Economic Trends and Pandemic Development in Sub-Saharan Africa
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Food insecurity grows, as oil-importing countries continue to grow faster than oil exporters

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- Sub-Saharan Africa's growth outlook for 2022 is stable while oil-importing countries continue to grow faster than oil exporters, despite an upward revision of forecasts for the latter.
- In 2020 and 2021, food insecurity increased in several countries that had food security concerns pre-COVID, but data for 2022 shows that new countries now record emergency levels in some geographical areas. These are: Burkina Faso, Nigeria, Angola, Kenia, Zimbabwe, and Ethiopia.
- Based on the mobilizing strategies of initiatives such as the AU-led Partnership for African Vaccine Manufacturing (PAVM), there are signs of optimism for vaccine manufacturing in Africa, including for vaccines against diseases other than COVID-19.

Key economic trends

Stable regional growth outlook, oil-importing countries continue to grow faster than oil exporters

Sub-Saharan Africa's GDP growth rates in 2021 turned out better than had been expected and the outlook for 2022 remained unchanged, despite global turmoil. The World Bank (04/2022) expects SSA's economic activity to expand by 3.6 % in 2022, (up 0.1 % from October 2021), while the IMF's forecast (04/2022) remained unchanged, at 3.8 %. The growth rates recorded for 2021 were revised upwards relative to their previous forecasts: from 3.7 % to 4.5 % (IMF) and from 3.3 % to 4.0 % (World Bank).

For 2022, growth forecasts for oil-importing countries remain stronger than for oil exporters, despite an upward revision of forecasts for oil-exporting countries. Differentiating the real GDP growth outlooks for 2022 for these two country groups, oil-exporting countries are expected to expand by 3.5% and oil-importing countries by 4.0 %. Excluding South Africa, the expected growth rate of the oil-importing group increases to 4.9 %. This indicates once again the **long-standing need for Africa's oil exporters to develop their non-oil export industries to drive economic growth** (IMF).

Oil exporters' growth forecasts were revised upwards by 0.8 %, relative to October 2021 forecasts. The upward revision could have been higher, but **infrastructure bottlenecks constrain an oil production expansion** and limit the ability to benefit from high crude oil prices. Also, **African oil producers depend to a significant degree on fuel imports** due to insufficient refinery capacities, making them dependent on international fuel markets and vulnerable to rising fuel prices. The 2022 growth forecasts for oil-importing states were revised downwards by 0.4 % relative to October 2021, (0.5 % for fragile countries in this group), but oil importers nevertheless continue to grow faster than oil exporters.

Multiple shocks compound the risks of food insecurity in a growing number of countries

Global food and fuel price inflation, greatly accelerated by the pandemic-induced economic disruptions and Russia's war on Ukraine, has increased food insecurity in several countries across the continent. Countries that already experienced food insecurity at crisis level in at least some geographical areas during 2019 now face multiple dynamic drivers accelerating an ongoing problem. **Chad, Central African Republic, Democratic Republic of Congo, Zambia, Eritrea, Somalia, South Sudan, and Madagascar** certainly belong to this group (*see* Fig. *1.1 – 1.2*).

Data for the Q1 of 2022 is still incomplete, but it is already visible that additional countries are starting to experience **pockets of emergency level food insecurity**, including **Burkina Faso, Nigeria, Angola, Kenia, Zimbabwe, and Ethiopia** (*see Fig. 1.3*). Furthermore, the **situation in South Sudan is worsening**, with approximately 63% of the population facing higher (up to crisis) levels of food insecurity (*ibid.*). The UN's OCHA also points to high levels of food insecurity in parts of **Mali,** as well as fast-rising food insecurity in **Uganda's Karamoja region**, for which it estimates that over 40% of the population experience high levels of food insecurity, with some facing emergency levels.

Fig. 1.1: Global Hunger Index (GHI), 2019

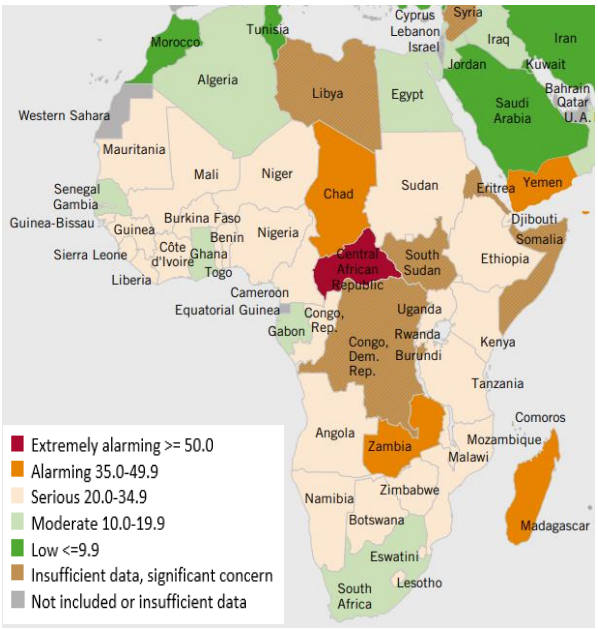
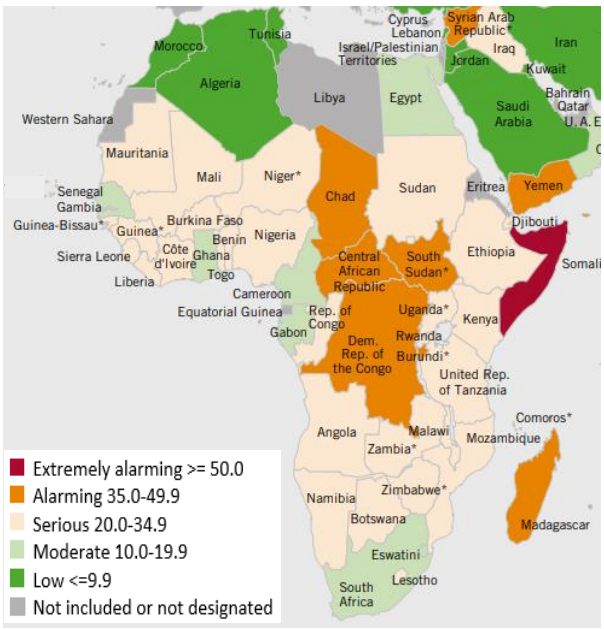


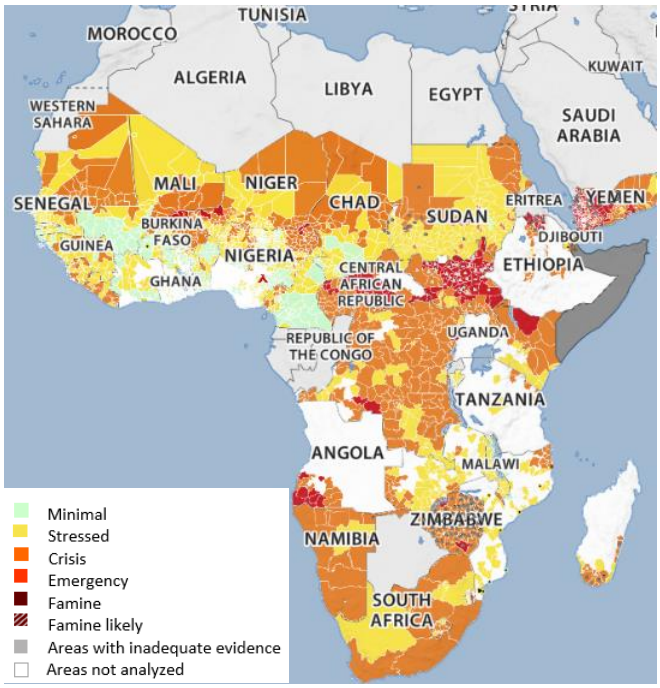
Fig. 1.2: Global Hunger Index (GHI), 2021



Note: The GHI is based on four indicators: the proportion of undernourished people as a percentage of the population, of child wasting, child stunting, and child mortality. From 0 (best) to 100 (worst), the scores indicate country averages.

Source: Welthungerhilfe Global Hunger Index

Fig. 1.3: IPC 2022: Levels of acute food security by severity and local areas



Note: The IPC Mapping Tool color-codes countries by its latest IPC classification for Acute Food Insecurity. The map uses data for African countries in the period of 2020-2022. The color code of each country/area shows the highest severity level affecting at least 20% of the population.

Source: Integrated Food Security Phase Classification (IPC) ipc-mapping-tool | IPC Global Platform (ipcinfo.org)

As stated before, food price increases have been recorded pre-COVID, but the supply and demand shock caused by the pandemic has significantly increased inflation, and the Russian war on Ukraine acts as a further accelerator. **Before the pandemic, cereal markets were already tense:** Stocks of cereals needed to ensure food security shrank between 2017/18 and 2019/2020 due to excess demand. Thus, cereal prices rose by 6.7% between 2019 and 2020, by 27.3% between 2020 and 2021, and by 19.2% between 2021 and 2022 (FAO Cereal Price Index, *see Fig. 1.5*). As the pre-war development of the FAO food price index FPI shows, real food prices jumped up by 26.1 % between 2020 and 2021 *(see Fig. 1.4)*, following an increase in oil prices, labour shortages in the wake of the COVID-19 pandemic and crop shortfalls due to bad weather and climate change effects. The additional global supply chain disruptions caused by the war have inflated the prices of several commodities in 2022 Q1, especially of wheat, maize, edible oils, and fertilizer, as well as crude oil, gas, aluminium, and palladium. **Agricultural prices increased by 8% in 2022 Q1** and are expected to have risen further in Q2.

Fig. 1.4.: FAO Food Price Index in nominal and real terms

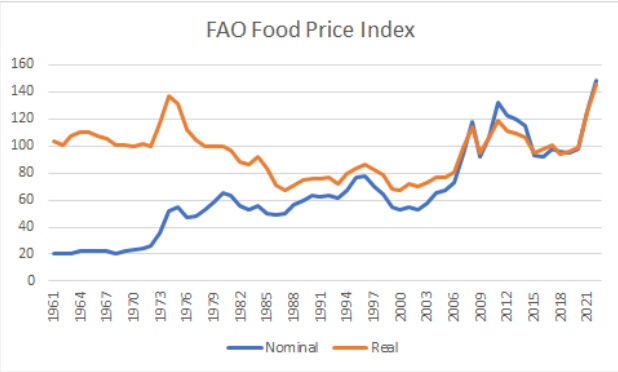
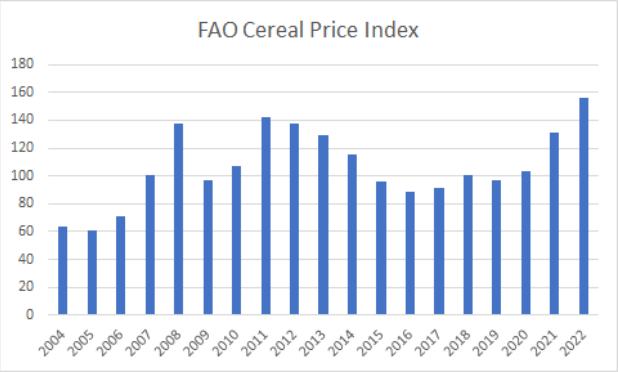


Fig. 1.5: FAO Cereal Price Index



Note: Nominal food prices refer to the current monetary costs of buying food, not adjusted for inflation. Real food prices consider the effects of inflation and depict the actual purchasing power.

Source: FAO Food Price Index | World Food Situation | Food and Agriculture Organization of the United Nations

Climate change has been a growing driver of food security for years, with local effects in particular leading to acute shortages in some countries. In the current food security crisis, it also limits the capacities of the global economic system to alleviate acute food shortages in Africa, as the case of India's retracted offer to step in with increased wheat exports has shown. Due to a scorching heat wave in the world's second biggest wheat producing country in April and May, India's production was unexpectedly stunted. Coming on top of fast-rising global crop prices due to the war on Ukraine, India saw its national food security threatened and imposed a wheat export ban on 13 May.

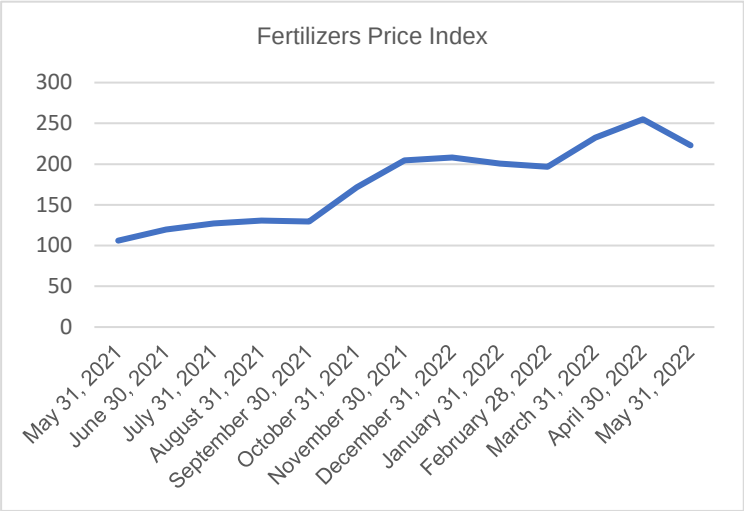
Disruptions in global fertilizer markets due to the war on Ukraine further threaten food security

Russia is one of the world's largest exporters of fertilizers and the international sanctions against the country due to its invasion of Ukraine have led to global supply shortages and rising prices. Between February and April 2022, fertilizer prices increased by 30% (see Fig. 1.6). In 2021, Russia was the world's largest exporter of nitrogen fertilizer and the second-largest supplier of potassic and phosphorous fertilizers. The international sanctions have disrupted trade between the country and large parts of the world economy, while rising transport and transaction costs increased the costs of doing business with Russia for countries not participating in the sanctions. Also, Russia's decision to temporarily suspend some of its commodity exports to several countries has led to another surge in commodity prices.

However, fertilizer prices had already faced upward pressures before the war. A Chinese export ban and a Canadian rail strike, for example, disrupted global supply chains in the recent pre-war past. In addition, global fertilizer markets face price increases of raw materials such as ammonia, nitrogen, nitrates, phosphates, potash, and sulphates. Prices for these materials have on average increased by 30% in 2022, but

the price increases also pre-date the war: since the beginning of 2020, prices for phosphate and potash prices have increased over threefold, while nitrogen fertilizer prices have increased fourfold. The already tight market is further constricted by surging prices of natural gas and by renewed shipping and transport disruptions.

Fig. 1.6. Course of fertilizer prices between May 2021 and May 2022



Note: The Fertilizers Price Index is the weighted average of natural phosphate rock, phosphate, potassium, and nitrogenous prices (based on USD). The Index is at a current level of 223.11, down from 254,97 last month and up from 106.07 one year ago. This is a reduction of 12.50% from last month and a 110.3% increase from one year ago.

Source: Fertilizers Price Index (ycharts.com)

SSA is exposed to higher fertilizer prices across the region: 8.4% of its imports come from RUS and UKR, of which 7.7% come from RUS. Moderately to highly exposed are West African countries such as Senegal, Congo (Brazzaville), Mauritania, Benin, Côte d'Ivoire, and Ghana. The disrupted supply and use of fertilizer are likely to negatively impact short- to medium-term farming yields in Africa, but effects will be distributed unequally. While larger farmers will be able to substitute Russian products with higher-priced alternatives, smaller agro-businesses face reduced fertilizer usage and associated yield losses. Against this backdrop, the AfDB has announced the adoption of a 1.5 billion USD aid package to subsidize fertilizers and improved climate-adapted seeds. Several countries are able to meet at least some of their needs through increased local fertilizer production, e.g. NGA, Kenya, and Morocco. In Lagos (Nigeria), for example, a 2.5 bn USD fertilizer plant was finished in March 2022 and is expected to make a significant contribution to higher productivity of Nigerian agriculture, while also offering exports to other African countries.

Positive outlook for the regional tourism sector

Overall, economic outlook for the African travel and tourism (T&T) sector for 2022 is positive, despite setbacks during the first Omicron wave (see Monthly Briefing January). According to the World Travel & Tourism Council (WTTC) the travel and tourism sector of the continent is expected to record average annual GDP growth rates of 6.8% over the next ten years (2022-2032). By the end of 2022, the sector is expected to contribute 5.1% to the continent's total GDP, compared to 6.8% in 2019, 3.8% in 2020 (YOY reduction of 47.1%) and 4.4% in 2021 (YOY increase of 23.5%)(WTTC). This return to stronger growth rates signals a recovery of the sector, which is a key condition for an inclusive economic recovery of the region, given the central role of the sector for employment in over a dozen countries in Sub-Saharan Africa (and more in North Africa). In fact, the WTTC expects the sector to create up to 14 million jobs on the continent over the next decade.

	2019	2020	2021	2022
% T&T share of total GDP % T&T GDP change	6.8%	3.8% -47.1%	4.4% +23.5%	5.1% +20.5%
% T&T share of employment % T&T change in jobs	5.7%	-22.9%	+8.2%	+3.1%

Key health trends

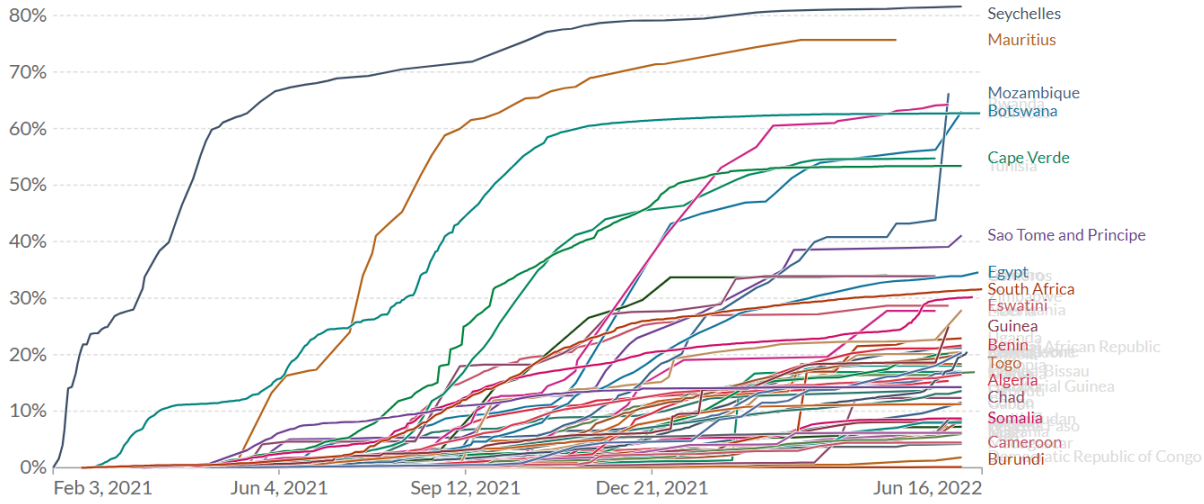
COVID-19 key facts and figures

Graphs on new Covid-19 cases in African partner countries will, until further notice, no longer be presented in this monthly briefing. The detections rates of new cases have decreased significantly due to a reduction in testing while hospitalization and death rates remain low. Should this change, monitoring will be resumed.

Since the start of the pandemic, 53 AU Member States (MS) experienced a 3rd wave of infections, 47 MS a 4th wave, 17 a 5th wave and two (MUS and KEN) a 6th wave. SARS-CoV-2 variants of concern reported to be in circulation: Alpha (50 MS), Beta (45 MS), Delta (50 MS), Gamma (3 MS), and Omicron (49 MS).

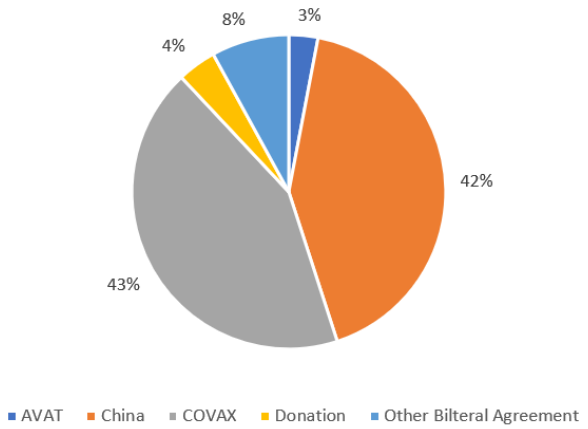
As of 16 June 2022, 17.4% of Africa's population had their **COVID-19 vaccination completed** (2 doses). Of the 818 Mio doses supplied to the continent, 71.4% had been administered. Vaccination campaign progress differs largely among countries: **Eight countries vaccinated more than 50% of their population, while 14 countries vaccinated less than 10%**. The vaccination rates of the seven most populous countries in SSA reflect this heterogeneity: NGA: 7.96%, ETH: 18.06%, COD: 1.85%, ZAF: 31.57%, TZA: 6.37%, KEN 16.77%, and UGA 22.90% (*see Fig 2.1*).

Fig. 2.1: Share of population fully vaccinated against COVID-19, as of 17 June 2022



Source: COVID-19 Data Explorer - Our World in Data

Fig. 2.2: Procured doses by procurement mechanism, WHO Africa region, in June 2022



Source: based on WHO Officially reported Covid-19 vaccination data

Growing capacities for vaccine production despite expected challenges to industry development

Preparedness and response to the COVID-19 pandemic has in several African countries benefited from previous experiences with Ebola outbreaks (see, e.g., DRC, UGA, GIN, SLE, NIG, LBR). According to the WHO Regional Director for Africa Dr. Moeti, communities were recognized as playing a key role in terms of surveillance and dissemination of information, but also as resources of information for designing successful containment strategies. Capacities for testing, screening, and surveillance that were put in place during Ebola outbreaks were repurposed for COVID-19. It is estimated that this has led to smaller disease spreads, e.g., in Uganda, than in neighboring countries without Ebola experience. Moreover, Ebola experiences fostered the rapid exchange of information between countries and the ability to cooperate.

There are some signs of optimism for the successful development of local vaccine production in Africa, despite expected difficulties. So far, full vaccine manufacturing capabilities have been established in five African countries (Egypt, Morocco, Senegal, South Africa, and Tunisia), all with modest production capacities that to a large extent depend on external funding. Since the 2007 adoption of the AU-led Pharmaceutical Manufacturing Plan for Africa (PMPA), technological innovations have reduced costs of continental production and new tools, such as the African Medicines Agency or the Framework For Action (FFA) by the Partnership for African Vaccine Manufacturing (PAVM) of the Africa Centers for Disease Control, have been initiated. Local vaccine manufacturing is now supported by collaborations between the FFA, national pharmaceutical agencies, and independent, private companies. Technology transfer partnerships promote capacity building in manufacturing facilities at various stages. Examples are the Institut Pasteur in Morocco, Biovac in South Africa, Innovative Biotech in collaboration with Merck in Nigeria or the multinational South African pharmaceutical company Aspen in South Africa. However, challenges are significant. Aspen Pharmacare recently stopped production of COVID-19 vaccines at Africa's largest plant, which might have to shut down due to a lack of orders. African leaders from South Africa, Kenya, Rwanda, Egypt, and Ghana are collaborating in efforts to save the plant.