- ***Africa's gross domestic product grew by an estimated 6.9% in 2021***

Africa's gross domestic product has recovered strongly in the last year, but the lingering effects of the Covid-19 pandemic, Russia's invasion of Ukraine and the ensuing war could pose considerable challenges in the medium term. This is according to the 2022 African Economic Outlook, released by the African Development Bank on Wednesday.

Africa's gross domestic product grew by an estimated 6.9% in 2021. This is after the continent suffered a pandemic-induced contraction of 1.6% in 2020, says the Bank's flagship publication.

Rising oil prices and global demand have generally helped improve Africa's macroeconomic fundamentals, the report found. But growth could decelerate to 4.1% in 2022, and remain stuck there in 2023, because of the lingering pandemic and inflationary pressures caused by the Russia-Ukraine war. Both countries are major grain suppliers to Africa.

The African Development Bank Group has responded to the likelihood of a looming food crisis with a $1.5 billion African Emergency Food Production Facility (https://bit.ly/3asv0H3) approved by the Group's executive board last week. Its president, Dr Akinwumi Adesina, said international efforts, including those of the African Development Bank Group, the G20 Common Framework for Debt Treatment, and the $650 billion in Special Drawing Rights issued by the International Monetary Fund, are supporting the continent's recovery.

However, he said the recovery will still be costly. "Africa will need at least $432 billion to address the effects of Covid-19 on its economies and on the lives of its people — resources it does not have," Adesina said.

The theme of the 2022 African Economic Outlook is "Supporting Climate Resilience and a Just Energy Transition in Africa." It highlights a growing threat to lives and livelihoods in Africa. The Bank launched the report during its Group Annual Meetings in Accra, Ghana. The meetings carry the same theme.

Acting Chief Economist and Vice President Kevin Urama said: "Climate change is the most existential challenge to Africa's development today. Finding policies that address climate adaptation and mitigation of greenhouse gas emissions while ensuring social and economic development is one of the most enduring policy challenges of our time," says Urama. He adds: "The African Economic Outlook report 2022 provides evidence-based policy options for driving inclusive growth by building climate resilience and a just energy transition in Africa."

The African Economic Outlook makes it clear that the pandemic and Russia-Ukraine war could leave a lasting impression over several years, if not as much as a decade. Meanwhile, around 30 million people in Africa were pushed into extreme poverty in 2021 and about 22 million jobs were lost in the same year because of the pandemic. And the trend is expected to continue through this second half of 2022 and on into 2023. The economic disruptions stemming from the Russia-Ukraine war could push a further 1.8 million people across the African continent into extreme poverty in 2022. That number could swell with another 2.1 million in 2023. The continent's additional financing needs for 2020-22 are estimated at $432 billion. Financing African countries' nationally determined contributions—public pledges from countries on how they plan to play a part in post-2020 collective action on climate change—will require up to $1.6 trillion between 2022 by 2030. The least emitter of climate forcing emissions, Africa is disproportionately affected by climate change. The continent loses between 5% to15% of gross domestic product to climate change. Collectively, African countries received only $18.3 billion in climate finance between 2016 and 2019. This leaves a climate finance gap of up to $127.2 billion annually from 2020 to 2030.

The report estimates that Africa will have a carbon credit of up to $4.8 trillion by 2050, based on the current social cost of carbon. The report underscores Africa's vulnerability to climate change. In 2020 and 2021, Africa recorded 131 extreme-weather, climate change-related disasters.

The report calls on the international community to meet commitments such as the $100 billion annual financing promised by rich nations to support climate action in developing countries. It records the billions of dollars lost to climate events each year in Africa, as well as the economic prospects of green growth. It suggests, for example, that Africa could gain about 20.5 million more jobs by 2050 if the world adjusts its energy consumption and manages to maintain global warming at 1.5 degrees Celsius above pre-industrial levels.

The 2022 African Economic Outlook proposes a series of policy recommendations to build back better and engender resilient economies in Africa. Proposals include speeding up Covid-19 vaccination and delivering strong support to domestic pharmaceutical industries; reducing reliance on single food sources; and revisiting global debt frameworks.

The 2022 African Economic Outlook theme also ties in with the United Nations Climate Conference, COP 27, also known as the “African COP,” which Egypt will host in November. It will be the first time in five years that the United Nations climate conference will be held in Africa, and it comes as the continent faces an alarming increase in climate-related disasters.