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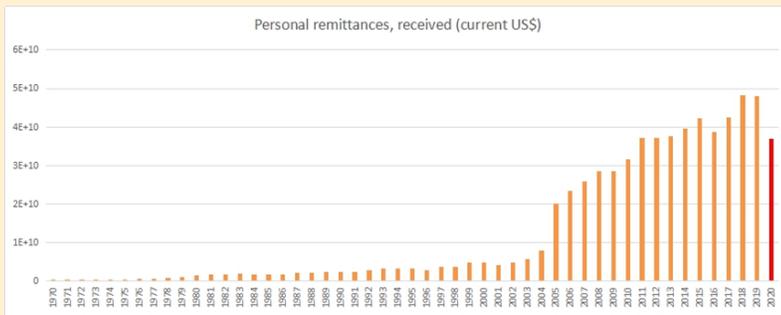
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ECONOMICS & POLICY

Remittances & Unemployment - Africans are on the firing line, last in first out.

The COVID-19 pandemic has adversely affected employment in Africa and other parts of the world. In the US, unemployment claims have jumped by another 1.5million to a staggering total of about 45.7million persons. African migrants across countries in Europe, North America, the Middle East and

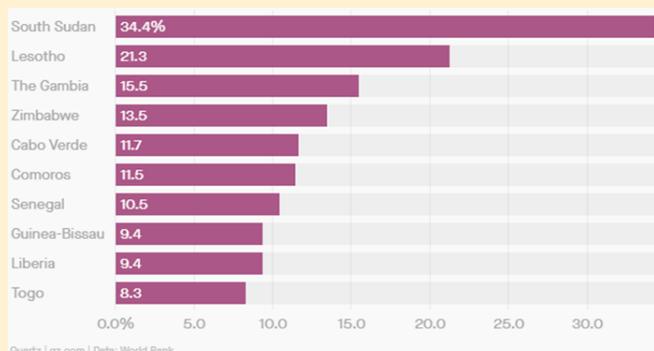


the world. In the US, unemployment claims have jumped by another 1.5million to a staggering total of about 45.7million persons. African migrants across countries in Europe, North America, the Middle East and

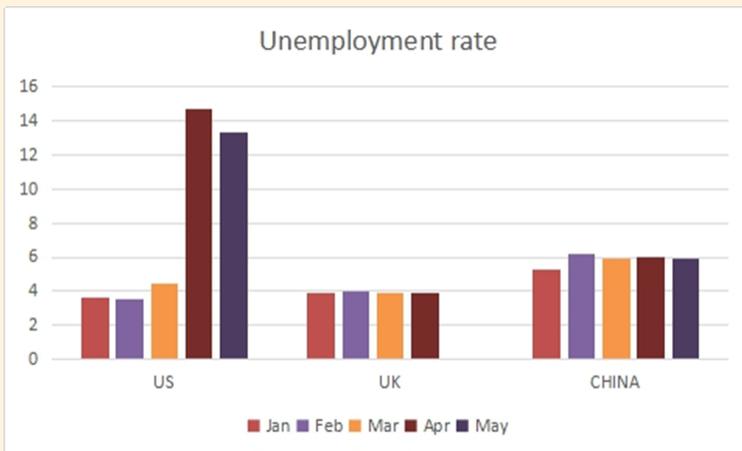
Asia have lost their jobs or having a pay cut due to the outbreak and lockdown. Therefore, it can established that there is a negative relationship between remittance inflows and unemployment such that the higher the unemployment rate abroad the lower the Diaspora remittance inflows to the home country.

The US, France, UK and China, account for about a quarter of all funds remitted to African nations. Over the years, remittances have contributed to the forex inflow of many low to middle-income developing countries especially in Sub-Saharan Africa. According to the World Bank, remittance inflows will fall by 23.1% to \$37 billion in 2020. In 2019, remittances to Sub-Saharan dropped by 0.5% to \$48 billion.

These remittances are crucial to low and middle income countries because it is expected that FDI from more formal sources will drop by 35% owing to travel restrictions, international trade disruptions and volatile stock prices across African countries. Nigeria is by far the



largest recipient of remittance inflows with \$23.8billion in 2019 followed by Ghana (\$3.5 billion) and Kenya (\$2.8 billion). In South Sudan, remittances of \$1.3 billion accounted for 34% of its GDP. Sending money to recipients in sub-Saharan Africa remains the most expensive in the world with a 9% charged for an average transfer of about \$200.



In addition, job cuts in countries such as USA, UK, France and China will result in a further decline in money transfers from abroad. Furthermore, the decline in GDP of these countries will hurt remittances to Africa. The US & UK economies shrank by 4.8% (Q1'2020) and 20.4% (April'2020) respectively. This will compound the pressure on the external reserves, exchange rate and aggregate demand of

African countries especially countries in which remittances contribute immensely to their GDP. Poverty rate may also widen in families that rely heavily on money transfers from their relatives abroad. Meanwhile, the recent drop in the unemployment rate for the US, UK, China and France may be positive for the gradual increase in remittances in the medium term.

Afrexim Bank re-appoints Benedict Oramah



Afrexim Bank president, Benedict Oramah, has been re-appointed for another five-year term. The decision was made public after the Bank's 27th Annual General Meeting of Shareholders in Cairo. The aim of the meeting was to evaluate the impact of the pandemic especially on African countries and proffer solutions in mitigating the effect on economies.

Oramah made an acceptance speech and assured shareholders that the goal of the bank under his second term would be the realization of Africa's strategic ambition to create an integrated market. He laid emphasis on the African Continental Free Trade Agreement (AfCFTA) saying that the bank will utilize its potential to drive industrialization in Africa and support the emergence of regional value chains. In addition, the agreement would be used to turn Africa's creative and cultural assets to engines of growth, grow jobs for youths in Africa and prepare the continent to compete effectively in the global markets.

Between the US & China- Who is Africa's Knight in Shining Armour?

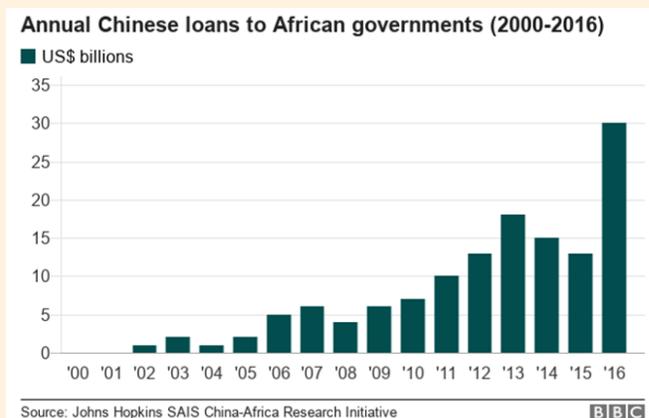
The US and China are clamoring on who is Africa's biggest supporter especially at this time of the pandemic. In a virtual meeting with some African journalists, the US Secretary of State Mike Pompeo, stated that no country will rival what the US is doing" in terms of supporting the fight against Covid-19 in Africa. According to Pompeo, the US has granted \$170mn in new aid to Africa. Meanwhile, the donation of Chinese billionaire, Jack Ma almost exceeds \$160mn to Africa. China has also affirmed the provision of



\$2bn during the launch of its framework, "Fighting COVID-19: China's Action", to help Africa in its fight against COVID-19. Chinese firms have been the most active in Africa in terms of infrastructural projects like roads, ports and railways. The value of China-Africa trade in 2017 was \$148bn, which is lower than the \$215bn as of 2014. According to the General Administration of Customs of China statistics, China's total import and export volume with Africa was \$101.86bn in the first half of 2019, up 2.9% year-on-year.

According to China's Global Investment Tracker by the American Enterprise Institute (AEI), the

total value of Chinese investments and construction in Africa is almost \$2trn. China also recently launched a \$1bn Belt and Road infrastructure fund for Africa. On the other hand, U.S.-Africa trade has plummeted in recent years. Following the signing of the African Growth and



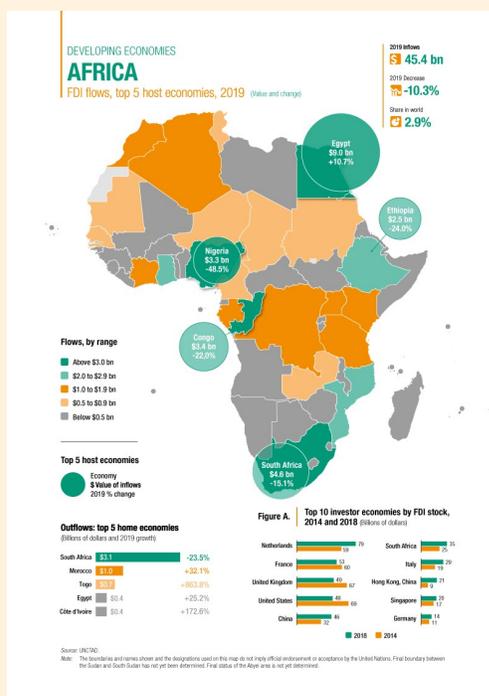
Opportunity Act (AGOA), the trade between US and Africa has grown to \$100bn between 2002 and 2008. Yet, according to USAID, as at 2017, the total value of US-Africa trade was about \$39bn making the US Africa's third largest trading partner. In all, the effort of both nations in Africa is expected to improve their international relations with African countries. China has been dominant in infrastructure and trade with African nations over the years and this will improve infrastructural, social and economic development. On the other hand, the decline in US-Africa trade in recent times can be attributed to high cost of US exports such as cars and machineries. With this battle on who has the biggest share, Africa tends to benefit in terms of trade and investment but this could also mean a higher debt burden for African countries.

FDI flows to Africa to drop 25%-40% in 2020

According to the World Investment Report, global foreign direct investment flows are projected to drop by almost 40% in 2020 from \$1.54trillion in 2019. This would bring FDI flows below \$1trillion, the lowest in the last 15 years. In addition, UNCTAD estimates a further decline of about 10% in 2021 before a recovery in 2022.

In Africa, the FDI inflows are set to shrink between 25%-40% in 2020 based on GDP growth projections as well as a range of investment specific factors. According to UNCTAD, almost all industries will be affected but aviation, hospitality, tourism and leisure will be the hardest hit and this trend is likely to persist.

FDI inflows to Africa were already declining before the pandemic as the continent recorded a 10% drop in the inflows in 2019 to \$45billion. This was due to the slow domestic and regional growth



Region	% decline	Amount \$'bn
North Africa	11	14
SSA	10	32
West Africa	21	11
East Africa	9	7.8
Central Africa	7	8.7

and low demand for commodities. Egypt, remained the largest FDI recipient in Africa in 2019, with inflows up by 11% to \$9 billion. Meanwhile, the investment stock held by the US and France in Africa fell by 15% and 5% respectively, due to profit repatriation and divestment. On the other hand, the investment stock of the UK and China increased by 10%.

ECOWAS to reopen borders

The ministers from ECOWAS have recommended a gradual re-opening of the borders of its member states in July. This is to allow easy travel and revive cross border trade that was significantly hampered by the lockdown restrictions. In addition, the commencement of trade under the African Continental Free Trade Agreement (AfCFTA) has been postponed to January 2021 as the initial date (July 1) looks untenable. The implementation of the AfCFTA could provide support to declining FDI inflows to Africa, boost inter-regional trade and integration across the continent. The continent looks to be in a more liberal position to implement the trade measures and the success could boost the confidence of the rational investor. This could trigger a recovery in FDI inflows in the medium term.



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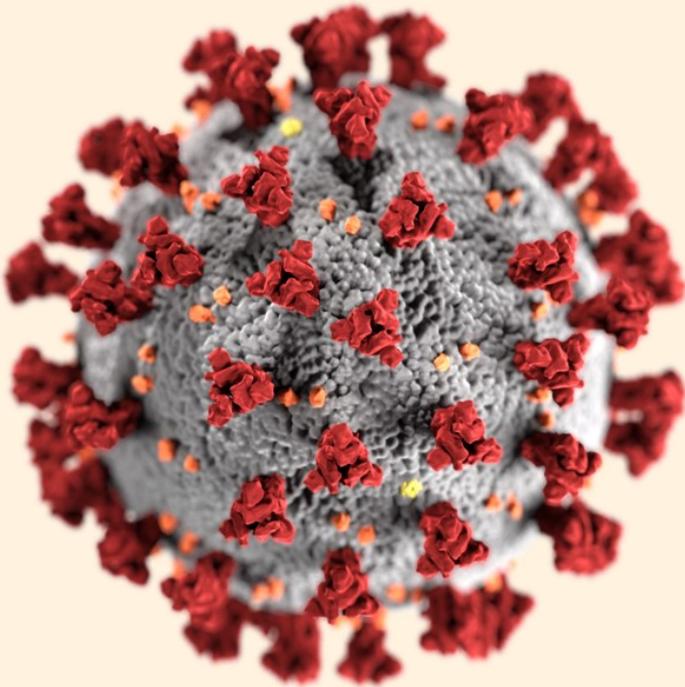
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Africa's global bank

The Myths, Facts & Trends of COVID-19 –Is Africa doomed?



In the last three months, there's been a lot of information about Coronavirus. Sadly, not all of it is true. To make an informed decision about safety precautions to take, individuals and governments must first separate the myths from the facts.

A foremost myth about the novel virus was the idea that Covid-19 would not survive in temperate regions. The myth was quickly doused with the virus' wide spread in Africa. Currently, the continent has 279,452 confirmed cases and 7,456 fatalities.

Another myth is the link between the pandemic and the 5G network. Although this is yet to be confirmed, the basic facts still remain that close proximity with an infected person and people with existing underlying conditions are more susceptible to contracting the virus. Sev-

eral African countries including South Africa, Nigeria and Congo are not only battling the COVID-19 virus but other health concerns such as HIV, Ebola, Lassa Fever and most recently, pig swine fever. This has put the already struggling health care system in these countries under intense pressure.

In addition, it has been found that community spread of the virus has increased most especially in slum areas. This is primarily due to poor living conditions, poor access to health care facilities, sub-optimal testing capacities and a high level of ignorance and lack of faith in the system. In several slum areas, the fear of the impact of the virus has waned drastically and this keeps pushing the community spread up.

Furthermore, the category of individuals living in these areas are low income earners and there is a direct relationship between their disposable income and their propensity to spend on adequate health care and healthy meals.

Even though the fatality rate is just 2.7% of the total infections, the facts of the pandemic are still very evident in Africa, especially in countries like South Africa and Nigeria. This stresses the need for increased social awareness, improved healthcare facilities and the need for the government to garner the trust of its citizens at the grass root.

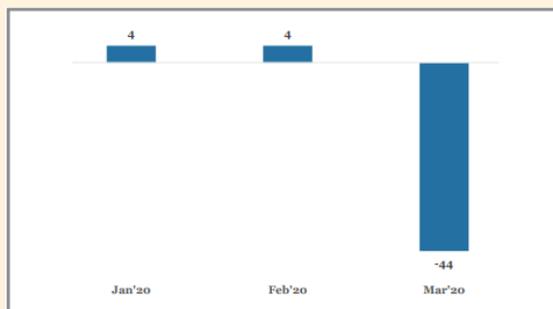
Zoom and virtual meetings are cutting into travel budgets for investors visiting Africa



One of the hardest hit sectors from the Covid-19 pandemic is travel and tourism. The lockdown and travel restrictions reduced the demand for air transport and hospitality services including hotels, restaurants, bars etc. According to IATA, international tourist inbound traffic contracted by about 44% in March owing to the pandemic. Similarly year-to-date, it has plummeted by 12% as of March 2020.

The restrictions led to a rise in demand for video conferencing technologies like Zoom, Microsoft Teams, etc. for virtual meetings. This points to the fact that a significant chunk from or the entire travel budget of investors, business owners and expatriates are now being diverted towards video

calling services. This was reflected in the earnings of Zoom in Q1'2020.



Source: UNWTO, Proshare Research

Zoom reported a revenue growth of 169% in its Q1'2020 earnings report on June 2nd, and nearly doubled its revenue projection for the full year. Even though, this is beneficial to Zoom, African countries like Uganda, Algeria, Egypt, South Africa, Kenya, Morocco, Tunisia, and Tanzania that garner a

lot of revenue from tourism and travel could experience a decline in their earnings. This poses a threat to the African aviation industry's earnings and development.

According to IATA, African airlines have lost nearly \$5 billion due to low passenger traffic amid the global shutdown. The problem now stands that airline operators and tourist centres could lose at least 40% of their income and furlough their staff. Currently, the World Travel and Tourism Council estimate that about 75 million jobs would be lost in the travel and tourism industry in 2020. This would stoke unemployment numbers in the continent and reduce aggregate demand within the affected countries. The slowdown in economic growth in several African countries within the first quarter points to an impending recession in the continent.

African Development Bank bows to US pressure over inquiry into alleged wrongdoing

- Culled from Financial Times



The African Development Bank has bowed to US pressure to open an independent evaluation of an inquiry into its president, Akinwumi Adesina, after weeks in which past and present African leaders have complained bitterly that Washington is meddling in the institution's affairs. The accusations surrounding Mr Adesina, a dapper, bow-tie-wearing former Nigerian agriculture minister, have plunged the AAA-rated lender into its most serious crisis since 2003 when it had to relocate to Tunis for a decade because of civil war in Ivory Coast. The dispute has been brewing since January, when whistleblowers, calling themselves "concerned staff members", sent a 16-point document to the bank's anti-

corruption department and its ethics committee. They accused the president of ignoring bank procedures and appointing old friends, many of them Nigerians, to AfDB jobs. They also spotlighted examples of lucrative contracts that they alleged had been awarded without due process.

The ethics committee, chaired by Takuji Yano, Japan's executive director at the bank, cleared Mr Adesina of all wrongdoing. But in a leaked letter from May 22, Steven Mnuchin, US Treasury secretary, expressed "deep reservations" about the "integrity" of the internal inquiry and pushed for an independent probe. The US is the bank's second-biggest shareholder after Nigeria. The AfDB on Thursday reiterated its support for the original decision of the ethics committee but said it had agreed to an "independent review" of those findings in order to satisfy all members of the bank's board.

Mr Adesina has vigorously denied what he called "trumped-up allegations", lashing out in a May 27 statement at "attempts by some to tarnish my reputation and prejudice the bank's governance procedures". Under Mr Adesina, the bank, which lends to projects designed to combat poverty, won approval from its 80 members in October last year for a \$115bn capital increase, the largest in its 55-year history, more than doubling its capital. The decision was seen as a vote of confidence in Mr Adesina, 60, who is still planning to seek re-election for a second term in a contest that has been rescheduled for August because of the coronavirus pandemic. Mr Adesina has won support for his re-election as bank president from 54 African countries. Mr Mnuchin's call for an independent probe has pitted the US — and several European

governments that have also pushed for an investigation — against many of Mr. Adesina's supporters, who quickly rallied to his defense. "I've known Dr Adesina for several years, we've worked together, and I've no doubt about his integrity," said Arunma Oteh, an academic scholar at Oxford university and former treasurer at the World Bank. "We are in the middle of a Covid-19 pandemic and the African Development Bank is one of the most important institutions for rallying the economic resources to fight this," she said, alluding to the bank's issuance of a \$3bn "Fight Covid-19" social bond and its establishment of a \$10bn crisis facility. Ms Oteh refrained from criticizing Washington directly, saying only: "When you're an African you have to be above board because people will assume you're doing wrong. And when you are Nigerian it is even worse." But other supporters were less restrained. "We are not in the 1950s. You can't write to Africans as if we were your slaves," said one person, who has worked at

the bank. Some allies of Mr Adesina said it was hypocritical for a US administration, in which President Donald Trump is advised by his daughter and son-in-law, to complain about Mr Adesina's alleged nepotism, one of the accusations against him.

They also accused Washington — fresh from its withdrawal from the World Health Organization — of using multilateral institutions to pick fights with China, although Beijing has not traditionally played a big role at the AfDB. "The African Development Bank is a pride for all of Africa, and its President, Dr Adesina, has taken the bank to enviable heights," said Olusegun Obasanjo, a former president of Nigeria, and Ellen Johnson Sirleaf, a former Liberian president and Nobel Peace laureate, in a joint statement with several other former African leaders. The bank's procedures should be honoured, they said, referring to the internal inquiry that had already cleared Mr Adesina, criticizing what they described as American hubris: "No nation, regardless of how

powerful, has a veto power over the African Development Bank."

Some close observers of the bank said Mr Adesina's attempt to garner political support had backfired. "He's wrapping himself in the African flag to say these colonialists are interfering," said one African banking executive. Others pointed to what they said had been Mr Adesina's high-handed style and alleged habit of firing people without due process in order to bring in his compatriots, something he has denied. It was not only the US that had asked for an independent inquiry. The UK and several Nordic countries also pushed for an external Adesina's name in time for August's election. investigation, if only to clear Mr Adesina's name in time for August's election. In its statement on Thursday, the bank said that the inquiry would take "two to four weeks maximum" in order to accommodate the electoral calendar. Ms Oteh, the former World Bank treasurer, said that attempts to impugn the bank's

reputation were misguided. At least the AfDB held competitive elections to select its head, she said, referring to Mr Adesina's victory in 2015 against several candidates, including the finance ministers of Cape Verde, Chad and Ethiopia.

That was not like the Asian Development Bank, said Ms Oteh, where the president was always a Japanese national chosen by Tokyo. Nor was it like the World Bank itself, she added, where all 12 presidents since 1946 have been American.

Rwanda to utilize robots in fighting COVID-19



The Rwandan Health Minister, Daniel Ngamije, has revealed that Rwanda will start making use of humanoid robots in its fight against the pandemic. The goal is to reduce human interaction at the coronavirus treatment centers. The robots were manufactured by ZoraBots and have been tested to treat COVID-19 patients. According to Ngamije, some of the robots,

which were already in the country, will be programmed to embody epidemic features while the rest will be imported.

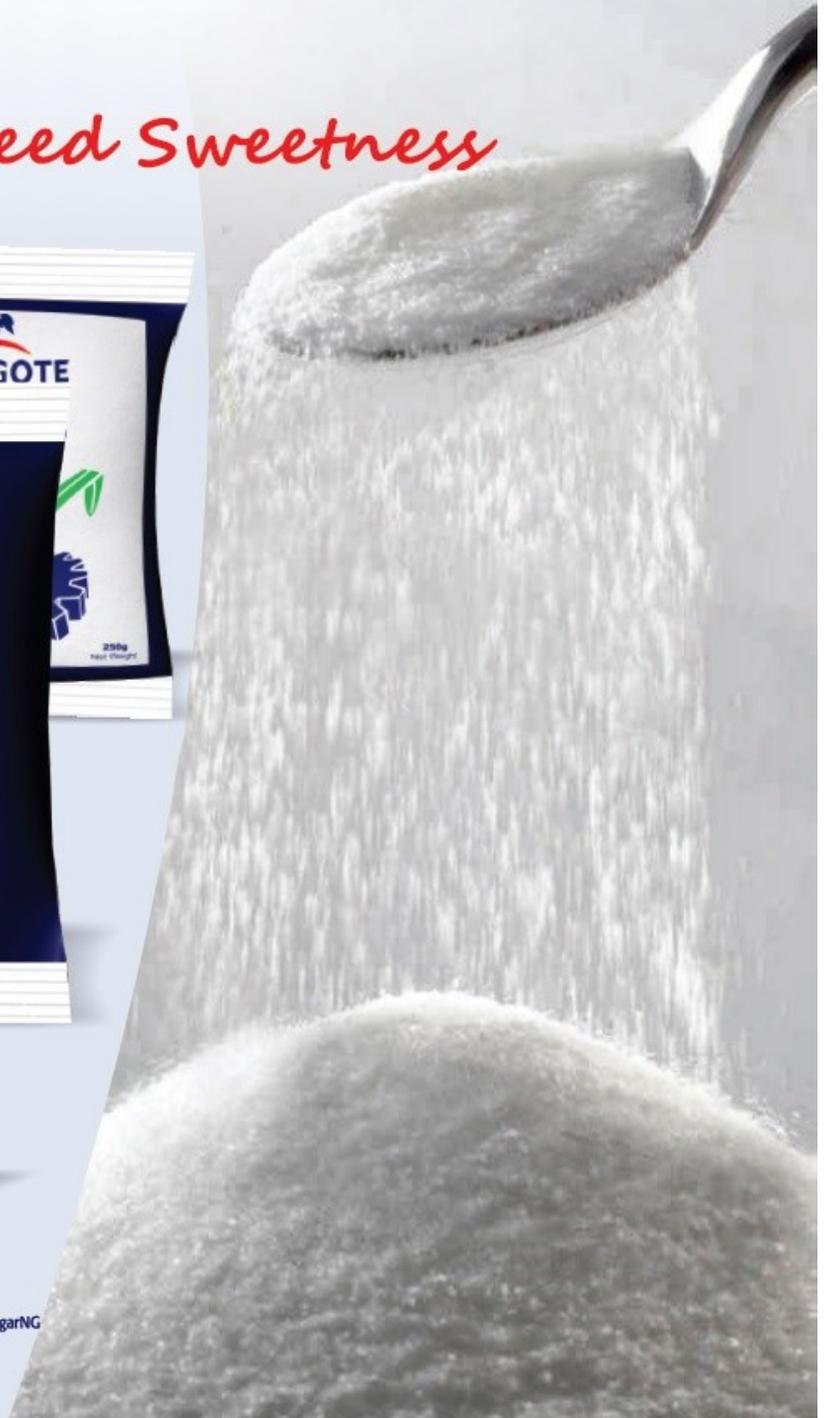
Doctors at the treatment centers are trained to operate the robots. The humanoids will be used in checking the vitals of patients including temperature, heart rate, blood and oxygen levels. They take record of all medical activities and give their test results of the patients to the nurses and doctors immediately. A robot can scan up to 200 patients in a minute. The robots have other features including face recognition, food and medicine delivery in and out of wards.

This development will assist the health workers battling the pandemic in the country and possibly reduce the spread of the virus in the country.



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Africa's Debt Will Be the Next Explosion - Culled from Bloomberg

The new airport serving the Angolan capital of Luanda was intended to be a bright and welcoming symbol of the former Portuguese colony's renaissance - a counterpoint to the three-decade civil war that ended in 2002. Two parallel runways were to accommodate even the biggest jets, a new 40-kilometer (25-mile) rail line would whisk passengers to the city center, and a shimmering glass terminal bigger than the Pentagon was designed with dozens of restaurants, bars, and shops for the 15 million visitors the government expected to pass through annually.

Sixteen years after construction crews broke ground, the terminal—largely completed in 2012—is gathering dust in the flat scrubland southeast of Luanda. The railway was never finished, the runways have yet to see a commercial flight, and the opening date has been repeatedly pushed back—now expected sometime in 2022 or 2023. What's harder to push back, though, is the billions of dollars in loans that funded construction. While the government hasn't revealed the financing details, local media estimate that Angola owes Chinese creditors from \$3 billion to \$9 billion for the unfinished facility. The Luanda airport is just one of hundreds of megaprojects that have supercharged African economies over the past decade. Angola alone has built Kilamba, a satellite city outside the capital that's home to 80,000 people, two other airports, a state-of-the-art library that was abandoned halfway through construction, and four soccer stadiums seating as many as 50,000

spectators. Across the continent, governments have spent at least \$77 billion annually since



2013, erecting everything from critical infrastructure such as bridges and hospitals to sumptuous presidential villas and soaring monuments celebrating national heroes.

The building binge has been fuelled by at least \$600 billion in loans, leaving African governments struggling with record debt. The obligations were manageable—barely—when countries in the region were expanding by as much as 10% annually. But with the coronavirus pandemic shutting down trade and hammering commodity prices, the debt bill threatens to unravel years of progress in fortifying economies and fighting poverty. After 25 years of uninterrupted growth, the region this year will contract by 2.8%, the World Bank predicts.

The coronavirus has created “the biggest shock the global economy has faced over the last century,” Charles Calomiris, a professor of public affairs at Columbia, said at a World Bank web meeting on June 1.

And rapidly expanding debt loads in developing countries, particularly Africa, will only magnify the difficulties. "I'm scared to death," he says. "The risks associated with this protracted and severe crisis coming from the unpayable debt problem are going to be unprecedented."

Public debt, which had doubled to about half the continent's economic output since 2008, was raising alarm bells at the International Monetary Fund even before the Covid-19 pandemic. The IMF says more than a third of African countries are approaching or already experiencing "debt distress" after a slowdown in commodity prices in 2014. Today, fallout from the pandemic makes the easy money of a few years ago an unbearable burden as the outbreak threatens to overwhelm hospitals already stretched thin by illnesses such as malaria and tuberculosis. "Our leaders have two choices: You either pay obligations to bondholders or you buy medicine, food, and fuel for your population," says Vera Songwe, head of the United Nations Economic Commission for Africa. Africa's struggle is becoming a global problem as the money has come from a China seeking to bolster its influence in the region and from global investors hungry for returns in a world awash with negative yields. African governments have sold almost \$60 billion in bonds to private investors in the past two years to pay for highways, factories, and wages for their sprawling bureaucracies. A flurry of defaults would threaten the new found prosperity that the debt build up helped bring about. Booming economies have reduced poverty to the lowest levels since the 1990s and ush-

ered in a new middle class. Multinationals selling everything from cell phones to soda raced to tap a market of more than 1 billion consumers. But the UN predicts the coronavirus could add an additional 29 million people to the more than 400 million Africans living in extreme poverty. The problems could be even more damaging than the region's last debt blow up, in the late 1990s—a hangover from borrowing that dated to the early '60s, when newly independent African countries spent lavishly on infrastructure and social programs to forge national identities and modernize their economies. In 2005 wealthy nations and financial institutions agreed to write off \$100 billion in loans, but the cost to the region was high: currency devaluations that fuelled hyperinflation and austerity programs that forced steep cuts in social spending.

Some investors say the fears of a debt bomb are overblown and are betting the economic fallout of the pandemic in Africa will be relatively mild. Yields on bonds from Sub-Saharan Africa have dropped to an average of about 9% from almost 13% in May, indicating that investors are more optimistic about getting repaid. Those lower yields mean governments may be able to raise funds in coming months even as their revenue plummets. And a recovery in prices for oil and minerals will help exporting countries. But many academics have begun comparing the looming debt crisis in Africa to the sovereign and corporate defaults that engulfed Latin America following an influx of petrodollars in the 1980s. That calamity led to years of economic turmoil in what became known as the region's lost

decade as countries starved for cash suffered recurring defaults to international banks.

"African growth will be stopped in its tracks," says Patrick Bolton, a professor of business at Columbia. "The way things are playing out, there will likely be difficult debt restructurings ahead."

Carmen Reinhart, incoming chief economist at the World Bank, predicts that any recovery will be slow and fraught with tension. Most debtor countries require multiple overhauls to stabilize their economies, and negotiations with private creditors typically drag on for four years or longer. "The restructuring process has this long back-and-forth," Reinhart said at the June 1 World Bank web conference. "I look at the restructurings of the 1920s and 1930s, and of the 1980s and 1990s, and what I see is a decade-long process."

The share of African government revenue that goes toward external debt service has almost tripled, to an average of 13%, in the past 10 years, according to the Jubilee Debt Campaign, a London group that advocates relief for poor countries. That's more than governments in the region spend on health care, and the cost of paying off loans is poised to climb further as economies shrink and local currencies weaken. That, in turn, threatens to divert scarce resources from infrastructure projects needed to fuel a recovery.

The risk is greatest in countries highly reliant on sales of a single commodity. Zambia, which gets 70% of its foreign exchange from copper exports, has seen its external government debt jump sevenfold in a decade, to more than \$11 billion. In

May it appointed a financial adviser to restructure its obligations. The IMF predicts that debt service in Angola, Africa's No.2 oil producer, this year will cost more than the government's total revenue, and the Finance Ministry has contacted China about rescheduling some loans. To stave off economic collapse, 25 African finance ministers in March wrote a letter to global leaders asking for delays in \$44 billion in debt payments due this year while they focus on fighting the virus. In response, the Group of 20 leading economies proposed an eight-month suspension of payments—totaling about \$11 billion—from 73 of the world's poorest countries, most of them in Africa. But progress has been slow, and only 12 countries have gotten a waiver so far.

The G-20 governments have called on multilateral lenders to join the moratorium, but that may be difficult. The World Bank and other development banks, which hold about a third of sub-Saharan Africa's external public debt, say a suspension threatens to tarnish their own credit score; Fitch Ratings Inc. has said a repayment freeze could spur a downgrade for development banks unless shareholders compensate them for losses. As an alternative, the World Bank has offered to accelerate delivery of tens of billions of dollars in loans to developing countries. Private creditors have also been reluctant to join any suspension, insisting that revamping contracts could trigger credit downgrades and end up raising interest on new debt that governments will need to bounce back from the pandemic.

And asset managers and banks that own almost half the continent's outstanding external debt say legal commitments to clients make a blanket waiver impossible. As a workaround, some investors have raised the possibility of advancing cash to governments to pay obligations this year.

Daniel Munevar, a policy adviser with the non-profit European Network on Debt and Development, says such a plan would simply postpone the problem rather than solve it. What the lenders are proposing, he says, is shovelling more debt onto the pile, which will create greater trouble down the road. "It is unconscionable that private creditors are effectively requesting terms that will add to the long-term debt burdens of developing countries," says Munevar, who worked with the Greek finance ministry during its debt crisis in 2015.

Even some African countries are having second thoughts about seeking help. They fret that delays in repayment—and the likelihood of a negative reaction from ratings companies—could lock them out of debt markets for years. They're right to be concerned: Moody's Corp. said it was reviewing the credit scores of Ethiopia and Pakistan after they simply expressed interest in seeking a pause in debt payments (they later applied, and on June 9 they were granted relief).

A bigger challenge may be renegotiating payments to Africa's biggest creditor, China. In recent years, China's lending—mostly unreported—has grown to exceed the combined loans of the IMF, World Bank, and the Paris Club (a group of 22 countries that lend to developing

nations), according to the Kiel Institute for the World Economy. Africa has borrowed as much as \$150 billion—almost 20% of its external debt—from China, data collected by Johns Hopkins University show. China says that as part of the G-20, it will do its share to ease Africa's debt burden but it hasn't announced details, and the conditions of many of its loans are murky. In the past, China has offered relief but in return has demanded control of prized state assets such as ports or mines. "The terms of these loans are very opaque and will take a lot of time to restructure," says William Jackson, chief emerging markets economist at research firm Capital Economics Ltd. "There is little negotiating power among African countries. China is in a stronger position." Ghanaian Minister of Finance Ken Ofori-Atta says the entire debate places unfair pressure and untenable burdens on his region.

While the U.S. and Europe earmark trillions of dollars to jump-start their economies, rescue failing companies, and ease the pain the pandemic is visiting on their citizens, global lenders are demanding that Africa pay its debts on time. Ofori-Atta, a former investment banker with Morgan Stanley in New York, is seeking a three-year suspension of loan payments and says Africa risks tumbling into a depression without it. "The Western world can print \$8 trillion to support their economies in these extraordinary times, and we are still being thrown a classical book with classical responses," Ofori-Atta said at a Harvard web conference on June 3.

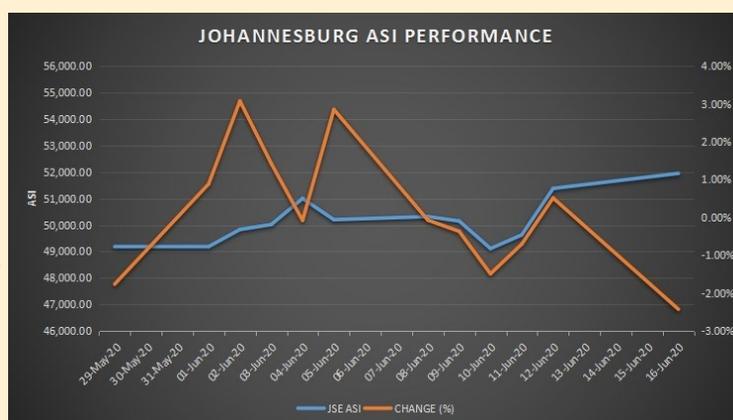
MARKETS ACROSS SUB-SAHARAN AFRICA

(May 29 – June 16, 2020)



South Africa

The Johannesburg Stock Exchange gained 3.54% to close at 52,270.20 on June 16 from 50,074.21 on May 29. So far in 2020, the market has been bearish. The YTD loss stands at – 8.43% YTD.



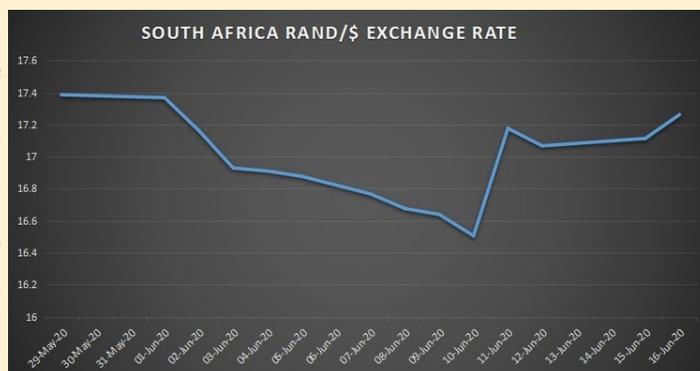
Treasury Bills

	May 29	June 12	Variance
91-day	4.17	4.09	-0.08
182-day	4.51	4.37	-0.14
364-day	4.55	4.67	-0.12

On average the effective yield rates declined by 11bps across all tenors compared to rates as at May 29.

Forex Market

The South African Rand started the month of May at ZAR17.3860/\$ and has so far appreciated by 0.71% to close at ZAR17.2624/\$ on June 16 respectively. Meanwhile, YTD, the South African Rand has depreciated by 23.31% against the US dollars.

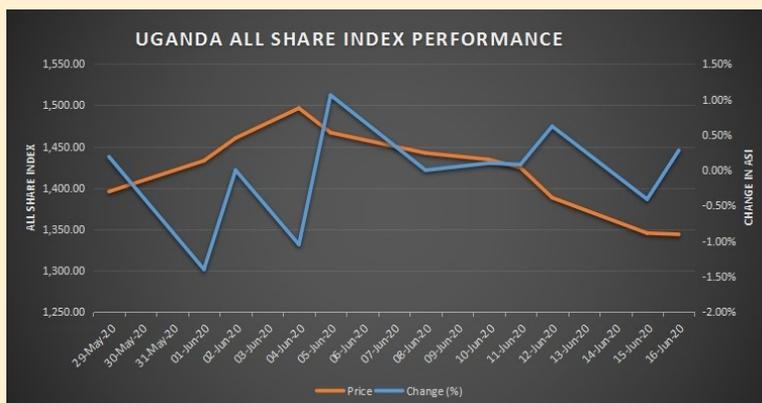


MARKETS ACROSS SUB-SAHARAN AFRICA

(May 29 – June 16, 2020)



The performance of the Uganda Securities Exchange ASI was mainly positive in May. However, the ASI lost 0.75% to close at 1359.26 June 16 compared to its close of 1369.52 at the end of May. Furthermore, YTD return of the USE is negative at -24.52%.



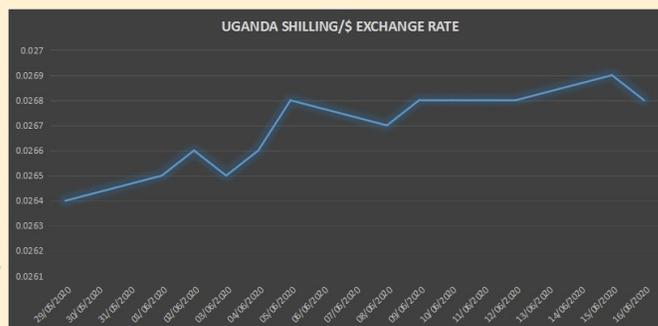
Treasury Bills

	May 29	June 12	Variance
91-day	8.875	8.823	-0.052
182-day	10.978	10.904	-0.074
364-day	12.366	12.387	0.021

On average, Uganda's treasury bill rate decreased by 4.9bps to close at 8.823, 10.904, 12.387 respectively across the three tenors on June 12.

Forex Market

The Ugandan Shilling was UGX0.0264/\$ on May 29 and it depreciated by 1.52% against the US dollars to close at UGX0.0268 on June 16. Meanwhile, YTD the Ugandan Shilling has appreciated by 3.30% against the US dollars





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TRAVEL & AVIATION

The Most & Least Expensive Cities in Africa - Mercer's 26th Cost of Living Survey



According to Mercer's cost of living survey, majority of African Countries have risen in their ranks on the list of the most and least expensive cities to live in globally. The least expensive city is Tunis, Tunisia while the most expensive cities for expatriates in Africa are:

- ⇒ Victoria, Seychelles
- ⇒ Ndjamena, Chad
- ⇒ Lagos, Nigeria

Compared to 2019, Lagos, Nigeria climbed seven places due to the high cost of rent and groceries. Mercer held that the pandemic created social and economic disruptions across the globe and Africa has not been an exception. There was a significant increase in the cost of living across cities and its important for organizations to reassess their mobility programs with a focus on the wellbeing of their employees. The survey was focused on currency fluctuations, cost of inflation and instability of accommodation prices in various countries. It was also found that the Republic of Congo, Accra, Nairobi, Casablanca and Luanda all moved down the list by at least two places.

African airlines flying into a storm

- ◆ Ethiopian airlines declares a loss for the first time in decades

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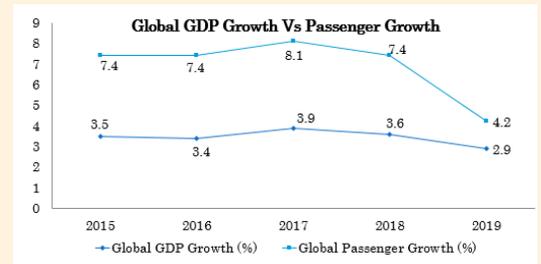
- ◆ Kenya airways is under water

.....

- ◆ SAA is being bailed out

.....

Aviation before the pandemic was on a stellar trajectory. However, since the pandemic African airlines have taken a big hit.



Ethiopian airlines recorded a loss of about \$550million for the first time in decades with approximately 8,000 jobs at risk.



Kenyan Airways is well under water as it has reported losses since 2013 with salary cuts between 50%-80%. However, the airline plans to resume passenger flights as soon as the Kenyan government lifts its travel ban.



SAA has lost \$1.4bn in the last six years and administrators are seeking a government bailout of 21bn rand (\$1.2bn) to repay the airlines outstanding debt and resume operations.

The state owned 86-year old carrier has offered severance deals to its entire staff of 4,700 from the end of April. The value of the compensation package will be a week's pay for each year of service.

The airline was already in a dire situation before the pandemic and according to the International Air Transport Association, the aviation industry could lose \$314bn in ticket sales.

Top beach resorts in Africa

Despite the lockdown in most African countries, there is no harm in planning for the post COVID-19 times. To keep your itinerary booked for a relaxing time with your loved ones after all these bizarre happenings are over, here are some lovely beach resorts you might find worthy.

1. Mnemba Island Lodge, Tanzania

Mnemba Island lodge is a beautiful private island located off Zanzibar. The island has room for only 20 guests and is perfect for individuals longing for their privacy.



2. Azura Quilalea, Mozambique



This is a gorgeous resort in the Quirimbas Archipelago. The lodge has a lovely scenery with abundant recreational activities. It is also one of the most eco-friendly and luxurious lodges in Africa.

3. North Island, Seychelles

This is a spectacular place amongst all other sensational islands in Seychelles. The communal building and luxury accommodation are very comforting and relaxing.



4. Baraza Resort and Spa, Tanzania



This is another nice resort located in the East coast of Zanzibar. It has a strong Arabic influence and surreal interior decoration.

POLITICAL UPDATE

The Next Elections



- ♦ *The Ivorian presidential election – October 31, 2020*
.....

- ♦ *Ghanaian general election – December 7, 2020*
.....

The largest global cocoa producers (Ivory Coast and Ghana) have their next presidential elections this year. Both presidents will be elected using a two-round system, meaning that if no candidate receives majority of the votes, a second round will be held. In Ivory Coast, the president is elected for a five-year term while the parliament elects the vice president.

Currently, the pandemic has affected cocoa export earnings of both countries particularly Ivory Coast where cocoa exports account for at least 60% of its total revenue. Global cocoa production is expected to grow by 1.3% to approximately 4.8mn metric tonnes while consumption will contract sharply by -2.5%. This points to a huge loss in revenue and an increase in unemployment within the cocoa industry in both countries. For example, the cocoa industry in Ivory coast employs over 3mn people and a contraction will reduce income levels, taper consumption and in turn lead to a slowdown in aggregate demand.

Ivory Coast has recorded 6,063 cases and 48 fatalities. Meanwhile, Ghana is facing a second surge of infection cases. The country has recorded 12,590 cases and 66 fatalities, the fourth highest in Africa after South Africa (80,412), Egypt (49,219) and Nigeria (17,735).

With the increasing cases of the virus and slowdown in export earnings, it is likely that both countries may postpone their elections. However, should the elections occur as planned, the government may be faced with a political crisis, which is yet another problem to tackle.

Thomas Thabane steps down as Lesotho prime minister

One of Africa's oldest leaders, Thomas Thabane, has resigned as Lesotho's prime minister following months of political pressure. This happened after his coalition government dissolved on May 11, 2020. Thabane, 80 years old, made this decision known via a televised address and urged the public to support his successor.



The ex-prime minister is also entangled in a court case linking him and his current wife to the murder of his ex-wife, Lipolelo Thabane. Lipolelo died in 2017. While in office, Thabane had immunity. His resignation means he can now stand trial. His current wife, Maesaiah Thabane, has been arrested and charged for the murder of Lipolelo.

Lipolelo was killed by gunmen on June 14, 2017, two days before Thabane was sworn in as prime minister. At this time, the then couple was going through a bitter divorce and they had been living apart since 2012. Thabane appeared in court in February 2020 but has not been formally charged to stand trial. Thabane's party, All Basotho Convention, through its spokesperson, mentioned that it will not support any attempt by him to get immunity.

Lesotho's finance minister, Moeketsi Majoro, is set to replace Thabane. He has been appointed as the prospective leader of the new governing coalition by both the All Basotho Convention and its ally, the Democratic Congress.

Burundi holds general elections amid the health crisis

The Burundi government held its general elections on May 20, despite the COVID-19 pandemic and growing tensions in the country. Evariste Ndayishimiye won over 70% of the votes and was sworn in on June 18. This came after Nkurunziza was announced dead from COVID-19 on June 8. So far, the country has recorded over 100 cases including one death. The election was intense as Burundians headed to the voting polls. This is the first competitive election since the civil war in 1993 and It is expected to usher in an era of democracy into the country.



Burundi was on the verge of a political crisis as the citizens continuously pushed to oust president Nkurunziza.

Nkurunziza was in power for 15 years. According to a 2017 UN report, his tenure was marked by massive human rights violations that left at least 1,200 people dead and put about 400,000 people into exile. The UN and human rights NGOs blamed the violence on the Imbonerakure (the youth wing of Burundi's ruling party), the National Intelligence Service, the police and, to a lesser extent, the army.

In June 2018, president Nkurunziza announced that he will not be contesting for a fourth term even though the constitution allows him to do so. At the end of January, the ruling CNDD-FDD party chose a new face, General Évariste Ndayishimiye, as its presidential candidate. His main opponent is the candidate of the National Council for Liberty (CNL) party, Agathon Rwaswa. Other candidates include Domitien Ndayizeye, Dieudonné Nahimana, Francis Rohero, Gaston Sindimwo and Léonce Ngendakumana.

Rwandan genocide fugitive arrested after 25 years

On May 16, Felicien Kabuga was arrested near Paris after a 25-year global manhunt. He is accused of funding Hutu militias that murdered about 800,000 Tutsi and Hutus during the 1994 genocide. The Paris court of appeal has recently given a positive opinion on the transfer of Felicien to the UN International Mechanism in Tanzania. This is the beginning of the legal battle for Felicien.



Kabuga was charged by the International Criminal Tribunal for Rwanda in Arusha, Tanzania. He was indicted on seven counts of genocide, complicity in genocide, directing and inciting genocide, conspiracy to carry out and attempts to commit genocide, and crimes against humanity - persecution and extermination.

Kabuga was first indicted in 1995 along with 93 others. Of the 93, 62 were convicted, 10 were sent to national jurisdictions for trial, 14 were acquitted, two charges were withdrawn before trial and two people died before their trials concluded. The tribunal was closed in 2015, but it passed its outstanding cases to the UN International Residual Mechanism for Criminal Tribunals. Rwanda itself tried more than two million cases related to the genocide in 12,000 community courts between 2001 and 2012.

International investigators are still looking for Rwanda's former commander of the presidential guard, Protais Mpiranya and Augustin Bizimana, the previous defense minister.

Some of the Current longest ruling national leaders in Africa - excluding royalty

	Rulers	Country	Office	Length of tenure
	Paul Biya Age: 87 years	 Cameroon Life Expectancy: 60.3 years	Prime Minister, then President	44 years, 355 days
	Denis Sassou Nguesso Age: 76 years	 Republic of the Congo Life Expectancy: 65.2 years	President	36 years, 77 days
	Yoweri Museveni Age: 75 years	 Uganda Life Expectancy: 64.4 years	President	34 years, 145 days
	Idriss Deby Age: 68 years	 Chad Life Expectancy: 55.2 years	President	29 years, 200 days
	Isaias Afwerki Age: 74 years	 Eritrea Life Expectancy: 67.5 years	President	27 years, 26 days
	Paul Kagame Age: 62 years	 Rwanda Life Expectancy: 70 years	Acting Head of State then President	25 years, 336 days

- ◆ *Countries with the longest ruling leaders are in Sub-Saharan Africa*
- ◆ *All six African countries have a life expectancy below 72 years*
- ◆ *The average life expectancy is 63.7 years*
- ◆ *Gender gap in life expectancy exists in the countries - Women have a higher life expectancy than men and are expected to live longer*
- ◆ *High HIV/AIDS prevalence still persists in the SSA region*



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SOCIAL & LIFESTYLE PRECINCT

The Senegalese designer who creates fashion prints from Math equations



Diarra Bousso Gueye, a mathematics teacher, blended her love for calculations and fashion. She uses mathematical concepts like geometry and quadratic equations to create her fashion drawings and prints. Diarra explains that the equations aid the creative process. One of her famous prints, the Joal, was inspired by exponential and quadratic

functions. In an interview with CNN, Diarra mentioned that the seashell shapes in the prints were digitally generated and graphed on swimsuits, kimonos and dresses. Her fashion brand Diarrablu is indeed one of a kind in Senegal. Diarra studied math, economics and statistics.

Tatapong Beyala the “Gurl Boss” in the Cameroon film industry

Bayala, 27 years old, is the owner and CEO of Gurl Boss productions. Her female crew is set to take on the male-dominated film industry in her country. The creative director, screen writer and story-teller, who struggles with underestimation by her male counterparts, is ready to make her mark in the industry and encourage other women in the creative space to take ownership of their style and uniqueness. So far, she has worked on over 50 videos and tries to leave the feminine touch in tune with her production style. She started her career as a model and she holds a master's degree in cinematography.



FINANCIAL & ECONOMIC INDICATORS

Country	GDP Annual Growth Rate (%)	Inflation (%)	Life Expectancy (Years)	Interest Rate (% p.a.)	Exchange rate (per \$)	
Angola	-0.80 Q4'19	21.82(May'20)	62.2	15.50	597.0	↑
Botswana	1.60 Q4'19	2.40 (May'20)	69.9	4.25	11.80	↑
Cameroon	3.80 Q3'19	2.40 (Dec'19)	60.3	3.25	580.18	↑
Ethiopia	9.00 FY'18	19.80 (May'20)	67.8	7.00	34.32	↑
Congo	4.63 FY'19	6.89 (Feb'20)	65.2	7.50	1,880	↑
Gabon	3.40 FY'19	0.70 (Mar'20)	67.0	3.25	580.0	↑
Ghana	4.90 Q1'20	11.30 (May'20)	64.9	14.50	5.70	↑
Guinea	6.30 FY'19	9.50 (Mar'20)	62.6	11.50	9,536	↑
Ivory Coast	7.50 Q4'19	2.30 (May'20)	58.8	4.50	580.0	↑
Kenya	5.50 Q4'19	5.47 (May'20)	67.5	7.00	106.20	↑
Liberia	-2.50 FY'19	23.60 (Jan'20)	65.0	25.00	197.70	↑
Mozambique	1.68 Q1'20	3.02 (May'20)	62.1	10.25	69.25	↑
Nigeria	1.87 Q1'20	12.40 (May'20)	55.8	12.50	361.0	↑
Rwanda	8.40 Q4'19	9.90 (May'20)	70.0	4.50	949.0	↑
Senegal	3.30 Q4'19	2.70 (May'20)	68.9	4.50	580.0	↑
South Africa	-0.50 Q4'19	4.10 (Mar'20)	64.9	3.75	17.30	↑
Tanzania	6.80 Q3'19	3.20 (May'20)	66.4	7.00	2,314	↑
Uganda	5.60 Q4'19	2.80 (May'20)	64.4	7.00	3,720	↓
Zambia	1.00 Q3'19	16.60 (May'20)	64.7	9.25	18.21	↑
Zimbabwe	-6.50 FY'19	785.55(May'20)	62.2	15.00	-	

Fast Growing Economies

Country	GDP Annual Growth Rate (%)
Ethiopia	9.00 FY'18
Rwanda	8.40 Q4'19
Ivory Coast	7.50 Q4'19

Sluggish Economies

Country	GDP Annual Growth Rate (%)
South Africa	-0.50 Q4'19
Zambia	1.00 Q3'19
Nigeria	1.87 Q1'20

Contracting Economies

Country	GDP Annual Growth Rate (%)
Zimbabwe	-6.50 FY'19
Liberia	-2.50 FY'19
Angola	-0.80 Q4'19

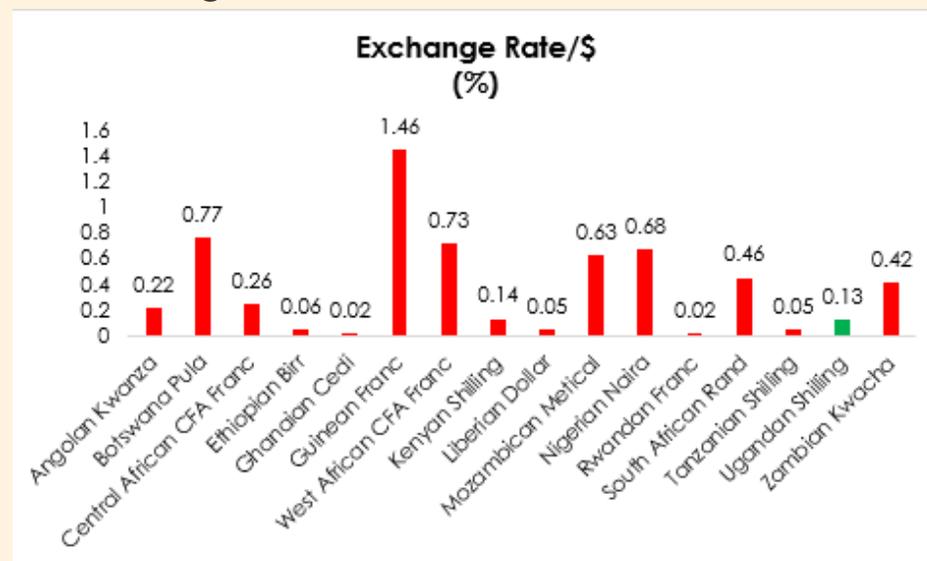
- ◆ Ethiopia is the fastest growing country in Africa
- ◆ SSA countries are likely to slide into a deep recession in 2020
- ◆ Of the 19 African countries tracked, Rwanda has the highest life expectancy (70 years)

High inflation countries & their interest rates

Country	Inflation (%)	Interest Rate (% p.a.)
Zimbabwe	785.55 (May'20)	15.00
Liberia	23.60 (Jan'20)	25.00
Angola	21.82 (May'20)	15.50
Ethiopia	19.80 (May'20)	7.00
Zambia	16.60 (May'20)	9.25
Nigeria	12.40 (May'20)	12.50

- ◆ Countries with the highest inflation rates also have high interest rates
- ◆ Several African countries have slashed their benchmark interest rates by at least 50bps this year

The Exchange rate environment



- ◆ All currencies but the Ugandan Shilling are depreciating against the US dollar
- ◆ Most of the African countries tracked are battling a weak exchange rate, rising inflation and the health crisis

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