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News Worth Knowing

### Editor's Note, October 08, 2021

African economies fell \$290bn short of the financing required to respond to the health and economic needs due to the coronavirus pandemic in 2020, according to the [World Bank's latest regional outlook](#).

This follows a [similar warning from the International Monetary Fund](#) (IMF) last year that the continent, unable to mobilize the kind of stimulus seen elsewhere, is facing a \$345bn financing shortfall through 2023.

These pandemic induced numbers have compounded an already severe pre-covid funding gap for Africa's various development needs.

This includes up to \$108bn annually for infrastructure, as much as \$331bn for small and medium sized enterprises (\$65bn in the agriculture space alone), and up to \$238bn for climate change adaptation between 2020 and 2030.

That's just a snapshot, with the annual total having been [estimated to be as high as \\$2.5tr](#), or \$46.3bn per African country. It's an eye-watering amount, with no obvious answer to how this funding gap might be overcome.

External financing is a proverbial drop in the bucket.

Foreign direct investment, which has been declining for years, stood at \$39.8bn in 2020 - less than the amount lost to illicit financial flows each year. Multilateral and bilateral lending was estimated to be even lower for the year at \$31bn, or 1.24% of the total.

Any meaningful reduction will need a radical increase in domestic revenue mobilization - i.e. taxes. **At around 18%** Africa has the world's lowest tax to GDP ratio. This drops to just 15% if you exclude North Africa.

With the pandemic only adding to the continent's financial woes, this needs to change sooner rather than later.

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## This week's Picks

### From The Continent

**Ethiopia's prime minister Abiy Ahmed was sworn in for a second, five-year term this week, his ruling Prosperity Party having been declared the landslide winner of elections in July.** He faces the challenge of restoring stability to the country amid ongoing hostilities in its Tigray region, and growing international criticism of his rule. **More: [Al Jazeera](#)**

**Guinea's military rulers have named Mohamed Béavogui, a former civil servant, as prime minister to oversee a promised transition back to civilian rule, following a coup on September 5.** The Junta, led by Colonel Mamadi Doumbouya, has promised free and fair elections, but has not said when these might happen. **More: [Reuters](#)**

### THE WEEKLY STAT

**\$39.8bn**

**Nigeria's planned record budget for 2022, a 25% increase on the previous year.**

**More: [Reuters](#)**

## The Global Perspective

**Google has announced plans to invest \$1bn across Africa over five years.** This includes a new subsea cable, investment into tech start-ups, and training. **More:** [Techcrunch](#)

**U.S.-based pharmaceutical company Moderna has announced plans to invest up to \$500m to build a coronavirus vaccine factory in Africa, with the aim of producing 500m doses a year.** This comes amid growing concerns about low vaccination rates on the continent, estimated at around 4.5%. **More:** [Reuters](#)