GPublication for *The Africa Roundtable*

Embracing Africa

Policy Briefs: Financial Inclusion, the Impact of Covid-19 and Effects of the War in Ukraine

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Global Perspectives Initiative in cooperation
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and the Mo Ibrahim Foundation

GPI

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The Global Perspectives Initiative

The Global Perspectives Initiative (GPI) supports the United Nations Sustainable Development Goals (SDGs), which aim to make the world a safer and more equitable place by 2030. In doing so, we call for more global responsibility on Germany's part. GPI brings together stakeholders from politics, business, civil society, academia and media to discuss approaches and create actionable goals for sustainable global development. As a non-profit and neutral platform, the initiative raises awareness of the opportunities and challenges of a global society and aims to positively affect public discourse in Germany.

The Africa Roundtable

With *The Africa Roundtable*, GPI has established a high-level programme that brings together decision-makers from African countries and Germany who are active in politics, business and civil society to develop joint, sustainable solutions. The three pillars of *The Africa Roundtable* are research, personal encounters and communication. Encounters take place within the framework of a bi-annual high-level conference and in bilateral talks between decision-makers from African countries and Germany.

STRUCTURE

PREFACE: EMBRACING AFRICA

For the second time, the Global Perspectives Initiative is inviting decision-makers from Africa and Europe to *The Africa Roundtable*, a high-level forum to discuss mutual challenges and opportunities for embracing a new era of partnership and prosperity.

This White Paper is a collection of materials for the *The Africa Roundtable 2022: Recovery, Preparedness and Resilience in Times of Crises*, happening on 12 May 2022. The material is authorised by our partners, the UN Economic Commission for Africa and the Mo Ibrahim Foundation. They outline facts and ideas that are intended to provide inspiration for the discussion at *The Africa Roundtable* and beyond.

Last year, Federal President Dr Frank-Walter Steinmeier emphasised in his opening of *The Africa Roundtable* that "we have to do everything we can together. We, Africa and Europe, need each other to tackle the major challenges. And we can learn a lot from each other." At the time, he set focus on the Covid-19 pandemic and climate change, two external shocks that hit Africa dramatically. Decision-makers and experts at *The Africa Roundtable 2021* discussed recovery strategies for African economies and how to integrate the objectives of a green transition in an economic upswing. One year later, another external shock has had a huge impact on our neighbouring continent. The gruesome war in Ukraine exacerbates the conditions for economic recovery and produces additional challenges in Africa and Europe: humanitarian, economic and geostrategic. Food insecurity is becoming a major threat in parts of Africa as the agricultural sector is heavily affected by trade embargos and shortages of wheat and fertiliser. Inflation and growing national debt endanger the stability of many African countries dramatically.

The research paper provided by UNECA outlines the financial preconditions and the determinants of Africa's fiscal response to current global crises. It describes areas of intervention for economic recovery and a more inclusive financial architecture. At *The Africa Roundtable* in 2021, representatives from the continent already asked for more equitable conditions on the financial markets and demanded Special Drawing Rights from the IMF, especially for middle-income countries. A paper from the Mo Ibrahim Foundation compiles facts and figures about the impact of the war in Ukraine on Africa, while an extract of the Covid-19 in Africa report covers the challenging road to self-sufficient health infrastructures.

There are many promising opportunities for Africa-Europe relations which should be taken and intensified now. *The Africa Roundtable* is a dialogue platform to share lessons learned and best practices which should be embraced on both sides of the Mediterranean Sea. We thank all our partners and participants in supporting this endeavour.

Dr Ingrid Hamm
Co-Founder & CEO, Global Perspectives Initiative

Research Paper
Global Financial Inclusion Is Key to Africa's Future
White Paper by the United Nations Economic Commission for Africa for *The Africa Roundtable*

1 OVERVIEW

The Economic Commission for Africa has developed this food-for-thought paper to provide an overview on key concepts and mechanisms for the deliberations on financial inclusion taking place at *The Africa Roundtable*, convened under the aegis of the Global Perspective Initiative.

Definitions of financial inclusion revolve traditionally around the process of ensuring access to financial products and services by all sections of society and vulnerable groups. This paper takes a broader view of financial inclusion as 'measures that promote or undermine affordable access to development finance at scale and at national and sub-national levels'.

In highlighting and interrogating the drivers of Africa's financial exclusion from development financing, the brief discusses the current context for financial inclusion and concludes with policy perspectives for taking actions in five areas of intervention for a more equitable, inclusive, and responsive global development architecture.

Appropriately designed and executed, financial inclusion programs can promote growth, reduce poverty and inequality, and foster financial stability.

2 RISING INEQUALITIES BETWEEN ECONOMIES

Disproportionate fiscal responses

Across the globe, disproportionate fiscal responses and divergent recoveries from the COVID-19 pandemic have emphasized the need to shift focus away from the traditional preoccupation with financial inclusion within countries towards greater attention to the issues of inequity in access to development financing among countries.

As an illustration, the United States and the European Union had committed respectively 25 per cent and 12 per cent of their GDP to manage the pandemic[1]. The corresponding figure for African countries was a mere 1.8 per cent (or USD 44 billion) of their collective GDP[2].

In 2020, Africa experienced its first recession in decades because of limited fiscal response. The debt burden (measured by the debt to GDP ratio) increased from 60 per cent in 2019 to 71 per cent in 2020. Four African countries (Republic of the Congo, Mozambique, São Tomé and Príncipe and Somalia) experienced debt distress in the first quarter of 2021 and some 55 million Africans were pushed into extreme poverty[3].

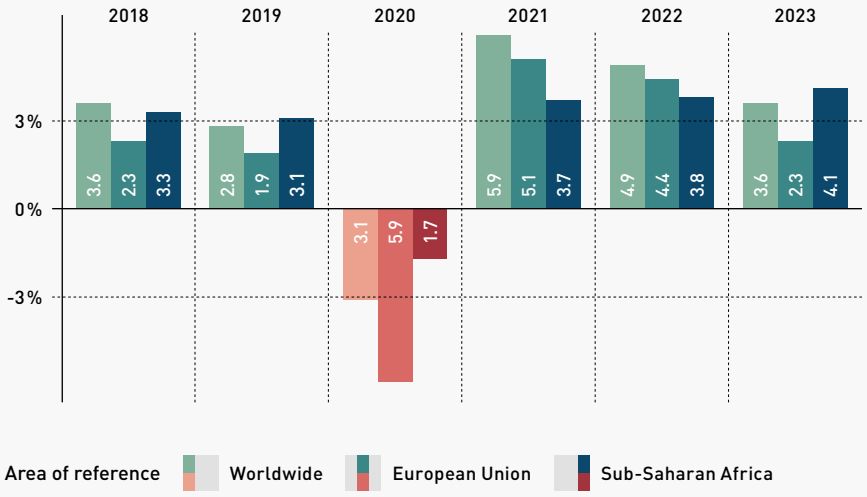
Projected slowdown of economies
The disproportionate fiscal responses by developing and developed countries is widening divergence in recoveries from the pandemic. The highly uneven pace of recovery in turn is raising inequalities between the developed and developing countries and within developing countries.

Following a strong rebound in 2021, economic growth in developed countries is expected to narrow to 0.4 per cent by 2023 while a notable deceleration in developing economies is predicted to be much larger at 2.4 per cent. Africa, Latin America and the Caribbean and Southern Asia are expected to experience the largest and most persistent output losses[4].

3 AFRICA IS FACING INCREASED ECONOMIC AND FINANCIAL CHALLENGES

Endangered recovery from the pandemic
Africa is experiencing a much weaker recovery from the pandemic than other regions. Sub-Saharan Africa's real GDP growth rate (3.7 per cent) in 2021 trailed the global average (5.9 per cent) and other regions, implying a relatively slow recovery (Figure 1). Africa's growth was driven by higher commodity prices, increased global demand and agricultural sector growth[5]. However, the recovery has been hindered by high inflation and tighter global financial conditions. Rising inflationary expectations and looming interest rates hikes in advanced economies have increased the risk of capital reversals.

Figure 1
Worldwide, European Union and Sub-Sahara African GDP growth rate 2018–2023 (projected).



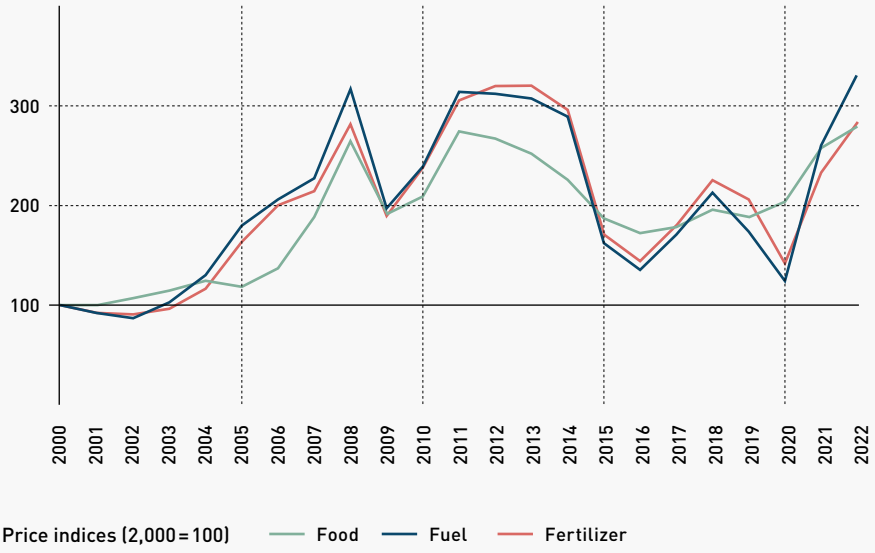
Source: International Monetary Fund (2021)

Moreover, low rates of vaccination against COVID-19 on the continent, estimated at only 31 doses of vaccine per 100 people, on average, by mid-March 2022, undermine a quick recovery from the pandemic.

Struggling with the economic and social impact of the Ukraine crisis

To make matters worse, the ongoing crisis in Ukraine is exacerbating the continent's economic and social vulnerabilities. Wheat, maize and fertilizer prices skyrocketed, threatening food security on the continent. Energy prices have also surged to their highest level since 2008, exerting inflationary pressures on other goods and services, with the poorest and most vulnerable populations most affected.

Figure 2
Food, fuel and fertilizer prices in Low- and Middle Income-Countries 2000–2022 (projected).



Source: FOA/IMF/Worldbank

Liquidity constraints and elevated financial vulnerabilities

Given the importance of liquidity to economic recovery, ensuring financial inclusion through equitable access by developing countries to affordable financing is vital. However, the global financial architecture has not been sufficiently responsive to the development financing needs of developing and emerging market economies. As a result, the fiscal response of most African countries has not been commensurate to the gravity of the crises and their development financing needs. Limited access to external financing has in turn fueled domestic financial exclusion by constraining credit to the domestic private sector with a disproportionately negative impact on SME's.

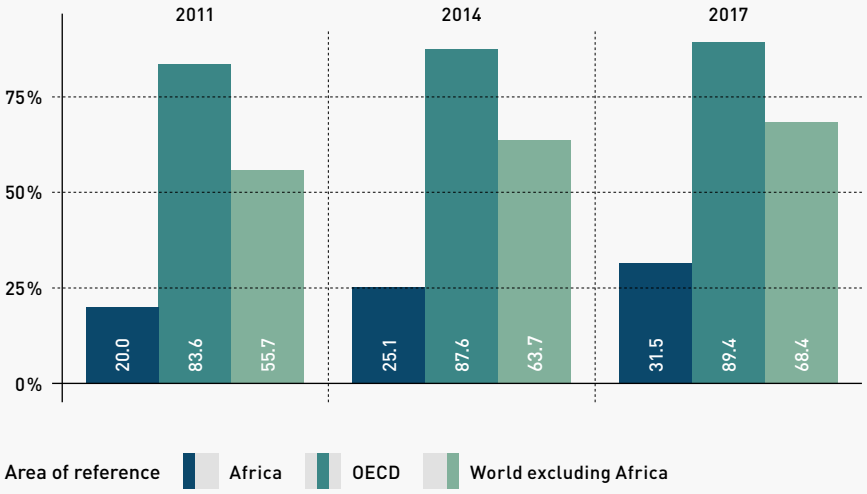
4 THE DETERMINANTS OF AFRICA'S FISCAL RESPONSE TO CURRENT GLOBAL CRISES

4.1 Domestic factors

Low levels of domestic resource mobilization
Africa's weak fiscal response to the crises has been underpinned by weak domestic resource mobilization and barriers to accessing affordable external development financing at scale.

Constraints to domestic resource mobilization include, weak tax administration systems, excessive tax exemptions, substantial illicit financial outflows, shallow domestic capital markets and low levels of financial inclusion which have deprived African economies of savings from large segments of society that remain outside the banking system. Only 31.5 per cent of Africa's population has a bank account compared to 89.4 per cent and 68.4 per cent respectively of the OECD and the rest of the world (see Figure 3).

Figure 3
Percentage of individuals with an account at a bank or another type of financial institution 2011–2017.



Source: World Bank (2018)

$83 billion loss annually through illicit financial flow
In 2019, the tax revenue to GDP ratio in Africa was 14.9 per cent, well below the average of Latin America and the Caribbean (23.1 per cent) and that of the States members of the Organisation for Economic Co-operation and Development (34.3 per cent). The continent loses an estimated USD 83 billion annually through illicit financial flows contributing to low rates of domestic resource mobilization.

4.2 External factors

Concessionary financing and the high cost of borrowing
Inadequate access to concessionary[6] financing, the relatively high cost of borrowing from private capital markets, limited access to concessionary financing by vulnerable middle-income countries and restrictive policy conditionalities are the key drivers of financial exclusion. With respect to private financing, exclusion is manifested by the high premium on sovereign bonds, driven in part by high credit and liquidity risk perceptions.

Notwithstanding the rapid growth in private credit, official development financing remains the dominant source of development finance to Africa, accounting for roughly 60 per cent of all public and publicly guaranteed credit to Africa in 2019. Official development financing has however, not been available at sufficient scale to address Africa's growing annual development financing needs estimated at USD 285 billion prior to the pandemic.

Limited lending capacity of Multilateral Development Banks
Currently, the financing needs of developing countries, estimated at USD 2.5 trillion prior to the pandemic, exceed the lending capacity of the International Monetary Fund (IMF), estimated at a total of USD 1 trillion. Furthermore, multilateral support to the global crises is on the decline. The Fund's support to the pandemic in 2021 of USD 67 billion[7] was less than its funding commitments during the global financial crisis which reached USD75 billion between January and September 2009.

Lending to Africa by multilateral development banks has not been commensurate with the continent's development financing needs and the additional financing requirements of the pandemic. The resources committed to low-income African countries by Multilateral Development Banks, represent only 26 per cent of their financing needs[8].

Constraints of the Poverty Reduction and Growth Trust
Over the period 2010—2021, concessional lending by the IMF to 39 African countries through the Poverty Reduction and Growth Trust (PRGT), accounted for less than 5 per cent of their GDP[9].

Moreover, the resources of the PRGT have been stretched by the fiscal demands of the pandemic. Lending through the PRGT (SDR 6.5 billion) in 2020 was much higher than the long-term capacity of the facility (i.e., SDR 1.25 billion)[10]. If this trend continues, the IMF would require additional resources to subsidize PRGT loans and safeguard bilateral contributors from default.

Official Development Assistance
Meanwhile, net bilateral Official Development Assistance (ODA) flows from Development Assistance Committee (DAC) members to Sub-Saharan Africa (SSA) fell by 1 per cent in real terms in 2020 and is expected to decline further as developed countries respond to their domestic financing priorities[11].

Domestic drivers are partly a function of external liquidity challenges

Limited access to concessionary financing coupled with high cost of private credit, influence the volume and cost of financing at the domestic level. Moreover, when countries experience credit downgrades by credit rating agencies, it has implications for the credit ratings of all entities within the country's domestic finance ecosystem.

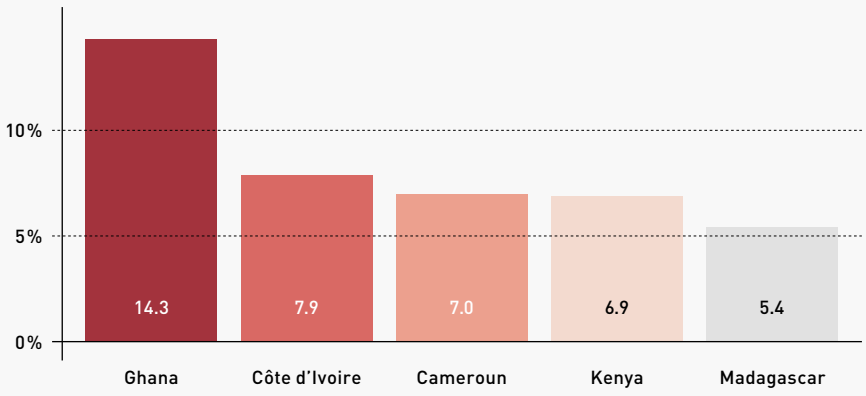
Hence, addressing the external drivers of financial exclusion can foster financial inclusion at the domestic level by minimizing the tendency for cash-strapped governments to crowd-out the private sector and SME's in particular, from access to scarce liquidity.

Credit to the private sector accounts for an average of 42 per cent of GDP in sub-Saharan Africa and 44 per cent in North Africa, compared with 123 per cent in middle-income countries. According to surveys of banks in African countries by the European Investment Bank, nearly two-thirds of banks have tightened their credit standards. Approximately 62 per cent of SMEs in sub-Saharan Africa in need of a loan do not have access to it, either because of rejection of their application (3.2 per cent of cases) or more often, because they are discouraged and hence do not even apply.

The concentration of development financing in a minority of countries

The inadequacy of official credit is compounded by the concentration of development financing in a few countries. For instance, the five largest users of the IMF's Poverty Reduction and Growth Trust (PRGT) credit as of January 31, 2021 (i.e., Ghana, Cameroun, Côte d'Ivoire, Kenya and Madagascar) account for 41.4 per cent of all outstanding from the facility. Four of these countries have market access (i.e., Ghana, Cameroun, Côte d'Ivoire and Kenya) and collectively, account for SDR 3.6 billion or 36.0 per cent of such loans (Figure 4).

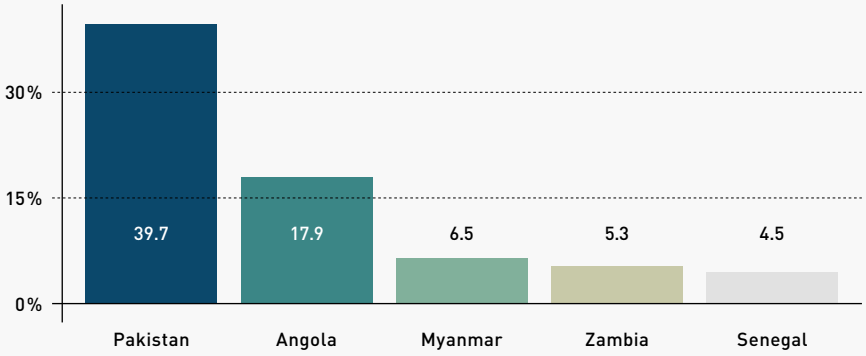
Figure 4
Percentage of PRGT loans outstanding.



Source: UNECA (n.d.)

In effect, countries with market access are crowding out those with limited alternative financing options. This trend should be of concern to other beneficiaries of the PRGT as their financing needs continue to grow in a context of elevated debt vulnerabilities precipitated by the pandemic [12]. Similarly, five countries (Figure 5) accounted for 74 per cent of the total debt service payments deferred by the G20 Debt Service Suspension Initiative (DSSI) as of the end of 2020.

Figure 5
Percentage of debt service payments deferred by the G20 Debt Service Suspension Initiative.



Source: World Bank (2022)

5 GLOBAL INITIATIVES TO ENHANCE DEVELOPMENT FINANCING

Beyond the traditional financing mechanisms provided through multilateral and bilateral sources, global initiatives such as the G20 DSSI, the G20 Common Framework on Debt Treatments beyond the DSSI (The Common Framework) and the new issuance of USD 650 billion worth of Special Drawing Rights (SDRs) have also not been sufficiently inclusive to expedite recovery from the pandemic.

5.1 The Debt Service Suspension Initiative (DSSI)

The G20 Debt Service Suspension Initiative was established in May 2020 to defer the debt service payments of low-income countries. By the time of its expiration in December 2021, the initiative had deferred a total of USD 12.9 billion in debt service payments [13] of the 48 countries (out of 73 eligible countries) that had participated in the initiative.

However, the DSSI lacked financial inclusiveness in two respects: eligibility was restricted to low-income countries leaving out vulnerable middle-income countries; and support measures focused only on official debt to the exclusion of the relatively more costly private debt of such countries. Even though the initiative urged private creditors to participate on comparable basis, only one private creditor participated.

Furthermore, several participating countries suffered credit rating downgrades sparked by fears that participation signaled possible default on private debt. By the end of 2020, only 25 of 38 eligible African countries had signed a memorandum of understanding to participate in the DSSI initiative.

5.2 The G20 Common Framework for debt treatment beyond the DSSI

The G20 Common Framework for Debt Treatment seeks to restructure the debt of eligible countries. However, like the DSSI, it narrowly targeted the bilateral debt of low-income countries and has failed to garner private creditor support and participation. The initiative has also been stalled by the threat of credit downgrades of participating countries as well as difficulties in coordinating creditors around an agreed debt restructuring framework. To date, only three countries (i.e., Chad, Ethiopia and Zambia) have participated in the initiative; Ethiopia experienced a credit downgrade following its participation in the initiative.

5.3 Special Drawing Rights

SDRs are a reserve asset issued by the International Monetary Fund, that enables holders of such assets to exchange them for currencies of member states of the fund. Based on the agreement of at least 85 per cent of its membership, the Governing Board of the fund authorizes new issuances of SDRs to member states based on their IMF quota which is determined by the size of their economies.

An important source of liquidity

SDRs are an important source of liquidity since they are an automatic line of credit available to all IMF member countries regardless of their level of income; countries are not required to repay their SDRs hence, do not incur debt from the use of such funds. The cost to using SDRs is marginal (as low as 0.05 per cent of the utilized amount) and SDRs can boost the level of international reserves of developing economies, strengthen their external positions and free up resources to meet the Sustainable Development Goals (SDGs).

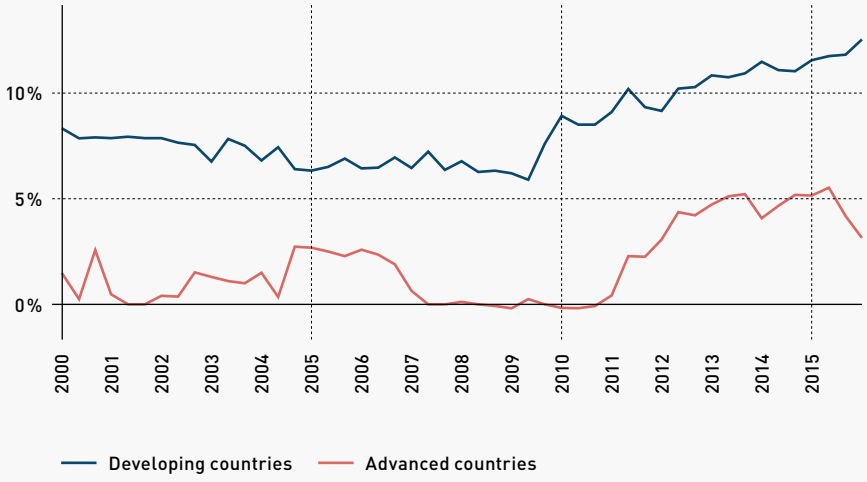
Regressive Special Drawing Rights Allocation Formula

The new general allocation of USD 650 billion worth of SDRs represented a unique opportunity for the development community to boost liquidity and support the recovery of developing countries without elevating their debt vulnerabilities. However, the SDR allocation formula is based on a country's IMF quota share. In that sense, the allocation mechanism is regressive because it provides more resources to rich countries that need and utilize them the least, and relatively fewer resources to developing countries that need and use them most.

Based on their quota share of 35.6 per cent, developing economies were allocated USD 231.4 billion worth of SDRs. The majority, representing 64.4 per cent (USD 418.6 billion), went to developed countries. African countries were allocated USD 33.8 billion based on their total quota share of 5.2 per cent. On average, each African country received approximately USD 611 million of the new SDR issuance compared to USD 40.4 billion for each of the G7

countries[14]. Yet, developing economies have a higher SDR utilization rate than developed economies (Figure 6). The median developed country utilizes only 6 per cent of its SDRs compared to 53 per cent for Africa. Furthermore, developing countries' use of SDR intensifies in times of crisis as they face increasing financing needs coupled with tighter liquidity constraints and more limited fiscal space (Figure 6).

Figure 6
Percentage of SDR utilization rates in developing and advanced countries 2000–2015.



The utilization rate (proportion to the IMF quota) refers to the difference between allocations and holdings divided by the quota share

Based on: International Monetary Fund (2021)

5.4 The Resilience and Sustainability Trust

On April 13, 2022, the Executive Board of the IMF approved the establishment of the Resilience and Sustainability Trust (RST) with effect from May 1, 2022. The RST provides long term (i.e., 20-year maturity and a 10.5-year grace period) to all low-income countries, all developing and vulnerable small states and lower middle-income countries. Low income countries will receive the most concessional interest rates (a margin above the three-month SDR rate). The trust will be funded through voluntary contributions including SDRs from developed countries. The initial target is USD 45 billion[15]. The loans will focus on addressing longer-term structural challenges including climate change and pandemic preparedness. The broader eligibility of the RST coupled with its longer-term financing makes it an attractive and important financing window particularly for lower-middle income countries. On the other hand, to be impactful, the balance sheet of the trust will need to be scaled up in line with the increased number of eligible countries. Alternatively, the RST will have to be structured to leverage the much larger financial assets of the private sector.

5.5 Private external financing

Mobilizing a significant portion of privately held global financial assets to Africa is imperative to achieve the development financing needs of the continent. Inadequate levels of public financing, coupled with the regressive SDR allocation formula suggests the need for a central role of private financing in the development landscape.

The bulk of global financial assets, currently worth USD 379 trillion, are held by private sector financial institutions and investors making them an attractive source of development financing. Private finance mobilization has however not increased significantly beyond 2015 levels, and continues to face multiple challenges.

Public finance mobilizes around USD 30 billion of private finance annually, with most of the resources going to middle-income countries and only a fraction of such resources flow to Africa in particular and developing countries in general. For instance, Africa currently only accounts for 1 per cent of the USD 600 billion green bond market.

Furthermore, access to capital markets by Africa sovereigns is constrained by the fact that their bond issuances attract relatively higher interest rates (i.e., 100 to 260 basis points higher) than comparable issuances by their peers with similar economic fundamentals. This elevates their debt vulnerabilities and disincentivizes capital market access. In effect, despite the recent growth in private credit to Africa, access has been limited in terms of cost and the relative size of such flows to green investments.

6 THE DEMOCRATIC DEFICIT OF GLOBAL FINANCIAL INSTITUTIONS

Marginal voting power of African member countries

Beyond access to finance, the ability of countries to influence the decision making of key multilateral development banks is a fundamental to financial inclusion. However, the voting power of member countries in such institutions is determined by the number of shares of the capital stock of the institution held by the member country and or the economic size of the country[16]. This is the case for the IMF, the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). The United States (23.66 per cent), Japan (5.87 per cent), Germany (5.36 per cent), France (5.04 per cent) and the United Kingdom (5.04 per cent) account for the top 5 voting shares in the World Bank.

The governance structure that underpins the SDR allocation process is yet another example of a global financial decision-making process that suffers a democratic deficit. SDR allocations of USD 650 billion or below require at least 85 per cent of the total votes of IMF member countries and thus, the United States, which holds 16.5 per cent of the fund's total voting power. African countries account for a mere 5.2 per cent of the IMF quota rendering them relatively voiceless in SDR allocation decisions and marginal beneficiaries of such allocations.

7. AREAS OF INTERVENTIONS FOR A MORE INCLUSIVE FINANCIAL ARCHITECTURE

Reversing the credit squeeze on Africa

Building a durable recovery, and reversing the credit squeeze on Africa's domestic private sector will require a re-calibration of the existing financial architecture to ensure:

- scaled-up access to concessionary financing by low-income countries;
- scaled-up access to affordable private financing including through increased blending of public and private resources and market mechanisms to compress yields on sovereign bonds;
- exceptional access to concessional financing by vulnerable middle-income countries particularly in times of crises;
- a more equitable SDR allocation mechanism that takes into account the financing needs of developing countries and;
- greater voice of developing countries in global financial decision-making.

7.1 Scaling-up access to concessionary financing by low-income countries

The increasing development financing needs of developing countries coupled with the high cost of private financing suggests the need to recapitalize MDBs and scale up access to affordable financing. In this context, SDRs constitute a low-cost option to boost the lending capacity of development banks and bolster regional financing institutions.

Development banks that are prescribed holders of SDRs could issue bonds to the IMF in return for SDRs, which could be used for long-term loans at the SDR rate. Recycling a portion of the new SDR allocation to MDBs would scale up their lending capacity at relatively low cost given the low interest rate associated with the use of SDRs.

SDRs should also be used to bolster the PRGT, the IMF's concessionary lending facility. This would supplement existing SDR loans to the facility by donor countries. In addition, the DSSI should be reinstated for an additional year to support countries' efforts to withstand the unfolding economic effects of the Russia-Ukraine conflict.

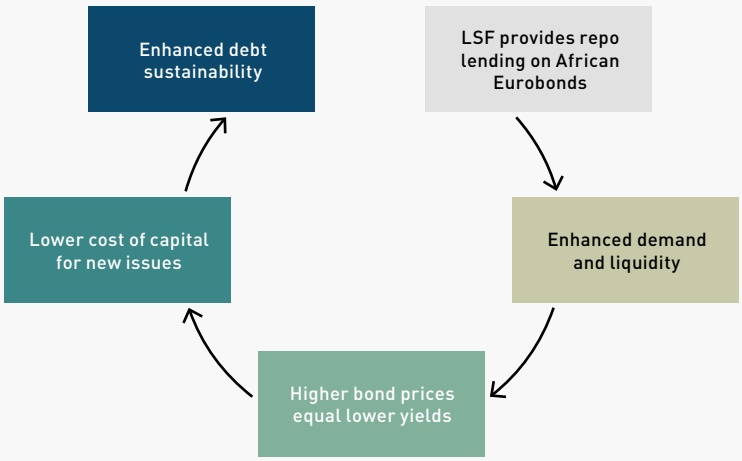
But even without additional capitalization, MDBs can expand their lending capacity if they include callable capital in their capital adequacy calculations. Callable capital refers to guarantees that shareholders of MDBs have committed to pay if MDB's ever need such resources to cover defaulting borrowers. However, due to their preferred creditor status, defaults are rare, implying that callable capital can be deployed to augment the lending capacity of MDBs. In practice however, MDBs do not count this as part of their capital base, hence, their lending capacity is significantly lower than their potential. It is estimated that six MDBs[17] have about USD 900 billion in callable capital commitments which have never been utilized[18].

7.2 Crowding-in private financing at affordable rates

The high cost of private capital to African sovereigns is associated with credit risk perceptions (i.e., that borrowers will default on their loans) and with the ease with which creditors can liquidate (offload) their debt instruments without having to hold on to them till maturity (liquidity risk). MDBs can reduce the credit risks of African sovereigns through multilateral guarantees and the extension of the MDB's preferred creditor status to sovereign borrowers. Private investors may also be more inclined to invest in a country with an MDB to take advantage of its technical expertise and unique knowledge of the country.

Reducing the liquidity risk associated with private capital financing can be achieved through the creation of repurchase agreements or repo markets. Repo markets make it possible for holders of financial instruments to access short term financing using such instruments as collateral. Advanced countries have a long history of enhancing the liquidity of financing instruments through repo markets. The Liquidity and Sustainability Facility (LSF), launched by ECA and PIMCO in 2021, seeks to improve the liquidity and attractiveness of African sovereign bonds by providing repo financing to holders of such instruments. By making African sovereign bonds the key that unlocks access to competitively priced financing by the LSF, the facility seeks to increase the demand and price of new bond issuances and consequently, lower their yields. It is envisaged that, because of the signalling effect of the LSF, the impact on new bond prices would be immediate. It is estimated that African economies with access to capital markets could save up to USD 11 billion in the first five years of the operationalization of the LSF. Furthermore, the LSF has the potential to incentivize sustainability-linked investments in the continent by offering preferred interest rates on loans collateralized by green bonds.

Figure 7
The LSF will help drive a virtuous cycle for Africa from liquidity to debt sustainability



7.3 Exceptional access to concessionary financing by vulnerable middle-income countries

Although the pandemic had a pervasive impact on the world economy, countries dependent on tourism and transport were disproportionately affected. Several of these countries are low and upper middle-income countries in Africa. However, by virtue of their income classification, vulnerable middle-income countries did not benefit from key global initiatives such as the DSSI and the common framework. Many were also not eligible for concessionary financing by MDBs. Yet, unlike advanced countries, this category of countries does not have unlimited access to reserve currencies needed for a robust response to the crisis.

This points to the deficiency of the global financial architecture to support vulnerable countries particularly in times of prolonged crises. To address this exclusionary financing architecture, we propose the creation of a new fund for middle-income countries to finance SDG-related investment projects through concessional lending from SDRs to capitalize the fund and leverage resources. The fund would cover a greater number of areas than the current proposal of the IMF for a creation of a Resilience and Sustainability Trust.

7.4 A more equitable SDR allocation mechanism

Reforming the regressive SDR allocation mechanism will not happen overnight. However, in the short to medium term, developed countries could commit to on lending a portion of their SDRs to developing countries based on their utilization rates and their debt profiles. This allocation would be beyond the four lending modalities stipulated earlier in this paper.

7.5 Strengthening the voice of developing countries in the global financing architecture

The potential for African governments and financial institutions to influence decisions of key global financial institutions is limited by their voting share and economic size.

In this regard, there are three actions that African and Western policymakers can take to strengthen Africa's position in the global financial system:

- African governments should adequately capitalize various pan-African financial institutions to enhance their ability to respond to the continent's investment needs at affordable rates.
- G7 leaders should strengthen the role of Pan-African financial institutions in the global financial architecture by enhancing their participation in recycling newly allocated SDRs to invest in the recovery from the COVID-19 pandemic and the climate action.
- Developed countries should support reforms of the voting systems at the World Bank and the IMF to increase the voting power of developing countries, thus ensuring a more equitable representation and increased financing to countries that need them the most.

8 CONCLUSIONS

Limitations in access to affordable international financing at scale, are detrimental to financial inclusion across countries and at the sub-national level. Rising expenditures and declining revenues resulting coupled with low levels of domestic resource mobilization have depleted Africa's fiscal buffers and increased demands for external financing.

With concessionary financing in short supply, SDR allocations disproportionately favoring advanced countries and private financing attracting relatively high premia, African countries are experiencing a financial squeeze with adverse liquidity implications for the domestic private sector. Recycling SDRs to support MDBs and scale up development financing is critical going forward.

However, public financing alone will be inadequate to meet the financing needs of Africa. Leveraging private resources through blended financing approaches are imperative. Ultimately, redressing the democratic deficit ingrained in the governance structure of key multilateral finance institutions will be the defining test of the commitment of development partners to financial inclusion.

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[16] Each member receives votes consisting of share votes (one vote for each share of the Bank's capital stock held by the member) plus basic votes (calculated so that the sum of all basic votes is equal to 5.55 per cent of the sum of basic votes and share votes for all members).

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Sources of Figures 1–6

Figure 1
International Monetary Fund (2021), World Economic Outlook Database, Washington D.C.: s.n.

Figure 2
Data for primary commodities and fuel availabe via
the **Food & Agriculture Organization's Food Price Index**:
https://www.fao.org/worldfoodsituation/foodpricesindex/en/,
the **International Monetary Fund's Primary Commodity Prices**:
https://www.imf.org/en/Research/commodity-prices
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Figure 3
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Figure 4
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Figure 5
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Figure 6
International Monetary Fund (2021), World Economic Outlook Database, Washington D.C.: s.n.

MO IBRAHIM FOUNDATION

Russia – Ukraine crisis

Impact on Africa

2022 UN Resolution on Ukraine: Africa divided

The UN resolution on Ukraine on 2nd March 2022 divided African countries, with 28 countries voting in favour, and 26 not voting in favour.

- **17 abstained (out of 35 total abstentions)**

  Algeria, Angola, Burundi, CAR, Congo Republic, Equatorial Guinea, Madagascar, Mali, Mozambique, Namibia, Senegal, South Africa, South Sudan, Sudan, Uganda, Tanzania, Zimbabwe

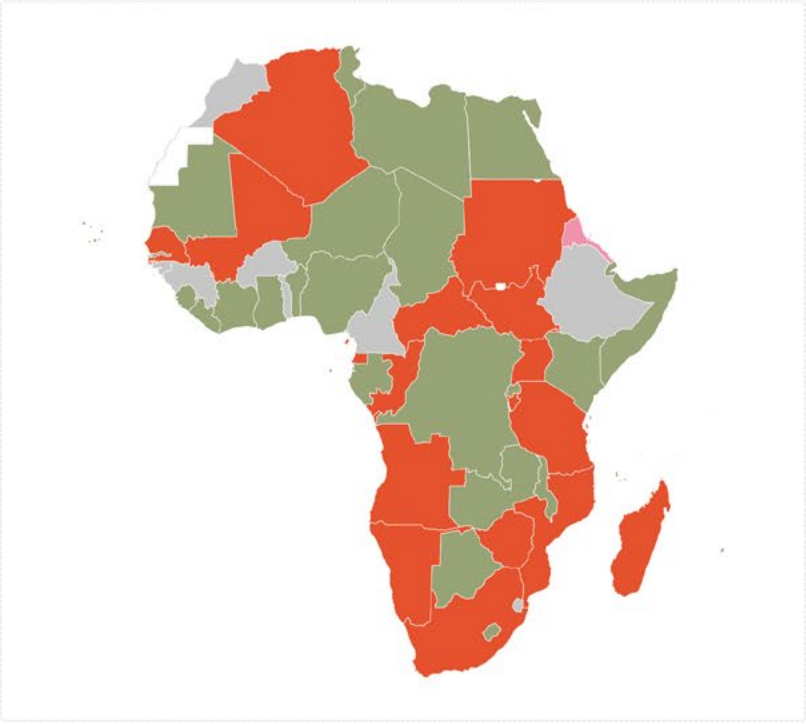
- **1 voted against (out of 5 total oppositions)**

  Eritrea

- **8 did not take part in voting (out of 12 in total)**

  Burkina Faso, Cameroon, Eswatini, Ethiopia, Guinea, Guinea-Bissau, Morocco, Togo

African countries' votes on UN Resolution on Ukraine (02/03/2022)



African votes on 2014 UN Resolution on Crimea: **one third of African countries in favour**

- In favour: 19
- Against: 2
- Abstain: 27
- Did not vote: 6

Source: MIF based on United Nations

Russian diplomatic presence in Africa: 40 countries covered

Russia has embassies in 40 African countries and consulates in 5 African countries.

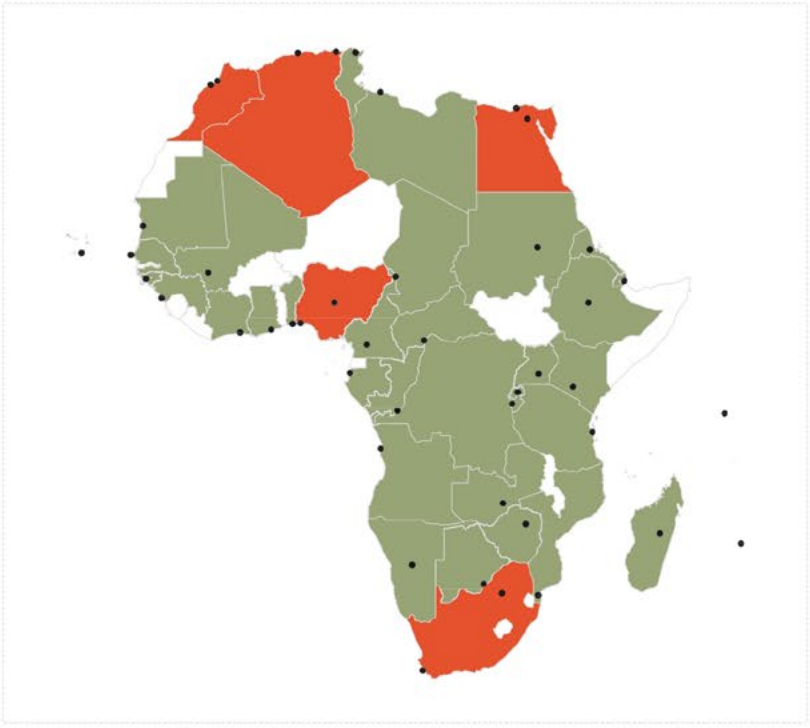
- Algeria, Egypt, Morocco, Nigeria, and South Africa have both an embassy and a consulate

There are 14 African countries with no Russian embassy or consulate.

- Burkina Faso, Comoros, Equatorial Guinea, Eswatini, Gambia, Lesotho, Liberia, Malawi, Niger, São Tomé and Príncipe, Sierra Leone, Somalia, South Sudan and Togo

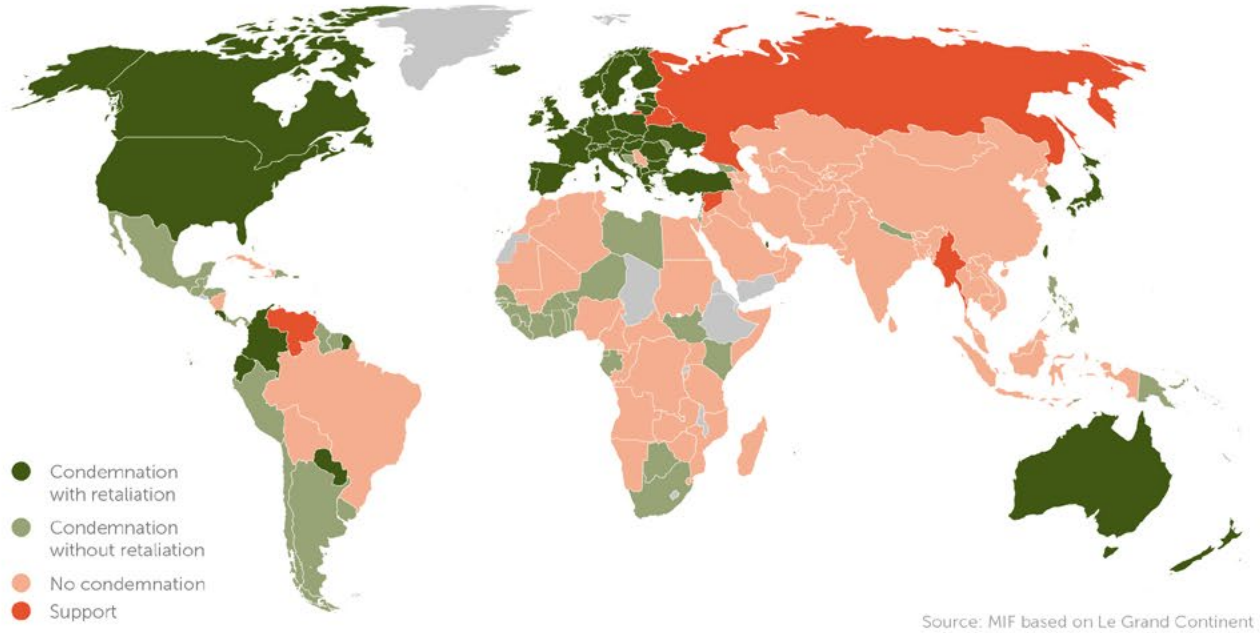
Relations have deepened in recent years with new Russia-Africa summits. The first took place in Sochi in 2019, while the second is still scheduled in Addis Ababa at the end of 2022.

Russian embassies and consulates in Africa



Source: MIF based on various sources

Reactions at global level to Ukraine's invasion



Source: MIF based on Le Grand Continent

MILITARY SECURITY: Russia has signed military co-operation agreements with 28 countries, and is the largest supplier of arms to the continent

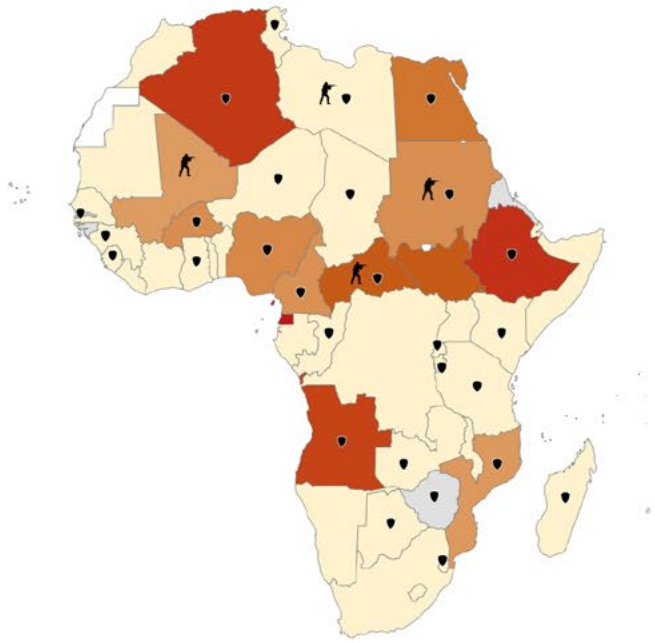
There is a strong military element to Russia's relationship with the majority of African countries.

- 28 African countries have signed military co-operation agreements with Russia
- Russian mercenaries are present in Central African Republic, Libya, Mali and Sudan

In recent years, Russia has been the largest supplier of arms to the continent.

- Just under half (45.2%) of Africa's arms and ammunition imports were of Russian origin between 2016 and 2020. Over this period:
  - Russia has supplied 100% of all imported arms in Equatorial Guinea
  - Russia has accounted for more than half of all arms imports in Algeria (69.3%), Angola (63.6%), Ethiopia (75.0%) and South Sudan (50.0%)
  - Russia has accounted for around one third of all arms imports in Burkina Faso (33.3%), Central African Republic (33.3%), Egypt (40.9%) and Nigeria (34.6%)
  - In absolute terms, Algeria has spent more on Russian weapons than any other African country at almost $7 billion, followed by Egypt at approximately $4 billion

African countries: Russian arms imports and military presence (2016-2020)



Source: MIF based on BBC, European Parliament, SIPRI, Swedish Defence Research Agency

Spotlight: ESSENTIAL COMMODITIES: Russia and Ukraine leading producers

The economic disruption caused by the conflict, both in terms of sanctions and physical disruption to trade routes, has seen prices rise, adding to the existing post-COVID inflation.

Russia is a leading global supplier of oil, gas, metals, and grains

Russia is the world's...

- Largest producer of palladium
- 2nd largest producer of platinum and of aluminium
- 2nd largest producer of natural gas
- 3rd largest producer of oil
- 3rd largest producer of nickel and of gold
- 4th largest producer of wheat
- 6th largest producer of coal
- 7th largest producer of sugar
- 9th largest producer of copper

Ukraine is the world's...

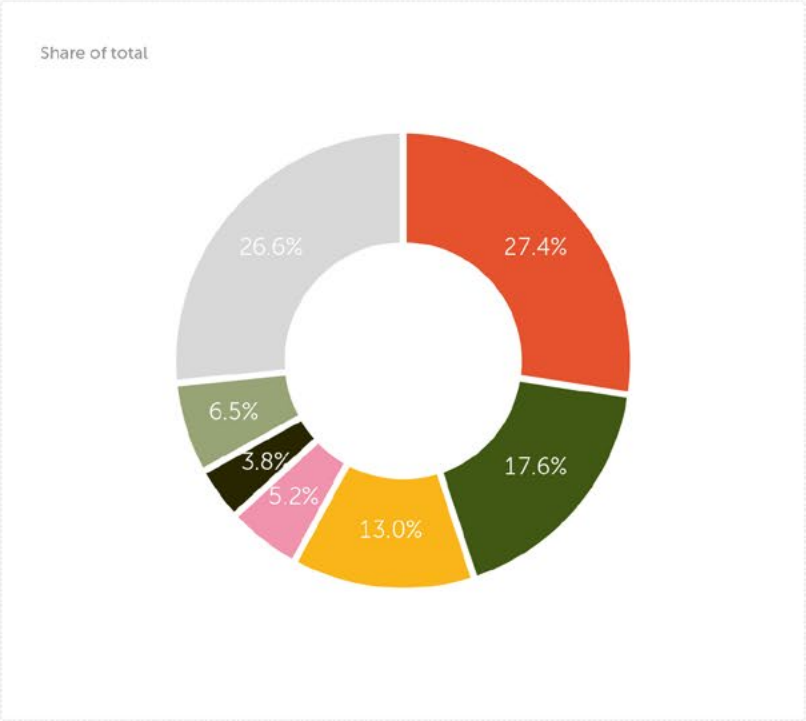
- 4th largest exporter of corn
- 8th largest producer of wheat

FOOD SECURITY: Russia is the largest and Ukraine the third largest supplier of wheat to Africa

Wheat production in Africa is comparatively low. Most countries on the continent are dependent on imports to meet demand.

- All African countries but Djibouti are net importers of wheat
- Russia's wheat production is almost three times greater than Africa's
- Ukraine's wheat production is similar in size to the whole of Africa's

Africa: wheat imports by country of origin (2019)



Russia + **Ukraine** account for 40.4% of Africa's wheat imports, compared to 33.1% for the EU

Almost **100% of Benin's** wheat imports are Russian, while over **75% of Sudan's** are Russian

39 African countries import wheat from Russia to feed their population

Source: MIF based on UNCTAD

The Russia-Ukraine war is likely to affect wheat supply chains as Ukraine, Russia and Romania, three major wheat exporters that ship grains from ports in the Black Sea, face disruptions from the conflict, closure of ports, and sanctions in the case of Russia.

- In 2019, Russia accounted for over one quarter (27.4%) of all wheat imports on the continent, making it the largest single exporter of wheat to Africa
  - Over 20% of wheat imports were Russian in every region of the continent
  - Almost all wheat imported to Benin (99.8%) was of Russian origin, while over half of all wheat imports were Russian in Sudan (76.9%), Madagascar (61.7%), Republic of Congo (57.6%) and Tanzania (52.1%)
- In 2019, Ukraine accounted for 13.0% of Africa's wheat imports, the third largest share of any single country
  - North Africa was most reliant on Ukrainian wheat, accounting for 17.7% of total imported wheat
  - Ukrainian wheat accounted for over one fifth of imported wheat in Egypt (25.1%), Libya (35.2%), Mauritania (23.9%), Morocco (21.1%), and almost half of all imported wheat in Tunisia (48.6%)

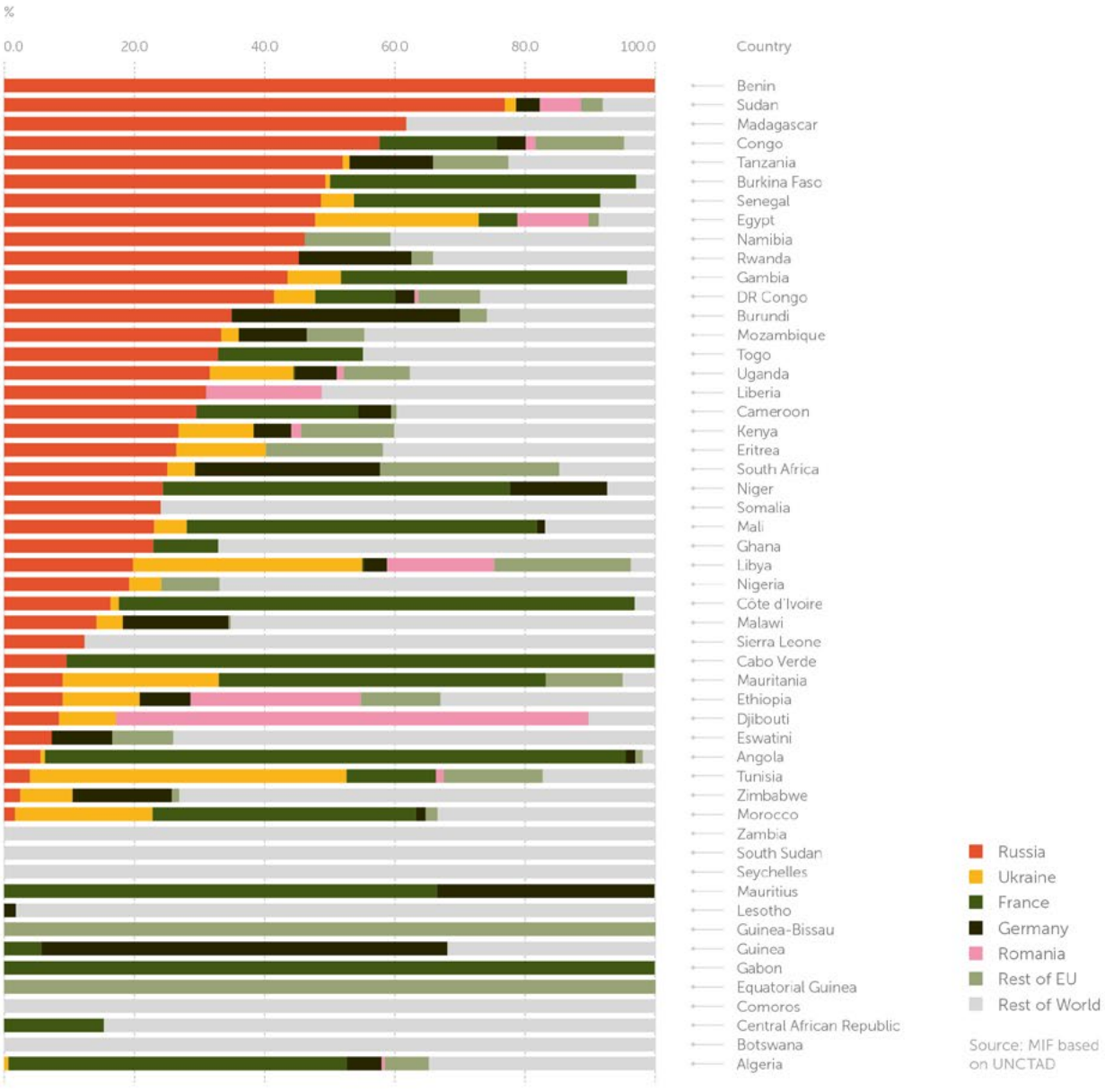
A case for increasing the EU's wheat exports to Africa?

In 2019, the European Union (EU) produced over five times as much wheat as Africa and almost twice as much as Russia.

- As a bloc, the EU accounted for 33.1% of Africa's wheat imports in 2019
  - Over half of this was accounted for by France, which accounted for 17.6% of wheat imports to Africa, the second largest of any single country after Russia
  - Romania (5.2%) and Germany (3.8%) were the EU's next biggest suppliers of wheat to Africa

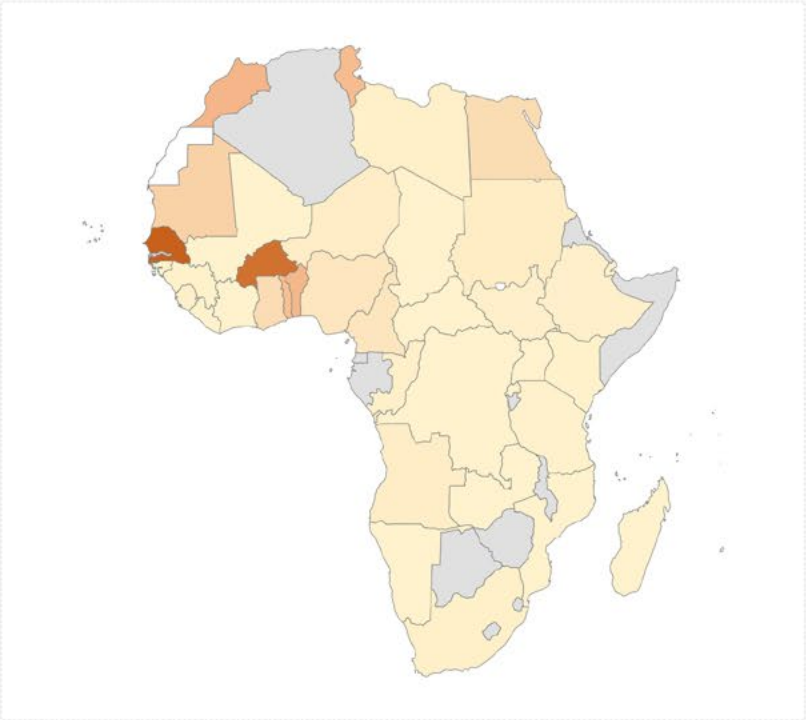
In the short-term, EU wheat production could ease the disruption caused by the conflict. In the long-term the African Continental Free Trade Area may help reduce external dependency on outside food supplies and minimise disruption from external shocks.

African countries: wheat imports by country of origin (2019)



ENERGY SECURITY: Africa is less dependent on Russian fuel than Europe

African countries: fuel imports from Russia (2019)



Source: MIF based on UNCTAD

Russian fuels: almost one fifth of fuel imports for **Senegal** and **Burkina Faso**

In 2019, 2.9% of all African fuel imports came from Russia.

- The dependency on Russian imports was highest in Northern Africa (5.4%) and Western Africa (4.6%)
- In Senegal (19.2%) and Burkina Faso (17.2%) almost one fifth of all fuel imports were of Russian origin

A case for increased African gas exports to Europe?

Gas accounted for nearly one quarter (24.5%) of the EU's energy consumption in 2020 and the amount could well get higher as gas is viewed as a transition fuel to decarbonise economies.

However, domestic production of gas in the EU equates to only one eight of consumption, highlighting the EU's heavy dependence on imported gas to meet its energy demand. Currently, much of that demand is met by Russia.

- Russia accounted for over one third (36.1%) of the EU's imported natural gas in 2020
  - In Germany, Russia accounts for over half (55.2%) of all pipeline imported gas and almost one third in the Netherlands (29.1%)
  - In Italy (31.3%), Russia accounted for roughly one third of total gas imports

36.1% of EU's gas imports are currently from Russia, compared to just over 10% from Africa

55.2% of Germany's pipeline imported gas comes from Russia

African gas could be an option for the EU to reduce dependency on Russia, provided the infrastructure challenge is addressed

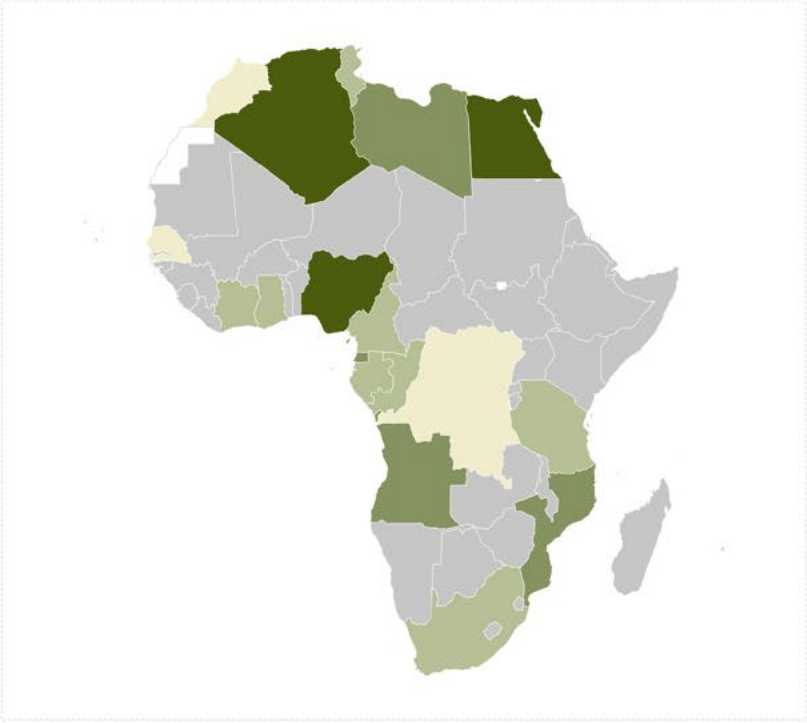
With the crisis in Ukraine, natural gas can be a key element of strengthened Africa-Europe relations, developing African gas reserves to expand energy access on the African continent and secure the EU's energy supply while transitioning to a low-carbon economy.

- In 2019, Africa's natural gas reserves were 33 times higher than the EU's
  - Algeria, Egypt, Libya and Nigeria each have more proven gas reserves than the entire EU
- In 2019, Africa's natural gas production was almost four times greater than the EU's
  - Algeria and Egypt each produced more natural gas in 2019 than the entire EU
- However, Africa accounts for just over 10% of the EU's natural gas imports
  - In 2019, over half of all African natural gas exports went to four EU countries - France, Italy, Portugal and Spain
- Algeria, Egypt and Nigeria are currently Africa's biggest natural gas producers, accounting for 82.1% of Africa's total production combined
  - Other African producers of natural gas include: Angola, Cameroon, Congo Republic, Côte d'Ivoire, DR Congo, Equatorial Guinea, Gabon, Ghana, Libya, Morocco, Mozambique, Senegal, South Africa, Tanzania, and Tunisia

However, transforming and transporting these natural assets is no mean feat. African countries will need months to ramp up production, and infrastructure is severely lacking.

Financing is also needed. The pledge at COP26 to stop funding overseas gas projects failed to consider the situation for Africa, where 600 million people still lack access to energy.

African countries: total dry natural gas production (2019)



Source: MIF based on US Energy Information Administration

Soaring food and energy prices: a potential trigger for additional instability on the continent

The physical disruptions to global trade and subsequent sanctions and trade barriers appearing as a result of Russia's invasion of Ukraine have seen food and energy prices go up.

- Energy prices soared 7.7% in February 2022, led by crude oil (+11.5%)

This is problematic for a continent that already has the lowest access to energy of any world region. Rising energy prices will make connecting the 600 million Africans already off-grid all the more challenging.

- Food prices rose by 5.7% in February 2022, while agricultural prices climbed 4.5%
    - Wheat traded in Chicago, the international benchmark price of wheat, jumped more than 50% in the first week of March following Russia's invasion of Ukraine
    - Corn prices increased by almost 30% between March 2022 and the start of the year

In addition to the adverse impact of COVID-19 on food and energy prices, which has already increased inequality and marginalisation, these price rises have the potential to trigger new domestic unrest and instability.

Author:
Ben Chandler, Senior Researcher
research@moibrahimfoundation.org

Design:
Maria Tsirodimitri, Head of Design

April 2022

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INSIGHTS FROM THE IIAG

COVID-19 in Africa

A challenging road to recovery

MO IBRAHIM FOUNDATION

Summary

Civil registration and vital statistics (CRVS) are a key enabler for policymakers to assess the needs and composition of their constituencies and are equally crucial for citizens to access public services through the acquisition of an official identity. However capacity is still low in much of Africa. The IIAG indicator *Civil Registration* is worse in 2019 than in 2010, although has picked up progress since 2015. While birth registration has improved, death registration had deteriorated. The COVID-19 pandemic has added further strain to the already weak civil registration capacity at a time where this is more critical than ever for the delivery of public health policies, vaccines and social protection.

CRVS are a key enabler for policymakers to assess the extent and make up of their constituencies and are equally crucial for allowing citizens to access public services through the acquisition of an official identity.

Civil registration capacities on the African continent are still low. Globally, nine out of the ten countries with the largest share of unregistered population are African - Angola, Chad, Equatorial Guinea, Eritrea, Ethiopia, Nigeria, Somalia, South Sudan, Zambia - and African countries represent more than 52% of the global unregistered populations.

Over 50% of children born in Africa are still deprived of a legal existence. Projections show that the number will exceed 100 million by 2030 if no immediate measures are taken.

Today, birth registration is free of charge in only four of 24 countries in Western and Central Africa.

In Africa, only eight countries - Algeria, Cabo Verde, Egypt, Mauritius, São Tomé and Príncipe, Seychelles, South Africa, and Tunisia - have a universal death registration system.

The COVID-19 pandemic disrupted the already weak provision of civil registration services, revealing the shortfalls of a system whose services are needed more than ever.

In March 2020, the United Nations Economic Commission for Africa (UNECA) sent a five-question survey to all 54 African countries to collect data on the impact of COVID-19 on CRVS systems. Of the 34 country-based civil registration services to have responded, 75% reported to be either disrupted or discontinued.

Most civil registration offices did not draw up business continuity plans and struggled to continue their operations, with reactions ranging from total shutdown, partial provision of services or "deprioritisation" of registration of some vital events, to uninterrupted services.

With governments needing to continuously monitor mortality by cause, gender, and place of occurrence to develop effective interventions, the importance of well-functioning CRVS systems to provide rapid responses to emerging outbreaks has become clear.

"Disinvestment in our technical institutions has really rendered statistical data on healthcare often as an estimation rather than a fact."

Mandipa Ndlovu, Now Generation Forum Representative, 2021 Ibrahim Governance Weekend

Over 50% of children in Africa do not have a legal existence

Only 10% of deaths are registered in Africa, compared to 98% in Europe

As highlighted in the 2021 Mo Ibrahim Foundation (MIF) Forum Report, excess deaths in Africa could have been greatly underestimated.

According to the WHO, 86% of COVID-19 cases in Africa go undetected.

Reports from the Institute of Health Metrics and Evaluation found estimated deaths on the continent to be six times as high as reported.

Seroprevalence studies in Africa support the underestimation of cases on the continent. The Lancet found that within three high-density communities in Harare, Zimbabwe, cases were more than 14 times higher than the reported cases for the whole city.

COVID-19 vaccinations also present a serious challenge for CRVS systems, given the need to deliver vaccine by priority groups, to issue vaccine certificates and with most vaccine types needing two doses for full immunisation.

Already low vaccination rates in African countries might be far worse, as unregistered populations remain unaccounted for and are at risk of being left out by vaccination campaigns.

African countries such as South Africa have introduced vaccine registration systems requiring valid identity documents, however estimates show the unregistered population is made up of over 15.3 million people, potentially excluding nearly 30% of the population from the vaccination campaign.

"Our friends in the development sector and our African leaders would not dream of driving their cars or flying without instruments. But somehow they pretend they can manage and develop countries without reliable data."

Mo Ibrahim, Founder and Chair, Mo Ibrahim Foundation, 2015

Civil Registration

African average

2019 score/100.0	60.0
10-year trend (2010-2019)	Deterioration (-0.1)
Trend classification: 5-year trend (2015-2019) compared to 10-year trend	Bouncing Back

African countries

10-year trend (2010-2019) by number of countries

Trend classification: 5-year trend (2015-2019) compared to 10-year trend by number of countries

Largest Improvement	Liberia**
Change 2010-2019	+37.5
Score/Rank (2019)	62.5/20th
Largest Deterioration	Eritrea***
Change 2010-2019	-37.5
Score/Rank (2019)	12.5/53rd

**Improvement score shared with São Tomé and Príncipe

***Deterioration score shared with Mali

*South Sudan does not have a 10-year trend or trend classification because the IIAG does not include data for the country prior to secession in 2011.

Civil Registration indicator: 2019 rank, 10-year trend & trend classification (2010-2019)

Civil Registration in the 2020 IIAG: Stuttering performance since 2010

The IIAG *Civil Registration* composite indicator assesses the extent to which birth and death certificates are available within 30 days free of charge.

Data for the indicator are sourced from Global Integrity (GI).

With a 2019 African average score of 60.0 (out of 100.0), *Civil Registration* is the second highest scoring indicator in the *Foundations for Economic Opportunity* category.

At the continental level, civil registration capacities are worse in 2019 than in 2010 although progress has been made since 2015.

Over the decade, 17 countries have experienced a deterioration and 15 have improved their performance in *Civil Registration*. 21 countries have shown no change in score.

The deterioration since 2010 has been driven by the decline in *Death Registration*, which has continued to deteriorate at an even faster pace since 2015.

Further decline in civil registration has only been pre-empted by improvement in *Birth Registration*, whose progress has accelerated since 2015.

Of the 15 countries showing an improvement over the decade, Liberia and São Tomé and Príncipe have shown the largest increases (both +37.5).

Unlike the picture at the continental level, these countries have seen both *Civil Registration* and *Death Registration* improve, with both featuring in the 10 most improved on the continent.

They are followed by six countries who have managed to improve performance since 2010 (+25.0). These include Angola and Equatorial Guinea, but both still rank among the ten worst performing countries of the continent.

Angola has been the most improved (+50.0) in registering deaths.

Of the 17 countries whose performances have declined since 2010, the most deteriorated are Eritrea and Mali (-37.5) followed by DR Congo, Egypt and Sudan. The trend is particularly concerning for Eritrea, which receives the worst score in 2019 alongside Somalia.

Mali and Eritrea are among the joint most deteriorated for both birth and death registration.

DR Congo and Egypt have seen both forms of civil registration deteriorate since 2010, while Sudan sees a substantial deterioration in death registration.

Highest scoring: Algeria, Cabo Verde, Chad and Namibia

Lowest scoring: Gabon

For 11 countries *Death Registration* is worse in 2019 than in 2010, with deterioration accelerating since 2015

For 12 countries the *Birth Registration* system is worse in 2019 than in 2010, while 28 African countries have made no progress

Civil Registration & COVID-19 registered cases: a correlation?

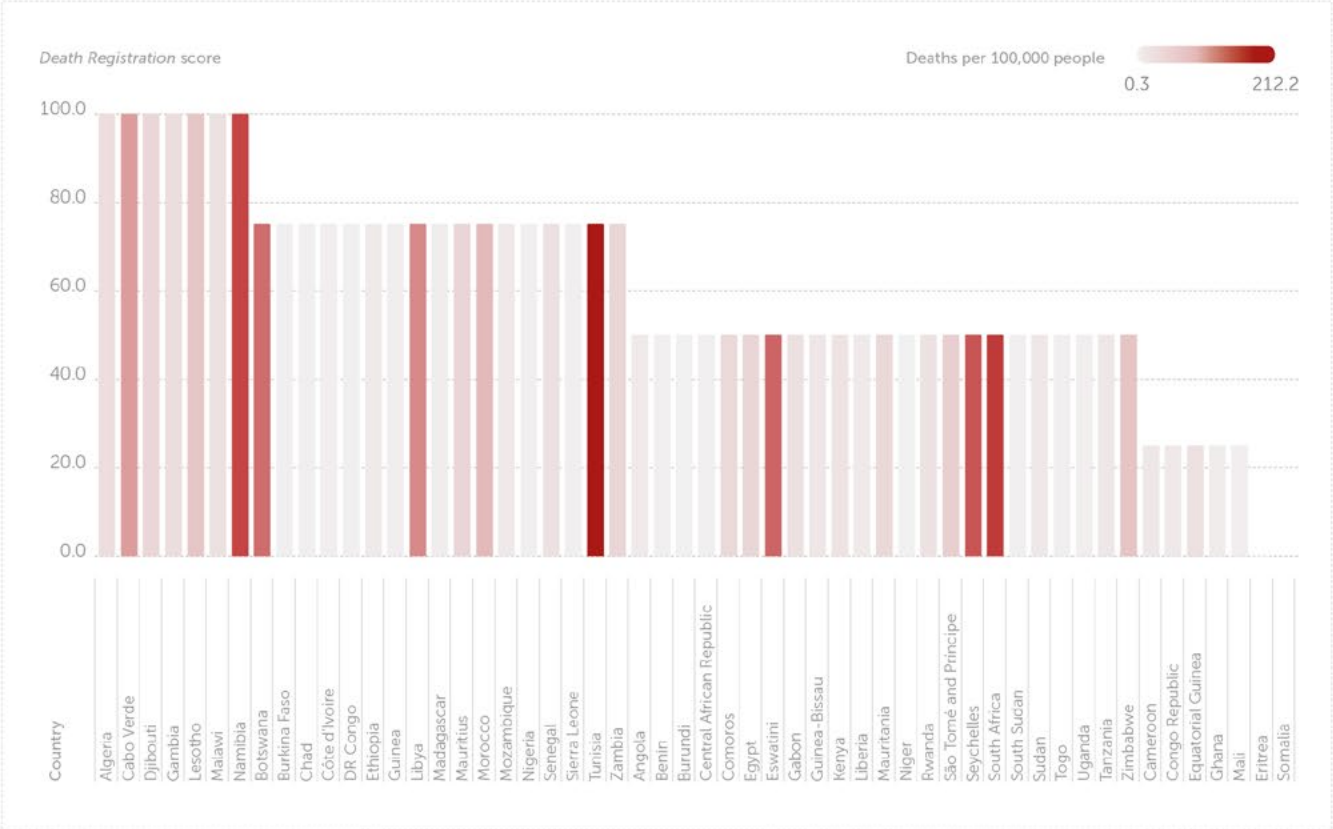
In 2019, the average IIAG *Civil Registration* indicator score for the ten countries with the most COVID-19 cases per 100,000 is 71.3.

By contrast the ten countries with the fewest recorded cases per 100,000 have an average score of 56.3.

When looking at the number of COVID-19 deaths per 100,000 in relation to the *Death Registration* sub-indicator, we find a similar picture with six of the ten countries with the most deaths per population in the top half of performers in death registration.

Six of the ten countries with the most COVID-19 deaths per 100,000 population are in the top half of performers for the IIAG *Death Registration* sub-indicator

African countries: cumulative COVID-19 deaths (17 November 2021) and *Death Registration* sub-indicator (2019)



Challenge 2: Healthcare is neither affordable nor accessible for most in Africa

Summary

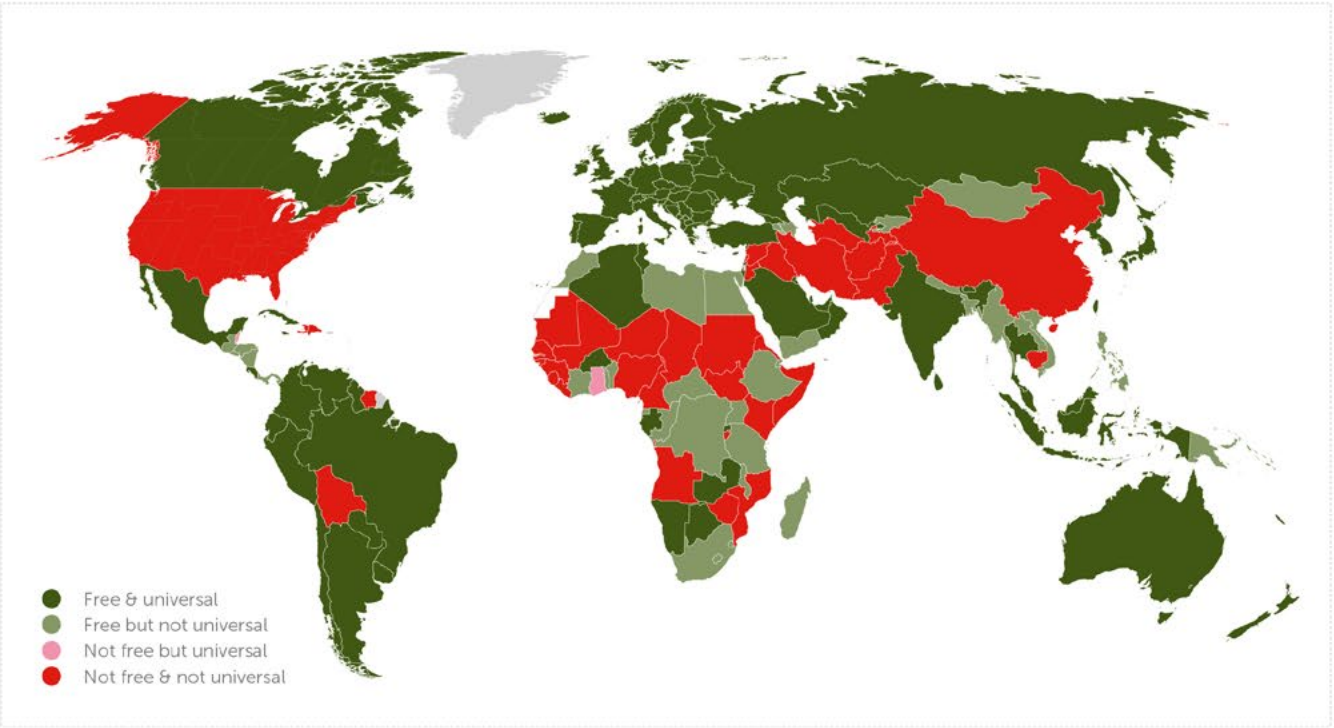
COVID-19 has pinpointed structural weaknesses in Africa's health systems. The 2020 IIAG shows that *Access to Healthcare*, though better on average in 2019 than in 2010, has started to deteriorate since 2015. This is driven by a deterioration in *Healthcare Equality* in this time period, making it a priority area for African countries to address. Furthermore, no African country met the target of spending 15% of its government budget on public health in 2018, the latest available data year. In 2021, only ten African countries provide their citizens with free and universal healthcare. Prioritising investments in Universal Health Coverage (UHC), particularly in primary healthcare and local health systems, will help countries tackle the COVID-19 pandemic fallout and provide a more secure and healthy future for all.

Universal Health Coverage (UHC) ensures that all citizens can access the quality health services they need without facing financial adversity from paying out of pocket for healthcare. Moving towards UHC requires expanding on investments to strengthen health systems, especially quality primary healthcare.

All African governments have committed to achieve UHC by 2030, but in 2021 only ten of them provided their citizens with free and universal healthcare (Algeria, Botswana, Burkina Faso, Gabon, Mauritius, Namibia, Rwanda, Seychelles, Tunisia and Zambia). Healthcare in 22 African countries is still neither free nor universal.

Only ten African countries, hosting less than 9% of the continent's population, provide their citizens with free and universal healthcare

World countries: Universal Healthcare (2021)



Note: Free & universal includes Mauritius and Seychelles.

Source: MIF based on Hudson's Global Residence Index

Almost 80% of respondents in MIF's 2021 Now Generation Network (NGN) survey state that citizens in their countries face obstacles to accessing free and universal healthcare. Over 90% cite lack of health capacity and almost 80% cite costs as the main obstacles to access to healthcare.

As of 2018, sub-Saharan Africa spent on average only 1.9% of its Gross Domestic Product (GDP) on domestic public health expenditure. The region has the second smallest public health expenditure globally, only ahead of South Asia (1.0%) and far below the global average (5.9%).

At 36.3%, domestic public health expenditure as a share of current health expenditure in sub-Saharan Africa was in 2018 notably smaller than the global level (59.5%).

Only seven countries have met the target of spending 15% of their government budget on health in at least one year since 2001, when African Union (AU) member countries made this pledge in Abuja, Nigeria.

In 2018 , no African country managed to meet this pledge.

Since the 2001 Abuja meeting where African governments committed to spending at least 15% of their annual budget on health, only seven countries met the target at least once until 2018.

The ten countries with the highest public expenditure on health are Algeria, Botswana, Cabo Verde, Lesotho, Madagascar, Namibia, São Tomé & Príncipe, Seychelles, South Africa and Tunisia, all of them spending more than 10% of their 2018 total general government expenditure.

In five countries, public spending on health is lower than 3% of the total government expenditure: Benin, Cameroon, Comoros, Eritrea and South Sudan.

As a result, in 2018, domestic private health expenditure as a share of current health expenditure in sub-Saharan Africa was more than 10 percentage points higher than the global average (51.4% and 40.3%, respectively).

"The pandemic has underlined why it's so important to invest in Universal Health Coverage, based on primary healthcare and strong community engagement. Global health security begins in our local clinics and health systems."

Dr Tedros Ghebreyesus, Director-General, World Health Organization (WHO), 2021 Ibrahim Governance Weekend

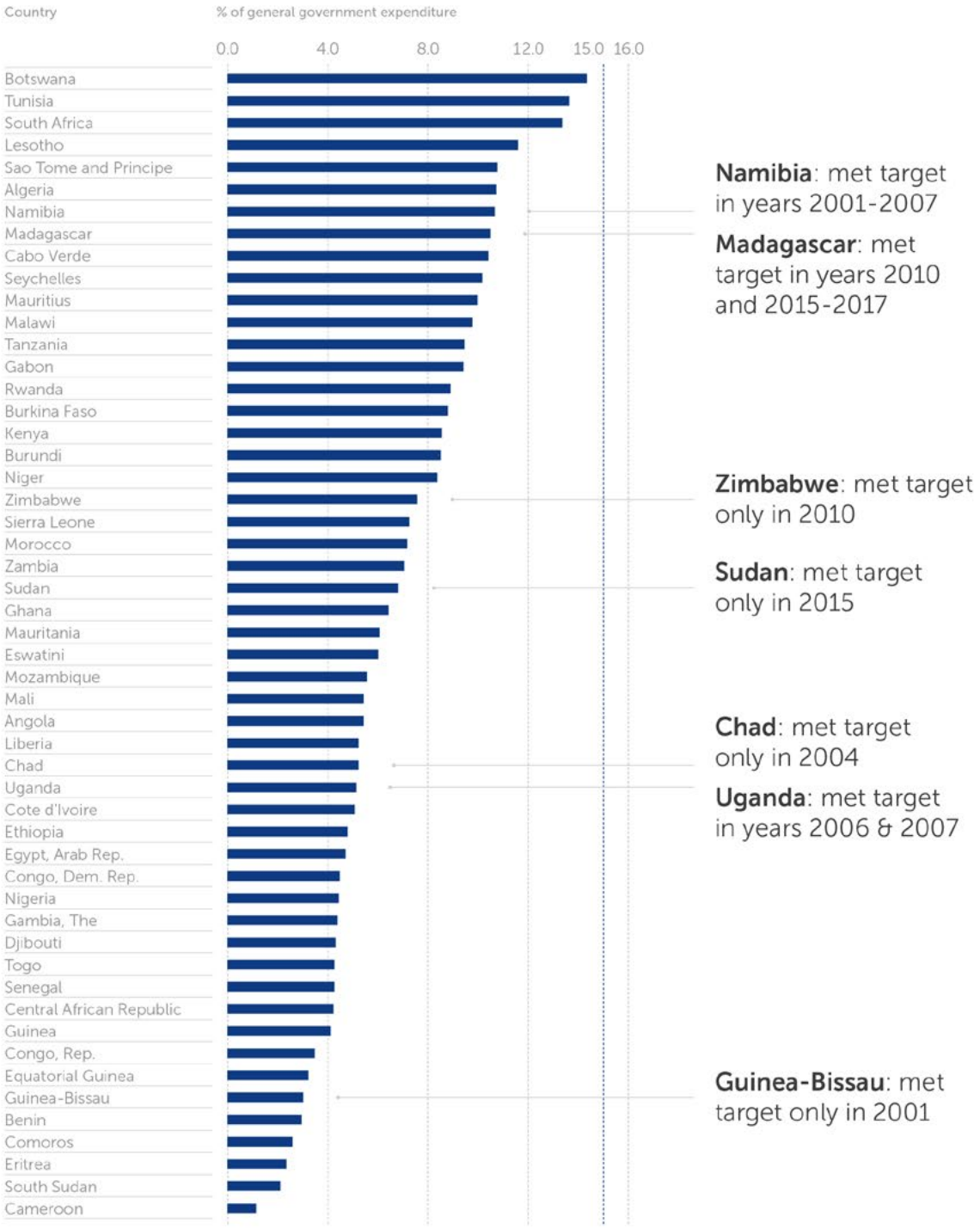
In 2018, domestic public health expenditure as a share of GDP amounted to only 1.9% in sub-Saharan Africa, compared to a global average of 5.9%

Domestic public health expenditure as a share of current health expenditure has increased by only +0.6 percentage points to 36.3% between 2009-2018

Benin, Cameroon, Comoros, Eritrea and South Sudan spent less than 3% of government expenditure on health

In 2018, the latest available data year, no African country met the Abuja target for government spending on health

African countries: domestic general government health expenditure (2018)



Source: MIF based on World Bank

SPOTLIGHT

Brain drain is specifically challenging in Africa's health sector

Africa's brain drain is particularly pervasive in the health sector.

In 2015, the WHO African region had an average of 1.3 health workers per 1,000 population, far below the 4.5 per 1,000 required for the Sustainable Development Goals (SDGs).

In the period 2015-2030, of the estimated global health workforce shortage of 14.5 million required to achieve Universal Health Coverage (UHC) and the SDGs, Africa has the most severe health workforce shortage, estimated to reach 6.1 million workers by 2030.

In 2015, the number of Africa-trained international medical graduates (IMGs) practising in the United States (US) reached 13,584, a +27.1% increase from 2005. This is equivalent to about one African-educated physician migrating to the US per day between 2005-2015. Of this number, 86.0% were trained in Egypt, Ghana, Nigeria, and South Africa.

It costs each African country between around $21,000 and $59,000 to train a medical doctor. Annually, it is estimated that Africa loses around $2.0 billion through brain drain in the health sector.

One in ten doctors in the UK come from Africa, allowing the UK to save on average $2.7 billion on training costs, followed by the US ($846.0 million), Australia ($621.0 million) and Canada ($384.0 million). The Africa-trained doctors recruited by these four top destination countries alone have saved them $4.6 billion in training costs.

COVID-19 has exacerbated the medical brain drain. The US, Canada, Germany, and France have issued calls for foreign medical professionals, especially those working on COVID-19 issues. Some of these requests are specifically targeting Africans. For instance, following a call for applications launched by the US Department of State Bureau of Consular Affairs in late March 2020, 8,600 Egyptian doctors were accepted into the US.

20% of African-born physicians currently work in high-income countries

Africa's health workforce shortage, the worst globally, is estimated to reach 6.1 million workers by 2030

10% of doctors in the UK come from Africa, allowing the UK to save on average $2.7 billion on training costs

COVID-19 exacerbates medical brain drain with calls for foreign medical professionals specifically targeting Africans

Access to Healthcare

African average

2019 score/100.0	45.5
10-year trend (2010-2019)	Improvement (+0.4)
Trend classification: 5-year trend (2015-2019) compared to 10-year trend	Warning Signs

African countries

10-year trend (2010-2019) by number of countries

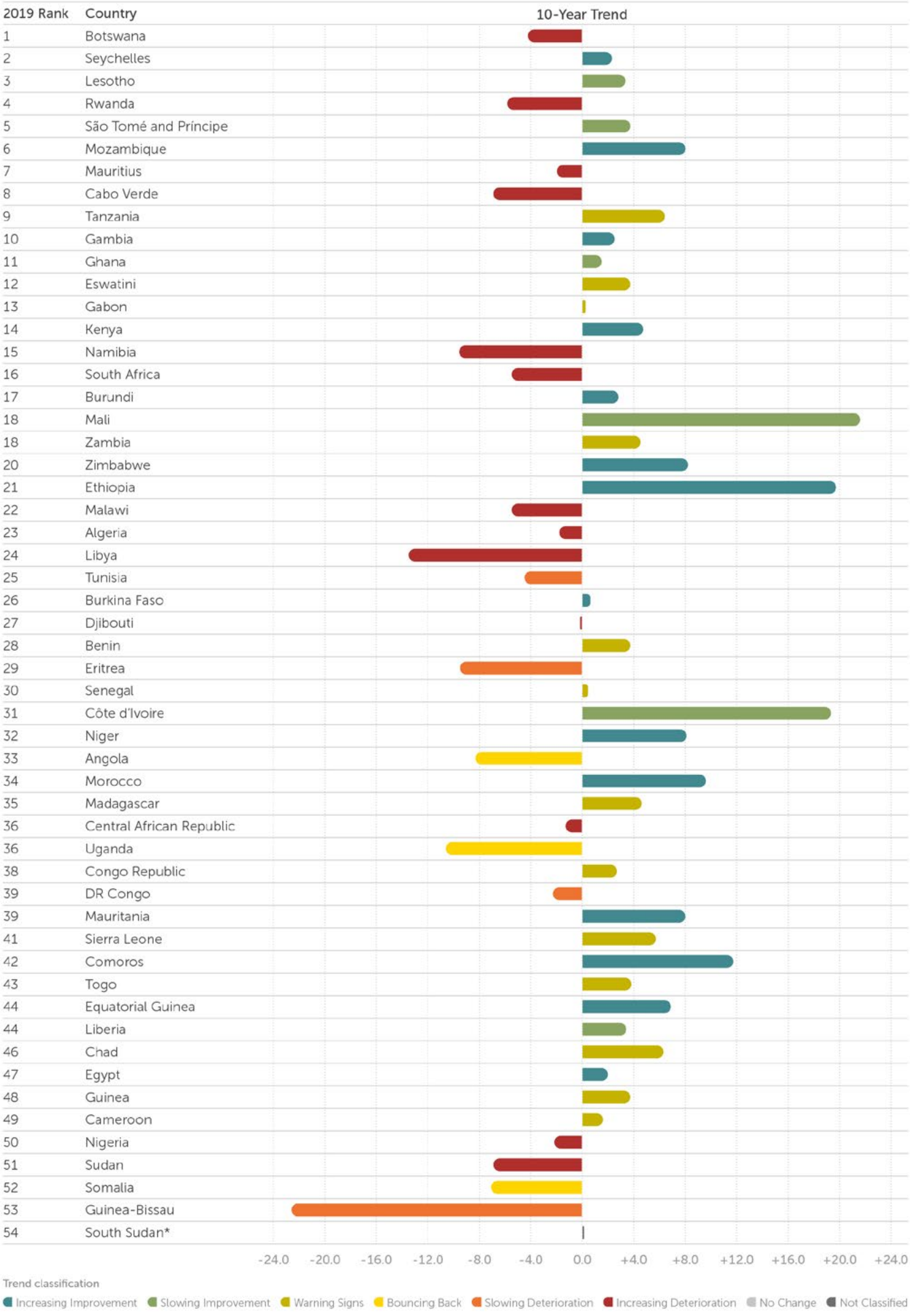
Trend classification: 5-year trend (2015-2019) compared to 10-year trend by number of countries

Largest Improvement	Mali
Change 2010-2019	+21.6
Score/Rank (2019)	58.6/18th
Largest Deterioration	Guinea-Bissau
Change 2010-2019	-22.6
Score/Rank (2019)	8.5/53rd

Underlying measures	Largest Improvement 2010-2019	Largest Deterioration 2010-2019
Healthcare Affordability	Mali	Guinea-Bissau
Healthcare Equality	Ethiopia	Central African Republic

*South Sudan does not have a 10-year trend or trend classification because the IIAG does not include data for the country prior to secession in 2011.

Access to Healthcare indicator: 2019 rank, 10-year trend & trend classification (2010-2019)



Access to Healthcare in the 2020 IIAG: A major stumbling block

The IIAG *Access to Healthcare* composite indicator assesses *Healthcare Affordability*, measured as the extent to which households are spending on health directly out of pocket, as well as *Healthcare Equality*, measured as the extent to which high-quality basic healthcare is guaranteed to all.

Data for the indicator are sourced from the World Health Organization (WHO) and the Varieties of Democracy (V-DEM) Institute.

With a 2019 African average score of 45.5 (out of 100.0), *Access to Healthcare* constitutes the lowest scoring indicator in the *Health* sub-category.

Even if the situation at continental level is better in 2019 than in 2010, deterioration since 2015 threatens this.

This concerning trend is driven by the fact that since 2010, improvement in *Healthcare Affordability* has been counteracted by the deterioration of *Healthcare Equality*.

African households spend less on health out-of-pocket in 2019 compared to 2010. On average, *Healthcare Affordability* has improved by +3.1 points since 2010.

But healthcare has become more unequal. On average, *Healthcare Equality* has deteriorated by -1.1 points since 2010.

Over the past five years, there has been a reversal of fortunes: *Healthcare Affordability* shows warning signs (-1.2), whereas *Healthcare Equality* bounces back (+1.1).

Highest scoring: Botswana

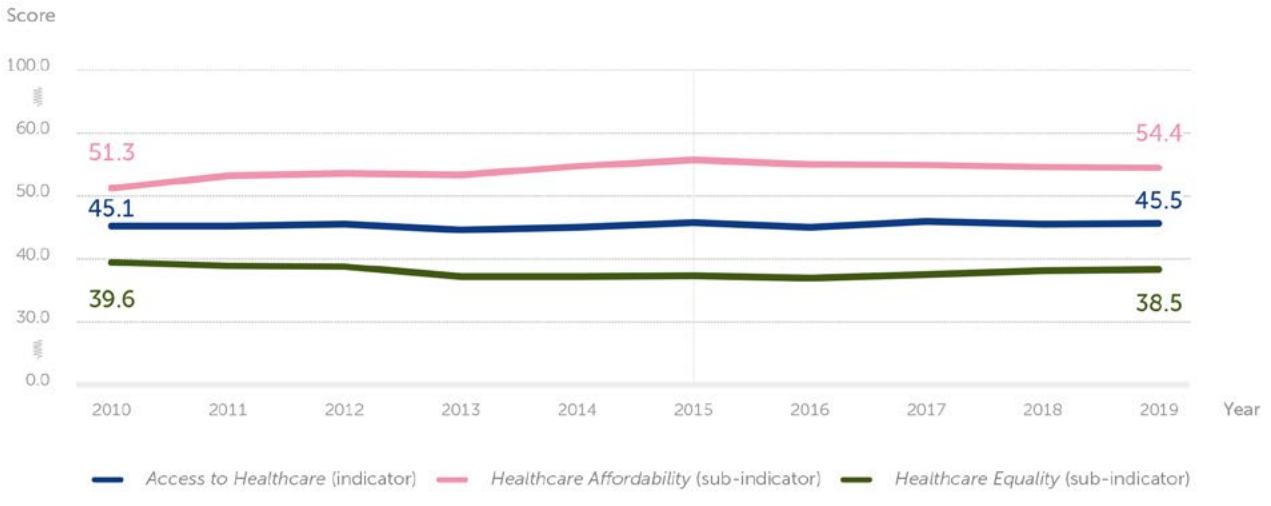
Lowest scoring: Sudan

Most improved: Mali

Most deteriorated: Guinea-Bissau

30 countries deteriorate in *Access to Healthcare* between 2015 and 2019, compared to only 20 countries over the decade

Africa: *Access to Healthcare* indicator and underlying sub-indicators (2010-2019)



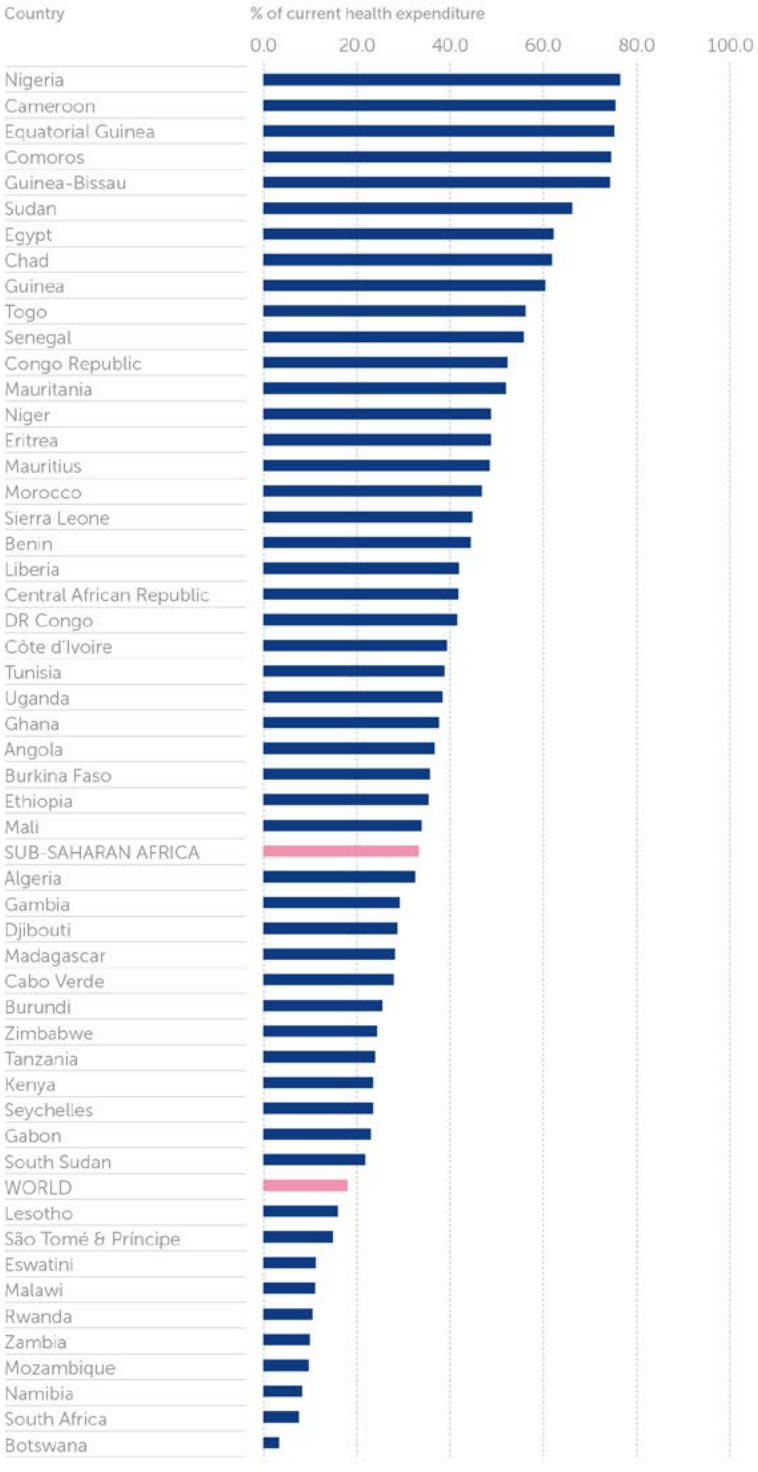
In *Access to Healthcare*, 33 countries have managed to improve since 2010. Mali (+21.6) is the most improved country, followed by Ethiopia (+19.7), Côte d'Ivoire (+19.3), Comoros (+11.7) and Morocco (+9.6).

The situation has deteriorated in 20 countries since 2010. Guinea-Bissau (-22.6) is the most deteriorated country since 2010, followed by Libya (-13.5), Uganda (-10.6), Namibia (-9.6) and Eritrea (-9.5).

Namibia (-10.6) also features in the five most deteriorated countries since 2015.

Ethiopia and Comoros also feature in the five most improved countries between 2015-2019

African countries: out-of-pocket health expenditure (2018)



Source: MIF based on World Bank

In raw data terms, out-of-pocket health expenditure as a share of current health expenditure in sub-Saharan Africa amounted to almost double the global average in 2018 (33.3% compared to 18.1%).

For 13 African countries, the share of out-of-pocket health expenditure exceeded half of their 2018 current health expenditure. Nigeria, the most populated country hosting 15.4% of Africa's population, performs the worst, followed by Cameroon, Equatorial Guinea, Comoros and Guinea-Bissau.

In 42 African countries out-of-pocket expenses on health as a share of current health expenditure are higher than the global average

SPOTLIGHT

COVID-19 is holding back the fight against other diseases and health challenges

Nearly two years after it was first detected, COVID-19 is threatening decades of progress in the fight against malaria, tuberculosis (TB) and HIV/AIDS. In Africa, the current refocusing of already limited resources on COVID-19 could lead to over a million excess deaths. According to the WHO, in May-July 2020 14 African countries experienced a more than 50% decline in average health services, ranging from the provision of skilled birth attendants to the treatment of malaria cases.

→ Malaria

Sub-Saharan Africa accounts for 94% of global malaria deaths, with Burkina Faso, DR Congo, Mozambique, Niger, Nigeria and Tanzania alone representing up to half of global deaths in 2019.

Fear of visiting clinics, lockdown restrictions and disruptions in the supply chain of essential malaria commodities have delayed malaria prevention campaigns as well as treatment.

The pandemic has however forged a path towards the speedy engineering and approval of vaccines, with the World Health Organization (WHO) approving and recommending the use of a new malaria vaccine for children in sub-Saharan Africa in October 2021 as well as the development of another vaccine for malaria with shown 77% efficacy in trials by the Oxford/AstraZeneca team.

Between 2019 and 2020 the tested number of people with suspected malaria improved by only 1% compared to almost 15% between 2018 and 2019

→ Tuberculosis

Sub-Saharan Africa accounts for 25% of the 1.4 million deaths globally resulting from TB.

Just as with malaria, the pandemic has adversely affected the tracking of TB cases as well as supply chains and budgets used for the fight against TB, resulting in millions of missed diagnoses.

According to the Global Fund, between 2019 and 2020, the number of people tested and treated for TB dropped by 18% globally; the declines were even worse for drug-resistant and extensively drug-resistant TB at 19% and 37%, respectively.

Achieving the 90% reduction of TB deaths by 2045 and not 2030 as targeted by the SDGs could cost 5 to 8 million deaths and up to $3.5 trillion in economic losses.

Between 2019 and 2020 the number of people tested and treated for TB dropped by 18% globally

HIV/AIDS

Of the 38 million people living with HIV worldwide, almost 26 million live on the African continent and 60% of the global deaths in 2019 were from sub-Saharan Africa.

Every week in Eastern and Southern Africa, 5,000 adolescent girls and young women are infected with HIV.

Just as with malaria and TB, there have been significant disruptions to the treatment and prevention campaigns as a result of the COVID-19 pandemic.

While the number of youth reached by HIV preventative programmes reached a 100% increase between 2018 and 2019, between 2019 and 2020 the number went down by - 12.1% The number of mothers receiving medicine to prevent transmitting HIV to their babies dropped by 4.5%.

The number of mothers receiving medicine to prevent transmitting HIV to their babies dropped by 4.5%

Child and maternal health

The pandemic has disrupted healthcare before, during, and immediately after childbirth, as healthcare workers previously managing preventable, treatable complications like severe bleeding and infection have been diverted to COVID-19 wards.

A meta-analysis by The Lancet on the effects of COVID-19 globally on maternal and perinatal outcomes has shown an increase in maternal deaths and depression as well as stillbirth, with the latter increasing particularly in low and middle-income countries (LMICs).

Remote consultations were less feasible in some LMICs, leading to many mothers missing out entirely on preventive antenatal care.

A coverage reduction of 39.5% in essential maternal health interventions over 6 months in LMICs could result in up to 1.2 million additional child deaths and over 55 thousand additional maternal deaths.

Mental health

Most countries with the fewest mental health professionals per 100,000 people are in Africa. Prior to the COVID-19 pandemic, mental health in Africa was a major concern with the continent underperforming on several key mental health metrics.

Less than 10% of people suffering from depression in low-resource settings have access to mental health treatment.

According to a survey of over 12,000 young people from 112 countries, with Africans representing 6.9% of survey respondents, over half of the youth have become prone to mental health problems such as anxiety and depression since COVID-19 struck.

MIF's NGN cohort also cite mental health, stress, and anxiety as some of the main health challenges on the continent

For adults, a meta-analysis of the impact of COVID-19 on mental health in Africa found than unlike in High Income Countries (HICs) and other regions, rates of depression in Africa (45%) were higher than anxiety (37%) and insomnia (28%).

In July-August 2020, the WHO sent out a survey to assess mental health services on the African continent.

Of the 28 countries that responded, all but one included mental health in their COVID-19 response plans, highlighting the growing recognition of the importance of this once neglected area of health.

→ Non-Communicable Diseases (NCDs)

NCDs such as diabetes and hypertension are on the rise on the continent and are projected to surpass communicable, maternal, neonatal, and nutritional diseases combined as the leading cause of mortality in sub-Saharan Africa by 2030.

In many countries in the region, patients with NCDs have had routine clinic services disrupted while drug pick-ups in some locations became inaccessible.

This is particularly distressing given patients with NCDs are at greater risk of developing severe complications from COVID-19 infection with case fatality ratios more than 10% higher for patients with cardiovascular disease.

COVID-19 Case Fatality Ratios are more than 10% higher for patients with cardiovascular disease

Universal Health Coverage and Pandemic Preparedness

Prof Agnes Binagwaho, Africa-Europe Foundation Health Strategy Group, Vice Chair

The COVID-19 pandemic has revealed how unprepared health systems across the globe are to respond to emergency health threats. The world went into a frenzy to procure the required materials such as personal protective equipment, sanitisers, vaccines and drugs in an attempt to curb the spread of the virus, mitigate suffering and prevent death. Yet, as of 5 November 2021, we have counted over 5 million deaths globally, nearly 220,000 of which occurred in Africa.

The majority of African countries have responded relatively better to the pandemic than on other continents, implementing known evidence-based interventions swiftly and adopting a regional approach. However, the toll on our health systems is not insignificant – stymying progress in health service delivery. Prior to the pandemic, while we were advancing towards delivering sufficient, quality health services to our populations, only 48% of people in Africa received the healthcare services that they needed according to the 2015-2017 WHO Universal Health Coverage (UHC) index of essential service coverage. The only way to ensure that we are prepared for an emergency health threat while continuing to deliver quality essential health services during that crisis is to adopt a UHC model – the provision of affordable, accessible, and quality health services to all.

First, countries need to invest in strong primary healthcare systems that serve as a reliable bridge between the healthcare system and communities. Geographic decentralisation of healthcare ensures that individuals can receive timely care near to where they live. Moreover, well trained community healthcare workers can play numerous roles such as health promotion, syndromic treatment of non-severe cases, referral of more complicated illnesses and follow up at the household level. This is especially critical during outbreaks to prevent overburdening health facilities and spreading infectious diseases.

Second, countries need to ensure that health services are of quality, affordable, and accessible. Establishing health insurance schemes that are affordable and even free of cost to the most vulnerable is a necessary step. In the absence of health threats, this allows citizens to exercise their right to healthcare regardless of their individual circumstances. An example is Rwanda's Community-Based Health Insurance program. During health threats, the affordability and accessibility of healthcare allow individuals to continue seeking care regardless of the challenges brought on by the crisis. Note that during COVID-19, individuals in many countries who could not afford to test or quarantine did not do so, threatening their own health and that of their community.

Third, countries need to protect and strengthen existing systems to prevent the disruption of essential health services during health threats. The indirect impacts of the COVID-19 pandemic were dire, with over 90% of countries reporting some level of disruption to their essential health services during the pandemic. While we have seen some evidence of restoration of service coverage in many African countries, the interruption of services, however transient, is expected to have a negative impact on health outcomes. Countries need to actively adopt and implement strategies to address both demand and supply side challenges.

Lastly, the drive towards UHC must be accompanied by the drive towards self-sufficiency. The COVID-19 pandemic has proven, once again, that Africa will be left behind unless we build the capacity to produce the medical products our population needs. Take, for instance, the difference in COVID-19 vaccination rates. Africa has fully vaccinated only 6% of its population while North America and Europe have both fully vaccinated over 50% of their population. This difference is due to the mismatch between our demand for vaccines and our contribution to the supply. Africa accounts for 25% of the global demand for vaccines but only produces 1% of the amount it consumes. Thus, if we seek to ensure availability of quality care for all, we need to produce the medical products we need.

UHC is integral to pandemic preparedness. Strengthening our primary health care systems, ensuring the affordability and accessibility of quality health services, protecting existing health systems and pushing for self-sufficiency are unavoidable tasks that we need to accomplish if we want to successfully prepare for the next pandemic. By doing so, we can prevent the failures that we saw in many countries during this health threat.

Challenge 3: Most African countries are unprepared for future pandemics

Summary

The course of the COVID-19 crisis was made worse by the fact that most countries globally, and the wealthiest countries in particular, were caught unprepared for a pandemic. The IIAG indicator measuring *Compliance with International Health Regulations (IHR)*, a WHO framework assessing country preparedness for global health emergencies, has been stagnating since 2015. At the same time, the frequency of zoonoses, human diseases or infections transmitted from animals to humans, has increased considerably. About one new disease is emerging every year, making a future new pandemic likely and pandemic preparedness a key target in preventing an outbreak from becoming another global crisis.

The COVID-19 pandemic has confirmed what many reports and experts had been saying since the 2009 H1N1 and 2014-2016 Ebola pandemics: the world is underprepared for large outbreaks of emerging infectious diseases.

The Independent Panel for Pandemic Preparedness and Response, convened by the WHO, was co-chaired by Ellen Johnson Sirleaf, former President of Liberia, and Helen Clark, former Prime Minister of New Zealand.

The main finding of the Panel is that the initial COVID-19 outbreak became a pandemic as a result of gaps and failings at every critical juncture of preparedness for, and response to, COVID-19.

Based on this, the Panel formulated seven main recommendations to ensure that a future outbreak does not become a pandemic:

1. Elevate pandemic preparedness and response to the highest level of political leadership
2. Strengthen the independence, authority and financing of the WHO
3. Invest in preparedness now to prevent the next crisis
4. Create a new agile and rapid surveillance information and alert system
5. Establish a pre-negotiated platform for tools and supplies
6. Raise new international financing for pandemic preparedness and response
7. Provide a direct line from National Pandemic coordinators to Heads of State or Government

In its 2020 report, the Global Preparedness Monitoring Board (GPMB), an independent monitoring and accountability body hosted at the WHO, emphasised the massive investment return of preparedness for global health security.

Costs of COVID-19	Investments in preparedness
Over $11 trillion, and counting, to fund the response	Additional $5 per person annually
Future loss of $10 trillion in earnings	

Source: MIF based on Global Preparedness Monitoring Board

"Africa has much to be proud of in its response to the pandemic. Leaders responded early and in a coordinated manner with swift implementation of public health measures. And when it comes to epidemics, early action is critical, there is no time to lose."

Professor Peter Piot, Director, London School of Hygiene & Tropical Medicine, 2021 Ibrahim Governance Weekend

In November 2021, the second ever special session of the WHO Health Assembly was convened to develop an international instrument on pandemic preparedness and response

COVID-19 is not an anomaly and investing in pandemic preparedness is key.

About one new disease is emerging each year. Not all have human-to-human transmission, but enough do, such as severe acute respiratory syndrome (SARS), Middle East respiratory syndrome coronavirus (MERS) and Ebola.

The frequency of zoonoses, human diseases or infections that are transmitted from animals to humans, has also increased considerably.

- About 60% of human infections are estimated to have an animal origin.
- Of all new and emerging human infectious diseases, some 75% jump species from animals to people.
- Across Africa, the risk of emergence and spread of zoonoses is rising significantly with the increasing human population and increasing demand for milk, meat and eggs due to rising urbanisation and purchasing power.

In Africa, the COVID-19 pandemic has laid bare the continent's lack of capacity when dealing with more complex health challenges that require highly qualified staff and specialised equipment, such as critical care facilities and ventilators. More generally, it has exposed the continent's insufficient human capacities and challenging infrastructure environment.

- Hospital beds and critical care: 135.2 hospital beds and 3.1 Intensive Care Unit beds per 100,000 people on average in Africa
- Ventilators: fewer than 2,000 working ventilators to serve hundreds of millions of people in public hospitals across 41 countries - 10 countries have no ventilators at all
- Human resources: 0.2 doctors and 1.0 nurses/midwives per 1,000 people
- Energy: reliable electricity in only 28% of sub-Saharan African health facilities.

Despite the structural weakness of Africa's health systems, and concerns about the reliability of death registration systems on the continent, a key factor for the relatively lower number of COVID-19 cases and death toll was undoubtedly the early and coordinated response across the continent, building on the experience from previous pandemics such as the 2013-2016 Ebola outbreak in West Africa.

In response to the first cases of COVID-19 reported on the continent, African leaders put containment measures in place speedily (although they also eased them quickly).

- Almost all African countries had some form of internal movement restriction within the first month of the first confirmed case.
- By 15 April 2020, 48 African countries had implemented five or more stringent Public Health and Social Measures (PHSMs). Of those, 36 still had them in place by 31 December 2020.
- More than half of the 23 countries that had the most stringent international travel restrictions for foreigners at the date of their first confirmed case were African.

According to Dr John Nkengasong, Director of the Africa Centres for Disease Control and Prevention (AfCDC), Africa needs a 'New Public Health Order' to be more resilient and to cope with 21st century disease threats. This New Public Health Order calls for "cross-continental and global collaboration, cooperation, and coordination", and should be based on four pillars: strengthened public health institutions; strengthened public health workforce; expanded and strengthened African manufacturing of vaccines, diagnostics, and therapeutics; and respectful, action-oriented partnerships.

"Most countries globally, including some of the wealthiest, ignored recommendations from top scientists and delayed the response to the unfolding COVID-19 pandemic... Africa's relatively lower COVID-19 cases and death toll may be because the early and coordinated response across African countries, building on the experience from previous pandemics."

President Ellen Johnson Sirleaf, Co-Chair, the Independent Panel for Pandemic Preparedness and Response, 2021 Ibrahim Governance Weekend

Compliance with International Health Regulations (IHR)

African average

2019 score/100.0	56.7
10-year trend (2010-2019)	Improvement (+15.1)
Trend classification: 5-year trend (2015-2019) compared to 10-year trend	Warning Signs

African countries

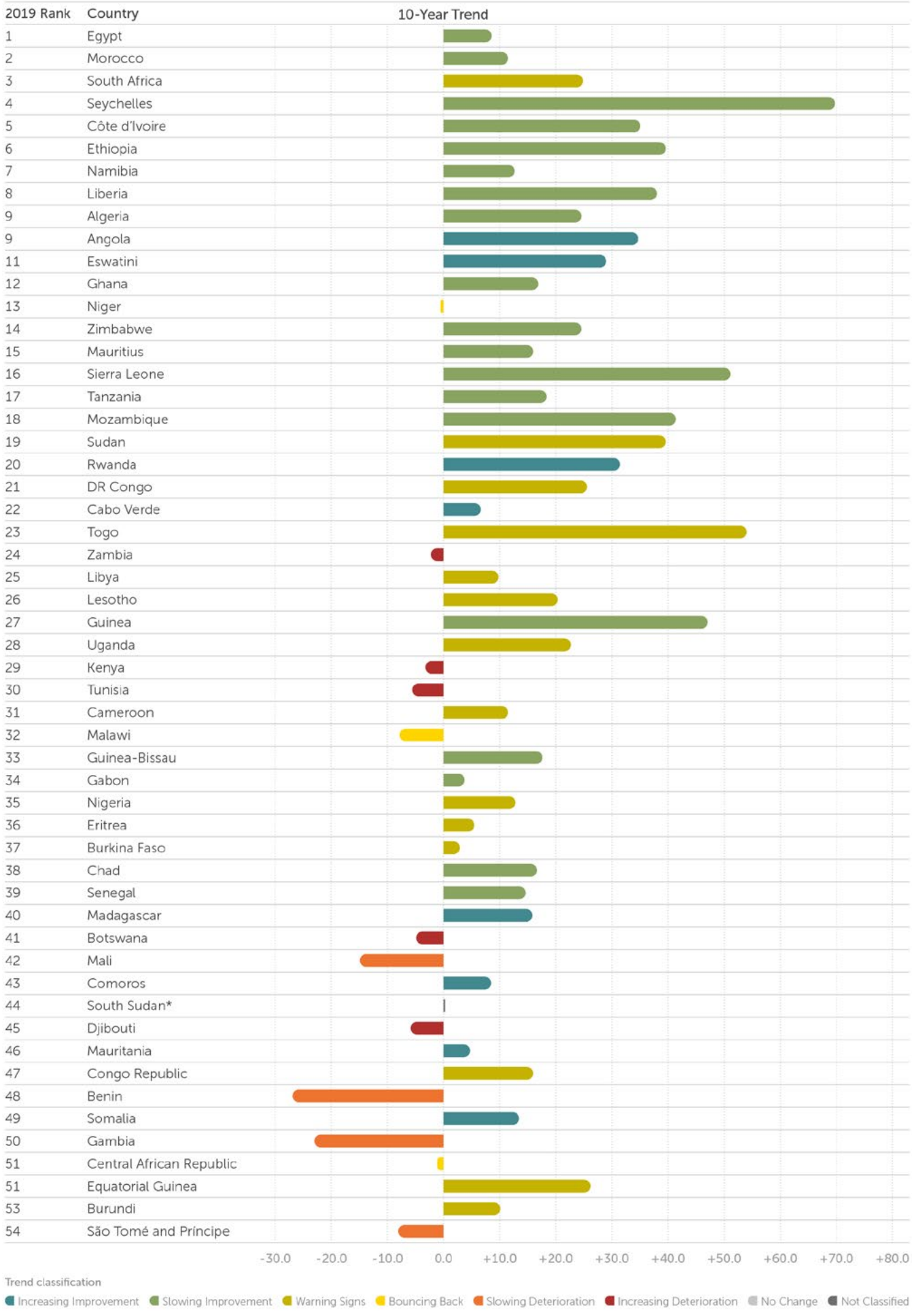
10-year trend (2010-2019) by number of countries

Trend classification: 5-year trend (2015-2019) compared to 10-year trend by number of countries

Largest Improvement	Seychelles
Change 2010-2019	+69.6
Score/Rank (2019)	86.8/4th
Largest Deterioration	Benin
Change 2010-2019	-27.0
Score/Rank (2019)	29.6/48th

*South Sudan does not have a 10-year trend or trend classification because the IIAG does not include data for the country prior to secession in 2011.

Compliance with International Health Regulations (IHR) indicator: 2019 rank, 10-year trend & trend classification (2010-2019)



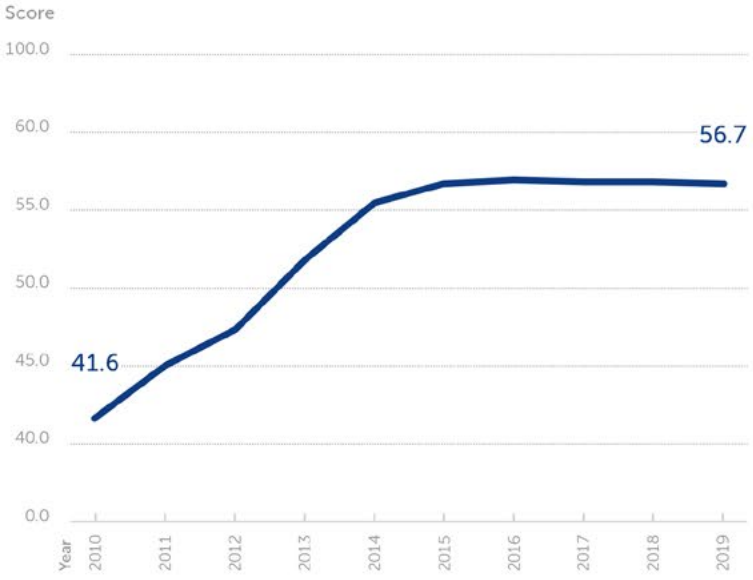
Compliance with International Health Regulations (IHR) in the 2020 IIAG: Progress since 2010, but still very low capacity

The IIAG *Compliance with International Health Regulations (IHR)* indicator assesses the level of preparedness of countries to handle international public health emergencies. It is based on the average of 13 IHR core capacity scores from the WHO's core capacity index: (1) National legislation, policy and financing; (2) Coordination and National Focal Point communications; (3) Surveillance; (4) Response; (5) Preparedness; (6) Risk communication; (7) Human resources; (8) Laboratory; (9) Points of entry; (10) Zoonotic events; (11) Food safety; (12) Chemical events; (13) Radio nuclear emergencies.

The data are sourced from the World Health Organization (WHO).

The 2019 African average score for the *Compliance with International Health Regulations (IHR)* indicator amounts to 56.7 (out of 100.0), constituting the third lowest scoring indicator in the *Health* sub-category.

Africa: *Compliance with International Health Regulations (IHR)* indicator (2010-2019)



Even though the African average score has positively increased (+15.1 points) between 2010 and 2019, progress has stagnated with no change in score since 2015.

41 countries improve their performance in *Compliance with International Health Regulations (IHR)* over the ten-year period 2010-2019. Seychelles (+69.6) is the most improved country followed by Togo (+53.9), Sierra Leone (+51.1), Guinea (+47.0) and Mozambique (+41.3).

Of the 12 countries registering decline between 2010 and 2019, Benin (-27.0) is the most deteriorated, followed by Gambia (-23.1), Mali (-15.0), São Tomé and Príncipe (-8.1) and Malawi (-7.9).

Highest scoring: Egypt

Lowest scoring: São Tomé and Príncipe

Most improved: Seychelles

Most deteriorated: Benin

Of the 41 countries improving in *Compliance with International Health Regulations (IHR)* over the decade, 14 countries experience a deterioration since 2015

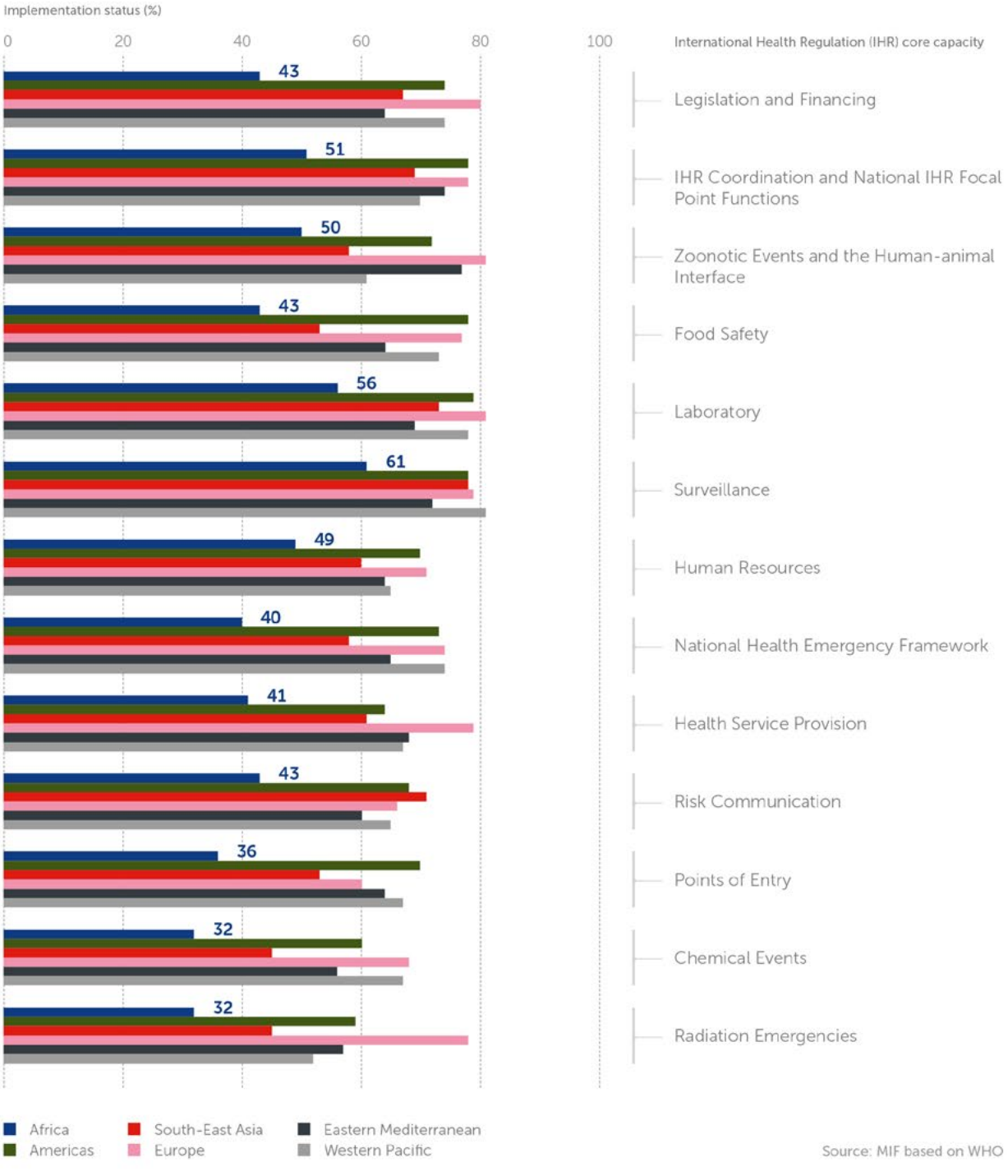
In raw data terms, the International Health Regulations (IHR) Monitoring and Evaluation Framework (MEF), developed by the World Health Organization (WHO) since 2010, shows that Africa has the lowest capacity region globally in all 13 IHR core capacities*.

Africa's lowest average performance is in capacity to respond to Chemical Events and Radiation Emergencies (32% in both), and its highest capacity is in Surveillance (61%) and Laboratory (56%).

*IHR core capacities are the public health capacities required to detect, assess, notify and report events, and respond to public health risks and emergencies of national and international concern.

Africa performs worse than all other world regions in all 13 IHR core capacities

World regions: International Health Regulations core capacities (2019)



Source: MIF based on WHO

SPOTLIGHT

To achieve Africa's vaccine autonomy, action needs to start now

Africa accounts for 25% of global vaccine demand but produces less than 0.1% of the world's supply

Local manufacturing is almost non-existent: about 99% of Africa's routine vaccines are imported.

Only 10 local vaccine value chain players are currently operating in Africa, representing about 30% of overall vaccine value chain players on the continent.

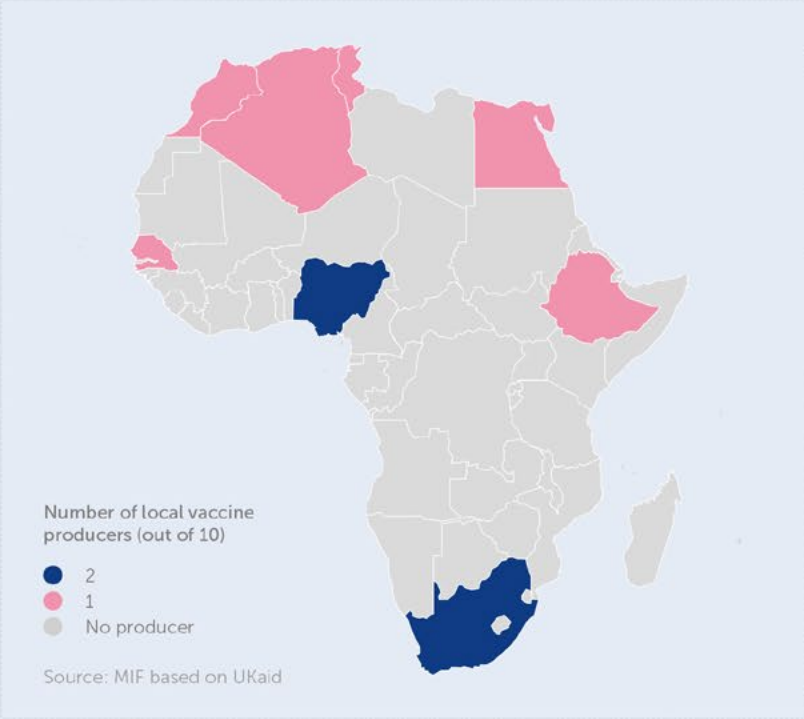
The majority engage in downstream steps (fill and finish, packaging and labelling, import to distribute).

Only six have current capacity in some degree of drug substance manufacturing, but mostly still on a very small scale: Biovac (South Africa), Biovaccines (Nigeria), Ethiopian Public Health Institute, Institut Pasteur Algeria, Institut Pasteur Dakar (Senegal) and Institut Pasteur Tunis (Tunisia).

Research and Development (R&D) capacities are very limited on the continent and only located in South Africa and Nigeria.

10 African vaccine value chain players

African countries: local vaccine value chain players (2020)



The ten local vaccine value chain players are located in Nigeria (2), South Africa (2), Algeria (1), Egypt (1), Ethiopia (1), Morocco (1), Senegal (1) and Tunisia (1).

Today, 99% of the routine vaccines Africa needs are imported, making it a market opportunity for vaccine production

About 70% of global vaccine drug substance manufacturing sites are located in Western Europe (40%) and North America (30%)

Global vaccine production is mostly concentrated in Asia with about 42% of vaccines produced by three manufacturers (Bharat Biotech, BioMed and the Serum Institute of India)

Despite this, there is a large opportunity for growth with Africa already currently representing about 25% of global vaccine demand. Existing manufacturing capabilities for related products (animal vaccines, injectables, monoclonal antibodies) can be harnessed for African vaccine manufacturing.

This striking unbalance has led the African Union (AU) to co-host with the Africa Centres for Disease Control and Prevention (AfCDC) an emergency Summit on 12-13 April 2021, focusing on vaccine manufacturing in Africa.

The major outcome of the Summit is the launch of the **Partnership for African Vaccine Manufacturing (PAVM)** to deal with the continent's general vaccine needs, with the following roadmap:

- Vaccines for known African pathogens: local production of 100% of vaccines needed for at least 1-3 emerging diseases such as Ebola, Lassa fever and Rift Valley fever by 2040.
- Vaccines for unknown global pathogens: local capacity to manufacture 30-60% of vaccines needed for a pandemic by 2040.
- Routine immunisation: local capacity for 60% of annual production of routine vaccines needed.

Before that, the **African Vaccine Acquisition Task Team (AVATT)** was established in August 2020 as the entity responsible for leading the continent's COVID-19 vaccination strategy.

- The direct acquisition of vaccines by African countries through the AVATT initiative is part of the continental objective to vaccinate a minimum of 60% of the African population. In a historic COVID-19 procurement Agreement signed on 28 March 2021, African countries now have access to 400 million doses of the Johnson & Johnson single-shot COVID-19 vaccine.
- When it comes to the manufacturing of vaccines, AVATT can also play a big role in building capacities via institutionalising and leveraging pooled demand arrangements created for the procurement of COVID-19 vaccines on the continent.

Recent developments in vaccine manufacturing in Africa

June 2021: US Development Finance Corporation together with World Bank Group, Germany and France announced a joint investment plan to enable a South African company (Aspen Pharmacare) to ramp up manufacturing capacity and produce more than 500 million doses of the Johnson & Johnson COVID-19 vaccine by the end of 2022.

July 2021: The Medicine Patents Pool (MPP), a newly created consortium including the AfCDC and WHO among other partners, aims at establishing a South African messenger RNA (mRNA) technology transfer hub.

August 2021: Senegal and Rwanda signed an agreement with a German company, BioNTech, for malaria and TB vaccine production. BioNTech, which developed the Pfizer BioNTech COVID-19 vaccine, is working with the Institut Pasteur in Dakar (Senegal) and the Rwandan government to start construction of its first start-to-finish factories to produce mRNA vaccines in Africa in mid-2022.

September 2021: Under the deal with the Chinese pharmaceutical company Sinovac signed in September 2021, Egypt would become the biggest vaccine producer in the Middle East & Africa, with a factory in Cairo reportedly planning to produce more than 200 million COVID-19 vaccine doses per year to cover national needs and a second factory with a capacity of 3 million doses per day to be exported within Africa.

October 2021: Moderna announced an investment of up to $500 million to build an mRNA manufacturing plant in Africa within two to four years with the goal of producing 500 million doses of its COVID-19 vaccine and other jabs each year.

Intellectual property rights and technology transfers

The TRIPS framework (Trade-Related Aspects of Intellectual Property) of the World Trade Organization's (WTO) regulates trade-related intellectual property matters, including patents. To increase access to COVID-19 vaccines, in October 2020 South Africa and India proposed a temporary waiver of TRIPS patent rights to allow wider production of COVID-19 vaccines and other medical products. In May 2021 the United States backed the proposal, however most developed countries are still opposing the waiver under the allegation that most of the world's developing countries do not have adequate manufacturing capacity for COVID-19 vaccines yet. While the WTO's 12th Ministerial Meeting was postponed from 30 November 2021 to March 2022 due to the Omicron variant emergency, the WTO's Council for TRIPS remains engaged on the matter in various configurations. Since the waiver proposal, 32 formal or informal Council for TRIPS meetings took place.

Two alternatives to the TRIPS waiver are already possible within current provisions:

- Voluntary licensing agreements (VLAs) enable a patent holder to allow others to manufacture, import, and/or distribute its patented products.
- Compulsory licenses (CLs) enable governments to allow others to manufacture, import, and/or distribute patented products without the consent of the patent owner.

However, historically the use of CLs often faced backlash, including threats of sanctions. Moreover, TRIPS-compliant compulsory licenses on patents do not extend to the additional intellectual property rights (trade secrets, regulatory data, copyright and industrial design) necessary for COVID-19 vaccine production, which are covered by the TRIPS waiver.

Team Europe Initiative on Manufacturing and Access to Vaccines in Africa: a Key Pillar of the 2022 AU-EU Summit

Martin Seychell, DG INTPA Deputy Director General, European Commission

The African Union has set an ambitious goal to produce locally 60% of the vaccines needed in the continent by 2040. In response to the call made by African leaders to boost local pharmaceutical production, at the Global Health Summit of 21 May in Rome the President of the European Commission, Ursula von der Leyen, announced the Team Europe initiative (TEI) on Manufacturing and Access to Vaccines, Medicines and Health Technologies (MAV+) in Africa. This will become a major deliverable for the African Union – European Union Summit in early 2022.

The Team Europe initiative is comprehensive, sustainable and designed for the long run. It aims to provide comprehensive support ("360° package") to African partners to tackle all barriers to manufacturing and access to health products and technologies and works at three levels: continental, regional and national. It is backed by €1 billion from the European Union (EU) budget and the European development finance institutions such as the European Investment Bank. This amount will be further enhanced by contributions from Member States and is subject to programming in the next few years.

The solution aims at strengthening the African pharmaceutical system and the regional manufacturing capacities to facilitate access to quality, safe, effective and affordable essential vaccines, medicines and health technologies for all. In a coordinated effort, it will leverage resources from various services of the European Commission, European financing institutions and EU Member States. Integrated, multi-layered and comprehensive support packages will tackle barriers to manufacturing and access to health products and technologies in Africa from different angles, and will place the continent's own actors and institutions at its heart. Following a 360-degree approach, it will encompass support under three dimensions: 1) supply side (manufacturing), 2) demand side (market creation) and the 3) enabling environment (improving regulation and governance of pharmaceutical products, including coherent national policies that provide the right incentives; promoting human capital development; supply chain management and integrity; research and scientific cooperation).

To ensure coordination, aid efficiency and innovative partnerships, the European Commission works in a synergistic fashion with the AU-led Partnerships for African Vaccine Manufacturing (PAVM), the COVAX Manufacturing Task Force, the Gates Foundation, and other interested parties.

At the country level, bilateral support is being mobilised for Senegal, South Africa and Rwanda in the context of the COVID-19 pandemic, expanding existing capacities (viral vector) and establishing new ones (for mRNA). Discussions involve several international partners (notably IFC, US). Other countries like Ghana are advancing their plans. The Commission is also following opportunities in other countries. At the continental level, initial support will include: regulatory convergence, harmonisation and use of reliance mechanisms (e.g. in the context of the African Medicines Agency); technology transfer and innovation for local production; strategic purchasing, demand consolidation; coordination and programme management. Regional programming will also support a digital solution for supply chain integrity which in turn will help tackle falsified and counterfeit products.

It represents an opportunity to target several development objectives (SDG 3, SDG 9, SDG 17), stimulate growth and decent jobs, facilitate trade, diversify global value chains, engage with the private sector –mobilising its technical expertise and financial power–, and reinforce scientific and diplomatic ties with partner countries while advancing universal health coverage (UHC) and human development.

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30.2	64.9	32.7	18.5	59.5	31.0	81.2	76.2	52.4	35.1	16.2	18.5	100.0
45.1	66.7	45.3	36.5	74.1	52.8	66.5	66.7	76.1	47.2	25.6	44.0	59.2
18.1	100.0	18.1	28.6	69.4	46.1	87.5	11.2	58.3	63.9	11.1	52.6	100.0
22.0	80.3	22.3	30.6	33.3	22.6	45.4	22.4	31.2	22.9	10.5	27.3	50.0
18.9	99.2	27.7	58.9	23.6	87.5	48.7	44.9	49.0	57.4	14.6	28.7	32.6
38.4	59.2	26.0	42.3	56.7	60.2	63.8	84.9	57.6	59.6	24.1	44.7	58.6
27.4	71.4	26.2	35.7	60.7	63.1	66.7	100.0	56.0	59.5	21.4	42.5	50.0
46.3	31.9	50.1	36.9	60.9	63.4	80.1	73.5	54.8	43.9	13.1	38.0	84.5
49.0	100.0	33.3	71.2	59.7	59.8	78.7	86.2	59.4	45.2	17.9	49.2	77.8
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50.4	73.6	44.1	42.3	66.1	55.0	72.8	68.5	57.4	50.7	30.2	47.2	76.2
87.4	77.4	81.2	57.6	90.8	53.5	85.3	76.2	59.6	56.3	56.2	55.6	89.4
98.7	51.9	99.8	41.8	98.7	45.8	100.0	83.0	53.6	47.6	85.1	58.8	100.0
88.8	92.2	84.3	41.0	92.6	26.9	93.8	83.1	26.0	20.1	6.3	38.9	100.0
99.8	85.1	99.5	49.9	99.9	82.5	99.8	91.2	92.9	85.0	68.6	79.2	100.0
49.8	66.9	40.7	67.1	73.8	76.8	68.5	70.6	43.5	73.2	32.2	67.1	71.9
99.7	93.3	81.8	70.7	89.2	59.5	64.6	87.8	81.8	67.9	89.0	65.3	75.2
48.8	75.0	39.9	75.0	64.7	29.6	76.4	41.5	59.0	44.2	24.8	24.1	88.5
36.3	75.7	50.9	34.7	70.9	58.2	87.5	68.7	69.8	41.5	32.4	52.7	93.5
1.6	69.3	39.4	25.5	47.6	68.4	67.4	64.6	65.8	45.7	1.8	52.1	98.2
65.8	73.7	29.6	35.6	47.4	39.3	75.8	36.2	50.3	21.1	21.1	31.9	81.5
69.1	90.2	56.3	42.7	89.4	66.5	68.5	78.7	64.6	41.1	33.3	50.3	100.0
62.8	91.8	31.1	47.8	58.3	64.1	67.9	91.4	44.2	73.8	28.7	79.1	67.6
57.4	53.2	32.0	22.1	74.7	52.8	91.3	72.4	59.1	26.0	31.5	50.2	90.2
26.9	82.2	29.2	34.6	52.0	48.0	65.9	44.3	53.4	45.3	15.6	35.6	68.4
30.2	64.9	32.7	18.5	59.5	31.0	81.2	76.2	52.4	35.1	16.2	18.5	100.0
45.1	66.7	45.3	36.5	74.1	52.8	66.5	66.7	76.1	47.2	25.6	44.0	59.2
18.1	100.0	18.1	28.6	69.4	46.1	87.5	11.2	58.3	63.9	11.1	52.6	100.0
22.0	80.3	22.3	30.6	33.3	22.6	45.4	22.4	31.2	22.9	10.5	27.3	50.0
18.9	99.2	27.7	58.9	23.6	87.5	48.7	44.9	49.0	57.4	14.6	28.7	32.6
38.4	59.2	26.0	42.3	56.7	60.2	63.8	84.9	57.6	59.6	24.1	44.7	58.6
27.4	71.4	26.2	35.7	60.7	63.1	66.7	100.0	56.0	59.5	21.4	42.5	50.0
46.3	31.9	50.1	36.9	60.9	63.4	80.1	73.5	54.8	43.9	13.1	38.0	84.5
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57.4	53.2	32.0	22.1	74.7	52.8	91.3	72.4	59.1	26.0	31.5	50.2	90.2
26.9	82.2	29.2	34.6	52.0	48.0	65.9	44.3	53.4	45.3	15.6	35.6	68.4
30.2	64.9	32.7	18.5	59.5	31.0	81.2	76.2	52.4	35.1	16.2	18.5	100.0
99.8	85.1	99.5	49.9	99.9	82.5	99.8	91.2	92.9	85.0	68.6	79.2	100.0
49.8	66.9	40.7	67.1	73.8	76.8	68.5	70.6	43.5	73.2	32.2	67.1	71.9
99.7	93.3	81.8	70.7	89.2	59.5	64.6	87.8	81.8	67.9	89.0	65.3	75.2
48.8	75.0	39.9	75.0	64.7	29.6	76.4	41.5	59.0	44.2	24.8	24.1	88.5

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Global Perspectives Initiative
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Friedrichstr. 217
10969 Berlin

office@globalperspectives.org
Telefon: 0049 (0)30 555 7805 30

Authors
United Nations Economic Commission for Africa (UNECA)
Mo Ibrahim Foundation

Project management
Nora Kiefer
n.kiefer@globalperspectives.org

Design
Konstantin Haubrok