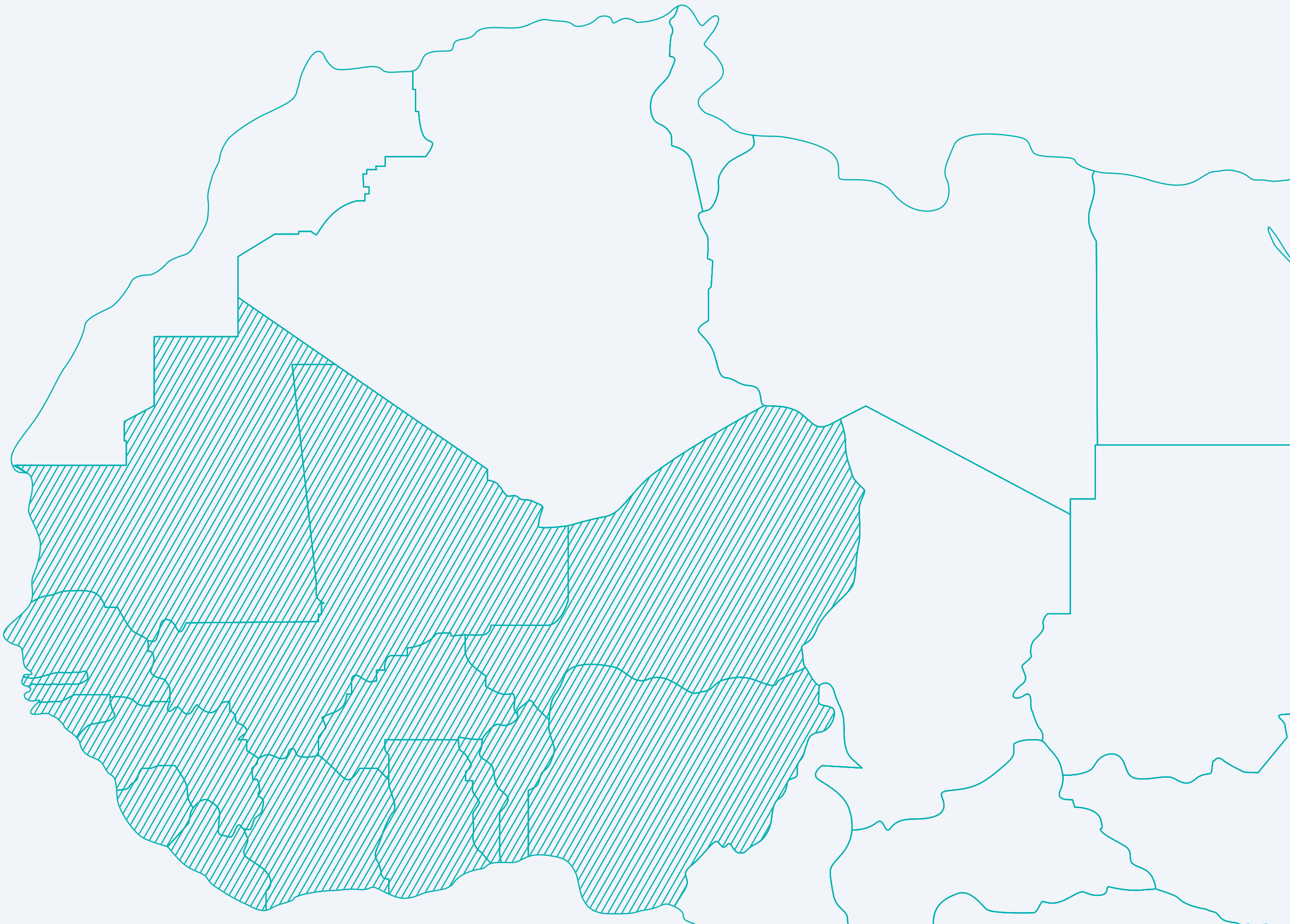
Africa Advisors

KONRAD ADENAUER STIFTUNG



West Africa

A stocktake on the COVID-19 pandemic

An indicative outlook on the impact and future potential

Based on more than 40 interviews with experts from the West African region

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At a glance

- In sub-Saharan Africa, there were commonalities in the fight against the pandemic as well as differences, which stem from the varying socio-economic and political environments of the individual countries prior to the crisis.
- The quick and often strict lockdown measures adopted after the first registered cases is a common characteristic that prevented many countries from higher infection rates at the beginning, which would have overburdened the respective health systems.
- In almost all sectors, two main weaknesses have once again become apparent: On the one hand, the lack of added value in the country's own local production and the associated dependence on imports. And on the other hand, the extremely high number of informal employment, which are immediately affected existentially by any economic setback.
- In the coming years, it will be even more important for the West African region to create more regional integration and cooperation in order to grow as a region and avoid being divided into front-runners and outcasts.
- In this context, the economic heavyweight Nigeria must also play an important role, or even be the growth engine. But in order to become the region's economic powerhouse, it needs to resolve its great dependence on oil and tackle their internal security problems.
- Sub-Saharan Africa can and should play a more important role as a political partner for Europe in the discussion of topics such as the migration challenges, the dependencies from single countries such as China and the needed partnerships in the 21st Century.

Content

Abbreviations

AfCFTA	Africa Continental Free Trade Area
BMZ	Federal Ministry for Economic Cooperation and Development
CEPI	Coalition for Epidemic Preparedness Innovations
COVAX	COVID-19 Vaccines Global Access
COVID-19	Corona Virus Disease 2019
DEG	Deutsche Investitions- und Entwicklungsgesellschaft
ECOWAS	Economic Community of West African States
e.g.	Exempli gratia
EUR	Euro
FDI	Foreign Direct Investments
G20	Group of 20
GAVI	Global Alliance for Vaccines and Immunization
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus

km²	Square Kilometre
KfW	Kreditanstalt für Wiederaufbau
NGN	Naira
NGO	Non-governmental organisations
UK	United Kingdom
USA	United States of America
USD	US-Dollar
WHO	World Health Organisation
%	Percent

1 Introduction

On 27 February 2020, the first COVID-19 case was reported in sub-Saharan Africa in Nigeria, most likely as a result of travellers travelling to and from already existing hotspots in Asia, Europe, or the USA. On 13 May 2020, the Kingdom of Lesotho recorded as the last of the sub-Saharan African countries its first COVID-19 case, bringing the pandemic to the entire African continent in just under three months. The pandemic hit many of the sub-Saharan African countries on their path toward growth and stabilisation, and like all other countries globally, they were completely unprepared.

Beginning of July 2021, a total of 3,981,431 cases of COVID-19 have been recorded in sub-Saharan Africa, and 75,571 people have died with or because of COVID-19. South Africa has by far the most cases, with over 2 million, and is unfortunately also the source of a virus mutant causing even more restrictions, in particular international traveller's bans leaving the tourism sector in South Africa in a challenging situation. Countries such as Ethiopia, Kenya, Nigeria and Zambia follow each with at least over 150.000 COVID-19 cases.[1] On the date on publication of this study, the pandemic will still be far from over, many countries yet to experience the 3rd wave or are still in the midst of the 2nd wave and of course cannot yet assess the impact of the pandemic in its entirety. The volatility in the global environment due to the COVID-19 pandemic and related measures, is taking a heavy toll on human life, placing excessive pressure on health systems, and continuing to negatively impact the economic prosperity and social stability of all countries.

In sub-Saharan Africa, the current impacts are immense. Among other things, they reduce agricultural productivity, affect supply chains, reduce labour market opportunities in the formal sector and exacerbates the already vulnerable state of the informal sector. The restrictions on economic activities resulting from COVID-19 related government lockdowns and macroeconomic instability is increasing poverty and threatens livelihoods. Undoubtedly sub-Saharan Africa is facing major economic and socio-political challenges. Due to expert's opinion the positive developments in terms of economic growth and governance in recent years in some countries will potentially become stagnant or will even lead to regression. Some countries will even face recession for the first time in a generation, due to falling oil and commodity prices, slumps in the tourism sector and the decline in foreign investment.[2] These externalities have unfortunately tended to be exacerbated by the lockdown measures in the countries, and country-specific challenges, such as social unrest, among others, have also contributed to a worsening of the situation. At the beginning of the pandemic, with still comparatively low case numbers in most sub-Saharan African countries and little evidence regarding the impact of the crisis, there were overwhelming reports and assessments that the pandemic would lead to a catastrophic socio-economic disaster in sub-Saharan Africa, with significant fatalities. It was speculated that individual countries would not be able to deal with the pandemic due to the lack of basic requirements in the health care systems, the dysfunctionality of administrative processes, lack of governmental willingness and misunderstanding and misconceptions of the greater public. Unlike other diseases, such as Ebola, sub-Saharan Africa had to deal with in the past, COVID-19 allegedly originated elsewhere in the world and was brought to sub-Saharan Africa. The whole world had to deal with the virus's impact but with regard to sub-Saharan Africa some media and institutions predicted the continents' handling of the crisis immediately within the old, negative patterns of wars, diseases, and corruption.

Interestingly, many of these reports and assessments came from outside sub-Saharan Africa and offered very little insight from the respective countries or experts on the ground and of course, it was far too early to make any conclusive statements. As the pandemic has progressed in sub-Saharan Africa, some of the challenges associated with the pandemic have also become apparent and even intensified. But this should not give rise to a general resurgence of "Africa pessimism" but rather focus attention on the facts and "Africa realism", such as strict and fast measures or resilience which in many cases also forms the basis for "Africa optimism".

The question is what kind of positive or negative developments in sub-Saharan African countries continue under the current COVID-19 pandemic. A further question is how sub-Saharan African countries will respond to the COVID-19 crisis as well as its probable medium- to long-term impacts. These questions have led to this study at hand, which is not intended to take an "external view", but rather to include those experts' knowledge who have been able to follow the developments in their respective countries over the past few years and are now therefore better positioned to evaluate the impacts of the COVID-19 crisis. This study is based on more than 40 expert interviews, which were enriched with corresponding research on data and facts.

The diversity of the sub-Saharan African countries does not allow the study to be carried out in a generalised manner for all countries but requires a focus on a region and even more a focus on some countries in this region in order to discuss, compare and include further details.

For many reasons the focus of this study is on West Africa. On the one hand, to highlight the increased economic strength of the region in recent years and take a close look under the challenges of the COVID-19 pandemic. But also, on the other hand, to further consider the increased interest and support from Germany and Europe for this region and to support this interest with current facts and views on the mid to long-term developments. German foreign policy in particular has increasingly focused its engagement on West Africa in recent years and has entered into a variety of partnerships and supported developments in the countries of West Africa. Also, from the perspective of the European Union the region and its Economic Community of West African States (ECOWAS) is of importance due to its tasks for economic development, and for stabilising the security situation.

Nigeria, by far the largest economy in sub-Saharan Africa, naturally occupies a prominent role in the study. Not only because the COVID-19 pandemic is a major challenge for Africa's most populous country, but also because Nigeria found itself in a fundamentally difficult economic situation due to the 2015/2016 crisis and the renewed drop in oil prices at the beginning of 2020 when the coronavirus reached the country.

Based on the above-described objective of the study and the chosen approach, the following core building blocks have been defined in addition to this introduction (*Chapter 1*):

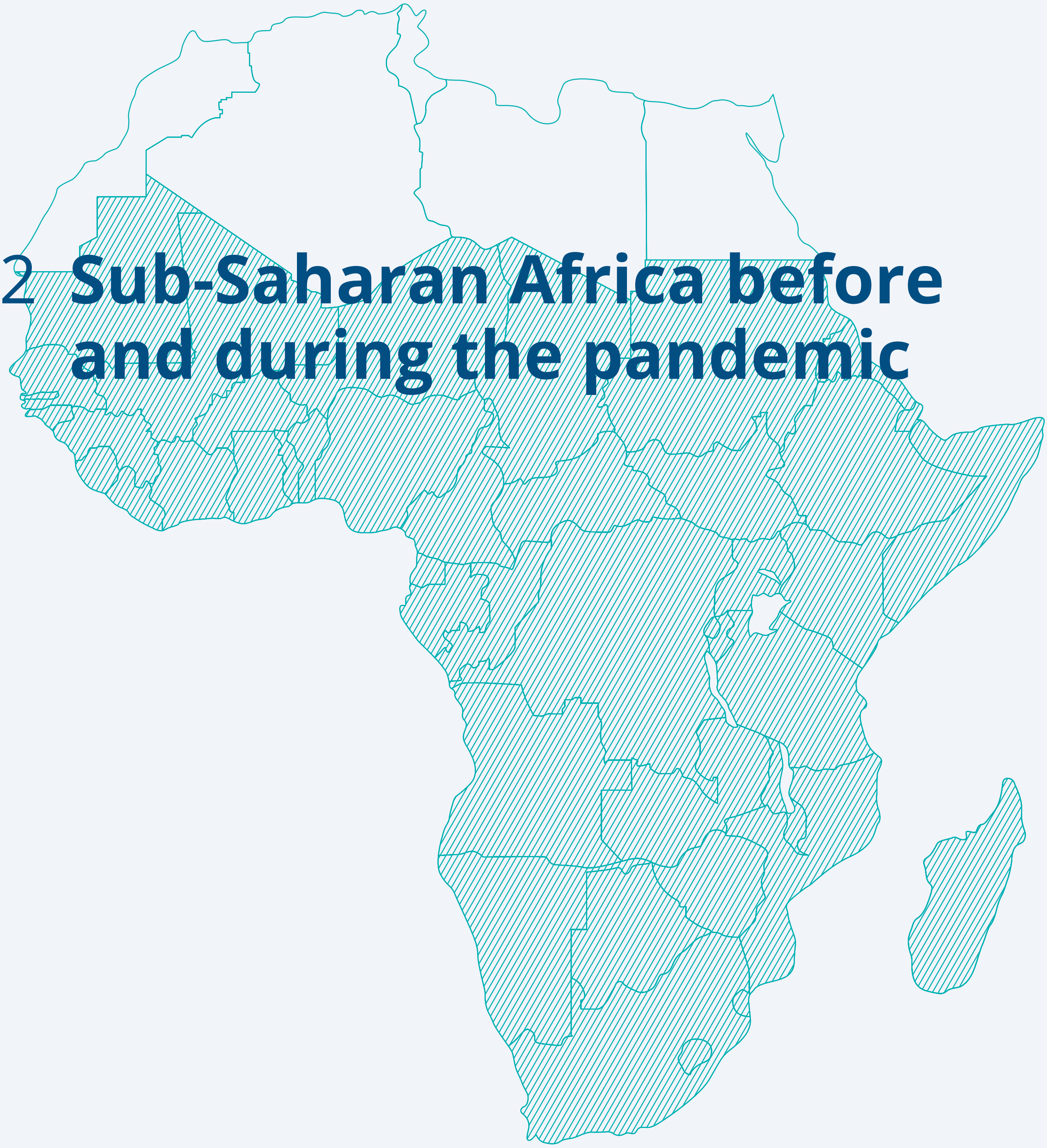
- An overview to developments in recent years in sub-Saharan Africa and the current COVID-19 pandemic situation (*Chapter 2*);
- A focus on West Africa as a region, including spotlights on Côte d'Ivoire, Ghana, Mali, and Senegal and a focus on Nigeria as the largest economy, including more details on recent developments and some sector specific impacts (*Chapter 3*);
- An overview on the "Economic Community of West African States (ECOWAS)" as an institution, including the Economic Partnership Agreement efforts with the European Union and the new "African Continental Free Trade Area (AfCFTA)". (*Chapter 4*);
- The conclusions presented for West Africa and an outlook and optimistic appeal for sub-Saharan Africa (*Chapter 5*).

The qualitative, expert interview-based study design also includes a high-level overview of the economic developments and trends in the region and the respective countries prior to the COVID-19 crisis in order to better understand the measures and impacts caused by the pandemic. This relates in particular to the more general developmental aspects of the study as additional insights from previous years are required in order to develop a more holistic perspective and understanding of the country-specific insights and analysis.

1 WHO Coronavirus Disease (COVID-19) Dashboard: https://covid19.who.int/ (04.07.2021)

2 Afrika Verein der deutschen Wirtschaft e. V.: Investitions- und Handelsförderung Post-Corona: https://www.afrikaverein.de/fileadmin/user_upload/PP_Investitions-_und_Handelsfoerderung_Post-Corona.pdf (15.12.2020)

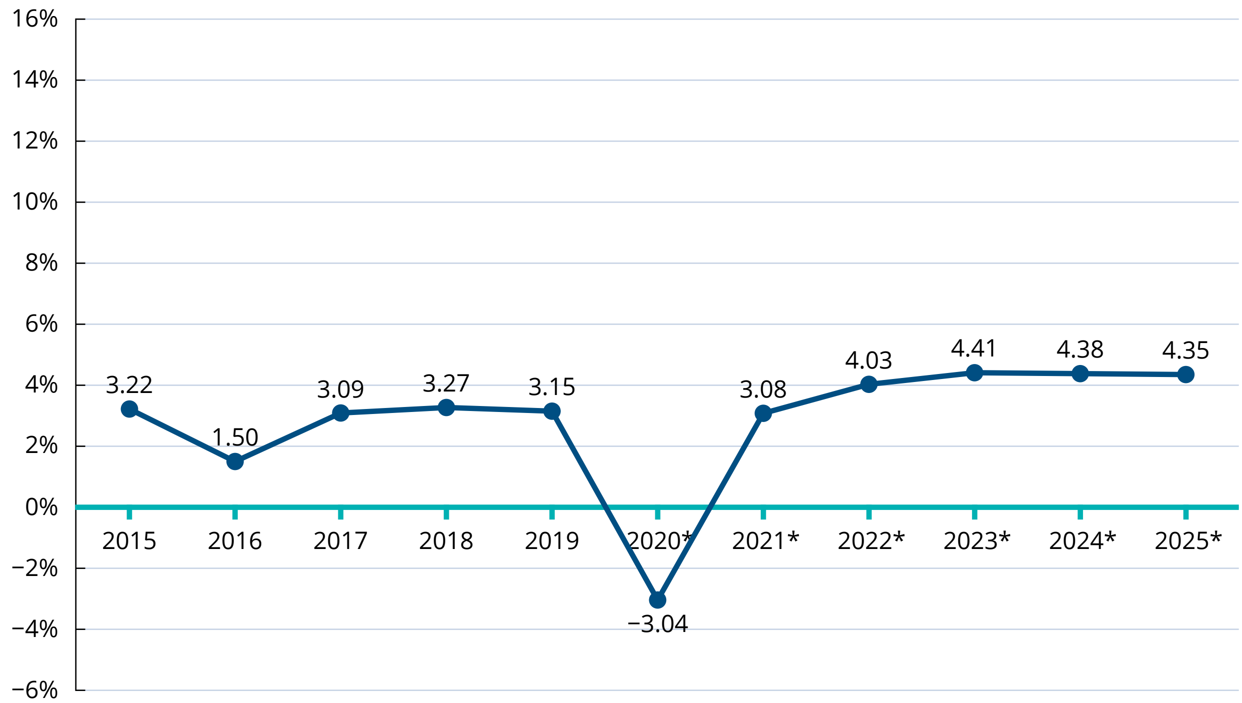
2 Sub-Saharan Africa before and during the pandemic



2.1 **Developments in recent years**

General developments – an overview
Before the outbreak of the COVID-19 virus, sub-Saharan Africa could refer back to years of positive economic development with a promising outlook for the future. Sub-Saharan Africa was taking its first slow steps toward becoming a more important player for the world economy. These developments have built a valuable basis, which also offers the potential support in overcoming the current crisis, and can counteract pandemic related negative developments. It is therefore worth taking a more detailed look at these economic trends in the context of this study to understand the prerequisites for recovering from the COVID-19 crisis. And above all, to understand how great the potential is if the current challenges and problems that still exist (also independent of COVID-19) were to be solved.

Many countries in sub-Saharan Africa have sustained their growth over years and some of these countries belong to the Top10 economies regarding Gross Domestic Product (GDP) growth in recent years. Improved economic growth across sub-Saharan Africa has been broad, with variation across economies, sectors, and regions. The success stories of various countries over the past few years showcase the potential and the growth sub-Saharan Africa has to offer.



Sub-Saharan Africa: Growth rate of real gross domestic product (GDP) from 2015 to 2025 – Source: https://www.statista.com/statistics/805560/gross-domestic-product-gdp-growth-rate-in-sub-saharan-africa/ (Forecast) (last accessed: 17 March 2021)*

Purposeful to this development is that in some countries political systems are slowly but continuously stabilizing and the way of doing business is becoming progressively professionalized. Legal systems and award enforceability is becoming slowly structured and aligned with international standards in legal systems. In many sub-Saharan African countries, bureaucracy has been reformed in recent years thereby making it easier for domestic and foreign companies to enter the market and to improve the business climate. In the World Bank's "Doing Business Report", five sub-Saharan African countries are among the top 10 reform countries in the category of "Starting a Business".[3]

Despite the many positive developments and indicators, it must not be forgotten that unfortunately there are still corrupt elites in some countries, some governments are highly inefficient, and the security situation is difficult. Democracy is under increasing pressure in a number of African countries and authoritarian tendencies are on the rise. Some of the recent elections were far from fair and democratic.

Sub-Saharan Africa's population had reached the 1.1 billion mark in 2020 and is projected to increase to 2.12 billion by 2050, which means a weekly increase of 653,000 people (linearized). By the end of the century, sub-Saharan Africa's population will increase once again to up to 3.7 billion people. Most economic, political, or socio-economic developments and challenges are directly or indirectly related to this population growth. In terms of working population, sub-Saharan Africa will be the world's largest workforce (340 million people) by 2035, rising to 850 million by 2050 (nearly one in four workers worldwide).

Year	**1950**	**2020**	**2050**	**2100**
Global in billion	2,5	7,8	9,7	10,8
Sub-Saharan Africa in billion	0,17	1,1	2,12	3,7
Percentage	7%	14%	22%	35%

Source: Illustration by Africa Advisors, data from: United Nations – Department of Economic and Social Affairs Population Dynamics: https://population.un.org/wpp/DataQuery/ (last accessed: 2 January 2021)

But this growth does not only hold opportunities for a young population, but is also characterised by risks, such as food security, access to education and jobs, as well as security in the countries. A demographic dividend is still not in sight for the vast majority of the sub-Saharan countries.

Most of the population is living in rural areas but are becoming closer to global markets through off grid solutions, mobile phone technologies and improved infrastructure. Simultaneously, urbanization processes will accelerate 80% of sub-Saharan Africa's population growth over the next 20 years. This will lead to approximately 50 totally new cities with populations of over 1 million each.

It is anticipated that cities like Lagos in Nigeria (currently 21 million people), Kinshasa in the Democratic Republic of Congo (currently 12 million people) and Dar Es Salam in Tanzania (currently 6 million people) will become Giga Cities by the end of this century with close to 100 million people living in these metropolitan areas. These urbanization processes will force structural changes and accelerate the developments in these areas and the steady growth of the middle class will guarantee an increased demand for a variety of consumer goods and related services. The respective consumer spending is projected to double within the next 30 years.

The continent owns approximately 60% of the world's arable[4] land and with its huge domestic market, abundance of labour resources and favourable climate in most parts, new industries around the important agricultural sector will emerge and offer massive opportunities for growth. With innovation and development, these significant agricultural resources have the potential to feed all the people living there. Hunger and malnutrition could be overcome (in a best-case scenario) within a decade. But here, too, the general potential is closely linked to growing challenges or even conflicts, as is particularly evident in climate change, which is already having a disproportionately strong impact on the countries in the Sahel region and is significantly affecting the general climate, agricultural cultivation conditions and the availability of drinking water. Sub-Saharan Africa's young population are gradually better educated and know how to find their place in the digitally driven world of work. This affinity for digital solutions is also slowly producing entrepreneurs and start-ups that solve the daily challenges of many people in Africa with their products and services and write success stories. Of course, experts point out that this development is only happening as fast as access to the internet and mobile devices is available and affordable. In many cases, the use of the new technology still needs to be practised, which is true even for university graduates. In a few sectors a key characteristic of these developments is "leapfrogging", the skipping of technological steps, as has already been demonstrated in the area of mobile payment or other financial services. However, the successes, especially in the FinTech sector, should not obscure the fact that most industries do not have the prerequisites for these technological leaps. Also, in sub-Saharan Africa leapfrogging usually only takes place when international investors are involved, or individual sectors receive special funding.

The implementation of the Africa Continental Free Trade Area (AfCFTA) commenced on 1 January 2021, with the aim of harnessing the continent's ability to unify and create economic power, combining an anticipated GDP of over USD 2.5 trillion (see also chapter 4 for more details). For the approximately 400 companies in Africa with already annual revenues of USD 1 billion or more, the AfCFTA will create additional opportunities and options for further growth.[5] As these factors create attractivity and opportunities, sub-Saharan Africa is set to become increasingly visual on the radar of investors, corporates, entrepreneurs, policymakers as well as Africa related institutions. Companies who have already achieved market entry are sharing their success stories and are planning to expand further in sub-Saharan Africa.

Snapshot on important sectors and related developments

Economic development in many sectors is the fuel of growth and the basis for further success. Since most sub-Saharan African countries still have the status of developing countries, there is growth potential in many sectors[6] although the challenges and problems that still exist must not be ignored.

Industry and Manufacturing

Sub-Saharan Africa has slowly started to substitute its imports through local production to the growing demand and to reduce dependencies from foreign countries. Highlighted by experts this process has the potential to accelerate the industrialization processes and it is estimated that sub-Saharan African industries can nearly double production within a decade to become another manufacturing center in and for the world. In fact, some countries have already started to develop a diversified manufacturing base and have shown a realistic potential to compete in the global economy with products from sub-Saharan Africa. Experts predict that key industries could include in the future automotive (e-mobility), chemicals, information and communication technology, food processing, electronics, clothing, textiles, footwear, wood products, paper, petroleum, and plastic products. But there is still a long way to go to realize this potential.

Resources

Sub-Saharan Africa has always had an abundance of both agricultural and mineral resources and still a major part of these is untapped or undeveloped. It is highly likely that in the following years, innovations and investments drive the continent towards unlocking these resources and to benefit from it.

Agriculture
Farming is and will continue to be the most important part of the sub-Saharan African economy, with a huge amount of the population being directly or indirectly dependent on agriculture for their employment and income. In various countries, governments established supporting programs for commercially oriented small-scale farming. Related industries which are also getting a lot of attention are food-processing, freshwater aquaculture and maricultural, and various types of meats, nuts, herbs, and fruit. Drone technology is also becoming increasingly popular for seeding or effective pesticide control.

Infrastructure
Infrastructure is the key to unlocking further growth. Millions of citizens in sub-Saharan Africa still have no access to electricity, clean drinking water and sanitation systems, a functioning health system, pharmaceuticals, education, public transport or road and rail infrastructure. Many governments have recognized the problems and are closing the gaps, also with the support of international partners. The growth potential in this sector is tremendous, as the demand will also be continuous as the population grows.

Digitization and Mobile Access
Sub-Saharan Africa is on its way to slowly unlock its potential to become a digital and mobile continent. In a global comparison, Internet access and a reliable power supply is still lacking behind. Nevertheless, access to digital infrastructure is in some countries already better than traditional infrastructure and the roll-out has just commenced. The increase in mobile phone use enables access to digital products, especially in the financial sector, service sector or even in the leisure sector, such as streaming services and social networks. Through these digital opportunities, the already mentioned opportunity of leapfrogging in some sectors will continue to increase, and to solve everyday challenges, people will respond directly with digital products and services. Highlighted by experts a more and more digital sub-Saharan Africa also creates a market for digital business process outsourcing, especially for German and European companies.

Tourism
Sub-Saharan Africa had a fast-growing tourism industry, recognizing tourism as a very profitable business with immense growth potential. In some of the sub-Saharan African countries, this sector directly ranks second to the agricultural sector. Sub-Saharan Africa's tourism is only expected to grow because of its geographic scenery, natural beauty, rich biodiversity, cultural diversity, and a reputation for delivering value for money experiences.

Finance Services
Many countries in sub-Saharan Africa are taking several measures to strengthen their financial foundations and institutions. Many domestic and foreign institutions have been established throughout the continent, which are providing a wide range of services from commercial and retail to merchant banking, lending, and investments. This includes microfinance institutions and businesses with complementary financial services. For example, South Africa has developed a regulated banking system with a Central Bank, some large financially strong banks, and several smaller banks. Nigeria, on the other hand, consolidated 89 banks to 25 banks to unlock its sector's potential.[7] A strong financial sector will also lead to growth in other sectors and be able to act as a backbone for them.

Retail and Apparel
Nearly all experts confirmed that due to the consistently growing population in sub-Saharan Africa, retail is guaranteed to become a long-term growth parameter in the region. This affluent and important sector includes textiles, clothes, hardware, household goods, general stores, pharmaceuticals, and food and drinks. The industry is also a significant employer and can become a successful export sector for sub-Saharan African brands and products. This development can already be mapped with young African designers opening Pop Up Stores in Germany and elsewhere in Europe.

2.2 COVID-19 in sub-Saharan Africa – an overview

After demonstrating its strong resilience during the Ebola outbreak and the global financial crisis, sub-Saharan Africa is once again facing a severe test of its strength and resilience in light of the COVID-19 pandemic.[8] An African proverb says, "However long the night, the dawn will break". This advice rings true for the global struggle against the COVID-19 pandemic. Until today, the huge catastrophe predicted by many for the sub-Saharan African region, in relation to the COVID-19 disease itself, has fortunately not become reality although people in cities like Lagos or Dakar are living in poverty and in high density areas with unhygienic conditions. Moreover, most people work in the informal sector, for example in traditional markets, where strict lockdown measures could not be enforced as people depend on daily sales for basic consumption purposes.

The number of reported cases through test centres is comparatively very low in most sub-Saharan African countries, especially since more than half of all cases are in South Africa alone, and well behind the figures from European, American, or Asian countries. Another positive aspect is that the mortality rate is also comparatively lower in sub-Saharan Africa.

04.07.2021	First Case	Recorded Cases	Death
Sub-Saharan Africa	27th February 2020	3,981,431	93,526
South Africa	5th March 2020	2,046,311	61,507
Ethiopia	13th March 2020	276,368	4,330
Kenya	13th March 2020	185,591	3,671
Nigeria	27th February 2020	167,803	2,121
Zambia	15th March 2020	162,487	2,397
Ghana	12th March 2020	96,067	796
Namibia	11th March 2020	94,047	1,626
Uganda	21st March 2020	83,637	1,193
Cameroon	6th March 2020	80,858	1,324
Mozambique	22nd March 2020	79,213	897

Source: 10 Most affected countries in sub-Saharan Africa – WHO Corona Virus Disease (COVID-19) Dashboard[9]

But, the lack of testing capacity makes it extremely difficult to determine how much of an impact the pandemic will actually have on the populations of African countries. The reasons for the comparatively low numbers are certainly complex and can only be reliably named after the end of the pandemic with more data and insights from the health systems, research and studies, but there are certainly some indications:

- Many sub-Saharan African countries took swift measures after the first cases became known and, in some cases, implemented strict lockdown protocols;

- International airports closing very quickly and preventing crossing of country borders;

- Outside the large urban centres, there is also very limited cross-regional mobility, as there is often simply no transport available;

- The rapid response is also based on many countries' experience with other infectious diseases such as Ebola and Lassa fever, and has likely led to a slower spread of infection;

- On average, the population in sub-Saharan Africa is below 20 years[10] old and the low infection figures could also be related to the low average age – young people are more likely to be asymptomatic and because they do not get noticeably ill, they are less likely to get tested; and

- It is increasingly suspected that the immune system is shaped not only by genetics but also by environmental factors, such as exposure to microorganisms and parasites. This trains the immune system to protect itself against invading pathogens.[11]

As positive as these indications are, one must be sensitized to the risk arising from the indirect consequences of the pandemic. Firstly, the potential collateral damage to health from drug shortages or their limited distribution, as well as a deferral of treatment for other diseases (including HIV, tuberculosis, Malaria), could be much more acute in some countries than the virus itself.

Also, for the economies in sub-Saharan Africa the resulting impacts of the pandemic could be a caesura for businesses going forward – business trade and practices, supply chains, strategies and assumptions will change. This does not only apply to all businesses but also to all countries. Even before the COVID-19 crisis the growth of African economies has often been lower than the population growth. The pandemic could have an accelerating effct and thus result in further challenges. In addition, negative economic developments outside sub-Saharan Africa could also pose a threat.

Due to expert's opinion the pandemic has also ruthlessly exposed weaknesses and sub-Saharan African countries are well advised to further and quicken their positive developments, solve existing challenges and problems. The existing level of developments make now even more their deficits visible to the youth and the next generation. The vulnerability towards pandemics is frightening. But active industry policies can be accelerators to combatting against poverty and to creating a healthy, inclusive society with sustainable economic growth. And as good times return and economies stabilise, it should become a priority to make the economies more robust against any potential exogenous shocks. But, since national economies are always interdependent in a global structure, this can only succeed for the developing countries in sub-Saharan Africa if the countries are also willing to shape the financial resources, offer government incentives and subsidies as well as framework conditions in such a way that this efficient economy can also emerge.

3 The World Bank Group: Doing Business 2019: https://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report_web-version.pdf (22.12.2020)

4 GROWAFRICA: 60% OF ARABLE LAND IS IN AFRICA AND IT HAS BILLIONS IN INVESTMENT POTENTIAL: https://www.growafrica.com/news/60-arable-land-africa-and-it-has-billions-investment-potential (23.11.2020)

5 McKinsey Quarterly: Africa's overlooked business revolution: https://www.mckinsey.com/featured-insights/middle-east-and-africa/africas-overlooked-business-revolution (23.11.2020)

6 The African Exponent: The Fastest Growing Industries in the Booming African Economy: https://www.africanexponent.com/post/7200-the-fastest-growing-industries-in-the-booming-african-economy (02.01.2021)

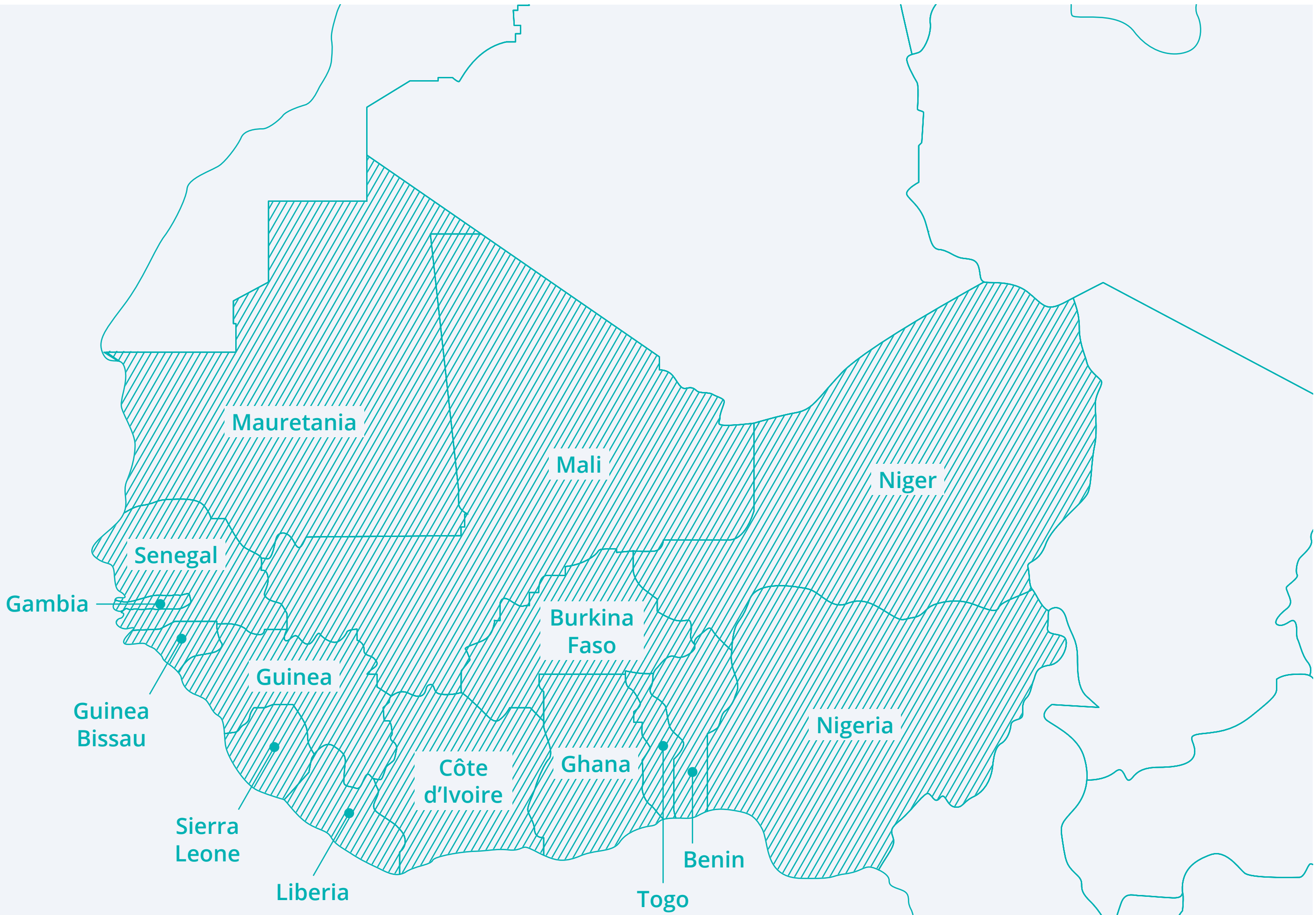
7 The World Bank Group – Research Paper: Financial Intermediation in the Pre-Consolidated Banking Sector in Nigeria: http://documents1.worldbank.org/curated/en/785541468288988450/pdf/wps4267.pdf (22.12.2020)

8 African Development Bank: Post COVID-19: Rebuilding Africa and strengthening its resilience against future economic shocks: https://www.afdb.org/en/news-and-events/post-covid-19-rebuilding-africa-and-strengthening-its-resilience-against-future-economic-shocks-37467 (15.12.2020)

9 WHO Coronavirus Disease (COVID-19) Dashboard: https://covid19.who.int/ (19.03.2021)

10 United Nations – Department of Economic and Social Affairs Population Dynamics: https://population.un.org/wpp/DataQuery/ (02.01.2021); Worldometer: https://www.worldometers.info/world-population/africa-population/ (02.01.2021)

11 Deutsche Welle: COVID-19 in Afrika: Pandemie weniger schlimm als erwartet: https://www.dw.com/de/covid-19-in-afrika-pandemie-weniger-schlimm-als-erwartet/a-54800418 (02.01.2021)



3 Spotlight on West Africa and selected countries

After the brief and aggregated overview of developments in the whole of Sub-Saharan Africa in chapter 2, the West African region will now be discussed in more detail. In this region, there is not only a field of tension between the strongly emerging economies and the extremely poor countries of the Sahel region, but it is also home to sub-Saharan Africa's largest economy, with its very own dynamics and challenges. It is therefore not surprising that West Africa has increasingly come into focus from a German and European perspective in recent years. The partnerships and the commitment were not only related to the economic development of the West African countries, but also included security policy aspects. In order to take these aspects into account in the study, three countries that are economically prospering – Côte d'Ivoire, Ghana, and Senegal – were included on the one hand. And on the other hand, Nigeria, as an economic heavyweight, should not be missing in the assessment of developments. In Mali, both the strong economic development need and the security policy aspect are reflected and is therefore included in the countries of detailed consideration.

3.1 **West Africa**

3.1.1 Economic development until COVID-19 crisis

According to the definition of the United Nations, West Africa as a region includes a total of 16 countries – Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, The Gambia, and Togo. With a population of more than 350 million people, West Africa is one of the growth regions in Africa and deals with all growth-related demographic challenges, with cultural and ethnic diversity, and varying geographic and political conditions for prosperous development.

West Africa is home to some of the fastest growing countries in the world (e.g., Ghana, Senegal, Côte d'Ivoire), but also to some of the poorest and underdeveloped countries in the world (e.g., Niger, Mali in the Sahel region). Beside this gap, the categorisation into francophone and anglophone countries is another characteristic for the region, dating back to the colonial era. The different language background also results in another distinction in terms of society, economy and doing business.

According to the African Development Bank, West African countries can be classified into four groups in relation to their growth in recent years. The following table summarizes the characteristics per group.[12]

Group 1
Benin, Burkina Faso, Côte d'Ivoire, Ghana, Guinea, Niger, and Senegal

This group has consistently shown an annual average growth rate of more than 5% between 2017–2018 – defining the growth engines with 26% contribution to the regions overall GDP prior to COVID-19 pandemic.

Group 2
Liberia and Nigeria

Countries in this group still suffer from their recessions in 2016. For the West African region in particular, Nigeria's weakness and the lower GDP growth directly translates into a lower growth for the region.

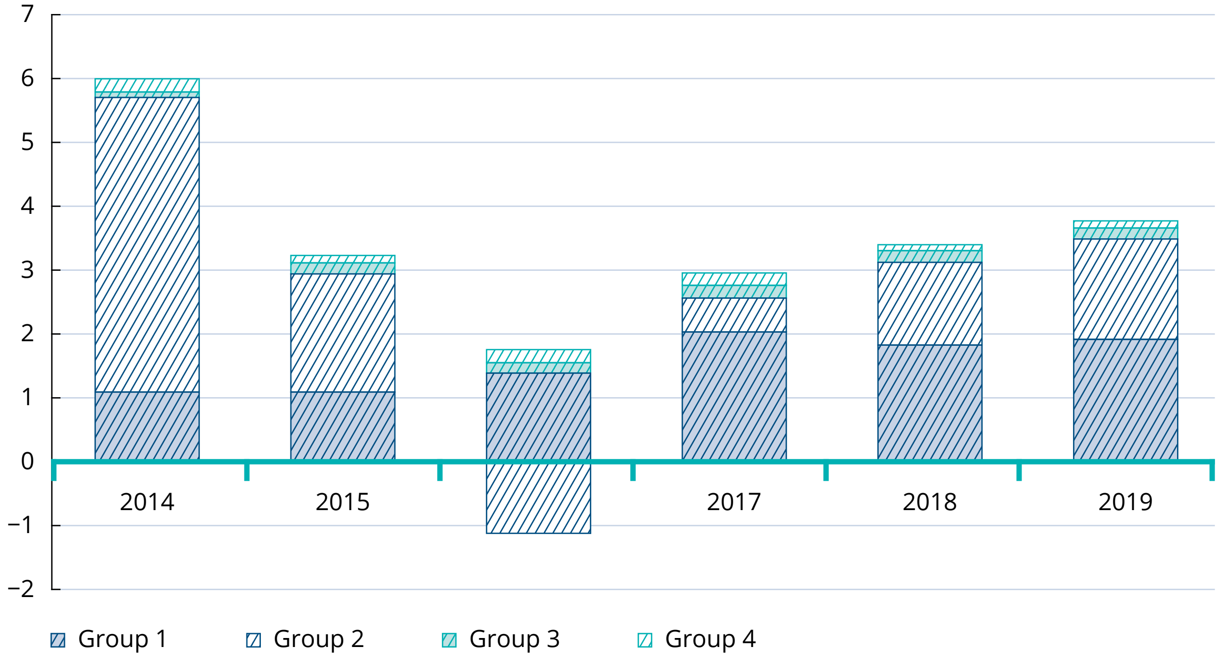
Group 3
Cabo Verde, The Gambia, and Togo

Countries in this group significantly improved their growth since 2017 and are getting close to 5% or more growth. However, despite the good growth, they only contribute very little to the regions GDP growth.

Group 4
Guinea Bissau, Mali, and Sierra Leone

These countries are characterized by fluctuating growth rates with little contribution to the regions GDP growth. The reasons for this volatility are in particular the political situation of the countries and the associated uncertainties and risks.

Overall, West Africa has seen positive impulses in recent years and the increasing political stability has also had an attractive effect on foreign investors and partnerships at all levels. Prior to the outbreak of the COVID-19 pandemic, the West Africa region was projected to grow by around 4% in 2020. With this growth, however, West Africa ranks only third behind East Africa and North Africa, although individual countries have grown significantly, and the average growth was positive. The reason for this is to be found in the economic heavyweight of the region, Nigeria, which had been slow to return to growth after the crisis in 2015/2016 and unfortunately was unable to act as the region's growth engine during this period.[13] On the other hand, Nigeria's economic weakness in terms of regional GDP is reinforced by the fact that West Africa is home to some of the world's poorest, economically weakest, and terror-threatened countries, such as Mali or Chad.



Contribution to regional output growth in West Africa (percent), 2014–2019.[14]

From an industry perspective, based on experts' insights past growth in the service sector has made it the fastest growing sector in West Africa, exceeding manufacturing, and agriculture. With the positive developments in the service sector, it is responsible for almost 50% of GDP growth in most West African countries. In countries such as Senegal, Ghana, or Côte d'Ivoire a huge proportion in the service sector comes from the tourism industry and the related services, which are key sources for domestic revenues and jobs.

Contributions to growth from agriculture and industry have either declined or stagnated relatively strongly. Structural change continues in West Africa, as proved by the slow transition from agriculture to services. Although there is still huge potential in commercial, professionalized, and mechanized agriculture, which at the same time still provides the most (informal) jobs or is characterized by subsistence farming. Experts point out that the further industrialization of the West African countries was off to a good start, particularly in the manufacturing industry, and should form the basis for the region's competitiveness as it continues to expand. However, even further diversification would be important for this, in order to produce a wide range of intermediate and end products or to create sustainable jobs.

Another important growth driver has been strong household consumption, which has also contributed to macroeconomic stability through a growing middle class. Potential for economic growth also emerged from rising demand for digital services. The associated digital economy has the potential to transform the region's labour market and bring people out of informal jobs. However, at present, all countries are at a good technological level but there is still low internet penetration in some places.

3.1.2 Dealing with the challenges of the pandemic

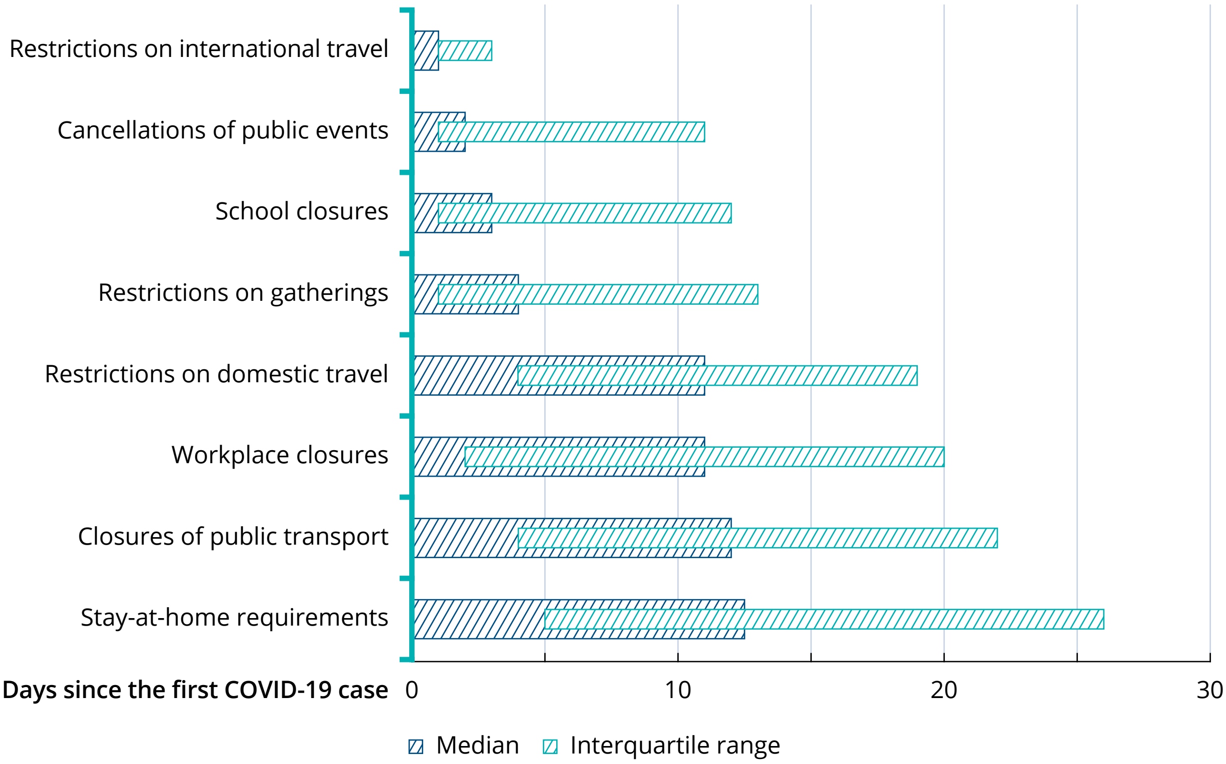
04.07.2021	First Case	Recorded Cases	Death
ECOWAS	27th February 2020	488,464	6,472
Benin	16th March 2020	8,199	104
Burkina Faso	09th March 2020	13,494	168
Cabo Verde	24th March 2020	32,705	287
Côte d'Ivoire	11th March 2020	48,513	315
Ghana	12th March 2020	96,067	796
Guinea	13th March 2020	23,807	172
Guinea-Bissau	24th March 2020	3,881	69
Liberia	16th March 2020	4,520	133
Mali	25th March 2020	14,439	526
Niger	19th March 2020	5,506	194
Nigeria	27th February 2020	167,803	2,121
Senegal	02nd March 2020	43,627	1,171
Sierra Leone	31st March 2020	5,748	104
The Gambia	17th March 2020	6,116	182
Togo	06th March 2020	14,039	130

Source: WHO Corona Virus Disease (COVID-19) Dashboard[15]

The 16 countries of West Africa have been caught just as unprepared by the COVID-19 virus as all other countries in the world. The outbreak of the COVID-19 pandemic came at a time when some of the West African economies were on a sustained economic growth path and had positive growth prospects through the implementation of prudent macroeconomic policies, while other West African countries were still struggling to get on the growth path and implement stability.

Listening to the interviewed experts, what the West African countries have in common, however, is that the vast majority of them have taken the virus seriously and have also responded comparatively quickly with measures. Also, despite the fact that the virus was brought to sub-Saharan Africa from Asia and the Western world, the countries in West Africa have recognized the threat and accepted that they must act. Governments were able to raise awareness of the crisis and use lessons learned from past crises, such as Ebola, to reach people with appropriate communications. And from the population, understanding of the situation and a commitment to overcoming the crisis have been plausibly shown.

The various and often rapid responses have been judged in two ways by the interviewed experts. On the one hand the willingness of fast measures through the governments could be seen as positive, as at the beginning of the pandemic the effects from an economic, political, or social perspective were by no means foreseeable and are still not, as the situation remains fluid, Also, the fact that there is no structured income and places of residence for many of its citizen, it was interesting to hear form the interviewee how vigorously almost all governments in the region have responded to the COVID-19 pandemic. Measures included border closures, mandatory use of mouth-nose masks, distancing rules and hygiene measures, closure of stores and markets, establishment of a curfew and even school closures, especially to protect the most vulnerable populations.



Timing of COVID-19 lockdown measures in sub-Saharan Africa, 2020[16]

But on the other hand, experts criticized as well that the governments were fully aware of the hugely negative consequences of the rapid lockdown measures and with the immediately introduced palliative programs they more or less admitting indirectly that they knew about the negative effects. It was also criticized that some of the lockdown measures were not decided in democratic procedures and there was no public debate or consultation on them.

In most instances, the insufficient living conditions of many challenged the distribution of the right stimulus packages. Experts pointed out that the strict measures implemented in the West African countries also resulted from the knowledge that they have limited resources in the health care system (e.g., ventilators, intensive care units) in particular, the testing and laboratory capacities required for diagnosis, care, and follow-up treatment. It was mentioned in interviews that this will inevitably result in a large number of unreported cases, coupled with the lack of test capacities and many people being afraid of being tested in order to avoid quarantine and the inability to make a living.

Until today, the catastrophe predicted by many for the African continent, in relation to the COVID-19 disease itself, has fortunately not become a reality. However, the infection figures were and are significantly higher in the large cities with international connections and due to the availability of test centres compared to rural areas. Additionally, there are other (tropical) diseases besides COVID-19 that West African countries continue to struggle with intensively and that also require continuous high-level resource from the health care system. Experts pointed out that this means that COVID-19 is sometimes not a priority for the limited resources and capacities in the healthcare sector.

However, the indirect effects of the pandemic are severe. In particular, regulatory lockdowns and boarder closures have affected many sectors, such as agriculture, forestry and fishing, manufacturing industry, wholesale and retail trade, tourism, and hospitality as well as transportation. The related consequences experienced by the formal and informal sector have resulted in increased unemployment rates as opportunities to earn a daily income has become unattainable for many. The rise in poverty has been compounded by the inability of citizen to freely access markets, inevitably causing an increase in food prices, levels of hunger and food insecurity. Limited production capacities and border closures were and are the main reason for the rise in food prices. In the case of imported goods, this is compounded by the negative consequences of exchange rate devaluations.

With regard to food security, the pandemic has already again revealed the need to rely on local product for the development to ensure self-sufficiency. Experts highlighted that this is also true for other common industries with significance, e.g., the pharmaceutical industry or other medical products, where currently the backwardness in the development impedes both growth and security of supply. The related supply chains have also been under stress and have unfortunately shown they function only to a very limited extent. These deficits have again ruthlessly revealed how great the dependence on imports and external support still is in many countries, including dependencies on international loans and funding to develop these countries.

Countries with a high dependence on tourism are also experiencing a significant downturn and will unfortunately continue on this trajectory for some time.

Despite all the successes pertaining to digitization and the access of many people to the Internet, the pandemic caught many countries offhand wherein not all systems and processes could be digitised immediately. This was particularly evident in the educational sector whereby many learners did not have access to educational resources and services during lockdowns. Many interviewed experts pointed out that there were also challenges for companies, for example in the area of home offices, as online collaboration (working from home, independently) had not as yet been tested from many people and in some cases, there were no mobile devices, no connectivity, and a lack of other office related infrastructure. Nevertheless, the telecommunications industry benefited from the increased demand, and resourceful entrepreneurs with fast, digital solutions were able to both help and profit from the pandemic.

However, experts also referred to positive developments experienced as a result of and during the pandemic. These include a steady growth in entrepreneurship and pragmatism among the population, which meant that new business ideas were developed and implemented, and existing businesses adapted to the new challenges. Examples given by the experts were the emergence of manufacturers of disinfectants and sanitizers, producers of mouth-nose masks and other personal protection equipment, distributers of COVID-19-test-kits (e.g., via drones), food delivery services, data services and e-commerce in general. The recovery strategies might build economic resilience against future crises by strengthen regional value chains, reduce vulnerability to external shocks and advance the digital transition.

The pandemic also revealed what can be achieved through a functioning collaboration between the public and private sector. The fast, transparent, and often repeated communication about the pandemic from some of the governments, e.g., in Ghana, has helped to avoid social unrest related to the COVID-19 pandemic in a larger scale – at least so far. To keep this positive momentum governments, need to heed to their commitments pertaining to financial and policy support required in an effort to combat the further spread and impact of the pandemic. Support funds from international institutions (such as World Bank, International Finance Corporation, International Monetary Fund or African Development Bank) have to reach the people for the benefit of all and to avoid doubts that the relief packages reach only a few.

Overall, the region has been tested by the widespread impact of the COVID-19 pandemic, which has affected even the fastest growing economies through shrinkage in trade and investment flows, sharp decline in commodity prices, loss in tourism flows, and overwhelmed the health and social sectors. Thus, what seemed a purely health crisis has also emerged into an economic and social crisis, the extent of which cannot yet be conclusively assessed. But even during the crisis, there have been bright spots and positive developments, so that, as with the infection itself, one should not make a blanket assumption of the worst-case scenario when it comes to the economic and social consequences. The pandemic has also accelerated new positive developments.

3.1.3 An indicative outlook on the impact of the COVID-19 crisis and future potential in selected areas

The full extent of the pandemic on the countries of West Africa cannot be predicted conclusively at this point in time, although developments and trends are emerging as the situation remains fluid. What is certain, however, is that the pandemic will leave traces that will bring about changes that will strongly influence the development of the countries. It is therefore worthwhile to take an indicative look at these impacts, since, contrary to a general prejudice, they do not have to be negative per se, but may also have triggered positive developments or at least generated impulses and awareness for the right path.

Many experts have stated that the COVID-19 pandemic could be considered another reminder for all countries in West Africa to speed up developments, to readjust and to continue their strategized path for growth. The pandemic has ruthlessly exposed the weaknesses of individual countries, but at the same time it has also highlighted reliable strengths. This complete transparency of deficits and opportunities should generate momentum for positive further development. This applies equally to all actors – political sector players, businesses, society, institutions, and associations – no one has been spared, the pandemic has made no distinctions. Even more reason for all these actors to come together and work and be interested in a prosperous future. This also specifically applies to the governments of the respective countries, which for the most part acted quickly and in a commendable manner in the crisis but must now also counteract the increasing critical voices. In the future, there should be more transparency about the measures and the use of (international) financial support measures, as well as ensuring that the measures are the right fit and reach the right beneficiary. The trust in the governments of the respective countries that may have recently been confirmed in elections should be justified by the governments and official institutions on an ongoing basis.

In terms of economic growth in the region, there is no question that the impact of the pandemic will continue to be an influencing factor in the months and years to come. On the one hand, it must be made up for the decline in growth from the peak of the pandemic, and on the other hand, the indirect effects of the global pandemic will still be felt for quite a while, but there will be a positive attitude towards regaining its own strength. This may apply in particular to the cross-section of the West African region, where individual countries can and will be back on the growth path much faster. These external factors of influence also include the decline in demand for exports, the lower prices in the commodities market (including oil, gas, metals, or cocoa), volatility in the global financial markets or the absence of tourists, as a result of which in all cases trade balances and foreign exchange earnings suffer greatly and governments' budgets come under further pressure. However, in terms of regional trade in West Africa or sub-Saharan Africa, ECOWAS activities or the implementation of the AfCFTA could generate positive momentum (see chapter 4).

Agriculture deserves special attention in the coming years, as it will continue to be the largest employer in the region and food security must be an essential element of all policy efforts. Within the agricultural sector, the evolution towards industrial and modern farming must be maintained as efficiencies in cultivation, harvesting, storage and transport are essential. Experts have pointed out that the attractiveness of the agricultural sector must also be promoted to young people and training opportunities should be created. The workers freed up by the efficiency gains must also be offered a perspective, for example in the subsequent food processing or other related industries. The integrity of the value chain offers opportunities not only in the further processing of the products, but also at the beginning of the chain, in the local production of seeds and fertiliser. Here, it must be possible to set the course accordingly, because the resulting potentials are huge, they will make investments attractive and reduce dependencies.

Despite pandemic experience from previous years and the rapid implementation of measures based on this, experts are not getting tiered of pointing out that this cannot hide the fact that the health system in most West African countries is in a catastrophic state. Even individual positive developments would not have provided the capacities that would have been required for intensive medical care in the case of a higher number of infected persons. The countries must now show that they can also learn from the COVID-19 pandemics and invest significantly in the expansion of the healthcare system. This then includes not only hospitals and clinics but also laboratory and testing capacities as well as the related pharmaceutical sector, for which local production must be established. Here, too, if the right course is set by policymakers, the potential will be immense for the construction industry, suppliers of medical technology, training centres and much more. This will also increase the attractiveness for investors in this sector and attract international financiers where necessary.

With regard to other sectors, due to experts' insights there is an abundance of potential for renewed growth after the crisis. With the lifting of the extensive travel restrictions, tourism will also return, and business travel, conferences and other events will increase again. Projects planned in this sector will again find investors and supporters. The construction industry and related suppliers of machinery, tools and building materials will benefit directly. The same boost in demand for the construction industry can be expected from a wide variety of infrastructure projects, which will pick up speed again or new ones will be added. This applies equally to road construction, rail infrastructure, airports and seaports or the energy sector.

The expansion of digital infrastructure is also of great importance for the increasingly digital African continent. Experts highlighted the attractiveness of digital business models with their digital products and services which will continue to increase and create jobs, especially for the young population. In the future, this will increasingly solve everyday challenges and enrich existing sectors with digital solutions, such as digital learning, telemedicine, mobility solutions, banking solutions or simply e-commerce. The start-up scene, which is mostly responsible for these solutions, has already proven in the past that it is possible to raise international Venture Capital and will continue to do so in the future.

Unfortunately, however, the COVID-19 crisis has once again shown in most sectors the low depth of value creation in-country and the dependence on third parties that this entails. Reducing this dependency and promoting local production, local value chains and the processing of own raw materials must be a major priority. In addition, there is the need to diversify the range of products and services to be internationally competitive, which on the other hand strengthens the attractiveness of domestic markets. All interviewed experts confirmed that the potential from this sector is huge, because it creates the much-needed middle class in West Africa. Certainly, this development cannot be driven solely by the private sector, but if the political sector helps, it can become a self-reinforcing process in the coming years and ensure strong growth.

Emerging small and medium sized companies would also have the potential to bring many people from the informal sector into the formal labour market and provide them with better social protection. However, since this will certainly not happen overnight, countries need to embrace the informal sector in all openness and also as a "cross-cutting sector" across all industries. The labour force, which is valuable in itself, must not be undervalued and the people behind the jobs deserve social security and access to essential services, such as banks, among others. Those who first get the handling and integration of labour from the informal sector right will benefit enormously from the associated labour for the desired growth path. The crisis has shown that this is by far the weakest and most vulnerable sector – this should change in the interest of all in order to unleash the associated potential.

Many of the potentials and developments described above in the individual sectors and across the board require support from government and institutions, at least in the form of suitable framework conditions and sometimes also an initial financial boost. First and foremost, sustainable economic and industrial policies must be pursued, which have been key to the growth successes of recent years in many countries. The COVID-19 pandemic provides an opportunity to remedy deficiencies that may have become apparent, to better protect the economy from future disruptors and to make it resilient for macroeconomic stability. However, this framework also includes improving vocational training, schools, and universities, and focusing on sustainability of developments and jobs created. It is also necessary to keep an eye on regional integrity and to drive developments forward in partnership with the ECOWAS.

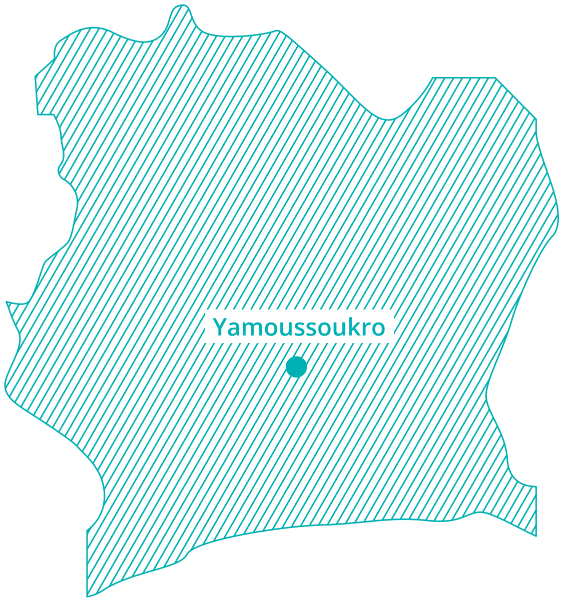
The right partners are also crucial for revitalizing the economy, and reliable partners may already have emerged from the pandemic. When looking for partners or developing existing partnerships, however, it is particularly important to align interests and not to neglect African interests under any circumstances. The countries of West Africa have every right to be self-confident in this regard. Partnerships here affect all levels, including politics, business, institutions, foundations, and NGOs. For the German business community in particular, there are many opportunities and potentials for partnerships or its own involvement, which should be developed with courage, entrepreneurship, and a long-term perspective. Due to German experts in the respective West African countries' German companies with existing engagement in the region have come through the crisis comparatively well and this should spur them to expand further in West Africa and others to join the markets as well to overcome the fact that unfortunately German involvement is still quite low in West Africa.

In addition to all potentials, statistics, or framework conditions, however, it will above all depend on the people in the West African countries to shape the future together, to consider the interests of all and to act in a trend-setting manner. During the pandemic, the people showed strengths and characteristics that are now needed to shape the recovery in a sustainable way. These include, in particular, optimism, perseverance, resilience, caring for each other as leaders, and crisis experience in a positive sense. During the pandemic, people proved once again how strong the sense of community is in many areas. Governments, companies, institutions, and other decision-makers should once again become aware of these strengths and use them synergistically for further development in the countries. This is particularly important in order to maintain these characteristics among the people and not to lose them – they are irreplaceable strengths!

3.2 **Côte d'Ivoire**

Official Name: **Republic of Côte d'Ivoire**
Capital: **Yamoussoukro**
Business Language: **French**
Population: **27 million (2020)**
Average age: **19.9 years**
Population growth: **2.3% (2020)**
Currency: **CFA-Franc**
GDP: **USD 58.6 billion (2020)**
GDP per Capita: **USD 2.170**
GDP growth: **1.8% (2020)**
Foreign direct investments: **USD 11 billion (2019)**

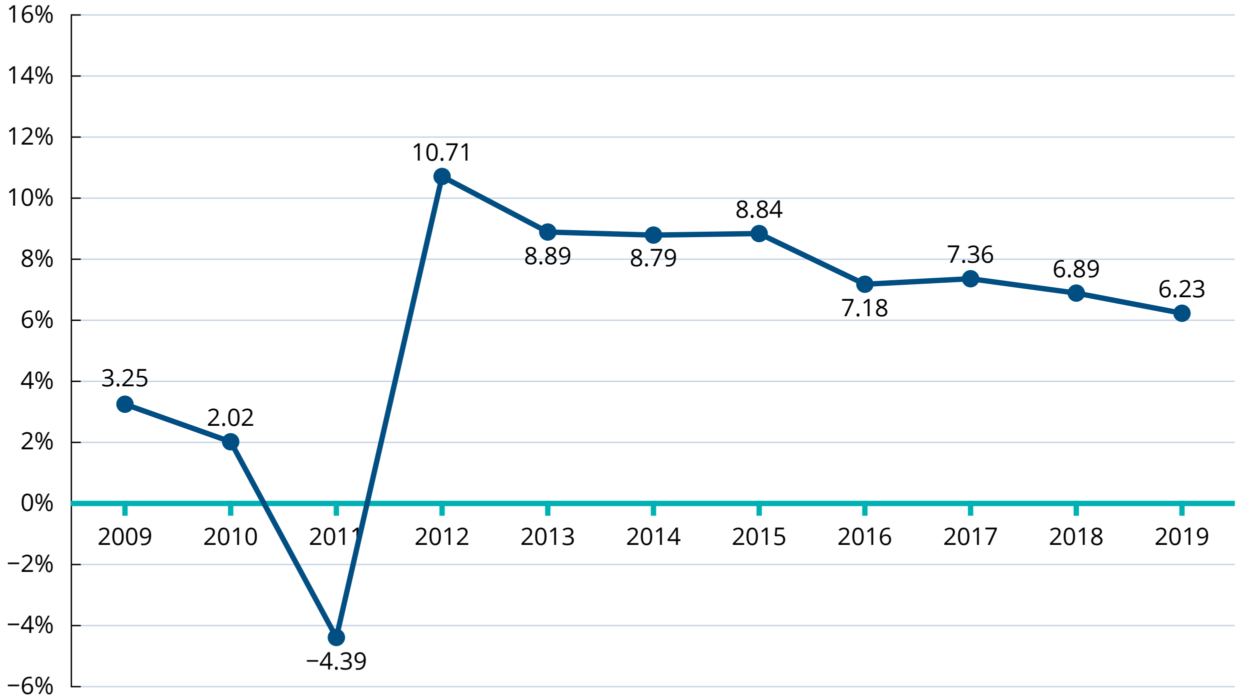
Source: https://www.africa-business-guide.de/abg-de/maerkte/cote-d-ivoire



3.2.1 Economic development until COVID-19 crisis

Since the end of political instability in 2012, after almost 10 years of civil war and internal unrest, Côte d'Ivoire has experienced a sustained economic upswing and has become one of the most successful economies in sub-Saharan Africa over the last 5 years with a population of 26 million people and a land area of 322.460 km². Yamoussoukro has been the official capital since 1983. The seat of government is in the former capital Abidjan, which continues to be the economic and political centre of the country. As the gateway to francophone West Africa, the country offers access to a region with more than 110 million people, including countries like Mali, Burkina Faso, Niger, Benin und Togo.[17]

Côte d'Ivoire's economy has performed excellently in recent years, with growth rates of mostly over 7%, and has also successfully diversified into some key industries. GDP reached a new high in 2019, amounting to USD 58.6 billion. Compared to other regions, the Ivorian economy is broadly positioned. The investment climate can be described as stable, with growing international investor confidence. Investments into infrastructure (transport, energy, water, healthcare, and telecommunication) are increasing and the strengthening of the private sector are supporting this process of growth. A steadily growing middle class is leading to increased local consumption, demand for consumer goods, and thus a rapidly growing formal retail sector.



GDP growth (annual %) for Côte d'Ivoire – Source: https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?-contextual=default&end=2019&locations=CI&start=2009&view=chart (last accessed: 1 June 2021)

The country's economic backbone and most important sector is still agriculture, with cocoa growing leading the way, followed by cashew nuts, palm oil and rubber. However, experts point out that the investments in the cultivation of sugar cane, feed corn and rice, as well as in poultry farming, also generated growth. In particular in the cacao sector where Côte d'Ivoire is a world leader and localization efforts have led to more local processing of the important raw materials and more formal jobs have been created in the country. Exports from this sector are going mainly to Europe and China as well as the African continent.

Another well developing sector is the construction industry. Major infrastructure projects are being implemented through government investment, such as road networks, the Abidjan Metro, or the expansion of the container port. Interviewed experts also highlighted that private players are investing in office buildings, shopping centres, hotels, and apartments. Also growing is the mining sector, where international companies are building numerous new mines and increasing production. The energy sector has also shown signs of growth, with steady progress in the expansion of grids and generation capacity. In addition, the oil & gas sector has also shown growing attractiveness and international companies are on the ground to help shape this growth.

From a German perspective, Côte d'Ivoire has become very attractive as a market in francophone West Africa, and many companies have strengthened business relations with the country in recent years. In addition, Germany and Côte d'Ivoire are working together to improve the framework conditions for private sector involvement as part of their reform partnership.

3.2.2 Dealing with the challenges of the pandemic

Côte d'Ivoire registered its first case on 11 March 2020 and has since, constantly been affected by the pandemic although the number of cases has continued to fluctuate. The government took fast and strict measures directly in March 2020 including, the closure of schools, universities, restaurants, and bars. It also included a night curfew, as well as the introduction of hygiene and distance rules and mandatory mouth-nose masks. The country's borders were closed, as were public and private institutions. Essential facilities, such as markets or stores for daily needs, remained open. However, some of the stricter measures were greatly relaxed or even lifted again as early as May 2020 to allow minimum general activities, work and to avoid unrest. The government's support included protection of the poorest, support of the informal sector, increase of the budget in the health sector, and in some instances even companies could apply for financial support or were given postponement of payment deadlines.

Unfortunately, a completely transparent perspective on as to the extent of the pandemic is also difficult to achieve in Côte d'Ivoire. Due to a lack of testing capacity the number of unreported cases could be high as the symptoms were in the predominantly young population very mild. What is certain, however, is that most of the cases occur in the urban centres, especially the greater Abidjan area, and that the rural parts of the country are more likely to be affected by isolated cases and the economic impact of the crisis. The overall low number of cases and mild courses of the infection are positive for the health care system, which would ordinarily not have sufficient intensive care capacity. In general, the national health system struggles with ubiquitous diseases, most notably Malaria, which registers several thousand deaths annually.

Due to experts' insights the population has shown great solidarity during the crisis and has especially supported the poorest and has thus reaffirmed the cohesion in society. Nevertheless, there are still doubts among the population as to the threat posed by COVID-19, which are subsequently contribution to the questioning of the government's policies and stance taken. Experts pointed out that the government should be held accountable for ensuring greater transparency in the measures and distribution of financial aid so as not to lose public credibility. The population has witnessed the positive involvement of NGOs during the crisis, which were very active throughout the country to support the people in their needs.

From a business sector perspective, in particular the agriculture, tourism, trade, and transport sectors were certainly affected the hardest. In all these sectors, the informal workers were most affected through the loss of income and the simultaneous increase in food prices. The relief programs developed by the government in the informal sector and the economy in general, still require implementation in order to prove the desired impact. A positive economic outcome can be seen in the agricultural sector, where the important cacao production has not been affected that much and has continued in a sustainable manner due to the high number of exports. This is supported by efforts in recent years to increase the depth of value add in the country and to locate further processing steps of the raw material locally. In general, a main challenge within the economic sectors, besides the general decline in production output, was the restriction of travelling which caused supply chain constraints and slowed down main infrastructure projects. From a macroeconomic perspective, the crisis has so far led in particular to an increase in the debt ratio, a higher budget deficit, price increases for many goods, a rise in poverty and a reduction in foreign investment.

From a working perspective although digitization has advanced, experts confirm that Côte d'Ivoire is far from being at a stage that enables widespread digital working or even working from home in the longer term. During the lockdown, it were the international companies in particular that made use of working from home and had the necessary infrastructure supply. Nevertheless, the digital economy and the telecommunications sector benefited from the pandemic to a certain extent, due to a generally higher demand in their services and possibilities they offer. Also, some entrepreneurs shifting quickly to the need for the pandemic, e.g., using drones to deliver test kits.

From an overall economic perspective even counting the COVID-19 pandemic there are experts expecting a positive growth for 2020 in the region due to the resilient economy based on the growth of the past years.[18] Some of the economic experts in the country even go so far as to say that there is no real "before" and "after" the crisis, as things moved on again after a relatively short time. They point out that the medium- to long-term impact will be determined more by the indirect consequences from other industrialized countries.

3.2.3 An indicative outlook on the impact of the COVID-19 crisis and future potential in selected areas

Economic forecasts are still positive in Côte d'Ivoire even for 2020, despite the COVID-19 pandemic, and it is expected to grow again significantly in 2021. In terms of macroeconomic indicators, Côte d'Ivoire is the country in West Africa that seems to have handled the crisis best economically and is emerging from it. Of course, this does not apply equally to all sectors, as some will take longer to recover, but the trend is positive. In Côte d'Ivoire, this strength and optimistic outlook is also based on the strong growth of the past years and the reform steps that were necessary for this. The COVID-19 pandemic was a damper but not a disruptor compared to other sub-Saharan African countries.

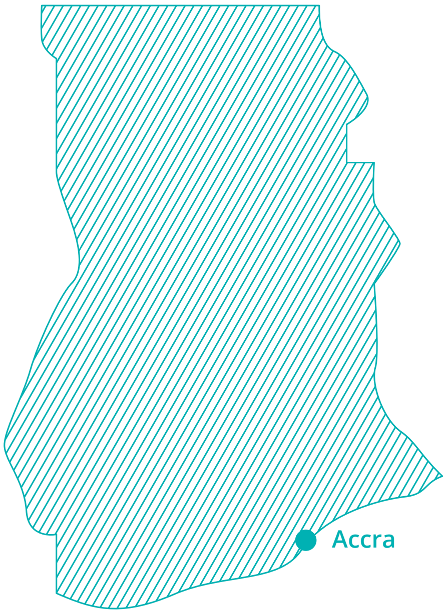
Nevertheless, interviewed experts made clear that the crisis has also revealed some weaknesses, the consideration of which is to be recommended for the further development of the country. These include, for example, the still low diversification of the economy and the lack of added value through more local production in the country itself. This is also about reconfiguring value chains and deliveries at regional and local level to strengthen the economic infrastructure. In order to maintain the high growth rates of the economy, this aspect will become increasingly important, especially since the country will then also have to compete internationally. In order to establish sustainability for competitiveness, further investments are therefore needed in the infrastructure (e.g., energy, water, transport) and optimisation of production processes as well as professionalization of administrative and management processes are required for this.

Due to experts' insights the companies themselves can also contribute to this, for example by acting more entrepreneurially or by advancing digitization for their own products and services. Investments in research and development can bring about these innovations, but also, for example, cooperation with start-ups. Ideally, this should be flanked by supportive framework conditions and political regulations.

In addition to the sectors and developments relevant to the domestic market, however, the foreign exchange-generating sectors will continue to gain priority in the future. These are all sectors with export opportunities for their products as well as tourism, which will certainly pick up again after the end of strict travel bans. This includes cotton production, which has received significant government support.

It is also true for all sectors that the growth achieved there also reaches the broad mass of the population and creates more formal employment relationships. Regional cooperation in West Africa will also ensure sustainable development and can be complemented further through international partnerships. Its increasingly close relations with Germany, also as a country with a reform partnership, should be considered an opportunity for German business to participate and contribute to the further economic growth of the Côte d'Ivoire. The potentials for the coming years are there and should be explored with more optimism.

3.3 **Ghana**



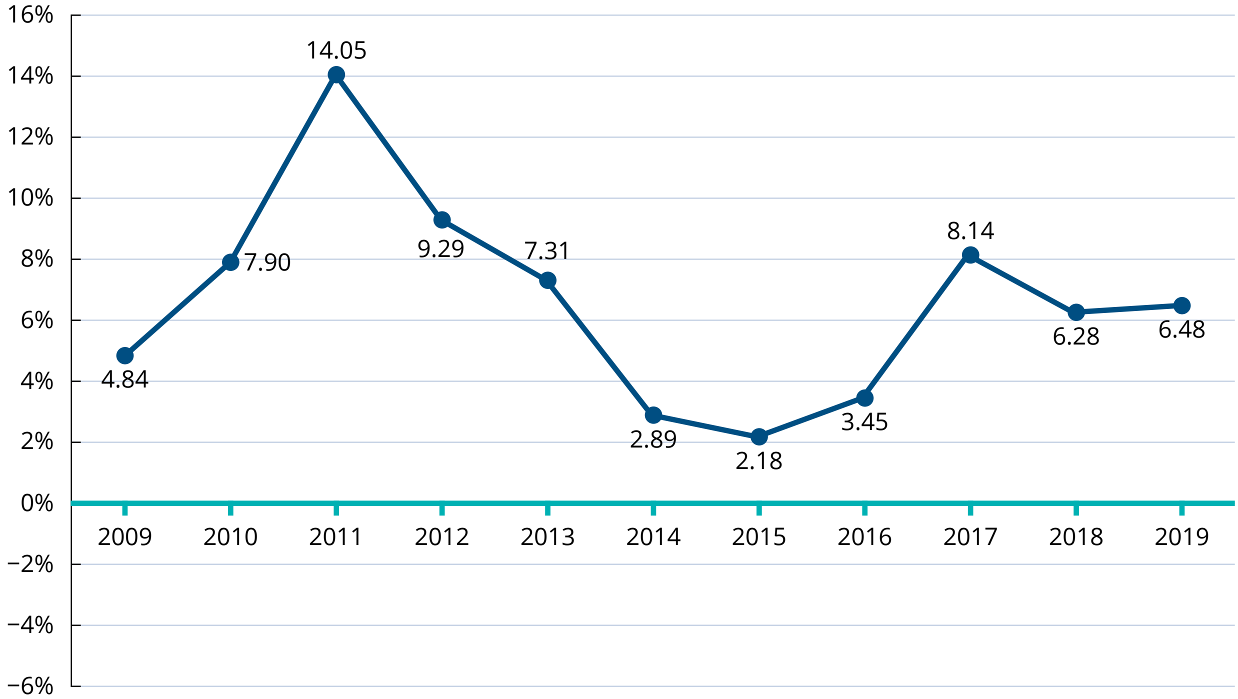
Official Name: **Republic of Ghana**
Capital: **Accra**
Business Language: **English**
Population: **31 million (2020)**
Average age: **20 years**
Population growth: **2.2% (2020)**
Currency: **Ghana-Cedi**
GDP: **USD 67 billion (2019)**
GDP per Capita: **USD 2.221**
GDP growth: **0.9% (2020)**
Foreign direct investments: **USD 38 billion (2019)**

Source: https://www.africa-business-guide.de/abg-de/maerkte/ghana

3.3.1 Economic development until COVID-19 crisis

Ghana has established itself as one of the safest and most stable countries in sub-Saharan Africa over the past few decades and was among the fastest growing economies in the world in 2018 and 2019. With its capital Accra, Ghana is one of the most attractive business locations in West Africa, with a stable democracy, government initiatives to formalise the business sector and more favourable taxation. English is the official spoken language and approximately 30,168,000 people live on a land area of 238,540 km². Ghana's presidential polls were regarded to be one of the most peaceful compared to previous elections and in neighbouring countries.[19] In December 2020, President Nana Addo Dankwa Akufo-Addo has been re-elected for a second term. The international donor community provides plenty of financial support, as Ghana is also politically considered a lighthouse in an otherwise more unstable region.[20]

Ghana's economy was constantly growing with an average above 5% and more in recent years and realized a GDP of USD 67 billion in 2019. Improvements in the macroeconomic environment were accompanied by an expansion in domestic demand due to increased private consumption. President Akufo-Addo established a private sector led initiative called "One District One Factory" to create the necessary conducive environment to access funding from financial institutions and other support services from Government agencies business to focus on local manufacturing, value addition and export of processed goods from local raw materials.[21] Experts described that Ghanaian entrepreneurs will thus own the companies, operate them, and bear all the risks and rewards of the projects. In general, the private sector is pushing for development and progress, sometimes with own initiatives where the government and public sector is not fast enough to provide the required infrastructure (e.g., streets or energy supply).



GDP growth (annual %) for Ghana – Source: https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?contextual=default&end=2019&locations=GH&start=2009 (last accessed: 1 June 2021)

The most important sectors for the Ghanaian economy are based on the country's resource wealth, these include cocoa cultivation, gold mining (biggest producer in sub-Saharan Africa), and oil and gas exploration – these sectors have been the backbone for decades, providing the country with high revenues. There are plans to expand the value chain in the country, especially for oil production and cocoa cultivation, and to refine the raw products locally. The resulting products for export thus also strengthen the balance of trade. Significant potential to drive economic growth and job creation also showed the tourism sector in recent years and was an increasing area for investments in Ghana. Experts pointed out that much of the tourism here is also due to business travellers, as Ghana and the city of Accra in particular, has become a very popular venue for international conferences and events.

The construction industry also recorded an increase in demand and with a steadily growing population, this demand will certainly not stop and will also remain attractive for suppliers of construction machinery and tools. In the energy sector, privatization efforts have stagnated recently, but the foundations for further growth have also been laid and the potential, especially in the area of renewable energy, is great. The automotive industry has also recently laid the foundation for further growth in Ghana and attracted attention with the opening of a German car manufacturers plant during the pandemic in summer 2020. In the healthcare sector, experts have highlighted that an increasing amount of medical consumer goods have been produced in Ghana itself and the government has launched the construction of a significant number of hospitals. Likewise, the potential of agriculture and the food processing industry has been high in recent years, and government support programs in this area will ensure further growth here as well.

Ghana's start-up scene is growing. It is young, innovative, and attracting steadily interest from investors worldwide. Despite the good ecosystem, start-up entrepreneurs are dependent on financiers from abroad. Start-ups are an important economic driver in Ghana and about 70% of registered start-ups create jobs.

Despite sustained economic growth in recent years, few new jobs are being created in Ghana. Many, in particular young people are still employed informally and a large proportion still has an income from the informal sector. Experts point out that this is also true in light of the fact that many of the positive developments are taking place in Accra and that, due to the partial lack of infrastructure in other parts of the country, this development does not apply to a large part of the people living outside Accra.

From a German perspective, Ghana also has become very attractive as a market in anglophone West Africa. German companies enjoy a good reputation and with the support programs, an increasing number of German companies have gained a foothold in the country and successfully conducted business in recent years. To not lose and to sustain this success a long-term orientated approach should be followed to also be recognized with this engagement in Ghana besides a strong Chinese or Lebanese community.

3.3.2 Dealing with the challenges of the pandemic

After the first COVID-19 case in mid-March, Ghana also reacted very quickly to the health threat of the pandemic and implemented measures. These included, hygiene measures, mouth-nose masks, border closures, school closures and in the urban areas there were extensive curfews at the beginning. This curfew in the major cities in particular brought public and economic life to a standstill and affected the informal sector very hard. Exempt from the harsh measures were businesses that were considered essential and government employees for continued use in pandemic responses. Politicians endeavoured to lead by example and President Akufo-Addo addressed the nation more than 20 times directly to inform and sensitize for the threat. The government also received financial support from the international community, but their implementation and impact have yet to be proven. Many experts referred to the fact that the public demands transparency on how the money is spent, and is interpreting the structures for the relief packages with growing scepticism and doubts. Despite the reservations, the population takes the health risk from COVID-19 seriously.[22]

Ghana has a comparatively good health system, which has expanded its capacities in recent years and will continue to do so. Improved laboratory equipment and the establishment of quarantine and isolation wards are also part of this. Ghana can also draw on experience from the Ebola crisis when Ghana was a hub for distributing healthcare essentials to other African countries. Nevertheless, experts confirmed that the healthcare system would quickly be overstretched in terms of intensive care if there would be a higher number of infected people with severe courses.

The direct and indirect effects of the crisis are already being felt in the Ghanaian economy. Starting with the reduction of production due to falling demand, the decline in international trade as well as the absence of tourists and the drop in prices of export goods such as oil and cocoa, resulting in the loss of important foreign exchange earnings. Small and medium-sized enterprises in particular often do not have the financial resources to withstand this situation for long and have already had to respond with layoffs or have been unable to pay bills. Moreover, investments that would be urgently needed for further growth are being postponed.[23]

The tourism sector, which has grown strongly in recent years, is suffering immensely because, despite the opening of borders and the resumption of international flights, private tourists, but especially business travellers, are not coming. As a consequence, from an experts' view, this naturally affects all hospitality related services and ultimately, the informal workers. The informal sector, which is mainly a cash economy, with limited savings and limited access to credits has come under strong pressure as a result.

Agriculture directly was less affected in the production of the products, but also suffers indirectly through the restrictions in the supply chains for procurement and sales. A reduction in agricultural production naturally entails the risk of food shortages and consequent price increases for staple foods such as rice, bread, poultry and other meat products, vegetables, and sugar.

During the lockdown, and often afterwards, people were reliant on digital tools and processes and had to engage with them more. However, due to experts' observation this was often limited by the lack of digital infrastructure and end devices in Ghana. Although working from home was propagated, it was rather difficult to implement. For those people or entrepreneurs with digital affinity, on the other hand, it was not a limitation, but rather services or other digital products were newly developed, and the start-up scene was able to prove itself or establish itself in parts. Telecommunications providers have also benefited from the increased demand and, together with the government, have even made free internet access possible in some cases, for example for schools. Experts confirmed that another sector that has come through the crisis comparatively stable and without any major setbacks is the financial sector.

The enormously importance of vaccination for pandemic control requires special mention for Ghana, as Ghana was the first country in sub-Saharan Africa to receive vaccine deliveries at the end of February 2021 under the COVAX[24] initiative which is co-led by GAVI[25], the Coalition for Epidemic Preparedness Innovations (CEPI) and WHO. Ghana made an early effort to develop a national deployment and vaccination plan to meet all conditions for receiving the vaccine which was then also comparatively fast approved by the WHO. The fact that the Executive Director of the WHO comes from Ghana and was Director of Medical Services in the Ministry of Health there before his career at the WHO certainly also had a positive effect and he was thus able to advise Ghana well. This enabled the country to put together all requirements in a timely manner, including national approvals and import licenses[26], allowing Ghana to be approved ahead of other African countries. Ghana's vaccination campaign started in March 2021 and will be conducted in phases among prioritized groups, beginning with health workers, adults of 60 years and over, people with underlying health conditions, frontline executive, legislature, judiciary, and their related staff.[27] An expert highlighted that Ghana is not only the first country to receive a shipment of COVAX vaccines, but it will be the first to broaden its reach by delivering them using drones.[28]

3.3.3 An indicative outlook on the impact of the COVID-19 crisis and future potential in selected areas

Ghana has the potential to return to growth quickly due to strong economic growth prior to the COVID-19 crisis and the reforms that have been introduced. But it cannot be taken for granted for an automatic process to come, the experiences and lessons learned from the pandemic period should be incorporated and also include particular affected sectors and groups of society.

With the foundations laid in recent years, experts confirmed that Ghana has further potential for growth in all major sectors. These include the energy industry, the health sector, agriculture, mining, tourism, the oil & gas/natural resources industry, the food industry, and the information & telecommunications sector. The renewed realisation, highlighted by the crisis, of the need for more local production and depth of value creation must be consistently implemented, which will significantly reduce dependence on other countries in the future. This applies in particular to agricultural production and the export of corresponding products. There is an opportunity to increase domestic production and consumption of food products such as rice, maize, cassava, sweet potatoes, and poultry, as well as exports to West African countries. The hugely important cocoa sector has already shown how this can be done – also in alignment with Côte d'Ivoire. In order to have a sufficient and qualified workforce in the agricultural sector in the future, experts advised that young people in particular must be enthused about this career option – not only academic career paths are possible for a brighter future.

The ability to produce and manufacture locally in Ghana will also attract further foreign investments as recently the opening on an assembling plant from a German car manufacturer showed. In order to enable the expansion of local production, experts agreed that it is also important to continue to develop the necessary infrastructure, including roads, electricity, water, and railways, in a high-quality and affordable manner. As part of the infrastructure investments, the effort that already started, for more health care infrastructure (hospitals/clinics) has to continue and also include infrastructure such as affordable housing, schools, and universities. This will impact the further economic growth significantly and make it sustainable.

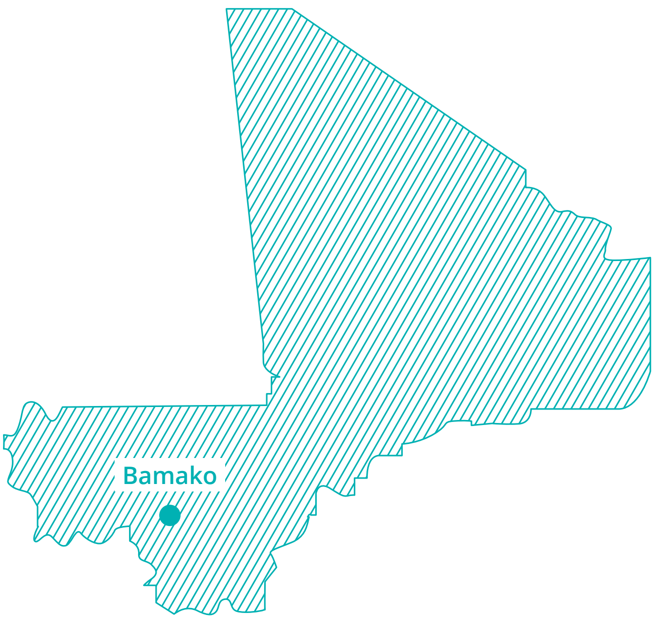
The tourism sector in Ghana will also slowly recover and be able to return to its pre-COVID-19 crisis potential. Interviewed sector experts have hope that the pandemic may also offer the industry an opportunity to pause and focus on further improving service quality and diversity of offerings. The time is ripe for entrepreneurs and start-ups in Ghana to show that the "hype" of the last few years was justified and is bearing fruit. The pandemic has highlighted the need for digital, innovative products and services that should now not only be innovated but also brought to markets. The resulting companies have the potential to form the backbone of the future Ghanaian small and medium enterprises. In addition, this would also be an indication for young people to take responsibility and help in shaping the future of the country with their own ideas and solutions – experts confirmed that the prerequisites are there.

Despite its own strength and potential, Ghana should continue to secure strong partnerships in the coming years and expand existing partnerships. In terms of international partners, it is those who are willing to respond to local conditions, who have cultural commonalities and who have a long-term perspective. This also creates enormous opportunities for the German economy in particular. In terms of regional partners, Ghana should on the one hand be aware of its strategic position in relation to neighbouring countries in the north and develop this together with its neighbours for the benefit of all, and on the other hand continue to include existing institutions such as ECOWAS and the recently established AfCFTA in its own development.

3.4 **Mali**

Official Name: **Republic of Mali**
Capital: **Bamako**
Business Language: **French**
Population: **21 million (2021)**
Average age: **15.8 years**
Population growth: **2.9% (2021)**
Currency: **CFA-Franc**
GDP: **USD 17 billion (2019)**
GDP per Capita: **USD 899**
GDP growth: **−2.0% (2020)**
Foreign direct investments: **USD 4.5 billion (2018)**

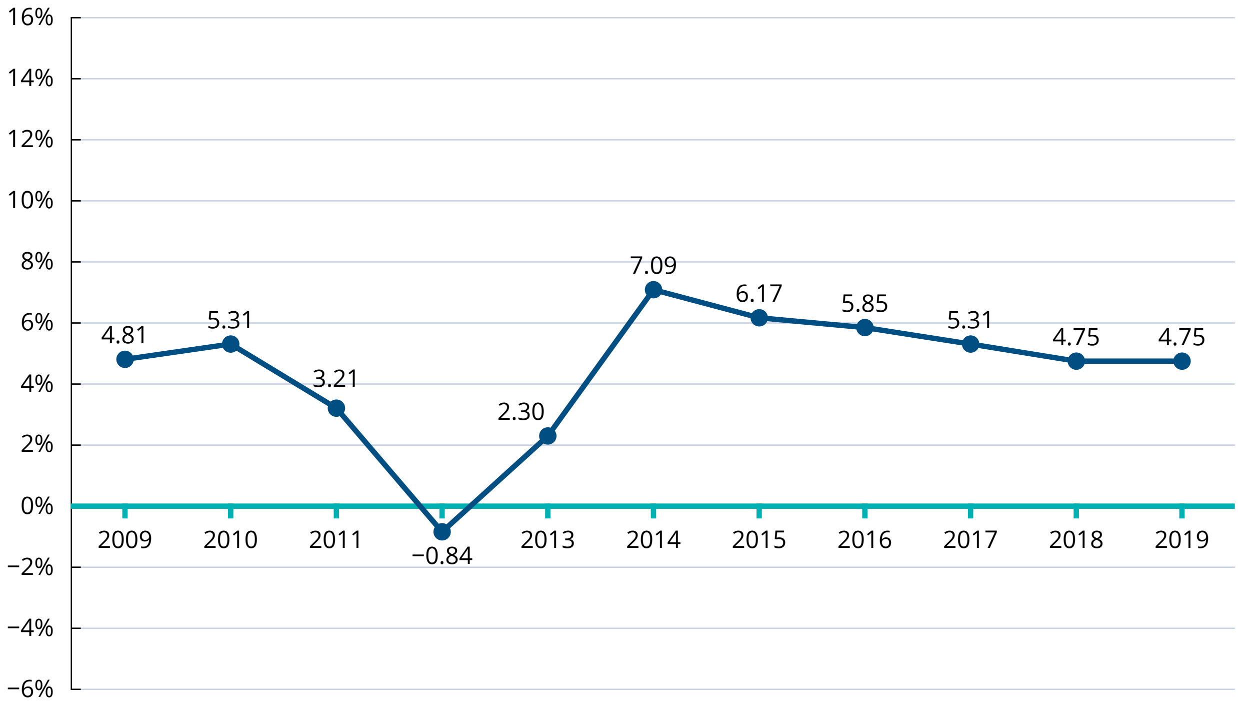
Source: https://www.africa-business-guide.de/abg-de/maerkte/mali



3.4.1 Economic development until COVID-19 crisis

Mali is one of the poorest countries in the world and looks back on a very long history marked by conflicts. With its capital Bamako, Mali is one of the largest territorial states in sub-Saharan Africa and covers an area of 1,240,190 km² with a population of 21 million citizens. French is one of the official languages, although the country is characterized by great ethnic and cultural diversity. For a long time, the country was considered a beacon of democratic hope in sub-Saharan Africa, but the military coups in 2012 and 2020 and the armed conflicts in northern and central Mali have plunged the country into serious crises. In the past 20 years, the agricultural country of Mali was able to record some positive economic development, which was also due to the good development of gold mining. However, this economic growth is not enough to significantly reduce poverty of the rapidly growing population, and Mali remains highly dependent on its neighbours and international development cooperation.[29]

Based on the low economic performance, Mali achieved a GDP of USD 17.3 billion in 2019. This economy is characterized by the dominance of the agricultural sector and the rapidly growing importance of gold mining. Over 70% of the economically active population is employed in agriculture or are subsistence farmers. The potential for industrializing agriculture has been pursued only to a limited extent, although export opportunities to neighbouring countries exist here and the balance of trade would benefit. Mali is sub-Saharan Africa's fourth largest gold producer after the Republic of South Africa, Ghana, and Sudan, with foreign investors in particular playing a key role in this, although this is meeting with increasing resentment.[30]



GDP growth (annual %) for Mali – Source: https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?contextual=default&end=2019&locations=ML&start=2009 (last accessed: 1 June 2021)

The industrial sector has so far been of minor importance and is rather dominated by small and medium-sized enterprises active in local food production or cotton ginning. On a positive note, however, some industrial projects have been initiated recently. In the rapidly growing cities, an increasingly large informal sector is also emerging, which nevertheless provides too little income for most and often leads to further conflicts.

Germany's involvement in Mali relates in particular to its military participation in the international stabilization mission and to its development cooperation activities. Private-sector involvement is almost non-existent.

3.4.2 Dealing with the challenges of the pandemic

Mali recorded its first case of COVID-19 infection in late March 2020 and has had the virus in the country since. Mali continues to have comparatively low numbers although these have recently increased again, with additional underreporting likely due to lack of testing and mild symptoms without medical consultation. The government was quick to react in raising awareness as to the threat of the COVID-19 virus and to initiating measures, notably introducing hygiene rules, mandatory mouth-nose masks use, partial curfews, and restriction of gatherings. However, there has not yet been a full-scale lockdown with far-reaching closures; in some cases, self-regulation was encouraged and positively followed. However, the government's approach to the virus, which at first glance appears to be "relaxed," is more due to the fact that a strict lockdown would not be enforceable and would exclude a large proportion of people from acquiring their daily necessities of life.

International organizations in particular have reduced their activities out of a sense of self-imposed obligation or were forced by their headquarters and, where possible, have set up working from home and cancelled events and missions. Experts pointed out that unfortunately this reduction of the activities has resulted in restrictions on humanitarian aid projects, and projects necessary to the stabilization of the country's security. This has also exacerbated the already problematic food situation. Nonetheless, the Malian government's requests for pandemic assistance were met with extensive commitments from the international community, yet their implementation and impact are not as evident.

Mali's deficient health care system has benefits from the low number of cases and mild symptoms experienced. The low level of the value chain in most sectors, especially agriculture, was once again evident during the crisis. Due to experts' insights, another threat to Mali's economy is its dependence on neighbouring countries, whose emerging economies were hit comparatively harder by the pandemic, with indirect negative consequences for Mali.

The population has reacted calmly with regard to the pandemic, which is probably also due to the country experiencing a large number of security, political and socio-economic challenges, some of which are more serious. Experts concluded that unfortunately, the overall situation in the country remains so severe that the COVID-19 crisis is not understood as a disruptive element, but sadly "joins" a series of many serious problems.

3.4.3 An indicative outlook on the impact of the COVID-19 crisis and future potential in selected areas

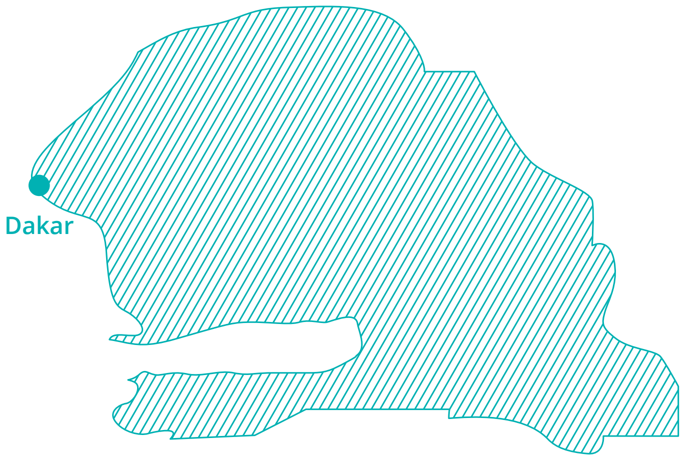
The further economic development of Mali depends on the political and security situation in the country. Due to expert's observation from the triad of politics, demography and geography, the framework conditions for the economy must be created and a security situation must be implemented that will generate future growth and stability and is strengthened by effective and efficient core functions of the state. Without creating these basic conditions, it will be difficult to emerge from the crisis in the coming years, whereby this does not only refer to the COVID-19 crisis, but also to previous conflicts in the country.

If the framework conditions change, there is potential, especially in agriculture and the extraction of raw materials. The arable land for agricultural products in the southwest of the country is significant and has the potential to change Mali into an agricultural country. However, this also requires further development towards efficient, industrialised agriculture with subsequent processing industry. In addition to improved self-sufficiency and the reduction of food shortages, capacities for export could also be created. Moreover, the extraction of natural raw materials has gained in importance and can be further expanded. Experts refer to gold, lithium, and oil[31] as potential mining products that will strengthen the balance of trade through their export and can act as foreign exchange earners. But here, too, it is important to enable extensive local participation that creates formal jobs and contributes sustainably to the country's development.

An indirect potential for Mali can arise from the increasing economic strength of neighbouring countries, which increases the demand for labour in the informal and formal sectors or, in particular, agricultural products and food. Close coordination with these neighbouring countries is also important as they provide access to seaports, which is important for exports.

3.5 **Senegal**

Official Name: **Republic of Senegal**
Capital: **Dakar**
Business Language: **French**
Population: **19 million (2021)**
Average age: **18 years**
Population growth: **2.3% (2021)**
Currency: **CFA-Franc**
GDP: **USD 24 billion (2019)**
GDP per Capita: **USD 1.455**
GDP growth: **−0.7% (2020)**
Foreign direct investments: **USD 6.4 billion (2018)**

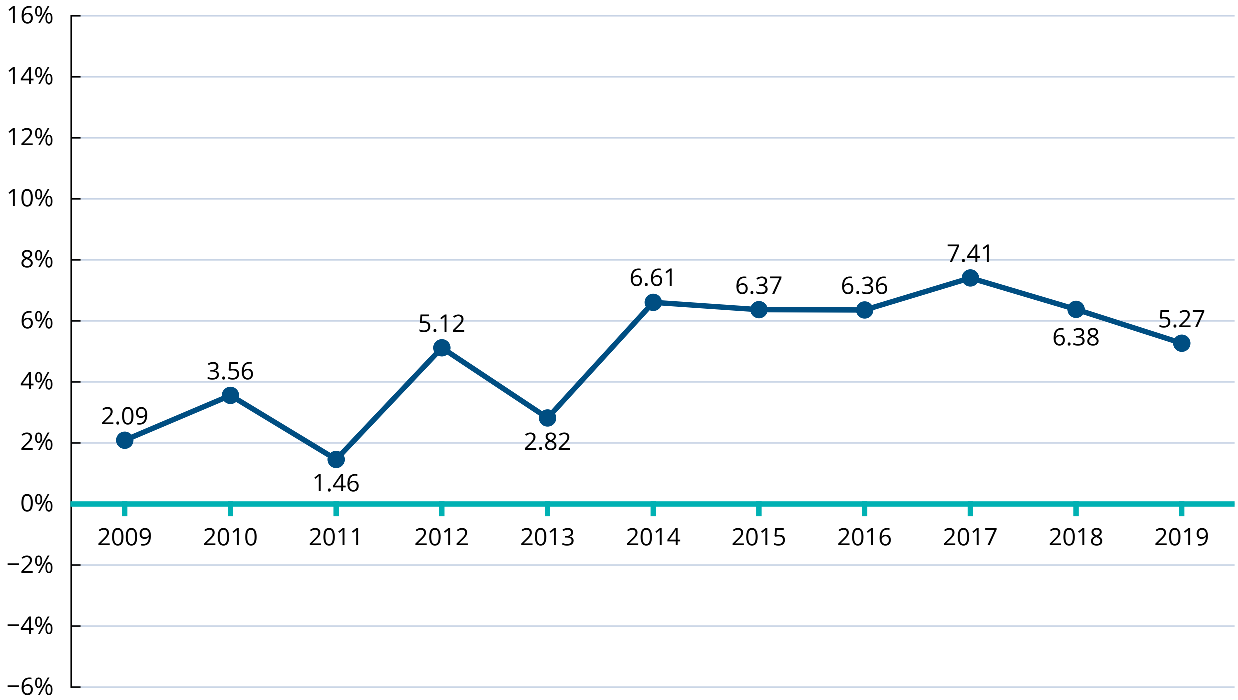


Source: https://www.africa-business-guide.de/abg-de/maerkte/senegal

3.5.1 Economic development until COVID-19 crisis

The Senegal is one of the most dynamic markets in West Africa. The capital, Dakar, is an important regional hub for business, culture, and politics. With its 16,8 million citizens, the Senegalese market can be regarded as relatively small, but Dakar, with its harbour, also functions as hub for other francophone countries such as Mali, Burkina Faso, Niger, Benin, and Togo. French is the official spoken language and approximately 16 million people live on a land area of 196,710 km². Senegal has enjoyed political stability in a democracy for many years, which has contributed to its reputation and acceptance in the international community as well as generated further partnerships and international donors are increasingly interested in Senegal. The CFA-franc currency is bonded to the Euro, which reduces the currency risk for foreign investments. Public finances have generally performed well, and inflation has been relatively low at below 2% per year.[32]

With constant growth rates above 5%, Senegal has increasingly gained momentum in recent years and business opportunities in various sectors have expanded. The GDP reached a new high in 2019 with USD 23,6 billion. Much of this development can be attributed to the "Plan for an Emerging Senegal" initiative launched by the government in 2012.[33] An ambitious development plan that includes structural adjustments to the economy, increasing the country's production capacity, creating half a million jobs and extensive investment projects. This is also the origin of many infrastructure projects, with a booming construction sector, especially in the greater Dakar area and an increase in industrial agricultural production, in dairy products, beverages and baked goods.



GDP growth (annual %) for Senegal – Source: https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?contextual=default&end=2019&locations=SN&start=2009 (last accessed: 1 June 2021)

In particular for the 70% of Senegalese living in rural areas the reforms help in their most important sector of agriculture. The peanut production in the country's so-called Peanut Basin is the main crop and has traditionally been a major foreign exchange earner for the country. The cultivation of rice, vegetables, and potatoes as well as sugar and poultry farming has increased as well. Due to some experts' estimation, Senegal is theoretically self-sufficient in almost all horticultural products and therefore the government tries to avoid a competition with imported products. But weaknesses in storage, product preservation and processing are working against self-sufficiency.

Another promising industry is the tourism sector as the second largest foreign exchange earner. Besides the tourism along the coastline, Senegal tries to establish Dakar as an international conference destination and competes on this with Accra in Ghana and Abidjan in Côte d'Ivoire. Easier entry regulations, further development of the airport and investments in hotels and event locations are supporting growth in this sector.

Experts highlighted the booming construction industry, which is creating increasing demand for machinery, tools, and equipment. The increasing expansion of energy supply, in terms of generation capacities and networks, also supported growth in recent years. In addition, the state, together with the private sector, is investing in the health care industry and the construction of new hospitals. Dakar is also becoming a preferred destination for health tourism in West Africa. Finally, another foreign exchange earner is in the pipeline with the offshore oil production being expected to begin in 2023.[34]

From a German perspective, Senegal also has become very attractive as a market in francophone West Africa and a guarantor of political stability. For years, the stable economic development has ensured increasing business opportunities for German companies, which use the industrial location of Dakar in particular as a hub to the West African domestic markets. In addition, the pegging of the CFA franc to the euro offers a comparatively high level of investment security and German suppliers in particular find numerous customers, for example in the consumer goods industry, agriculture, and agro-processing. In agriculture, there have been major investments with German participation, especially in the cultivation of rice, horticulture and sugar cane, and there has also been increased activity in the food and cosmetics industries. The construction sector has been attractive for years and German companies supply construction machinery, tools, fittings and building materials here. In addition, they provide feasibility studies and construction supervision, especially for demanding projects.[35]

3.5.2 Dealing with the challenges of the pandemic

Senegal's experience in combating and managing virus outbreaks was the basis for a rapid response when the first case in the country became known in early March. The widespread measures were also established here, such as distance and hygiene rules, mouth-nose masks, curfew, school closure, border closures, closure of the international airport and banning of public gatherings. Similarly, the government sought open, fact-based communication about the virus and related health derivatives. The adapted response strategies to the evolution of the epidemic, and the continuous sharing of information on the evolution of the epidemic by health authorities demonstrates transparency in the management of this crisis. Important was to confine the population and to close the markets. Hotels were also closed, transportation limited and reorganised. However, some of the strict measures were quickly relaxed again, because the one incidence of infection remained low and a longer lockdown would also be difficult to manage for the wider population. Therefore, it was also the government that organised the distribution and access to rice, oil, milk, noodles, and other basic foodstuffs. Experts confirmed that this was necessary in order to help the informal sector, which was deprived of its livelihood. The support of the poorest in the country was also partly supported by private initiatives run by companies or even private individuals.

A full transparent picture on the extend of the pandemic is also difficult in Senegal, as there is also a lack of testing capacity and the number of unreported cases could be high due to very mild symptoms in the predominantly young population. The Senegalese have again shown good social cohesion in the course of the pandemic so far, but due to experts' insights there is now also a certain fatigue with regard to the measures and doubts about the implementation of international financial support.

From an economic perspective all sectors were affected by the measures and the related restrictions. The tourism sector went down with all related services such as hotels, restaurants, and bars as well as the cultural institutions were also affected. In the agricultural sector, the biggest problem was not the production of the actual products, but the logistics required for selling the products and for further processing. Thus, experts conformed, that many farmers had food in the form of their produce but could not access local markets. In many cases, this led to the rotting of goods resulting in significant financial losses. In addition, the processing industry could not progress in producing due to the lack of raw material. In order to assist the affected companies, the government extended payment deadlines and in individual cases also waived taxes. However, this is not uniform and there is certainly a lack of transparency. In addition, the government set up a guarantee fund in the banking sector which allows companies to have access to a minimum of credit at a lower interest rate to meet their most urgent expenses.

A few sectors have been able to stabilize their business or even benefit, in particular the telecommunication sector. Due to the high demand of health products, local producers could increase production as well as the cosmetic industry which have converted their production lines to manufacture disinfectants and other hygiene products. Also, the textile industry benefited slightly from the increased demand for mouth-nose masks. And the digital sector was able to increase revenues through e-commerce and other digital services and products. The general ability of this sector to adopt to changes was a huge advantage during the crisis. The young people in the digital economy provided optimism, as they were eager to make a difference and improve living conditions. Nevertheless, some experts pointed out that not all Senegalese share this entrepreneurial spirit and more would have been achieved with a shift in mindset, e.g., many grocers could have offered home delivery.

3.5.3 An indicative outlook on the impact of the COVID-19 crisis and future potential in selected areas

Senegal also has the potential to return to growth after the COVID-19 pandemic. Here, too, experts confirmed that the growth of the past few years has laid a solid, if not yet sustainable, but promising foundation. The government is also committed to this growth path and is supported by corresponding reforms. The increase in international partnerships and the provision of financial resources through funding programmes can be seen as a sign of confidence in the government of Senegal.

This trust was also shown during the crisis from the European Union and Germany with an investment decision in post-crisis economic recovery. At the end of November 2020, it was decided that Senegal would be supported with EUR 112 million from the European Union and EUR 100 million from Germany's global Corona emergency programme. Especially from Germany, this is a strong signal to Senegal within the framework of the existing reform partnership.[36]

The need for infrastructure development is certainly disproportionately high in Dakar and the city of Diamniadio, which is currently being built, but it must not be allowed to obscure the deficits and requirements in other parts of the country. The construction industry in particular is already benefiting from these developments and will continue to do so for years to come. The potentials in the sector itself are significant, but also for suppliers of machines, tools or building materials. Experts confirmed that the strategic position of Dakar, with its associated seaport, for itself and the neighbouring countries of West Africa, will continue to ensure investments and an upswing in these sectors in the future. This is supported by large real estate projects in Senegal, such as the green and futuristic Akon City in Western Senegal.[37]

Experts highlighted that in Senegal, too, there is great potential in almost all sectors to increase the depth of value added, local production and the diversification of products and services. The current crisis has once again highlighted the need for this. Senegal has all the prerequisites for this, starting with raw materials, intermediate products, but especially the labour force. With the potential upswing, experts estimate that more people can find work and the transition from the informal sector to the formal labour market can succeed. For the agricultural sector, these developments also have to come with education and training as well as an effort to increase the attractiveness working in this sector and to support family farming for further community strength.

Experts expect that Senegal will also become a popular tourist destination again and the tourism industries will experience their upswing and the greater area Dakar is likely to gain importance as a hub for conferences and events, e.g., the hosting of the Summer Youth Olympic Games, which have now unfortunately been postponed to 2026 due to the pandemic. The health sector, energy industry (generation & distribution), textile sector and manufacturing industry are further potential drivers for the continuation of the growth path. In addition, there is the prospect of offshore oil production starting in 2023.

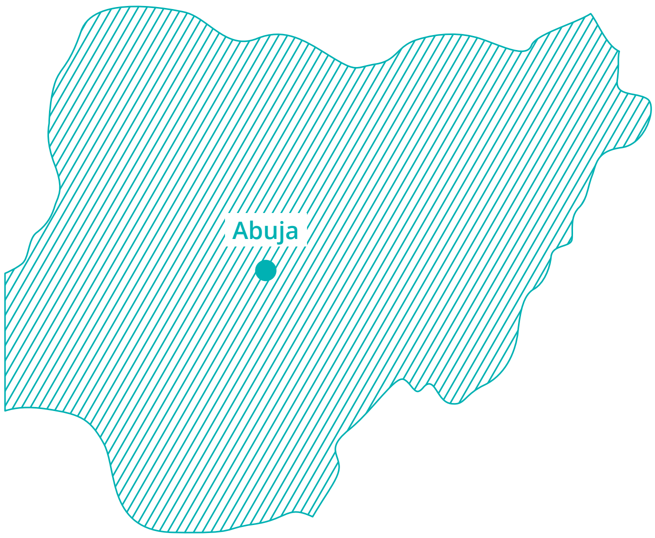
The increasing importance of digitalisation is also felt in Senegal, which had the opportunity to demonstrate its potential during the crisis. Young experts are convinced that Senegal can develop a corresponding digital economy and even be used internationally for business process outsourcing and a support for a faster digitization within existing companies. The potential definitely exists, but experts point out that it requires the further expansion of the digital infrastructure and the training of the non-digital natives in the use of new technologies. There is unlimited potential for digital products and services in all sectors. With the creation of the right framework conditions for this sector, this can also become a significant part of the future middle class in Senegal and form the backbone of the economy.

Senegal does not have to go alone on this future path either and must draw on existing international partners, although there is still potential for expansion in the private sector for synergetic partnerships. The points of contact for German business are also extensive here and as already described early, are also supported by government measures.

3.6 **Nigeria**

Official Name: **Federal Republic of Nigeria**
Capital: **Abuja**
Business Language: **English**
Population: **207 million (2020)**
Average age: **18.3 years**
Population growth: **2.5% (2020)**
Currency: **Naira**
GDP: **USD 448 billion (2020)**
GDP per Capita: **USD 2.164**
GDP growth: **−4,3% (2020)**
Foreign direct investments: **USD 98 billion (2018)**

Source: https://www.africa-business-guide.de/abg-de/maerkte/nigeria



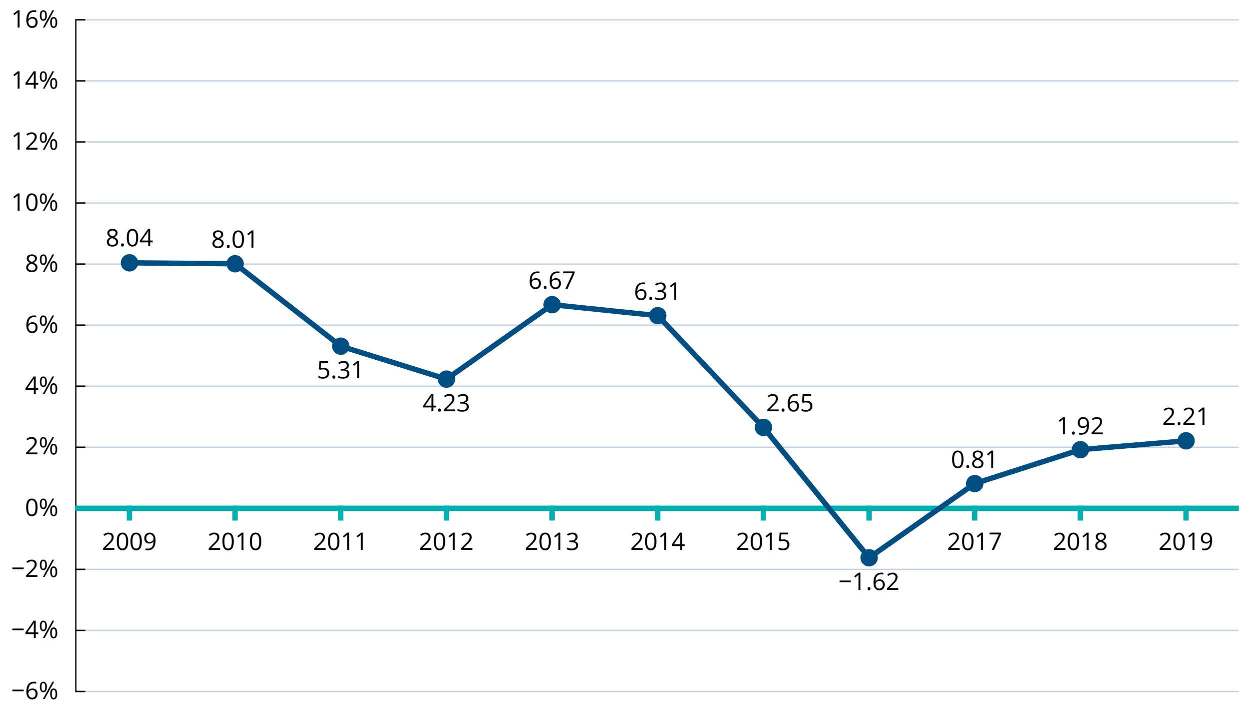
3.6.1 Economic development until COVID-19 crisis

Nigeria's size, importance, opportunities, and challenges can be illustrated by a simple statistic and the related forecast. In 1950, there were 38 million people living in Nigeria, in 1980 already 74 million, in 2020 there were 207 million people, in 2050 there will be 400 million and at the end of this century Nigeria will be the worlds' third largest country behind India and China with 730 million people, with Lagos as the world's largest city with close to 100 million inhabitants.[38] No highly complex analysis is required to deduce that Nigeria occupies a prominent position in sub-Saharan Africa and especially in West Africa with this development, which is associated with its very own challenges. For this reason, Nigeria is also considered in more detail as a focus country in this study.

The population is living in an area of 923,770 km², with a cultural and ethnic diversity unmatched in any other African country. The capital Abuja is located in the centre of the country and the economic centre is Lagos in the south with its strategic seaport. English is the official language, the country's currency is the Naira, and the country is currently led by the government of President Muhammadu Buhari.

During many years and various phase of returning back to democracy, a characteristic of Nigeria became apparent and that is the different imbalances between the north and the south of Nigeria.[39] Although various political measures and regulations have attempted to treat both regions equally or to include them equally in the developments, there are circumstances, such as the different endowment with natural resources, the differing quality of the agricultural land or the settlement of the various ethnic groups, which cannot be standardised "on paper". Therefore, there are still imbalances in many parts and experts confirm that the North is considered comparatively underdeveloped compared to the South.

With a gross domestic product of USD 448 billion in 2019, Nigeria is the largest economy in sub-Saharan Africa, now also well ahead of South Africa. However, the country's economic performance is highly dependent on the all-dominant oil sector and the world market prices for oil. And due to the strong population growth, the GDP growth does not necessarily lead to an increase in per capita income, meaning it does not reach the people. The higher growth in population than in the economy is rather resulting in a steady decline in real disposable income per capita. The high dependence on oil and the associated foreign exchange revenues to finance up to 90% of the national budget mean a high level of uncertainty with regard to external, negative developments and increase the risk of crises.



GDP growth (annual %) for Senegal – Source: https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?contextual=default&end=2019&locations=NG&start=2009 (last accessed: 1 June 2021)

Its petroleum legislation[40] as well as the constitution contain extensive provisions for exploration, and logistics in the oil sector and assigns the ownership of petroleum resources to the Federal Government of Nigeria. The Nigerian National Petroleum Corporation and its various subsidiaries represent the interests of the government. Since its discovery crude oil has been the driver of the Nigerian economy and this places a great responsibility on the government for this sector. In addition, the majority of the state budget is based on revenues from this sector. Therefore, there have not been many appeals for the government to diversify the economy in order to curb the impact of the oil price and keep the economy consistently stable. However, the dependency unfortunately did not decrease and the vulnerability to external shocks on the global markets remained extremely high in the past years, so that even the crisis in 2015/2016 could not be avoided.[41]There are several factors that led to Nigeria's' economic crisis in 2015/16.[42] The USA reached self-sufficiency through shale oil production and significantly reduced the import of crude oil. In addition, the global demand for crude oil dropped, Iran was unbanned from exporting crude oil and unfortunately within Nigeria attacks on crude oil stations caused further challenges for the already low production. In this situation, Nigeria could not benefit in a slight global demand increase. This all led to a significant fall in the total demand for Nigeria's crude oil and a fall in foreign exchange earnings. In consequence, the fall in foreign earnings worsened the country's balance of payment. These developments also hit the non-oil economy in Nigeria and all sectors heavily dependent on importation of goods and services form international partners and providers. Manufacturers had difficulty getting dollars to pay for imports and the economic problems got even worse, also leading to job losses for tens of thousands of workers. For the financial sector financing the oil sector, this also meant severe restrictions in terms of the possibilities to guarantee further loans or financial aid due to the bad effect on the banks' balance sheet, and thus the financial sector, which should actually have helped finance further economic growth in all sectors, also collapsed. As a further consequence, there was also a devaluation of the Naira and Nigeria's economy went into recession.

Nigeria's resource wealth and the positive developments before the 2015/2016 crisis should have been a good basis for recovery, but, due to many experts' insights, the challenges in Nigeria are also great outside the oil sector and so recovery has been very slow, although efforts on all sides have been taken. The lack of revenue from oil exports put a significant strain on the national budget, which led to the postponement of investment projects, especially in the urgently needed infrastructure. This, in turn, had the unfortunate effect that projects came to a standstill that rely on further infrastructure development. With the lack of currency earnings, many companies faced the problem of not being able to service their loans and liabilities, which often have to be paid in foreign currency through the necessary imports as most sectors have to rely on imports.

Due to the lack of diversification in the Nigerian economy for its financial strength, many of the other sectors were also dependent on the oil price recovering and consequently other developments picking up again, which did happen, but unfortunately very slowly. In addition, there is a lack of depth in value creation and far too little local production. Unfortunately, in the past there was often more emphasis on the trade of finished, imported products than on the expansion of local production – with the result that dependence on foreign countries unfortunately increased once again.

One of the reasons for the slow expansion of local production is the lack of necessary infrastructure, such as electricity, water, roads, and other transport routes. Companies that have local production facilities often organise this infrastructure themselves, especially electricity, in order to be able to produce reliably. Besides that financial responsibility, there have recently been significant increases in the costs of on-site security, due in part to terrorism in individual regions and other organised crime. Likewise, the very high financing costs of up to 20% interest rate are among the other factors for the low projects in the individual sectors.

There is also a difference between the sectors in the relevance or participation of the state in the projects. Experts pointed out that sectors with public participation, such as energy, water, health care or transport, tend to be slower to implement than purely private-sector projects, such as in the telecommunications sector. Of course, it has to be acknowledged that it is comparatively easier to build a mobile phone mast than a new railway infrastructure.

Much of Nigeria's economic strength is concentrated in the greater Lagos area, with its seaport and international airport. The Lagos metropolitan area alone has the same economic power as, for example, the country of Kenya. However, this regional concentration is also partly detrimental to development in other parts of the country and not infrequently a bottleneck, as is repeatedly demonstrated at the port of Lagos. This applies equally to the allocation of a large part of the investments to this metropolitan area, including foreign investments.

However, Lagos has also seen the emergence of a very vibrant start-up and tech scene in recent years, which has provided growth, jobs, foreign venture capital from the USA, China, UK and developed new digital products and services. Especially in the area of FinTech solutions, the scene made a name for itself and established business models for (micro) loans, mobile payment systems, digital lenders, or related financial services. With these, mostly cheaper products and services, new opportunities also emerged along the value and logistics chains, in terms of payment, tracking or simply bringing supply and demand together. The rapid development of this digital start-up ecosystem was only possible through the involvement of foreign investors, as there was little support for the start-up sector from the Nigerian government.

The partial lack of direction and support by the government also affects other sectors and developments in the economy. Of course, the Nigerian government has also launched reforms and initiatives that support the economy, e.g., in agriculture or infrastructure projects, but it could be more and better targeted. The implementation of economic policies to attract investors, promote ease of doing business in Nigeria and accelerated activities promoting economic growth and development are important steps in this regard. This included tax reliefs especially for micro, small and medium enterprises. Also, the new visa policy where citizens of other sub-Saharan African countries will now be issued visas upon arrival in Nigeria assists in further promoting trade between the sub-Saharan African countries.

Interviewed experts highlighted that it is not uncommon for reforms and projects to be decided, but then to be delayed or stalled in their implementation. Unfortunately, such developments sometimes still happen in connection with corruption and strong lobby groups, as a result of which projects are not implemented, the best providers are not awarded the contract, or the projects only benefit a small group. The costly and inefficient bureaucracy as well as the unfortunately still existing widespread corruption is also an obstacle in the implementation of many projects. It is therefore not uncommon to hear the statement that it is not the money that is lacking, but what is done with it.

Nearly half of the Nigerian population lives below or at the poverty line of USD 2 per day with no prospect of improvement or even advancement into the middle class through participation in economic growth. In addition, a large part of the population works in the informal sector, without the possibility of social security or access to the capital market for micro-credit. The need to earn a living on a daily basis creates enormous pressure and rarely allows people to save money for times of crisis. Unfortunately, there is no education or even training for people in the informal sector, so the quality of their work stagnates, or they can only be employed for very simple jobs. Experts agree that the lack of economic growth unfortunately also leads to increasing youth unemployment and a lack of perspective. Due to the many informal employment relationships, the state lacks urgently needed tax revenues at this point, which can only be obtained from formal employment relationships.

In Nigeria, access to the formal labour market is only possible for a small group compared to the total population. However, it is precisely these people who first benefit from the upswing and privileges before any of it reaches the broad mass of the population.

Another challenge after the 2015/2016 crisis was the significant decrease in foreign direct investments (FDIs) and they have still not reached pre-crisis levels. The risk associated with FDIs is considered by many of the international donors to be very high, and a successful investment also requires a strong network in Nigeria itself. Most recently, it has been China in particular that has held on to investments in Nigeria and even launched further projects. Germany is comparatively poorly represented here, although an investment was recently launched in the energy sector, and a Fund for Agricultural Finance in Nigeria was set up between the Nigerian government and KfW. Additionally, two microfinance institutes are supported by KfW on behalf of the German government.[43]

Another development affecting the Nigerian economy was the border closures in 2019, justified by the intention to protect the domestic economy, but also to stabilize the country's security situation at various of its national borders. The largely unprepared border closure, without strategy in terms of impact, then also had immediate negative effects. In particular, food prices rose due to their scarcity and the lack of local production capacity.

The necessity of the closures has been the subject of controversial discussions amongst the experts. The need to improve the security situation is certainly valid, and the protection of domestic agriculture products from price-damaging imports is also an understandable argument, even though the company's' own production capacities are not yet sufficient, but at least this increased the pressure on their expansion and existing producers benefited immediately. On the other hand, however, economic integration in the region was halted again, value chains were interrupted and industries dependent on imports were severely impaired in their business. The increase in smuggling, corruption and illegal business at the borders is also among the negative effects. The recent increase in pressure has led to a relaxation of the borders, but the situation is still far from what it was before the closures.

Internal unrest also repeatedly influences the germination of economic development and sometimes causes setbacks. Unfortunately, this includes the recurring attacks by the Islamist terrorist group Boko Haram, which cause instability and insecurity, particularly in the north of the country. The number of incidents is on the rise again and at present remains very high, as a result of which many people have also been driven out of their villages, making it impossible to gain an economic foothold and develop further. Internal unrest also included the unrest following the removal of subsidies for gasolines, and it is likely that unrest may again occur if the current low price of crude oil and, as a result, gasoline prices rise, as Nigerians have been accustomed to low gasoline prices for years.

Even before the outbreak of the pandemic in Nigeria, another significant reduction in oil prices hit the economy that was just stabilizing again, the impact of which could manifest itself in the same logic described above. This renewed disruption is considered along with the impact of the COVID-19 pandemic in the next chapter.

3.6.2 Dealing with the challenges of the pandemic

Almost simultaneously with another significant collapse in oil prices on the world markets and the related drastic impact for Nigeria, the country recorded its first COVID-19 case on 27 February 2020, becoming the first country in sub-Saharan Africa to be affected by the pandemic. Experts confirmed that Nigeria was quickly aware of its limited resources to combat the pandemic (lack of testing capacity, quarantine facilities, and especially intensive care units in hospitals) and took correspondingly swift and stringent action. Measures in Nigeria included mouth-nose masks, hygiene and distancing regulations, lockdown of non-essential facilities and businesses, border closures (including inter-state travel ban), and curfews. These measures were accompanied by government communications and awareness campaigns.[44] In April 2020, the threat of the pandemic was again brought to the public's attention when Abba Kyari, Chief of Staff to the President, died of a COVID-19 infection, which authorities said he had contracted while traveling in Europe.[45] The population was rather irritated after Abba Kyari funeral ceremony and previous treatment were carried out in contradiction to the Corona measures.In Nigeria, too, people were not prepared for the pandemic or with the implementation of strict measures. While the majority of people were worried, a large proportion were also struggling to make a living on a daily basis, and the lockdown measures pushed the poorest even further into poverty. This applies in particular to the informal sector, which is immensely large in Nigeria where people have no social security and thus have to work every day for their subsistence level. The relatively strict lockdown at the beginning of the pandemic therefore underwent its first relaxation after only a few weeks. This was also justified by the fact that the number of cases and the death rate remained relatively low compared with Europe or the USA – although here, too, there may be an incalculable number of unreported cases. Among the reasons are a lack of testing capacity and mild courses of the disease as well as the low transmission of the virus in rural areas due to the lack of mobility and interconnection within the country. In addition, experts confirmed, that there is a lack of knowledge about the disease and in some cases the infections may also have been diagnosed and treated as Malaria by physicians due to similar symptoms.

The relaxed measures brought back a certain normality and essential activities were possible again for the people. In the large metropolitan areas, this certainly also helped to avoid social unrest related to the pandemic measures. After the easing, life, especially in the big cities like Lagos, relatively quickly seemed like it did before the crisis, and everyone was also trying to get back to that normalcy. Where the measures were maintained, experts pointed out that this was often the result of voluntary commitments and internal regulations of companies and institutions, in part, for example, as a result of directives from non-African corporate headquarters.

With the relaxations, however, the challenges created by the initial lockdown did not disappear. Food shortages persisted, displaced workers were without pay, other diseases, financial losses to businesses, and a lack of prospects after the shutdown. The government was forced to continue providing aid while switching to recovery mode. In particular food aid and other daily necessities were organized quickly and coordinated comparatively well between the state, federal states, and local authorities. However, this was only a limited remedy for the fundamental rise in food prices and their further scarcity. Churches also helped to implement these essential programs and ensure compliance with the measures; for example, church buildings were used for quarantine.

Once again experts highlighted, that the lack of infrastructure in the country proved to be a major challenge in implementing the aid. In addition to the resulting restrictions for the necessary logistics of the (food) aid, it was often impossible to locate persons due to unregistered individuals, missing addresses or absence or contact details. As a result, in many cases the aid simply did not reach the people. And even where the logistics and infrastructure are in place, there is a lack of products, since comparatively little is produced in the country itself and a large part depends on imports, which were temporarily restricted. Experts indicated that the failure to deliver the promised aid often led to discontent among the population and an increasing questioning of government measures and the associated use of funds.

Due to the financially strained budget, financing the aid also proved difficult, whereupon Nigeria requested support from international organizations. Requests were made to the African Development Bank (USD 288.5 million received)[46], the World Bank (USD 1.5 billion approved)[47] and the International Monetary Fund (USD 3.4 billion approved)[48]. With the largely absent positive effects of the announced programs and the simultaneous announcement of international aid, questions were again raised as to whether the measures were the right ones and whether they were intended to be effective and not fall victim to possible corruption.

In addition to the intended direct support for the population, measures to mitigate the economic impact have been announced as well and, in some cases, already adopted, although its implementation and impact still have to be proven. These include the provision of further credit lines for households and small and medium-sized enterprises, as well as the reduction of interest rates. Similarly, special credit assistance was established for companies in the health sector, including pharmacies, pharmaceutical companies, and hospitals and extended to agricultural companies. The central bank also launched a COVID-19 stimulus package, which is earmarked for building critical infrastructure and strengthening the healthcare system. Another economic stimulus package provides for job protection, the suspension of certain import duties, and the introduction of loan deferral facilities. However, experts warn that the accuracy of these programs in terms of targeting will have to be proven by the government which has engaged comparatively little with the private sector in the past and mostly lacks knowledge of the rationales behind the business models.

In addition to government assistance, the private sector, or private initiatives, such as NGOs, foundations, and individuals have become active in responding to the pandemic, providing both material and financial assistance. These were then also a point of contact for donations, which were translated into appropriate measures. The government explicitly welcomed these private initiatives, although they were not free of criticism from experts, for example that certain initiatives were only a matter of public relations whereafter the actual aid did not materialise.

For the vast majority of companies, along all industries, the government's measures also meant significant restrictions in their ordinary business operations and also significant financial losses. At the same time, the deficits, which lie in particular in the lack of diversification, local production, and deeper local value chains, became transparent once again. This also applies to the lack of regional and local integrity of value chains. In addition, many companies had just recovered from the 2015/2016 crisis, but had insufficient reserves and substance to absorb the COVID-19 pandemic unscathed. Experts confirmed that companies with international parent companies sometimes had more financial leeway and were able to continue paying their employees or at least did not have to lay them off. The use of working from home was also more common among international companies and institutions than among local small and medium-sized enterprises. Even the large Nigerian banks quickly returned to face-to-face work.

Some sectors, such as the banking sector, the telecommunications industry, and the start-up/tech scene, have weathered the COVID-19 pandemic comparatively well. Banks had already made great strides in digitization and were therefore less restricted in their availability. In addition, demand for individual financial products quickly returned to normal, especially among providers of microcredits. However, large-scale lending also failed to materialize here, as did international investors. The telecommunications sector was able to profit significantly from the increased demand alone and has a digital business model per se that was able to provide additional products and services during the crisis. Another beneficiary of the crisis is the technology-driven start-up/tech scene, which was also able to prove its digital business model in many cases during the crisis and responded flexibly to the new challenges with rapid adjustments.

The major concerns in the oil sector during the COVID-19 crisis are not only due to the pandemic, but also to the sharp drop in oil prices on the international markets at the beginning of 2020. The great dependence on this sector, especially for financing the national budget, has already been described. In this respect, the two crises unfortunately reinforce each other, because on the one hand, the low oil price already leads to reduced government revenues, and on the other hand, the reduced demand works in the same direction. The consequences for the national budget are dramatic, which unfortunately also significantly reduces the scope for fighting the pandemic. Fortunately, at least the oil price has stabilized again since April 2020 and is showing an upward trend.

Even during the crisis, Nigeria was not spared from Islamist terror in the northeast of the country and other internal unrest, such as the "#EndSARS" protests against police violence, abuse of power and arbitrariness in particular. In addition, Nigeria experienced a significant increase in organized crime in rural and urban areas during the crisis. These developments, on the one hand, made it difficult to comply with measures and implement aid, but unfortunately, on the other hand, it required the attention and capacities of the authorities that were urgently needed to fight the COVID-19 pandemic.[49] The example of the internal unrest in particular, but also the slow recovery from the oil price crisis, shows that Nigeria is struggling with many other challenges during the COVID-19 pandemic, which will continue to occupy the country for a long time even post the pandemic. However, the pandemic has once again highlighted the areas for action and made it clear that every day that work is not done on Nigeria's future is a step backwards and tends to make the situation worse.

This is especially true for the fight against the pandemic itself, as another wave would also force the government into further financial challenges and the state coffers are already empty due to the oil price situation. Therefore, in the short term, while the COVID-19 crisis continues, the focus must remain on supporting the poorest of the population, enabling food deliveries, strengthening the informal sector to counter unemployment, organising medicines, and vaccines, and mitigating the negative impacts from dependence on the global economy. The estimated negative GDP growth of approximately −4,3%[50] for 2020, puts Nigeria back into recession and most of the population will suffer for a long time to come. Therefore, experts point out, that an open dialogue with the population about the measures and future programmes is immensely important in order not to lose the support of the people.

3.6.3 An indicative outlook on the impact of the COVID-19 crisis and future potential in selected areas

General developments

Even with the unfavourable perspective on the medium- to long-term effects of the COVID-19 crisis and the oil price instability, Nigeria should remain a country of interest for investors. Due to the interviewed experts, a generalised negative view of Nigeria's future would fall short simply due to the economic size of Nigeria and the role the country will and should play for sub-Saharan Africa in the future.[51]

The crisis has made weaknesses visible that need to be tackled in order to speed up developments and to utilize the huge potential of the country and its people. Government needs to take more responsibility for the recovery of the crisis and, should show the willingness and commitment to work on all challenges, which are in particular the COVID-19 pandemic (including vaccination procurement and vaccination of the population), currency devaluation, oil price, USD dependency, unemployment, education, birth rate in relation to GDP growth. Experts confirmed that reforms in all these sectors should be pursued further, involving young people in order to gain the necessary support among Nigeria's extremely young population and give them a perspective. The goal of all measures should be renewed economic growth that is higher than population growth, so that the growth actually reaches the people.[52]

Nigeria's strengths and opportunities should be sufficient motivation for the country's further development. These include the wealth of resources (oil, gas, agriculture), the largest African consumer market, the more developed economy in the Lagos metropolitan region and the huge labour potential. The ongoing and increasing demand for the further expansion of infrastructure, the progress in the industrialisation of agriculture with associated local value creation and production also give cause for optimism. Political, economic, and institutional decision-makers should always be aware of the strengths of the people of Nigeria, not risk their commitment and use it to further develop Nigeria into a prosperous nation. The young people in particular are ready to assume responsibility and to take matters into their own hands with the right framework conditions. This potential should also be recognised by politics and supported by exemplary, inspiring behaviour of the politicians. For this, it is also important to balance the advice of the elders in such a way that it does not act as a hindrance or cling to old structures, but rather enables.

As the crisis has shown and experts pointed out, the opportunities are still countered by significant challenges in the coming years. Such challenges include the lack of infrastructure across a broad area, the declining purchasing power due to the ongoing crises, the high unemployment and the high proportion of informal employment or the unfortunately still widespread corruption in the country as well as the partly very poor security situation.

The most important challenges, however, are the dependence on oil revenues to finance the national budget and the continuing devaluation of the national currency, the Naira. The trade balance can only be turned around if the government creates the framework and the preconditions to replaced imports by local production and if exports are realised at good prices. This also shows that many experts consider the oil price crisis to be much more disruptive than the current COVID-19 pandemic. Unfortunately, there is a real danger that the situation will worsen if further borrowing through the government is necessary.

With regard to the trade balance, which is strongly influenced by oil, there is currently hope for the refinery being built by the entrepreneur Aliko Dangote, which is scheduled for completion in 2021. This would increase the vertical integration of petroleum products in the country and reduce the need for imports. If the capacity of the refinery is expanded accordingly, there is also the possibility of exporting surpluses. The opening of the refinery could also attract more companies downstream and trigger a self-reinforcing process in terms of local economic performance in the oil sector. Of course, this project is not free of criticism and scepticism by experts, especially since the commissioning of this refinery will initially create a monopoly position, and with China (supplier/financier) and India (operations), significant foreign companies and interests are also involved. Despite the justified confidence in improving the balance of trade with this project, the problem of the weak currency still remains for the state budget.

Increasing the depth of value creation is also the crucial task for many other sectors in the coming years. The COVID-19 crisis has shown the deficits, especially those that arose due to the restrictive pandemic control measures, and the growing population which is increasing further demand. Experts have underlined that diversification into new product areas and services, as well as related local production, will reduce dependence on imports and thus from other countries in the coming years. Particularly for agriculture and the manufacturing industry, national measures, if necessary, supported by international institutions, must be adopted quickly to support, and enable this process. The government is also called upon to establish the necessary infrastructure, such as transport routes, electricity, and water supplies, and to create efficient processes within the local authorities to support growth. If this can be achieved quickly and, in particular, sustainably, then due to expert’s estimation there is definitely the potential for Nigeria to become completely independent in some areas and to be able to supply itself.

In addition to the government, which should take responsibility for the necessary economic reforms, it will also be crucial for the private sector to participate and facilitate private investment. This also involves the interaction of government and the private sector, including through privatization processes in some sectors, in order to produce the best solutions and products in a competitive environment. The new jobs that are created must be formal jobs that offer the possibility of social security. In the long term, these formal jobs will generate reliable tax revenues for the state and reduce the number of informal work situations.

The size of Nigeria alone and the continuing population growth towards one of the largest sales markets will constantly drive international investors and partners to promote economic activities in and with Nigeria. Closer regional partnerships, especially with francophone countries, do not exist, but should be expanded. ECOWAS has long provided the necessary framework for this. On the other hand, close relations exist with China, which has had a very intensive presence in Nigeria for a long time. Mostly in connection with infrastructure projects or other capital-intensive projects that require international financiers. China is also an important supplier of imports, from food and consumer goods to pharmaceuticals and other healthcare products. This close relationship is not expected to change in the near future; on the contrary.

Besides China, the US and the UK are quite well represented in Nigeria, and in recent years France has increased its activities in cooperation with Nigeria and will continue to do so in the coming years in order to network a bit more broadly alongside the Francophone countries. Germany has comparatively few partnerships with Nigeria, and those that do exist were mostly established some time ago. There are no signs of any intensification of these ties from Germany, despite the good prerequisites of German companies for the Nigerian market and their future needs.

Due to the increasing importance of Nigeria, the coordinated efforts at the level of the European Union should be intensified and the relations should be worked on. Further international partnerships or investments would also strengthen the confidence in Nigeria and thus indirectly demand the implementation of the desired reforms from the Nigerian government or increase the pressure for this.

Despite its own challenges, the Lagos metropolitan region can act as a growth engine. It is already well advanced economically, has crucial infrastructure, attracts young entrepreneurs, and has become attractive to international investors in recent years. Complementing a growth engine, there also needs to be a continued focus on education (schools, universities), vocational training as well as on-the-job training to have a well-trained workforce to grow the economy. Ideally, this is complemented by a reliable legal framework and an entrepreneur-friendly tax system.

Nevertheless, besides the potential which the greater Lagos area has to offer it is also important to find the right balance with the North which lacks the financial resources required to create an environment for poverty reduction and the region clearly needs an increase in federal allocations and in infrastructure funding to attract the flow of foreign investments. But investments in the region have, since 2009, been threatened by the ongoing instability from Boko Haram militants.

There is no question that the security situation in the country will continue to pose a risk to Nigeria's economic recovery in the future, at least in the regions affected by it. A resolution of the conflicts or their containment should bring the necessary stability, on the basis of which a recovery from the COVID-19 pandemic is also possible. With regard to Islamist terror by Boko Haram, it is quite conceivable and advisable to act together with the international community of states and to take coordinated measures.

But the increase in organized crime also requires decisive countermeasures in order to avert the resulting damage to the economy. In this area, too, it is conceivable that the strategy for combating crime could be coordinated with other countries or that concepts that have been successfully tested elsewhere could be adopted. The increasing danger of internal unrest, such as #EndSARS, can largely only be addressed politically and should be addressed in dialogue with the people. Particularly with regard to organized crime and the danger of internal unrest, economic growth and increasing prospects for the population can be an effective means of creating momentum in a positive sense.

In terms of establishing an economy that is also increasingly export-oriented, it is still too early in the coming years to be successful with this. On the one hand, this is because it must first serve its own needs and compensate for past inadequacies in its own country, and on the other hand because this requires large companies that can create sustainable structures and, above all, be competitive in order to survive regionally, continentally, and internationally.

Sectors

For the economic upturn and due to the breadth of the joint effort in this regard, the cooperation of all sectors is required. As a consequence, there are also corresponding prospects and opportunities. The interviewed experts for this study have various sector backgrounds and based on their assessments and considerations, the following sector outlooks were created.

Construction

The construction sector is returning from a difficult period, marked by tight government budgets as a result of the 2015/2016 crisis. However, the recent resurgence in spending on infrastructure projects gives cause for hope, especially as these are often significantly expanded after crises as a growth stimulus and additional government funding is made available. The public projects are supplemented by projects from the private sector. The consolidation of recent years may now be a perspective for the remaining companies, with solid growth prospects.

Chemicals

The prospects for the chemical industry in Nigeria are good. In particular, the completion of the Dangote refinery will increase the potential for the petrochemical industry and its further value-adding steps. This is attractive not least to foreign investors. But there will also be growth prospects for chemical companies in the industrial and consumer goods chemical sectors due to the growth of the other sectors. Chemical products such as fertilizers are also increasingly needed for agriculture, and local production would be synergetic.

Energy

Energy supply is the most critical infrastructure for economic growth. The inadequacy of generation capacity and aging transmission and distribution networks must be expanded and prioritized in the coming years. There will be potential for investment, suppliers, and machinery in all related areas. Additional generation capacity is already being created with the participation of the German industrial company Siemens AG. As a result, this must also lead to a reduction in the high number of diesel generators, with increasing connection to the grid. The expansion of the energy supply also has the potential to directly focus on green energy solutions and provide more sustainability.

Agriculture

The agricultural sector was only slightly affected by the COVID-19 pandemic in the production of its products; the restrictions then rather affected the logistics and further processing of the products. The demand for food will also continue to increase as the population grows, significantly driving the industrialization of agriculture and the subsequent processing industry. It is therefore not surprising that private investment in the cultivation of vegetables, rice, sugar cane, cassava, and tomatoes, as well as into the development of poultry farms has also increased in recent years. The agricultural sector must also remain attractive to the younger population and therefore include innovations, efficiency, digitization, and integration along the full value chain. For some products, this could even open up export opportunities in the coming years.

Food

The food industry immediately follows the production of raw materials from farmers and offers great effects of agriculture itself. The expansion of local production capacities must also include logistics. Storage, drying if necessary, and transport, as well as being prepared for the massive increase in demand – for both food and beverages which currently cannot be satisfied through local producers in the food industry – so far Nigeria is not food secure. This will create potential for foreign investors and partners, for example in the supply of production equipment and machinery.

In addition, despite industrialization and efficiency improvements, a significant number of jobs can be created.

Natural Resources
In addition to the dominant oil sector and the opportunities in the downstream value chain, driven in particular by the Dangote refinery, the further development of natural gas resources also offers great potential to leverage the country's resource wealth for economic recovery. The development should go hand in hand between the government as resource owner and the private sector as efficient implementer of the economic use and should proceed unbureaucratically. The development of natural gas reserves can also contribute to a sustainable energy mix and have a positive effect on the balance of trade through exports.

Healthcare
With the lessons learned from the COVID-19 pandemic and the renewed awareness of the need for a functioning healthcare system, as well as the other ubiquitous diseases in Nigeria, there must inevitably be an increased focus on improving this sector. Even before the pandemic, initial efforts were being made by the government, together with the private sector and international donors. The focus is on access to basic medical care for the broad mass of the population, which may well include telemedicine services in the future. In the coming years, however, the main focus must be on expanding the hospital infrastructure. The need for medical technology offers potential for foreign investors and partnerships. The complementary pharmaceutical industry should expand its local production and depth of added value in parallel to ensure a basic supply independent of imports. The same applies to the expansion of their own laboratory capacities, which initially also depend on foreign partners to set up and equip the laboratories – the investment opportunities are high. Close integration with the chemical industry, which is also growing, can produce further synergies and generate growth impulses.

Financial Services
The banking sector certainly acted as a stabilizing factor during the pandemic and will play an important role in the recovery as a backbone for loans, development programs or investments. Nigerian banks have already played a major role in the economy in the past and will be able to expand this further, as well as being the point of contact for foreign investment in the country. Their comparatively good digitization of products and services further enables growth into new business areas and lays the foundation for sustainable development. This also applies to related companies in the financial services and insurance sectors. The technology-driven start-ups in this area, for example with business models for microcredit or micropayments, also have high future potential.

Real Estate
The private real estate sector will become increasingly important in coming years, as it must provide the backbone for loans and mortgages to enable further investment. Wealth creation and economic growth on the back of the real estate sector follow the same logic that already applies in other economies. In this respect, the attractiveness of the sector itself is also increasing and will attract further investment in the future, as well as attracting international investors.

Logistic
The need for functioning logistics within the country and to the national borders, is essential for trade, further division of labour in local production and the realization of a greater depth of added value. Here, too, government efforts to expand the transportation infrastructure and the private sector to provide logistics services must come together as quickly as possible. The potential arises in particular for the logistics providers themselves, as a wide variety of transport modes, transport technologies and vehicles become relevant. But the accompanying services, such as tracking, route optimization and security, also offer enormous growth potential, especially for new, digitally affine entrepreneurs. Partnerships with international logistics companies would be a

good approach to bring the corresponding know-how into the country and then expand it locally with their own capacities.

Fast Moving Consumer Goods
The market for fast moving consumer goods has already experienced an enormous rise in previous years and will continue to do so in the years to come. The affluent Nigerians and their growing, affluent middle-class form one of the world's largest consumer goods markets, which is still largely underdeveloped and will therefore attract numerous investments. International brands are preparing to enter the market and could also create jobs in the medium term through local production. This affects sectors such as retail, food, beverages, and communications. For international brands, a key success factor here will be to also cater to local conditions and needs. If this succeeds, the potential is immense in a country that will be the third largest in the world by the end of the century.

Start-ups/Tech
The technology-driven start-up scene, particularly in Lagos, has the potential to become a growth engine for the economy in the coming years and to form the basis for medium-sized companies. Even during the COVID-19 crisis, it has shown itself to be flexible, pragmatic, and problem-solving. The digital products and services are not always sector-specific and therefore also enable points of contact with established companies, for example, to drive their digitization and give more people access to the relevant services. Another advantage for the continued growth of the scene is above all that it can grow with a comparatively low infrastructure, which mostly consists "only" of electricity and internet access. The start-up language English makes it easier for the start-ups to network globally and opens up market potential outside Nigeria as well. For example, providers of Business Process Outsourcing are emerging from Europe, and their companies even benefit from a time zone that is hardly different. The digital natives in these start-ups, some of whom are well-educated abroad, are willing to advance the country and serve as role models for young people, but they must also be prevented from migrating abroad by more attractive location conditions. The entrepreneurial spirit of this community should be carried beyond the borders of Lagos and also receive support from the state.

Telecommunication
The telecommunications sector had already been able to benefit significantly from increased demand during the crisis and will be able to enrich its per se digital business model with further products and services in the future. The sector can therefore expect significant growth in the coming years, also driven by the digitization of the economy, Nigerians' increasing access to mobile networks and the Internet, and a society that is simply becoming more digital. This growth potential will also attract foreign investors and partners, thus increasing both and competition.

Media/Entertainment
The media and entertainment industry in Nigeria has its own success story and there is no reason why this should not continue in the years to come. The term "Nollywood" has become synonymous with this in recent years. The young population, with its own language and its own rituals, can be found here in music, film, and videos. At the same time, the industry also reflects the entire cultural, ethnic, and historical diversity of the country, so that there will probably be no lack of interested parties for these formats and products in the coming years. The associated commercialization of the products is already providing economic growth and jobs and will continue to do so in the future. This potential is also increasingly being seen by international investors.

Manufacturing
Manufacturing services and related industries will also see an increase in demand in the next few years. Industrial manufacturing as a service can be interesting for international companies that want to enter the Nigerian market but do not want to set up their own local production. For example, the automotive industry, which then uses local assembling capacities. The same applies to other complex industrial goods whose essential components are produced outside Nigeria, but the final product is manufactured in

Nigeria as the last stage of the value chain. The development of the necessary know-how also increases Nigeria's attractiveness as a production and industrial location.

The enormous potential shown here in almost all sectors must be incentive enough to remove the bottlenecks that unfortunately still exist in some cases and to create supportive structures.

The projects must be financed pragmatically and appropriately, involve local capacities, promote entrepreneurship, create formal employment relationships, promote women and diversity, provide qualifications and training, create small and medium-sized structures, retain a well-qualified workforce, provide social security and insurance, and generate economic growth that exceeds population growth.

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4 Economic Community of West African States and African Continental Free Trade Area

The full development of West Africa's economic potential does not depend solely on the individual countries, but also on their regional cooperation due to regional interconnectedness and integration. Trade in the region can only be effective and efficient if common standards as well as trade regulations and practices are agreed and adhered to. High transaction costs, tariffs and non-tariff trade barriers should be eliminated as far as possible in the interest of all and replaced by common rules. Such a framework is already existing for over 40 years through the Economic Community of West African States (ECOWAS) and will shortly receive Pan-African support through the AfCFTA, which is currently being implemented. The COVID-19 pandemic has once again created awareness of needs that can be addressed, among other things, through stronger regional integration with ECOWAS and in the balanced implementation of the AfCFTA.

4.1 Economic Community of West African States (ECOWAS)

ECOWAS – a general overview

The Economic Community of West African States was established on 28 May 1975 with the signing of the Treaty of Lagos which came into force in 1976. Member countries making up ECOWAS are Benin, Burkina Faso, Cabo Verde, Cote d' Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Sierra Leone, Senegal, and Togo.

The overall objective of ECOWAS is the economic integration in all fields of activity of the constituting countries in order to achieve "collective self-sufficiency" for the member states, possible through the establishment of a common internal market and an economic and monetary union. The derived from this is the creation of a borderless region where the population has access to its abundant resources and is able to exploit same through the creation of opportunities under a sustainable environment[54] knowing that in reality this will often be associated with major challenge.

Considerable efforts have been made in harmonising macroeconomic policies and private sector promotion towards achieving economic integration, supported by facilitation of trade, statistical analysis, and economic reviews. The decision to introduce the "ECO" as the West African currency was repeatedly postponed, and the future of the currency is uncertain. Internally, the ECOWAS structure is characterised by a strong Nigerian position. The Secretariat is also based in Abuja, Nigeria and the country accounts for more than half of the population and economic power of the community.

A recent milestone and example for the activities of ECOWAS has been when on 10 June 2020, the financing agreement for the "Regional Stabilisation and Development Fund in Fragile Regions within ECOWAS Member States" was signed between KfW and ECOWAS. KfW is providing EUR 19 million for this on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). The Gambia was selected as a pilot country for the project as early as 2019, with the aim of stabilising the still very young democracy by promoting the horticulture, poultry and fishing value chains and creating employment and income opportunities, especially for vulnerable population groups.[55]

As diverse as the West African region is, opinions on ECOWAS's ability to function are equally varied amongst experts. Some of the reservations are indeed due to the facts in the countries, but some may just have a political character – in both cases, it is worth describing a few of these reservations once.

The free movement of people and goods in ECOWAS is already failing in part, for example, because of the lack of regional road and rail connections or flight connections. Some experts mentioned that where border connections do exist, there are unfortunately still difficulties at the crossings, not infrequently marked by corruption. With regard to goods, the relevant tax systems in particular are still far from harmonized, making the movement of goods more difficult despite open borders. This then also affects competition or the conditions for it.

The tax legislation for the movement of goods also shows the challenge in implementing the regulations, since much is based on the voluntary commitment of the countries and there are nearly non possibilities for sanctions in the event of non-implementation by ECOWAS. Many countries still primarily pursue their own interests and have varying degrees of commitment to the regional community.

Interest in ECOWAS also varies with each country's own economic situation. Experts pointed out that countries that have grown significantly in recent years make comparatively less effort for the community than, for example, countries with politically unstable conditions, which tend to benefit more from the mission of ECOWAS. The geographical location of the countries is also an indicator of their interest in a functioning domestic market, which is higher in landlocked countries than in those with good export links through their own seaports. The still very low level of regional trade also reduces the interest in and importance of the internal market. However, this may become more important if the countries increase local production and value creation and have to import less from non-African countries. And, of course, the still unimplemented common currency is also an obstacle and seems to be a never-ending process. This may also be due to the internal processes in ECOWAS, which are still in need of improvement and could still work much more professionally as an administration or authorities in some areas.

Even countries like Ghana, which have been proactive in developing ECOWAS, face the challenge of finding common ground with Nigeria. Nigeria, of course, cooperates and supports the weaker member states where possible, but it has its own challenges and related interests. Therefore, agreements are often reached only when Nigeria's interests are explicitly considered or do not conflict with them. Unfortunately, this generates a certain dependency on Nigeria that cannot be dissolved at present simply because of the country's economic weight. Nigeria will continue to play a significant role in the years to come for ECOWAS.

Despite all its limitations and individual reservations, ECOWAS has, since its inception, promoted dialogue among the countries and, step by step, given importance to the implementation of the common internal market and of an economic and monetary union, and has evidently done more good than harm.

With regard to the COVID-19 pandemic on 23 April 2020 the ECOWAS Authority of Heads of State and Government held an extraordinary online session to discuss the impact on the region. As result Nigeria's President Muhammadu Buhari got appointed to head the COVID-19 response unit, which means he got tasked with the coordination of the regional responses.[56] Another commitment from this meeting was that member countries will use at least 15% of their annual budget to strengthen health care.

Despite the early alignment in ECOWAS to the COVID-19 pandemic, its importance to pandemic response remained rather low since outbreak. This was primarily due to the extensive border closures and lockdowns in the countries, which made a regional response in terms of material assistance and coordination obsolete. The countries themselves were also unprepared and therefore initially focused on themselves. In addition, there was also the lack of a budget within the institution of ECOWAS, which would have allowed for its own financial support. Nonetheless, there were isolated activities by ECOWAS, such as partnering with various health authorities and international organizations to sensitize people on the impact and risks of the virus. In the further fight against the pandemic, it is nevertheless conceivable that better coordination within ECOWAS or with the African Union could have a positive effect and support recovery.

4.2 **African Continental Free Trade Area (AfCFTA)**

The AfCFTA, which was implemented in January 2021, has not yet played a significant role in the current pandemic response. However, if implemented efficiently, it can prove helpful in assisting countries in their recovery efforts. And, in the long term it can represent an important agreement on Africa's path to becoming the global powerhouse and growth engine. Therefore, some basic elements of the agreement will be explained below.[57]

The main rationality behind the African Unions initiative on the AfCFTA is that Africa is heavily dependent on commodity and agricultural exports. Capital goods or food products are mainly imported from outside the continent. With a world trade share of less than 3%, Africa has yet to diversify its exports. Many African countries rely on revenues from commodity exports while lacking industrialisation. In this context, intra-African trade is lagging behind. In some regional economic communities, tariff dismantling has improved trade integration, but the African market remains fragmented. Non-tariff barriers such as uncoordinated bureaucratic procedures, long waiting times at the border or time-consuming and obstructive export regulations increase trade costs on the continent. Therefore, Africa has connected faster with the rest of the world than it has domestically.[58]

Due to the pandemic, the implementation date has been moved to 1 January 2021. Eritrea is the only African country not currently participating. The agreement, initiated by the African Union, is expected to create a Continental Free Trade Area for goods and services in Africa and shall liberalize and facilitate the free movement of people, investments, and businesses across the continent in line with the African Union Agenda 2063. The objective is to integrate, diversify and industrialise African economies of about 1.3 billion people with a combined Gross Domestic Product (GDP) of USD 3.4 trillion. It will create a single African market, enhance competitiveness at industry level, expedite regional and continental integration, gradually eliminate tariffs and non-tariff barriers as well as attract investments and business spending. A rapid and effective implementation of AfCFTA will improve trade relations amongst African countries, it will contribute to economic development and reduce the dependence of member countries on the Western and Asian economy and will strengthen competitiveness in international trade. To this end, the details of implementation must now be discussed in a timely manner and standards, such as rules of origin, must be defined sooner than later.[59]

From both a West African and Nigerian perspective, Nigeria will play an important role in the AfCFTA. Its late commitment was therefore surprising, even though there is now discussion of full support. Some of the reasons for their hesitant approval are certainly founded on Nigeria's own current challenges (see Chapter 3.6), since an open domestic market would put further pressure on Nigeria's stumbling economy. For example, setting up a production facility outside Nigeria due to more attractive locational conditions and then importing into Nigeria at competitive prices would put further pressure on the domestic economy. Of course, Nigeria must also represent its own interests out of a sense of responsibility for its own population and price in fears such as a flooding of the domestic market with cheap foreign products, but always in consideration of the advantages of the emerging community and the resulting opportunities. Due to its economic size, Nigeria will continue to play a significant role for in the years to come for AfCFTA.

However, some experts highlighted that the lack of diversification and the mostly identical range of products and services will also be a challenge for other African countries in a common domestic market, as they will be competing immediately instead of trading different products. Further development and diversification toward complementary products and services with a greater local value-added depth, would boost the domestic market and ensure growth in all countries. In addition, individual countries could specialize in certain products in joint coordination, creating an integrated value chain from different countries.

Nevertheless, the timing of the implementation of the AfCFTA could turn into a blessing for the continent especially in the context of the current pandemic. With the birth of the AfCFTA, a strong commitment and joint action by the continent's leaders would undoubtedly benefit the fight against the pandemic and its economic consequences for Africa post COVID-19. Therefore, it is also important for governments within the region to be prepared for the possible negative impact the virus will have on the implementation of the agreement and seek out ways to convert the pandemic to opportunities for stronger economic and political integration.

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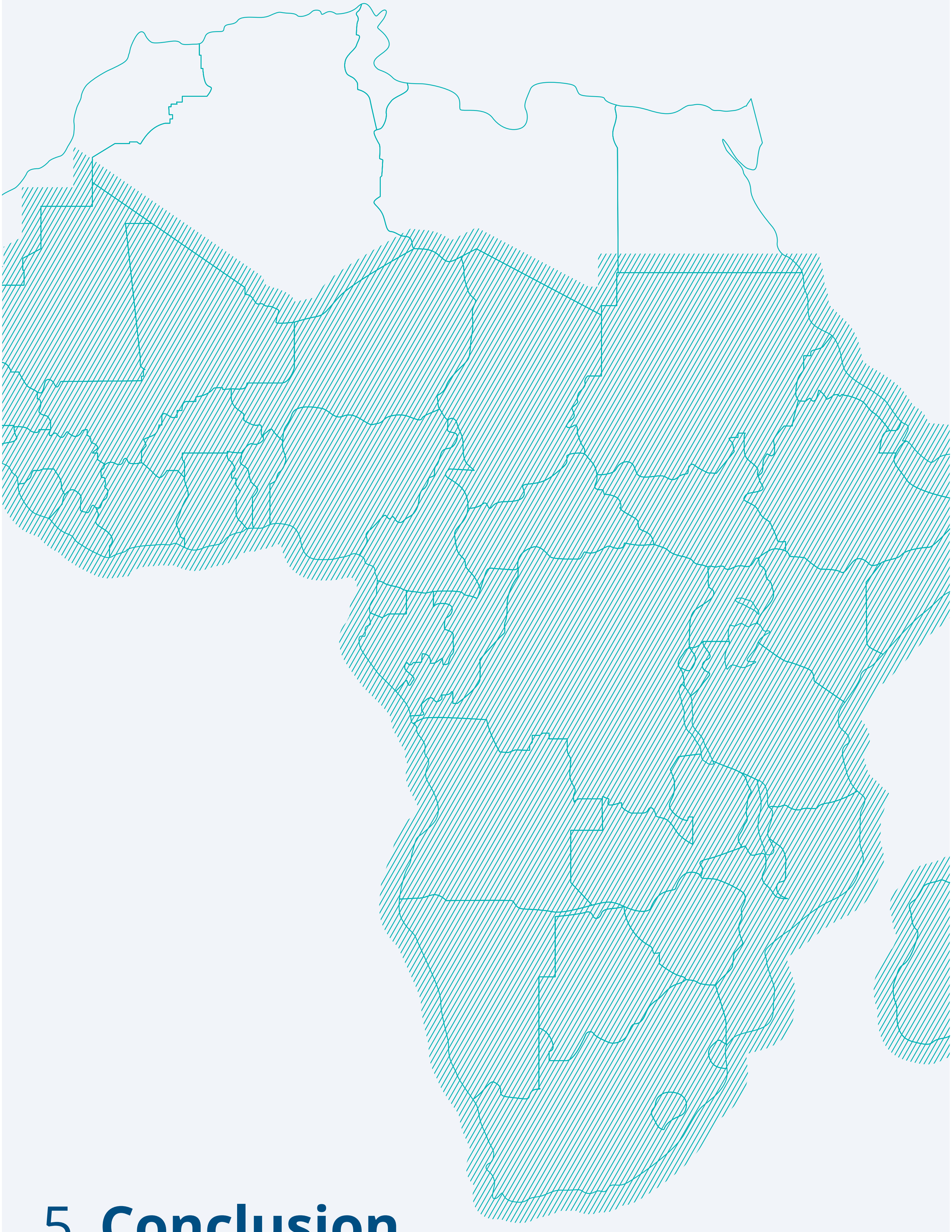

5 Conclusion

5.1 **West Africa and the pandemic**

The COVID-19 pandemic reached sub-Saharan Africa in February 2020 and has since affected the daily lives of over 1 billion Africans. The pandemic has had a wide range of impacts in sub-Saharan Africa to date, and it is premature to make any conclusive statements at this stage as to the impacts related to the pandemic. However, it is already evident that on the one hand, there were commonalities in the fight against the pandemic and the immediate effects on the continent, and on the other hand, there are differences, which also stem from the varying socio-economic and political environments of the individual countries prior to the crisis.

The West African region with the economic heavyweight Nigeria and the countries that have recently experienced strong economic growth, such as Ghana, Côte d'Ivoire, and Senegal, as well as the countries of the Sahel region, which are among the poorest countries, provide both a diversity of differences, and commonalities in their response to fight against COVID-19. The inclusion of experts from the respective countries through qualitative interviews proved to be extremely valuable in terms of content in order to have the differences between the countries assessed by experts on site, but also necessary because of the dynamically developing situation in order to include current developments in the best possible way.

The quick and often strict lockdown measures adopted after the first registered cases is a common characteristic that prevented many countries from higher infection rates at the beginning, which would have overburdened the respective health systems. However, the comparatively low case numbers in the West African countries to date certainly include a large number of unreported cases due to a lack of testing capacities or asymptomatic or mild COVID-19 symptoms. The willingness of governments to take swift and strict measures can also be attributed in a positive sense to their experience of previous epidemics and pandemics even though they have been aware of the negative economic and social consequences.

People in sub-Saharan African countries were just as unprepared as people in many other parts of the world, but in sub-Saharan Africa the situation is aggravated by the fact that many people work in the informal sector and have to work every day to secure their own and their families' survival. Therefore, the strict measures taken at the beginning of the pandemic were often quickly followed by initial relaxations that enabled people to carry out essential activities. Governments tried to strike a balance between fighting the pandemic, providing relief, and avoiding civil unrest. At least to date, this has been mainly successful in the countries of West Africa with regard to the pandemic itself.

Fortunately, there has been no major health catastrophe in relation to the pandemic in sub-Saharan Africa to date, but it cannot be glossed over that the pandemic will also have economic consequences in all countries. Some sectors have suffered significant losses (e.g., tourism) and many are at least indirectly affected by restrictions in the supply chains and the value chains. In almost all sectors, two main weaknesses have once again become apparent as a result of the COVID-19 crisis: On the one hand, the lack of added value in the country's own local production and the associated dependence on imports from (mostly non-African) foreign countries. And on the other hand, the extremely high number of informal employment, which, without any social security and reserves, are immediately affected existentially by any economic setback. Solving these two challenges alone requires enormous efforts in all countries, but also offers great opportunities to place the economic growth that is now needed on broad and sustainable structures. The labour potential on the continent has to be used by the countries themselves by means of newly created jobs, but it also offers connecting points and sourcing opportunities for an aging (labour) population in e.g., Europe.

For some countries in West Africa, the pandemic has now shown that their growth efforts and successes from before the COVID-19 crisis are paying off, including Ghana, Côte d'Ivoire, and Senegal. Many projects initiated in the past now provide a solid foundation for renewed growth and stability. The partnerships already concluded, especially the reform partnerships with the German government, can also help and provide impetus. There is potential in most sectors, as the needs of the growing population have simply not yet been met. However, not all countries in West Africa can fall back on such a solid basis and the effects of the pandemic will be more drastic or, as in the Sahel region, the focus of efforts will be on partly completely different issues, such as security issues and internal unrests. In the coming years, it will be even more important for the West African region to create more regional integration and cooperation in order to grow as a region and avoid being divided into front-runners and outcasts.

In this context, the economic heavyweight Nigeria must also play an important role, or even be the growth engine. Unfortunately, at the outbreak of the COVID-19 pandemic, Nigeria was still partly suffering from the economic consequences of the 2015/2016 oil price crisis and was again hit by a drop in oil prices on the international markets at the beginning of 2020 due to its great dependence on oil and is also plagued by internal security problems and unrest. The multidimensionality of these challenges, including the COVID-19 crisis, must be solved more or less simultaneously, as exhausting as it will be, because they are also interconnected. Only if this succeeds and all those involved from politics, institutions and the economy help it will be possible to become the region's economic powerhouse with a leading role in the coming years. The resources and potential in the sectors are definitely there, and with the right setup Nigeria will be able to attract more international partners and investors. The government would be well advised to tackle these tasks and challenges promptly.

Nigerian efforts could be linked to the further development of ECOWAS, because even though the influence and importance of ECOWAS in recent years tends to be low, the existing structures should still be valued and used more strongly for the economic recovery through a push in regional integration. Particularly in view of the fact that the implementation of the AfCFTA, which has now been launched, will certainly take years to develop its full potential. Regardless of how long it takes to implement the AfCFTA, its benefits are promising for many countries in West Africa and a reason to intensify their own efforts for further economic growth, in particular to emerge from the current COVID-19 crisis.

International partnerships are also closely linked to regional and continental integration. These are not always bilateral agreements, but also jointly coordinated efforts, for example with the European Union. Particularly in West Africa, Germany has achieved a lot on the government and institutions level in recent years. The next few years should be based on the premise of bringing the private sector in the form of German small and medium-sized enterprises and family businesses into the region and making them successful together with sub-Saharan Africa in the long term.

In addition to the economic impact and challenges of the pandemic, it has once again been demonstrated that the sub-Saharan African population has many strengths and characteristics needed in order to overcome this pandemic as well and participate in the recovery. In addition to optimism, confidence, and social cohesion as well as the youth's will to shape the future, sub-Saharan Africa's population remains resilient and able to that drive sustainable development. Also, the commitment of many non-Africans toward the sub-Saharan African countries is closely linked to the people in sub-Saharan Africa, with whom they work every day, cultivate friendships, and become part of the community. They see the potential of the continent and the potential of the people that they urgently need to be better utilized and integrated into the formal sector.

Despite the partly negative effects on Africa's economy, there should by no means be a general fall back into Africa pessimism. Even before the COVID-19 crisis, many African countries were recording strong growth rates, high reform efforts and increasing international support in their endeavours. And even during the crisis, which fortunately has so far been absent in its pandemic severity, strengths and reasons for confidence emerged as described.

5.2 An outlook and optimistic appeal for sub-Saharan Africa

The previous chapters have shown that despite all challenges a variety of positive developments have taken place in sub-Saharan Africa in recent years, and, that the COVID-19 pandemic has not directly brought the expected catastrophe upon sub-Saharan Africa in terms of the disease itself.

But COVID-19 should be considered as another wake-up call for sub-Saharan Africa to accelerate the positive development, to readjust, and to continue the chosen path. All must reflect and decide on how to proceed and how businesses, politics and society should be aligned to these inevitable shifts. Politicians, private sector, institutions, and the people must decide on how to change or adopt after the crisis and to work even harder on developments that offer a prosperous and promising future for the people in their respective countries.

- Sub-Saharan Africa has the potential to build the resilience and culture needed to drive diversified strategies and deliver long term solutions[60] but experts refer to the fact that at the same time governments, institutions and the economy need to work immensely hard to unlock this potential for the benefit of all. In addition sub-Saharan Africa's starting diversification of industries and sectors, abundance of natural resources, and frontier markets are just some of the factors that should be considered by the continent's industry leaders and politicians. This is sub-Saharan Africa's opportunity to readjust – to socially and economically prosper whilst simultaneously assisting countries and businesses in the global recovery post the pandemic.

If the social resources are utilized with the right intention for more growth and prosperity, together with the huge untapped natural resources and fertile arable land, the positive developments of recent years, the slowly but ongoing stabilization processes, the launch and hopefully successful implementation of the AfCFTA for more regional and continental integration and the irrevocable need for development, could already mark the beginnings of an African Century.

And the world needs sub-Saharan Africa for the next growth wave, sub-Saharan Africa has the potential to become an engine of this growth wave arising from the pandemic. In sub-Saharan Africa, there are future markets and investment locations and the opportunities for diversification and growth – especially during times in which international change is required. At the same time, sub-Saharan Africa can and should play a more important role as a political partner for Europe in the discussion of topics such as the migration challenges, the dependencies from single countries such as China and the needed partnerships in the 21st Century.

This also applies to Germany and the opportunities for German businesses in sub-Saharan Africa. Future business prospects are becoming increasingly promising, and of pertinent concern in terms of economic policy opposed to the current framework conditions. Based on the interviews with experts, some sub-Saharan African countries or parts of the population have recognized their own challenges, and governments and the private sector are ready to tackle them and engage with the right partners. This optimistic evaluation offers a stark contrast to the current reality in too many countries in the region, where corrupt elites still worry more about their power and their bank account as the wellbeing of the people. Nevertheless, some partners have prepared for quite some time and now it is up to German business to join in on a larger scale. Acting together, coordinating among institutions, and exchanging experiences are all sensible measures on the way to a successful partnership with sub-Saharan Africa.

We should shift our minds from historical perceptions that sub-Saharan Africa is “high risk”, and “ill equipped”. Instead, forward lookers should breakdown these barriers and rather recognize past developments and the central role that sub-Saharan Africa is set to play in the global economy. Engagement in sub-Saharan Africa is not a theoretical exercise; it must be experienced and implemented together on the ground and it must happen now.

60 African Development Bank: Post COVID-19: Rebuilding Africa and strengthening its resilience against future economic shocks: https://www.afdb.org/en/news-and-events/post-covid-19-rebuilding-africa-and-strengthening-its-resilience-against-future-economic-shocks-37467 (15.12.2020)

Interviewee

The interviews were conducted as qualitative expert interviews, with open questions and open answers, which preserved openness and flexibility in the conduct and evaluation of the interviews.

An interview guide sent out in advance provided orientation with regard to the study content, without obligatory pre-structuring for the interview.

#	Name	Company or Institution	Role or Title	Focus
1	**Aboubakar, Karim**	Investiv Group	Chief Executive Officer	Côte d'Ivoire
2	**Adelt, Joerg**	Dantata & Sawoe Construction Company Nigeria Ltd.	Director	Nigeria
3	**Ajala, Tunde**	Dovewell Oilfield Services Ltd.	Founding Executive Director	Nigeria
4	**Amédée, Louis**	Federation of Industries & Services of Côte d'Ivoire (FNISCI)	Managing Director	Côte d'Ivoire
5	**Amo, Nelson Madiba**	Innohub Ghana	Chief Executive Officer	Ghana
6	**Amoyaw, Frank**	LandMark Security Ltd.	Chief Executive Officer	Ghana
7	**Annan, Vincent**	Sekondi Takoradi Chamber of Commerce & Industry – STCCI	Chief Executive Officer	Ghana
8	**Badoreck, Ingo**	Konrad-Adenauer-Stiftung	Head of "Rule of Law Programme sub-Saharan Africa"	Senegal
9	**Bakare, Dele**	Findworka	Founder & Chief Executive Officer	Nigeria
10	**Bernklau, Thomas**	Cedar Afrique Hotels	Director Business Development	Ghana
11	**Brack, Martin**	Julius Berger Nigeria Plc.	Financial Director	Nigeria
12	**Cohnen, Oliver**	AFP Furniture Production	General Manager	Nigeria
13	**Dabire, Jean Marie Vianney**	African Development Bank	Chief Country Economist	Côte d'Ivoire
14	**Dansua, Akua Sena**	Ghanaian Politician	Former Ambassador of Ghana to Germany	Ghana
15	**Dibba, Lamin**	University of the Gambia	Graduate	The Gambia
16	**Elebute, Kunle**	KPMG	Senior Partner KPMG Nigeria, Chairman KPMG Africa	Nigeria

#	Name	Company or Institution	Role or Title	Focus
17	**Flosbach, Julian**	BFREE Africa	Co-Founder & Chief Executive Officer	Nigeria
18	**Gomis Gakou, Nicole**	Union of Women Entrepreneurs in Senegal	President	Senegal
19	**Gutzwiller, Christian Roman**	Trans Africa Railway Corporation	Chairman	Ghana
20	**Hellemann, Burkhardt**	Konrad-Adenauer-Stiftung	Country Head	Ghana
21	**Iya Aliyu, Hajiya Saratu**	Federation of West African Chambers of Commerce and Industry (FEWACCI)	President	ECOWAS
22	**Kanyi, Muhammed**	U.S Exchange Pro-gram Alumni Network – The Gambia	President	The Gambia
23	**Kamuhinda, Serge**	Volkswagen Mobility Solutions Rwanda	Chief Executive Officer	ECOWAS
24	**Karner, Florian**	Konrad-Adenauer-Stiftung	Country Head	Côte d'Ivoire
25	**Krech, Tristan**	Sunray Ventures	Vice President	Nigeria
26	**Kreck, Dr. Vladimir**	Konrad-Adenauer-Stiftung	Country Head	Nigeria
27	**Kouakou, Casimir**	Chamber of Commerce, Industry, and Industry of Côte d'Ivoire (CCI)	Head of Research and Development Department	Côte d'Ivoire
29	**Müller, Klaus**	AB Microfinance Bank	Chief Executive Officer	Nigeria
30	**Ndiaye, Ousmane Sy**	The National Union of Traders and Industrialists of Senegal (UNACOIS)	Executive Director	Senegal
31	**Nevin, Dr. Andrew S.**	PwC Nigeria	Partner & Chief Economist	Nigeria
32	**Ngom, Antoine**	Organisation of Information and Communication Techno-logies Professionals (OPTIC)	President	Senegal
33	**Osei- Bonsu, Nana**	Private Enterprise Federation	Chief Executive Officer	Ghana
34	**Päffgen, Corinna**	Germany Trade and Invest West Africa Office (Accra)	Director West Africa	ECOWAS
35	**Peter, Victoria**	makesense Africa	Head of Development, Co-Founder	Senegal
36	**Ricca, Dr. Jean-Marc**	BASF West African Limited	Managing Director	Nigeria
37	**Schiller, Thomas**	Konrad-Adenauer-Stiftung	Country Head	Mali
38	**Senyo, William Edem**	Impact Hub Accra	Co-Founder & Chief Executive Officer	Ghana

#	Name	Company or Institution	Role or Title	Focus
39	**Tilemann, Bernhard**	DEG – Deutsche Investitions- und Entwicklungsgesell- schaft – West Africa Office	DEG Representative Office Lagos	Nigeria
40	**Voss, Andreas**	Deutsche Bank AG	Chief Country Representative	Nigeria
41	**Weli, Igo**	The Shell Petroleum Development Company of Nigeria	General Manager	Nigeria
42	**Wessels, Christian**	Daystar Power Energy Solutions	Co-Founder & Executive	Nigeria
43	**Yao, Germain**	Chamber of Commerce and Industry of Côte d’Ivoire (CCI)	Director	Côte d’Ivoire

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Klaus Findt has over 20 years' experience in providing transactional advice and leading multidisciplinary major projects from conception to successful implementation, across countries in Africa, America, and Europe. He was previously leading advisory teams and fulfilling senior positions in investment and infrastructure. He successfully concluded transactions in Botswana, Democratic Republic of Congo, Kenya, Namibia, Mozambique, Uganda, South Africa, South Sudan, Zambia, and Zimbabwe. Klaus has been living in Africa for the last 15 years and has a deep understanding of the socio-economic, political, and historical background of the African continent. He believes that Africa offers immense opportunities for companies and entrepreneurs and is committed to working on the African continent to unlock these opportunities for all stakeholders, including the communities.

Kimberley McEwan

Partner & Head of Legal at Africa Advisors

Kimberley McEwan is a qualified attorney and compliance practitioner with over 11 years' experience in providing legal and compliance management of cross-border transactions and projects in various sectors within multi-business organisations. She has a seamless track record of leading trans-national projects and providing legal advice to listed and group organisations throughout Africa and has provided consultancy to boards and committees in numerous areas including, corporate governance, risk management, operational optimisation, and corporate reorganisation. She is a certified compliance practitioner at the Compliance Institute of Southern Africa and an associate member of the Chartered Institute of Arbitrators, London. In addition, having worked closely with communities, governments as well as the public and private sectors in Africa on cross-border projects, she is encouraged by the partnerships, synergies, and investment prospects that African businesses and innovative entrepreneurs can offer to the European market.

Annika Schröder

Senior Africa Expert at Africa Advisors

With years of experience in digitisation and entrepreneurship, Annika Schröder brings a digital affinity to the international arena and is passionate about building bridges and overcoming new challenges. Her dedication to innovation and transformation processes made her become involved in international relations and social movements at an early stage. Studying politics and economics made her better understand social interrelations and motivated her to apply her experiences in entrepreneurship, politics, and academia to the African continent. As Co-initiator of the German Start-up Associations' Africa Network, she has put a focus on promoting German-African exchange. Living in Africa, Annika Schröder has served as a speaker and participant at workshops and conferences in Germany and Africa. She is excited about encouraging ecosystem partnerships and promoting sustainable growth in Africa.

Gunter Rieck Moncayo

Policy Advisor at Konrad-Adenauer-Stiftung

Gunter Rieck Moncayo is an economic and trade policy advisor in the department for sub-Saharan Africa at the Konrad-Adenauer-Stiftung (KAS) in Berlin. Previously, he worked as the coordinator for international economic policy in the Policy Dialogue and Analysis team, the former think tank for the foundation's international activities. Later he became head of the regional program for social and economic governance in Latin America, based in Santiago de Chile. Before joining KAS, Gunter Rieck Moncayo worked for the United Nations Conference on Trade and Development (UNCTAD) in Geneva and the Association of Family Owned Businesses in Berlin. He holds a MA in Political Science, Economics and Mathematics from the University of Potsdam.

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