

COVID-19: PRESSURE POINTS: EXACERBATING AFRICAN ECONOMIC INSTABILITY (AFRICA)

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Legal Briefings - By **Martin Kavanagh, Nina Bowyer, Peter Leon, Bertrand Montembault** and **Calvin Ho**

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Countries in sub-Saharan Africa were dealing with a myriad of economic and other challenges prior to the outbreak of Covid-19 and these will continue to impact on the outlook of countries in the region.

The pandemic will further exacerbate the challenges faced by the region, speakers participating in international legal practice Herbert Smith Freehills' 'Sub-Saharan Africa: The dynamics that matter right now' webinar, on May 14, indicated.

The outlook in light of the Covid-19 pandemic for sub-Saharan Africa was noted as being grim, as is the case for most countries in the world, given the shock to the global economy.

However, unlike other places in the world, the sub-Saharan African region is not only dealing with this single shock from the pandemic, but also, has to contend with the global effects as these will affect productivity and profit; as well as the commodity shock, with almost every commodity except gold badly affected.

The gross domestic profit of sub-Saharan African countries is expected to decrease by about 5.6% from previous estimates, putting it firmly in recessionary territory.

The region is looking at a growth rate of about 3% this year and is expected to lose up to \$80-billion in output.

Countries that rely heavily on their natural resources and tourism for government revenues and foreign exchange are the most vulnerable, as are countries that already have high poverty rates, with these expected to increase substantially.

While there is potential for a recovery in 2021, this is based on assumptions that cannot be predicted currently, including a vaccine or treatment becoming available this year, and recovery beginning in quarter two this year.

If these do not come to fruition, however, the region is looking at an extended economic crisis.

Moreover, there are certain features of the pandemic in Africa that are unique.

One area of concern is a lack of reliable data, which means that estimates of cases cannot be relied on and, therefore, speakers indicated that there could be an assumption that things are worse than they look.

Also, the pandemic hit the region later than other areas of the world, and this could have an impact on how it manifests and is managed.

Speakers acknowledged that many governments on the continent took a very proactive approach, with lockdowns, and partial or full closing of borders. South Africa, by way of example, had one of the strictest lockdowns worldwide.

Also, with the continent having a very young population, this will likely have different effects in terms of morbidity rates – with this still to be played out.

On the other hand, the continent's public health systems are vulnerable; and there is a prevalence of other underlying conditions, such as malnutrition, tuberculosis and HIV; and there is a potential food crisis coming to head – and all of these will impact on how the pandemic plays out in the region.

While these characteristics could be applied to Africa homogeneously when analysing the pandemic, speakers acknowledged that each country is unique in its own systems, population, politics and medical infrastructure, besides others, making it difficult to draw up predictions for the region as one entity.

The webinar was held under Chatham House rules.

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