

**Witness Statement for Subcommittee on Africa, Global Health, Global Human Rights,  
and International Organizations (Committee on Foreign Affairs)**

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**Update on Economic Impact of COVID-19 in Africa**

Thank you Congresswoman and Chair Bass, Ranking Member Smith, and members of the Subcommittee. Thank you for this opportunity to testify and share an update on COVID-19 in Africa in my capacity as one of the five African Union Special Envoys on COVID-19. I am also a Member of the COVID-19 African Vaccine Acquisition Task Team whose mandate is to accelerate the financing and procurement of COVID-19 vaccines for the African continent.

My remarks today will focus on the economic impact of COVID-19 on the African continent. Over the last 30 years, the large majority of African countries have made significant progress in building their economies. For the first time, real per capita growth was consistently positive. While there remained problems such as youth unemployment, inequalities, inclusion and transformation, progress was real and palpable.

COVID-19 has been a major setback. While the levels of infections were relatively modest, the measures taken to control the pandemic have taken a heavy toll; from prolonged lockdowns, disruption to international, regional and national traffic, closure of businesses, large and small. One has to bear in mind that 70% of employment and 50% of GDP is in the informal sector. In the context of societies, with limited social safety nets and welfare – the impact on families, households and business has been drastic. The channels of transmission of the economic impact have been via reduced exports, lower economic activity, at a time when economic buffers were weaker. As a result, deficits have become wider and social conditions deteriorated and many African countries have seen their first recession in 30 years.

**Support in acquiring vaccines to reach 60% of the population**

So where do we go from here? It is evident that prolonged lockdowns are not a viable option in economies dominated by the informal sector. A return to normalcy is only possible if developing economies, especially African economies, have equal access to the vaccine. We

highly welcome the COVID-19 Vaccines Global Access initiative (COVAX), a global framework coordinated by the World Health Organization (WHO) in partnership with GAVI, the Vaccine Alliance and other organizations. However even if COVAX had access to financial resources, that will only vaccinate 20% of the populations and the acquisition of the 600 million vaccine doses needed would only happen towards the end of 2021<sup>1</sup> or even 2022. That is why the African Union has launched its own initiative, the African Vaccine Acquisition Task Team (AVATT), aiming at helping close the 40% gap.

The challenge is triple: financing, access to vaccines and logistical capabilities to roll out the vaccines. Many of our countries are prepared to make the sacrifices necessary to develop a suitable financing plan. The African Union via the Afreximbank has secured a facility to augment COVAX and other forms of support from multilateral organizations. The private sector has also stepped up to provide support.

However, the challenge surrounding the acquisition of vaccines is real. At the present pace of access and availability most countries can only reach the target by 2022. There also exist discrepancies in the readiness of countries to receive and deploy the vaccine. That is availability of cold rooms, logistic equipment, trained personnel amongst others.

One of the most important lessons Africa has learnt during the COVID-19 pandemic is to invest in its own capability and readiness. That is why the African Union has spared no effort to strengthen Africa CDC and established a pool procurement mechanism for all Member States to ensure quick access and a competitive market price and quantities. The rise of global protectionism and vaccine nationalism has also given a clear indication of the need to manufacture vaccines in Africa in the medium term.

### **Need for a robust multilateral response**

We would like to acknowledge the support of multilateral organizations especially International Monetary Fund (IMF) for the emergency support for the financing gap created by the pandemic. However, given the depth of the damage, there is still need for a much more robust multilateral response, to minimize the economic impact and returning economies towards growth. Wealthy countries have been able to roll out massive economic stimulus to preserve livelihoods and businesses. African countries by and large do not have the fiscal room to do so. A number of initiatives have helped such as the debt service moratorium, the

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<sup>1</sup> <https://www.bbc.com/news/56100076>

postponement of payments worth \$11.5 billion in 2020. By mid-January 2021, the initiative had delivered about \$5 billion in relief to more than 40 eligible countries. While the initiative has provided temporary fiscal room, the absence of private creditors and the Multilateral Development Banks to participate in the initiative on comparable terms, plus the somewhat lukewarm verdict of rating agencies has tempered the impact of the initiative. The support of the IMF has helped to contain the hemorrhage by scaling up social safety nets and stabilizing the economic buffers.

Countries have been impacted in different ways. The services and resource-dependent economies are projected to face the sharpest economic decline. The overall impact on the rest of the Sub-Saharan African economies due to the disruption of the global economic slowdown is still to be fully assessed, but the financing gap is probably in the neighborhood of about \$360 billion per annum.

In the face of all these challenges, Africa will very much welcome support on the issue of the Special Drawing Rights (SDR). Treasury Secretary Yellen's letter to the G20 indicating the US Administration's willingness to explore the matter is one which we applaud. That will be massively important to improve liquidity, help countries access vaccines and respond to the economic impact of the pandemic. We understand that a new SDR issuance will naturally go to countries who in all probability do not need them. Hence, the whole importance of re-allocation or lending to those who have the need through a transparent and effective mechanism to be discussed. As this is a decision requiring an 85% super majority at the IMF, the support of the United States is vital. Such a decision at the IMF/World Bank Spring Meetings in April would be a turning point.

## **CONCLUSION**

As I come to the end of my statement, I see five areas where the support of the United States and the international community is vital:

1. Acquisition of vaccines to enable vaccination of 60% of the population.
2. Support on the logistics and roll out of the vaccines
3. Strengthening Africa CDC
4. Financing of national health systems and build resilience against future pandemics
5. Expanding the ability and capacity to manufacture vaccines and related equipment in Africa.

This pandemic has demonstrated the strong link between the economy and health, but above all how interconnected the world is today. It is vital that the international community comes together, focus efforts to overcome the pandemic and prepare for future ones. We hope to work together to minimize the damage and return our economies to the growth path. In doing so, let us work together as partners. Africa is not looking for charity. We know what to do – all we ask for is equity and partnership so that together we can overcome the pandemic and build a safer world for all.