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Economic performance in a pandemic transition

Africa after Corona – The Recovery Path!

In a post-pandemic world, Africa will look different with an uneven recovery path across the various countries. So far, Africa is on the radar as infection cases are now over the 1million threshold. However, the continent still records a lower fatality rate compared to other continents such as Europe and America. The adverse economic impact of the virus on Africa's economy is evident and the AfDB projects a growth rate of 3.4% in 2020 if covid-19 prevails beyond the first half of 2020 in Africa. With businesses adjusting to the new normal and remodelling their operations to include work from home orders and video conferences, it is the time to have a glimpse of "Africa after Corona". The Economic Intelligence Unit (EIU) projects that:

East Africa is expected to record a comparatively resilient growth performance in 2020-21. The sub-region will suffer the least and experience the fastest pace of recovery in Africa. After an estimated growth decline of 1.2% in 2020, GDP growth in the sub-region will recover to 3.2% by 2021. Ethiopia, the largest economy will maintain positive growth (4.9%, GDP weighting). Kenya will also navigate through the crisis, despite the major hit to the tourism sector.

Southern Africa would record a 6.3% plunge in economic activities, before a slight recovery in GDP growth to 1.4% in 2021. South Africa will contract by 7% despite the phased easing of lockdown restrictions and unemployment levels will remain high. In Angola, political insurgencies will keep the country in a state of emergency. Lower oil prices will together with falling oil production will keep the economy in a recession.

West Africa is projected to contract by 4.3% in 2020 before an improvement to 2.2% by 2021.

Source: EIU

The overall performance of the region will be largely dictated by the economic conditions in leading oil exporting countries, especially Nigeria. Ghana's economy will shrink by 4.1% due to lower oil prices and a sharp drop in economic activities.

The Franc Zone is primarily influenced by the overall performance of Ivory Coast, Cameroon and Gabon. They account for 45% of the region's GDP. The zone would hold up relatively well post-pandemic. GDP could contract 3% before edging back up to 2.3% in 2021.

SSA will record the worst sub-regional growth performance in Africa. Economic activity could decline by 6.3% in 2020, followed by a modest recovery (1.4%) in 2021. the region will record the highest unemployment and poverty levels. Already stretched public finances will be placed under pressure. Growth in Nigeria & South Africa, the dominant economies, will continue to drive growth in the region. Economies with large tourism sectors like Mauritius, Namibia will be severely squeezed and oil-exporters like Angola and Chad will suffer from global oil price volatility.

Debt Solution to Debt Trap: External debt in most African countries could remain high. In SSA, debt stock is projected to rise to $631bn (2020) from $593bn in 2019. Debt servicing could take up about 40% of countries' budgets due to rising covid-19 stimulus packages and loans from advanced nations and multilateral institutions like the World Bank and IMF.

Inflation: Consumer price inflation would edge higher in several countries. Average inflation in SSA could increase to 8.4% in 2020 from 7.9% in 2019.

Wider divergence: We are likely to see a wider divergence in the development of African nations compared to some other middle income and advanced economies of the world. This is because most African countries depend on export earnings from trade with countries badly hit by covid-19 such as the US, Spain and China. Trade contributed 57.91% to Sub-Saharan Africa's GDP in 2019. International trade in Africa is expected to drop by 13% to 32% in 2020 while export revenue from fuel is also projected to decline by 35% ($270bn loss).

High Poverty & Unemployment Levels: We are likely to see an increase in poverty and unemployment rates post-covid-19. The lockdown and movement restrictions in response to the pandemic led to the partial operation and/or closure of businesses, which forced some firms to either cut salaries or retrench some of its workers. The AfDB projects that about 37.5 million people could fall into extreme poverty in 2020 and it could rise further to 49.2 million by 2021.

AfCFTA to the Rescue: The African Continental Free Trade Agreement (AfCFTA) is likely to commence post-covid-19. The agreement, which requires the elimination of tariffs from 90% of goods traded, is projected to boost intra-African trade by 15-25% in the medium term and cover a market share of more than 1.2 billion people and combined GDP of $3.4 trillion.

Digitalisation of Africa: Digital transformation of the African continent is inevitable post-covid-19. Industries that have been highly impacted by the pandemic such as airlines, hospitals and physical stores will invest in technological innovations. In addition, the finance, insurance, public sector, education and retail trade sectors will move to digitalize their business operation process. Africa's ICT sector is expected to grow sharply.

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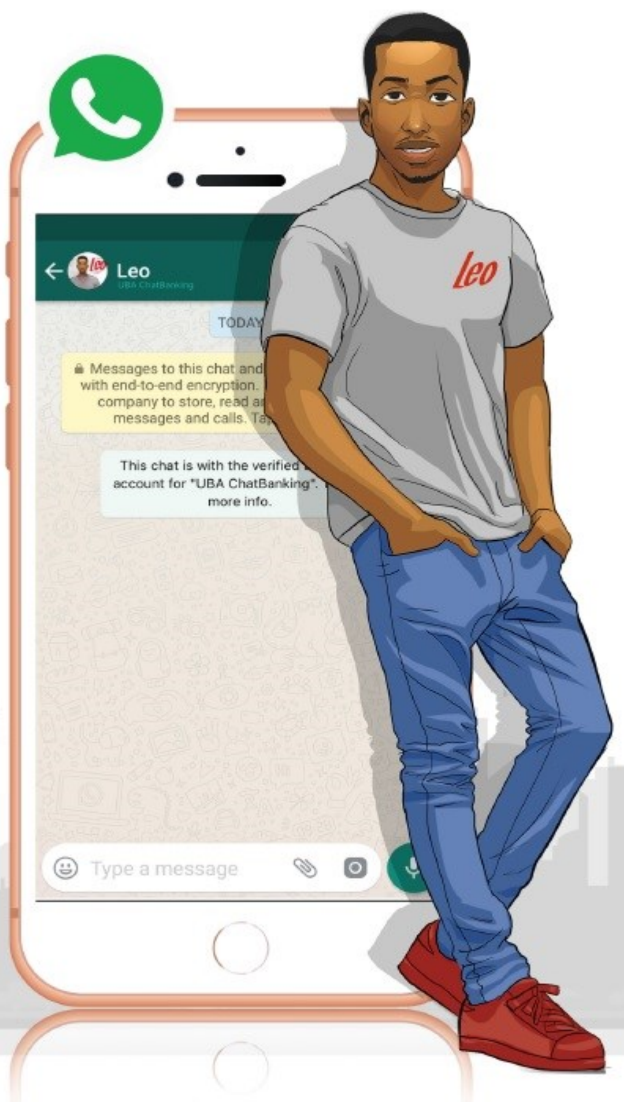

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Adesina Re-elected President of AfDB - 4th President to be Re-elected

On the 27th of August, the Board of Governors of the African Development Bank Group (AfDB) re-elected Dr Akinwunmi A. Adesina to serve a second term as the President of the Bank. The election took place on the final day of the bank's first virtual annual meeting. Dr Adesina, emphasized the need for unity on enabling the continent to better tackle the effect of the pandemic on Africa's economy. He spoke on how the bank had already launched a $10bn COVID-19 Response Facility to support African countries and a $3bn social bond on the global market (the largest US dollar-denominated social bond ever in world history). During Adesina's first term, the AfDB impacted the lives of 335 million Africans; provided 18 million Africans with access to electricity, 141 million people with access to improved agricultural technologies for food security. During his tenure, the bank also provided 15 million people access to finance, 101 million people access to improved transport, and 60 million people access to water and sanitation. Backed by ECOWAS and various African leaders, his re-election better positions the continent on a path of economic recovery.

Political & Social Unrest Pervades Francophone Africa

The ongoing political crisis in Mali continues to worsen as President Ibrahim Boubacar Keita, and his prime minister were recently arrested and forced to resign. Soldiers seized the President from his home as part of a coup. This came after months of mass protests against alleged corruption and worsening security in the country. The ECOWAS and UN condemned the military takeover, called for the immediate release of the government officials and restoration of constitutional order. The condemnation is because the military takeover will lead to the country falling into further chaos. It would also result in a decline in various socio-economic factors in the country.

In addition, this could trigger an increase in violence across francophone Africa that are experiencing similar situations. Tensions in Côte d'Ivoire are escalating after President Alassane Ouattara announced he would run for a third term in office and in Guinea where President Alpha Condé was nominated by his party to run in the October presidential election. If these countries decide to take a similar path to Mali, it could throw their countries into anarchy. The effect would be unimaginable on the citizens of these countries. They will see a deterioration of the overall state of their countries and an increase in the poverty, unemployment and mortality rates.

Militants seize port in Mozambique

The Jihadi militants, Ahlu Sunnah Wa-Jamaa, struck again recently; seizing control of a major port in the Mozambican city of Mocimboa da Praia. The take-over occurred just hours after a prolonged gunfight between the militants and marines stationed at the region. The Jihadi's proving too formidable through their superior tactics and sheer numbers caused the marines to retreat. This comes as a blow to regional authorities because the port is a hub for a number of activities including distribution of cargo to natural gas projects operated by Total. Each project is worth an estimated $60bn. Concerns on the military's inability to overcome the national security threat have amplified.

UN Ramps up Food Assistance as DRC Faces Hunger Crisis

The Democratic Republic of Congo is now the second hunger hotspot in the world after Yemen. This is because years of armed conflict, political tensions and epidemics have left many displaced thereby worsening hunger crisis in the country. In an effort to curb the alarming hunger and starvation rate, the United Nations food relief agency announced the launch of a new emergency operation in the DRC. The operation is expected to triple food aid for affected war-torn provinces in the country. In addition, $170million has also been requested to support the operation for the next six months to sustainably provide food to about 8.6 million people.

Glencore Supports the Fair Cobalt Alliance against Human Rights Abuses In DRC

Glencore, a Switzerland-based multinational mining firm, backed the Fair Cobalt Alliance (FCA) which was launched on August 24th. The FCA aims to support communities and improve mining conditions in the Democratic Republic of Congo (DRC). DRC accounts for 60% of the world's cobalt, a critical raw material in batteries. However, 10% of their cobalt comes from informal miners that dig with hands, including children. The FCA and its members, which include Glencore, aim to positively transform small-scale mining in the DRC, eliminate child and forced labour and support and improve household income in the country.

However, due to an expected increase in the demand for cobalt as the world switches to cleaner energy, there is a risk that of an increase in poor working conditions with global cobalt supply not meeting the projected demand.

Africa and Netflix

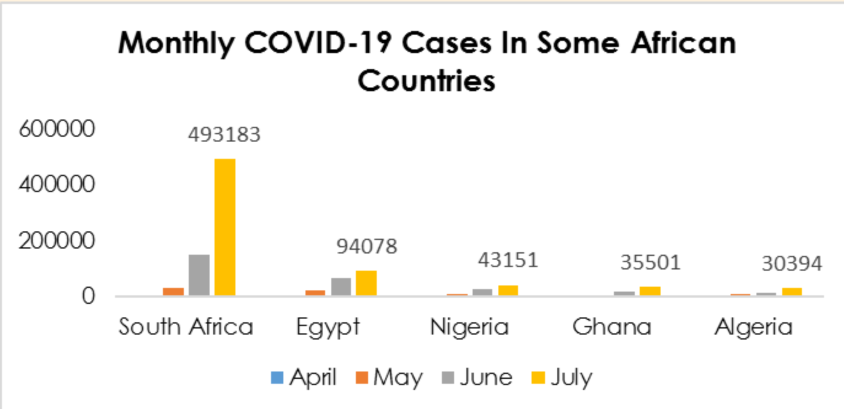
Africa has recently been in the spotlight, as it has become a growing hub for the entertainment industry including music, movies and fashion. At the time of the pandemic, when people are confined to their homes for entertainment, Netflix Africa came to life. Since people no longer have their usual weekends of fun with family and friends at the park, malls, cinemas or concerts, they now amuse themselves through streaming platforms like Netflix.

Netflix has become a quick and easy source of entertainment to people. As one of the most prominent online streaming platforms, with its vast array of movies and series from around the globe, Netflix subscribers in July jumped by an additional 10 million globally. According to a survey, an estimated 11% of the 4.6 trillion internet users worldwide are from Africa and as development continues in the continent, this percentage and total population could increase rapidly.

Netflix Africa has gained a huge momentum as a lot of Nollywood movies like Wedding Party, King of Boys and Lionheart are now on the platform. Blood & Water, a very popular South African series, has attracted the interest of many South Africans and other African subscribers. Apart from the increased revenue for Netflix, this collaboration would also have a positive effect on the continent's cinematic industry. The African film industry will be forced to drastically improve the quality of their shows and films so that it competes with international movies.

African Countries Reopening amid the Covid-19 Surge: The Cost & Benefit?

African countries have deteriorated sharply since the covid-19 pandemic and this is in tandem with the global economy. The African Development Bank projects an economic contraction of -1.7% (2020) for Africa from its pre-covid-19 projection of 5.6%. The IMF also projects the SSA region to contract by 3.2% while Middle East and North Africa will contract by 5.7%. Due to the negative effect of the lockdown measures, countries started to lift restrictions and partially reopen despite the continuous rise in covid-19 cases and fatalities. The United Nations Economic Commission for Africa (ECA) estimated that for every month of lockdown, the continent could lose up to $65.7bn (2.5% of annual GDP). The goal of the "reopening" is to jumpstart the recovery process into 2021 and return general economic activities to pre-lockdown levels. However, the question now is does the cost of African countries re-opening despite the evident health crisis outweigh the benefits?



The Cost & Benefit

The cost of reopening economies is that, countries could now face a surge in infection cases, which would overwhelm the existing health care facilities. This is due to the inadequate health care systems and low level of preparedness. According to the Global Health Security Index, only 21 out of 54 African nations are clinically prepared to tackle the pandemic.

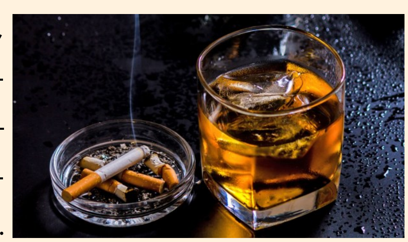
However, the benefit would be that economic activities would slowly return to pre-covid levels, which is positive for rebalancing economies and increasing aggregate output and growth. Some countries have adopted different approaches to ensuring this balance: for example, Nigeria and South Africa have taken a phased approach to reopening their economies. The gradual reopening of the economy will enhance the recovery of important sectors such as aviation, transportation, tourism, manufacturing and agriculture as well as help drive economic recovery in 2021. This will in turn slowly reverse the negative impact of the pandemic on poverty rate, unemployment, foreign direct investments and international trade activities.

Therefore, this reinstates the need for countries to:

- Scale up testing and tracing of covid-19 cases while economic activities are operational.
- Phased easing of the lockdown measures with strong enforcement of adherence to preventive measures laid down by the government.

South Africa Lifts Ban on the Sales of Alcohol & Cigarettes

On August 18, South Africa lifted its ban on the sales of alcohol and cigarettes. The country has the highest number of cases in SSA with a total of 592,144. To curb the effect of the virus, the President had earlier prohibited the sale of alcohol and tobacco to prevent people from sharing cigarettes and reduce the amount of alcohol-related injuries. However, with the daily cases declining, President Cyril Ramaphosa announced that restrictions would be eased. Bars can now re-open. Nevertheless, there is still a 10:00 pm curfew and wearing a facemask is compulsory in public areas. International borders will remain closed, and gatherings are still capped at 50 people.



The announcement comes as good news to businesses that benefit from the sale of cigarettes and alcoholic beverages. It would reduce the degree of contraction in their revenues by Q3'20/Q4'20 and could also aid the recovery of the South African economy, which was already in a recession before the pandemic.

South African State-Owned firms Request COVID-19 Bailouts

State companies in South Africa have requested for funding from the government to ease the impact of the pandemic. The South African Post Office, the South African Broadcasting Corporation (SABC) and the Airports Company South Africa (ACSA) requested for $292.87mn, $89.65mn and $209.19mn respectively. Denel, another state-owned company, also faces the risk of being liquidated, although they are not planning to seek the government's assistance. With anticipated economic contractions, lack of resources available for government departments and the unproductive performance of these state-owned companies, it is unlikely that the government will grant these firms their request.

Cameroon Battling Insecurity on Multiple Fronts

The Cameroonian government has announced that it is increasing security along its borders with the Central African Republic (CAR) and Nigeria. The announcement was after a rise in militant activities, especially on the Nigerian border. In recent months, Boko Haram has become progressively active in Northern Borno state, killing over 75 people in an attack on Gwoza. There has also been an increase in abductions along the Central African Republic border. Jean Abate Edi, governor of Cameroon's North region, visited Pakete, which is on the border with Nigeria, to make sure that the border is immediately secured. He has also announced the prohibition of specific vehicles from transporting goods into Cameroon from Nigeria and a reinforcement of the military along the Nigerian border. These measures are aimed at reducing the transportation of illegal and prohibited goods through the country thereby reducing insecurity across the nation and its borders.

Oil spillage in Mauritius

A Japanese ship, loaded with an estimated 200 tons of diesel and 3,800 tons of oil split in two in the Southeast of the Indian Ocean tropical Island of Mauritius. The Mauritius National Crisis Committee confirmed this. At least 1,000 tons of oil have emptied into the lagoon and the Mauritian Government announced this as a national emergency. The operation to clean up the lagoon has commenced.

Mauritius is an Island that is famous for its blue, clear waters and vast aquatic life. The oil leak into the water is a huge threat to marine life because the chemicals in oil are toxic to plants and animals. It will also negatively affect the lifestyle of people living in the Island.

Corruption Allegations in Mauritania

Mauritanian President Mohamed Ould Cheikh El Ghazouani just recently shuffled his cabinet and replaced his prime minister. This was after the release of a Parliamentary Enquiry report into corruption. The report was done as an investigation into the activities of the former Head of State, Mohamed Ould Abdel Aziz.

According to the Head of North Africa Risk Consulting (NARCO), the report was devastating and a real watershed moment for Mauritania. It named names. It linked them to specific crimes and recommended that the perpetrators be prosecuted. In addition, the matters discussed in the report included poor handling of oil revenues, sales of state owned property, activities of the Chinese fishing company, Pully Hong Dong, and the liquidation of a state-owned firm that supplied food products.

President Mohamed Ould Cheikh embarked on this exercise to distinguish his government from that of Aziz. He succeeded Aziz, a former army general in August 2019. A new government including 23 ministers has been announced.

Zimbabwean President Vows to "Flush Out" Political Opponents

The President of Zimbabwe raised eyebrows when he vowed to flush out his opponents in a televised speech. Mnangagwa labelled the main opposition party as terrorists. In his opinion, the opposition seeks to weaken the systems, promote hate and disharmony in the country. Sequel to his speech, more than 20 people have been arrested during anti-government protests including an award-winning Zimbabwean author Tsitsi Dangarembga.

Zimbabwe is currently in a crisis with an inflation rate of over 800% as at July 2020 and a negative growth rate of -6.5% as at 2019. With the harsh living conditions and deteriorating economy, Zimbabweans have taken to the streets to protest against the government. Some of the allegations include corruption, human rights abuse and economic mismanagement. Even though the government attributes the persistent decline in economic growth to currency manipulation and western sanctions, this state of the economy will worsen as political unrest, violence and protests continue. The World Food Programme also projects that because of the unrest, nearly two-third of the population will need food aid by the end of 2020.

Equity Bank Expands Into the DRC

Equity Group Holdings Plc, also known as Equity Bank, confirmed its acquisition of a majority stake in the Congolese Lender Banque Commerciale Du Congo (BCDC), the oldest bank in the Democratic Republic of Congo (DRC). It acquired the stake at a discounted price of $95 Million.

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September last year, Equity Bank announced that it had agreed with George Arthur Forrest and Family, the previous owners of the majority shareholders, to acquire all 625,354 of their shares at a price of $105 million. The acquisition makes Equity Bank the second largest commercial bank in the DRC. It also provides a high growth potential for the firm as financial inclusion and banking penetration across the country is low. It will also allow Equity Bank add more corporates to its customer base. The acquisition has also increased the influence of the Nairobi based company in the economic activities. Therefore, any significant positive or negative activities within the DRC could considerably affect the bank.

Africa Needs Industrial Development – The Problem of Infrastructure Deficit!

Infrastructure deficit is one of the structural bottlenecks impeding Africa's industrial growth and development. With many African countries still battling poor electricity and inadequate transport networks (road, water, rail and air), the continent needs about $100bn to bridge the ***infrastructure deficit-industrial development*** gap. In 2012, the Program for Infrastructure Development in Africa (PIDA) was created to address this issue before 2040 but it has proven quite insufficient as the problem persists, even in dominant countries within the SSA region – South Africa & Nigeria.

Research shows that there is a negative relationship between infrastructural deficit and industrial development. Meaning that low-income countries are likely to have a wider ***infrastructure deficit-industrial development*** gap. Out of the 54 countries in Africa, 27 are low-income countries, which corroborates this view. Infrastructural development is a stimulus to long-term growth especially in the industrial sector. Therefore, if the problem is addressed, the pace of industrialization within the continent will pick up and in turn spur growth.

Implications

- **Increase in cost:** poor power supply and transportation would increase the cost of operations for industries as well as raise the cost of moving raw materials and final output across markets (domestic and regional). It could also adversely affect profitability and general industry activities.
- **Lower Investment Inflows:** An unfavourable business environment owing to high cost of production would taper investment flows especially to players within the industrial sector. This would further slowdown the pace of industrialization thereby negatively affecting GDP growth and aggregate demand.
- **African continental free trade agreement (AfCFTA):** Infrastructural bottlenecks could be a major limitation to the AfCFTA, which would dampen the effectiveness of the agreement. This is because supply chain and distribution activities across countries could slow down significantly. This could also affect intra-regional trade among African countries.

The Way Forward

For growth to increase in Africa, countries need to boost the process of industrialization internally and this means addressing infrastructural deficit. Addressing infrastructural bottlenecks could help attract FDI, boost trading activities, help in the successful implementation of AfCFTA and possibly improve the industrial activities. This could in turn lead to industrial development in Africa. In addition, this is likely to have a multiplier effect on other sectors like agriculture in various African countries, which is positive for employment.

Technology Cost takes larger share of Business Budgets: Implications for MSMEs in Africa.

An attendant effect of the covid-19 pandemic was the transition of many businesses towards digital platforms. Most businesses are utilizing digital resources and technological innovation to sustain their day-to-day activities, maintain cash flow and minimise the impact of the pandemic on their overall activities. Shopify, which offers prebuilt websites to sell products online, reported a 53% increase in the creation of websites between March and April.

With virtual meetings rapidly replacing physical meetings and many companies adopting the new normal of work from home, the technology costs have taken a large share of company budgets. Payment plans for video conferencing platforms, internet data and cost of setting up an online store are now part of business operating costs.

Furthermore, the problem of inadequate funding and poor internet infrastructure poses a great challenge to African MSMEs as they cope with this new normal. The pandemic raised the need for most MSMEs to develop a platform for conducting transactions without physical contact thereby raising cost of technology.

Implications

Credit gaps of small businesses are expected to widen due to their rising costs and declining income. The credit gap for formal MSMEs is estimated above $100 billion across Africa. Businesses may now have to employ more web developers and delivery companies as well as spend more on internet. In addition, MSMEs are likely to see a delay in payment for their goods and services due to constraints on consumer income despite the use of technology to augment sales.

MSMEs contribute more than 70% to total employment in Africa. This therefore implies that the rising cost of technology is likely to affect the rate of employment. This is because revenue generated that could be used to employ or keep staff members is going towards/replaced by technology costs. Africa's unemployment rate is expected to rise owing to this trend of rising technology cost, declining revenue and other negative impact of the pandemic on business activities.

Conclusively, online sales by businesses owing to pandemic restrictions may have slightly improved MSMEs revenue but it is not enough to make up for the partial reopening or total closure of businesses. The good news is that, subsequently, these MSMEs could reap a long-term benefit from the technological innovations in spite of the short-term costs and the current negative impact. This is because the world, including Africa is in a digital era. For example, a business that sets up an online store during the covid-19 period to sell its products could gain additional revenue post-covid 19 when business activities return to normal.

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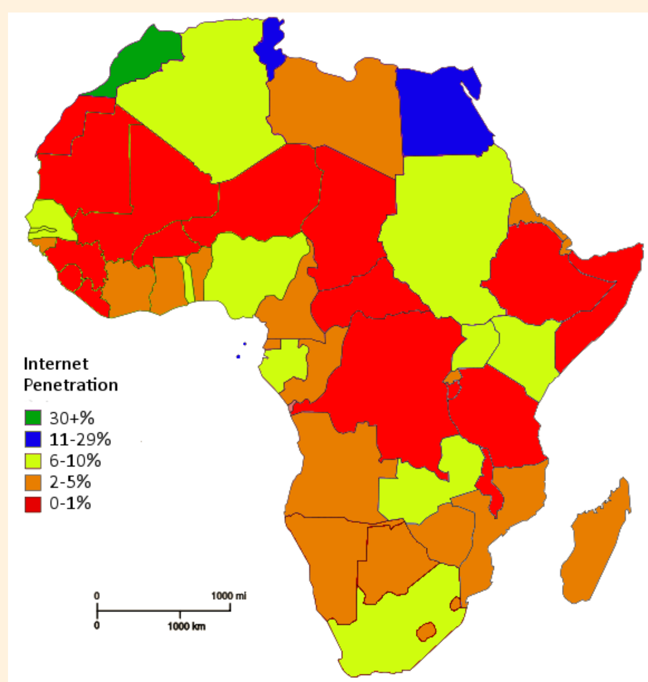
Africa/internet Access: the cloud above – culled from FT

Google's Loon project in Kenya is a test of whether the balloon-based service can be profitable. Floating 12 miles above the earth, high above commercial aircraft, internet balloons offer the possibility of online connection for hundreds of millions of people living in emerging markets. Loon, a subsidiary of Google's parent company Alphabet, has launched its first commercial project in Kenya. Success will lead more countries to seek a deal. Loon has already proven that its polyethylene, solar-powered helium balloons work by providing internet access to hurricane-hit Puerto Rico. Kenya is a test of whether the service can be profitable. Cheaper than digging cables, the balloons use algorithms to navigate air currents and stay in one place, beaming 4G internet signals down to remote areas.

Like self-driving car company Waymo, Loon is a graduate of Google's moonshots R&D lab. The unit could do with some good publicity. New Alphabet boss Sundar Pichai has implied that costs connected to the company's "other bets" need to fall. Offering internet access to emerging economies is a worthy, and potentially lucrative, goal. Poverty and low population density in emerging markets stymie online access while US tech giants that have saturated home markets are keen to sign up new customers. As well as services, access would provide more personal data — so long as governments refrain from implementing new privacy laws. While Google reaches for the sky, Facebook has stayed closer to earth with Free Basics, which works with local telecoms companies to give users access to certain internet sites — including Facebook — for free. It is also working with multiple partners, including China Mobile International and Vodafone, to build submarine fibre-optic cables that will connect Europe, the Middle East and Africa.

Across Africa, online access varies widely. Nigeria has almost 124m internet users, making it one of the world's biggest online populations. Countries such as Tunisia and Ghana have more mobile subscriptions than people. Yet according to the International Telecommunication Union, a UN agency, internet access costs are still too high for the majority of people in the continent. Just over 25 per cent of the sub-Saharan population is online, according to World Bank data.

A project to achieve universal internet coverage by 2030 could cost $100bn, says working group Broadband for All. The shorter-term target to double broadband connections between 2016 and 2021 will cost $9bn. For US tech companies, however, the chance of winning more users make it worth the investment.



Country Scope

Rwanda

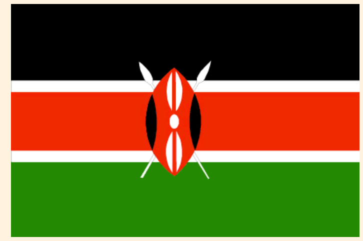
- ***US Donates Ventilators to Rwanda***
- ***AfDB Commits $98 Million to Rwanda For Multisector COVID-19 Response***

The United States, through the US Agency for International Development (USAID), donated 100 state-of-the-art ventilators to Rwanda to assist the country in the fight against COVID-19. In addition to the ventilators, the US will also provide training to guide doctors and nurses in effectively utilizing the technology to cater for critically ill patients that will require these ventilators. Rwanda, which has suffered five deaths from the 2,111 confirmed cases, could be able to reduce the death toll of the virus with the proper use of these ventilators. The donation and training will also reduce the amount of money the government had planned to spend on acquiring this technology, allowing the government to focus resources on other sectors of the economy that have suffered from the outbreak. In conclusion, other sectors will indirectly benefit from the aid given by the US

Total COVID-19 Cases	4,374
Life Expectancy Rate	70.0
Next Election	August 2022

On July 24, the African Development Bank (AfDB) approved a concessional loan of $97.675 million to Rwanda to strengthen its national budget as it works to reduce the effects of the COVID-19 pandemic on its country. To counter the impact of the pandemic, Rwanda took a swift and purposeful decision to suspend domestic and international travel, impose social distancing and later on, force a total lockdown of the country. As a result, various sectors of the Rwandan economy suffered huge revenue losses. Individuals in both the formal and informal sectors lost their jobs and means of livelihood.

Kenya



- **S&P downgrades Kenya's outlook**
- **Kenya offers 5-yr,10-yr and 15-yr bonds for sale**
- **U.S. and Kenya formally launch trade deal negotiations**
- **Kenya seeks budget support amid COVID-19 corruption scandal**

S&P revised Kenya's outlook from 'negative' from 'stable' due to the covid-19 pandemic which is expected to drag the country's growth in 2020 and also negatively affect the country's fiscal buffers. The agency stated that the country's twin external and fiscal deficit in 2020 would be funded with the aid of financial support from organizations such as the IMF. This negative outlook is unfavorable and may raise the country's cost of borrowing in the international capital market. In addition, a negative outlook is a disincentive to investors, which could taper investment flows and ultimately decrease the country's aggregate demand and economic growth.

The Central Bank of Kenya (CBK) on July 9 announced its plans to sell 5-year, 10-year and 15-year bonds in order to raise 60 billion shillings ($561.53 million). Bids for the bonds were received through July 21 and auction started July 22. This additional means of finance for the Kenyan government is to increase revenue and address the country's budget deficit (7.5% of the country's GDP). This move could raise the government's capacity to finance capital projects as well as strengthen its health sector, which will help in its fight to curb the spread of covid-19. Increased government expenditure is favorable for the country's GDP growth.

Total COVID-19 Cases	35,103
Life Expectancy Rate	67.5
Next Election	2022

The Kenyan and United States governments through their trade ministers launched negotiations for a bilateral trade pact on July 8. Kenya is already tied to a trading deal with the United States through the Africa Growth and Opportunity Act (AGOA), which runs until 2025 and permits Sub-Saharan African nations to export some commodities to the US without restrictions such as tariffs and quotas. The recent bilateral trade deal is to ensure continual trade relations with the United States, which is positive for Kenya's export revenue, balance of payment. Total two-way goods trade between the US and Kenya was valued at $1.1 billion in 2019 up 4.9% from 2018. This will boost Kenya's foreign trade contribution to GDP (valued at 36.2% as of 2018) and the overall export earnings.

According to the Treasury Cabinet Secretary, Ukur Yatani Kanacho, the Kenyan government is in talks with the World Bank for a loan to provide additional budget support, after receiving $1bn in May and $750mn package in 2019. He spoke about how the areas covered in the financing and loan amount are yet to be finalized. He also said that the loan would likely not be given this year. With the country's current budget gap at $7.8bn (7.5% of GDP), the requested assistance aims at financing agricultural inputs and providing affordable housing. Furthermore, it also aims at improving transparency in public financial management to tackle ongoing COVID-19 corruption scandals.

Ghana

- ***Ghana GDP grew 4.9% y-o-y in Q1'2020***

- ***Morocco's OCP Group to commission plants in Nigeria and Ghana***

The GDP growth rate of Ghana slowed to 4.9% in Q1'2020 compared to 6% in Q1'2019. This was primarily driven by the expansion of the ICT, Manufacturing, Education and Public Administration & Defence sectors. Meanwhile, the IMF projects a 1.5% GDP growth for Ghana in 2020 due to the coronavirus pandemic while growth will rebound in 2021 to 5.9% driven by the service and industrial sector. A positive economic outlook is good for the country's growth and development. It will positively affect investor confidence thereby raising industrial sector activities and contributing to the employment levels. In addition, a projected GDP growth rate of 5.9% will rank Ghana as one of the fastest growing countries in SSA.

Total COVID-19 Cases	44,777
Life Expectancy Rate	64.9
Next Election	December 2020

The Morocco's OCP Group is expected to commission a fertiliser plant in Ghana and an ammonia plant in Nigeria by 2024. The company, which is the world's largest phosphate exporter, plans to raise its global output capacity by 2 million tonnes through the projects. OCP's phosphate and fertiliser export stood at 9.5 million and 9 million tons (1.8 million to Africa) in 2019. The company currently supplies 28 blending plants and aims at more blending plants in Nigeria, Ethiopia, Rwanda and Ghana to customise fertilizers based on different soil requirements. However, a drop in international prices and low market demand led to a 3% decline in revenues to $3.3 billion in 2019.

The fertiliser plant is a positive for agricultural development in Ghana. It will help raise the country's agriculture contribution to GDP and agricultural exports. This will improve production and welfare of farmers especially in Ghana. Agriculture contributes about 54% to Ghana's GDP, 40% to its export earnings and provides jobs for about 52% of the labour force. Expansion in the agriculture sector will positively affect employment rate and help the country's balance of payment and external reserves.

Travel & Aviation

- **Kenya Airways Resumes International Air Travel, Cargo Flights Continue**
- **Ethiopian Airways is back in business, joins the cargo trade bandwagon**
- **SAA still bail out stalled**
- **RwandAir reopens its skies**

Kenya Airways resumed international air travel on August 1 to over 1,122 routes after it stopped operations to international routes in March. In April, amidst the pandemic and lockdown, the airways began cargo flights, delivering mining products, fresh fruits, vegetables and pharmaceuticals. At the time, Kenyan airways had flown over 10,000 tons of cargo just to keep the trade afloat. Cargo flights have been an alternative way for airlines to garner income while the world was in a lockdown. Post-lockdown, amid the resumption of international flights, the airways is continuing the cargo trade. It plans to keep relieving demand where it can and keep the revenue cycle ongoing. The linkage effect is a boost in the employment of airline operators including pilots, hosts, and possibly trading activities like restaurants and driving services.

Ethiopian Airlines, the largest airline in Africa has also resumed flight operations. In addition, it has now given the green lights to cargo flights to generate additional income. The carrier resumed services to Dubai in July as the country reopened for leisure travelers. The airline announced that it would be resuming services to several destinations as lockdown restrictions ease globally. Operations have also resumed in Djibouti bringing resumptions to over 40 destinations. Ethiopian airlines is currently the fourth largest airline by number of countries served, it provides services to all continents except Oceania.

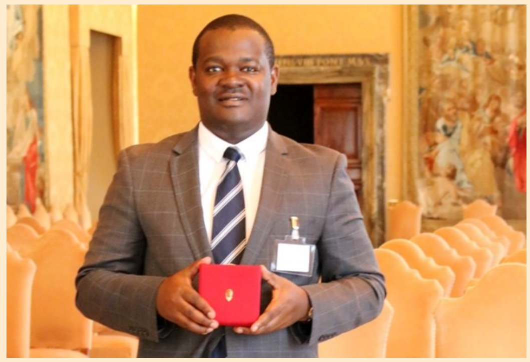
South African Airways is still in a dire state as lenders (commercial banks) have stalled payment of the $307mn (5.3billion rand) requested as bailout by the airline administrators. The airline has not made profit since 2011. It has been surviving on government bailouts and administrators are unable to handover the business to management because it is insolvent. With the current surge of covid cases in South Africa (538,184,), the highest in Africa (1,011,876), the South African government is torn between managing the health crisis, negative growth and low standard of living for the South African population.

After four months suspending international travels, Rwanda finally reopened its airports to travelers on August 1. The President announced that airports would adopt the various procedures to ensure the safety of passengers and avoid an increase in infection cases. The government also set guidelines requiring travelers to be tested for COVID-19 within 72 hours before departure and receive a second test upon entry into the country while being quarantined until results have been concluded. The effect of the COVID-19 outbreak and restrictions set on travels has adversely affected the Rwandan economy. Rwanda is known for its dependence on tourism. The sector is as one of the country's primary source of foreign exchange earnings, and due to the suspension of international travels, tourism suffered a significant decline in revenue.

As the government reopens to international travels from specific countries, airlines and tourism companies that have been negatively affected expect business to improve gradually. This would positively affect the state of the Rwandan economy.

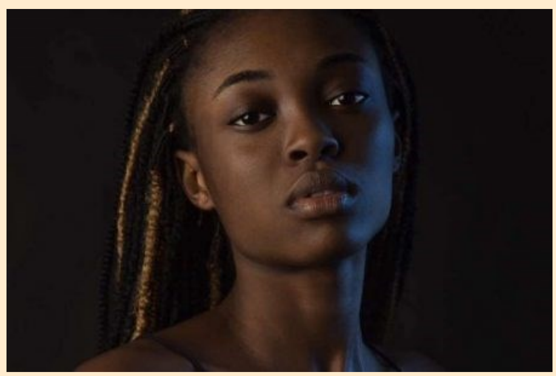
Social Precinct

Professor Noble Banadda – The first African to win the Pius XI Medal



Noble Banadda a professor of Makerere University, Kampala, Uganda has become the first African to receive the Pius XI medal. The recognition award for his outstanding researches in science and engineering. The Pius XI medal is awarded by the Pontifical Academy of Science bi-annually to any scientist under the 45 years for his/her contribution to the academic body of science and engineering. Professor Noble is the 32nd recipient of this award amongst other academics from France, India, Brazil, Sweden, UK and the US.

Yehoda Adukwei the 19-year old film director from Ghana



Yehoda Adukwei Hammond is a 19-year old third year film-directing student at the National Film and Television Institute in Ghana. Her recent work, Worlds Apart was featured at a short film competition held in Accra Ghana. The Ladima Foundation in partnership with the DW Akademie announced its winners for the African Women in the Time of COVID-19 Short Film Competition. Yehoda's short film ***Worlds Apart*** was selected as part of the top 10 out of 200 women from 18 African counties. The competition was done to encourage African women to share their unique stories about the personal, economic and social impact of Covid-19 in Africa. Yehoda is currently the interning as a second assistant director with Esse Studios, an Accra based film production.

Bukayo Saka is Arsenal's third best player of the 2019/2020 football season

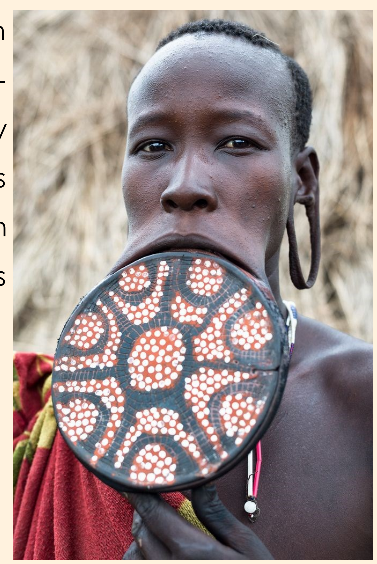
Saka a Nigerian international footballer was voted as Arsenal's third best player of the 2019/2020 football season. The premier league club officially announced this after the 18-year-old player won 10% of the final votes decided by Arsenal fans worldwide. Saka had a wonderful season and he underlined his unique versatility as he played different positions from left back to central midfield during the season. He scored four goals, provided 12 assists and crowned his performance with an FA cup medal after Arsenal's 2-1 victory against Chelsea.

Ancient African cultures that still exists

Africa has a population of 1.2billion people in 54 countries and an estimated 3,000 tribes. From the Wodaabe tribe to the Mursi people, it is not farfetched to say that the continent is filled with thousands of traditional and cultural practices. Some of which are have been in existing for over 50 years and will leave you shocked. Here are a few that caught our attention:

⇒ **The lip stretching of the Mursi – Ethiopia**

In the Mursi tribe, it is a norm for women to wear large pottery or wooden plates in their lower lips. The lip stretching process involves removing the lower teeth so it accommodates the lip plates, which are increased annually until it becomes a big size. When a Mursi girl reaches 15/16, her lower lip is cut by her mother or any older woman, the cut is left open by a wooden plug or plate for about three months till it heals. Some men can also do this exercise, but this time the plates are inserted in their ear lobes.

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⇒ **The red Africans – Namibia**

The Himba tribe in northern Namibia are known for their unique red skin mixture made with butter, animal fat and red ochre known as otjize. The women in this tribe are popular for their unique look and red skin. Ladies in the tribe start using the red batter as soon as they are old enough to cater for themselves and maintain their hygiene. The red mixture is used on their hair and skin; it is their only make-up kit. The same we use foundation and lipsticks.

⇒ **Bull jumping – Ethiopia**

This practice is known as Hamar and it is simply a test of manhood. Young boys undergo this process to prove that they are of age to be regarded as men in the society. It is a three-day ritual for all boys and it takes place annually. The boys partake in the initiation naked and it involves them running across 15 castrated bulls. Dung is sometimes applied to the back of the bulls to make it slippery, and the task more difficult. If he fails, he will have to wait another year, if he succeeds, he is ready to marry a girl of his parent's choice and start his family.

⇒ **Spitting of the Maasai – Kenya & Tanzania**

This tribe is located in Kenya and Northern Tanzania. The Maasai people view spitting as a form of blessing, greeting, and a sign of respect. Spitting issued to say goodbye or welcome to friends and family members. When greeting a friend, they spit on their palms and then shake hands. When a baby is born, family members will spit on the child as blessing for a prosperous life. It is also done at a daughter's wedding day; her father will spit on her forehead to bless her union.

⇒ **The dance healers - Botswana**

The san tribe are in South Africa, Namibia, Botswana and Angola. They are known for healing dance (trance dance). The community comes together around a fire for hours or even an entire night, led by healers and elders. The healers dance around the fire and chant until they induce a powerful trance-like state. In this state, they are granted access to the spirit world (and are often able to walk over fire). The San healers do not just do this to cure physical illnesses but "star sickness", which they regard as a force that causes jealousy, anger and arguments.

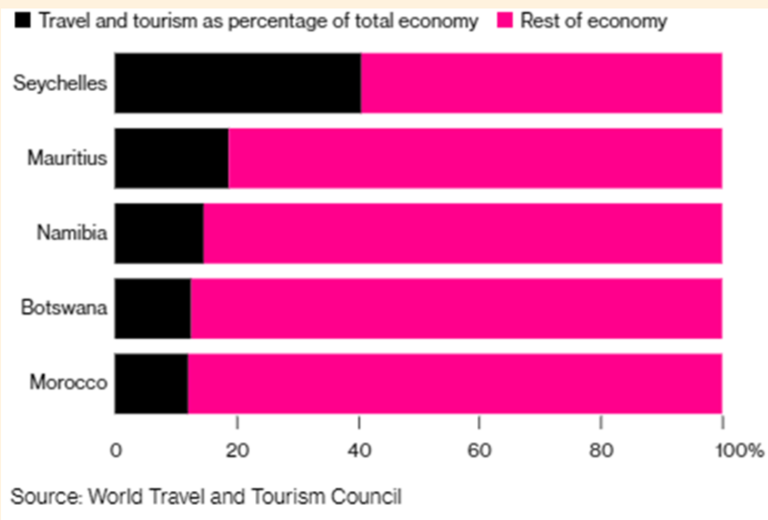
Covid Travel Restrictions Devastate Africa's Tourism - culled from Bloomberg

- *Travel, tourism contributed $168 billion to Africa in 2019*
- *The coronavirus pandemic is keeping millions of tourists away*

Global restrictions on travel have dealt a devastating blow to African nations who depend on tourists and their hard currency to support an industry that employs millions of people on the continent. National carriers in Mauritius, Kenya and Namibia ran into more financial trouble as flights were grounded. In South Africa, listed hotel group, Sun International Ltd., announced two of its casinos would not reopen after the country's coronavirus lockdown ends. Kenya expects the number of flight passengers to fall by about 1.6 million and losses of as much as $511 million in hotel-room revenue if the pandemic persists. the following charts show the importance of the tourism sector to parts of the continent, as well as the pain the lockdowns have caused.

Adding to Output

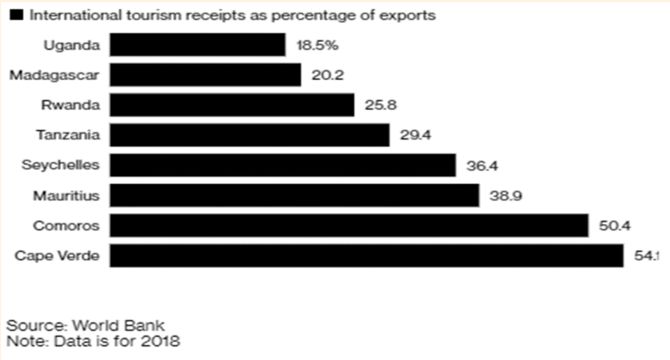
Travel and tourism contribute 10% or more to many African economies



Travel and tourism contributed $168 billion to African economies last year, according to the World Travel and Tourism Council. Island nations including Mauritius and Seychelles rely heavily on travelers for revenue.

Income Generator

Tourism is a key source of foreign income for many countries. Several African economies

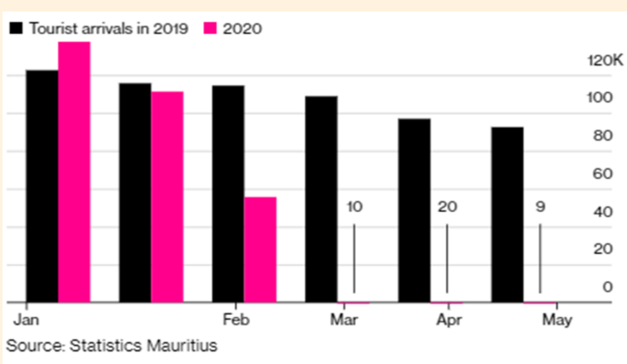


without mineral resources and oil have managed to monetize their beaches and wildlife. Uganda and Rwanda are popular destinations for mountain gorilla trekking, while Mauritius, Seychelles and Comoros have drawn millions of tourists seeking seaside holidays. Spending by these visitors, a key source of revenue has dried up since March.

Rwanda 2019 Tourism Revenue Up 17%, Boosted by Gorilla Trekking

Drop in Visitors

Less than 40 tourists arrived in Mauritius from April through June



In 2019, the number of visitors to Mauritius was about 1.4 million - that was more than its population of 1.3 million people. The picture changed when the Indian Ocean island nation imposed a lockdown from March 20 and arrivals for April, May and June were almost zero. The country recorded its last Covid-19 death on April 27, but that will not be enough to get tourists back. Its national carrier, key to transferring the guests, was placed under voluntary administration and travel restrictions remain in Mauritius' biggest source-markets including France and South Africa.

Shut Down

Lockdown restrictions wiped out South Africa's hospitality industry income.

In South Africa, the impact of restrictions on the movement of people and business also showed up in domestic-tourism numbers. Income from accommodation fell 99% during the first full month of the lockdown, and has yet to recover. The crash in food-and-beverage sales eased slightly in May as restaurants opened for delivery, but a renewed ban on the sale of alcohol could further weigh on the industry. Travel for leisure is still only allowed within provinces.

Financial & Economic Indicators

Country	GDP Annual Growth Rate (%)	Inflation (%)	Life Expectancy (Years)	Unemployment Rate (%)	Exchange rate (per $)
Angola	-1.8 (Mar'20)	22.93(Jul'20)	62.2	32.7(Jun'20)	621.45 ↑
Botswana	2.6 (Mar'20)	0.9 (Mar'20)	69.9	18.20 (Dec'19)	11.46 ↓
Cameroon	3.8 (Dec'19)	2.40 (Jun'20)	60.3	3.30 (Dec'19)	553.98 ↓
Ethiopia	9.0 (Dec'18)	20 (Aug'20)	67.8	19.10 (Dec'18)	36.58 ↑
Eritrea	3.8(Dec'19)	-16.4 (Dec'19)	67.5	6.5 (Dec'19)	15.38 ↔
Gabon	3.4 (Dec'19)	0.8 (Jun'20)	67.0	19.60 (Dec'19)	553.98 ↓
Ghana	4.9 (Mar'20)	11.40 (Jul'20)	64.9	6.8 (Dec'19)	5.78 ↑
Guinea	6.3 (Dec'19)	11.3 (Jul'20)	62.6	4.3 (Dec'19)	9,673.5 ↑
Ivory Coast	3.8 (Mar'20)	2.70 (Jul'20)	58.8	2.40 (Dec'19)	553.96 ↓
Kenya	4.90 (Mar'20)	4.36 (Jul'20)	67.5	4.90 (Mar'20)	108.33 ↓
Liberia	-2.5 (Dec'19)	22.50 (Apr'20)	65.0	2.00 (Dec'19)	199.38 ↓
Mozambique	-3.25 (Jun'20)	2.8 (Jul'20)	62.1	25.04 (Dec'17)	71.55 ↓
Nigeria	-6.1 (Jun'20)	12.82 (Jul'20)	55.8	27.1 (Jun'20)	383 ↑
Rwanda	3.6 (Mar'20)	11.5 (Jul'20)	70.0	15.4 (Nov'19)	968.5 ↑
Senegal	1.4 (Mar'20)	2.7(Jul'20)	68.9	19.00 (Mar'19)	553.96 ↓
South Africa	-0.1 (Mar'20)	3.20 (Jul'20)	64.9	30.10 (Mar'20)	16.62 ↑
Tanzania	5.7 (Mar'20)	3.30 (Jul'20)	66.4	9.70 (Dec'18)	2,320 ↓
Uganda	1.8 (Mar'20)	4.6 (Aug'20)	64.4	1.8 (Dec'19)	3,686.57 ↑
Zambia	0.2 (Dec'19)	15.5 (Aug'20)	64.7	13.2 (Dec'19)	19.65 ↑
Zimbabwe	-6.5 (Dec'19)	838 (Jul'20)	62.2	4.9 (Dec'19)	83.32 ↔

Source: Trading Economics

Fast Growing Economies

Country	GDP Annual Growth Rate (%)
Ethiopia	9.00 FY'18
Guinea	6.3 Q4'19
Tanzania	5.7 Q1'20

Sluggish Economies

Country	GDP Annual Growth Rate (%)
South Africa	-0.10 Q1'20
Zambia	0.2 Q4'19
Senegal	1.4 Q1'20

Contracting Economies

Country	GDP Annual Growth Rate (%)
Zimbabwe	-6.50 FY'19
Nigeria	-6.10 Q2'20
Liberia	-2.5 Q4'19

- *Tanzania is the fastest growing country in Africa as at 2020*
- *SSA countries likely to recover from the pandemic in 2021*

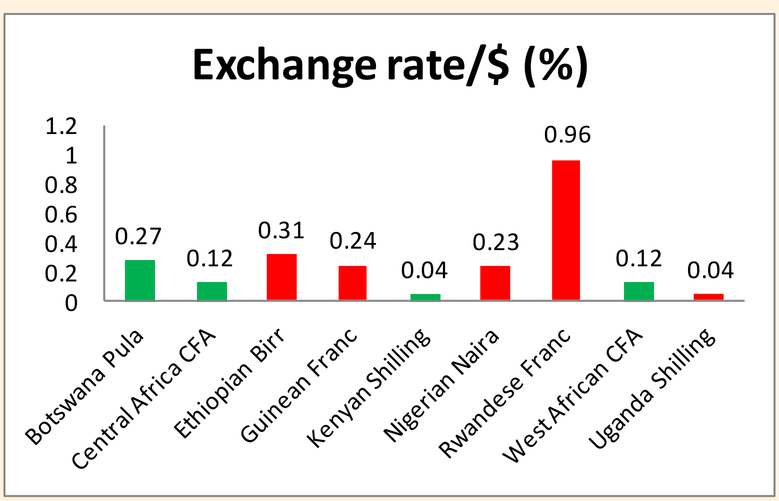
- *Of the 19 African countries tracked;*
- *Rwanda has the highest life expectancy (70 years)*
- *Angola has the highest unemployment rate (32.7%)*

High inflation countries & their interest rates

Country	Inflation (%)	Interest Rate (% pa)
Zimbabwe	838 (Jul'20)	35.00
Angola	22.93 (Jul'20)	15.50
Liberia	22.50 (Apr'20)	25.00
Ethiopia	20 (Aug'20)	7.00
Zambia	15.5 (Aug'20)	8.00
Nigeria	12.82 (Jul'20)	12.50

- *Countries with the highest inflation rates also have high interest rates*
- *Average Inflation rate in SSA is above 20% (23.8%)*

The Exchange rate environment



- *Most major African currencies depreciated against the dollar (except Botswana, Central Africa, Western Africa and Kenya)*
- *Most of the African countries tracked are battling a currency volatility, rising inflation and the health crisis.*