

## UNICEF Ethiopia

### Socio-economic impacts of COVID-19

4th April 2020

The current COVID-19 crisis is challenging the delivery of essential services to the most affected segments of the population. Children and families who are already vulnerable due to socio-economic exclusion or those who live in overcrowded settings are particularly at risk. Children may be disproportionately affected by measures taken to control the outbreak, such as school closures and physical distancing measures. Special attention needs to be paid to prevent and minimize negative consequences for children as much as possible. If exceptional measures are not taken, we will observe at the worsening of monetary and multidimensional child poverty with a potential regression of the development objectives' gains the country has so far achieved. Furthermore, the advances towards the achievement of SDGs will be jeopardised. Global estimates suggest that a 1 percent lower growth in the global economy would translate to between 14 million and 22 million more people living in extreme poverty.<sup>1</sup> The United Nations Economic Commission for Africa has estimated that due to the COVID-19 crisis 48 percent fewer people could be lifted out of poverty in the continent.<sup>2</sup>

#### Macroeconomic context and public finance

- The United Nations Economic Commission for Africa (UNECA) has estimated that the continent will observe a 1.4 percentage point GDP decline equivalent to \$29bn (i.e., from US\$ 66 Bn in 2019 to US\$ 37 Bn in 2020).<sup>3</sup> It is estimated that COVID-19 will shave 2.9 percentage points off this fiscal year's economic growth in Ethiopia.<sup>4</sup>
- Monetary impacts: the current emergency could contribute to the rise in inflation, and instability of the exchange rate. For example, increase in prices due to reduced offers will mostly affect lower-income families and older people in society.
- Fiscal impacts: the economic downturn is expected to reduce the GDP which will in turn reduce government revenue through less taxes. This could also translate into potential reductions in external assistance as donor countries are also affected, which means less funds for child-focused social sectors and less space to increase public spending both for the longer term and for current spending in response to the COVID-19 emergency (e.g. immediate needs of health and WASH services as well as social protection).
- Pressure on the current account balance; adverse impact on the aviation sector will mean less foreign exchange earnings required for much needed imports, plus hits on remittances and the tourism sector will also affect foreign exchange earnings. This will hinder the ability to service debt payments. Increase the level of debt today implies a mortgaging of the future.

<sup>1</sup> International Food Policy Research Institute, 2020. How much will global poverty increase because of COVID-19? Poverty measured as number of people in extreme poverty (PPP\$ 1.90 a day poverty line).

<sup>2</sup> If we apply the same rate to Ethiopia, it could be estimated (based on the progress made by the country during the period 2010/11-2015/16) that additional 600,000 people per year which will fall in absolute poverty measured according to national definition. UNICEF's calculation based on National Planning Commission, 2017. Ethiopia's Progress Towards Eradicating Poverty: An Interim Report on 2015/16 Poverty Analysis Study (Table 10: Trends of national and rural/urban poverty).

<sup>3</sup> United Nations Economic Commission for Africa, 2020 - Economic Effects of the COVID-19 on Africa. Addis Ababa, Ethiopia.

<sup>4</sup> World Bank, 2019 – Draft Analysis - COVID-19: Potential Poverty and Social Impacts in Ethiopia and Policy Responses. This note was prepared by the Ethiopia team of the Poverty and Equity Global Practice.

Borrowing today often implies taking from today's children and adolescents who will have to repay the debts tomorrow.

- Unemployment: It is estimated that the employment in the African continent will drop of 48 percent due to the reduction in production.<sup>5</sup>

## Health & Nutrition

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- COVID-19 is a new virus and we do not know enough yet about how it affects children or pregnant women. We know it is possible for people of any age to be infected and transmit the virus, although older people and/or those with pre-existing medical conditions seem more likely to develop serious illness. The infection caused by the virus can be associated with acute respiratory distress syndrome and the overall condition of the individual who contracts the virus can be aggravated by existing conditions.
- Increased rate of illness is expected to put pressure to the quality of health care in Ethiopia with potential service saturations and severe limitations for poorer households in terms of affordability and accessibility.
- In 2018, some 17 per cent of child deaths (32,000) were due to pneumonia, making it one of the leading killers of children under-five years. Twelve percent of children under this age group had diarrhoea two weeks before the 2016 Ethiopia Demographic and Health Survey, showing a high prevalence of diarrhoea, another child killer estimated to be responsible for 8-9 per cent of under-five child deaths. Primary health care services must continue or more children will die of these preventable causes than of COVID-19.
- Health services to non-COVID-19 related needs would diminish if health service providers are mobilized to respond to COVID-19. The first tangible evidence that we have of disrupted health services is the postponement of the measles and polio campaigns planned for March/April 2020. The number of children (0-59 months) for Polio campaign is 17,116,378 and for measles (9 - 59 months) is 14,699,948. This means that the vaccination of these children has been delayed and they are vulnerable to these infections.
- There are three-underlying causes of malnutrition namely: 1. household food insecurity due to loss of income particularly among the lower wealth quintile households with children under 5; there is therefore a need to advocate for expansion of the Productive Safety Net Programme (PSNP); 2. caring practices for children and women are likely to go down as livelihoods are affected; and 3. access to health services for common child illnesses and for treatment of moderate and severe wasting maybe be disrupted due to health workers' limited access to health facilities or lack of motivation or fear of infection. These three underlying causes will drive rates of malnutrition up in the context of COVID-19; hence, they need to be monitored and innovative ways to rapidly expand and deliver services within the context of COVID-19 need to be considered.
- Due to combined effect of Desert Locust and secondary impact of COVID-19, a 15 percent increase is anticipated in the wasting caseload. This will have implications on the number of children to be treated and will require advocacy with donors for additional funding to procure Ready to Use Therapeutic Food (RUTF).

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<sup>5</sup> United Nations Economic Commission for Africa, 2020 - Economic Effects of the COVID-19 on Africa. Addis Ababa, Ethiopia.

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## WASH

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- The provision of safe water, sanitation, and hygienic conditions is essential to protecting human health during all infectious disease outbreaks, including the COVID-19 outbreak. Ensuring good and consistently applied WASH and waste management practices in communities, homes, schools, marketplaces, and health care facilities will help prevent human-to-human transmission of the COVID-19 virus.<sup>6</sup>
- Based on the 2019 Joint Monitoring Programme (JMP) report, only 11 percent of Ethiopia’s population is using safely managed drinking water. The percentage of children deprived of safe drinking water is still high (according to analyses using 2016 EDHS data: 59 percent of children under 5 years; 56 percent of 5- to 17-year-olds). Children living in rural areas are much more deprived of safe drinking water than their urban counterparts (63 percent and 14 percent, respectively).
- Rural populations and the poorest households are the most disadvantaged in terms of sanitation, and deprivation in sanitation is one of the largest contributors to multi-dimensional child deprivation in Ethiopia. Among all children, the rate of deprivation of this basic right is 89 percent, with children in rural areas being much more deprived than children in urban areas (94 percent and 53 percent, respectively). Hygiene remains a major gap in emergency and non-emergency settings.
- With up to 22 percent (23million people) practicing open defecation, and very low rates of handwashing after the use of a latrine in Ethiopia, majority of poor households are thereby most at risk of contracting COVID-19 due to poor sanitation practices and hygienic conditions.
- If not well managed, movement restrictions and lock down enforcements will disproportionately affect poor households in underserved areas, who depend on daily wages to pay for safe drinking water for their households amongst other daily needs.

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## Education

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- As all schools are closed, all school aged children who were enrolled in schools have been affected in terms of daily learning. The most vulnerable and poor children will not benefit from home-schooling during school closures, hence widening inequities in the learning gap between the lowest and highest quintiles.
- School closures will lead to decline in food intake and nutrition, possibly increase school dropouts, and adversely impact human capital development. In addition, school closures may exacerbate permanent dropouts. Long-term impacts relating to disrupted schooling and early childhood nutrition will have a disproportionate impact on poor families, limiting their human capital development and future earning potential.
- The table below shows the number of children affected by the crisis as a result of the school closure:

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<sup>6</sup> World Health Organisation, 2019 - Water, sanitation, hygiene, and waste management for the COVID-19 virus. Interim guidance 19 March 2020.

Level	Male	Female	Total
Pre-primary	1,676,156	1,546,097	3,222,252
Primary	10,654,351	9,392,006	20,046,357
Secondary	1,526,653	1,293,482	2,820,135
<b>Grand TOTAL</b>			26,088,744

- According to the education cluster, at the end of 2019, about 1 million children benefitted from school feeding programmes across the seven regions that were targeted for humanitarian action. These children are not at present benefitting from school feeding as schools are closed.
- The Addis Ababa City Administration Education Bureau had also introduced a school feeding programme for all primary government schools so we can estimate that the 564,722 children that were receiving school meals in Addis Ababa and are no longer receiving this support will also be impacted in terms of their nutritional status.

### Social Protection

- Greater Horn of Africa is currently experiencing the worst desert locust upsurge in the last 25 or so years. The COVID-19 pandemic will likely limit control and surveillance operations (already impacting supply of pesticides), as well as the deployment of experts to the field. This could cause considerable damage to livelihoods and food supply.
- In urban areas, it is expected that there will be a rise in the price of key commodities, driven largely by behavioural changes in urban areas – food hoarding, etc. Particularly, food price hikes will have a considerable impact on vulnerable and poor urban households.
- There will be widespread loss of income and deeper levels of poverty as social distancing intensifies. This will have a big impact on the service industry, tourism and for the sizeable self-employed population. The combination of labour constraints and limited access to markets will drive poverty and exacerbate food insecurity. Loss of income especially for those engaged in informal operations where women are over-represented is likely.
- While Ethiopia has the second largest safety net in Africa covering rural and urban areas, the existing safety nets would need to be used to mitigate risks: a) cancel all public works for the rest of the year; b) provide early payments to current beneficiaries, and; c) use the safety net platform to provide hand washing messages and other preventive communication. Ethiopia can use the opportunity of its large-scale safety nets to scale them up with top-ups for existing beneficiaries (vertical expansion) and even expand caseload (horizontal expansion) to deal with the immediate and mid-term impacts of the pandemic.

### Child Protection

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- COVID-19 can quickly change the context in which children live. Quarantine measures such as school closures and restrictions on movements disrupt children's routine and social support while also placing new stressors on parents and caregivers who may have to find new childcare options or forgo work.
  - Stigma and discrimination related to COVID-19 may make children more vulnerable to violence and psychosocial distress. Children with disabilities have the potential for increased violence, abuse and neglect against people with disability because of social isolation and disruption to daily routines.
  - Disease control measures that do not consider the gender-specific needs and vulnerabilities of women and girls may also increase their protection risks and lead to negative coping mechanisms.
  - Heightened risk of domestic violence-in those settings where those who live with domestic abuse could be at greater risk of violence/abuse –particularly women, children, those with disabilities.
  - There is a significant population of homeless people in Addis Ababa. Although it is difficult to obtain precise numbers, the city administration estimates the number of homeless individuals to be around 50,000 (Soberland, 2018).<sup>7</sup> Those living and/or working on the street, migrants and those deported from neighbouring countries are being 'picked up' ostensibly for all/other's safety and to reduce the risk of spread and being held/put in institutions: a) Risk that there could be an increase in institutions for children and other vulnerable populations, even though evidence/global guidance shows these are harmful to development, well-being, higher risk of violence and abuse and adverse mental health etc. as well as expensive to maintain etc.
  - Domestic violence against women and children is likely to increase due to prolonged confinement and increased tension in the household. Prevention and response services will also be less accessible to victims of abuse and violence.
  - In the context of gender norms where care work is traditionally shouldered by women, school closure puts additional burden of care on women and hence may affect their mental and physical wellbeing.

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<sup>7</sup> Federal Democratic Republic of Ethiopia - Ministry of Labour and Social Affairs, 2018. The State of People with Special Needs (urban destitute) & Capacities of Service Providers- A Study of 11 cities in Ethiopia. Soberland International Institute of Development Services.