

Financial distress hampers Africa's recovery, while war in Ukraine threatens food trade disruptions

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This briefing examines current economic trends in Africa, as they are shaped by the pandemic and other global and regional events and processes. It also tracks SARS-COV-2 and the progress of African vaccination campaigns. The focus lies on partner countries of the Africa Department.

- ❖ African commodity exporters are expected to benefit from high global prices but not all countries are able to reap benefits.
- ❖ War in Ukraine threatens wheat supply disruptions from Russia and Ukraine, esp. in EGY, SDN, NGA, TZA, ZAF, KEN, DZA, while potential new market opportunities for commodity exporters arise.
- ❖ COVID-19 cases decline across the continent, while mRNA vaccine production in the WHO's mRNA hub in ZAF is expected to boost long-term vaccine production.

1. Key economic trends, including economic effects of the pandemic

Some commodity exporters expected to benefit from high global prices

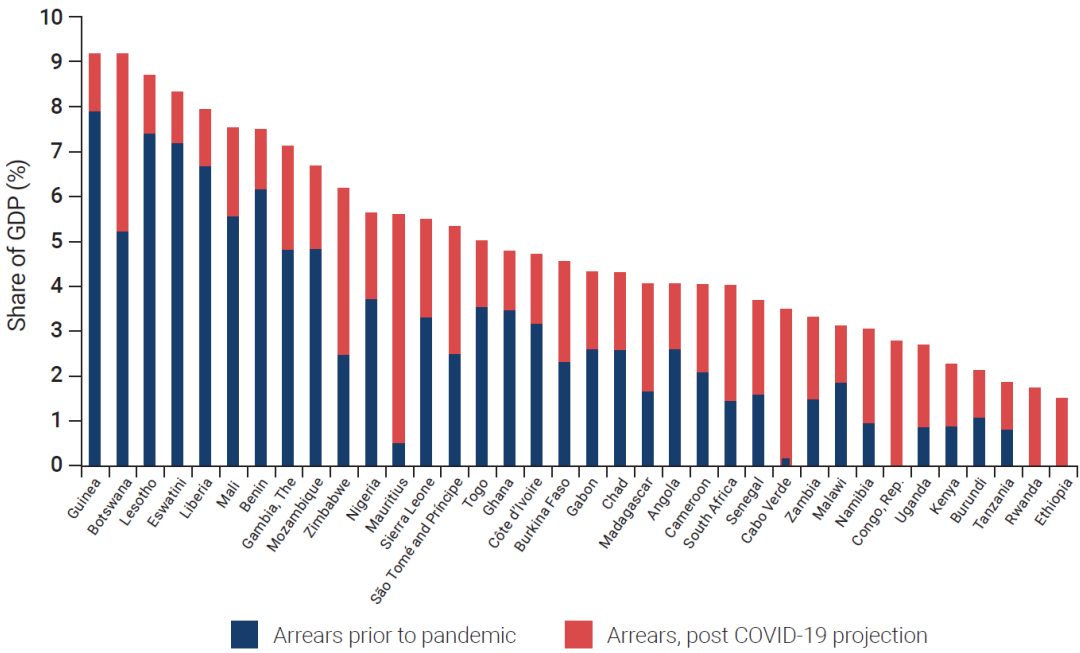
[Africa's economic growth is expected to accelerate](#) in 2022, although **growth will be modest** and differ greatly between countries, with major economies such as ETH, NGA and ZAF but also AGO, SDN and ZMB underperforming, while SEN, CIV, GHA, UGA, RWA, TZA and KEN are expected to contribute strongly to the region's GDP growth. In principle, commodity exporting countries could increase government revenues based on strong global demand and rising prices for energy, metals, and grains. However, in several countries, long-term challenges hamper the ability to turn high prices into temporary financial leeway. Such challenges include low saving rates, conflicts, faltering reforms and even state failure. [In ZAF, e.g.](#), remaining policy uncertainty, high debt, and slow investment recovery are keeping growth expectations low. [In NGA, sluggish non-oil growth](#) due to infrastructure and utility gaps, lingering pandemic effects, and security issues impact growth expectations. [In CIV, however, government reforms](#) and additional oil and gas reserves support strong economic growth.

Government arrears in Sub-Sahara Africa impede economic recovery

[In Sub-Saharan Africa](#), the government is one of the biggest purchasers of goods and services, and public procurement averages 12 percent of gross domestic product (GDP). However, government arrears already stood at 4.26 percent of GDP prior to the COVID-19 pandemic (see Fig 1.1.). The pandemic-induced economic downfall aggravated the problem. Some conservative estimates for the region suggest government arrears increased by almost 2 percent of GDP in 2020. Financing of economic recovery programs through government arrears is counter-productive since it withholds crucial income from household and firms, which aggravates the crisis rather than easing it.

High debt levels in Sub-Saharan Africa did not start with the pandemic, 45 of 48 countries already saw rising debt levels from 2014 to 2019. Moreover, the G20 Debt Service Suspension Initiative (DSSI) is expected to end in 2022, hence countries in debt distress or at risk of debt distress most likely need to negotiate individually with their creditors.

Fig. 1.1: Share of government arrears of GDP in % in Sub-Saharan Africa



Source: [World Bank: World Development Report 2022](#)

Risk of credit rating downgrades for some African countries, while others will get upgraded

Rising debt levels in many African countries could impact their credit ratings from major credit rating institutions such as Fitch, Moody’s, and Standard& Poor’s. [Fitch recently showed](#) that increasing debt levels and the rise in international interest rates put at least ten African countries at the risk of downgrading, including KEN, NAM, and UGA. [Fitch and Moody’s](#) already downgraded GHA due to “increasingly difficult task government faces in addressing the intertwined liquidity and debt challenges”. [Ghana’s government](#) criticized both decisions and appealed to the institutions ratings.

Some African countries, such as AGO, COD, and ZMB, are expected to be upgraded by Fitch due to increased government revenues supported by higher oil prices. [The DRC has been upgraded by Standard& Poor’s](#) Global Ratings due to its reduction of external imbalances, and the mining production expansion, which is supported by higher global metal prices.

Credit rating agencies are crucial to attract foreign direct investment in Africa and to support the private sectors to access international financial markets. ([Mutize & Nkhalamba, 2021](#)). [However, credit rating systems](#) are also widely criticized for having a biased stance and for charging higher rates to African countries.

Pandemic severely impacted growth and development of fragile and conflict-affected countries

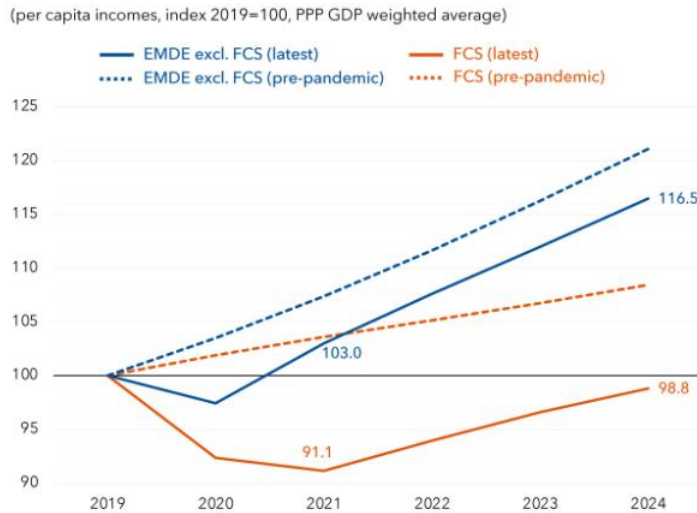
[Fragile and conflicted-affected countries \(FCS\)](#) are expected to suffer longer from the negative impacts of the pandemic. [The IMF and WB classifies 40 countries](#) globally as FCS, of which half are in Africa. Out of all African countries, more than 37% are classified as FCS.

[FCS have been affected by rising debt levels](#), violent conflicts, and food insecurity already before the pandemic, which are now only aggravated by the pandemic. Moreover, governmental inability to mitigate those risks only worsen the problems, leading to vicious circle for those countries.

[FCS will not even reach](#) their pre-pandemic per capita income in 2024, while other middle-and low-income countries already recovered to their pre-pandemic levels before the end of 2021 (see Fig 1.2.).

Both country groups are not expected to have returned to their pre-pandemic growth path by 2024. [As a comparison, advanced economies](#) recovered to their pre-pandemic levels in 2021 and additionally are expected to reach their pre-pandemic growth rates in 2022.

Fig. 1.2: Per-capita income development in fragile and conflict-affected states (FCS) vs. Emerging Markets and Developing Economies (EMDE) – pre-Ukrainian war



Source: [International Monetary Fund \(IMF\) Blog](#): World Economic Outlook database (Jan 2020, Oct 2021). EMDE: Emerging Markets and Developing Economies (EMDE) includes both middle- and low-income countries. Afghanistan, Ethiopia, Lebanon, Somalia, and West Bank and Gaza are excluded due to data unavailability.

Elevated volatility in commodity markets due to war in Ukraine

The devastating war started by Russia in Ukraine impacts the global economic system, including African countries. [Ukraine and Russia are significant trade partners](#) for agricultural imports of the continent. In 2020, Africa imported agricultural products worth about US \$91 billion, of which Africa imports agricultural products worth about [US \\$4.3 billion \(4.7% of total agricultural imports\)](#) and [US \\$3 billion \(3.3%\)](#) from Russia and Ukraine, respectively. Cereals (wheat, maize) and animal or vegetable oils represent about 90% of all imports from Russia, and 86% from Ukraine. The main African importers are EG, which is responsible for about half of African imports from the two countries, followed by SDN, NGA, TZA, DZA, KEN, and ZAF. Hence, [African countries will be impacted by the war](#) through the global agricultural commodity market. African consumers will suffer from the higher food prices, which already rose during the pandemic. This will further aggravate existing pressure on the region's food security. Some agricultural exporters on the continent will profit from higher global prices, however, they will be negatively impacted by higher prices for fertilizer, another key Russian export product.

Oil prices have increased significantly, with direct and indirect consequences for the continent. [Oil-exporting African countries](#) will profit from higher prices; however, analysts expect those profits to stay with multinational companies. [In the long-term, African oil and gas](#) production could benefit, as Europe is looking for new sources of energy outside Russia. For that, however, significant investment in gas exploration in Africa would be needed. While this is a key interest of African leaders, as elaborated at the 2022 AU-EU summit, it was a demand not recognised by the EU. In the short term, African households will suffer from higher fuel prices, impacting transportation costs significantly.

[Market opportunities](#) may arise also in other commodity sectors such as precious and semi-precious metals and stones (gold, platinum, palladium, and diamonds) as well as non-precious metals (aluminium, copper, and nickel), all of which are significant Russian export goods.

2. Key developments of COVID-19 and other health trends¹ in Africa

Continued reduction in COVID-19 cases across the continent

As of 02 Mar 2022, the number of new registered [COVID-19-cases in Africa decreased](#) (-32% compared to previous week) continuing the end of the fourth wave. Most new cases are reported in the Northern region (57%), followed by the Southern (34%), Eastern (6%), Western (2%) and Central (1%) regions, where all regions reported a decrease in confirmed cases. Since the beginning of the pandemic, 53 (96%) African Union (AU) Member States (MS) have experienced a third wave of infections, 47 MS (72%) have experienced a fourth wave, and 9 MS (DZA, BEN, COG, EGY, GNB, KEN, MUS, SOM, TUN) have experienced a fifth wave.

The 55 AU MS, which account for 16% of the world population, [reported 3% of all cases and 4.2%](#) of all deaths globally. 34 MS reported higher COVID-19 related [fatality rates](#) than the global rate of 1.4%. However, the total case fatality rate may be overestimated, as many asymptomatic people may not get tested.

SARS-CoV-2 variants of concern reported to be in circulation in Africa are Alpha in 48, Beta in 44, Delta in 49, Gamma in 6, and/or Omicron in 43 MS. Alpha, Beta, and Gamma generally led to less severe illness in Africa than in other world regions, and health effects of COVID-19 continue to be relatively mild in global comparison. The [BA.2 sub-variant of Omicron](#) has been found in five MS (BWA, KEN, MWI, SEN, ZAF) so far. [Researchers do not expect surges](#) in COVID-19 cases in affected countries but rather a prolonged Omicron wave.

- *For detailed information about COVID-19 cases in our partner countries see Chapter 3.*

WHO Africa expects transition from pandemic phase in Africa

[WHO Africa Director](#), Dr. Moeti, expects a transition from the pandemic phase to an endemic phase and managing and living with the virus. However, WHO Director Dr. Ghebreyesus, warns that the pandemic is not over and that new variants are likely to emerge. Both stress the importance increasing vaccination rates, and that countries need to remain vigilant to quickly reaction to future infections.

[Some researchers agree](#) with the assessment of Dr. Moeti, since serological surveys that examine the cumulative incidence of COVID-19 infections, showed for African countries that total infection rates are much higher than previously thought. [In Malawi, e.g., researchers found](#) that at the start of the Delta wave up to 80% of the population had already been infected with some strain of the coronavirus.

African institutions aim to strengthen health systems and prepare for future pandemics

At the African Union's summit, the [MS agreed to establish a new African health organisation](#) called "African Preparedness and Response Authority (APRA)" The African Centres for Disease Control and Prevention (ACDC) will be the basis of this new organisation, which aims to work autonomously while reporting directly to governments.

[The African Development Bank \(AfDB\)](#) approved a new "Strategy for Quality Health Infrastructure in Africa 2022-2030", which aims to target three pillars of health infrastructure, firstly improving internet and communications technology connectivity to supporting innovation and strengthening health

¹ This briefing uses COVID-19 data from WHO, African CDC, Johns Hopkins University and OurWorldInData. For consistency, potentially more recent data by individual governments is not used. Data on COVID-19 infections and deaths in Africa is compromised by low testing rates and low death registration rates in many countries.

information systems; secondly promoting regional collaboration and harmonizing health policies/regulations; and thirdly technical assistance and policy dialogue.

Both initiatives are part of the continent’s effort to build capable and resilient health systems and to become self-sufficient in the long-term.

WHO and partners aim to vaccinate 100 million Africans in ten countries by the end of April

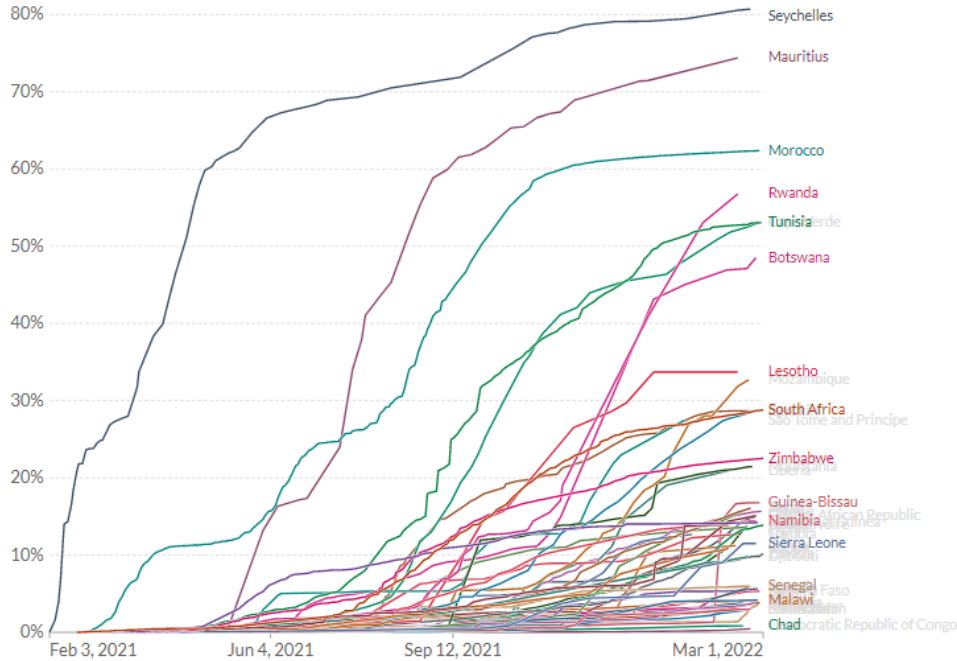
As of 02 Mar 2022, 17.47% of the African population had received 1 dose, 12.33% had their vaccination completed and 0.91% had received booster shots. Of the 676 Mio doses delivered to the African continent, 411.4 Mio doses (60.85%) have been administered ([African CDC](#)). The progress in vaccination campaigns differs largely among African countries. Six countries vaccinated more than 50% of their population, while 18 countries have not even vaccinated 1%, as seen in Fig 2.1. Eritrea is the only country that has not started a vaccination program.

[Mass vaccination campaigns](#) in 10 African countries supported by the WHO, UNICEF; Gavi, the Vaccine Alliance, and partners aims at vaccinating 100 million people by end of April 2022. The aim of the campaign is to boost vaccination efforts, currently about 400 million doses have been administered in Africa. [Uganda accelerated its vaccination campaigns](#) in Karamoja, where vaccination rates have been particularly low. [In Kenya, almost 28%](#) of all adults have been vaccinated.

Boost for Africa’s long-term vaccine production through mRNA hub

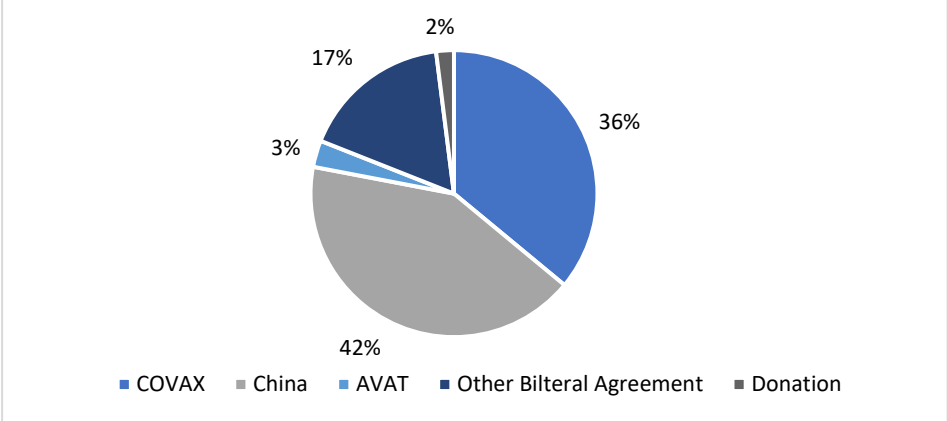
[Researchers at the WHO’s](#) mRNA hub in South Africa, which aims to manufacture vaccines for low-and middle-income countries, were able to develop a mRNA vaccine based on openly available data of Moderna’s COVID-19 vaccine. [At the AU-EU summit](#), African leaders again called for the waiver of intellectual property rights for COVID-19 vaccines to accelerate vaccine production on the continent, however the EU resisted this suggestion, instead the EU pledged US\$ 1 billion to support the mRNA hub. [Six countries in Africa](#), EGY, KEN, NGA, SEN, TUN, ZAF and additionally, BGD, IDN, PAK, SRB and VNM were chosen to manufacture the mRNA vaccines.

Fig. 2.1: Share of population fully vaccinated against COVID-19, as of 02 Mar 2022



Source: [COVID-19 Data Explorer – Our World in Data](#)

Fig. 2.2: Procured doses by procurement mechanism to the WHO Africa region, as of 02 Mar 2022



Source: based on [WHO Officially reported Covid-19 vaccination data](#)

FGM eradication threatened by pandemic-related policies

[UN Agencies aim to eradicate](#) female genital mutilation (FGM) by 2030 as part of the sustainable development goals, however pandemic-related policy measures such as school closures, lockdowns, and disruption in community services threatens efforts to protect girls from FGM practices, which often lead to short-and long-term complications such as shock, severe pain, excessive bleeding, difficulty in passing urine, and infections. The UN calls for urgent investments and quick actions to still reach the goal by 2030.

Detection of wild polio in Malawi

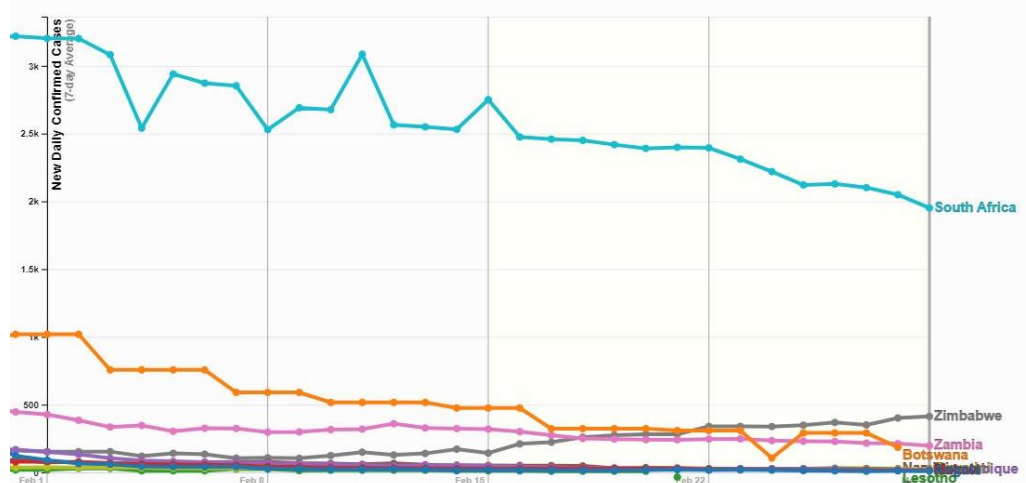
[The health authorities in Malawi](#) declared an outbreak of wild poliovirus type 1 after a case was detected in a young child in the capital Lilongwe. Analysis showed that this is an imported case from Pakistan, where polio is still endemic. The WHO and the Global Polio Eradication Initiative (GPEI) are supporting the local health authorities in assessing the situation and providing supplemental immunization. Neighbouring countries are expanding their surveillance of the disease. This is the first case of wild poliovirus in Africa in more than five years.

3. New daily confirmed COVID-19 cases in African partner countries²

The following graphs show the growth in daily new infections in the last 28 days (on a 7-day \emptyset). The scaling of new infections is adjusted to the number of cases reported in the region. This must be considered when comparing graphs.

Southern Africa (Division 1300)

Fig. 3.1: New confirmed COVID-19 cases, 7-day \emptyset , as of 02 Mar, Southern Africa

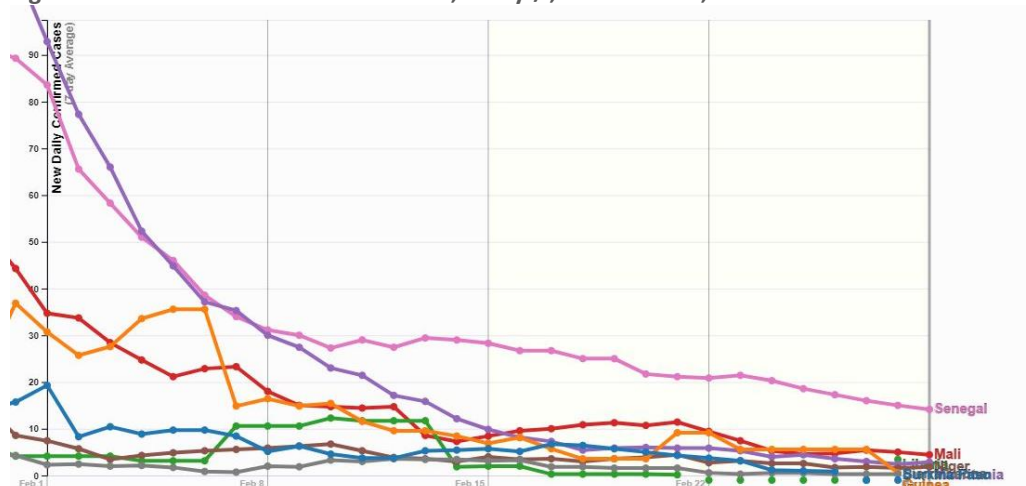


(Source: 91-DIVOC, based on data from Johns Hopkins University)

South Africa, Botswana, Zambia, Namibia, Eswatini, Mozambique, Malawi, and Angola reported declining COVID-19 cases. While Zimbabwe reported a slight upward trend in the caseload since mid-February. Data for Lesotho is disrupted, the available data shows a low caseload throughout the month.

West Africa 1 (Division 1100)

Fig. 3.2: New confirmed COVID-19 cases, 7-day \emptyset , as of 02 Mar, West Africa 1



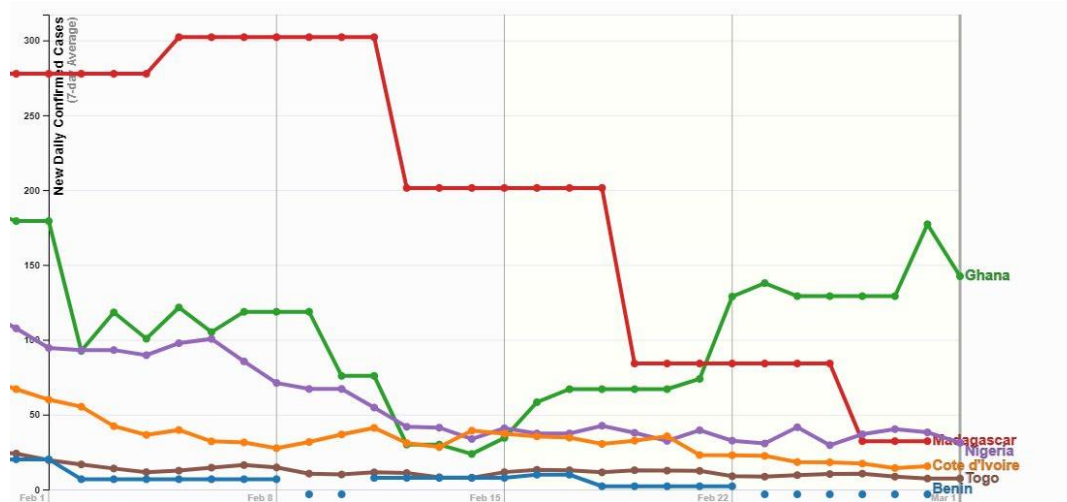
(Source: 91-DIVOC, based on data from Johns Hopkins University)

All partner countries report a clear downward trend in COVID-19 cases. Data for Liberia is disrupted, the available data shows an increase in the caseload until mid-February, which afterwards declined.

² Included are partner countries of the GIZ Africa Department in Sub-Saharan Africa.

West Africa 2 (Division 1600)

Fig. 3.3: New confirmed COVID-19 cases, 7-day ϕ , as of 02 Mar, West Africa 2

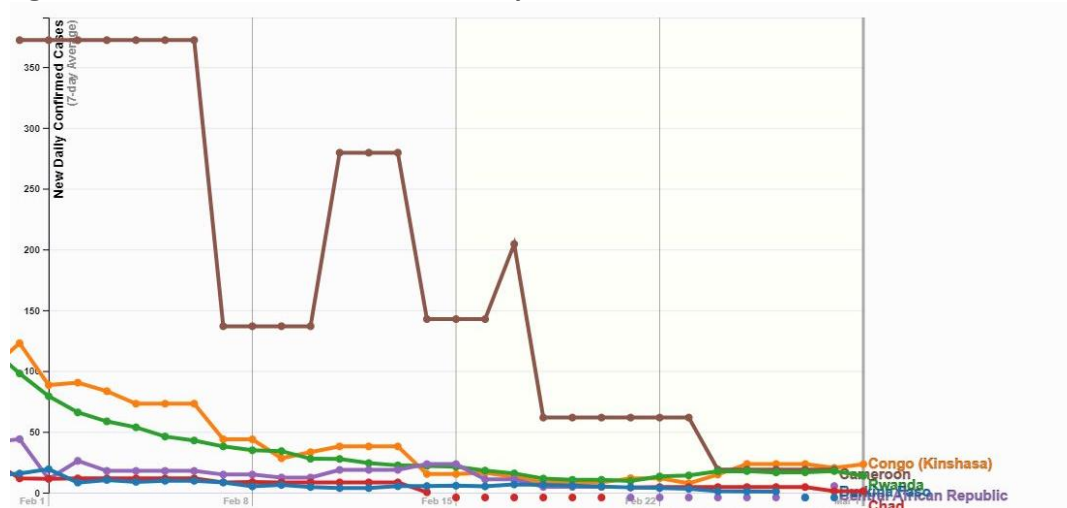


(Source: 91-DIVOC, based on data from Johns Hopkins University)

Madagascar, Côte d'Ivoire, Nigeria, Togo reported a decline in confirmed cases. While Ghana reported fluctuating numbers at the beginning of February, with a steep increase in confirmed cases since mid-February. Data from Benin has been disrupted, the available data shows an incidence close to 0.

Central Africa (Division 1400)

Fig. 3.4: New confirmed COVID-19 cases, 7-day ϕ , as of 02 Mar, Central Africa

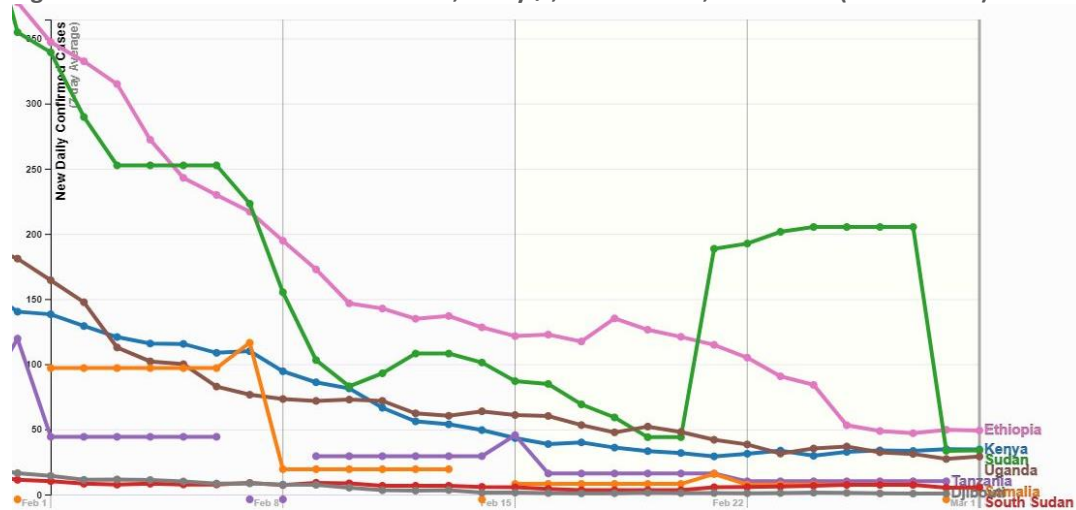


(Source: 91-DIVOC, based on data from Johns Hopkins University)

Cameroon reported a steep decline in COVID-19 cases. The Democratic Republic Congo and Rwanda reported a decrease in COVID-19 cases, which both slightly increased towards the end of February. Data for the Central African Republic, Chad and Burkina Faso is disrupted. The available data for all three countries shows relatively low confirmed cases.

East Africa (Division 1500) + Ethiopia and Djibouti (Division 1700)

Fig. 3.5: New confirmed COVID-19 cases, 7-day ϕ , as of 02 Mar, East Africa (1500 + 1700)



(Source: 91-DIVOC, based on data from Johns Hopkins University)

Ethiopia, Kenya, Uganda, and Djibouti reported declining COVID-19 infections. Sudan reported a steady decline in COVID-19 cases, which suddenly increased and decreased again at the end of February. Data for Tanzania, Somalia, and South Sudan is disrupted. Tanzania's confirmed cases decreased steadily throughout February.