

Monthly Briefing on Economic Trends and Pandemic Development in Africa

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The briefing is a new version of the monthly *Pandemic Development Africa Briefing*, issued since mid-2020. The new briefing not only tracks the development of SARS-COV-2 and the progress of vaccination campaigns in our African partner countries, but also analyses current economic trends as they are shaped by the pandemic. The focus lies on Sub-Saharan Africa.

- ❖ Growth expectations for Sub-Saharan Africa lowered only slightly amid higher downgrades for other world regions, but the **debt situation** deteriorated in 39 countries. Some CwA countries, incl. economic high performers, are hit especially hard.
- ❖ Sharp rise in **inequality** across Africa in 2020 and 2021 and fast-widening gap in access to education produce a bleak outlook for human and economic development in the years to come.
- ❖ Short Omicron wave is receding, but fatality rates among children and older people are high. Slow **vaccination campaigns** may be sped up by tech-innovations to improve outreach.

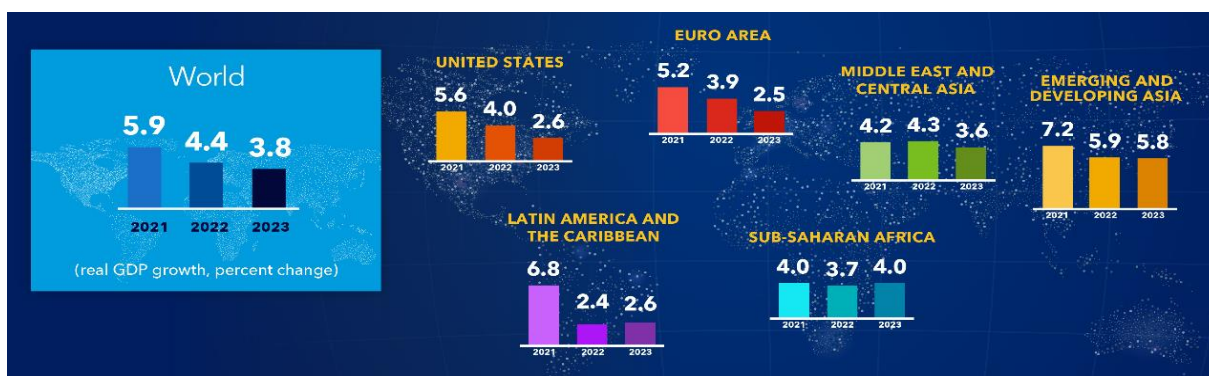
1. Economic trends, including economic effects of the pandemic

GDP growth expectations for Sub-Saharan Africa were lowered slightly, but the region's growth rate will no longer be the world's lowest

The IMF updated its [World Economic Outlook](#) report and projects slower global economic growth for 2022 due to the spread of the Omicron variant and the resulting mobility restrictions, the mounting energy crisis, and ongoing supply disruptions. However, GDP growth rates for sub-Sahara Africa (SSA) were only slightly adjusted downwards compared to the October 2021 projection: from 3.8% to 3.7%. The highest reductions of growth expectations were made for the USA and Brazil. [The IMF's Africa Director](#), Abebe Selassie, expects that the imminent increase of interest rates by the Federal Reserve in the USA adversely impacts African countries due to higher borrowing costs in global financial markets.

By 2023, SSA is expected to be the world region with the second-fastest growth rates, after emerging and developing Asian countries (incl. China). This is due to an expectation for slower growth rates in other world regions, rather than a steep increase in SSA. Generally, all projections are volatile, especially due to uncertainties regarding the development of the COVID-19 pandemic.

Fig. 1.1: IMF growth projections for world regions from 2021 to 2023

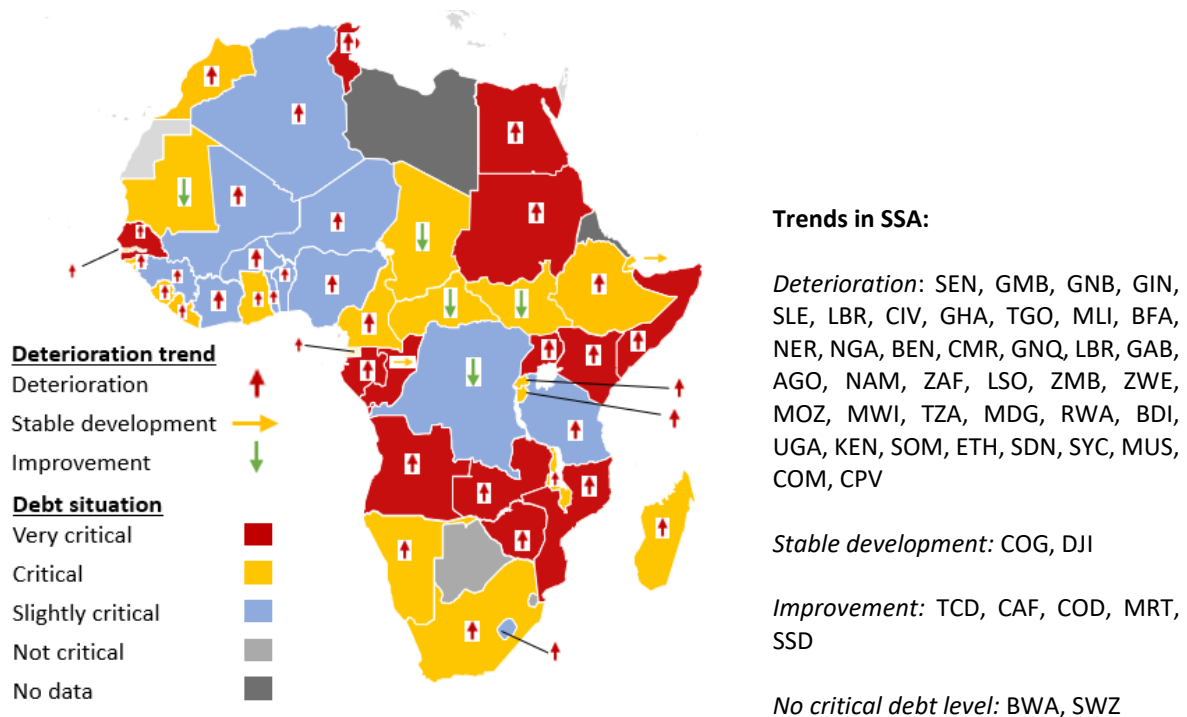


Source: [IMF World Economic Outlook Update January 2022](#), last accessed on 31st of January 2022

2020 shows very high debt in relation to economic output in Sub-Saharan Africa

In worldwide comparison, Sub-Sahara Africa reported the highest rise in **public debt in relation to government revenue** in 2020. For the region, the figure stood at 365%, which is close to a very critical debt situation (400%). Pandemic-induced revenue losses and increase public spending especially in the health sector led to the record high ratio ([Misereor & erlassjahr, 2022](#)).

Fig. 1.2: 2020 debt situation and debt trends in Africa from 2017 to 2020



Source: Misereor and Erlassjahr 2022 (*Schuldenreport 2022*)

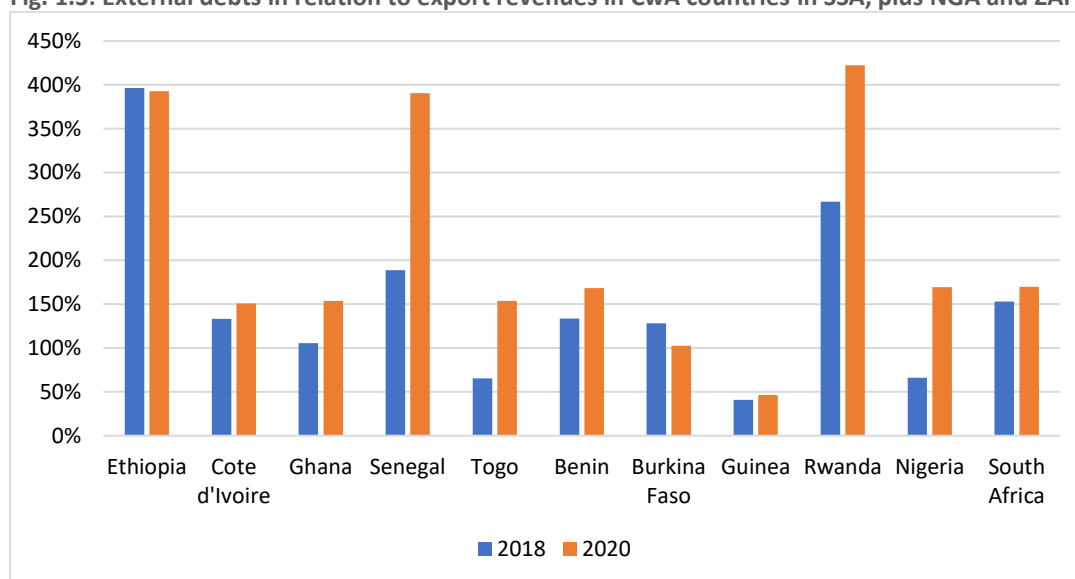
Many countries in sub-Sahara Africa profited from debt suspension initiatives (e.g. Debt Service Suspension Initiative DSSI), hence **debt service to in relation to export revenue** ratio grew slower than in other world regions. Nonetheless, the ratio of 22% remains significantly higher than e.g. ratio of 15% sought for Heavily Indebted Poor Countries (ibid).

Sub-Sahara Africa reported the highest debt increase in the world in 2020, especially **external debt to in relation to export revenue** grew drastically from 156% to 205% (Fig 1.3), due to an increase in new debt and the declining economic situation (ibid).

Net credit flows for countries eligible for the debt moratorium DSSI and the G20 “Common Framework for Debt Treatments beyond the DSSI” increased due to the expansion of multilateral crisis financing by the IMF and WB in 2020. [Oxfam criticised loans by IMF](#) since they require countries to adapt austerity measures, which could result in deep cuts in the public sector and worsen poverty and inequality. Private creditors capital markets, on the other side, reduced the availability of loans overall, and SSA made significantly more interest and principal payments to private creditors than new loans flowed in from them.

The DSSI and the G20 common framework are currently the only options for debt relief for indebted low-and middle-income countries. Critics argue that debt suspension programs are inadequate and calls for extensive debt relief programs beyond the Catastrophe Containment and Relief Trust (CRT) are rising ([Misereor & erlassjahr, 2022](#)).

Fig. 1.3: External debts in relation to export revenues in CwA countries in SSA, plus NGA and ZAF



Source: Misereor and Erlassjahr 2020 & 2022 (*Schuldenreport 2020, 2022*)

As worldwide inequality rose sharply in 2020 and 2021, a fast-widening gap in access to education across Africa is creating a bleak outlook for the next decades

[Worldwide, inequality rose sharply](#) since the start of the pandemic. While the world's 10 richest men doubled their fortunes, more than 160 million people are estimated to have been newly pushed into poverty. In Nigeria, three billionaires increased their wealth by U.S \$6.9 billion, while many Nigerians suffered from the impact of the pandemic.

The disruptions to schooling across Africa since the start of the pandemic has caused large setbacks in educational achievement for an entire generation. [School-age children in SSA](#) have the world's lowest rates (<20%) of internet access at home, reducing their access to remote learning. Some countries adopted other remote options, e.g. learning through television and radio, but lack of access also to those media remains an obstacle, especially in rural areas, with girls often more affected than boys. In Kenya, almost three quarter of girls reported being distracted from remote learning due to household chores. Differences between children from low-income and high-income households are expected to increase further, with the latter providing support through private tutors and other private educational resources, while the former is largely unable to balance the disruption of public educational services.

At the start of 2022, most schools were reopened across the region, [including in Uganda, which reopened its schools](#) for the first time in nearly two years. Unfortunately, attendance has been low due the permanent closure of many schools and increased tuition fees in others. [The National Planning Authority \(NPA\)](#) expects that up to 30% of students will not return to school due to child labour, early marriage, and teenage pregnancies. The challenges seen in Uganda are visible, more or less pronounced, throughout the region.

Domestic tourism drives revival of Africa's tourism sector

In 2021, [international arrivals to Africa increased compared to 2020](#), but remains far below pre-pandemic rates. [The Gambia](#), a popular destination for international tourists (tourism accounted for 15% of GDP in 2019), is one of the countries that suffered severely from the pandemic. To offset losses, the country aims at reducing its dependency on international tourism by developing its domestic market and targeting tourists from neighbouring countries.

Other countries are also looking to revive their tourism industries with local tourists, such as Kenya, Ghana, and South Africa. [Kenya's tourism industry](#) started to recover due to local tourists, leading to increased earnings. However, the absence of foreign exchange earnings from international tourists contributed to a sharp decline of the Kenyan Shilling against the US-Dollar. [Ghana's tourism authority and ministry](#) launched the "Domestic and Regional Tourism Campaign" in June 2021 to significantly attract more local tourists. [South Africa's Cape Town](#) offset some of its losses from the travel ban with earnings from domestic tourists, however this sparked a debate about the city's affordability with calls for different prices for South Africans and foreigners rising. Across the region, [in order to boost regional and local tourism](#), it is crucial to increase vaccination rates and invest in infrastructure, especially improved aviation connections between countries.

Background info: The tourism industry accounts for [7% of Africa's GDP in 2019](#), and makes up more than 5% of GDP in 15 countries (BWA, CMR, CIV, CPV, KEN, LSO, MDG, MUS, NAM, RWA, SEN, SYC, ZAF, TZA, GMB). [The pandemic severely impacted the industry](#): appr. half of the people working in tourism lost their jobs and it is expected that the industry will have lost \$170-253 bn. in 2021.

Food insecurity and poverty are rising across the region, but some countries could increase agricultural production due to higher prices for export crops and favourable weather conditions

[The FAO, UN Economic Commission for Africa \(UNECA\), and African Union Commission](#) showed that Africa's prevalence of food insecurity increased drastically in 2020, with all regions in SSA reporting rising numbers. Almost 60% of the population suffers from either severe or moderate food insecurity. The majority of severely food insecure people are in Eastern Africa (127.9 million), followed by Western (115.7 million), Central (64.3 million), and Southern Africa (15.3 million). The main drivers of food insecurity are conflict, climate extremes, and economic slow-and downturns, which were accelerated by the COVID-19 pandemic.

[The World Food Programme \(WFP\)](#) and the West Africa sub-regional Office for the UN Economic Commission for Africa (UNECA) show that extreme poverty and food insecurity in West Africa continue to increase since the start of the pandemic. In 2021, more than 25 million people in West Africa were unable to meet basic food needs – an increase of 34% compared to 2020. Agricultural production in West Africa suffered from labour shortage, mainly due to border closures that reduced seasonal and/or labour migration.

For agricultural production, the situation in East and Southern Africa looks more favourable. [The World Bank's Global Economic Prospects 2022](#) showed that East African agricultural commodity exporters (ETH, KEN, TZA) profited from high commodity prices, investments in yields improvement, and favourable weather conditions (ZMB, ZWE), which increased agricultural production. However, in other countries agricultural expansion is impeded by uncertain weather conditions (BDI, MDG, TZA) and intensification of armed conflicts (ETH, MLI).

Background info: The agricultural sector accounts for 17% of Africa's GDP and remains the region's most important source of employment. The pandemic significantly reduced Africa's agricultural and food trade, with staple foods less impacted than non-food commodities.

2. Highlights of current COVID-19 trends¹ in Africa

Significant reduction in COVID-19 cases bringing an end to the shortest wave on the continent

As of 27 Jan 2022, the number of new registered [COVID-19-cases in Africa decreased](#) (-13% compared to previous week) introducing an end to the fourth wave. Most new cases are reported in the Northern region (64%), followed by the Southern (19%), Eastern (12%), Western (4%) and Central (1%) regions, where only the Northern region reported an increase in COVID-19 infections. Since the beginning of the pandemic, 53 (96%) AU Member States (MS) have experienced a third wave of infections, 46 MS (84%) have experienced a fourth wave, and 8 MS (DZA, BEN, COG, GNB, KEN, MUS, SOM, TUN) have experienced a fifth wave.

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

Children and older people in Africa more impacted by COVID-19 than in other regions

The 55 AU MS, which account for 16% of the world population, [reported 3% of all cases and 4.2%](#) of all deaths globally. 28 MS reported higher COVID-19 related [fatality rates](#) than the global rate of 1.6%. The total case fatality rate may be overestimated, as many asymptomatic people may not get tested.

The [WHO Africa](#) highlights the importance of universal and **equitable access to diagnostics, vaccines, and therapeutics** to end the pandemic. Availability of Intensive Care Unit (ICU) beds must also be improved. The *Access to COVID-19 tools* (ACT) partnership is currently negotiating with drug makers to procure supplies of therapeutics.

[A recent study](#) by the University of Pittsburgh showed that **children in SSA are dying of COVID-19 at a much higher rate** than children in the USA and Europe. The study analysed hospitalisations of 469 children aged 3 months to 19 years in six countries (DRC, GHA, KEN, NIG, UGA, ZAF) in 25 hospitals. The study suggests to scale-up vaccinations and COVID-19 therapeutics, especially for at-risk children and adolescents in Africa. Similarly, the [WHO Africa](#) assessed the impact on COVID-19 on **older people in Africa** and reported **particularly high case fatality rates** in this group, compared to global figures.

SARS-CoV-2 variants of concern reported to be in circulation in Africa are Alpha in 48, Beta in 44, Delta in 47, Gamma in 6, and/or Omicron in 39 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.

Africa CDC expects that Africa will reach 70% vaccination rate by the end of 2022

As of 27 Jan 2022, 16.10% of the African population had received 1 dose, 10.99% had their vaccination completed and 0.59% had received booster shots. Of the 582,9 Mio doses delivered to the African continent, 63.61% have been administered ([African CDC](#)). The progress in vaccination campaigns differs largely among African countries, as seen in Fig 2.1. Eritrea is the only country that has not started a vaccination program.

[World vaccinations reach ten billion](#), with more than 60% of the world population having received at least one dose, while in Africa only 16% received one dose, demonstrating the extreme inequity between high-income countries and middle to low-income countries. Nonetheless, [the African CDC](#)

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.

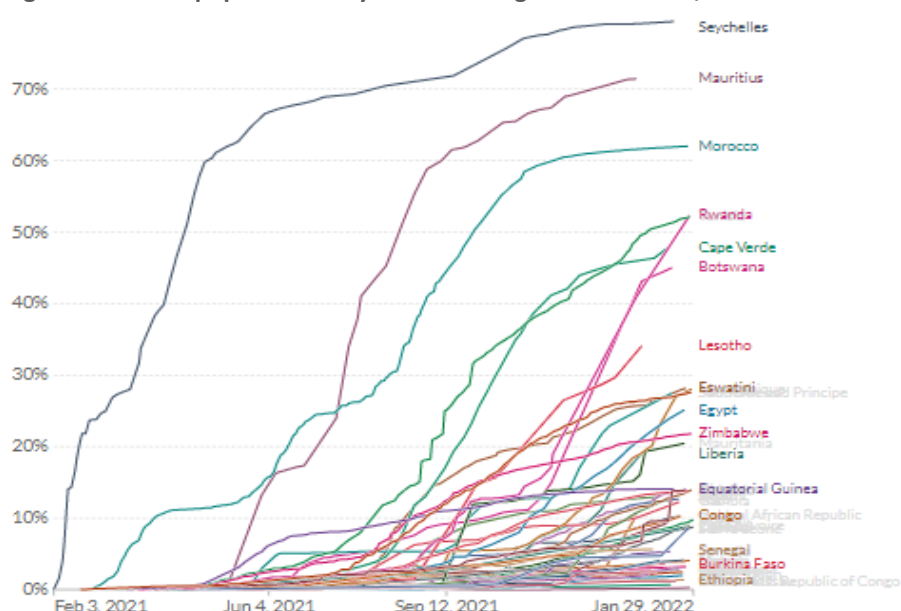
expects that African countries will reach 70% vaccination rates on average by the end of 2022 if current trends are maintained and vaccinations increase across all countries.

[Vaccination campaigns](#) are picking up speed in many countries, which are often supported by innovative ways such as drone deliveries to remote areas in Ghana and mobile clinics in Core d'Ivoire. [Rwanda](#) significantly increased its vaccination rates by intensifying its door-to-door vaccination campaign. However, vaccine hesitance and resistance impede vaccination efforts. [Malawi](#) started to vaccinate teenagers aged 12 to 17, but rates are low due to parents' refusal to consent.

[The African Development Bank](#) plans to inject US \$3 billion into strengthening the African pharmaceutical industry to improve the continent's self-reliance and support its health systems. [Currently, Africa produces 1%](#) of vaccines but represent 25% of the global demand, hence the African Union and ACDC aim to manufacture 60% of its vaccines by 2040 to reduce dependencies.

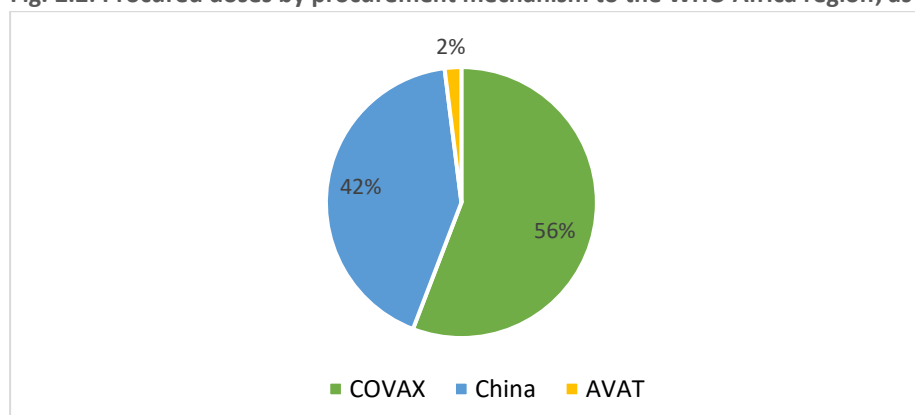
Most African countries procure their vaccines from the global vaccine-sharing scheme COVAX, as seen below in Fig 2.2. [While most doses arrive](#) safely on the continent, some doses had expired, which rendered it unusable and those doses had to be destroyed. The ACDC, therefore, calls for COVID vaccines with a shelf life of three to six month to successful vaccine rollouts.

Fig. 2.1: Share of population fully vaccinated against COVID-19, as of 31 Jan 2022



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

Fig. 2.2: Procured doses by procurement mechanism to the WHO Africa region, as 31 Jan 2022



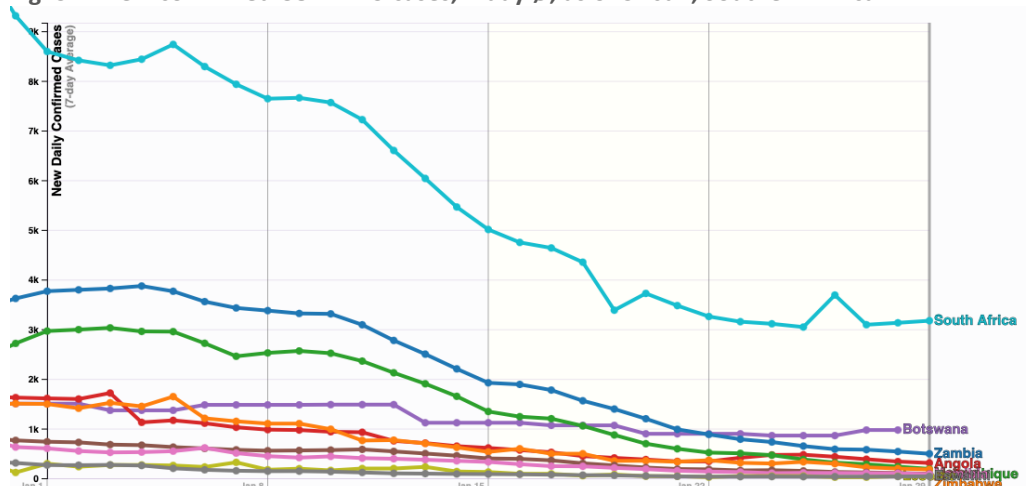
Source: based on [WHO Officially reported Covid-19 vaccination data](#)

3. New daily confirmed COVID-19 cases in the GIZ Africa Department

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 31 Jan, Southern Africa

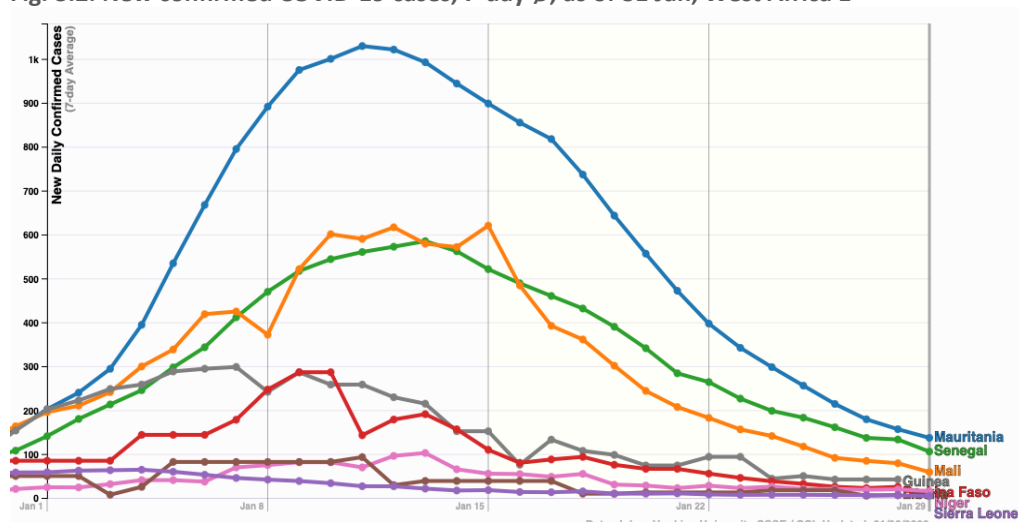


(Source: 91-DIVOC, based on data from Johns Hopkins University)

All countries in the region reported a decrease in COVID-19 infections. South Africa continued its decline from the previous weeks, introducing the end its fourth wave. The caseload in Zambia and Mozambique plateaued in the first week of the month, and continuously declined afterwards.

West Africa 1 (Division 1100)

Fig. 3.2: New confirmed COVID-19 cases, 7-day \emptyset , as of 31 Jan, West Africa 1

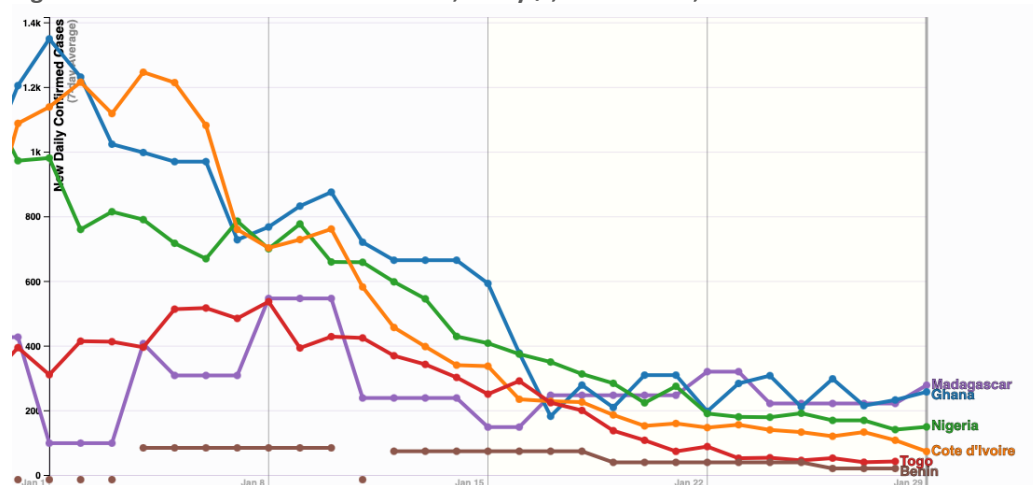


(Source: 91-DIVOC, based on data from Johns Hopkins University)

Mauritania, Senegal, Mali, Burkina Faso, and Guinea reported an increase in COVID-19 cases, which peaked in mid-January declined steadily afterwards. Mauritania, Mali, Burkina Faso, Guinea, and Niger reported their highest caseload since the beginning of the pandemic.

West Africa 2 (Division 1600)

Fig. 3.3: New confirmed COVID-19 cases, 7-day ϕ , as of 31 Jan, West Africa 2

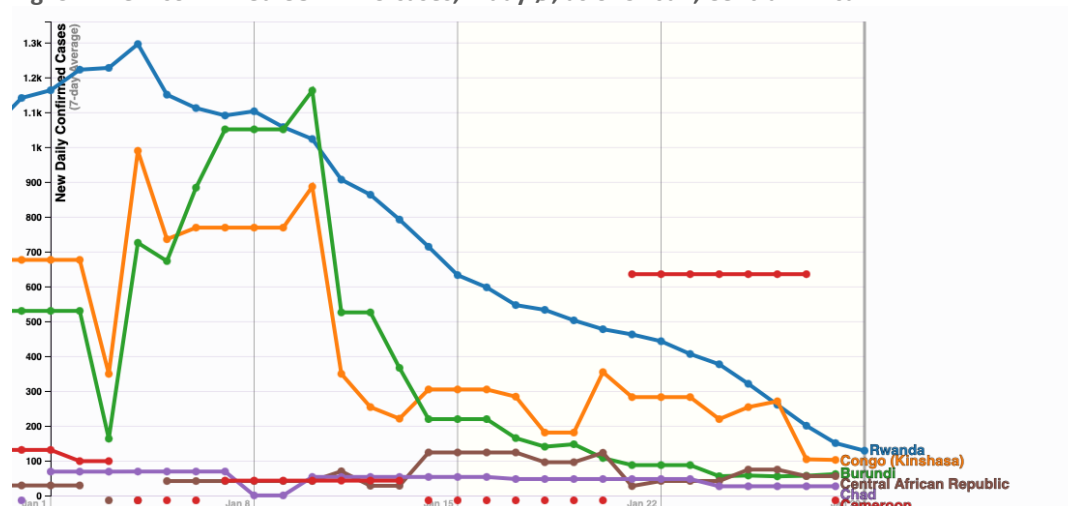


(Source: 91-DIVOC, based on data from Johns Hopkins University)

Ghana, Côte d'Ivoire, Nigeria, Togo reported a steep decline in confirmed cases. Madagascar reported fluctuating case numbers throughout January, with a slight increase towards the end of the month. 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 31 Jan, Central Africa

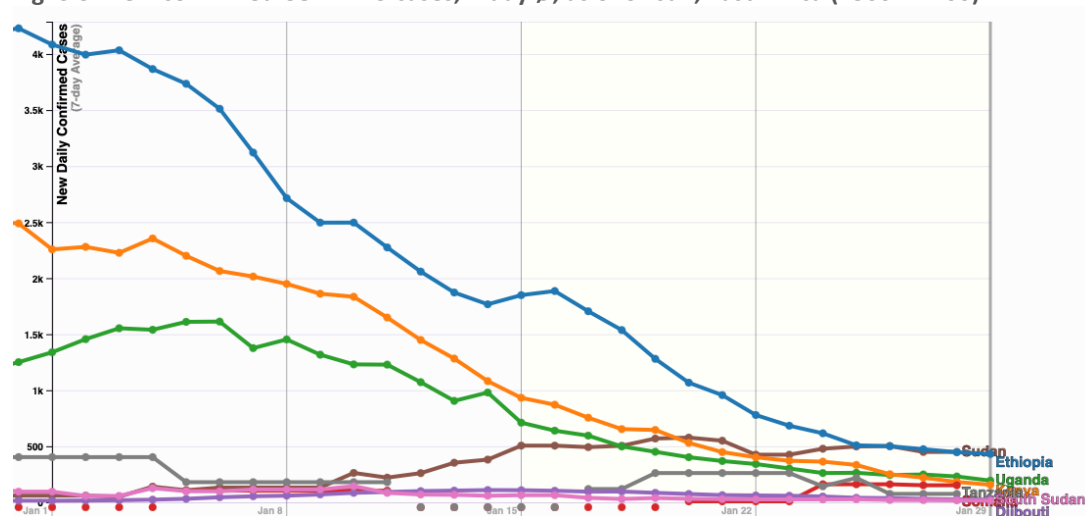


(Source: 91-DIVOC, based on data from Johns Hopkins University)

Rwanda, the Democratic Republic of Congo and Burundi reported decreasing COVID-19 cases. Chad's caseload remained relatively stable throughout the month. Data for the Central African Republic and Cameroon has been disrupted.

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

Fig. 3.5: New confirmed COVID-19 cases, 7-day ϕ , as of 31 Jan, East Africa (1500 + 1700)



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

Ethiopia, Kenya, and Uganda reported declining COVID-19 infections. Djibouti's and South Sudan's cases increased at first but decreased after mid-January. Sudan reported an increase in infections towards the end of January. Data for Tanzania and Somalia has been disrupted.