



THE IMPACT

of Covid-19 on
Africa's energy sector

AND THE ROLE OF RE
to empower a long term and
sustainable recovery



United Nations
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Foreword

For several weeks now, Africa has been fighting against an invisible enemy: COVID-19. Although the spread in the continent is much lower than in other parts of the world today, it is not less worrying considering the limited capabilities and resources of African countries to mitigate the potentially devastating effects of the virus, from a public health, social and economic context.

Limited access in the continent to electricity particularly in health centers and facilities increases the vulnerability to COVID-19. As Africa strives to sustain gains in reducing lack of access to electricity to more than 600 million people today, putting the access agenda among the priorities in the health sectors has become timely.

Due to the Covid-19 crisis, the **African economy, similar to the global economy, is impacted by the disruption of supply chains, mainly** through exposures to inputs from Asia, Europe, and the Middle East, as well as **lower demand in global markets for a wide range of African commodity exports.**

Travel bans and lockdowns are not only limiting the movement of people within countries and across borders, but they are also disrupting the way of working for individuals, businesses and government agencies. The **employment effects of COVID-19 are raising social challenges**, as already witnessed in the backstreets of the megacities around the continent.

African leaders of the public and private sectors have been quick to act and the international development community is expected to extend their commitment to work with Africa to safeguard the economies and livelihoods of millions of people.

The **renewable energy sector can play a fundamental role in the fight against the disastrous effects of COVID-19.** Access to reliable and sustainable energy is a crucial need, and is even more important today for supporting essential services during a global crisis. In a period of extreme crisis such as the one we are experiencing, ensuring a continuous flow of electricity is essential to keep the strategic infrastructures of the countries going. Through strategic investment in sustainable energy, **stimulus measures to induce economic recovery will strengthen the foundation of sustainable development.**

Renewable energy investments at scale will contribute to support sustained economic growth, including by strengthening local value chains and supporting local jobs. As factories operate again at full scale, commercial services return to normal functioning and as new business open, and progress towards expanding energy capacity and access gains momentum in Africa, supporting investment in energy capacity and infrastructure will remain fundamental.

Africa should sustain policy attention on increasing the share of sustainable and renewable sources in the energy mix to enable **structural shift towards a low-carbon and more resilient power system.** Certainly, governments must not abandon their climate action commitments in the midst of the pandemic, as the climate emergency requires sustained climate action. Governments must seize the opportunities to create jobs and improve vital infrastructure while accelerating the transitions to cleaner energy. More investments in grid enhancement, interconnections, storage and flexibility solutions are urgently needed for an effective and accelerated deployment of renewables. The private sector must play its part in complementing public sector action towards increasing investment and closing the pre-COVID energy infrastructure gap of \$90 to \$120 billion USD.

Decisions that governments and public institutions are making now will shape Africa's development for years to come.

As African countries look to give their economies a much-needed jolt in the wake of the COVID-19 outbreak: they can prioritise shifts from decades of polluting, inefficient, high-carbon and unsustainable development, to low-carbon and increasingly affordable energy and transport systems that will bring long-term economic benefits. Development partners and the international private sector should play their part by engaging Africa's development priorities through productive and impactful collaboration with African governments towards increased investment for sustainable development.



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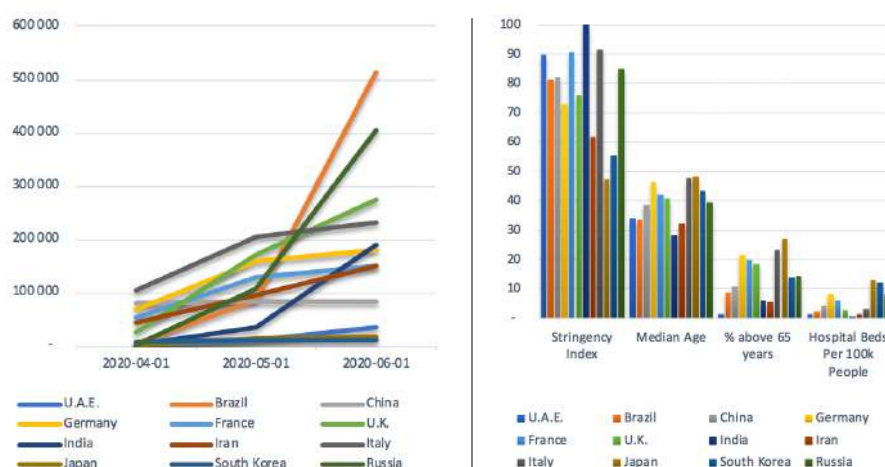
1. The Economic Impacts of COVID-19 in Africa: from Macroeconomic Shocks to Sustainable Recovery

Introduction

The last decade has seen rapid economic growth in Africa, enabled by favorable commodity market performance for key African exports and growing investment in infrastructure and growth-enabling assets in the continent. Africa's economy grew by 3.4% in 2017, and moderated to 3.2% in 2018; with growth in Eastern Africa taking a fast pace at 6.2% in 2018, followed by 3.2% in West Africa, while other regions of Africa grew moderately (UN Economic Commission for Africa (UNECA), 2019). Implementation of SDGs since 2015 and unprecedented progress concluding the African Continental Free Trade Agreement (AfCFTA) in record time have improved Africa's long-term growth outlook. While African economies were on the trajectory to growth, the unexpected and unforeseen external shock stemming from the Coronavirus (COVID-19) has hit the global and African with a potential growth thwarting prospect for Africa.

From early January 2020, COVID-19 has spread rapidly from the on-set epicenter to all regions of the world precipitating diverse set of measures to stem the pandemic. In the U.A.E., cases increased from 664 in early April to over 34,000 two months later. In Latin America, Brazil saw a sharp increase from a little over 5,000 by April 1 to over 500,000 by June 1. In Europe, cases escalated rapidly from about 67,000 in Germany, 52,000 in France and 106,000 in Italy by April 1 to above 181,000 in Germany, 151,000 in France and 233,000 in Italy by June 1. In Russia, a low level spread of about 2,000 by April 1 has escalated to over 405,000 by June 1 (Fig. 1). In the United States, an initial onset grew to about 190,000 by April 1, before geometrically spreading to afflict about 1.7 million people by June 1. This has clearly altered the global macroeconomy by precipitating moderate to highly stringent measures that resulted in lockdown in many of these leading global economies. Though these economies have a relatively better health care infrastructure, higher median age and significant population above the age of 65 have intensified vulnerabilities and relatively higher death rates.

Figure 1. COVID-19 global spread, response measures and underlying vulnerabilities



Source: based on data from European CDC, shared by <https://ourworldindata.org/coronavirus-data>. The stringency index is based on nine indicators including closure of schools and workplace travel bans and measures ranging from 0-100, 100 being the most stringent measure a country takes.

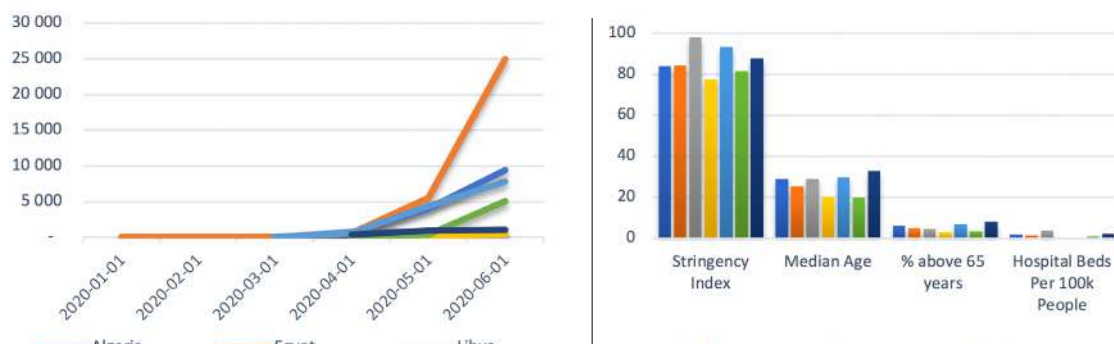
By June 6, out of 6.6 million global cases, Africa reported about 176,000 cases, with new daily infections of about 6,000 people, representing 2.67% of global infections. Out of nearly 393,000 global deaths attributed to COVID-19, Africa saw 4,900 deaths representing 1.2% of the global death rate.

However, UNECA (2020) warns that given the nearly 600 million people (43.5% of Africa's population) reside in urban areas, of which 56% reside in congested settlements, and with an average of 1.8 hospital beds per 1,000 people, Africa faces high risk of escalation. Based on Imperial College Epidemiological Model of 25 March 2020, UNECA (2020) further warned that under worst case scenario of no governments action, up to 1.2 billion infections are projected; while under conditions of stringent measures, nearly 123 million infections are expected. While these projections appear vastly higher than the relatively low livelihoods current levels of infection, what is nonetheless clear is that African governments have taken one of the stringent measures under lockdown beneficial for public health protection; however, acutely challenging to and macroeconomic stability.

The economic effect of COVID-19 in Africa largely depends on the response governments have given to the trajectory of the pandemic in their respective countries. Looking at the Africa case regionally, North Africa has seen rapid increase in infection rates since April 2020. Egypt, Algeria and Morocco are the most affected countries in this region. All of the North African countries implemented one of the most stringent lockdown measures, mostly rated above 80, out of 100 (Fig. 2). The region has better healthcare infrastructure in Africa, with youthful population. However, relatively high levels of urbanization and gaps in healthcare capacity pose major risks.

The Southern Africa region has similarly seen increases in COVID-19 infections since April. South Africa has seen a much higher infection trajectory, increasing from about 1,353 cases by April 1 to over 32,000 cases by June 1 (Fig.2). Gibson and Rush (2020) have shown that the high infection rates in South Africa are exacerbated by informal settlements constraining effective implementation of social distancing and other preventive measures. In response, countries have taken lockdown measures of varying intensity. The relatively low share of population above 65 years old can help contain death rates; however, healthcare infrastructure limitations can overburden response capacity.

Figure 2. COVID-19 North and South Africa, response measures and underlying vulnerabilities



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