroeconomic indicators, trade and trade related issues and aspects of social and organizational culture in COMESA Member States.

In addition, the study focused on the COMESA region for the following reasons: First, COMESA is the largest single economic bloc in Africa with a membership of 21 Member States, a population of 586 million and a combined GDP of US$805 billion (2019). Second, COMESA has over time developed a strong foundation and reputation on trade liberalization with tested trade instruments and a supporting institutional framework, which are worth safeguarding, to foster regional and continental integration. Finally; local production and supply of goods and services along with regional trade, provide a credible path towards recovery and sustainable development in COMESA; and influence of COVID-19 on these factors is worth establishing.

Key Findings

Selected Macroeconomic Indicators

The combination of the direct impacts of the pandemic and the associated containment measures by governments have affected macroeconomic fundamentals as follows:

a. The COMESA region has experienced contraction in economic growth although a gradual recovery is expected in 2021. Oil exporters, resource intensive and tourism dependent countries will be most hit, while non-resource intensive countries will be more resilient. All countries are projected to have negative growth rates post COVID-19 pandemic, except Egypt, Ethiopia, Kenya, Malawi, Rwanda and Uganda;

b. The overall rate of Inflation increased from 31.6% to 60.4% over the period January-June 2020, with some countries registering double digit month on month inflation. Inflation has largely been driven by drastic changes in consumption of housing, water, electricity, gas and other fuels (89%), health (78.3%) and communication (69.6%) due to supply shortages and confinement measures;

c. In the financial sector, the demand for credit in many countries remained unchanged or decreased during the first quarter of the year 2020 mainly due to uncertainties brought about by restrictions and reduced economic activities. However, many economies experienced increase in nonperforming loans (NPLs) especially in the following sectors: Tourism, Restaurant and Hotels, Transport and Communication, Trade, Real Estate, Personal/Household, Building and Construction and Manufacturing sectors. In addition, there has been reduced remittance inflows into the region. This has been attributed to shut down in economic activities in key source countries including France, Italy, Spain, United States, United Kingdom, Middle East and China which account for a quarter of total remittances to Sub Saharan Africa (SSA);

d. There have been steep declines in foreign direct investment (FDI), delays in approved development projects linked to external financing mechanisms, and an increasingly high risk of financial sector contagion due to the decreased ability of businesses and individuals to meet their financial obligations. The FDI sources for COMESA are among the largest investors who's expected Multinational Enterprises (MNEs) earnings have been downgraded and the countries are among the most hit by COVID-19; and

e. The fiscal deficits and external debt situations in most countries have worsened due to the expansionary policies undertaken in combating the COVID-19 pandemic, including increased spending in health and support to businesses and vulnerable populations. Besides, most Member States have received external financing from international organizations such as World Bank, IMF and African Development Bank among others, to finance balance of payment and fiscal needs in mitigating the impacts of COVID-19 including spending on health, social protection and support to affected businesses.

Impacts on Business Operations

The measures imposed to combat the spread of the pandemic such as social distancing, lock downs, travel restrictions, curfews, cessation of movement and reduction in operating hours have led to reduced business activities and workforce. Specifically, the study established the following:

a. The impacts on firms have been mixed across sectors and in Member States. Generally, small and medium enterprises in most countries are more concerned about reduced cash flows and risk closing due to the COVID-19 pandemic. At the same time, large firms have equally borne the brunt of the pandemic, especially air transport and tourism operators, including the hotel industry. In these firms, the concern was largely how to change the business strategies and meet new customers. For instance, some airlines turned passenger planes into cargo transport in a bid to remain in operation albeit under new business lines, whereas some hotels leased out rooms into temporary offices and became quarantine centres;

b. The region's manufacturing sector faced difficulties related to sourcing of key inputs, maintaining pre-COVID-19 productivity levels, and meeting their near-term financial obligations. Further, it was established that larger manufacturing firms were the most affected owing to their stronger reliance on supply of raw materials from global and regional supply chains as opposed to smaller firms;

c. Most firms have closed or scaled down production thereby rendering hundreds of thousands of people under-employed or unemployed. The most affected are agricultural workers, entertainment/hospitality industry, retail/wholesale businesses and transport sector; and

d. Despite the challenges, the pandemic has also created opportunities for firms to innovate, develop new strategies and products such as, repurposing production lines to produce COVID-19 essential products. Firms offering IT related services have experienced boosts in business due to shift to online transactions.

Impacts on International and Regional Trade

COVID-19 pandemic has adversely affected both extra and intra-COMESA trade as follows:

a. Travel restrictions and lockdowns disrupted supply chains and affected both exports and imports. This is because COMESA's largest trading partners, namely the EU, USA, China, India and South Africa have been the worst affected by the pandemic;

b. The fall in commodity prices also affected COMESA oil and mineral products exporters thereby leading to sharp declines in export earnings and balance of payment challenges;

c. Cross-border trade in COMESA region has been severely affected due to closure of borders, curfews, and delays caused by additional measures including testing for COVID-19 and quarantines;

d. Most of the COMESA Member States experienced a general decline in nominal monthly percentage changes in import and export monetary values and customs revenues in April and May 2020 and this would remain the same for most part of 2020;

e. In terms of services, the most affected sectors due to travel restrictions and lock down include business services, air transport, road transport and tourism. Member States who heavily rely on services sectors like Comoros, Seychelles, Mauritius, Kenya, Ethiopia, Egypt and Madagascar have been the most affected. For instance, in the travel and tourism sector, available data points to a double-digit reduction of 22% in the first quarter of 2020, with arrivals in March down by 57%. This translates into a loss of 67 million international arrivals and about USD 80 billion in receipts. The losses suffered by airlines and especially mega carriers by the end of this year may be unfathomable. Current scenarios point to declines of 58% to 78% in international tourist arrivals for 2020;

f. The other services sector severely affected has been the sports, arts and creative industries. Due to lockdowns, all forms of professional sports e.g. soccer, athletics, rugby were suspended by respective federations. Similarly, in the arts and creative industries, live performances were banned across many countries in the region due to curfews and social distancing measures. This does not just imply direct loss of livelihood for the professional sports men and women but exposing the youth to anti-social activities due to idleness; and

g. Financial services have been less affected due to the digitization that has taken place. This includes internet and mobile banking. Greater liberalization of financial and telecommunication services would help to reduce costs of services provision which are currently high.

Impacts on Social and Organizational Culture

COVID-19 has adversely affected people's way of live as follows:

a. Although the corona virus delayed in spreading in Africa, it has nonetheless caused devastating effects across all countries albeit at a slow rate. The rate of its spread and impacts in COMESA has also been diverse considering variations in socio-economic factors and structures of individual economies;

b. From the gender perspective, women have been hit hardest by the economic downturns owing to their roles and participation in informal economies, agricultural production, food supply chains and maintenance of social and cultural stability in households. In several countries, concerns have been raised over increased incidences of domestic violence, especially against women, early marriages and teenage pregnancies all attributed to lockdowns, closure of educational and religious institutions and suspension of sports and creative activities. Women also bear the burden of taking care of the ailing family members in addition to other domestic roles;

c. The closure of educational institutions including pre-primary, primary, secondary, colleges and universities has direct short- and medium-term effects on both students and governments/proprietors. Overall, disruption or lack of education and training have long-term implications on human capital and skills development and economic development. In many countries, educational institutions remained closed or partially opened for more than six months, thus students losing out on graduation to next levels of education; and

d. With respect to organizational cultures, all institutions and companies have had to change and adopt operations to ensure continued delivery of services with minimal disruptions. For, instance adoption of off-site work requires significant investments in IT equipment and maintenance costs for communications or internet services. Some companies had to cut down on employees whose services may have been rendered redundant due to the newly adopted business continuity plans thereby creating anxieties among employees. In addition, several companies in the region reduced salaries of employees by as much as half the pre-COVID-19 periods, whereas others are planning early retirements in order to remain afloat.

Mitigation Measures by Member States

COMESA Member States have employed a wide range of measures to contain the spread and arrest the adverse effects of the pandemic in their economies. In summary, these include but are not limited to the following:

a) Travel restrictions, curfews, social distancing, wearing of masks, quarantines, closure of schools, religious institutions and gatherings

b) Suspension of sports, art and creative events, and closure of businesses like bars, restaurants, saloons and barber shops among others.

c) Increased liquidity by Central Banks to stimulate economic activities through reduction of interest rates, reductions in reserve requirements, direct liquidity injections,

a) Tax waivers on businesses and incomes

b) Targeted stimulus packages,

c) Restructuring of loans and moratorium on payment of loans and interest;

d) Encouraging the use of electronic and mobile money transactions through reduction waiver/reduction of transaction fees and increase in amount of transaction.

Policy Implications

Proposed Interventions for Secretariat

In order to effectively address the negative socio-economic impacts of the pandemic, COMESA Secretariat should undertake the following:

a) Continue to coordinate measures to ease restrictions on movements of people, goods and services across borders – including the COMESA /Tripartite Guidelines to facilitate movement of goods and services across the region;

b) Operationalize the online platform to enhance exchange of information about production and availability of goods and services in the region;

c) Expedite digitalization of trade instruments: e-trade, e-logistics, e-legislation (COMESA Digital Free Trade Area);

d) Facilitate deeper liberalization of priority services sectors i.e. banking, business, communication, transport, tourism, construction, energy and . In addition, liberalization of arts, creative and sports services has potential to generate jobs for the youth;

e) Fast-track implementation of the protocol on free movement of persons and easing regional movement of professionals like medical personnel, engineers, technicians, essential goods and services across borders;

f) Develop a regional strategy to encourage and promote domestic and regional tourism.

Proposed Interventions for Member States

On the other hand, the report recommends that Member States should undertake the following measures in order to minimize the adverse impacts of the pandemic:

a) Increasing liquidity and easing monetary controls to stimulate consumption and economic activities in their economies;

b) Improving domestic resources mobilization by mobilizing additional fresh resources and developing strategies and policies to cushion the macroeconomic fundamentals against external shocks and crisis such as COVID-19;

c) Implementing the COMESA and Tripartite guidelines in order to facilitate movement and efficiency in clearance of goods across various border points;

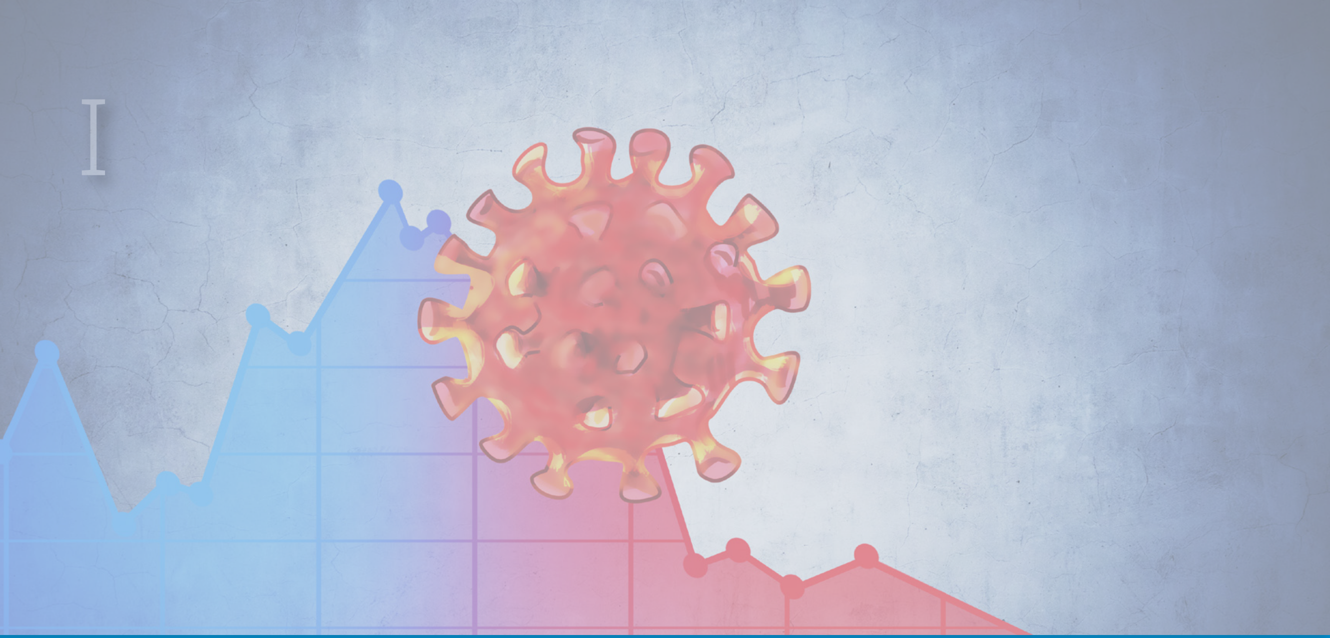
d) Seeking debt relief or payment rescheduling to mitigate the effects of COVID-19 and ensure long term debt sustainability;

e) Providing targeted stimulus packages for recovery of hardest hit sectors by COVID-19;

f) Enhancing investments in internet infrastructure and penetration to promote online supply of services and reduce costs of communication – mobile, internet and financial services to increase/expand the benefits of digital technology; and

g) Strengthening the health systems not only to cater for COVID-19 but other unexpected health crisis and general health needs.

h) Commercialization of agriculture and promoting value addition to enhance productivity and food security.



Chapter One: **Introduction**

1.1: Background

The COVID-19 pandemic has plunged the global economy into a deep recession. Comparable only to the 2008 global financial crisis and the Great depression of the 1930's, the COVID-19 crises along with its severe containment policies, involving restrictions on economic, personal and social lives threaten to erode the developmental gains achieved over several decades. The restrictive measures drastically suppressed global demand and supply with spillover over effects across all sectors of economies due to global inter-connectedness.

COMESA Member States have equally suffered the vagaries of the pandemic. Restrictions on the international and regional movement of people and tighter border controls during the scourge have disrupted cross-border trade, cut linkages with global and regional value chains and reduced travel and tourism. Internally within individual countries, curfews, quarantines and the closure of educational and religious institutions, and suspension of sports and other entertainment activities have led to massive loss of jobs and disrupted social-cultural way of lives of people.

In this paper, we present insights into the COVID-19 impacts on trade and other socio-economic factors in the COMESA region. It aims to offer basic descriptive statistical evidence about the patterns and extent of socio-economic impacts of the pandemic across COMESA Member States. Secondly, the paper seeks to document some of the main policy measures adopted by COMESA countries to cope with the scourge and its health and socio-economic effects. Finally, it seeks to point out further policy implication of COVID-19 for COMESA Member States.

COMESA Secretariat developed COVID-19 response guidelines to facilitate improvements in the movement of goods and services across the region and were adopted by the 8th Extra-Ordinary meeting of the Council held on 14th May 2020. The objective of the guidelines is to restore and safeguard the tenets of liberalization given the mitigation measures put in place by various governments. The Council further gave directive that the Secretariat conducts a comprehensive study to assess the impacts of the COVID-19 pandemic in the region and propose appropriate recommendations to Member States.

The focus of this paper on COMESA is justified on several grounds: first, intra-regional trade plays an important role in economic development through contributions to economic growth, industrial development and employment opportunities. Securing the stability of COMESA's programmes and activities is fundamental to restoration of Member States' economies. This is so because COMESA is the single largest single economic bloc in Africa with a membership of 21 Member States, a population of 586 million and a combined GDP of US$805 billion (2019)[1]. Second, COMESA has over time, developed a strong foundation and reputation on trade liberalization with tested trade instruments and supporting institutional framework which needs to be safeguarded in order to foster regional and continental integration. Third, through local production and supply of goods and services, regional trade provides a credible path towards sustainable recovery of COMESA Member States economies.

1.2: Overview of Impacts of the COVID-19 Pandemic

The Coronavirus pandemic has taken a toll of unprecedented magnitude on human life across the globe. The virus which began as a simple localised outbreak in Wuhan, China in December 2019 quickly propagated across the globe, threatening the existence of humanity, global economic integration, value chain supplies and human mobility in general. The Coronavirus spread to 213 countries and continues to spread across the world. Cumulatively across the globe, the total confirmed cases stood at 40.9 million and total deaths at 1.1 million (implying a global case fatality rate of 2.7%), as at 20th October 2020 (WHO, 2020). The Americas and South-East Asia were the mostly highly affect areas in terms of total infections, accounting for 47% and 21% of total global cases, respectively. In striking contrast, Africa was spared the brunt of the caseload, with only 3% of total world cases.

1 COMStats website (https://comstat.comesa.int/) accessed 16th October 2020

The primary and secondary impacts of the pandemic span from health and economic to social and cultural factors. Under economic factors, domestic production, financial, investment and domestic and foreign trade have adversely been affected. According to the World Bank (2020), Sub-Saharan Africa is likely to lose between US$37 billion and US$79 billion in output in 2020 due to the coronavirus crisis. Already economic growth projections have been revised downwards with looming recession in 25 years. The decline in growth could be higher should the lockdown extend over a longer period or if preventive measures become more intense. The reduction in growth is attributed to reduced demand in the biggest economies, disruptions of supply chains, and drop in domestic production. According to the World Trade Organization (2020), growth in global trade is estimated to have slowed down by 50% following reduced demand in China, US and EU. Moreover, an early assessment by the United Nations Economic Commission for Africa (UNECA) shows most businesses are hardly operating at 40% capacity, whereas revenues from services sectors, especially tourism, distribution and transport services have sharply declined in Africa, including the COMESA region.

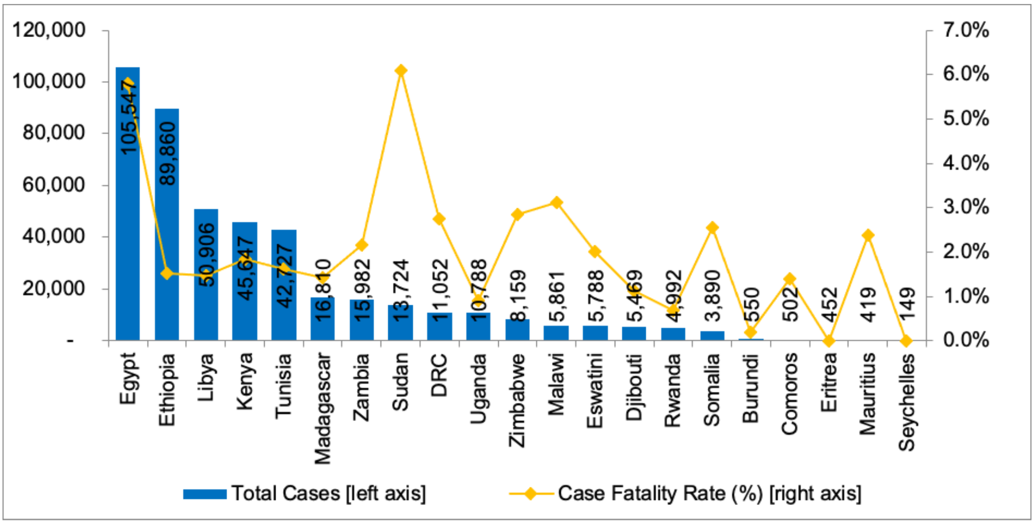
Regarding trade, the global measures have tremendously affected global demand and supply of goods and services hence global production and prices in general. Subsequently, scaling down or closure of international industries has led to reduction of supply of crucial intermediate products/inputs and direct job losses and livelihood of millions of families. At regional levels, the measures have disrupted cross border trade and regional supply chains, the most affected being the movement of essential goods and services. Chronic shortages of goods and services not only raise domestic prices but also further depress production and investments, hence job losses. The effects are worsened in situations where significant share of businesses fall under the category of small and medium or informal in nature.

The effects on fiscal measures imply reallocation of resources from development to recurrent expenditures, worsening current account deficits and domestic debts. Many countries continue borrowing in the bid to inject liquidity thereby worsening already wanting debt situations. Other likely implications to financial sector include rising rates of inflation, weakening domestic currencies and reduction of diaspora remittances.

1.3. COVID-19 Cases and Mitigation Measures in COMESA

All Member States have so far reported COVID-19 cases, and as at 20th October 2020, the region had recorded a total of 439,274 COVID-19 cases, including 295,318 recoveries, 131,624 active cases and 12,332 deaths. The top-three countries which had recorded the highest numbers of COVID-19 cases included Egypt (105,547), Ethiopia (89,860), and Libya (50,906). The same countries had the highest active cases with an exception of Egypt which had far fewer cases than most other countries with large total cases (Figure 1). Seychelles (1), Comoros (10) and Djibouti (29) had the lowest active cases as at 20th October. The highest Case Fatality Rates were recorded in Sudan (6.1%) and Egypt (5.8%) compared to a COMESA regional average of 2.8%. The COMESA region has maintained an upward trajectory of infections but the new cases being reported on daily basis were increasing at a decreasing rate.

Figure 1: Status of the COVID-19 pandemic in COMESA as at 20th October 2020



Source: constructed from WHO (2020)

Apart from the WHO's guidelines of social distancing, wearing of masks and washing hands, governments instituted other measures in a bid to contain the continued spread of the virus. Among these were restrictions on movements of people within and across borders (curfews and lockdowns). Some countries imposed curfews, partial and/or full lockdowns, mandatory testing and 14-day quarantines, which disrupt flow of goods and services across borders.

On the other hand, there are measures by governments to reduce the veracity of socio-economic impacts of the pandemic. Some Member States have abolished or reduced tariffs and taxes to facilitate trade in pharmaceuticals and medical supplies in the fight against COVID-19. Others have abolished or reduced tariffs and taxes on imported food stuffs and other essential products. However, some have imposed export restrictions and export licensing requirements on medical supplies, masks, ventilators, hand sanitizers and food supplies among others.

Despite efforts in harmonizing preventive and containment measures in the region, Member States are still experiencing challenges in restoring normalcy even as escalation of new cases seem to be emerging. In addition, there are persistent low levels of testing, non-adherence to health guidelines, inadequate testing facilities and corruption which are coming up as threats to the fight against the virus. This report contains a situational analysis of the effects of the COVID-19 pandemic in COMESA Member States and proposes strategies for their consideration.

Chapter Two: **Methodology**

2.1: Approach

Both qualitative and quantitative methods of analysis have been employed in the study. In relation to the qualitative component of the assessment, information from Member States was obtained through a standard questionnaire, which was posted to relevant officials in each country. Where possible, online interviews were also conducted with various stakeholders, especially where much more detailed information was required. The information gathered included macroeconomics indicators such as GDP, inflation rates, fiscal performance, external debt levels, monetary and financial data. On trade and trade-related indicators, the focus was on exports and import figures, domestic trade, restrictive measures to trade, demand and supply of goods and services and effects on production and employment.

The questionnaires were targeted at respondents at two levels: firstly at all COMESA Member States in order to get country specific experiences with regard to the pandemic; and second at key stakeholders within Member States, including but not limited to government Ministries, government agencies or parastatals, private sector associations, academia and research organizations. The questionnaires were administered online through the COMESA focal points in Member States owing to lockdowns and restrictions of movement at the time of conducting the study.

Secondly, a thorough review of existing literature was carried out in the process of undertaking the study. It should be noted that, since the virus was declared a pandemic, thinktanks, national governments, private sector, development partners, the academia and the civil society organizations have undertaken studies hence previous studies and reports have been utilized to cover both economic and social impacts in line with the objectives of the study. The reviewed literature ranged from wider geographical to regional and national based studies; general economy-wide studies to those covering specific sectors of economies; and qualitative and/or quantitative studies. These provided a rich source of information especially given significant data gaps that exists and as the virus continue to evolve.

2.2: Data Type

Both quantitative and qualitative data have been used in the study. Quantitative data on various indicators were analyzed using simple statistical and trend analysis methods. This was aided by graphical presentations and was the most appropriate method considering the short period covered by the study and data gaps that existed. In some cases, the analysis covered over one-year periods to demonstrate clear-cut effects or shocks to various indicators attributed to the pandemic. In addition, the qualitative information provided was collated and complemented the quantitative information gathered. This information was analyzed collectively to provide a COMESA-wide picture. In some cases, country specific information was used where possible to demonstrate actual situations on existing conditions.

2.3 Data Sources

Main data sources include COMSTAT, COMESA Newsletter, Word Bank, IMF, UNCTAD, UNECA, AU and National Statistical Bodies, Central Banks among others. COMSTAT data included cross border trade data i.e. imports and export statistics, whereas international sources provided macroeconomic data, COVID-19 morbidity and mortality data, socio-economic indicators, including employment, production, global/regional demand and supply data. National data sources provided country specific statistics across variables considered in the study.

Chapter Three: **Macro-Economic Impacts**

The sharp global economic downturn has severely affected every region in the world and Africa has not been spared. African countries have been affected through numerous channels, most notably through trade, air transport and tourism channels following restrictions on virtually all economic activities. The recession, though deep, is projected to be short with prospects of renewed growth anticipated in the third quarter of 2021 as many countries move to ease restrictions. In order to stimulate production and economic recovery, COMESA Member States have undertaken various steps, including: easing monetary controls, targeted tax reliefs, financial bailouts, targeted stimulus packages, greater international cooperation and external debt reliefs, among others. Besides, there is increased impetus in upscaling digital technologies, implementation of trade facilitation measures and refraining from raising new barriers to trade and investments.

3.1 Economic Growth

The COVID-19 pandemic though a health crisis has implications on macroeconomic performances and activities. The International Monetary Fund (IMF) projects that the global economy will contract by 4.9 percent in 2020, 1.9 percentage points below the April 2020 forecast and grow at 5.4 percent in 2021.

According to the African Development Bank (AfDB), (2020), real GDP in Africa is projected to contract by 1.7 percent in 2020, in the baseline (if the virus has a substantial impact but of short duration) and 3.4 percent in worst case (if the pandemic continues beyond the first half of 2020). Africa could suffer GDP losses of between US$145.5 billion (baseline) and US$189.7 billion (worst case) in 2020, from the pre-COVID–19 estimated GDP of US$2.59 trillion for 2020 and US$27.6 billion (baseline) up to US$47 billion (worst case) in 2021, from the potential GDP of US$2.76 trillion without the pandemic in 2021.

Overall, all projections point to contraction of economic growth across board in sub-Saharan Africa as shown in Table 1. Africa's GDP growth rates before COVID-19 (in 2019) were in the range of 2.4-3.9%. As a result of the pandemic, it is projected that the African economy would contract by 1.0-2.8% at the end of 2020; and according to the IMF, possibly rebound to 3.7% in 2021. While the exact magnitude of contraction during COVID-19 was uncertain, the pandemic would certainly have a negative effect.

Table 1: Summary of Economic Growth projections in Africa and SSA

Brookings Institute, 18 March 2020 (Coulibaly and Madden, 2020)	Africa's GDP growth is expected to fall from 3.5% in 2019 to between 2.5% and 1.5% in 2020.
Oxford Economics, 26 March 2020 (Oxford Economics, 2020)	The Coronavirus-related knock to economic growth in Africa's three largest economies alone could affect the continent's GDP growth from 3.8% to 2.8%.
African Development Bank, 3 April 2020 (Adesina, 2020)	Projected GDP growth contraction of between 0.7 and 2.8 percentage points in 2020.
McKinsey, 6 April 2020 (McKinsey, 2020)	Africa's GDP growth will decrease by three to eight percentage points, from 3.9% in 2019 to between 0.4% and -3.9% in the worst-case scenario.
African Union Commission, 6 April 2020 (AUC, 2020)	Forecasts show a negative growth from 3.4% to between -0.8% to -1.1%.
World Bank, 9 April 2020 (World Bank, 2020)	GDP growth in Sub-Saharan Africa could fall sharply from 2.4% in 2019 to between -2.1% to -5.1% in 2020.
IMF Regional Economic Outlook: Sub-Saharan Africa, 15 April 2020 (IMF, 2020)	Growth in sub-Saharan Africa in 2020 is projected at –1.6%, the lowest level on record, a downward revision of 5.2 percentage points compared to six months ago.

UNECA April 2020 (ECA, 2020)	Africa's GDP growth prospects are likely to drop from 3.2% in 2019 to between 1.8% and -2.6% in 2020 depending on policy response.
IMF World Economic Outlook, 15 October 2020 (IMF, 2020b)	The IMF's real GDP growth rate projection for 2020 in sub-Saharan Africa was revised to -2.8% from -1.6% in the April 2020 estimates and similarly the projected rebound for 2021 was revised downwards to 3.7%.

Source: CMI report on Macroeconomic Impacts of COVID 19 in Sub-Saharan- Africa, 2020.

Table 2 shows COMESA's real economic growth for 2019 and forecasts for 2020-2021. COMESA registered average economic growth of 3.3 per cent in 2019. Six countries namely Rwanda, Ethiopia, Djibouti, Kenya, Egypt and Uganda grew by more than 5 percent. The growth was driven mainly by rebound of commodity prices, improvement in the global economy and improved capital market access.

Table 2: Economic Growth in COMESA, 2019-2021

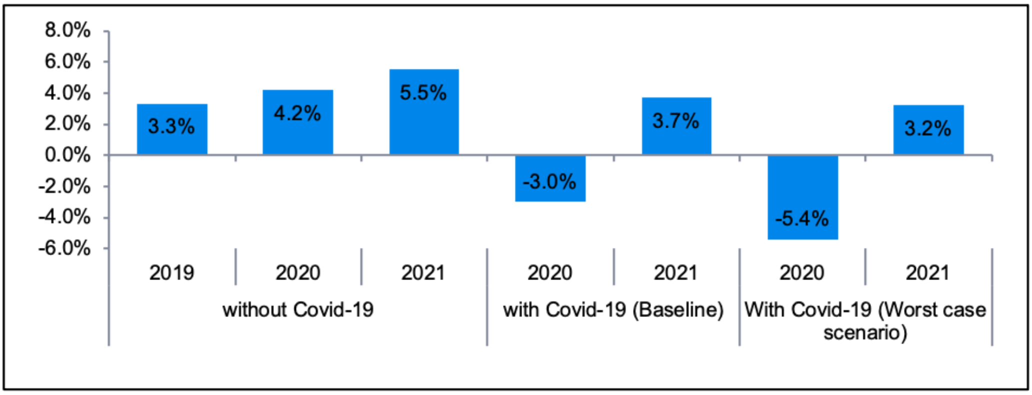
Country		without COVID-19		with COVID-19 (Baseline)		With COVID-19 (Worst case scenario)	
	2019	2020	2021	2020	2021	2020	2021
Burundi	3.4	3	4	-5.2	3.9	-5.8	2.6
Comoros	1.9	3	3.2	-1.2	3.5	-1.8	2.8
DRC	4.3	3.9	3.4	-2.3	3.3	-4.2	2.1
Djibouti	6	6	6.2	1	5.5	-0.5	5.2
Egypt	5.6	5.8	6	2.2	2.7	0.8	2.1
Eritrea	3.8	3.9	4	0.3	5.9	-1.1	4.3
Ethiopia	9	7.2	7.1	3.6	5.5	2.6	3.1
Kenya	5.7	6	6.2	1.4	6.1	0.6	5.7
Libya	4	4.8	4.9	-25.4	5.5	-43.7	3.4
Madagascar	4.8	5.3	5.1	0.1	4.9	-3	5.6
Malawi	4.5	5.2	5.5	1.3	2.6	0.6	3.3
Mauritius	3	3.9	4	-7.5	5.3	-11.5	5.5
Rwanda	9.4	8	8.2	4.2	6.4	2.9	4.7
Seychelles	3.9	3.3	4.2	-10.5	7.7	-11.6	7.1
Somalia	2.9	3.2	3.5	-3.3	1.1	-5.4	0.3
Sudan	-2.5	-1.6	-0.8	-7.2	-3.2	-8.9	-4.5

Eswatini	1.3	2.5	1.2	-2.6	2.1	-6.3	2
Tunisia	1	2.1	26	-3.4	-0.5	-4	-0.7
Uganda	5	6.2	6.1	2.5	3.5	1.6	4.2
Zambia	1.5	2.4	2.9	-4	2.5	-6.5	4.8
Zimbabwe	-8.4	4.6	5.6	-7.5	2.7	-8.5	3.5
COMESA	3.3	4.2	5.5	-3.0	3.7	-5.4	3.2

Source: African Economic Outlook 2020 Amid COVID-19, Africa Development Bank

Figure 2 summarises the COMESA regional perspective on real GDP growth in the pre-COVID-19 period (2019), during COVID-19 (2020) and in the anticipated post-COVID-19 era (2021). It reiterates that the aggregate COMESA economy could shrink by 3.0-5.4 percent in 2020, largely due to COVID-19.

Figure 2: Real GDP growth rate estimates and projects for COMESA



Source: constructed from AfDB (2020)

The region is projected to grow at 4.2 percent and 5.5 percent in 2020 and 2021 respectively without the COVID-19 pandemic. With COVID-19, baseline scenario, growth is projected at -3 percent in 2020 and rebound to 3.7 percent in 2021. Oil exporters, resource intensive and tourism dependent countries will have the highest negative growth rates in 2020, Libya (-25.4%), Seychelles (-10.5%), Mauritius (-7.5%), Zimbabwe (-7.5%) and Sudan (-7.2%). Growth is projected to recover in all countries in 2021, except in Tunisia (-0.5%) and Sudan (-3.2%). The highest growth recoveries are expected in Seychelles (7.7%), Rwanda (6.4%), Kenya (6.1%) and Eritrea (5.9%).

In the worst-case scenario, growth is projected at -5.4 percent in 2020. All countries are projected to have negative growth rates apart from Egypt, Ethiopia, Kenya, Malawi, Rwanda and Uganda. These include Libya (-43.7%), Mauritius (-11.5%), Seychelles (-11.6%), Sudan (-8.9%) and Zimbabwe (-8.5%). Growth is projected to rebound to 3.2 percent in 2021 with all countries recording growth rates except Sudan (-4.5%) and Tunisia (-0.7%). Seychelles will experience the highest growth at 7.1%, Kenya (5.7%), Madagascar (5.6%), Mauritius (5.5%) and Djibouti (5.2%). Apart from the COVID-19 pandemic, economic growth prospects in Eastern Africa has been adversely affected by invasion of desert locusts, while drought and floods were experienced in southern parts of Africa. Projections at national level however vary from country to country.

3.2 Inflation Rate

Owing to supply shortages and confinement measures, COMESA's year-on-year inflation rate as measured by COMESA Harmonised Consumer Price Index (HCPI) increased from 31.6% in January to 60.4% in June 2020.

The month-on-month inflation rate in COMESA stood at 10% in June 2020 up from 0.7 % in January 2020 as shown in Table 3. Zimbabwe and Sudan had the highest inflation rate of 33.8% and 14.8% respectively while Mauritius, Uganda and Zambia had the lowest inflation with a negative inflation rate of 2.1%, -0.5% and 0.5% in June 2020.

Zimbabwe had the highest increase in month-on-month inflation from -1.8% in January 2020 to 33.8% in June 2020. Zambia had the highest reduction from 3.4 % in January 2020 to -0.5% in June 2020.

Zimbabwe and Sudan registered the highest year-on-year inflation rate of 788.1% and 150.4% in June 2020 up from 534.8% and 83% in January 2020. Malawi and Djibouti had the highest reduction in year-on-year inflation from 11% and 4.4% in January 2020 to 8.6% and 2.5% in June 2020 respectively.

Table 3: COMESA Month-on-Month and Year-o- Year Inflation 2020

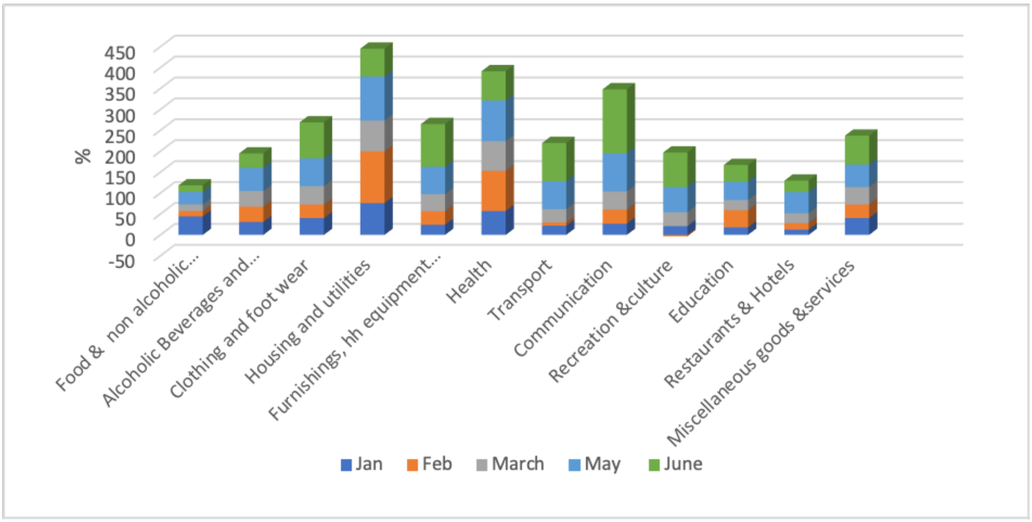
	Month-on Month		Year -on-Year	
Country	**Jan**	**June**	**Jan**	**June**
Burundi	0.9	0.4	6.2	14.6
DRC	0.5	2.6	4.6	11
Djibouti	0.1	0.9	4.4	2.5
Egypt	0.3	3.8	12.8	14.2

Eswatini	0.6	0	3.1	4.4
Ethiopia	5.2	5.6	16.6	27.1
Kenya	0	-0.3	5.2	4.1
Madagascar	0.6	0.4	4.2	4.9
Malawi	2.5	-0.4	11	8.6
Mauritius	0.8	-2.1	1.1	3.7
Rwanda	0.8	0	7.9	9.4
Seychelles	0.2	0.3	0.9	-0.4
Sudan	11.5	14.8	83	150.4
Tunisia	0.5	-0.3	6.1	6.1
Uganda	-2.6	-0.5	3.9	4.1
Zambia	3.4	-0.5	14.4	18.8
Zimbabwe	-1.8	33.8	534.8	788.1
COMESA HCPI	0.7	10	31.6	60.4

Source: HCPI-COMESA Monthly News Release, Various Issues

Figure 3 shows the main expenditure components in the COMESA countries. On average the main drivers of year-on-year inflation for January-June 2020 were: housing, water, electricity, gas and other fuels (89%) as households went into full or partial lockdowns and were forced to spend more on these items; health (78.3%) as economies increased the intensity of their health measures to prevent, trace, test and manage COVID-19 cases, including through higher testing and purchases of medical and non-medical supplies; and communication (69.6%) as economies moved from conventional physical forms of interaction to ICT based interactions in a bit to stay connected. The cost-push inflation is also explained by relatively high fuel prices despite the low international fuel prices due to foreign exchange depreciation since most of the Member States are importers of the commodity. The other factors include increased demand for health related products for the treatment and prevention of COVID-19; and increased demand for mobile communications, internet infrastructure and connectivity due to restrictive measures imposed by governments to curb the spread of the pandemic such as social distancing, remote working and travel restrictions.

Figure 3: Main drivers of Expenditure in COMESA



Source: HCPI-COMESA Monthly News Release, various issues

3.3: Financial Sector

3.3.1 Demand for Credit

The demand for credit in many countries remained unchanged or decreased during the first quarter of the year 2020 mainly due to uncertainties brought about by restrictions and reduced economic activities. However, many economies experienced increase in nonperforming loans (NPLs) especially in the following sectors: Tourism, Restaurant and Hotels, Transport and Communication, Trade, Real Estate, Personal/Household, Building and Construction and Manufacturing sectors.

3.3.2 Remittances

Remittances are an important source of external financing and contribute to economic growth and development through their impacts on consumption, savings and investment. Large remittances are associated with lower macroeconomic volatilities (exchange rate, revenue, real GDP growth), however, large remittances combined with high source country remittance concentration can aggravate volatility in revenue and exchange rate (Hosny, 2020).

According to World Bank (2020), the pandemic is expected to affect remittance flows through impairment of migrant's incomes affecting the amount of remittances they can send abroad. Besides, widespread closures to prevent the spread of COVID-19 leading to restricted physical access to locations of remittance service providers; and volatility in financial markets, oil prices leading to difficulties in pricing foreign exchange are all reflected in the cost of sending remittances. Remittances to Low- and Middle-Income Countries (LMICs) and in Sub-Saharan Africa are expected to decline by between 20 - 23.1 percent in 2020 and recover marginally in 2021. This is mainly due to shut down in economic activities especially in construction, hospitality and other services sectors in key destination countries including France, Italy, Spain, United States, United Kingdom, Middle East and China which account for a quarter of total remittances to SSA (Ratha et al.,2020). These countries are among the most hit by COVID-19. According to IMF, (2020) growth in advanced economies is expected to contract at 8 percent in 2020 and recover to 4.8% in 2021.

The high cost of sending remittances may also affect the flow of remittances, according to Ratha et al., 2020), the average cost of sending US$200 to LMICs was 6.8 percent in the first quarter of 2020. This is at par with the global average cost, but more than double the Sustainable Development Goal (SDG) target of 3 percent by 2030. Mobility restrictions during pandemic can make it difficult to send cash remittances especially when digital alternatives are lacking, or people are not aware of them. Most developing economies that rely on remittances have low ownership of transaction accounts and low usage of digital payments (Mora & Rutwowski, 2020).

In COMESA, the top remittance recipients in 2019 were Egypt (US$26,791 million), Kenya (US$2,819 million), Tunisia (US$ 1,902 million), DRC (US$1,823 million) and Zimbabwe (US$1,730 million). As a share of GDP for 2019, the top recipients were Zimbabwe (13.5%), Comoros (11.5%) and Egypt (8.9%) (Table 4). The expected declines in remittances will mostly affect countries with high inflows and large share of remittances in GDP.

Table 4. Remittance Inflows in US$ Millions and GDP Ratio, 2019

Country	Inflows	% of GDP
Burundi	48	1.4
Comoros	135	11.5
DRC	1,823	3.7
Djibouti	59	1.9
Egypt	26,791	8.9
Eswatini	126	2.7
Ethiopia	531	0.6

Kenya	2,819	2.9
Madagascar	433	3.5
Malawi	182	2.4
Mauritius	179	1.2
Rwanda	261	2.6
Seychelles	23	1.4
Sudan	425	1.4
Tunisia	1,902	4.9
Uganda	1,293	4.2
Zambia	128	0.5
Zimbabwe	1,730	13.5

Source: https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data

Kenya recorded 16.8 percent reduction in remittances from US$ 250.3 million in December 2019 to US$ 208.2 million in April 2020, before increasing to US$ 288.5 million in June 2020.The major sources of remittances were North America, Europe and Rest of the World (RoW). Mauritius remittances stood at Rs 738 million between January-March 2020, with France, Ireland and USA as the main sources of remittances. Some of the sources of remittances to COMESA are also among the largest remittance-sending countries and most hit by COVID-19.

3.3.3 Foreign Direct Investment

According to United Nations Conference on Trade and Development (UNCTAD) (2020), global Foreign Direct Investment (FDI) flows are forecast to decrease by 40 percent in 2020, and 5 to 10 percent in 2021 before starting to recover in 2022. This is mainly driven by reduced earnings where the top 5,000 MNEs worldwide, which account for most of global FDI, have seen expected earnings for the year revised down by 40 per cent on average, with some industries plunging into losses. New greenfield investment project and cross-border mergers and acquisitions (M&As) reduced by more than 50 per cent in the first months of 2020 while global project finance deals fell by more than 40 per cent. FDI flows to Africa are forecast to fall by 25 to 40 per cent in 2020 aggravated by low commodity prices.

Table 5 shows FDI inflows in COMESA in 2019, Egypt was the largest FDI recipient at US$ 9,010 million), followed by Ethiopia (US$2.516 million), DRC (US$1,478 million), Kenya (US$ 1,332 million) and Uganda (US$1,266 million). FDI is an important source of foreign financing accounting for more than 5% of GDP in Somalia (29.9%), Seychelles (7.5%), and Djibouti (5.6%). Countries with the highest FDI inflows and those with high FDI to GDP ratio will be mostly affected by the reduction in FDI flows. Many announced and planned investment projects are likely to be either shelved or put on hold due to widespread economic uncertainty and restrictions in movement (UNCTAD, 2020).

Table 5: Foreign Direct Investment Flows in US$ Millions and GDP Ratio, 2019

Country	Inflows	% of GDP
Burundi	1.0	0.0
Comoros	7.9	0.7
DRC	1,478.3	2.9
Djibouti	181.9	5.6
Egypt	9,010.0	2.8
Eritrea	67.1	1.1
Eswatini	130.2	2.9
Ethiopia	2,516.2	2.6
Kenya	1,332.4	1.4
Madagascar	227.3	1.6
Malawi	97.9	1.2
Mauritius	472.3	3.3
Rwanda	420.2	4.1
Seychelles	125.5	7.5
Somalia	447.0	29.9
Sudan	825.4	2.1
Tunisia	844.8	2.2
Uganda	1,266.0	3.9
Zambia	753.2	3.1
Zimbabwe	280.0	0.3

Source: UNCTADSTAT: Accessed in August 2020

Some Member States have registered a decline in FDI flows. In Mauritius, FDI inflows reduced by 35.7% from Rs. 4,790 million between January-April 2019 to Rs. 3,079 million in 2020. The main sources of the FDI were France, Switzerland and South Africa. Kenya's, FDI inflows reduced from US$1,336 million in December 2019 to US$ 1, 075 million in April 2020, a reduction of 19.5%. The main sources of

FDI were UK, Netherlands, Belgium, China and South Africa. The FDI sources for COMESA are among the largest investors who's expected MNEs earnings have been downgraded and the countries are among the most hit by COVID-19.

3.4 Debt Sustainability and Fiscal Balance

3.4.1. Domestic Debt

Governments' borrowing from domestic markets increased during the first quarter of 2020 thereby further crowding out private sector borrowing and investments. The bulk of the domestic borrowing has been through the Treasury bonds and bills which together constituted between 80 – 90 percent of the sources.

3.4.2 External Debt Sustainability

COMESA entered the COVID-19 crisis period with overall high debt levels as shown in Table 6. The average debt to GDP ratio in 2019 was 67.3 per cent which was above the African average of 61 percent. International Monetary Fund (2020) projects that gross government debt as a percentage of GDP will increase to 67.8% in 2020. Nine Member States had debt to GDP ratio above 60 percent. There was varying differences among the Member States with the highest debt levels in Sudan at 207% of GDP, Eritrea (165.1 % of GDP) and Zambia (91.6% of GDP) and the lowest in DRC (13.5% of GDP), Zimbabwe (17.7 % of GDP), and Comoros (24.5% of GDP).

Table 6: Gross Government Debt (% of GDP)

Country	2019	2020
Burundi	63.5	69.1
Comoros	24.3	28.2
DRC	13.5	11.6
Djibouti	47.4	45.8
Egypt	84.9	83.8
Eritrea	165.1	161.4
Eswatini	40.9	42.5
Ethiopia	59.1	54.4
Kenya	61.6	61.3
Madagascar	46.5	47.5
Malawi	65.1	63.9

Mauritius	68.7	69.4
Rwanda	49.1	50.6
Seychelles	53.8	49.7
Sudan	207.0	212.8
Tunisia	74.4	78.7
Uganda	43.6	47.0
Zambia	91.6	95.5
Zimbabwe	17.7	15.1
COMESA	67.3	67.8

Source: International Monetary Fund, World Economic Outlook Database

The debt burden is likely to increase due to the expansionary policies undertaken by the Member States in combating the COVID-19 pandemic. The increased spending in health and support to businesses and vulnerable populations will require borrowing which will lead to higher debt to GDP ratio. Most Member States have received external financing from international organizations such as World Bank, IMF and African Development Bank among others. For example, IMF has provided financial assistance amounting to US$ 11,964 million to 14 Member States under its various lending facilities. The loans are earmarked to finance balance of payment and fiscal needs in mitigating the impacts of COVID-19 including spending on health, social protection and support to businesses affected by COVID-19.

The pandemic may constrain countries ability to service the debts through reduced revenue collection due to supply side shocks, decline in demand for exports, depressed commodity and oil prices and reduction in tourism earnings and remittances flow. The depreciation of local currencies against major currencies is likely to increase the cost of borrowing given that most of the debts are denominated in foreign currencies. In order to relieve debt serving pressure, IMF has provided debt service relief under its Catastrophe Containment and Relief Trust (CCRT) amounting to US$ 69 million to eight Member States namely; Burundi (US$7.63million), Comoros(US$1.33 million), DRC (US$20.32 million), Djibouti (US$2.3 million), Ethiopia (US$12 million), Madagascar (US$4.19 million), Malawi (US$9.85 million), and Rwanda (US$10.96 million).

3.4.3 Fiscal Balance

In most countries in COMESA, the fiscal deficits widened owing to diversion of additional resources to the health and other sectors in the bid to contain the spread of the virus and deploy more resources to treatment. At the same time, reduced economic activities implied less revenue generation to meet expenditures. The most affected resources included VAT, excise duties and import duties. In some countries, VAT receipts reduced by up to 90% during the first quarter of 2020.

In 2019, COMESA had an average fiscal deficit of 4 percent as shown in Table 7. Eleven (11) Member States had fiscal deficits above 3 percent of GDP. Sudan (10.8%), Eswatini (8.0%), Kenya (7.8%) Zambia (7.6%) and Egypt (7.4%) had the highest fiscal deficits. Libya and Seychelles had fiscal surpluses of 8.8 percent and 0.9 per cent respectively. The average fiscal deficit to GDP ratio is projected to increase to 6.9 percent in 2020 with some resource intensive and tourism dependent countries fiscal deficit to GDP ratio projected at over 10 percent namely; Sudan (16.9%), Seychelles (14.1%) and Mauritius (10.6%).

Table 7: Fiscal Balance (% of GDP)

Country	2019	2020
Burundi	-6.0	-9.0
Comoros	-2.2	-3.8
DRC	-2.1	-1.2
Djibouti	-0.8	-2.7
Egypt	-7.4	-7.7
Eritrea	-1.5	-5.0
Eswatini	-8.0	-8.9
Ethiopia	-2.5	-3.0
Kenya	-7.8	-7.7
Libya	8.8	-7.2
Madagascar	-1.4	-4.0
Malawi	-6.4	-6.3
Mauritius	-6.5	-10.6
Rwanda	-5.2	-8.1
Seychelles	0.9	-14.1
Sudan	-10.8	-16.9
Tunisia	-3.9	-4.3
Uganda	-6.7	-6.8
Zambia	-7.6	-5.7

Zimbabwe	-2.6	-4.9
COMESA	-4.0	-6.9

Source: International Monetary Fund, World Economic Outlook Database

In Zimbabwe fiscal surplus reduced from 0.72% of GDP in December 2019 to 0.14% in May 2020. In Seychelles, fiscal balance reduced from 1.9% of GDP in December 2019 to -2.4% of GDP in May 2020.

The high fiscal deficits constrain the capacity of the Member States in combating the COVID-19 pandemic. The projected slump in economic growth due to reduced economic activities and loss of revenue from tax relief measures will widen the already widened fiscal space especially in oil and commodity exporting Member States. This is due to the reduced oil and commodity prices and to tourism dependent countries due to reduced tourism revenue. The increased spending in health and fiscal policy measures put in place to mitigate the impacts of COVID-19 on businesses, vulnerable population and unemployed citizens will lead to increased fiscal deficits. The higher fiscal deficits will lead to increased debt levels.

3.5 Impacts on Business Operations

The measures imposed to combat the spread of the pandemic such as social distancing, lock downs, travel restrictions, curfews, cessation of movement and reduction in operating hours have led to reduced business activities and workforce. A number of firms closed down especially those involved in tourism, hotels, restaurants, bars etc. According to ECA (2020), a number of firms which remained open operated at very low capacity utilization i.e. good (30%-40%), services (40% - 50%), micro (40% - 50%), small (30% -40%), medium (40% - 50%) and large (50% -60%).

3.5.1. Reduction in Business Activities

The pandemic has led to reduced business activities especially in manufacturing, agriculture and mining and almost brought the aviation and tourism sector to a halt. The micro and small enterprises have experienced larger declines in business activities compared to medium and large firms. Some of the challenges experienced by the firms include low/drop in demand for goods and services, reduced production and productivity, reduced supply and increased cost of raw materials, credit and cash flow constraints and reduction of opportunities to meet new customers.

In Uganda, business activities have been reduced by more than half with micro and small businesses experiencing large declines in business activity compared to large firms. Firms in agriculture and manufacturing are more resilient compared to service firms (Lakuma and Sunday, 2020). In Ethiopia, 88% of the firms in the hospitality industry have closed their operations either partially or fully and are estimated to have lost US$ 35 million every month in revenue. In Kenya, 42% of manufacturing firms are operating at less than half of their production capacity and 37% for the MSMEs, 76% have difficulties in local sourcing or importing of raw materials while 79% of the firms and 86% of MSMEs have cash flow constraints (Kenya Association of Manufacturers, ((KAM), 2020). According to UNECA, (2020), companies in Mauritius are on average running at 50% capacity, with local firms operating at 41-50% and 51-60% for exporting enterprises. Exporting micro enterprises are mostly affected operating at 31-40% and non-exporting micro enterprises at 51-60%. Companies' revenues are projected to contract by 31-40% in 2020, with those dealing with services being relatively more affected at 41-50% and those dealing in goods at 21-30%. The exporting enterprises would experience the highest contraction of 41-50% for micro, 31-40% for small and 21-30% for medium and large-sized companies.

Generally, small and medium enterprises in most countries are more concerned about reduced cash flows and risked closing due to the COVID-19 pandemic. At the same time, large firms have equally borne the brunt of the pandemic, especially air transport and tourism operators, and the hotel industry. In these firms, the concern was largely how to change the business strategies and meet new customers. For instance, some airlines turned passenger planes into cargo transport in a bid to remain in operation albeit under new business lines, whereas some hotels leased out rooms into temporary offices and transformed some to quarantine centres.

In terms of supply chains, larger manufacturing firms were the most affected owing to their stronger reliance on raw materials from global and regional supply chains as opposed to smaller firms.

3.5 2 Reduction in Workforce/Unemployment

The pandemic has led to reduction of workforce in most of the businesses. In Uganda, 80% of the agricultural business firms have reduced their workforce by more than a quarter due to decline in agricultural demand while 41% of manufacturing firms have reduced their workforce by more than one half (Lakuma and Sunday, 2020). In Mauritius, exporting enterprises project to reduce their workforce by 11-20% and 21-30% for non-exporting firms (UNECA, 2020). Most firms in tourism and export sectors have filed for reduction in workforce at the Redundancy Board of the Ministry of Labour and some have applied and benefitted from the different schemes put in place by government and the Bank of Mauritius particularly under the Plan de Relance de l'investissement et de l'economie. In Kenya, 40% of manufacturing firms have reduced their casual workforce while 73% have retained their permanent workers (KAM, 2020).

Despite the negative effects, the pandemic has created opportunities for firms to innovate, develop new strategies and products to remain in business. Some firms have repurposed their production lines to manufacture COVID-19 essential products in response to increased demand created by supply chain disruptions. In Kenya, 23% of manufacturers from 10 out of the 14 sectors have either shifted their focus or ramped up production of essential goods such as personal protective equipment (PPEs), beddings, hospital beds, sanitizers, disinfectants among others (KAM, 2020). Besides, firms offering IT related services have experienced boosts in transactions as most businesses resorted to on-line transactions and arranged deliveries in a bid to reduce physical interactions. There have been increase in clean energy-related occupations, including those arising from energy sector support services and environmental management.

3.6 Mitigation Measures Applied by Member States

3.6.1 Fiscal Measures

Member States put in place a raft of fiscal measures to cushion businesses and households against the impact of COVID-19. Uganda, Zambia and Eswatini waived interest and penalties for tax arrears. In Eswatini this was on condition that the principal was paid by September 2020. Ethiopia waived all tax debt prior to 2014/2015, interest and penalties for tax arrears for the years 2015/2016-2018/2019 while Rwanda relaxed enforcement of payment of tax arrears.

Some countries have waived or reduced certain taxes: For instance Egypt reduced stamp duty and tax on dividends; Kenya provided income tax relief for persons earning below US$ 225 per month, reduced the top pay-as-you-earn rate from 30% to 25%, corporate income tax rate from 30% to 25%, turnover tax rate on small businesses from 3% to 1% and VAT rate from 16 to 14 percent; Rwanda has provided Personal Income TAX (PIT) exemption for private school teachers and tourism and hotel employees earning less than RWF 150,000/month; Ethiopia has waived personal income tax withholding for 4 months for firms who retain their employees during COVID-19. DRC has provided full tax deductibility of donations to COVID-19 relief fund while Zimbabwe has provided Corporate Tax credits of up to 50 percent for COVID-19 donations.

The other measures include tax relief to sectors mostly hit by the pandemic and some commodities such as hotels and industries in Burundi, industrial and tourism sectors in Egypt, tourism in Madagascar and deferred payment of PAYE by tourism and floriculture, and Corporation tax for Corporations and Small, Medium Enterprises (SMEs) in Uganda. Somalia has announced three-month tax holiday on rice and dates and 50% reduction in consumption tax on flour and cooking oil.

Some Member States have set aside funds for payment of VAT refunds and other pending bills such as Kenya (US$100 million), Rwanda, Tunisia, Uganda. Eswatini has set aside E90 million, (0.13 percent of GDP) with the payment pegged on compliance with tax obligation to retain employees.

Comoros, DRC, Egypt, Malawi, Rwanda, Seychelles and Tunisia have extended the tax return period and deferred payments of certain taxes. Whereas these measures provided short-term reprieves to businesses, there is no doubt that the impacts of the pandemic require deeper and sustained measures to restore the health of the economies.

3.6.2 Other Interventions

Most Central Banks have eased their monetary policies to ensure liquidity in the market and encourage economic activities through:

- ***Reduction in policy interest rates*:**
  Egypt reduced its policy rate by 300bps; Eswatini 275 basis points to 3.75 percent; Zambia by 225 bps to 9.25 percent. Kenya by 125 basis points from 7.25 to 7 percent and Seychelles by 100bps to 4 percent. DRC increased the policy rate to 18.5 percent.

- ***Reduction in cash reserve requirements*:**
  Eswatini reduced the cash reserve requirement from 6%-5%; Malawi by 125 bps to 3.75 %; Kenya by 100 bps to 4.25%; Rwanda by100 bps from 5 to 4 %; Zimbabwe from 5 % to 2.5 %; and Comoros to 10 percent. DRC has eliminated mandatory reserve requirements on demand deposits in local currency.

- ***Provision of direct liquidity injections into the economy*;**
  Egypt has provided EGP 3 billion for the tourism industry and EGP 100 billion to manufacturing, agriculture and contracting loans; Ethiopia, 15 billion birr (0.45 percent of GDP) to private banks, and 33 billion birr to the

Commercial Bank of Ethiopia; Madagascar, MGA 620 billion (1.2 percent of GDP) to commercial banks; Mauritius, special credit line of Rs5 billion (1 percent of GDP) through commercial banks for affected firms, Special Foreign Currency (USD) Line of Credit (US$300 million) for operators having foreign currency earnings, including SMEs; Rs60 billion (12% GDP) for Government fiscal measures; Rwanda, RWF 50 billion (0.5 percent of GDP) for liquidity-constrained banks; Seychelles, credit facility of US$28 million to commercial banks; Zambia, 10 billion kwacha (3% of GDP) to eligible financial services providers; and Zimbabwe, US$5 billion medium-term bank accommodation lending facility.

- ***Stimulus packages*:**
  In Kenya a Ksh 5 billion has been allocated to Small and Medium Enterprises (SMEs) affected by COVID-19. Small businesses manufacturing, especially those involved in production of PPEs have been prioritized. Besides, a Ksh3 billion seed capital has been set aside in the 2020/21 budget to operationalize the SME Credit Guarantee Scheme. Other stimulus packages have been directed at agriculture and food security (Ksh. 4.97 billion) Tourism (Ksh. 6 billion); improvement of environment, water & sanitation (Ksh. 3.82); and supporting manufacturing (Ksh. 1.31).

- ***Restructuring of loans and moratorium on payment of loans and interest*;**
  Uganda has provided 12 months, Seychelles (6 months), Malawi and Sudan (3 months) on loan repayment; and Mauritius, six months on capital repayment while Tunisia has deferred loan repayments.

- ***Encouraging the use of electronic and mobile money transactions through reduction waiver/reduction of transaction fees and increase in amount of transaction.***
  In Egypt, electronic payments via mobile phones has been raised to EGP 30,000/day and EGP 100,000/month for individuals, and to EGP 40,000/day and EGP 200,000/per week for corporations. On its part, Kenya has waived charges on mobile money transactions of Ksh 1,000 and below and increased daily M-Pesa transaction limits from KSh70,000 (US$700) to KSh150,000 (US$1,500) for small and micro enterprises (SMEs), and Ksh300,000 (US$3,000) up from Ksh140,000 (US$1,400) and holding of up to Ksh300,000 (US$3,000) in M-Pesa wallets for other users.

The pandemic has taken long to stabilize and most of the Member States have come to terms with it and it is currently regarded as the new normal. Given the uncertainty associated with the pandemic, Member States have commenced gradual reopening of some sectors of the economies with clear guidelines on how to prevent spreading of the virus.

3.6.3: Regional Value Chains

Given the experiences in disruption of supplies of raw materials and other essential products, there is a compelling need for promotion of local production and development of regional value chains within COMESA and other RECs including the African Continental Free Area (AfCFTA). The latter provides an opportunity to develop critical regional value chains and supply chains to enable businesses, particularly MSMEs, to better take advantage of the African market to source their inputs.

Chapter Four: **Trade and Trade related Impacts**

The COVID-19 pandemic sparked broad-based protectionisms with drastic lockdowns and restrictive trade practices taking centre stage. The impact on COMESA Member States was equally devastating with lockdown of key import source economies and export markets i.e. the EU, USA and China. The emerging scenario has built a strong case for regional economic integration, local production, development of regional value chains and digital transformation in Africa. COMESA regional guidelines have greatly facilitated movement of all goods and services across borders building on best-practice COVID-19 border related rules and regulations. Existing trade facilitation tools including the electronic cargo testing systems, the electronic certificates of origin, e-commerce, e-payment systems provide solutions to the regions low trade levels.

4.1 Trade in Goods

4.1.1 Extra and Intra-COMESA Trade

The COVID-19 health crisis has become an economic crisis through reduction in economic activity. The World Trade Organisation (WTO), (2020) has projected that merchandise trade could fall by 13% and 32% in 2020 depending on the length and severity of the COVID-19 pandemic. The WTO has also projected that world trade volume (goods and services) would contract by 11 percent in 2020 and rebound to 8.4 percent in 2021.

According to research from Baker McKenzie and Oxford Economics, African imports (COMESA is a third of Africa) from outside the continent reveal that industrial machinery, manufacturing and transport equipment constitute over 50 percent of Africa's combined needs. The most important suppliers being Europe (35 percent) China (16 percent) and the rest of Asia, including India (14 percent). As such, disruptions due to the impact of COVID-19 has and will continue to reduce the availability of raw materials and manufactured goods imported into Africa.

After three straight years of growth in export volumes, 2018 export volumes in COMESA declined by 9% compared to 2017. In 2019, 90% of COMESA exports as shown in table 8 were destined to outside markets. The top export destinations included European Union (36%), intra-COMESA (10%), South Africa (7%), China (6%), USA (4%), Switzerland (3%), Saudi Arabia(2%), Turkey (2%), India(2%), and the Rest of the World (19%). COMESA's trade with the rest of Africa is dominated by its trade with South Africa which grew from US$10.96 billion in 2017 to US$14.4 billion in 2018 but declined to US$ 7.8 billion in 2019. South Africa alone accounted for 46.76% of COMESA's African bound exports.

Table 8: COMESA Key Export Market Shares, 2018 and 2019

Export Market	Market Share 2018	Market Share 2019
EU	34	36
COMESA	8	10
UAE	6	7
South Africa	11	7
China	9	6
USA	4	4
Switzerland	4	3
Saudi Arabia	2	2
Turkey	2	2
India	2	2
ROW	18	19
Total	**100**	**100**

Source: COMSTAT Database

COMESA exports mainly primary products accounting for about 60% of total exports. The leading exports by sectors in 2019 were manufactures, fuels, food, ores and metals, and agricultural raw materials. The major exports to the EU are crude petroleum, refined petroleum, electric conductors and natural gas, primarily exported by Libya, Egypt and Tunisia while exports to China have largely been metals and related primary products. The top exports to the USA are mineral fuels, woven apparel, coffee, tea & spice (mostly coffee), knit apparel, and precious metal and stone (diamonds) while the top traded intra-COMESA products include primary products and manufactures such as Portland cement, carbonates, refined copper, medicaments, articles for conveyance/packing of goods, babies garments and clothing accessories.

In 2018, COMESA exported pharmaceuticals amounting to US$ 442.53 million. The intra-COMESA exports of pharmaceutical products constituted 32 % of the exports. This shows that pharmaceuticals are a major intra-COMESA export hence the need to facilitate its cross- border trade during this pandemic period.

COMESA is likely to experience reduced exports in coming years. Most of the export destination markets are among the countries highly impacted by COVID-19; projected slow growth in 2020 in some of these major trading partners, EU (-7.1%), S.A (5.8%), USA (-5.9), China (1.2%) and India (1.9%) may lead to reduction in demand for COMESA exports. The advanced, emerging and developing economies are also projected to experience contraction in imports of goods and services by 11.5 percent and 8.2 percent respectively in 2020. The disruption of supply chains due to closure of factories and businesses and other containment measures will result to reduced demand for raw materials and intermediate products which form the bulk of COMESA exports.

The decrease in commodity prices will affect COMESA exports. The average commodity prices as measured by Free Market Price Index (FMCPI), decreased in March 2020 by 20.4 month- on -month, 29.3 percent lower than in the same month in 2019. Fuels recorded the highest decline in prices at 33.2 percent, a slight decrease was recorded in food (-3.8%), agricultural raw materials (-3.1%), and minerals, ores and metals (-2.5%) (UNCTAD, 2020). Crude oil prices dropped by about 65 percent (US$40 a barrel from mid-January to end of March and the prices are projected to remain below US$ 45 a barrel through 2023 (IMF, 2020). While the effects on Member States will vary depending on their major export products, the high reduction in fuel prices may impact oil exporting countries such as Libya, Sudan, Egypt and Tunisia through foreign exchange and government revenues. However, the lower oil prices will benefit most of the COMESA oil importing countries and may help to ease the balance of payments deficits.

In 2019, COMESA top import origin markets as shown in table 9 were EU (25%), China (15%), India (5%), intra-COMESA (5%), USA (5%), UAE (4%), Saudi Arabia (4%), SA (4%), Turkey (4%), Russia (3%) and RoW (24%). The imports from the rest of Africa was dominated by South Africa which rose in value terms from US$8.96 billion in 2017 to 10.2 billion in 2018, a 14% rise which matched intra COMESA's imports in 2018 and drop to US$ 9.0 billion in 2019. The top imports by sector consisted of manufactures accounting for 62% of total imports in 2019, fuels, food, ores and metals and agricultural-raw materials.

Table 9: COMESA Key Import Market Shares, 2018 and 2019

Import Market	Market Share 2018	Market Share 2019
EU	24	25
China	15	15
India	5	5
COMESA	5	5
USA	6	5
UAE	6	4
Saudi Arabia	5	4
South Africa	5	4
Turkey	4	4
Russia	4	3
ROW	23	24
Total	100	100

Source: COMSTAT Database

Imports from advanced and emerging market and developing economies are expected to contract by 12.8 percent and 9.6 percent respectively in 2020. This coupled with the fact that some of these import origin markets are among the most hit by COVID-19 will lead to a reduction in COMESA's import of industrial machinery, manufacturing and transport equipment which are key inputs in the manufacturing sector.

COMESA is a net importer of pharmaceutical products. In 2018, its exports and imports were US$ 442.53 million and US$ 6,451.03 million respectively. The import origin markets namely EU (45%), India (19%), USA (6%), China (4%), UK (3%) are among the hardly hit by COVID-19. Some of the countries, UK, US, China and India have imposed export restrictions in some pharmaceutical products which may affect their importation which is necessary in the fight against COVID-19 (ITC, 2020).

4.1.2 Impacts on Cross-border Trade in Selected COMESA Member States

Following the outbreak of the Coronavirus, COMESA Secretariat administered questionnaires to collect information on the effects of cross-border trade flows and customs revenue on various borders. This section presents the analysis of feedbacks from Madagascar, Malawi, Rwanda, Uganda and Zambia.

In Madagascar, imports declined by 26% between March and April 2020 with Antanimena, Tamatave-Pétrole, Ivato-Aéroport, Mamory-Aéroport border posts recording 35%, 59%, 36% and 80% respectively. Tamatave was the only port to record a marginal increase in imports of 2%. The imports in May 2020 were estimated to increase by 38%. Exports in April declined by 30% compared to March 2020. Customs revenue over the same period declined by 27% with Tamatave-Port, Antanimena and Tamatave-Pétrole recording the highest declines of 16%, 44% and 47% respectively. Details on the imports, exports and customs revenue are as shown in annex 3, 4 and 5.

To mitigate against the negative trade effects and spread of COVID-19, Madagascar allowed prompt admission of goods into the country closely linked to the management of the COVID-19 pandemic such as necessities, drugs, medical materials and instruments. In addition, it exempted duties and taxes payments on the importation of relief consignments, allowed other customs formalities such as authorizations, value requests, complaints, among others to be processed electronically, closed the international airports, introduced incentives for Malagasy operators to export more, enhanced trade facilitation and reduced customs clearance time.

In Malawi, between March and April 2020, the imports declined by 32 % and in May were projected to decline by 25%. Exports on the other hand declined by 14% during the same period. The customs revenue over the same period declined by 27% with the two largest borders of Songwe between Malawi and Tanzania and Mwanza between Malawi and Mozambique recording the highest decline at 42% and 16% respectively. The revenues were forecasted to decline by 9% for the entire country in May 2020 with Songwe and Mwanza registering a decline of 20% each and Dedza between Malawi and Mozambique registering 40%. Details on the imports, exports and customs revenue are as shown in annex 6,7 and 8.

The situation was not different in the case of Rwanda which recorded an import decline of 37% in April compared to March 2020. Rusumo border between Rwanda and Tanzania and the Kigali International Airport recorded the highest declines of 35% and 16% respectively. The exports declined by 7% during the same period and revenues declined by 55%. Kagitumba border between Rwanda and Uganda, Rusumo border and the Kigali airport recorded the highest revenue declines of 71%, 52% and 41% respectively. Details on the imports, exports and customs revenue are as shown in annex 9,10 and 11.

To mitigate against these negative effects, Rwanda has established a dry port near the affected borders that operates 24/7 and extended all customs services to facilitate faster clearance of essential and relief goods at the first point of entry. It has also allowed immediate release of relief goods based on risk management and pre-clearance mechanism of essential goods, adopted use of online services available in the Rwanda Electronic Single Window System, engaged with stakeholders both Private and Public (Clearing and forwarding Association, importers, exporters, warehouse operators and the general public) to facilitate clearance of essential goods, and has allowed flexibility in paying duties and taxes for essential goods by granting instalment facility.

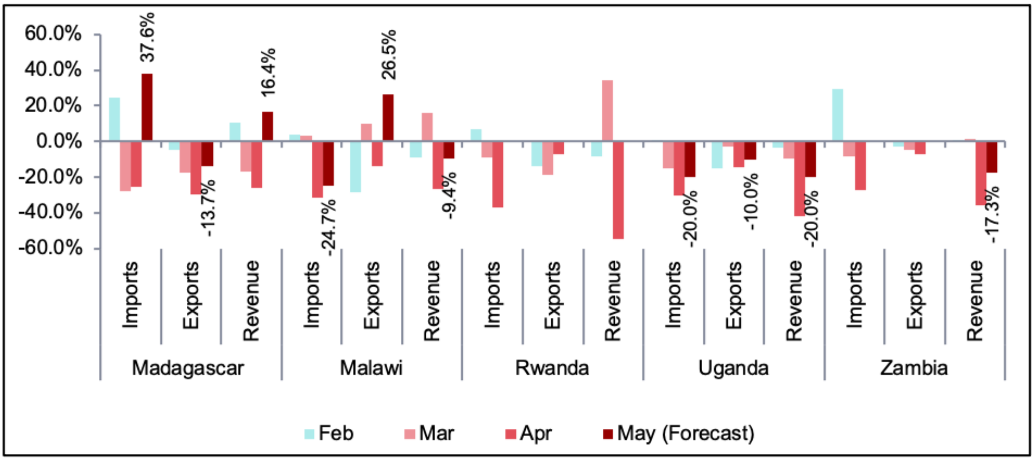
The Ugandan imports declined by 30% in April compared to March with Malaba border between Uganda and Kenya, Busia border between Kenya and Uganda and Entebbe borders recording declines of 35%, 28% and 24% respectively. In May 2020 the imports were projected to decline by 20%. Exports on the other hand declined by 15% during the same period. The customs revenue declined by 42% in April compared to March with Malaba, Busia and Entebbe recording declines of 43%, 36% and 21% respectively. Details on the imports, exports and customs revenue are as shown in annex 12,13 and 14.

To mitigate such effects, Uganda introduced testing of drivers prior to transiting through the country, online engagement with clients and closed borders to travelers with an exception to those transporting goods.

The import traffic in Zambia between March and April 2020 declined by 27% as a result of the import restrictions which were being imposed in various countries. The most affected border was Kazungula which recorded 83% decline in import volumes. The border serves three countries namely Zambia, Botswana and Zimbabwe. Nakonde border between Zambia and Tanzania recorded 42% imports volume decline. In value terms, imports declined by 27% with Kazungula recording the largest decline of 89%, followed by Livingstone Port (87%) and Nakonde (55%). The export traffic declined by a lower percentage compared to imports at 7% with the Kazungula and Nakonde borders being the key contributors. The national customs duty receipts declined by 36% in April compared to March 2020 with the largest decline being at Kazungula (84%), Nakonde (31%) and Chirundu (30%). They were projected to decline by 17% in May 2020. Details on the imports, exports and customs revenue are as shown in annex 15, 16 and 17.

From the analysis, all the selected COMESA Member States experienced import, export and revenue declines between March and April 2020 and with an exception of Madagascar whose imports increased, they all projected a decline in May 2020. Most of the declines were expected in the largest borders among the countries. From the analysis, it can be deduced that the COVID-19 has had a negative effect on intra-COMESA exports and imports as well customs revenue in the various Member States. Figure 4 offers a summary perspective across the five economies covered in the cross-border survey:

Figure 4: Cross-border effects on imports, exports and customs revenues



Source: Constructed from data in COMESA Secretariat survey

The COVID-19 pandemic provides an opportunity to COMESA Member States to consolidate and strengthen regional economic integration towards meeting the aspirations of structural transformation, sustainable and inclusive growth. Implementation of the Digital Trade Facilitation and other instruments remain core in mitigating vulnerability to shocks such as COVID-19 pandemic.

4.1.3: Implications of Trade Restrictions

International trade is governed by various policies, protocols, legislations and regulations. Every trade agreement has guidelines for suspending application of various provisions to respond to emergencies or protection of domestic economies from adverse effects. Arbitrary suspension of trade agreements, like happened in the case of the COVID-19 pandemic, can have devastating effects on global economies.

In a global economic model in which COMESA exports predominantly primary commodities and imports mainly finished products, the crisis has left Member States facing a double tragedy: (i) the economic lockdown in much of the world has sent the price of commodities to record lows, thereby causing significant and dramatic declines in much-needed foreign exchange revenues for most resource-dependent COMESA countries; and (ii) when advanced countries with production and supply capacity impose restrictions on the export of essential medical supplies, the inevitable outcome has been a sudden drop in supplies, a jump in prices, and an equally dramatic escalation in import bills for COMESA countries at a time when their already meagre resources are overstretched.

Considering the structural nature of the challenge, there is little that can be done in the short term. Consequently, much of COMESA is once again forced to rely heavily on the charity of others which is unsustainable.

Egypt, Kenya, Eswatini, Libya and Zimbabwe have imposed export restrictions and export licensing requirements on medical supplies such as face masks, ventilators, hand sanitizers among others. The time for lifting of the export restrictions in medical supplies is not known except in Egypt where the measures would be lifted by September 2020. Sudan and Egypt have imposed export restrictions on maize, sorghum and beans and lentils respectively. The measures on food supplies would be lifted by September in Egypt while it is unknown for Sudan.

The export restrictions may lead to increase in prices for the pharmaceutical products and food supplies in the region which may slow the fight against COVID-19. The export restrictions details are shown in table 10.

Table 10: COVID-19 Temporary Trade Measures

Country	Type of measure	Affected products	Start date	End Date
Egypt	Export prohibition	Masks, gloves, disinfection alcohol	17/03/2020	
Egypt	Export prohibition	Beans and lentils	31/03/2020	
Eswatini	Licensing or permit requirements to export	Face masks, hand sanitizer	28/03/2020	unknown
Kenya	Export Prohibition	Masks	03/03/2020	unknown
Libya	Export prohibition	Face masks, respiratory ventilation aids, sterilizing products	16/03/2020	unknown

Sudan	Export prohibition	Maize, sorghum	15/04/2020	unknown
Zimbabwe	Export prohibition	Medical supply products	22/04/2020	Unknown

Source: Macmap.org/Covi-19: Accessed on 27 August 2020

From the analysis, COVID-19 calls for fast-tracking of some of the COMESA programmes to mitigate against trade effects in case of unexpected global shocks. Some of the measures COMESA Member States could take include:

i. Industrialization and diversification of its economic base;

ii. Putting in place an infrastructure of knowledge made up of skilled manpower to maintain a degree of research and development capacity. COMESA can succeed in its industrialization and diversification drive only if it is underpinned by robust Research & Development strategy and knowledge base;

iii. Effective multilateralism: not only does industrialization take time, even an industrialized COMESA with a diversified economic base will need to put trade with the Rest of the World at the centre of its strategy for supply security in all sectors. This will enable COMESA manufacturers to be part of a well-functioning regional and global value chains. As such, COMESA needs to continue advocating for effective multilateralism in trade that ensures the rules of the game are tightened and applied by its members in good faith, in the collective interest, and with a sense of solidarity; and

iv. Revisiting the COMESA FTA, Tripartite FTA and AfCFTA Agreement: learning from the deficiencies of the global trading system exposed by COVID-19 and considering that COVID-19 struck while Africa was preparing to launch the operational phase of the AfCFTA. At the same time when COMESA, EAC and SADC are negotiating the Tripartite FTA, COMESA should use this window of opportunity to revisit the provisions of its FTA, the Tripartite FTA and AfCFTA Agreement and craft additional rules to guarantee the freest possible flow of trade in essential products at times of difficulty such as this.

4.2: Trade in Services

4.2.1 General Impacts on Trade in Services

The services sector is heavily affected by the COVID-19 outbreak. Disruptions in services supply have a broad economic and trade impact due to the sector's role in providing inputs for other economic activities, including facilitating supply chains and trade in goods. According to WTO, services generate more than two-thirds of economic output, attract over two thirds of foreign direct investment, provide most jobs globally and account for over 40 percent of world trade. Furthermore, since services account for most of women's employment globally and a large share of micro, small and medium-sized enterprise (MSME) activity, the disruption in services supply also impacts on social and economic inclusiveness.

The expected decline in world trade volume (goods and services) by 11 percent in 2020 as predicted by the WTO will result in a decline in demand for service exports. The projected depressed growth in 2020 especially in advanced economies some of which are among the leading service exporters such as USA, UK, Germany and France, which are also the worst hit by the pandemic will likely lead to a reduction in service exports.

The General Agreement on Trade in Services (GATS) provides for four modes of services supply; cross-border supply (mode 1); consumption abroad (mode 2); commercial presence (mode 3); and presence of natural persons (mode 4).[2] The COVID-19 measures and especially lockdowns, curfews and social distancing have adversely affected supply of services through virtually all modes. According to WTO, 60% of commercial services were supplied through commercial presence in foreign countries, 10% via consumption abroad and 3% via movement of natural persons in 2017. Services that rely on physical proximity between suppliers and consumers have been most impacted by mobility restrictions and social distancing measures. Although direct contact can sometimes be substituted by remote supply, this is not necessarily the case in all services sectors or countries. Sectors such as distribution (especially retailing services), tourism and air and road passenger transport services have been heavily affected. Mobility-related measures have created significant disruptions in air, maritime and land transportation, with severe repercussions on goods trade and supply chains.

As a result, trade in certain modes of supply has experienced severe downturns. According to United Nations Conference on Trade and Development (UNCTAD) consumption abroad, which is particularly relevant for tourism, has been paralyzed. Travel restrictions have also severely limited temporary movement of natural persons, across borders. The pandemic has negatively affected supply of services through commercial presence in foreign countries, due to its impact on existing operations in foreign markets including; scaling down of operations, closure of firms and reduced consumption demand as well as its influence on decisions concerning the set-up of new establishments.

The crisis has shifted the focus of Member States from the traditional services sectors of transport and travel-related services. Advancements in digital technologies has led to greater attention to online supply in sectors such as retail, health, education, telecommunications and audiovisual services, accelerating companies' efforts to expand online operations, and creating new consumer behaviour that are likely to contribute to a profound and long-term shift towards online services. In the future, the increased supply of services through digital networks will be expected to strongly impact trade, leading to increased supply through cross border supply.

In health services, telemedicine which is the remote diagnosis and treatment of patients by means of telecommunications technology could have a major impact on the prospects for expanding the supply of online health services, with possible implications for trade. The COVID-19 crisis has stimulated a surge in the use of telemedicine services. In China, for example, it substantially accelerated the growth of online medical platforms, with some experiencing three-digit growth rates between December 2019 and January 2020. Easing access to telemedicine services, even on a provisional basis, could help to slow the spread of COVID-19 in affected economies, as well as assist in the sharing of knowledge and experiences in detection of the virus, monitoring and response. However, international telemedicine remains a challenge given the wide regulatory diversity and differing national capabilities. For instance, these services often face geographic regulations, such as requiring the health professional to reside in the jurisdiction of the patient. Poor internet penetration in Africa and COMESA region remains a key challenge in adopting telemedicine and online supply in services.

COMESA Member States like other countries worldwide have put in place measures to contain the spread of the pandemic such as international and domestic travel restrictions, social distancing, lockdowns, curfews, restriction on public gatherings and closure of business, learning institutions, borders and tourist attraction sites among others. The effect in the region is mostly felt on tourism and travel, air passenger transport, distribution, construction, personal, cultural and recreational and other business services. Financial services may be less affected due to the digitization that have taken place such as internet and mobile banking. However, some services such as telecommunication may benefit from the pandemic due to work-from-home arrangement and embracing of e-commerce as people observe social distancing. Greater liberalization of financial and telecommunication services would help to reduce costs of services provisions which are currently high. The health sector services demand has increased against a limited supply which provides an opportunity for the region to increase investments in the sector and embrace technology in the supply of professional health services.

Health-related interventions in the Member States have mainly focused on the victims of the virus and its containment measures with minimal focus on other existing health care needs. This has negatively affected the health sector and especially patients with chronic diseases such as cancer, tuberculosis, HIV AIDs among others. Member States have strengthened their human and infrastructure capacities to cater for the COVID-19 insurgence but there is no evidence for similar efforts to strengthen the overall health sector to fight with such eventualities in the future. More so, Member States have relaxed contact-tracing and there is little after care services to the recovered patients as well as the affected families which has led to psychological trauma of the affected people. Due to the stigma associated with the disease, there has been a change in the healthcare seeking behaviour with many people resorting to homebased care.

4.2.3 Impacts on Specifics Services Sectors

a. Travel and Tourism

One of the economic sectors hardest hit by COVID-19 is the travel and tourism industry. That is hardly surprising given that a record 1.5 billion tourists travelled internationally in 2019. The outbreak of the disease and its rapid spread across the globe saw heightened uncertainty in the sector as travellers required up-to-date and reliable information before deciding on their next destinations and itineraries.

The Coronavirus infection first attacked international travelers. The pandemic was transmitted through travel and thus affecting mainly the affluent social class globally. Tourism is a reason for most of the human mobility in the modern world. According to the United Nations World Tourism Organization (UNWTO) (2020), international tourism recorded remarkable growth for ten consecutive years (UN News, 2017). Travel and tourism sector grew by 3.5 % compared to 2.5% global growth and accounted for 10.3 percent of GDP and 330 million jobs globally in 2019. In COMESA, the sector contributed on average, 9.7% of GDP and 9.9 % of employment. In some countries, the contribution to GDP was higher than the regional average.

The major disruptions on the global economy from the transmission of the virus especially to the travel and tourism industry are immeasurable and more severe than earlier expected. The travel and tourism industry throughout the world have been adversely affected by the pandemic in several ways. Airlines have been grounded, hotels have closed, and strict travel restrictions have been imposed by nearly all countries. According to the UNWTO estimates, the pandemic has dealt an unprecedented blow to the travel and tourism sector by drastically reducing international tourist arrivals in the first quarter of 2020 to a mere fraction of what they were in the first quarter of 2019.

Available data points to a double-digit reduction of 22% in the first quarter of 2020, with arrivals in March down by 57%. This translates into a loss of 67 million international arrivals and about USD 80 billion in receipts. The losses to be suffered by airlines and especially mega carriers by the end of this year may be unfathomable. Current scenarios point to declines of 58% to 78% in international tourist arrivals for 2020, depending on how quickly the pandemic is contained and the duration of travel restrictions and shutdown of borders. Whatever the scenario, the prospects look bleak and the recovery of the industry may take a long time. According to the UNWTO Panel of Experts, the likely time for recovery of international demand may be in 2021. Industry analysts and experts around the world are of the view that domestic demand would recover faster than international demand.

The industry faces major challenges ahead, starting with the unknown duration of the pandemic and travel restrictions, in a context of a global economic recession. Countries around the world are implementing a wide range of measures to mitigate the impact of the COVID-19 outbreak and to stimulate the recovery of the travel and tourism sector. According to UNWTO's Report on COVID – 19 related travel restrictions, by 20th April 2020, all worldwide destinations had introduced travel restrictions in response to the pandemic. About 45% of the world's destinations totally or partially closed their borders for tourists, 30% suspended international flights totally or partially, and a further 18% banned entry for passengers from specific countries of origin. The overall result of all these travel restrictions was total disruption and paralysis of international travel and tourism industry worldwide.

Most of the tourists to COMESA are from countries most hit by COVID-19 such as US, UK, France, China, Germany and Italy. Some countries have a higher share of tourists from the above countries such as Comoros (57%), Seychelles (42%), Mauritius (41%), Kenya (38%), Ethiopia (35%) and Madagascar (32%). According to the UNWTTC, there will be a 58-78% decline in international tourist arrivals in 2020 which would imply a loss of between US$ 910 billion to US$1.2 trillion in export revenues from tourism. This may have a negative effect in COMESA since travel and tourism accounts for more than 40% of the services exports in addition to its contribution in GDP and employment. Seychelles is likely to be most affected since the sector contributes more than a quarter of its GDP and employment. With the expected contraction of global economy and mostly in advanced economies by -6.1% in 2020, the likely loss of employment may result into a shift in discretionary consumer spending away from travel and tourism towards necessities.

b. The Transport Services Sector

According to United Nations Conference on Trade and Development (UNCTAD), transport services are essential for economic development through connecting businesses to worldwide markets, strengthening integration, attracting foreign investment and competitiveness of firms and countries.

The COVID-19 pandemic is creating shocks to trade flows due to transport and logistics disruptions. Currently, China occupies 60% of world supply and demand, 65% of world manufacturing, and 41% of world manufacturing exports (Baldwin & di Mauro, 2020). Wuhan, the origin city of COVID-19, is ranked as 13th out of 2000 Chinese cities by Bloomberg for its role in international supply chains and the 9th best-performing city of China according to the Milken Institute ranking. With 3 national development zones, 4 scientific and technological development parks accommodating over 350 research institutes, 1656 hi-tech enterprises, and numerous enterprise incubators, the city received investments from 230 Fortune Global 500 firms (Bloomberg, 2020). This clearly indicates the scale of ripple effects generated due to the lock-down of Wuhan, let alone the other production cities. A global supply chain shock beginning with production shocks primarily in China spilled over to other countries including COMESA economies.

In COMESA, transport was the leading import service sector valued at US US$19.5 billion and the 2nd top service export sector with US$ 16.4 billion in 2018. The sector accounted for 43.1% and 33.6% of the total services imports and exports respectively in 2018.

Air Transport

The aviation industry is the most hit transport subsector due to travel restrictions and suspension of international flights except for cargo flights. This is likely to have a negative effect on trade, tourism and economies at large. The International Air Transport Association (IATA) estimates that African airlines could lose US$6 billion in passenger revenue, 3.1 million jobs in aviation and related industries, GDP could fall by US$28 billion from US$56 billion while traffic is expected to drop by 51% in 2020 compared to 2019. Ethiopia, Kenya and Mauritius are among the hardest hit in Africa and COMESA; Ethiopia has experienced a 2.5 million reduction in passengers resulting into US$430 million revenue loss, risking 500,000 job losses and US$1.9 billion in contribution to the economy; Kenya, has recorded 3.5 million fewer passengers resulting in US$730 million revenue loss, risking 193,300 jobs losses and US$1.6 billion in contribution to the economy while Mauritius has had a reduction of 2.1 million passengers resulting in a US$540 million revenue loss, risking 73,700 job losses and US$2 billion in contribution to economy.

With the grounding of aircrafts and loss of revenue, airlines in COMESA are struggling. For example, Air Mauritius has entered voluntary administration, Kenya airways has applied for a state bailout, and has sent home most of its workers on unpaid leave while management team has taken 75%-80% pay cut. Ethiopian Airlines has also sent some of its staff on leave and suspended non-essential staff. To recoup the lost revenues, Ethiopian Airlines and Kenya Airways have used passenger planes for transportation of COVID-19 essential products and export of some horticultural exports such as fruits and flowers. Some of the airlines have also been involved in repatriation flights in and out of the region.

Road Transport

The road transport sub-sector which accounts for over 80% passenger traffic and 76% freight in most of the COMESA Member States, has not been spared by the COVID-19 prevention measures. Most of the Member States have banned cross-border road transport for passengers and restricted movement of cargo to COVID-19 essential products. This has led to loss of revenue and employment in the road transport sub-sector which is the commonly used transport service by cross border traders in COMESA. This has had trickle down negative effects on the livelihoods of majority of traders who rely on the road transport to move their goods or acquire inputs across COMESA borders. The delay in border crossing occasioned by screening of COVID-19 has also led to increased cost of doing business.

Impact on Transport & Logistics will have a ripple effect on key economic sectors such as manufacturing, agriculture, construction, education amongst others due to the interlinked global supply chain.

4.2.4: Impacts on Sports, Arts and Creative Services

The other services sector severely affected has been the sports, arts and creative industries. Due to lockdowns, all forms of professional sports e.g. soccer, athletics, rugby among others were suspended by respective federations. Similarly, in the arts and creative industries, live performances were banned across many countries in the region due to curfews and social distancing measures. This does not just imply direct loss of livelihood for the professional sports men and women but exposing the youth to anti-social activities due to idleness.

4.3 Collective Responses to Effects of COVID-19

4.3.1 COMESA Regional Guidelines

At the regional level, the COMESA guidelines for facilitating movement of essential products were developed to promote public health safety among cross-border traders while at the same time harmonizing border operations to minimize delays in clearance of goods across borders. In addition, an online platform for exchange of information on availability of essential goods within the region has been developed. The platform is expected to enhance information exchange between Member States. In addition to these measures, given the heavy reliance of most of the COMESA Member States on customs revenue, there is need to develop a regional strategy on how to respond to future global shocks which have significant effects on trade. The region should enhance their production capacities, diversify their production bases and strengthen regional value chains. The implementation of the COMESA Digital Free Trade Area should be fast-tracked as it will be very crucial during such crisis where physical contact and use of physical materials such as the Certificates of Origin was significantly reduced.

4.3.2 The Tripartite Trade and Trade Facilitation guidelines

The COMESA-EAC-SADC Tripartite has developed Guidelines to facilitate and support Tripartite Member/Partner States in implementing the policies and measures to combat COVID-19 recommended by World Health Organization (WHO), World Customs Organization (WCO), International Civil Aviation Organization (ICAO), International Maritime Organization (IMO) and African Centre for Disease Control (AfCDC). The main objective of the Guidelines is to contain the spread of COVID-19 whilst facilitating trade and transport for safe, efficient and cost-effective movement of goods and services across the region during the COVID-19 pandemic.

4.3.3 The African Union COVID-19

The African Union through the Africa Centres for Disease Control and Prevention (Africa CDC) established in February 2020 the Africa Task Force for Novel Coronavirus (AFCOR), to oversee preparedness and response to the global epidemic of the COVID-19 disease.

Africa CDC's strategy focuses on rapid detection and rapid containment. The Taskforce supports pan-African cooperation and African leadership in sharing information and best practices, building technical capacity, making high-quality policy decisions, and coordinating detection and control at borders. The Task Force consists of five working groups: surveillance, including screening at points of entry; infection prevention and control in healthcare facilities; clinical management of persons with severe COVID-19 infection; laboratory diagnosis and subtyping; and risk communication and community engagement. Each of the working groups is led by a representative of a Member State and Africa CDC, and membership in the groups include representatives of Member States, RECs, WHO, and other subject matter experts and partners.

The African Union has also established a COVID-19 Response Fund in March 2020. The Response Fund aims to raise resources to strengthen the continental response to COVID-19 by supporting pool procurement of diagnostics and other medical commodities by Africa CDC for distribution to the Member States and mitigating the pandemic's socio economic and humanitarian impact on African populations.

4.4: Mitigation Measures by COMESA Member States

Most of the COMESA Member States have put in place policy measures to minimize the effects of COVID-19 as well as support post crisis recovery in the services sector. Such measures include stimulus packages, tax holidays, granting of grace periods for postponement of bookings and relaxing the liquidity requirements for commercial banks. Besides, Member States have adopted guidelines on movement of goods and services during the COVID-19 pandemic. As countries develop exit strategies, there is need to reduce restrictions and/or liberalize services sectors to:

i. Ease movement of professionals like medical personnel, engineers, technicians, essential goods and services across borders;

ii. Reduce costs of communication – mobile, internet and financial services to increase/expand the benefits of digital technology;

iii. Safeguard and ensure smooth and continued operation of the logistics networks that serve as the backbone of regional supply chains;

iv. Consider improving digital infrastructural foundations to improve internet; and

v. Consider the inclusion of internet service workers within 'essential services' not subject to work from home restrictions to avoid disruptions over the period of COVID-19.

In addition to the measures enshrined in the guidelines, Member States should:

i. Provide support to businesses in the service sectors since they are likely to be most affected by the pandemic;

ii. Enhance investments in internet infrastructure and penetration to promote online supply of services;

iii. Adopt regional policies and regulations on telemedicine;
iv. Embrace e-commerce in trade in services;

v. Scale up incentives to boost domestic and foreign tourism through offering promotional discounts, relaxation of visa restrictions and restrictions on movements;

vi. Encourage and promote regional tourism by negotiating and allowing tourism without the need for quarantine in certain corridors; and

vii. Support the recovery of the aviation industry through; direct financial support, loans, loan guarantees and support for the corporate bond market and tax relief.

Chapter Five: **Impacts on Social and Organizational Culture**

The COVID-19 pandemic is much more than a health crisis. It is a human, economic and social crisis. The outbreak affects all segments of the population and is particularly detrimental to members of those social groups in the most vulnerable situations, continues to affect populations, including people living in poverty situations, older persons, persons with disabilities, youth, and indigenous peoples. Early evidence indicates that the health and economic impacts of the virus are being borne disproportionately by poor people. For example, homeless people, because they may be unable to safely shelter in place, are highly exposed to the danger of the virus. People without access to running water, refugees, migrants, or displaced persons also stand to suffer disproportionately both from the pandemic and its aftermath – whether due to limited movement, fewer employment opportunities, increased xenophobia etc. If not properly addressed through policy, the social crisis created by the COVID-19 pandemic may also increase inequality, exclusion, discrimination and global unemployment in the medium and long term. Comprehensive, universal social protection systems, when in place, play a much durable role in protecting workers and in reducing the prevalence of poverty, since they act as automatic stabilizers. That is, they always provide basic income security, thereby enhancing people's capacity to manage and overcome shocks.

5.1 Health Sector

The impacts of the pandemic in health sector can be analysed using the conventional approach i.e. mortality or burden of death and morbidity – the burden arising from taking care of the patients and inability of the infected and affected persons to engage in productive work. Although the Coronavirus delayed in spreading in Africa, it has nonetheless spread across all counties albeit at a slow rate. The rate of its spread in COMESA has also been different considering variations in socio-economic factors and structures of individual economies. So far (as of 20th October 2020), nearly 440,000 cases have been reported in the region and numbers continue increasing, with a regional average case fatality rate of 2.8% (Table 11).

Table 11: COVID-19 Cases in COMESA Member States

	Total Cases	Total Deaths	Total Recovered	Active Cases	Total Cases/ 100,000 pop	Case Fatality Rate (CFR)
Burundi	550	1	497	52	5	0.2%
Comoros	502	7	485	10	57	1.4%
Djibouti	5,469	61	5,379	29	551	1.1%
DRC	11,052	303	10,357	392	12	2.7%
Egypt	105,547	6,130	98,314	1,103	103	5.8%
Eritrea	452	0	388	64	13	0.0%
Eswatini	5,788	116	5,427	245	497	2.0%
Ethiopia	89,860	1,365	43,149	45,346	78	1.5%
Kenya	45,647	842	32,522	12,283	84	1.8%
Libya	50,906	746	27,832	22,328	738	1.5%
Madagascar	16,810	238	16,215	357	60	1.4%
Malawi	5,861	182	4,757	922	30	3.1%
Mauritius	419	10	379	30	33	2.4%
Rwanda	4,992	34	4,797	161	38	0.7%
Seychelles	149	0	148	1	151	0.0%
Somalia	3,890	99	3,089	702	24	2.5%
Sudan	13,724	836	6,764	6,124	31	6.1%
Tunisia	42,727	687	5,032	37,008	360	1.6%
Uganda	10,788	97	7,066	3,625	23	0.9%
Zambia	15,982	346	15,038	598	86	2.2%
Zimbabwe	8,159	232	7,683	244	55	2.8%
COMESA	439,274	12,332	295,318	131,624	73	2.8%

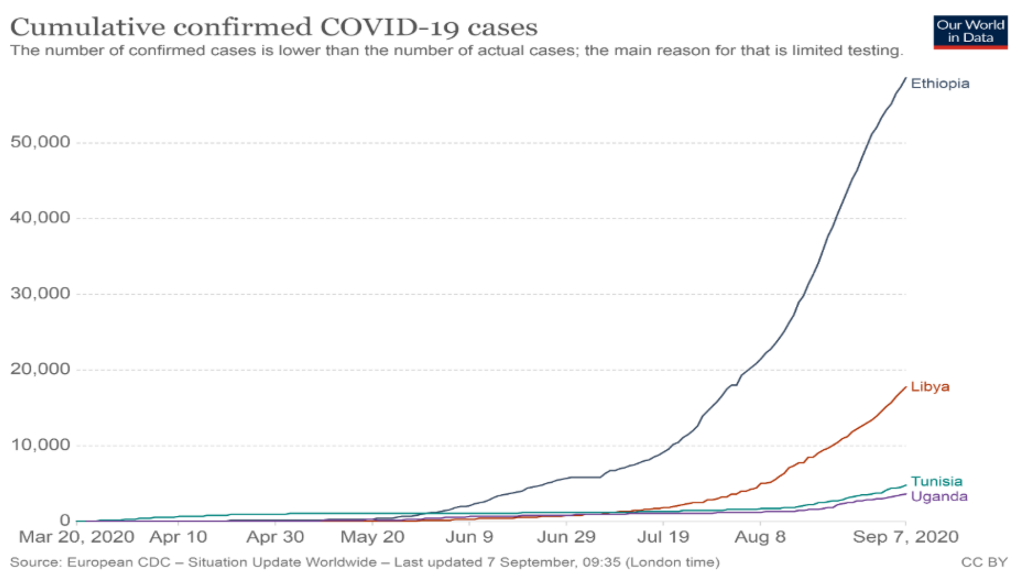
Source: https://www.worldometers.info/coronavirus/#countries accessed on 20th October 2020

Although figures are changing, the region registered a total of 439,274 cases as at 20th October 2020. The Member States with highest number of cases are Egypt, Ethiopia, Libya, Kenya, and Tunisia, in that order. In terms of tests, Ethiopia, Kenya, Rwanda, Uganda and Tunisia had the highest number of tests undertaken, with

Mauritius leading in terms of total tests per a million people. In terms of mortality, Egypt had the highest number of deaths standing at 6,130, whereas Seychelles, Eritrea, Rwanda, Comoros and Burundi had the least number of deaths. There is a positive correlation between testing and the number of reported cases.

In the week preceding 7th September 2020, four countries recorded a significant rise in the number of recorded cases of COVID-19. These are Ethiopia at 14.42%, Libya (34.86%), Tunisia (34.74%) and Uganda (24.33%). In Ethiopia, for instance, the total numbers of new cases were 7,517 and 36,926 people remained actively infected whilst 21,789 have recovered and 933 deaths had been recorded. In Libya 4,868 new cases were reported within the week and 16,412 people remained actively infected whilst 2,126 recovered and 296 deaths recorded. The municipalities that had recorded the highest numbers of cases in Libya included Tripoli, Misrata, Benghazi, Sebha and Zliten. The steep rise of the numbers in Ethiopia and Libya are presented in Figure 5.

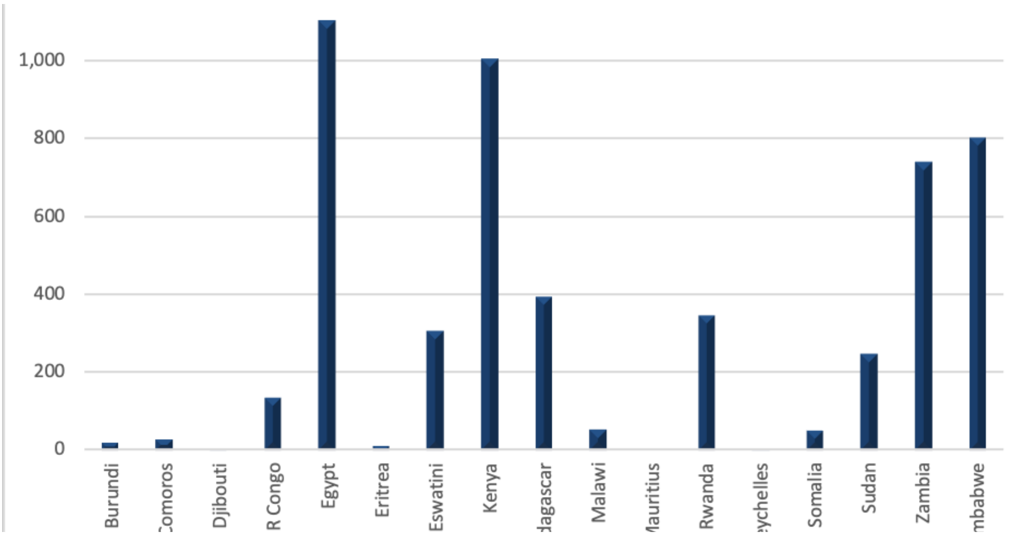
Figure 5: Cumulative Confirmed cases for Countries with significant increase in the Week Preceding 7th September 2020



For Ethiopia, the increase can be attributed to the protests that were reported in the country in the month of August 2020 as the demonstrators did not adhere to preventive measures such as wearing of masks and social distancing. On the other hand, the increases in Libya can be attributed to the prevailing conflict. The division of the country into two administrations (Tripoli and Tobruk-based) has also complicated the management of the COVID-19 pandemic due to the varied preventive measures that they have issued in their respective domains.

In the period under review, some countries in COMESA have continued to register low rates of COVID-19 increases. This is mainly due to continued strengthening of preventive measures particularly adherence to social distancing, mandatory wearing of masks in public places and continued restrictions on public gatherings such as holding of social and political events. The low rates of COVID-19 increases can also be attributed to effective testing, treatment and isolation of identified cases. Countries in the region that have recorded low rates of increase in COVID-19 cases as shown in Figure 6 include Mauritius (0.00%), Djibouti (0.02%), Seychelles (0.74%), Malawi (0.99%), Egypt (1.11%), DR Congo (1.35%), Somalia (1.57%), Sudan (1.88%), Madagascar (2.64%) and Kenya (2.94%).

Figure 6: Countries with Low COVID-19 Increases in the Week Preceding 7th September 2020



Source: European CDC-Situation Update Worldwide-Last updated on 7th September 2020 09.35(London Time)

The increasing number of cases has put strains on the health system of Member States. All governments have re-directed resources towards slowing the spread of the virus and treatment/management of COVID-19 patients.

Effective containment of the spread of the virus is further undermined by: i) delays in confirmations, limited testing capacity, few diagnostic centres and shortage of sample collection tools; ii) late admission of cases to the isolation treatment centres and iii) other challenges including contact tracing. These risk factors among others, undermine the containment and mitigation strategies.

Although there have been attempts to scale up testing, for instance through the African Medical Supply platform which provides for pool procurement of Personal

Protective Equipment (PPEs) and materials and therefore reduced costs, the uptake of this has been rather slow. Besides, some countries have been reluctant to release case figures, hence it may not be possible to provide an accurate status of the situation in all countries.

However, in line with the WTO guidelines, where, if a country experiences a positivity rate of 5% and below consistently for two weeks, then the COVID-19 curve will be assumed to be flattening. Figure 7 show the positivity rate in COMESA Member States for the total tests conducted and the confirmed cases.

Figure 7: Positivity Rate (Cases per tests done)

Source: European CDC-Situation Update Worldwide-Last updated on 7th September 2020 09.35(London Time)

Figure 5 shows that in the COMESA region overall, the positivity rate is less than 5% except for Djibouti, Egypt, Eswatini, Ethiopia, Kenya, Libya, Madagascar, Malawi and Zambia. During the week preceding 7th September 2020, some of these countries i.e. Djibouti, Malawi, Egypt, Madagascar, and Kenya experienced positivity rates below 5% which is an indication that the COVID-19 curve had started flattening. However, based on experience in other regions, COMESA should be cautious for after flattening of the curve there has been reported cases of second wave where the confirmed cases start increasing again. There is need to ensure irrespective of the curve, the region continues enforcing preventive measures until the situation completely stabilizes

In terms of the disease burden, the direct costs of treatment of the infected persons and preventive measures, has led to reallocation of health resources towards the pandemic related activities as well as away from chronic and other diseases. It can also be looked at from reductions in productivity of labour and sick persons cannot work and/or require care that would otherwise be used elsewhere. Data constraints however inhibited analysis of the COVID-19 health burden among COMESA Member States.

5.2 Implications on Social and Organizational Culture

The COVID-19 pandemic continues to threaten the lives of millions of people and changing people's behaviour, including restrictions on gatherings and social distancing in order to contain the spread of the disease. This is more so considering that the incubation period of the Coronavirus is two weeks (Li et al., 2020). This obviously challenges the health and other preventing policies being pursued by governments, especially in Africa. According to Anderson et. Al, 2020, the only thing human beings can do to stop the spread of the virus is to change their 'behaviour' which is a complex process focusing on individuals, community and environmental influences. Hence, the acceptance of suggestions such as washing hands more frequently and for longer, avoiding public gatherings, cancelling travel plans, and keeping a distance from others, among the other WHO guidelines depend on how they are perceived by individuals and society.

In the COMESA region, governments are employing different techniques to enforce measures to contain the spread of the virus including social distancing practices such as wearing masks, isolating ill people, tracing contacts, quarantine of exposed persons, closure of educational and religious institutions, suspension of sports, arts and creative activities, changes in the workplace, avoiding crowds in funerals, ban of political rallies and restricting movement among others. Contraventions of these measures might lead to arrests and prosecutions, fines and suspension of operating licences depending on the nature of the offences as well as individual governments. Some governments applied partial lockdowns in the bid to force citizens to stay at home, whereas others used moral suasions and media tools to convince people to avoid unnecessary movements and stay safe.

But these measures have had socio-economic and cultural implications to individual persons, societal roles, firms/businesses and organizational culture in general. Whether individual persons adhere to the new directives or policies depends on several factors. For instance, given different social-economic characteristics, the rich in society would tend to favour restrictions of movements and social distancing compared to persons in the lower income categories. The former has accumulated savings and would not mind staying at home for a few months in the bid to cut the spread of the virus unlike the latter who make daily struggles and interact to meet their daily needs. In addition, some people may dislike forceful wearing of masks or physical social distancing, especially in rural set ups in Africa where majority of people live. Thus, in many, if not all countries, the populations living in slum areas have defied/ignored such directives like wearing of masks, social distancing and testing since they have more pressing immediate needs.

From the gender perspective, women have been hit hardest by the economic downturns owing to their roles and participation in informal economies, agricultural production, food supply chains and maintenance of social and cultural stability in households. In several countries, concerns have been raised in many countries over increased incidences of domestic violence, especially meted against women, early marriages and teenage pregnancies all attributed to lockdowns, closure of educational and religious institutions and suspension of sports and creative activities. Women also bear the burden of taking care of the ailing family members in addition to other domestic roles. At the same time, the effectiveness of societal norms and discipline enforced by elders are shaken for they rely on social gatherings and save governments resources in settling disputes and maintaining order especially in rural societies. Application of modern technologies cannot effectively replace these traditional systems.

Regarding businesses, small enterprises like retail shops, mini supermarkets, bars & restaurants, garages, groceries, saloons & barber shops etc are largely owned by middle- and low-income groups and these face the risk of closure when restrictions on movements are imposed. The survival, viability and operations of such businesses rely on gatherings or physical numbers. For large firms/enterprises, they face the challenges of innovation and seeking new strategies to remain relevant under the new condition. Besides, many have been compelled to cut down on the number of employees to remain afloat given reduced demands as well as restrictions on movements and social distancing requirements. Many firms carried the burden of conducting testing of their employees on Coronavirus to be issued with operational licences, as well as ensuring their business premises are equipped with appropriate health safety equipment.

On organizational culture, the impacts are mixed. For organizations or companies, which have been planning to undertake business process re-engineering, the new normal situation provided the opportunity to invest heavily in IT in order to digitize and improve efficiency in delivery of services. But most importantly, they have the advantage of getting employees to readily embrace the new procedures. Indeed, many organizations have adopted remote working models to conduct their businesses. According to Aamer, *et al*.,(2020), manufacturers are actively developing plans for "lights out" factories and supply chains; banks have transitioned to remote sales and service teams and launched digital outreach to customers to make flexible payment arrangements for loans and mortgages; grocery stores have shifted to online ordering and delivery as their primary business; schools in many locations have pivoted to online learning and digital classrooms, whereas doctors have begun delivering telemedicine, aided by more flexible regulations.

5.3 Education and Human Capital Development

The closure of educational institutions including pre-primary, primary, secondary, colleges and universities has direct short- and medium-term effects on both students and governments/proprietors. Overall, disruption or lack of education and training have long term implications on human capital, skills development and economic development. In many countries, educational institutions have remained closed or partially opened for more than six months, thus students losing out on graduation to next levels of education. Hence there are losses in terms of capital investments by governments and investors while the students loose out and some even drop out altogether due to socio-cultural factors. The biggest losers are private investors in education and hundreds of thousands of teaching and non-teaching staffs who have lost their jobs due to the closures.

However, there are limits as to what extent these measures will minimize social economic impacts associated with them. For instance, as indicated earlier digitization has direct implication on employment levels, especially among the youth, which remains a major challenge in COMESA and Africa in general. Whereas it has become relatively easy to access e-loans, especially for the low-income groups, the rising cases of non-performing loans is a challenge in many countries. Not all borrowers invest in viable projects and have been defaulting and being enlisted in the credit list of borrowing thereby shutting their chances of future borrowing. About online provision of health and education services, these are prohibitively accessible to low income groups who can hardly afford internet services, let alone digital phones. Besides, public educational institutions, especially at lower levels of education are ill equipped to provide on-line services due to low levels of investments in these schools/colleges and which fully rely on government subsidies.

With respect to organizational cultures, all institutions and companies have had to change and adopt operations to ensure continued delivery of services with minimal disruptions. For, instance adoption of off-site work requires significant investments in IT equipment and maintenance costs for communications or internet services. Some companies had to cut down on employees whose services may have been rendered redundant due to the newly adopted business continuity plans thereby creating anxieties among employees. In addition, several companies in the region reduced salaries of employees by as much as half the pre-COVID-19 periods, whereas others are planning early retirements in order to remain afloat.

In relation to fostering regional economic integration, all RECs and Member States have adopted to virtual conduct of meetings, seminars, workshops and negotiation forums in sustenance of the integration agenda. This has significantly enhanced efficiency and reduction of logistics costs. However, there are risks associated with safety and confidentiality of information exchange within the various platforms. Just how much and what kind of information can be safely exchanged by stakeholders in the virtual platforms?

VI

Chapter Six: **Conclusions and Policy Implications**

6.1: Conclusions

The COVID-19 pandemic has caused devastating macroeconomic, social and cultural effects across global economies. The strict lockdown measures taken by leading economies in Europe, the USA and ASIA in a bid to contain the spread of the virus resulted into secondary effects through disruptions of supply chains, contraction of demand and supply, restriction of international travel, among other mediums of transmission.

In the COMESA region, Member States have implemented several measures as part of their efforts to limit the spread of the coronavirus and to ensure they have the resources needed to fight the disease. These included but are not limited to partial lockdowns, travel restrictions, curfews, ban on gatherings, social distancing, wearing of mask, washing hands, closure of educational and religious institutions, suspension of sports, art and creative events, and closure of businesses like bars, restaurants, saloons and barber shops among others.

The pandemic and resultant measures are projected to negatively affect key macroeconomic indicators. Like Africa and SSA, economic growth in COMESA is projected to contract in 2020 and recover gradually in 2021. Oil exporters, resource intensive and tourism dependent countries will be most hit, while non-resource intensive countries will be more resilient. Inflation rate has increased over the period January-June 2020, with some countries registering double digit month on-month-inflation.

Remittances and FDI are important sources of financing in COMESA accounting for over 5% of GDP in some countries. Countries with large remittance and FDI inflows and share in GDP are likely to be more affected since some of the sources of the remittances and FDI for COMESA are among the most hit by the pandemic.

COMESA Member States' budget deficits are expected to widen with resource intensive and tourism dependent countries expected to be most affected. Some Member States have already registered an increase in fiscal balance. The widening fiscal deficits will lead to increase in debt which is already high with debt to GDP ratio of over 100% in some countries and which is expected to rise. The increased spending in health and support to businesses and vulnerable populations will require borrowing, however, reduced revenue collection will constrain countries' ability to service the debts.

The pandemic has led to closure of businesses and others to operate at reduced capacity. The micro and small enterprises have experienced larger declines in business activities mainly due to cash flow problems and risk of closure compared to medium and large firms. In terms of supply chains, larger manufacturing firms were the most affected owing to their stronger reliance on supply of raw materials from global and regional supply chains as opposed to smaller firms. There has also been reduction of workforce across various sectors. Governments have announced and implemented various fiscal and monetary measures aimed at cushioning vulnerable populations and business against the effects of COVID19.

The pandemic has also created opportunities for firms to innovate, develop new strategies and products. For example, through repurposing production lines to produce COVID-19 essential products. Firms offering IT related services have experienced boosts in business due to shift to on-line transactions.

However, due to the unilateral nature of the measures, the actions enhanced protectionisms as countries closed their borders and discriminated against foreign suppliers; led to shortages in supplies of essential pharmaceutical/medical products and food supplies necessary during the pandemic period; led to delays in customs clearance, delays in delivery of transit goods and other NTBs.

In a bid to strengthen coordination of responses by various agencies governments established "Task Forces" comprising ministries of Health, Finance, Internal Security, Transport and Trade to coordinate responses to the pandemic and ensure enforcement of newly adopted regulations and policies.

Due to the socio-economic consequences of the pandemic and containment measures, governments have introduced social protection and related programmes including cash transfers, nutritional programmes and targeted 'work for pay' programmes to help people recover from the economic effects, especially the vulnerable groups i.e. the elderly, women and the youth. In addition, governments have partnered with development partners to provide information about preventive measures necessary to prevent the spread of the virus through advertisements in print and electronic media.

On their part, development partners and charitable organizations have mobilised financial and non-financial resources (PPEs) for deployment in preventive and treatment activities in the bid to slow-down the spread and indiscriminate deaths. Besides, multilateral lending agencies have also extended loans and debt relief to selected COMESA countries to enable them effectively to fight the pandemic.

Regarding domestic and international trade, governments introduced fiscal policy measures, including reduction of taxes on essential goods and services, income and/or corporate taxes and other fiscal incentives to cushion individuals and firms from the harsh economic conditions.

At the regional level, COMESA established guidelines with the aim of protecting citizens while safeguarding the existing trade arrangements in order to minimize disruptions in cross-border trade and investments. The guidelines have played a major role in enhancing coordination in customs management, clearance of cargo as well as harmonization of actions by neighbouring countries. Facilitation of movement of essential goods and services remains a priority in COMESA to ensure livelihoods, industry and economic sustainability in the region. The COMESA Guidelines, which have since been integrated with the EAC and SADC guidelines into the Tripartite Trade and Trade Facilitation guidelines are also aimed at sensitizing traders, customs border operators and truck drivers about the harmonized customs management rules and regulations during the COVID-19 pandemic period and necessary preventive measures.

The measures put in place to mitigate against the COVID-19 pandemic have led to reduction in the level of output, household spending, investment and international trade. The trade disruptions will have a negative effect not only on intra but also extra-COMESA trade. The projected slow growth and contraction of imports in the major trading partners will dampen demand for COMESA exports; the commodity price shock will highly impact oil exporting countries which may affect their fiscal balance and their ability to fight the COVID-19. In the short to medium term, disruption in supply chains (particularly in China and EU) could lead to filling the gap by regional producers hence the need to enhance implementation of COMESA trade integration programmes.

Regional economic integration and trade has emerged as a remedy that could reduce this adversity through flow of essential goods like food, medical supplies and other hygiene products. Pharmaceutical products are among the top intra-COMESA traded products. The relaxation of the free movement of essential goods in the region will enhance their production and boost intra-COMESA trade during this pandemic period.

On trade in services, projections are showing that the COVID-19 pandemic and measures put in place by COMESA Member States will lead to reduced growth, unemployment, and reduction in export of goods and services in the region. The effect in the region is mostly felt in the following services sectors:

- Tourism and travel
- Air passenger transport
- Distribution
- Construction
- Other business services

Financial services may be less affected due to the digitization that has taken place. This includes internet and mobile banking. Greater liberalization of financial and telecommunication services would help to reduce costs of services provision which are currently high.

The importance of the services sector for the region is one of the reasons why COMESA has developed Regional Guidelines on The Movement of Goods and Services to facilitate movement of goods and services during the pandemic. Furthermore, the servicification of manufacturing phenomenon is at the top of the policy agenda of COMESA, because many goods constitute to a significant extent of value addition originating in services sectors, while other goods bundle services to make the product more appealing or useful to consumers.

With respect to health-related interventions, these have mainly targeted the victims of the virus and its containment measures with minimal focus on other existing health care needs. There is little evidence of strengthening health systems for any future eventualities or recurrences neither efforts to ensure continuity of care, especially for chronic diseases. Besides, in many countries psychological effects associated with the Coronavirus has changed healthcare seeking behaviour with many people resorting to homebased care for fear of stigmatization.

The study also established that large firms and organizations have adopted remote working strategies in order to remain relevant under the new normal situations. This was brought about by the restrictive measures adopted by governments. Besides, reduced demand and supplies and slow-down in business forced several firms to scale down operations thereby reducing staff or closing altogether.

Finally, the study established that the COVID-19 pandemic has enhanced social ills in societies. For instance, there are increased cases of domestic violence, teenage pregnancies and crime. As the secondary effects of the pandemic spread across socio-economic, cultural and political fabrics of economies, gender disparities have been enhanced, with women bearing the greatest brunt owing to disruptions in informal economy, in agricultural productions and supply chains.

Although the responses appear to be bearing fruits, the situation would be different if the second wave of the virus were to occur. Besides, the secondary effects of across all sectors of the economy have fundamental implications in the short to medium terms.

6.2: Policy Implications

In order to effectively address the negative socio-economic impacts of the pandemic in the COMESA region, there is need for complementarity of actions between Secretariat and Member States.

Proposed Interventions for Secretariat

a) Coordinate Member States' measures in easing restrictions on movements of people, goods and services across borders – the COMESA COVID-19/ Tripartite Guidelines;

b) Operationalize the Online platform to enhance exchange of information about production and availability of goods and services in the region;

c) Expedite digitalization of trade instruments - E-trade, e-logistics. E-legislation (COMESA Digital Free Trade Area);

d) Facilitate deeper liberalization of priority services sectors i.e. banking, business, communication, transport, tourism, construction, energy and . In addition, liberalization of arts, creative and sports services has potentials to generate jobs for the youth;

e) Fast-track implementation of the protocol on free movement of persons and easing regional movement of professionals like medical personnel, engineers, technicians, essential goods and services across borders;

f) Develop a regional strategy to encourage and promote domestic and regional tourism.

Proposed Interventions for Member States

a. Increasing liquidity and easing monetary controls to stimulate consumption and economic activities in the economies. This may be through direct liquidity injections, targeted stimulus packages, reduction of interest rates and restructuring of loans and moratorium on payment of loans and interest as is already happening in some countries.

b. Improving domestic resources mobilization by mobilizing additional fresh resources and developing strategies and policies to cushion the macroeconomic fundamentals against external shocks and crisis such as COVID-19. In addition, Member States should seek debt relief or payment rescheduling to mitigate the effects of COVID-19 and ensure long term debt sustainability;

c. Implementing the COMESA and Tripartite guidelines in order to facilitate movement and efficiency in clearance of goods across various border points;

d. Strengthening health system by expanding training programmes for health workers to bridge gap between health workers to patient ratio as efforts to improving the quality of health care service across the region; expanding investments in preventive health and access to primary health care for the poor and vulnerable; scaling up PPP in building health infrastructure; expanding investments in research and providing incentives in local production of medical equipment and drugs; and pharmaceutical industries to fill the medical supply gap;

e. Providing incentives and promoting youth and women entrepreneurship and establishing affordable financial instruments for SMEs, including loan guarantee schemes to allow flexibility on credit policies;

f. Enhancing investments in internet infrastructure and penetration to promote online supply of services and reduce costs of communication –

mobile, internet and financial services to increase/expand the benefits of digital technology;

g. Encouraging and promoting domestic and regional tourism by negotiating and allowing tourism without the need for quarantine in certain corridors and through promotional discounts, relaxation of visa restrictions and restrictions on movements;

h. Supporting the recovery of the aviation industry through; direct financial support, loans, loan guarantees and support for the Corporate Bond market and tax relief.

i. Enhancing production capacity and regional value chains in the region to reduce over-reliance on external trade and vulnerability to global shocks/crisis as well as diversifying markets for COMESA imports and exports;

j. Commercializing of agriculture through value addition, digital technology generation, boosting cross-border trade in agricultural products through harmonization of standards, food safety and development of appropriate market infrastructure; agripreneurship for youth and women; post-harvest management; home-grown school feeding; food and nutrition knowledge management and diversification of food or diets; and

k. Supporting growth and development of the local creative arts and sports sectors to tap youth talents, foster creation of jobs and income generation.

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Appendices

Annex 1: Selected COVID-19 Fiscal response Measures by Member States

Country	Measure
Burundi	· Tax relief for hotels and industries
Comoros	· Extension of deadline for submitting tax returns
DRC	· suspension of tax audits for companies · Grace period for businesses on tax arrears · Full tax deductibility of any donations made to the COVID relief fund
Egypt	· stimulus package of USD 6.13 billion (EGP 100 billion, 1.8 percent of GDP) · real estate tax relief for industrial and tourism sectors; · moratorium on the tax law on agricultural land extended for 2 years; · Reduction in stamp duty on transactions and tax on dividends · Postponement of ccapital gains tax · A Corona tax of 1 percent on all public and private sector salaries and 0.5 percent on state pensions have been imposed, the proceeds of which are earmarked for sectors and SMEs most affected by the pandemic.

Eswatini	· Provisional for taxpayers projecting losses to file loss provisional returns · extension of returns filing deadlines by 3 months · payment arrangements for taxpayers facing cash flow problems waiver of penalties and interest for older tax debts if principal is cleared by the end of September 2020 · E90 million (0.13 percent of GDP) in tax refunds for SMEs that have complied with tax obligations to retain employees.
Ethiopia	· Waiver of all tax debt prior to 2014/2015, · Tax amnesty on interest and penalties for tax debt pertaining to 2015/2016-2018/2019, · Exeemption from personal income tax withholding for 4 months for firms who keep paying employee salaries despite not being able to operate due to COVID-19.
Kenya	· Ksh56.6 million (0.5 percent of GDP) economic stimulus package · income tax relief for persons earning below US$225 per month reduction of the top pay-as you earn rate from 30% to 25% · reduction of corporate income tax rate from 30% to 25% · reduction in the turnover tax rate on small businesses from 3% to 1% · reduction of the standard VAT rate from 16 to 14 percent · Fast tracking refund of VAT refunds and other pending bills
Madagascar	· six-month tax break for tourism businesses · supporting private sector through tax relief, suspension of government fees
Malawi	· voluntary tax filings over six months · Emergency Cash Transfer Program of about US$50 million (0.6 percent of GDP) to support small businesses in major urban areas.
Rwanda	· Suspension of down payments on outstanding tax for amicable settlement · softening of enforcement for tax arrears collection · Extension of the deadline for filing and paying Corporate Income Tax (CIT) · fast-tracking of VAT refunds to SMEs · CIT and PIT payments based on current year transactions; Personal Income TAX (PIT) exemption for private school teachers and tourism and hotel employees earning less than RWF 150,000/ month; · VAT exemption for locally produced masks.
Seychelles	· Tax payments due in March postponed until September
Somalia	· A three-month tax holiday has been provided on some specific basic commodities such as rice and dates · consumption tax on flour and cooking oil reduced by 50 percent

Tunisia	· Postponement of CIT payments and other taxes · VAT exemptions, VAT refund procedures and reimbursement acceleration · rescheduling taxes and custom arrears.
Uganda	· delayed payment of Corporation tax for Corporations and Small, Medium Enterprises (SMEs) · deferred payment of PAYE by affected sectors such as tourism and floriculture · waiver of interest on tax arrears · expedited payment of outstanding VAT refunds and reduction in domestic arrears
Zambia	· Waiver of tax penalties and fees on the outstanding tax liabilities resulting from COVID-19
Zimbabwe	· corporate tax credits of up to 50 percent for COVID-19 donations. · Increase in civil servants' salaries and pensions by 50 percent

Source: https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

Annex 2: Selected COVID-19 Monetary and Macro-Financial response Measures

Comoros	· Reduction of reserve requirements to 10 percent. · Restructuring of commercial loans and freezing of interest rates in some commercial loans.
DRC	· reduction of the policy rate by 150 bps to 7.5 percent and later increased to 18.5% to re-anchor inflation expectations and maintain a positive in real terms policy rate. · elimination of mandatory reserve requirements on demand deposits in local currency · creation of 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. · postponement of adoption of new minimum capital requirements · restructuring of non-performing loans · promotion of the use of e-payments.
Djibouti	· stepping up financial sector surveillance
Egypt	· Reduction of policy rate by 300bps. · The preferential interest rate has been reduced from 10 percent to 8 percent on loans to tourism, industry, agriculture and construction sectors, as well as for housing for low-income and middle-class families. · A government guarantee of EGP 3 billion on low-interest loans by the central bank has been announced for the tourism industry soft loans. · The central bank has also approved an EGP 100 billion guarantee to cover lending at preferential rates to the manufacturing, agriculture and contracting loans. · Loans with a two-year grace period will be made available to aviation sector firms. · The limit for electronic payments via mobile phones has been raised to EGP 30,000/day and EGP 100,000/month for individuals, and to EGP 40,000/day and EGP 200,000/per week for corporations. · A new debt relief initiative for individuals at risk of default has also been announced, that will waive marginal interest on debt under EGP 1 million if customers make a 50 percent payment. Microlenders have been instructed to also consider delays on a case-by-case basis, of up to 50 percent of the value of monthly instalments for struggling clients. · The regulations issued last year requiring banks to obtain detailed information of borrowers have been relaxed. · Suspension of credit score blacklists for irregular clients and waiver of court cases for defaulted customers · The central bank has also launched an EGP 20 billion stock-purchase program which it has not yet used. · A temporary daily limit has been for deposits and cash withdrawals for individuals and companies.

Eswatini	· Reduction of discount rate by a cumulative 275 basis points to 3.75 percent · Reduction in reserve requirement to 5 % from 6% · reduction in liquidity requirement from 25% to 20 % for commercial banks and 22% to 18 % for the development bank · encouragement of use of electronic payments; · Banks to offer short term financial support or relief to companies and individuals based a risk-based approach · loan restructuring and repayment holidays by banks.
Ethiopia	· Provision of 15 billion birr (0.45 percent of GDP) of additional liquidity to private banks, and 33 billion birr of to the Commercial Bank of Ethiopia
Kenya	· Reduction in policy rate by 125 bps from 7.25 percent 7% in April 2020 · lowering banks' cash reserve ratio by 100 bps to 4.25% · increase in maximum tenor of repurchase agreements from 28 to 91 days · flexibility to banks regarding loan classification and provisioning for loans that were performing on March 2, 2020, but were restructured due to the pandemic. · Extension of flexibility to borrowers' loan terms based on pandemic-related circumstances · Waiver of charges on mobile money transactions of Ksh 1,000 and below · Suspension of the listing of negative credit information for borrowers whose loans became non-performing after April 1 for six months. · A new minimum threshold of US$10 was set for negative credit information submitted to credit reference bureaus.
Madagascar	· Provision of MGA620 billion (about 1.2 percent of GDP) liquidity to commercial banks · Relaxation of some mandatory deposit limits
Malawi	· Reduction in domestic currency Liquidity Reserve Requirement (LRR) by 125 basis points to 3.75 percent (aligned with the foreign currency LRR) and the Lombard Rate by 50 percent to 0.2 percentage points above the policy rate. · An Emergency Liquidity Assistance (ELA) framework introduced to support banks on a case-by-case basis. · Restructuring SME loans and providing a three-month moratorium on their debt service. · Temporary waiver of charges on mobile money transactions

Mauritius	· Reduction in Key Repo Rate from 3.35 percent to 1.85 percent · reduction of the cash reserve ratio from 9 to 8 percent, with the amount released through the cut earmarked to be made available to affected economic operators · special credit line of Rs5 billion (1 percent of GDP) through commercial banks for affected firms to meet their cash flow and working capital requirements · commercial banks also provide a moratorium of six months on capital repayment for existing loans of affected economic operators · Easing of supervisory guidelines on handling credit impairments · Rs5 billion (1 percent of GDP) of 2.5 percent two-year BOM savings bonds which will be made available to retail investors. · six-month moratorium on household loans at commercial banks, while BOM will bear interest payments for households with the lowest income · Special Foreign Currency (USD) Line of Credit (US$300 million) targeting operators having foreign currency earnings, including SMEs · swap arrangement to support import-oriented businesses (initial amount US$100 million) · Shared ATM Services and waving ATM fees during national confinement period. · A one-off exceptional contribution of Rs60 billion (12% GDP) for the purpose of assisting Government in its fiscal measures to stabilize the economy of Mauritius · setting up the Mauritius Investment Corporation Ltd (MIC) as a Special Purpose Vehicle with two-fold objectives: mitigate contagion of the ongoing economic downturn to the banking sector, thus limiting macro-economic and financial risks; and secure and enhance financial wealth for current and future Mauritian generations while ensuring the stability of the banking sector. BOM announced it will invest US$2 billion of FX reserves in MIC towards the latter objective.
Rwanda	· Extension of lending facility worth RWF 50 billion (0.5 percent of GDP) for liquidity-constrained banks for the next six months. · Treasury bond purchases through the rediscount window for the next six months · Lowering of reserve requirement ratio by 100 basis points, from 5 to 4 percent, effective from April 1. · Easing of loan repayment conditions for impacted borrowers, · Waiver of charges on electronic money transactions for the three months. · Provision of supportto microfinance institutions. · Reduction in policy rate by 50 basis points to 4.5 percent.

Seychelles	· Reduction of the policy rate by 100 bps to 4 percent. · Provision of a credit facility of approximately US$28 million to assist commercial banks with emergency relief measures to assist businesses and individuals struggling with the financial impact of the pandemic. · Six months moratorium by commercial banks on the repayment of principal and interest on loans to assist businesses in impacted sectors. · credit to government up to SCR 500 million, preferably through purchase of securities, and subject to central bank Board approval; · extension of the maturity of credit to commercial banks to 3 years. · considering easing reserve requirements.
Somalia	· Funding of US$2.9 million for medium and small enterprises through commercial banks · Increase in frequency and granularity of data collection, development of a crisis communication strategy. · Exploring measures to ease the inflow of current transfers, including remittances.
Sudan	freeze on loan repayment and servicing for three months
Tunisia	· Reduction in policy rate by 100 bps. · Deferment of payments on existing loans · Suspension of fees for electronic payments and withdrawals. · postponement of credit reimbursement by employees for a period of 3 or 6 months depending on the net revenue level. · Creation of investment funds (600 million TND), a state guarantee for new credits (500 million TND), · activation of a mechanism for the state to cover the difference between the policy rate and the effective interest rate on investment loans within a cap of 3 percent.

Uganda	· Provision of exceptional liquidity assistance for a period of up to one year to financial institutions that might need it · ensuring that the contingency plans of the supervised financial institutions guarantee the safety of customers and staff · putting in place a mechanism to minimize the likelihood of sound business going into insolvency due to lack of credit; · waiving limitations on restructuring of credit facilities at financial institutions that may be at risk of going into distress. · Reduction of charges on mobile money transactions and other digital payment charges. · Reduction of CBR to 7 percent · Supervised Financial Institutions (SFIs) to defer the payments of dividends and bonuses for at least 90 days effective March 2020 · providing liquidity to commercial banks for a longer period through issuance of reverse Repurchase Agreements (REPOs) of up to 60 days at the CBR, with opportunity to roll over; · purchasing Treasury Bonds held by Microfinance Deposit taking Institutions (MDIs) and Credit Institutions (CIs) in order to ease their liquidity distress · granting exceptional permission to SFIs to restructure loans of corporate and individual customers that have been affected by the pandemic, on a case by case basis effective April 2020 · loan repayment holidays for a maximum of 12 months, credit status at the time of granting a repayment holiday shall remain unchanged for the duration of the said repayment holiday · prepayment of arrears as a condition for restructuring a credit facility suspended for 12 months with effect from April 01, 2020 · credit status at the time of granting a repayment holiday shall remain unchanged for the duration of the said repayment holiday
Zambia	· Reduction of policy rate by 225 bps to 9.25% · Provision of 10 billion kwacha (3% of GDP) of medium-term liquidity support to eligible financial services providers and scale up open-market operations to provide short-term liquidity support to commercial banks. · Encouragement on the use of e-money · Revision of rules governing the operations of the interbank foreign exchange market · Provision of a mechanism to address heightened volatility, revision of loan classification and provisioning rules, · Eextension of the transitional arrangement to IFRS9.
Zimbabwe	· Return to multicurrency system allowing both Zimbabwean dollar and US dollar to be legal tender. · Reduction in statutory reserve ratio on bank deposits from 5 % to 2.5 %. · Introduction of ZWUS$5 billion medium-term bank accommodation lending facility at 10 percent per annum · Increased private sector lending facility by the central bank from ZWUS$1 billion to ZWUS$2.5 billion.

Source: https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19.

Annex 3: Madagascar Imports from January -May 2020 in Billion Ariary

Border	Month				
	Jan	Feb	Mar	Apr	May (Forecast)
Tamatave-Port	513.49	652.80	378.70	390.02	552.00
Antanimena	157.02	256.77	178.02	117.61	150.00
Tamatave-Pétrole	192.93	142.45	162.87	67.67	26.00
Ivato-Aéroport	46.38	45.30	44.33	28.74	75.00
Mamory-Aéroport	40.67	56.30	34.36	7.07	5.00
Toutes les autres frontières	98.20	153.92	147.57	92.31	160.00
Total pour le pays	1,048.68	1,307.54	945.85	703.43	968.00
Différence en % par rapport à l'année dernière		24.68	-27.66	25.63	37.61

Source: Calculations from administered questionnaires data

Annex 4: Madagascar Exports from January -May 2020 in Billion Ariary

Border	Month				
	Jan	Feb	Mar	Apr	May (Forecast)
Tamatave-Betainomby	251.97	173.65	146.51	112.02	60.00
Antanimena	134.06	138.66	122.64	61.17	30.00
Antalaha	86.65	103.95	101.38	61.30	90.00
Sambava	68.98	91.69	76.76	67.71	60.00
Tamatave-Port	101.78	61.29	58.16	53.68	55.00
Toutes les autres frontiers	165.25	201.21	131.16	90.14	90.00
Total pour le pays	808.69	770.45	636.60	446.03	385.00
Différence en % par rapport à l'année dernière		-4.73	-17.37	-29.94	-13.68

Source: Calculations from administered questionnaires data

Annex 5: Madagascar Customs Revenue from January -May 2020 in Billion Ariary

Border	Month				
	Jan	Feb	Mar	Apr	May (Forecast)
Tamatave-Port	104.26	131.29	93.81	79.57	115.99
Tamatave-Pétrole	66.05	51.45	59.88	33.95	9.62
Antanimena	10.23	12.33	9.35	5.01	7.59
Majunga	3.02	8.63	2.82	3.09	7.66
Ivato-Aéroport	3.73	4.14	2.63	3.97	6.73
Toutes les autres frontiers	13.25	13.55	15.68	10.18	10.37
Total pour le pays	200.54	221.39	184.16	135.76	157.95
Différence en % par rapport à l'année dernière		10.40	-16.82	-26.28	16.35

Source: Calculations from administered questionnaires data

Annex 6: Malawi Imports from January -May 2020 in US$

Border	Month				
	January	February	March	April	May (Forecast)
Mwanza	104,392,764.54	116,674,333.24	109,421,835.15	106,695,074.48	90,633,873.56
Dedza	74,736,750.73	60,051,150.34	79,326,425.61	7,581,747.03	1,115,345.17
Songwe	53,020,167.95	65,546,768.99	55,417,026.19	46,683,604.42	29,239,794.36
Mchinji	7,238,134.03	7,011,151.51	9,994,438.29	7,052,618.47	8,152,090.04
Muloza	6,869,763.67	6,287,589.45	7,752,946.80	9,835,424.14	4,572,341.41
All other borders	1,013,748.08	482,170.68	1,512,507.14	1,992,348.70	1,652,980.68
Total for Country	247,271,329.00	256,053,164.21	263,425,179.17	179,840,817.24	135,366,425.22
Percentage monthly change		3.55	2.88	-31.73	-24.73

Source: Calculations from administered questionnaires data

Annex 7: Malawi Exports from January -May 2020 in US$

Border	Month				
	January	February	March	April	May (Forecast)
Mwanza	26,529,335.89	17,678,280.45	18,274,817.76	34,411,149.90	17,377,344.70
Dedza	28,015,594.64	13,594,359.86	22,925,589.55	1,820,707.37	1,053,387.26
Songwe	5,840,788.28	2,724,263.07	3,548,259.45	5,219,936.78	37,963,373.72
Mchinji	4,058,558.45	14,800,958.85	10,427,813.18	5,403,825.64	1,782,531.69
Muloza	606,319.83	363,195.67	366,425.72	680,655.32	625,566.13
All other borders	5515155.789	1471895.197	48359.97867	397440.7823	1818543.76
Total for Country	70,565,752.88	50,632,953.10	55,591,265.65	47,933,715.81	60,620,747.26
Percentage monthly change		-28.25	9.79	-13.77	26.47

Source: Calculations from administered questionnaires data

Annex 8: Malawi Customs Revenue from January -May 2020 in US$

Border	Month				
	January	February	March	April	May (Forecast)
Songwe	3,578,566,906.96	3,040,946,412.35	4,158,598,257.38	2,409,820,758.60	1,927,856,606.88
Mwanza	2,071,504,952.85	2,648,979,483.30	2,412,186,832.66	2,022,853,236.77	1,618,282,589.42
Dedza	1,607,074,840.67	1,253,342,092.15	1,767,537,289.48	513,674,881.93	308,204,929.16
Mchinji	705,155,487.22	733,669,457.84	834,240,899.36	700,174,144.62	743,309,997.26
Muloza	86,854,099.99	96,997,991.22	51,544,304.73	124,902,093.23	90,074,622.29
All other borders	15,211,296,346.07	13,322,856,540.98	15,275,995,613.47	12,188,861,975.58	11,579,418,876.80
Total for Country	23,260,452,633.76	21,096,791,977.84	24,500,103,197.08	17,960,287,090.73	16,267,147,621.81
Percentage monthly change		-9.30	16.13	-26.69	-9.43

Source: Calculations from administered questionnaires data

Annex 9: Rwanda Imports from January -April 2020 in Rwanda Franc

Border	Month			
	JANUARY	FEBRUARY	MARCH	APRIL
11ru: Rusumo	128,849,411,896	143,504,978,427	114,426,141,355	75,276,431,760
11ka: Kagitumba	29,767,693,063	28,319,693,104	35,859,666,553	25,931,738,547
21ka: Airport	22,949,968,598	22,717,950,431	24,230,312,791	10,329,231,576
31cy: Cyanika	580,459,202	1,179,640,657	3,219,958,571	367,645,507
11ga: Gatuna	1,210,735,031	753,127,845	866,416,041	263,530,177
Other borders	1,313,322,560	966,479,083	701,644,438	122,090,163
Total	184,671,590,350	197,441,869,547	179,304,139,749	112,290,667,730
Percentage monthly change		6.92	-9.19	-37.37

Source: Calculations from administered questionnaires data

Annex 10: Rwanda Exports from January -April 2020 in Rwanda Franc

Border	Month			
	JANUARY	FEBRUARY	MARCH	APRIL
21ka: Airport	44,272,630,925	37,542,617,079	28,148,562,074	28,940,380,632
11ru: Rusumo	17,211,621,197	15,999,786,255	14,685,568,412	11,051,660,411
11ka: Kagitumba	5,915,390,120	4,155,262,183	2,348,990,972	2,525,838,260
31gc:Gisenyi corniche	1,654,614,284	1,289,142,240	1,859,474,425	945,421,613
41mu: Rusizi 2	1,190,611,559	1,421,213,291	1,047,708,255	1,093,677,147
Other borders	2,799,790,645	2,389,360,267	2,801,628,424	2,628,873,705
Total	73,044,658,731	62,797,381,315	50,891,932,563	47,185,851,769
Percentage monthly change		-14.03	-18.96	-7.28

Source: Calculations from administered questionnaires data

Annex 11: Rwanda Customs Revenue from January -April 2020 in Rwanda Franc

Border	Month			
	JANUARY	FEBRUARY	MARCH	APRIL
11ru: Rusumo	7,042,733,425	6,665,949,978	8,832,692,998	4,288,684,389
11ka: Kagitumba	1,087,776,131	826,700,891	1,594,915,477	461,613,062
21ka: Airport	384,909,783	361,387,522	249,698,480	149,649,784
11ga: Gatuna	116,674,469	31,034,814	35,115,646	365,002
32pl: Gisenyi poids lourds	16,334,101	14,062,560	18,875,184	29,300
Other borders	166,594,197	179,022,023	134,498,706	3,377,508
Total	8,815,022,106	8,078,157,788	10,865,796,491	4,903,719,045
Percentage monthly change		-8.36	34.51	-54.87

Source: Calculations from administered questionnaires data

Annex 12: Uganda Imports from January - May 2020 in US$

Border	Month				
	January	February	March	April	May (Forecast)
Malaba	467,281,195	470,752,332	399,649,164	260,433,943	208,347,154
Busia	51,870,102	55,586,878	51,301,952	36,763,682	29,419,946
Entebbe	156,802,945	157,334,502	118,656,671	89,730,672	71,784,537
Mutukula	8,688,250	13,404,216	19,309,538	22,830,554	18,264,443
Mirama Hills	675,875	1,146,205	2,016,976	2,784,792	2,227,834
All other borders	8,516,067	1,833,963	2,266,388	1,076,036	860,829
Country total	693,834,434	700,058,096	593,200,689	413,619,679	330,904,743
PERCENTAGE MONTHLY CHANGE		0.90	-15.26	-30.27	-20.00

Source: Calculations from administered questionnaires data

Annex 13: Uganda Exports from January -May 2020 in US$

	Month				
Border	**January**	**February**	**March**	**April**	**May (Forecast)**
Entebbe	120,522,678	96,444,800	74,924,515	69,505,094	62,554,567
Malaba	60,678,146	54,759,379	67,166,862	47,449,953	42,704,958
Busia	24,932,558	22,642,138	27,199,451	18,569,415	16,712,473
Elegu	18,796,836	17,863,528	20,128,452	17,266,360	15,539,724
Cyanika	21,282,759	17,550,115	13,608,649	14,455,920	13,010,328
All other borders	20,688,718	16,762,389	16,726,308	20,251,036	18,225,932
Country total	266,901,695	226,022,349	219,754,237	187,497,778	168,747,982
PERCENTAGE MONTHLY CHANGE		-15.32	-2.77	-14.68	-10.00

Source: Calculations from administered questionnaires data

Annex 14: Uganda Customs Revenue from January - April 2020 in US$

Border	Month				
	January	February	March	April	May (Forecast)
Malaba	125,080,532	120,394,052	105,036,069	59,796,631	47,837,305
Busia	27,255,947	26,349,590	24,187,592	15,472,094	12,377,675
Entebbe	5,597,745	4,547,897	5,244,907	4,124,498	3,299,598
Mutukula	2,670,739	3,337,270	5,191,137	2,059,553	1,647,642
Mirama Hills	64,266	193,207	124,369	150,081	120,065
All other borders	747,428	579,126	580,651	210,639	168,511
Country total	161,416,657	155,401,142	140,364,725	81,813,496	65,450,796
PERCENTAGE MONTHLY CHANGE		-3.73	-9.68	-41.71	-20.00

Source: Calculations from administered questionnaires data

Annex 15: Zambia Imports from January -April 2020 in US$

Border	Month			
	Jan	Feb	Mar	Apr
Chirundu	121,915,332	127,618,931	111,061,323	148,736,710
Nakonde	53,669,696	118,695,936	100,364,012	44,857,454
Ndola port office	65,164,603	104,277,404	83,764,185	58,484,150
Kazungula	31,680,554	45,147,021	44,661,766	5,115,110
Lusaka international airport	27,109,482	29,322,142	35,348,279	31,677,825
Livingstone port office	31,651,238	31,494,617	33,025,926	4,221,520
Other borders	87,452,238	85,927,042	86,972,939	67,784,360
Total Zambia	418,643,143	542,483,093	495,198,430	360,877,129
Percentagemonthly change		29.58	-8.72	-27.12

Source: Calculations from administered questionnaires data

Annex 16: Zambian Exports from January -April 2020 in US$

Border	Month			
	Jan	Feb	Mar	Apr
Livingstone port office	108,436,312	101,977,537	76,051,313	2,657,475
Nakonde	104,345,274	97,549,327	128,436,795	143,213,687
Katima mulilo	82,374,582	86,320,920	83,346,545	91,117,651
Chirundu	99,407,459	65,761,230	82,312,057	98,595,845
Kazungula	45,676,367	48,643,530	22,544,423	10,306,138
Kasumbalesa	23,710,452	39,223,632	37,738,125	45,402,293
Ndola port office	19,235,129	29,140,480	21,013,441	19,837,805
Chingola	17,838,490	19,181,428	17,249,793	13,079,509
Other borders	59,277,865	54,411,019	48,286,487	56,904,126
Total Zambia	560,301,929	542,209,103	516,978,980	481,114,528
Percentage monthly change		-3.23	-4.65	-6.94

Source: Calculations from administered questionnaires data

Annex 17: Zambian Customs Revenue from January -May 2020 in Zambian Kwacha

	Month				
Border	**Jan**	**Feb**	**Mar**	**Apr**	**May**
Chirundu	43,997,307.99	44,533,474.15	46,436,003.79	32,706,134.82	27,044,702.88
Nakonde	49,605,943.62	40,781,466.73	44,302,447.13	30,574,994.88	25,282,463.27
Kazungula	26,333,760.34	35,323,487.06	31,779,911.38	4,931,815.00	4,078,117.82
Katima Mulilo	22,779,037.98	23,555,736.90	19,994,407.88	14,652,218.81	12,115,919.73
KKIA	19,875,269.18	18,850,787.94	19,215,905.24	20,481,695.44	16,936,313.96
Other Borders	11,604,072.61	12,030,501.00	15,944,164.42	10,211,859.12	8,444,186.31
Total Zambia	174,195,391.72	175,075,453.78	177,672,839.84	113,558,718.07	93,901,703.97
		0.51	1.48	-36.09	-17.31

Source: Calculations from administered questionnaires data

COMESA SECRETARIAT
COMESA Center
Ben Bella Road
P.O. Box 30051

+260 211 229 725

www.comesa.int

info@comesa.int

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