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# THE FDC AFRISCOPE

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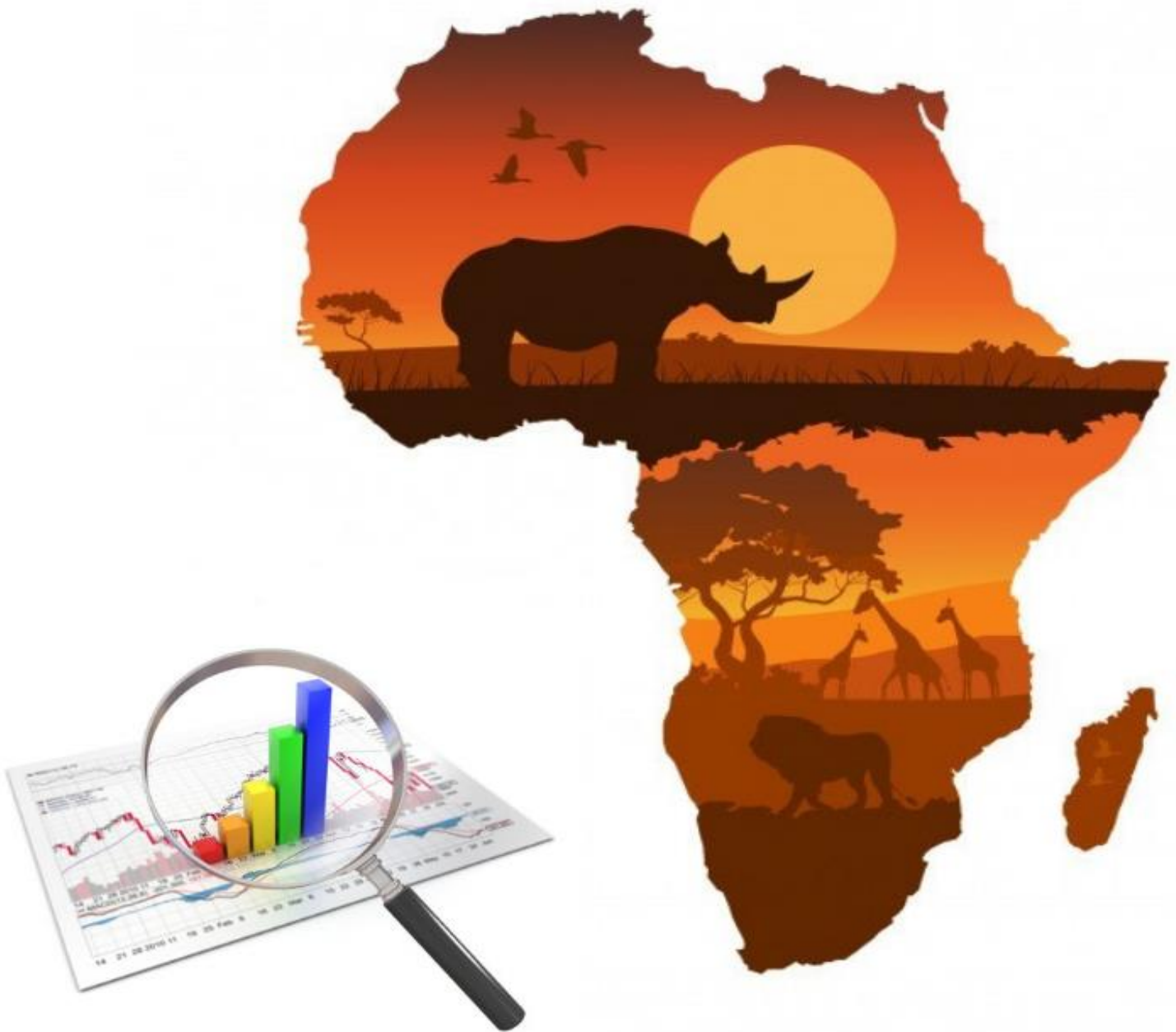


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# Nobel Prize winner Abiy Ahmed is transforming Ethiopia

Prime Minister Abiy Ahmed of Ethiopia has won the 2019 Nobel Peace Prize for his role in ending the 20-year war between Ethiopia and Eritrea. Announcing the prize in Oslo, the Norwegian Nobel Committee said Ahmed's "efforts deserve recognition and need encouragement." The Ethiopian Prime Minister tweeted that he was "humbled" by the win. "My deepest gratitude to all committed and working for peace. This award is for Ethiopia and the African continent. We shall prosper in peace!" he wrote on his Twitter account.

Ethiopia and Eritrea are no longer in the state of war. Families have been reunited because flights are now running between the two countries. Relations that had been severed for 20 years have been rekindled. The 43-year-old Abiy also recently won plaudits for his role in helping to broker a power-sharing deal in neighboring Sudan, after a political crisis that led to the arrest of Omar al-Bashir, the country's ruler for nearly three decades.



### **A modern day African leader**

Abiy became Ethiopia's Prime Minister in April 2018, the first Oromo to lead his country. The Oromo, Ethiopia's largest ethnic group, had never been in prominent positions of power. Grievances of their economic and political exclusion drove anti-government protests across the country. The early months of his premiership were marked with bold and progressive decision making; he released the country's political prisoners, denouncing their torture and also freed jailed journalists. Before the new Abiy era, rival politicians and unfavored journalists were either in exile or locked in Ethiopia's jails, including Addis Ababa's infamous Maekelawi prison, where many alleged abuses took place. Abiy later shut down the prison. He also met with the political opposition and civil society to discuss reform and invited previously exiled political parties to return to their country. He embarked on major institutional reforms, including the security and justice sectors.

### **Strong commitment to gender and social equality**

Women were not left out of his progressive agenda. Abiy showed his commitment to gender equality by appointing women to half of his cabinet. Ethiopia's parliament even appointed the country's first female president, Sahle-Work Zewde, and the nation's first

Supreme Court chief, Meaza Ashenafi, was sworn into office. The style of leadership was different from anything seen before in Ethiopia's ruling party. There were "listening rallies" attended by tens of thousands, town hall meetings in which the vision of true democracy and unity were re-emphasized.

The changes were part of a new agenda, which he pledged would respect freedom of expression. "In a democratic system, the government allows citizens to express their ideas freely without fear," he said in April 2018.

### Fast-growing economy

The end of the war between Ethiopia and Eritrea catapulted Ethiopia into an elevated status, redefining the country as a regional powerhouse.



Ethiopia, with a population of over 100 million people, is Africa's fastest growing economy. The country's GDP grew an estimated 8.5% in 2018. Ahmed has pursued partial liberalization of the state-controlled economy, but he still

faces high expectations from young Ethiopians who want more jobs, opportunities and development.

Some critics have asked if this recognition came too early, as Abiy has been prime minister for only 18 months. But as has been the case with a number of awards, such as that given to U.S. President Barack Obama in his first year in office—this honor may be seen as a recognition of and encouragement for a project worth supporting rather than a prize for a job well done.

Ethiopia Quick Facts	
Nominal GDP (2018)	\$84.36bn
GDP growth (2018)	8.5%
Consumer price inflation (September 2019)	18.6%
Trade balance (Q1'19)	-\$2.88bn
External debt (2018)	\$29.09bn
External reserves (2017)	\$3.2bn
Next election due	July 2020
Population (2017)	105 million

## Zimbabwe's political crisis shows no sign of abating

Hopes that the death of the former president, Robert Mugabe, in early September would draw a line under the past and help to reduce tensions within the ruling Zanu-PF party and across the political divide have been dashed. Politicians on all sides have sought to gain political advantage from the funeral proceedings. The president, Emmerson Mnangagwa, and his supporters have portrayed the country's first president as a great man who had lost his way in later life. Mr Mugabe's supporters belonging to the so-called G-40 faction within Zanu-PF accused Mr Mnangagwa of seizing power illegally by a military coup in November 2017. Opposition politicians used the occasion to demonstrate that they had risen above the factional fighting within the ruling party.

Traditional chiefs were forced to take sides in the controversy over where the former president would be buried—in his home village as he wanted, or in the national Hero's Acre shrine demanded by Mr Mnangagwa. The chiefs also took sides in the dispute. The consequent messy compromise ended up in two funeral services—one in Harare's national stadium and one in Mr Mugabe's home district of Zvimba, to be followed by his being laid to rest (probably in October) in a new mausoleum already under construction at the Hero's Acre shrine.



### **Economy continues to deteriorate**

As the rate of economic decline accelerates, the distractions arising from Mugabe's death are likely to exacerbate political tensions in the country. The public sector is in ferment, with state-employed doctors on strike over working conditions and in protest against the abduction of their union leader. Teachers are threatening to strike again at a time of maximum inconvenience as end-year school examinations approach in November. The public service as a whole has reluctantly agreed to stay at work in return for a temporary 73% increased cost-of-living allowance, but only on the understanding that there will be a comprehensive review of salaries and wages at some point in September. An IMF team is in the country to assess progress in implementing the staff-monitored programme (SMP), which was agreed in April. In addition, a senior UN official has visited the country to assess its recent human rights performance.

In his monetary policy statement (MPS) on September 13th the central bank governor, John Mangudya, claimed that inflation has already spiked and is now falling. In June

(the latest date of official figures published by the government), annual inflation hit 175.6%, with the country in effect in hyperinflation territory.

### Trade picture still weak



There is little prospect of an improvement in foreign-currency earnings. Export earnings are down by about 4% so far this year, and imports have fallen by about a quarter, narrowing the trade gap substantially, but this is about to change. Electricity imports have increased because generation from the Kariba Dam is down by about two-thirds to 240 MW and could cease altogether in the next month.

This is because following last season's severe drought, water levels in the dam are falling to the point at which the turbines will have to be switched off.

Fuel imports will cost more as rising global prices drive up the cost of oil imports, and Zimbabwe will need to import more than 1m tonnes of grain over the next six to eight months. However, the country's transport infrastructure can handle only 80,000 tonnes a month, meaning that food shortages and sharply higher prices are likely before the harvest starts in May 2020.

Zimbabwe is nearing—if not already at—a tipping point as the political and economic crisis rumbles on. Nonetheless, the ruling party, backed by the military, has a tight grip on the state security apparatus. However, if the military begins to feel the pinch, it could yet oust Mr Mnangagwa.



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# Remembering Thomas Sankara (21 December, 1949 – October 15, 1987)



Located north of Ghana's border is Burkina Faso, a country that owes its birth to a young, selfless and dynamic Pan-Africanist leader, Thomas Isidore Sankara. Sankara was the leader of Burkina Faso's revolutionary government from 1983 to 1987. To embody the new autonomy and rebirth, he renamed the country, changing it from "Upper Volta" to "Burkina Faso", which means "Land of Upright

Men".

On 15 October, Africa joined hands with the people of Burkina Faso to celebrate the life and work of this great African icon. The continent celebrates his unwavering commitment and dedication to the resistance of the continued oppression of the Burkinabe people by the colonial authority of France. Sankara is also remembered for the strides he made to develop his country in areas of education, health and gender empowerment, as well as his fiery desire to eradicate corruption and its effects.

## **Anti-imperialism**

Sankara's foreign policy was largely focused on anti-imperialism, with his government shunning all forms of foreign aid. He insisted on debt reduction, nationalizing all land and mineral wealth, and averting the power and influence of the IMF and World Bank.

His domestic policies were focused on preventing famine with agrarian self-sufficiency and land reform, prioritising education with a nationwide literacy campaign, and promoting public health by vaccinating 2.5 million children against meningitis, yellow fever and measles.

As an ardent advocate of self-sufficiency and a strong opposition to foreign aid or intervention, Sankara held the conviction that "he who feeds you, controls you." Sankara was vocal against the sustained neo-colonial penetration of Africa through Western trade and finance. He called for a united front of African nations to renounce their foreign debt and argued that the poor and exploited did not have an onus to repay money to the rich and exploiting.



The modest nature of Sankara is one of his most prominent features. He remained a humble leader who won the hearts and admiration of all his people and followers. He lived a relatively modest lifestyle, doing away with the luxuries widely associated with the oligarchs of Africa. As president, he had his salary cut to \$450 a month and reduced his possessions to a car, four bikes, three guitars, a fridge and a broken freezer.



### **Devoted Marxist**

Sankara stood out from the leaders who led the freedom struggle for liberation in Africa. This was because he was a communist. He believed that “a world built on different economic and social foundations can be created not by technocrats, financial wizards or politicians, but by the masses of workers and peasants whose labour, joined with the riches of nature, is the source of all wealth”. A devoted Marxist, he drew inspiration for his fight for the emancipation of the working class from his belief that Marxism was not a set of “European ideals” that were alien to the class struggle in Africa.

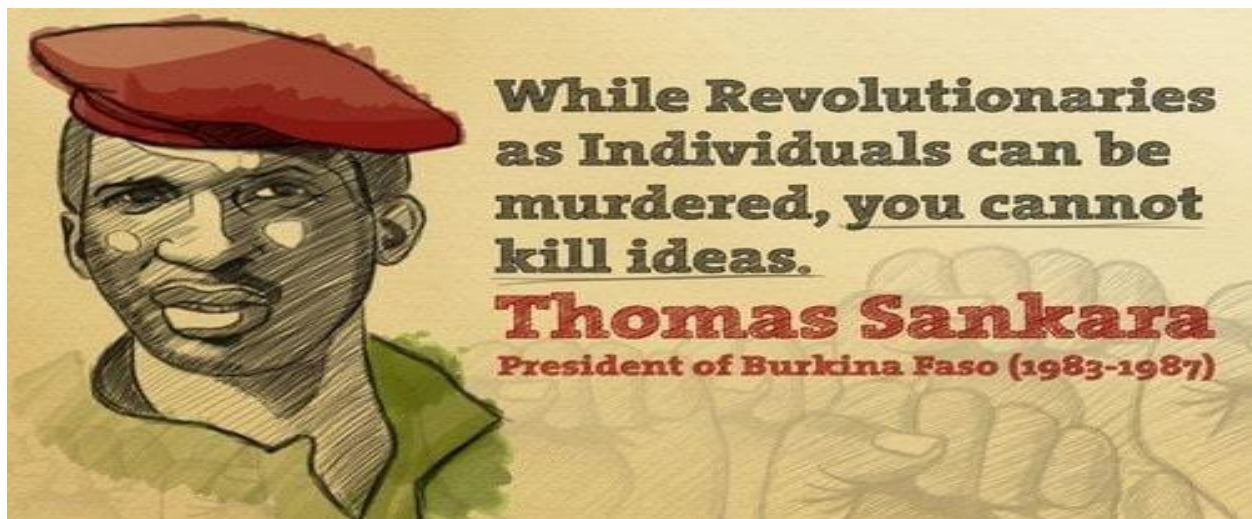
### **Champion of women’s rights**

Sankara also understood the importance of women in the success of the revolution and the overall development of a nation. He empowered the women of Burkina Faso. In October 1983, he declared in a speech that “the revolution and women’s liberation go together. We do not talk of women’s emancipation as an act of charity or out of a surge of human compassion. It is a basic necessity for the revolution to triumph. Women hold up the other half of the sky”. He appointed women to high governmental positions, encouraged them to work, recruited them into the military and granted pregnancy leave during education. His commitment to women’s rights led him to outlaw female genital mutilation, forced marriages and polygamy, while appointing women to high governmental positions.

### **Overthrow and death**

On 15 October, 1987, Thomas Sankara was murdered in a coup d’état, which was engineered by his trusted friend and right-hand man in the revolution, Blaise Campaore. He was killed, along with 12 other officials, by his former colleague. Sankara’s body was dismembered and he was quickly buried in an unmarked grave, while his widow, Mariam, and their two children fled the nation. This was a disgraceful moment in the history of Burkina Faso. Campaore overturned most of Sankara’s policies and returned

to the IMF. His dictatorship remained in power for 27 years until overthrown by popular protests in 2014.



## Senegal presents Phase 2 of national development strategy

In early October, the government held a two-day ministerial seminar to discuss the implementation of the second phase of Plan Sénégal émergent (PSE), the national development strategy.

The PSE is a long-term development strategy of the president, Macky Sall, and is being implemented in two phases—2014-18 and 2019-23. The principal goal of the PSE is to lay the foundations for Senegal to become an "emerging economy" by 2035. It seeks to foster a more competitive and diverse business economy, particularly by developing a skilled workforce.



Phase one of the PSE focused on the fundamental priorities to provide an impetus to a sluggish economy—transport, energy, water and sanitation, education and training, and health and nutrition—with action concentrated in 27 major projects and 17 key reforms and budgeted at CFAfr9.7bn (\$16.3m). The results were encouraging, with annual real GDP growth averaging 6.6% in 2014-18, lower poverty and an increase in health care

and education coverage, even while the government deficit was cut to just 3% of GDP in 2018.

Phase two aims to strengthen the fundamental drivers of growth by improving the business environment for Senegal's private sector, enhancing the effectiveness of education and training, promoting entrepreneurial opportunities and small business and improving the efficiency of public administration. Among the key policies are fiscal reforms, the creation of special economic zones and a drive to encourage informal economic operators to formalise, thereby boosting tax revenue and enhancing their access to credit and to government support.

## Senegal




<b>Capital city</b>	Dakar	<b>Top 3 import partners</b>	France, China, India
<b>Official language</b>	French	<b>Top 3 export partners</b>	Mali, India, Switzerland
<b>Population</b>	16 million	<b>Top 3 import products</b>	Refined Petroleum, Crude Petroleum, Rice
<b>GDP</b>	\$16 billion	<b>Top 3 export products</b>	Refined Petroleum, Gold, Phosphoric Acid
<b>GDP per capita</b>	\$1,033	<b>Trade Balance</b>	-\$4.3B in net imports
<b>Human Development Index</b>	0.505		

Some initiatives are potentially significant, but hard for the state to develop through traditional public spending or policy measures. For example, the Dakar Finance Cluster aims to foster the development of a critical mass of fintech firms in the capital, but this will depend substantially on the momentum of organic growth within the sector. In some ways the second phase of the PSE promises to be more challenging than the first, because it will require a varied range of interventions, and success will depend largely on whether private-sector growth and diversification accelerates.

## East Africa ranks poorly in climate change preparedness index



*Heavy floods in northern Kenya has rendered some areas inaccessible. A KPMG report shows that many African countries are poorly prepared for climate change related disasters.*

### **In Summary**

- Kenya was the only EAC country to improve from last year as Uganda's ranking dropped drastically.
- Rwanda and South Sudan's ranking also dropped, while Burundi and Tanzania remained the same.
- There is still a large gap between low income and upper-middle income countries in terms of implementation because of budgetary constraints.

East African countries have dropped in global rankings that show readiness to prepare for and respond to major change events in climate change, technology and geopolitics. In the region, only Kenya improved its ranking in the 2019 KPMG Climate Change Readiness Index (CRI). Uganda dropped 26 places. Rwanda and South Sudan's ranking also dropped, and Burundi and Tanzania remained the same.

The bi-annual CRI report, now in its fourth year, measures three factors—the governments' ability to manage and influence change, the capability of private and public organisations and companies to adapt to major changes and grow within a dynamic economic environment, and the readiness of people and civil society to cope with change and respond to opportunities.

“Kenya moved eight places up to position 59, from position 67 last year. Rwanda slipped to position 70 from position 46 last year, and Uganda recorded the biggest drop in the region to position 99 from position 66 in the previous index,” the report states.

### Ready to embrace change

Kenya topped the EAC region and was ranked third in Africa after Mauritius and Namibia, at positions 34 and 43 respectively. Tanzania was ranked 100, Burundi was position 128 and South Sudan was second last, at 139. Somalia was ranked the least ready at position 140. Chad, Sudan and Libya were also at the low end of the ranking.

Africa’s economic heavyweights are also lagging behind in adopting change, with South Africa at position 96 and Nigeria at position 127. Rwanda was ranked the fourth in the world for planning and adopting change beyond expectation, at 13 per cent. The negative performers in this category were Libya at -25 per cent, Angola at -15 per cent, Algeria at -12 per cent and Sudan at -11 per cent.

Overall rank	Country Region	Enterprise capability	Government capability	People & civil society capability
59	Kenya	63	68	64
70	Rwanda	73	37	101
98	Uganda	90	75	108
100	Tanzania	115	71	92
128	Burundi	122	130	131
139	South Sudan	137	139	139

The report stated that the annual cost of adapting to climate change in developing countries could rise to between Ksh25.96 trillion (\$259 billion) and Ksh51.93 trillion (\$519 billion) by 2050, which is four to five times greater than the UNEP estimates of 2016. It recommends that in order to be climate-ready, societies must be able to address both sudden onset events like natural disasters, and build resilience against long-term structural changes like rising sea levels and temperatures. The report states that effective responses must be founded on national and global collaboration and co-ordination, and underscores the importance of taking into consideration vulnerable groups in developing countries, like smallholder farmers.

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# President urges Asian investors to use Kenya as gateway to Africa

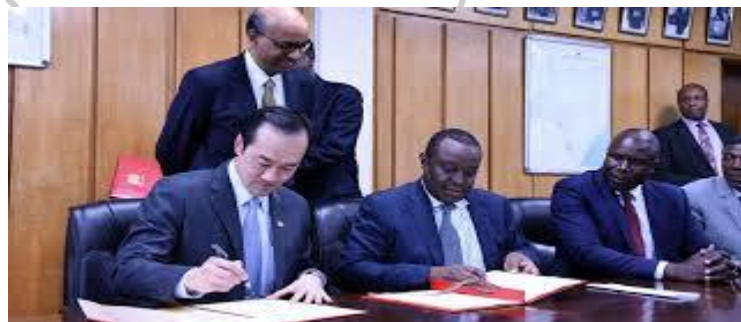
President Uhuru Kenyatta is calling on Asian economies to use Kenya as a gateway to Africa's market of over 1.2 billion people that is worth more than \$29 trillion. President Kenyatta said Kenya is the best entry point for Asian businesses that want to trade in Africa with the coming into force of the African Continental Free Trade Area (AfCTA).



"I invite you to use Kenya as a gateway to the African continent. It is not only one of the top-ten fastest-growing economies in Africa but is also one of the most pro-business Nations on the continent," said President Kenyatta today.

The president made the statement when he delivered the keynote address at the Singapore Summit 2019 on September 21. The Singapore Summit started in 2012, is one of the foremost events that brings together business and thought leaders from Asia and around the world to discuss global trends in business, finance and geopolitics.

Addressing the business leaders gathered at the Shangri-La Hotel in Singapore, President Kenyatta said Kenya is a leader in pro-business reforms. He said the country has scored huge improvements in the World Bank's Ease-of-Doing-Business index, jumping 107 places since 2012 to its present position of number 61 globally and 3rd in Africa.



The president said Kenya is also the leading country in sub-Saharan Africa in terms of ICT and technology-penetration, FinTech and Financial Inclusion. Kenya's mobile phone subscriptions currently stand at 95 per cent of its population of more than 45 million. The country has also leveraged on its strength in ICT and mobile cellular subscription to become the global leader in mobile money and mobile banking. "Kenya's world-famous M-Pesa mobile money platform has promoted financial inclusion in our country and provided a template for reaching conventionally-unbanked populations across the region," said the president. He urged Asian investors to seek partnerships to access the vibrant Kenyan market and the wider continental market.

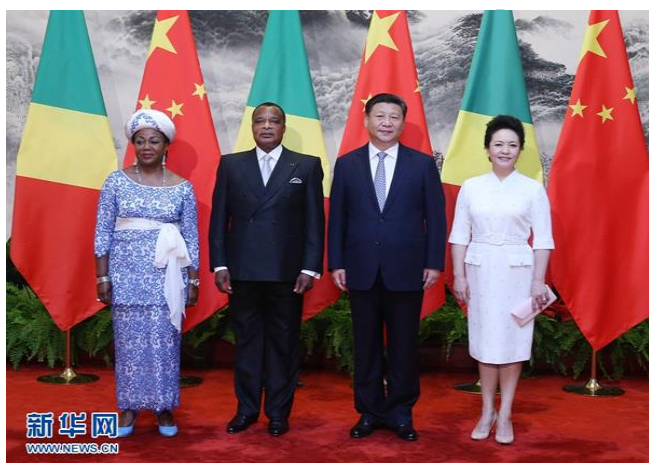
The second suggestion by the president was the facilitation of mergers or collaborative arrangements between Asian companies and Kenyan companies; and promotion of linkages between Micro, Small, and Medium-Size Enterprises (MSMEs), on both sides of the Indian Ocean.

After delivering his keynote address, President Kenyatta joined the chairman of the summit Mr Ho Kwan Ping for a panel discussion on Kenya's role in promoting closer partnership between Africa and Asia. The president said Kenya's skilled human capital, thriving service industry, its leading ICT sector and its strategic location make the country the right gateway into the African continent.

He said Kenya and Singapore are exploring the modalities for direct flights between the two countries. He said like Singapore, Kenya is a hub for the whole of Africa and is connected to all parts of the continent and Europe as well as America.

## Signs of economic improvement are emerging in Congo Republic

Following a working visit to Congo-Brazzaville during September 10th–16th, the IMF has reported that the first signs of improvement in the country's economy are emerging.



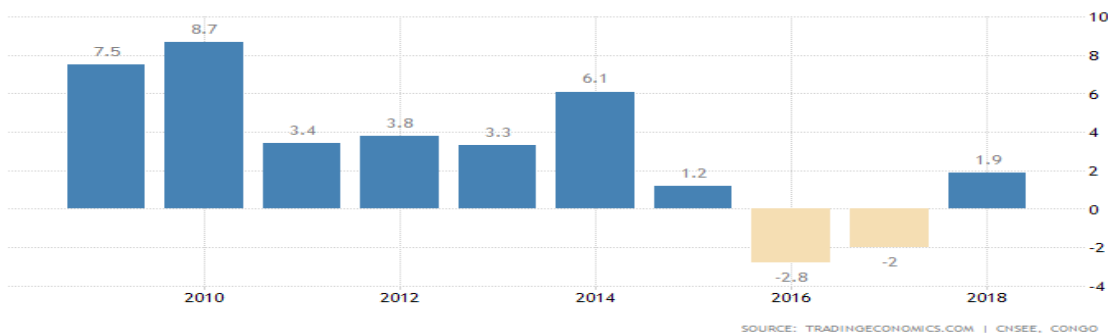
The IMF is pushing Congo-Brazzaville's government to strengthen non-oil revenue generation, in particular to support the state budget more robustly. The country's non-oil economy remains weak, having experienced several years of sustained declines, although it is beginning to show some signs of improvement. As part of its reforms under the country's extended credit facility (ECF) arrangement, the government is continuing to implement

an economic reform programme, including the clearance of domestic arrears.

The IMF mission was part of preliminary meetings held ahead of a programme review mission scheduled for October or November 2019, which will perform a more stringent review of the three-year ECF programme, which was approved only in July. A favourable assessment will facilitate the next new disbursement of funds under the ECF.



Following several years of sustained declines, non-oil economic activity is expected to post modest gains over the course of the year, owing to low base effects combined with progress on reforms. In 2020 real GDP growth will quicken, to 4.5%, driven by continued growth in non-oil economic activity. This steady economic growth will support government revenue, facilitating increased expenditure, particularly on healthcare, education and subsidies.



Annual GDP growth rate

## Angola's Lourenço woos New York elite at UN General Assembly

Angola is now open to the world and to foreign investment in all areas of its economy, the President of Angola said, speaking at the 74th session of the United Nations General Assembly, which took place in New York

“About 150 companies and public assets from different sectors of the economy including oil are being privatised, and we have launched an ambitious plan for the construction and rehabilitation of water and energy production and distribution infrastructure, the construction of hospitals and schools, repair of secondary and tertiary roads and others that will cover all 164 municipalities in the country, with the budget already secured,” said Lourenço.



Speaking for the second time at the United Nations headquarters, as President of Angola, Lourenço highlighted ongoing reforms that aim to build a real democratic rule of law.

“They also aim to combat corruption and impunity, to promote a culture of

responsibility and accountability by civil servants, to create a business environment that is more attractive to domestic and foreign private investment and thus to increase domestic production of goods and services, reduce imports of basic necessities, increase the range and quantity of exportable goods and increase jobs,” he said.

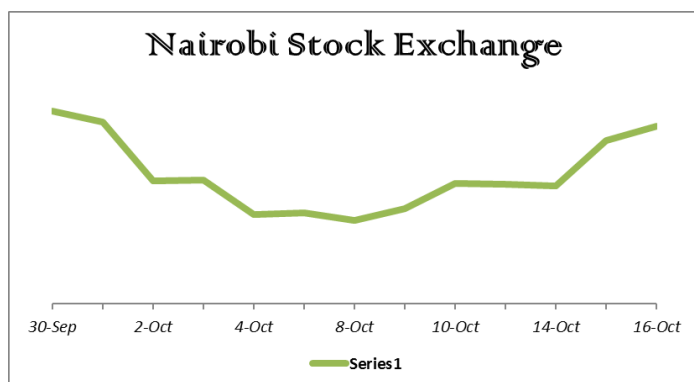
Angola was admitted to the United Nations in December 1976, becoming the 148th member of the organization whose main organs are the General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council, the International Court of Justice and the Secretariat.



# MARKETS ACROSS SUB-SAHARAN AFRICA

(October till date)<sup>1</sup>

## Nairobi



The Nairobi Stock Exchange started out the month of October on a bearish streak. The ASI however recovered its gains to close at 150.11 on October 16.

The first oil marketer to list on the exchange, Kenol-Kobil has delisted making it the fourth company to delist from the NSE in three (3) years. Total Kenya is now the only oil marketer on the exchange.

## Treasury Bills

	01 Oct(p.a)	15 Oct (p.a)	Variance
<b>91-day</b>	6.814	6.738	-0.076
<b>182-day</b>	7.578	7.487	-0.091
<b>364-day</b>	9.050	8.759	-0.291

## Forex Market

The Kenyan shilling opened the month of October at KES100.35 but has so far appreciated by 1.25% against the US dollar to close at KES102.23 as at October 17. This was as a result of a rise in the demand for dollars especially among oil importers and excess liquidity in the local money market.

## Tanzania



The ASI index lost 2.40% to close at 1,887.68 on October 16 from 1,974.54 on September 30. Market capitalization declined by 2.37% to TZS18,606.23bn on October 16 from TZS19,451.52bn on September 30. The decline can be attributed to the banks, finance and investment index which declined by 3.26% to 2,056.39 from 2,125.58.

## *Forex Market*

Tanzania shilling appreciated by 0.19% from TSh2,304.23 on September 30 to TSh2,299.88 as at October 17. The currency has appreciated by roughly 1.7% since April. Tanzania is also helping Kenya and Uganda combat money laundering by banning exchange of its old bank notes.

## *Treasury Bills*

	<b>04 Oct (p.a)</b>	<b>11 Oct (p.a)</b>	<b>Variance</b>
<b>91-day</b>	4.12	4.25	0.13
<b>182-day</b>	5.07	5.19	0.12
<b>364-day</b>	9.05	9.09	0.04

The rate increased by 0.11bps, 0.06bps and 0.02bps for the 91-day, 182-day and 364-day instrument respectively from results on October 02 and October 18.



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## POLITICAL UPDATE

### All eyes on Botswana's Masisi as elections approach

**Political campaigning has picked up pace with the Botswana Democratic Party (BDP), under the leadership of the president, Mokgweetsi Masisi, stepping up its efforts to secure a 12th electoral success. The electoral campaign is increasingly being characterised by an emphasis on populism, with promises of wide-ranging reforms focusing on employment creation, tackling corruption and supporting inclusive growth.**

The stage is set for Botswana's legislative and local elections, where the country's two largest parties—the ruling BDP and the opposition coalition Umbrella for Democratic Change (UDC)—will face off. The political field is more levelled than has hitherto been the case, with the BDP facing stiff competition from the UDC, which



is now linked loosely with the new political party led by Mr Khama, the Botswana Patriotic Front (BPF). Popular discontent with the status quo is high, with voters frustrated by corruption and growing unemployment.

#### **The undoing of the BDP**

The BDP has been in power for 53 years, and the people of Botswana are beginning to tire of their rule. The BDP secured only 47% of the vote in the 2014 election. Mr Khama's subsequent defection was a major event that shook the BDP and the political scene in the country. The exit of Mr Khama, the son of the first president of Botswana, Seretse Khama, as well as chief of the Bamangwato tribe (traditionally a BDP stronghold) and an influential figure in his own right, was a major loss for the BDP.

The feud between Mr Khama and Mr Masisi became public in early 2019 when the latter reversed some of the policies that were introduced by Mr Khama during his tenure as head of state. Mr Masisi reversed an elephant hunting ban, relaxed stringent anti-alcohol policies and dismissed Isaac Kgosi, the head of the intelligence services (and considered Mr Khama's right-hand man). As a result, Mr Khama quit the party and started the BPF. Since then, a number of BDP party members have been loosely linked to the BPF; however, no formal resignations have been presented. Nonetheless, there remains the possibility that Khama loyalists will defect to the BPF after the elections.

## Populism and Incumbency

To counter voter attrition (the loss of some traditional BDP voters) and the governing party's decline in popularity, Mr Masisi has adopted a more populist stance, announcing the lifting of the elephant hunting ban and passing a new law that requires senior public servants to declare their assets (as a measure of tackling corruption). The president has promised aggressive reforms to counter growing unemployment (currently at 18%) and poverty by introducing measures to drive inclusive growth and economic diversification, which include agricultural reforms targeted at commercial farming and increasing food security.



Mr Masisi has also made efforts to attract foreign direct investment (FDI) inflows from China and the EU. Further, promises for improved education sector and promotion of small businesses have been made in his political campaign.

This populist stance, coupled with the lingering incumbency effect, will work in favour of the BDP. In addition, the party enjoys extensive patronage networks and a die-hard support base among many rural and older voters, which will weigh on the election result. Given that state media and government institutions are also at Mr Masisi's disposal, we expect him to prevail.

## UDC—a tough opponent

The UDC, a coalition of the Botswana National Front, Botswana Movement for Democracy, Botswana People's Party and the Botswana Congress Party faces differences between its leftist, rightist and centrist elements, and disarray among the opposition has long been used by the BDP to coax voters into supporting the governing party instead. Further, managing the public's distrust of the opposition (owing to the ideological divide within the UDC) and the widely held belief that it lacks experience in the management of public finances will present a monumental undertaking for Duma Boko, head of the opposition. Another concern facing Mr Boko will be negotiating an alliance with Mr Khama's BPF. If Mr Boko is unable to structure a deal, his attempts to unseat Mr Masisi will fail.

## Sisi regime shaken by popular protests



Protesters came out on the streets of Cairo, Suez and Alexandria on September 20th and 21st calling for President Abdel Fattah el-Sisi to step down. Protests of this sort are rare, in light of the harsh penalties that Sisi has introduced for unauthorised demonstrations. In previous instances of public dissent, demonstrations have been

focused on specific issues such as the handover of two Red Sea islands to Saudi Arabia in 2016 and hikes in metro fares in Cairo in 2018. Hundreds of people were arrested following the latest protests. The impact of the political tensions was evident on the local stockmarket, as the EGX30 index on September 22nd recorded its largest daily fall in absolute terms since March 2011. The stockmarket fall is indicative of how central Mr Sisi's maintenance of political stability and policy continuity have been to the renewed confidence in Egypt's economy in the past year and its ability to attract financial inflows.

### **Private-sector disquiet at military influence is beginning to show**

The first video was uploaded onto Facebook and YouTube in early September by Mohammed Ali, the head of a contracting firm named Amlak. In the recording he claimed to have worked on projects undertaken by the Armed Forces Engineering Authority and on the construction of a presidential villa in Alexandria. Mr Ali said that he was speaking from Barcelona, where in April he had announced the formation of a new affiliate of Amlak. (Another Egyptian company, Amlak Misr Development, meanwhile issued a statement saying that it had no connection to Mr Ali's firm, and that it did not do work for military agencies.)

During the half-hour long recording, Ali spoke of how he had been involved in a E£2bn (\$115m) project to build a seven-star hotel in the Choueifat area on the eastern outskirts of Cairo to suit the aspirations of a military intelligence general to run a hotel near his home. He also said that he had worked on a E£250m project to build a lavish presidential villa in eastern Alexandria for Mr Sisi and his wife, Intissar, in an area where the former president, Hosni Mubarak, had already established a relatively modest presidential rest house. Mr Ali said that his company was owed E£200m for work on the hotel project.





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## **Sisi tries to contain the problem but more allegations emerge**

There has so far been no documentary evidence produced by Mr Ali or the government to confirm or refute these allegations. However, Mr Sisi himself on September 14th provided implicit confirmation of some of the claims when he told a hastily organised youth conference that he had indeed commissioned the construction of presidential palaces, but that this was not for himself but for the sake of Egypt. A television personality, Amr Adib, subsequently claimed that the Alexandria residence was built for security purposes following a previously unreported assassination plot against Mr Sisi.

Mr Sisi also gave a robust defence of the contribution of the armed forces to the Egyptian economy. At one point, Mr Sisi said that his intelligence agencies had urged him to ignore the allegations, but that he insisted on addressing them because of the bond of trust between himself and the Egyptian people. He has sought to imply that the latest attacks on his rule are driven by political Islam.



Mr Sisi's performance galvanised Mr Ali into releasing more videos, including allegations against the president's son, Mahmoud, who is a senior military intelligence officer, in relation to the army's counter-insurgency in northern Sinai. Other videos appeared, including several people purporting to be former and serving security officers, supporting Mr Ali's

claims and pointing to dissension in the military over issues such as the return of the Red Sea islands, the jailing of a former chief of staff, Sami Anan, after he put himself forward as a candidate in the 2018 election, and the replacement of Mahmoud Ibrahim Hegazy as chief of staff in October 2017.

## **Most Egyptians stay off the streets**

The street protests have so far been on a relatively limited scale—in particular in comparison with the mass demonstrations in January-February 2011 that triggered Mr Mubarak's resignation and with the July 2013 protests that were used by Mr Sisi, then the army commander, as justification for his removal of Mohammed Morsi from the presidency. However, they have highlighted vulnerabilities in Mr Sisi's regime, in particular the concentration of power within his own tight circle of advisers and family members, the inexorable growth of the economic interests of the military establishment and the erosion of living standards during the IMF-backed economic reforms, as

reflected in a recently published income survey showing that almost one-third of the population lived below the poverty line as of mid-2018.

Mr Sisi's prospects of riding out this political crisis are helped by the sheer weight of the state security apparatus, which has almost total control over the officially sanctioned media space—provided that he can count on the loyalty of his senior commanders. There is also likely to be some reluctance on the part of Egyptians who dislike Mr Sisi's rule to take part in protests, owing to fear of being arrested and concern about the risk of triggering more economic hardship at a time when some of the dividends of the economic reforms are starting to appear, with the growth rate rising and inflation and unemployment falling. Nevertheless, the protests expose the vulnerabilities of the regime and suggest that Mr Sisi may struggle to retain power in the longer term, despite having cleared himself a path to potentially rule until 2030.

## Mozambique - Political violence mars election campaign

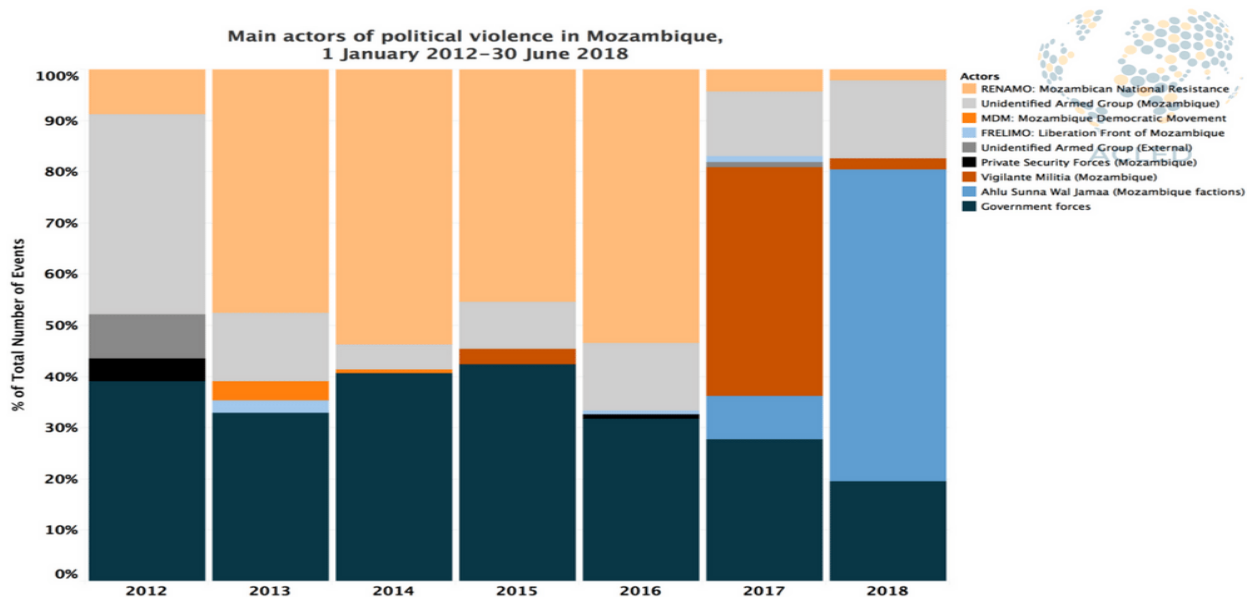
The campaign under way for the legislative and presidential elections on October 15th has been marked by high levels of political violence, intimidation and electoral irregularities, making it the dirtiest in Mozambique since multi-party elections were introduced in 1994.

The extensive and well-documented political violence, intimidation and pro-regime electoral irregularities that have characterised the first half of the country's election campaign indicate that a free and fair election is unlikely; Frelimo, the ruling party, has calculated that this is necessary for electoral victory, which would be legitimated internationally regardless. Frelimo's control over the electoral machinery and judiciary has allowed it to neutralise challenges over pro-regime irregularities; this includes a direct intervention from the president, Filipe Nyusi, forcing the resignation of the head of the national statistics institute, after indications he would act independently to challenge a vastly inflated voter register in Gaza province that favours the ruling party.



Political violence has been high. Both of the main parties are involved in abuses, although Frelimo's control of the state significantly increases its opportunities for doing so, combined with the understanding that it has more to lose in an election where it is deeply unpopular. A coalition of non-governmental election observer groups, Sala da Paz, has called the current level of election violence alarming, warned of rising political intolerance, called for political parties to restrain their members from acts of political violence and urged the police to behave impartially.

The main opposition movement, Renamo, is now in a far weaker position than the government as it is experiencing a serious and possibly lasting split, following the breakaway of most of its armed wing led by a self-declared military junta that rejects the leadership of Renamo's Ossufo Momade, and wishes to halt the demobilisation,



disarmament and reintegration (DDR) process and renegotiate Mozambique's long-standing peace deal with the government.



# TRAVEL & AVIATION

## Ethiopian Airlines Retrofit Airbus A350 with Wi-Fi

Ethiopian Airlines has announced the fitting of a new Wi-Fi service aboard its Airbus A350 fleet. The Airbus A350 is the flagship of the state-owned enterprise, and there are currently twelve of them in service. All A350s have been upgraded with a Ka-band satellite broadband that will provide passengers with high-speed Wi-Fi during flights. Ethiopia Airlines plans to adopt this new Wi-Fi service on its other aircraft which operate long-haul routes. This is good news for passengers who are considering flying with Ethiopian Airlines as it provides greater value added than the typical African carrier.



## Nigeria Has a New International Airport in Asaba

The capital of Delta state in Nigeria is once again ready to receive international flights after getting approval from the federal government. The Nigerian Minister of Aviation, Hadi Sirka, stated that the airport had met government requirements and that the government wanted no further delays in the commencement of flights. Asaba is situated



around 500 kilometers east of Lagos and has had an airport for a long time, but poor infrastructure drove many to patronize the Benin City export instead. The airport's official purpose is to connect Asaba locals to the rest of Nigeria, but many consider it to be a vanity project started by the previous governor.

As of 2013, Asaba Airport was doing steady business, and averaged 6,880 passengers per month on 260 flights. In 2015, however, the Nigerian Civil Aviation Authority downgraded the airport's capacity over concerns of inadequate infrastructure. The lack of a perimeter fence, the poor personnel training and the rundown runway meant that larger aircraft like the 737 could no longer safely use the airport. The following year

work commenced on restoring the runway to decent condition. The runway is 3.4 kilometers long, theoretically capable of receiving a 747 aircraft. It has been an eventful short life for Asaba International Airport, but Africa is in dire need of good aviation infrastructure. Issues with funding, governance, and management have held Asaba back. If these issues can be sorted, Asaba International has a fair chance of developing into a decent airport.

## EgyptAir Takes Delivery Of Its First Airbus A220

The first of twelve Airbus A220s has been handed over to representatives at EgyptAir in Montreal, Canada. Two weeks ago the aircraft took its first flight, and now it has been ceremoniously handed over to its new owner. EgyptAir intends to put the plane into operation almost immediately.



EgyptAir has ordered twelve Airbus A220-300s from Airbus in order to replace 10 aircraft it has used for regional operations. However, the company can choose to expand its regional network with the Airbus A220 as it has options to order another 12 in place. The Airbus A220 will be fit with 140 seats, making it suitable for the 100-150 seat market. Of these, 15 will be premium economy seats while the remaining 125 will be standard economy seats.

## Kenya Airways' Revenue Jumps 12% on Network Expansion Gains

Kenya Airways has recorded a 12.2% increase in revenue for the half year period ended June 30, 2019. This was attributable to good performance of the recently introduced routes. H1 revenue rose to Kshs. 58.55 billion from Kshs. 52.19 billion over the same period last year. The Kenya Airways board announced that the strategic investment initiatives that had been implemented over the past two years are gradually paying off. In particular, investments in new routes to Mogadishu, Rome, Libreville, New York, Mauritius, Malindi and Geneva caused passenger numbers to rise by 6.6% to 2.4 million. This in turn boosted passenger revenues to Kshs. 42.60 billion

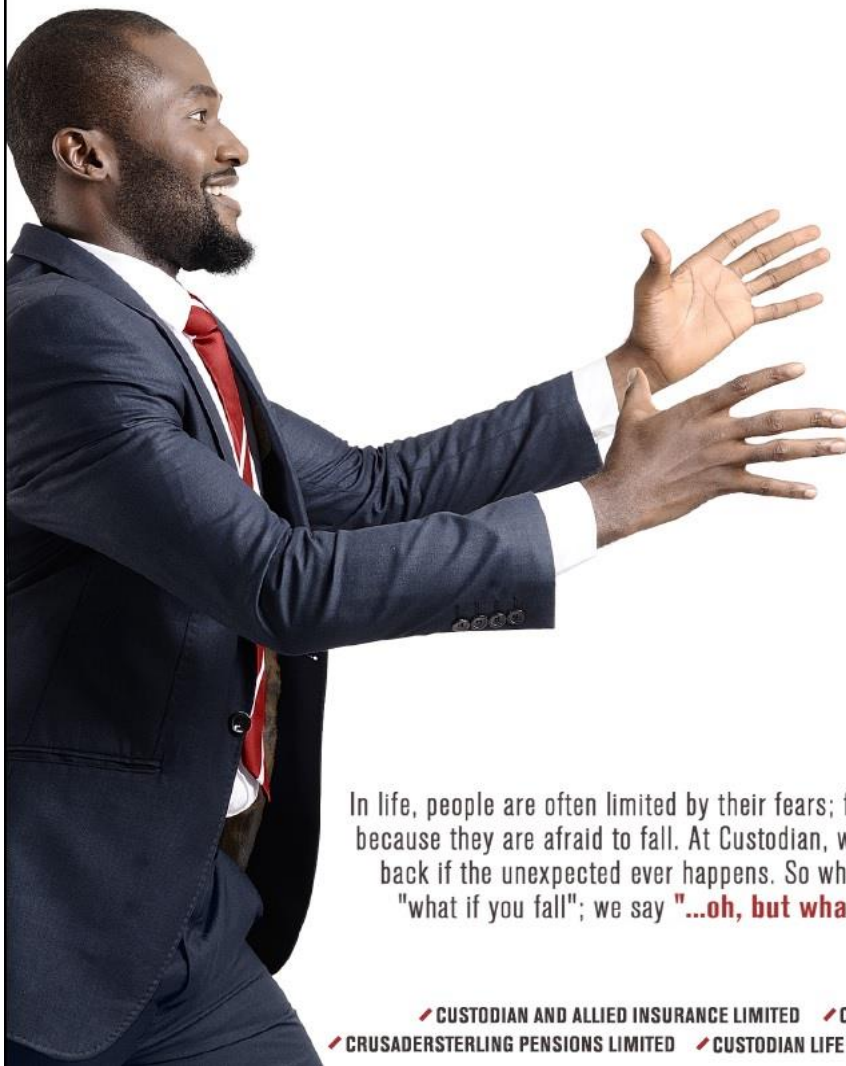


Kenya Airways recalled two Boeing 787 aircraft that it had sub-leased to Oman Air. It expects to see positive returns from their employment. The CEO of Kenya Airways, Sebastian Mikosz announced that the airline still has plans to expand its strategic network. Furthermore, despite the increased flight frequency, Kenya Airways kept fuel costs low through a combination of its hedging program as well as favorable global fuel prices. Fuel costs rose by only 5.1% to Kshs. 15.70 billion from Kshs. 14.95 billion in 2018. Revenues from ancillary sources as well as Maintenance, Repair and Overhaul (MRO) jumped by 45.20% to Kshs. 10.65 billion this year from Kshs. 7.34 billion in 2018. Cargo revenues rose to Kshs. 4.22 billion.



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# SOCIAL PRECINCT

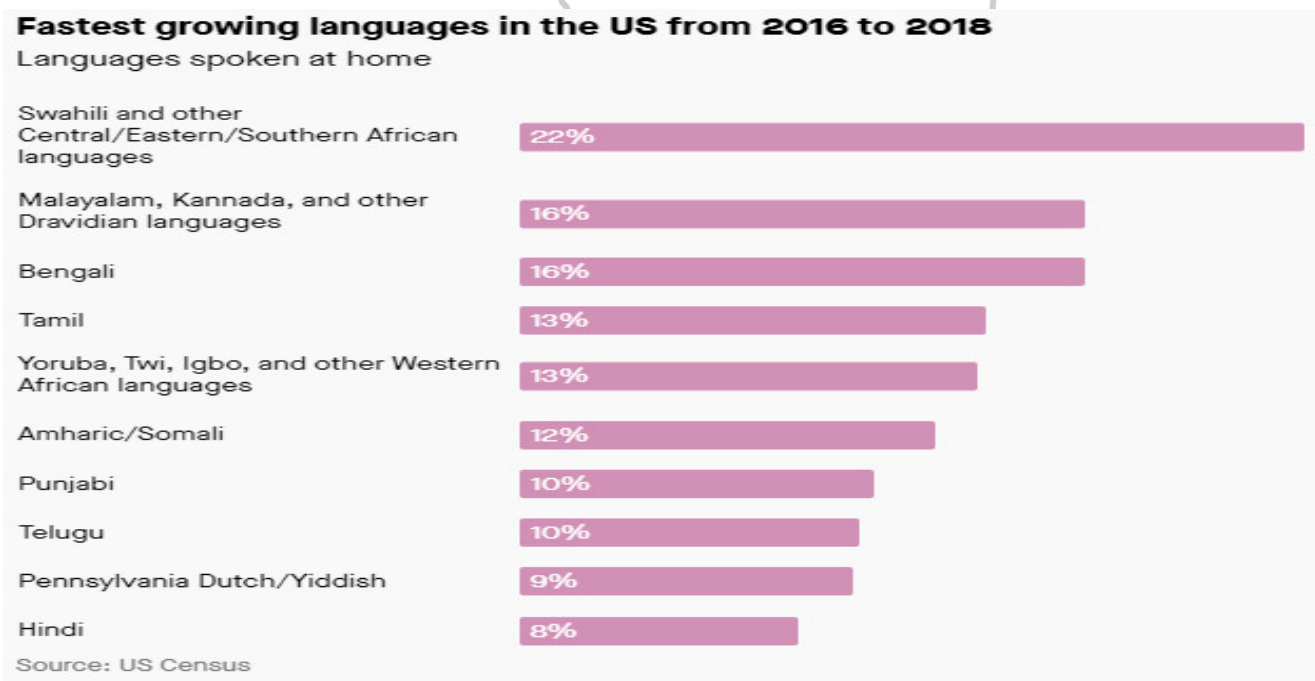
## African languages are the fastest growing in the United States

Newly released data from the U.S. Census Bureau highlights African languages as among the top ten fastest growing languages spoken at home in the U.S. The list featured three groups of African languages: Swahili and other Central/Eastern/Southern African languages; Yoruba, Twi, Igbo, and other Western African languages; and Amharic/Somali.

Analysts credit the development to recent immigration trends. Although African immigrants make up a small share of the nation’s immigrant population, their overall numbers have doubled every decade since 1970, according to the Pew Research Center. Africans now make up 39% of the total foreign-born black population, up from 24% in 2000.

The immigration population growth in the U.S. has slowed down in recent months. But president Donald Trump’s infamous “shithole” comment about African countries and the recent rise in the removal of Africans from the U.S. has not deterred African migrants from seeking refuge in the country. In June 2019, U.S. Customs and Border Patrol officials recorded an unprecedented rise in African migrants at the U.S.-Mexico border, arriving at a rate of 30 to 40 people a day. Majority of these asylum seekers are from the Democratic Republic of the Congo and Angola.

This is not a trend that is expected to change drastically anytime soon. The number of



Latino migrants living in the U.S. exceeds sub-Saharan African immigrants and,

consequently, Spanish is still the fastest-growing non-English language in terms of the population of speakers. The share of people who speak English at home fell from 78.4% in 2016 to 78.1% in 2018, according to data from the US Census.

African languages, however, are among the fastest-growing languages with regards to the speed of growth, and the continued flow of Africans to the West remains significant to the trend. The continent's burgeoning under-30 population, particularly those between the ages of 18 and 25 have considered emigrating, and North America is a top destination for the 22% who want to leave. This desire to migrate is highest in West and Central Africa.

Nigeria, Ghana, South Africa, Tanzania, Senegal and Kenya are among the principal countries of origin for sub-Saharan African migrants to Europe and the United States. This explains why Swahili, Yoruba and Igbo are leading the African cohort on the Census Bureau's list of fastest-growing languages.

This trend is already having an impact on the U.S. In the upcoming 2020 census, the country will, for the first time, have printed guides in three additional African languages—Igbo, Yoruba, and Twi.

### 15-year old Zimbabwean girl shines in Motocross tournament

Born in Harare, Zimbabwe, Tanyaradzawa Tanya' Muzinda is not your typical teenage girl. At the tender age of 15 she's one of Zimbabwe's Motorcross champions. Motorcross is an expensive and dangerous form of motorbike racing that takes place on off-road circuits. Inspired by her father, Tanya started riding at the tender age of 5. The sport has a significant risk of injury, and in 2017 Tanya hurt her hip and back while practicing for a race. Still, the young lady was far from dissuaded. She went on to finish third place in the 2017 HL Racing British Master Kids Championship in England. In 2018 she was named Junior Sportswoman of the Year in South Africa. Motorcross is an expensive sport and Tanya often misses championships since it is too costly to travel abroad to compete. Another challenge regarding international competitions that she faces is the stigma from coming from a relatively poorer country. However, with support from her family, friends and mentor, she remains upbeat. She also tries to find the time to give back to her community, and she often donates her winnings to support children from poorer families.



## *South African clothing brand, Mantsho Ties the Knot with H&M*



Mantsho clothing has become a household name in Johannesburg, thanks to the efforts of its founder, Palesa Mokubung. Mokubung has created both ready-to-wear and red carpet designs for her clientele. “Mantsho” means “black is beautiful” in her native language of Sesotho. Her brand is known for its bold designs, vibrant fabrics and distinct silhouettes. Mokubung’s collaboration with the

Swedish retailer, H&M, however, has made her biggest waves in the industry yet. H&M gained bad press in 2018 after an unintentionally racist advert sparked public outrage. The company apologized immediately and withdrew the product from its stores. Mokubung’s brand is the first African label to collaborate with the company, and the Mantsho X H&M collaboration is already online in 11 countries.

## **South African Designer Wins LVMH Prize**



Thebe Magugu has taken the international fashion world by storm. Earlier this year the South African was awarded the top prize at the 2019 London Fashion Week. Recently, he also bagged the most sought-after award for young fashion designers – the Louis Vuitton Moët Hennessy (LVMH) Prize. The 26-year old came out on top of 1,700 other designers from the rest of the world. Not only has he built a solid

reputation, but he has also received around R5 million (US\$338,000). Magugu will participate in a year-long mentorship program with a talented team at LVHM.

## Osei Bonsu Assigned as International Art Curator in London's Tate Modern

In early September, Osei Bonsu, a British-Ghanian was assigned as the international art curator for the African arm of the Tate Modern in London. He joins Devika Singh and Nabila Abdel Nabi who will respectively oversee the Asian arm of modern art and the Middle Eastern arm of contemporary art respectively. The director of Tate Modern, Frances Morris has backed his appointment as playing a critical role in expanding the museum's knowledge of modern and contemporary art. Bonsu lectures on modern and contemporary art, and was the chairperson of the 2019 African Art in Venice Forum. Bonsu has written a catalog on African and South American art, and also curated an exhibition commissioned by Jeu de Paume in 2017.



# FINANCIAL AND ECONOMIC INDICATORS

Country	GDP Annual Growth Rate (%)		Inflation Rate (%)			Interest Rate (%p.a.)	Exchange Rate (\$)
	Current	2019f	Current	Trend	Current	Per \$	
Angola	-0.1	Q2'19	0.40	17.24 Aug	Upwards	15.50	343.69 ↑
Botswana	4.30	Q2'19	3.90	2.90 Aug	Upwards	5.00	10.62 ↓
Cameroon	4.60	Q4'18	4.40	2.30 Dec	Upwards	3.50	582.97 ↑
DRC	4.10	Q1'19	4.30	3.80 Aug	Downwards	9.00	1,649.89 ↑
Ethiopia	8.50	Q4'18	7.70	18.60 Sept	Upwards	7.00	29.12 ↑
Gabon	2.00	Q4'18	3.10	1.00 Aug	Downward	3.50	582.97 ↑
Ghana	4.20	Q2'19	7.20	9.40 Sept	Downwards	16.00	5.44 ↓
Guinea	5.80	Q4'18	5.90	9.90 Aug	Constant	12.50	9,245.00 ↑
Ivory Coast	6.70	Q1'19	7.00	1.20 Aug	Upwards	4.50	282.05 ↑
Kenya	5.60	Q2'19	5.80	6.27 Sept	Upwards	9.00	102.23 ↑
Liberia	2.50	Q4'17	0.40	29.90 July	Downwards	12.40	197.29 ↑
Mozambique	2.50	Q1'19	4.00	2.16 Aug	Downwards	13.25	62.22 ↑
Nigeria	1.94	Q2'19	2.30	11.24 Sept	Upwards	13.50	361.67 ↓
Rwanda	6.40	Q2'19	7.80	1.50 Sept	Upwards	5.00	897.50 ↓
Senegal	5.70	Q1'19	6.90	1.10 Sept	Upwards	4.50	582.05 ↑
South Africa	1.20	Q2'19	1.50	4.00 Aug	Downwards	6.75	14.06 ↓
Tanzania	6.80	Q1'19	4.00	3.50 Sept	Upwards	7.00	2,299.88 ↓
Uganda	6.30	Q2'19	6.30	2.60 Sept	Downwards	10.00	3,702.25 ↑
Zambia	3.70	Q4'18	3.10	8.60 Sept	Upwards	10.25	12.84 ↓
Zimbabwe	4.00	Q4'18	-5.20	288.85 Aug	Upwards	9.23	N/A

	Oct 17 (\$)	Oct 04(\$)	% Weekly Change	YTD %
Cocoa	2,492.00	2,365.00	1.33 ↑	0.70 ↑
Wheat	524.00	527.25	0.51 ↓	2.14 ↑
Corn	441.25	431.50	2.26 ↑	17.67 ↑
Sugar	12.39	12.62	0.33 ↓	4.24 ↑
<b>ENERGY</b>				
Brent	59.29	59.85	0.41 ↓	18.62 ↑
WTI	53.40	53.47	1.93 ↑	26.27 ↑
LNG	2.34	2.27	0.87 ↑	22.11 ↓
<b>METALS</b>				
Gold	1,342.90	1,313.70	0.51 ↑	10.90 ↑
Copper	268.30	271.35	1.12 ↓	1.98 ↑
Silver	15.35	15.34	0.07 ↑	1.22 ↓

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