

HOW THE CONVERGING CRISES OF COVID, CLIMATE AND CONFLICT ARE IMPACTING AFRICAN COUNTRIES (AND WHAT THE G7 SHOULD DO ABOUT IT)

Russia's invasion of Ukraine is a watershed moment. It has caused devastation in Ukraine, created a European refugee crisis and is sending shockwaves through commodity and energy markets. This is already creating a global food crisis with prices hitting their highest levels in history in March - but also jeopardises the global pandemic recovery and increases the economic strain that many countries were already facing.¹

Driven by droughts, floods and poor harvests, food insecurity is at its worst in a decade in West Africa and the Sahel, 28 million people risk extreme hunger in East Africa, and high levels of dependency on Russian and Ukrainian wheat could result in major food price spikes across North Africa. This is a dangerous cocktail that could create a summer of discontent with ensuing instability and migration.

All of this comes at a time when the COVID pandemic is far from over and its economic aftershocks have left the economies of many African countries weakened and vulnerable to debt distress.

Even before the invasion, policy makers in G7 countries had opted to "live with the virus" while 88% of the population of low income countries have not been vaccinated.² This persistent gap between rich and poor countries creates a crippling blind spot in our collective ability to end the pandemic and threatens to undermine recoveries everywhere.

While leaders' attention is understandably focused on Ukraine, the world risks a dangerous destabilisation if we do not tackle these converging crises together.

The ONE Campaign is calling on G7 leaders to:

- **Address the economic impact of the converging crises of COVID, conflict, and climate**
- **Ensure tools to fight COVID-19 are available to all**
- **Support the Global Fund's fight against current and future diseases**
- **Support African countries in tackling food security and the climate crisis**

Key Facts

- **1:** year of global economic output could be lost to Covid-19 between 2020-2030.³
- **97 million:** The additional number of people in extreme poverty in 2020 as a result of COVID-19.⁴
- **40 million:** The additional number of people that could be pushed into extreme poverty in the wake of Russia's invasion of Ukraine.⁵
- **38:** The number of low-income countries in or at risk of debt distress.⁶
- **882.7 million:** The number of people who did not have enough food in April 2022. 38% of them live in Africa.⁷
- **12%:** The predicted drop in African countries' GDP as a result of climate change by 2030.⁸
- **5%:** Predicted GDP growth in low-income countries' in 2021 if they had been able to access vaccines at the same rates as high-income countries.⁹

A litany of broken promises

Since the last G7 Leaders' Summit in June, despite bold words and ambitious commitments on vaccines and economic support for vulnerable countries, more promises have been broken than kept. They failed to commit the \$100 billion requested by African Leaders to replenish the World Bank's International Development Association, failed to deliver the \$100bn in climate finance promised in 2009 and have yet to meet the promised channelling of \$100 billion in Special Drawing Rights - an IMF reserve asset that helps stabilise economies during crisis.

The monopolising of COVID-19 vaccines and meagre debt relief during the pandemic has created a major trust deficit among African leaders. Some of them no longer see Western countries as reliable partners, especially now that they have to deal, not only with the consequences of the pandemic, but also the knock-on effects of the war in Ukraine.

This dynamic has played out in recent UN votes condemning Russia's actions in Ukraine. African countries comprised half of the abstentions in these votes - and while some Western countries have expressed disappointment - they fail to recognise that vulnerable countries facing economic, health and food security crises cannot afford the luxury of taking sides - not least with partners who are unreliable.

But it's not all bad news. The African response to the pandemic is not one of passivity - the health measures taken in many African countries have been exemplary, the actions of the Africa Centre for Disease Control, Afreximbank, the UN Economic Commission for Africa and the African Union have shown a level of solidarity and ambition not seen in other regions. Now African leaders are focused on structural shifts that will deliver for Africa's youth, placing the continent at the decision making table in global governance fora.

The question facing G7 leaders is this: As African countries seek to move forward as an equal partner on the global stage, will the G7 put itself at the heart of that partnership or prove itself unreliable and increasingly irrelevant to the world's youngest continent?

Are the G7 meeting their promises to Africa?

Economic response

The answer, sadly, is a resounding no. Action has not met promises on either the health or economic response to the pandemic. This is not exhaustive - there are many other promises the G7 has made - but you can read more detail about the pandemic related promises below.

What did African leaders say they needed?	What did the G7 promise?	What did the G7 deliver?
<p>IMF Economic Support</p> <p>At least \$100 billion in IMF Special Drawing Rights to support the economic recovery</p>	<p>\$100 billion in recycled SDRs</p> <p>Promised originally in June 2021 as a 'global ambition'</p>	<p>\$37 bn committed (yet to be delivered)</p> <p>China has committed more than any G7 country</p>
<p>Support to averting a debt crisis</p> <p>\$44bn in debt relief in 2020, the expansion of liquidity support (DSSI expansion) for middle income countries and to take private creditors into account when addressing Africa's debt and future financing needs</p>	<p>The creation of two debt initiatives:</p> <p>The Debt Service Suspension Initiative</p> <p>The Common Framework for Debt Treatments</p>	<p>In 2020, \$1.35 billion in debt service was suspended by G7 countries</p> <p>3.2% of the total \$42 billion owed in 2020</p> <p>No expansion to middle income countries</p> <p>No private sector participation</p>

Health response

What did African leaders say they needed?	What did the G7 promise?	What did the G7 deliver?
<p>Financing for the global pandemic health response, including vaccines, treatments, and diagnostics.</p>	<p>2021 ACT-A Financing: G7 countries total ask of \$18.9bn</p> <p>2022 Fair Shares (ACT-A+20% buffer+delivery cost): G7 ask of \$24.7bn</p>	<p>G7 contributed 70%, or US\$13.1bn, of its 2021 financing ask</p> <p>Only Germany and Canada met this ask.</p> <p>G7 contributed 13% of its 2022 financing ask to date</p> <p>Only Germany, Canada, and Japan have made commitments towards this ask.</p>
<p>Support for domestic manufacturing of vaccines, tests and medicines</p> <p>Support African Union goal to produce 60% of vaccines in Africa by 2040 through</p> <p>(a) manufacturing initiatives,</p> <p>(b) endorsing a temporary TRIPS waiver at the WTO, and</p> <p>(c) supporting technology transfer.</p>	<p>Pharma companies in G7 countries made deals with African manufacturers (for 100-400 million doses annually), anticipated to start production throughout 2022.</p> <p>The EU and AU agreed to find a compromise on TRIPS by spring.</p> <p>G7 countries agreed to support and invest into the WHO Tech Transfer hub.</p>	<p>Most manufacturing sites have not started production (Aspen J&J in South Africa used existing capacity to export vaccines to Europe but switched to serve Africa after widespread criticism).</p> <p>A compromise deal on the TRIPS waiver has been proposed (but excludes testing and therapeutics).</p> <p>The EU fully funded the WHO Tech Transfer hub for 2 years (€40m).</p>

A G7 Agenda to Match this Moment

G7 leaders have the power and the technical tools at their disposal to avert the worst effects of the converging crises in vulnerable countries. Working in collaboration with G20 and other institutions such as the Clean Green Initiative, Build Back Better World and the EU's Global Gateway, the G7 should do four things:

Recommendation one:

Address the economic impact of the converging crises of COVID, conflict, and climate

African countries are bearing the brunt of this series of overlapping crises - despite having the least capacity and fiscal space to respond. Inequitable access to finance in the form of aid, debt and emergency liquidity are stifling recovery, compounded by the growing cost of climate disasters, with African countries already spending \$335 billion annually on climate disasters, equivalent to more than 5% of GDP.

The cost of debt is increasing, with expected interest rate increases further driving up that cost. Twenty-three countries in Africa are now bankrupt or at high risk of debt distress and Africa's debt remains at its highest level in over a decade, with \$64 billion in payments due in 2022 alone.¹⁰ Servicing that debt is sucking up ever more of countries' budgets - leaving less to invest in other vital areas like health or education. In Nigeria for example, this year debt will consume 23% of the federal budget, more than health and education combined.¹¹ And yet the mechanisms in place to deal with this are all but failing.

In 2019, African governments spent \$43 billion on imports of food.¹² With skyrocketing prices in the wake of Russia's invasion of Ukraine, a comprehensive economic package for African countries is more urgent than ever to avoid debt defaults and widespread hunger across the continent. Meanwhile the costs associated with Europe's refugee crisis could put pressure on existing aid budgets earmarked for Africa and pandemic response - protecting existing ODA budgets will be vital particularly for the most vulnerable countries.

Last year, the IMF's Board approved a general allocation of \$650 billion in Special Drawing Rights (SDR), a reserve asset designed to support countries at times of crisis. Because of IMF rules, most SDRs went to richer countries (\$33 billion or 5% went to African countries) G7 countries agreed to 'recycle' \$100bn¹³ of their \$281 billion¹⁴ to support vulnerable countries but have only committed half of this.

Multilateral development banks (MDBs) such as the World Bank collectively hold some \$1.5 trillion in assets. Over the past 80 years, the World Bank has converted some twenty billion dollars in capital contributions from its members into one trillion in development financing.¹⁵ They should use the same tactic to maximise their existing resources to create over a trillion dollars in new financing.¹⁶

Recommendations

- Urgently fulfil commitment to recycle at least \$100 billion in SDRs including pledging to the new IMF Resilience and Sustainability Trust and developing means for further recycling via multilateral development banks (MDBs).
- Collectively champion a concrete action plan in the G20 and IMF to fix the Common Framework on Debt Treatment by publishing the envelope of eligible debt relief, setting a timeline, speeding up progress, supporting borrower coordination and debt standstill/emergency liquidity on application.

Recommendation Two: Ensure tools to fight COVID-19 are available to all

We have the suite of tools needed to control COVID-19, reduce the risk of death and disruption to society: oral treatments and vaccines that are proven safe and effective, and accurate diagnostic tests.

But the rollout of these tools has been astoundingly unequal and the institutions that are fit-for-purpose to deliver these tools to low- and lower-middle income countries have been undermined and underfunded since the COVID-19 crisis began.

The Access to COVID-19 Tools Accelerator only received 56% of the funding it needed to deliver vaccines, treatment, and diagnostics in 2021. In 2022, at least \$24.8 billion is needed to ensure vaccines, treatments, and diagnostics are available to all to mitigate the ongoing threat of COVID-19; by the end of Q1 it had just received 10% of what's needed this year.

In an effort to decrease the region's dependence on global suppliers of vaccines and medicines, the African Union has set itself a target of meeting 60% of vaccine demand through scaling up local manufacturing by 2040. Currently local African manufacturing supplies about 1 percent of the total continental demand.¹⁷

Several G7 countries have launched initiatives to support the AU's objectives: from Germany's BioNTech announcement of vaccine manufacturing deals with Senegal and Rwanda;¹⁸ G7 countries' support and seed investments for the South Africa based WHO mRNA Technology Transfer Hub;¹⁹ G7-funded DFI commitments to African manufacturers, including Biovac in South Africa, Fondation Institut Pasteur de Dakar in Senegal and vaccine manufacturing across Africa through the private sector;^{20,21} to the EU's financial commitments to support the African Medicines Agency and vaccine delivery in Africa. But a major block to progress remains insufficient knowledge and technology transfer.²²

African leaders have highlighted the need to urgently address these technology and patent barriers in order to achieve the AU's objective of scaling up local manufacturing capacity.²³

One of the proposed solutions involves the temporary TRIPS waiver proposal of COVID-19 intellectual property, originally submitted by India and South Africa in October 2020 but negotiations have been fraught due to opposition from pharmaceutical companies and several countries that expressed concerns that a waiver could disincentivize innovation. In March 2022 a compromise position on vaccines (not diagnostics or therapeutics) was leaked.²⁴ With the right amendments this could be a major step forward on vaccine equity.

These amendments could include removing (new) restrictions on eligibility criteria, the obligation to identify all 'necessary' patents, expanding the scope of the waiver to also include therapeutics and diagnostics and other forms of intellectual property, such as protected information that may facilitate technology transfer such as access to protected data, manufacturing know-how, quality control protocols etc.

Recommendations

- Fully fund efforts to scale up vaccines, therapeutics, and diagnostics needed to mitigate the impact of COVID-19 in low- and lower-middle income countries
- Support a temporary TRIPS waiver, and ensure any compromise deal agreed does not include new restrictions or undermine existing TRIPS flexibilities.

Recommendation Three: Support the Global Fund's fight against current and future diseases

The Global Fund has helped save 44 million lives over its first 20 years in operation, making it one of the most effective health organizations on the planet.²⁵

Between 2000 and 2020, AIDS-related deaths dropped by nearly 55%;²⁶ 66 million lives were saved through TB diagnosis and treatment;²⁷ and 10.6 million malaria deaths were averted.²⁸

When COVID-19 hit, the Global Fund deployed an additional US\$4.2 billion to 108 countries to mitigate the impact of COVID-19 on HIV, TB, and malaria programs, and strengthen health systems²⁹. Its expertise in procurement and delivery are helping get COVID-19 diagnostics, therapeutics, and personal protective equipment to low and middle-income countries (LMICs), and it has become the principal provider of grant support for all the non-vaccine components of the global COVID-19 response.³⁰

Now, the Global Fund's seventh replenishment requires US\$18 billion (a 30% increase on the last replenishment) to save an additional 20 million lives between 2023-2026, reclaim lost gains from COVID-19, accelerate progress towards ending AIDS, TB, malaria by 2030.

Crucially, the Fund is set to play a major role in building stronger and more resilient health systems to fight future pandemic threats with a plan to double its investment in health systems -- to US\$2 billion annually -- between 2023-2026. This investment in laboratories, supply chains, data systems, diagnostic tools, and health care workers, will help prevent, detect and respond to new diseases and contribute to global health security.

Recommendations

→ Fully fund the G7 contribution to the Global Fund on AIDS, TB and Malaria

Recommendation Four: Support African countries in tackling food security and the climate crisis

Climate change, the COVID-19 pandemic and the war in Ukraine have left millions in urgent need of food. [40 million people may go hungry in West Africa if nothing is done](#). We are seeing major similar patterns in East Africa driven by droughts. Meanwhile the UN's Food Price Index hit its highest level ever in March in the wake of Russia's invasion of Ukraine - together the two countries comprise [a third of the world's wheat exports, a quarter of barley exports and 69% of sunflower oil exports](#). Global Food prices are now [24% higher than a year ago](#) - a trend that will hit African countries hard because of their high import costs and the high proportion of household incomes spent on food (40% on average).

G7 countries should first commit to do no harm by responding to the immediate financial needs of humanitarian appeals - the cost of responding to food crises is now more expensive because of the increased price of commodities. They should avoid harmful export restrictions that in the past have driven prices up further. And they should ensure that African countries have the financial and liquidity support to weather the increased energy and food bills that will ensue.

This is converging with the climate crisis - the world's 10 most climate vulnerable countries are in Africa.³¹ African countries are particularly vulnerable to climate related disruptions in agriculture, food and water systems, health, infrastructure, and livelihoods. Three-fifths of the African continent is warming twice as fast as the global average, putting half a billion people at risk.³²

Without significant support, debt-strapped and cash starved governments won't be able to finance their climate transition, pay increased food and energy import bills and resource-rich countries

won't be incentivized to decrease fossil fuel extraction.³³ This will also be a missed opportunity to create green jobs.

At the 2021 G7 Summit, leaders reaffirmed their commitment to contribute \$100 billion annually in climate finance to low- and middle-income countries through 2025, a commitment first made in 2009 that has yet to be met. In 2019, a total of \$79.6 billion was delivered³⁴ but only a quarter went to adaptation, one-fifth went to least developed countries and 71% of climate finance flows from rich to poor countries was in the form of loans - half were non-concessional.³⁵

African climate negotiators and a group of 24 "like-minded" countries are demanding that rich countries mobilize at least \$1.3 trillion per year by 2030, evenly split between mitigation and adaptation.³⁶

Recommendations

- Make pledges to deliver \$100 billion in annual climate financing for low- and middle-income countries, with a significant percentage provided as grants, and ensure that 50% is allocated to adaptation.
- Fully fund WFP and other UN humanitarian appeals to respond to the food crisis.

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