The FDC AFRISCOPE

Volume 2, Issue 5

October 30, 2020

A Financial Derivatives Company Publication
Tel:01-2715414, 6320213; Email: info@fdc-ng.com; Website: www.fdcng.com

TABLE OF CONTENTS

Economics & Policy

SSA's Difficult Road to Recovery - Views from World Bank & the IMF

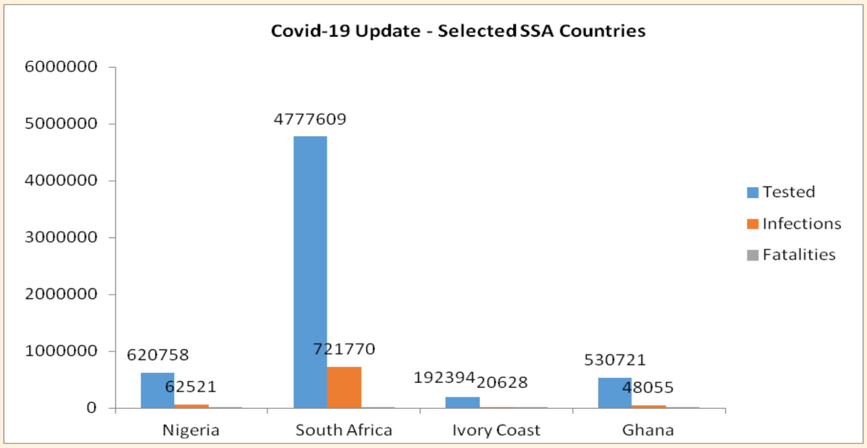
The World Bank has said that Covid-19 has put decades of hard-won growth in the SSA region at risk. The global lending agency is projecting that growth in the region will recover slightly to about 2.1% and 3.2% in 2021 and 2022 respectively. The baseline scenario for this forecast is that the number of infected cases will continue to slow and that fresh outbreaks will not lead to a precision lockdown. More countries in the region will continue to ease movement restrictions even as they endure the impact of the virus in subsequent years.

In addition, the IMF projects a 3% contraction in the region's GDP in 2020, making it the worst outcome on record for the region. The impact will be devastating for economies dependent on tourism and commodity exports. Growth in the region could rebound modestly in 2021 to 3.1%, but for many countries, a return to 2019 levels is unlikely until 2022-24.

Before the recovery, SSA is set to experience its worst growth performance this year due to pandemic, lower oil and commodity prices. The region would lose about $115mn in output. East Africa and Southern Africa may experience a slower growth rate in 2020 compared to West and Central Africa. In addition, about 40mn people could slip into extreme poverty, erasing five years of efforts against poverty. Clearly, the virus could lurk around longer than anticipated. It may likely join the list of ailments like malaria pervading countries in the region.

Several African countries have incurred debts this year from the World Bank and IMF. To ease the debt burden of these countries, the agencies have said that they could suspend debt servicing in 2020 and debt relief from private creditors is needed as well. However, this would only address a meagre fraction of the total debt accumulated by these countries.

COVID-19 update - SSA Country Comparison



As at Oct 30	Nigeria	South Africa	Ivory Coast	Ghana
Infection cases	62,521	721,770	20,628	48,055
Samples tested	620,758	4,777,609	192,394	530,421
Fatalities	1,141	19,164	124	320

Fatalities as a percentage of infected

Nigeria: 1.82%

S.A: 2.66%

Ivory Coast: 0.60%

Ghana: 0.67%

Infected as a percentage of tested

Nigeria: 10.07%

S.A: 15.11%

Ivory Coast: 10.72%

Ghana: 9.06%

Tested as a percentage of population

Nigeria: 0.31%

S.A: 8.10%

Ivory Coast: 0.62%

Ghana: 2.04%

- Nigeria and Ivory Coast have tested less than 1% of their respective populations
- South Africa has the highest rate of testing, but also highest rate of fatalities

Sub-Saharan Africa - Outlook

Policy makers in the region will intensify efforts to mitigate the health, social and economic consequences of the pandemic on their various economies. The overall economic performance of SSA will be heavily influenced by the growth and pace of recovery in the region's dominant economies (SA and Nigeria). Infection rates will keep rising but fatality rates will remain low. In addition, weak global demand, especially from China (Africa's main trading partner) will continue to dampen trading activities and export earnings for various countries. SSA is also expected to experience a significant decline in labour productivity. Unemployment and poverty levels will remain high further weighing negatively on living standards. The EIU estimates the following:

SSA	2020 (%)	2021 (%)
Real GDP growth (%)	-4.4	2.0
Inflation (%)	-8.1	7.9
External debt ($'bn)	635.3	672.7

Inflation in SSA could rise marginally by 0.1% to 8.1% before declining to 7.9% in 2021. The pandemic induced recession coupled with lower oil and industrial raw material prices could checkmate inflation. However, supply chain disruptions would lead to short-term price increases in some countries. In addition, external debt will maintain the rising trend and debt servicing would take a large percentage of 2021 and 2022 country budgets.

East Africa will experience a rather resilient growth performance. GDP growth could decline to 1.1% in 2020 before a modest recovery to 2.9% in 2021. Meanwhile, **Central and West Africa** is set to contract by 4.3% before a slight rebound to 2.1% in 2021.

Ghana to push ahead with London royalty IPO

Ghana, Africa's biggest gold producing country, seeks to raise $500mn from the sale of Agyapa royalties on the London and Ghana stock exchange markets. The country wants to complete the listing of its gold royalty company after its upcoming elections in December. This is aimed at increasing revenue and reducing its dependence on external borrowings. The money raised will be invested in socio-economic infrastructure. Although, the listing is on hold until Ghana's special prosecutor completes a review to check if any elements of the deal are corrupt. This is a big and bold step in the right direction for the country and when it happens, Agyapa will be the first Africa-focused minerals royalty company.

Do more with Ecobank FCY Cards

Take advantage of the higher spend limit on our FCY Cards

CARD TYPE	DAILY ATM WITHDRAWAL LIMIT	DAILY POS/WEB LIIMIT
Ecobank Mastercard Gold USD Credit Card	$2,000	$5,000
Ecobank Mastercard Platinum USD Credit Card	$2,000	$15,000
Mastercard FCY Debit Card (available in USD, GBP and Euro	$1,000	$2,000

To increase your spend limit, please contact your Relationship Manager or reach us via the channels below.

0700 500 0000, 01 270 1323, 0708 065 3700

@ecobank_nigeria
@EcobankNGR

ENGcontactcentre@ecobank.com

ecobank.com

Ecobank
The Pan African Bank

EndSARS Protests in Nigeria - Impact & Outlook

The Nigerian youths account for over 50% of the population (over 200mn). They took to the streets, for two weeks from October 6, clamoring for an end to the Nigerian Special Anti-robbery Squad (SARS). There have been several claims of the special force brutalizing, extorting and killing young Nigerians just for owning iPhones, having dreadlocks or simply looking good. In four years, #EndSARS has trended on Twitter several times leading to the disbandment of the squad four times since 2016. However, they keep coming back and each year the situation gets worse with no serious consequences for alleged killings and extortions.

The peaceful protests which quickly spread across states in the country including Lagos, Abuja, Jos and Enugu gained international recognition. Nigerian Diaspora communities in the US, Europe and Canada supported and joined the protests. In addition, global icons like Hillary Clinton, Beyonce and Lewis Hamilton lent their voices. The IGP disbanded the squad and formed a new agency called Special Weapons and Tactics (SWAT). But the protests continued and youths maintained their demands.

However, it quickly turned bloody on October 20, 2020 at the Lekki toll gate where the youths protesters were massacred. The lights and cameras were turned off, it was dark, they were waving the Nigerian flag and singing the national anthem before live bullets were sprayed in their midst. While some say it was a ploy by government officials to silence the protesters, others are completely numb to the event and are looking for means to migrate out of the country. With the track record of the Nigerian government in terms of accountability and corruption, most Nigerians are living on the hope for a better country.

The African Union denounced the killing of unarmed protesters and the United Nations called for "root and branch" reform of Nigeria's security services. "There is little doubt that this was a case of excessive use of force, resulting in unlawful killings with live ammunition, by Nigerian armed forces," said Michelle Bachelet, U.N. High Commissioner for human rights.

The event shook the nation and President Muhammadu Buhari, after days of silence, addressed the nation calling for protesters to leave the streets but making no mention of the Oct. 20 attack. The aftermath was widespread looting. Hoodlums began destroying both government and private owned properties. Shopping malls, stores, and banks were robbed and destroyed. BRT buses and terminals were burnt down. Economists estimate the loss at about N1.5trn.

Impact & Outlook

The organic growth of the protests seems to have left a lasting impact on the minds of young Nigerians. It looks to have given them respite for a better country. The youths now know the power that they have and the 2023 elections might be very different for the ruling parties.

However, the economic costs of the looting will deepen the economic downturn and delay economic recovery. Domestic commodities prices will likely remain high as the supply chain challenges persist. Business operations would be tough and unemployment levels are likely to spike. This is because individuals working in the burnt down shops, banks and malls have lost their jobs and sources of their income. Cost of living would increase, and in turn, lower aggregate demand and consumption levels.

Investors will be very cautious about putting money into the country. They will likely put a hold on their decisions to invest and this will limit forex inflows. Foreign portfolio and direct investments would continue their declining trend. Capital importation into Lagos and Abuja could also decline, as the states are the hotspot for the protests and killings.

State governments are now saddled with the responsibility of rebuilding and supporting individuals who lost their businesses to the looting. This could mean that funds set aside for other government obligations will now be diverted to this cause. The government, particularly in Lagos, which has the highest number of confirmed coronavirus cases, may reduce health expenditure to begin the rebuilding process. Furthermore, these events and the outcomes put the country in a very sensitive position in the eyes of international organizations like the United Nations, World Bank and the IMF.

Food Insecurity in Africa

Food insecurity is one of Africa's major problems. According to the World Health Organization, more than 73 million Africans are suffering from food insecurity. This is because the agricultural sector in various African countries are facing many limitations to food production, distribution and processing. These issues to the food value chain hinder many countries' ability to feed the population. Constraints include harsh weather conditions, conflicts and political instability.

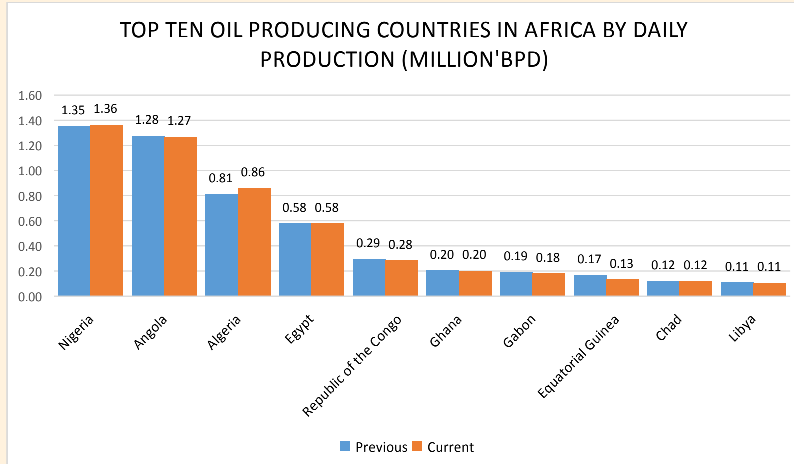
South Sudan, Congo, northeast Nigeria, and Yemen are facing the most extensive food crisis in Africa. Floods in Nigeria have destroyed more than 20% of the rice harvest this year. Eastern Africa has also suffered from a loss in output from locust swarms. In addition to the existing challenges, the pandemic and its attendant lockdown measures increased disruptions in the agriculture supply chain. In addition, due to jihadist attacks, food security is under threat in Mozambique. The World Food Programme (WFP) supported the country with over $4bn to help internally displaced persons in the northern region of Mozambique.

To minimize food scarcity, African governments must take the necessary steps and implement policies that are growth enhancing for their agricultural sector. On April 16, the ministers of agriculture of African Union (AU) member states urged governments to prioritize the agriculture sector as an essential service. Following this initiative, Nigeria increased the share capital of the fund for The Agricultural Credit Guarantee Scheme (ACGSF) from N3bn to N50bn. This was done to increase lending to the agricultural sector and support increased food production.

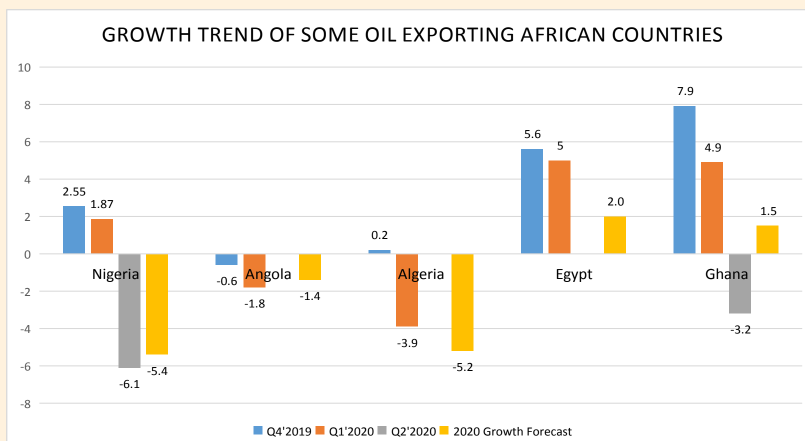
In addition, social protection programs are also important to support active players in the sector like the farmers and traders. This could be in form of cash transfers, food distribution, social grants, wage subsidies, and fee waivers for essential services (e.g. electricity tariffs).

The Future of African Oil Exporting Countries

Oil price volatility and production cuts have been the norm this year. The markets have responded to both positive and negative news including price wars between oil giants (Saudi Arabia & Russia), stockpiles in US crude inventories, US-Iran tensions, OPEC+ supply cuts and the most ravaging, stuttering oil demand. We have seen the price of oil touch an 18-year low of $18pb and then swing back up to $45pb. The effect of the covid-19 pandemic on global energy demand especially from China cannot be ignored. In addition, the incoming transition from fuel to other cleaner sources of energy and use of electric cars in the coming years by top oil importers including Germany and the UK are shaking the prospects of demand for oil producing countries.



Most oil producing African countries are still struggling to manage the effect of the virus on their economies and lower oil prices. Based on factors such as the level of external reserves, and debt to GDP ratio, the Central and West African region appears to be the most vulnerable to oil price shocks. Nigeria is expected to lose over $10bn in revenue if oil prices hover around $30pb. Similarly, the debt burden and the economic performance of Congo-Brazzaville and Angola could worsen as oil accounts for 37% and 55% of their GDP respectively.

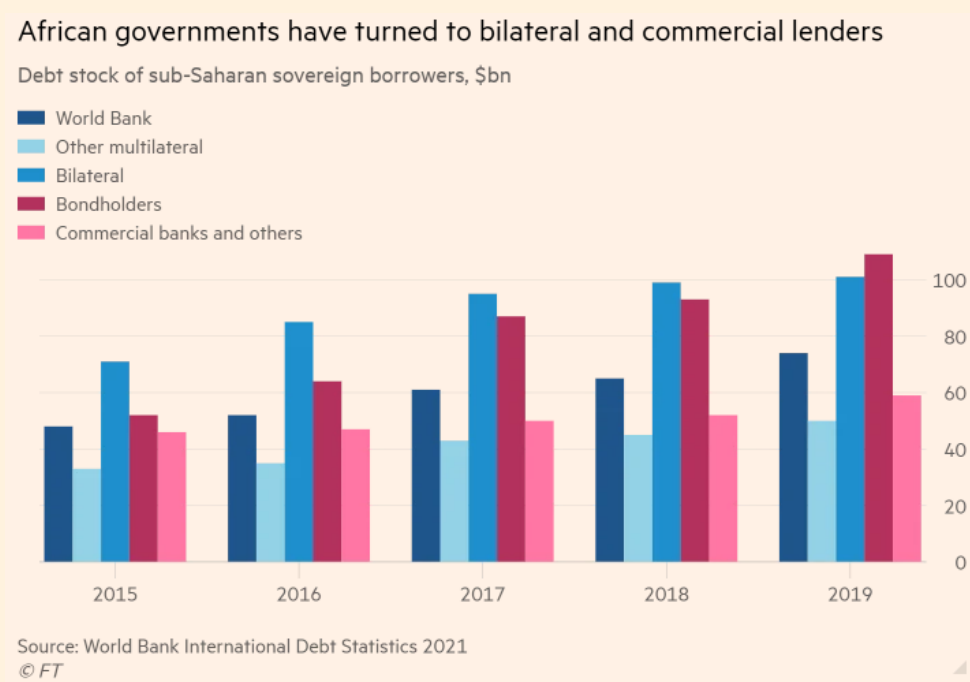


According to the Economic Commission for Africa (ECA), African oil-exporting countries could lose up to $65bn due to the covid-19 pandemic. These unfavourable market fundamentals could spur capital flight and slowdown in investment in these countries. Clearly, oil producing countries in Africa need to diversify their revenue streams to focus more on agriculture and industry. They can also encourage exports of other commodities for which they have comparative advantage.

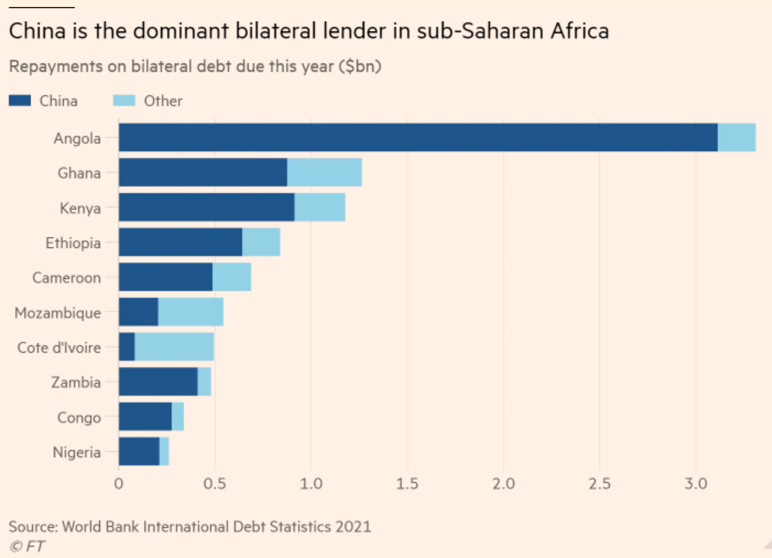

DANGOTE CEMENT
BAG OF GOODIES 2
CONSUMER PROMO
1000 MILLIONAIRES
SPELL D-A-N-G-O-T-E & BE A MILLIONAIRE
9 Millionaires Everyday for 16 Weeks
LOTS OF INSTANT PRIZES
BIGGER AND BETTER
HOW TO WIN
Buy any "Bag of Goodies 2"- Dangote cement- 42.5R, 42.5N, Falcon or BlockMaster
Pick out the scratch card inside the bag
INSTANT WIN
-Scratch and stand a chance of winning any of instant prizes as revealed on the card
-Instant win prize items to include:
Airtime(N100, N200, N500 worth), Dangote food packs, Refrigerators, TV sets, Motorcycles, Tricycles
Keep your scratch card for Spell and Win Star Prize
WEEKLY STAR PRIZE
Each scratch card carries an alphabet + instant win
Each complete set of 7 alphabets "D-A-N-G-O-T-E" wins 1 million naira
9 millionaires everyday for 16 weeks across Nigeria
Multiple entries are allowed, You can win as many times as possible
Look out for over 200 Dangote Cement Redemption Centers across Nigeria to redeem all your prizes
etisalat
airtel
MTN
glo
Approved by National Lotteries Regulatory Commission CPC Approved by the Consumer Protection Council
DANGOTE CEMENT
*All Dangote staff, families and vendors are exempted from this promotion
Customer Care Hotline: 01-460643, 08152093122, 081520193152, 08152093153
E-mail: customercare@dangote.com www.dangote.com
Terms and conditions apply
PLEASE STAY SAFE

African debt to China: 'A major drain on the poorest countries' – Culled from FT

Over the past two decades, China has emerged as the biggest bilateral lender to Africa, transferring nearly $150bn to governments and state-owned companies as it sought to secure commodity supplies and develop its global network of infrastructure projects, the Belt and Road Initiative. But, as Zambia heads for Africa's first sovereign default in a decade and pressure mounts on other debt-burdened countries during the coronavirus pandemic, the crisis has revealed the fragmented nature of Chinese lending as well as Beijing's reluctance to fully align with global debt relief plans. China's share of bilateral debt owed by the world's poorest countries to members of the G20 has risen from 45% in 2015 to 63% last year, according to the World Bank. For many countries in sub-Saharan Africa, China's share of bilateral debt is larger still. Chinese lenders have lent money to almost every country on the continent and eight have borrowed more than $5bn apiece this century. But Beijing's involvement in a debt service suspension initiative from the G20 group of the world's largest economies has been slow. "It's frustrating," said David Malpass, president of the World Bank, this month. "Some of the biggest creditors from China are still not participating and that creates a major drain on the poorest countries . . . if you look at the [Chinese] contracts, in many cases they have high interest rates and very little transparency."



The DSSI offers a moratorium on repayments due on bilateral loans made by G20 member countries and their policy banks to 73 of the world's poorest countries, spreading the repayments over four years. This month, it was extended to June 2021, with repayments spread over six years. China is so far the biggest single contributor to the DSSI, suspending at least $1.9bn in repayments due this year according to an internal G20 document seen by the Financial Times, out of roughly $5.3bn suspended by G20 members for 44 debtor countries. The next biggest contributors are France with about $810mn and Japan with about $540mn. But the extent of China's commitment is unclear. It was due to receive the largest amount this year of any G20 lender, with payments of about $13.4bn coming due from DSSI countries, according to the World Bank, while France and Japan were each due to receive about $1.1bn.



However, those figures do not include about $6.7bn of repayments that the IMF has said are under negotiation between Angola and three major creditors, which analysts believe to be China Development Bank, China Export-Import Bank and ICBC, another Chinese lender. Angola, Africa's second-biggest crude producer, has been the continent's biggest borrower from China this century, receiving $43bn of the $143bn lent by China, according to the China Africa Research Initiative at Johns Hopkins University. Sonangol, the state oil company, borrowed billions of dollars at commercial rates from the CDB, while the China ExIm Bank lent to the government at concessional rates. ExIm Bank loans are eligible for the DSSI, while Beijing counts the CDB as a commercial lender, meaning it can choose whether or not to participate. The ExIm Bank and CDB did not respond to requests for comment. Angola's borrowings illustrate one of the debt initiative's major problems — China has lent to African states through a variety of organisations, meaning that information about who owes what to whom is partial and fragmented. Ethiopia has also been one of the top borrowers, borrowing at least $13.7bn between 2002 and 2018 for everything from roads, to sugar factories, to a railway line to Djibouti. Over the past two years, China has pledged to restructure some of Ethiopia's loans. "The Ethiopian government . . . has too many [Chinese] loans," said a Chinese official in Ethiopia. Chinese lending should be understood as a product of "fragmented authoritarianism", said Deborah Brautigam, director of the China Africa Research Initiative. President Xi Jinping has committed to working with other G20 members to implement the DSSI, she noted. "That gives [Chinese lenders] a signal that they should do it, but not necessarily on the same terms." Chinese lenders' domestic projects complicate matters, said Liu Ying, at Beijing's Renmin University. "Every time China commits to relieve debt in Africa, there will be an outcry and pressure domestically from people who still say that they don't have enough to eat."

Even as bilateral debt has risen, it still makes up only about a fifth of the debts owed by DSSI countries. Zambia has turned increasingly to China and international bond markets over less costly multilateral lenders. Its debts have quadrupled to $12bn in less than a decade, with $3bn owed to bondholders and at least that amount to China. Zambia's bondholders question if they will be treated equally to Chinese creditors. With the DSSI making clear the difficulty of getting all creditors working together, the G20 is preparing a "common framework" on debt restructuring. G20 officials hope this will ensure bilateral lenders share the burden equally and make relief conditional on borrowers seeking the same treatment from banks and bondholders. "It will be a proxy for China joining the Paris Club," said one official involved in negotiations, referring to the informal group of bilateral lenders born of the debt crises of the late 20th century. As it stands, China's lending strategy carries risks, said Trevor Simumba, a Zambian analyst.

"China has been using cheap secret loans to get access to African resources. China needs to rethink its strategy otherwise they will end up with a huge pile-up of debt that will be very difficult to restructure and even put many Chinese state enterprises at higher risk of default."
For African countries, attracted by less onerous conditions on Chinese loans, "this crisis serves as a lesson", said Yvonne Mhango, economist at Renaissance Capital. "To be more cautious about how much they borrow from the Chinese."

The Biggest Platinum Mine in Zimbabwe

Great Dyke Investments, a company owned by Russia's VI Holding, plans to complete a $2bn platinum mine project in Zimbabwe. They are collaborating with Zimbabwean investors. The platinum mine project, which is located about 65km from the capital, Harare, could be commissioned in 2023. The project is well underway as the African Export-import bank is completing a due diligence study that will allow parties involved to move forward with a $500mn syndicated funding program. So far, about $100mn has been spent on geological exploration, surface infrastructure and construction of two mine portals. Through the funding, the project is expected to produce 860,000 ounces of platinum group metals (PGM) and gold annually. Zimbabwe has the world's largest platinum reserves of over 14mn metric tons after Russia and South Africa. The platinum mine is core to the Zimbabwean's government plan to resuscitate its economy as the country still struggles to attract high foreign investment inflows. In addition, problems of debt default to multilateral agencies, poor economic management, triple-digit inflation (761%) and human right abuses persist. The good news is that, the mine could be attractive to investors and this may likely begin the process of reviving the Zimbabwean economy.

Insurgency in Mozambique - Zimbabwe Caught in the Mix, Courtesy US

The US has requested Zimbabwe to assist in tackling Mozambique's current Islamist insurgency. The country is facing militant attacks in the north-eastern Cabo Delgado province, which has forced about 300,000 people out of their homes. It is also a threat to food security and the $60bn investment in natural gas facilities owned by companies including Total and Exxon Mobil. This is fast becoming a regional crisis and with the involvement of Zimbabwe's military, it could be curtailed. Zimbabwe has indicated their interest as the port of Beira in Mozambique is an essential link between Zimbabwe and its trade partners. Although both parties share a similar interest in suppressing the current dilemma, earlier sanctions placed on Zimbabwean officials by the Mozambican government could be an obstacle in reaching an agreement.

Uganda receives a $130mn grant for road construction

On September 10, the World Bank approved a $130mn grant to Uganda to boost the country's road infrastructure. The money will go into the transformation of the Koboko-Yumbe-Moyo road from gravel to bitumen and strengthen the government's ability to manage environmental, social and road safety risks. The country's World Bank manager believes that through this grant, nearby communities will benefit both economically and socially. It will also bridge the income inequality gap between the West Nile and the rest of Uganda. The grant is expected to provide a safe and reliable method of transport for goods and people, thereby reducing transport costs, road accidents and eventually contributing positively to the country's economic growth.

Uganda and Tanzania Set to Build East Africa's First Major Oil Pipeline

The presidents of Uganda and Tanzania have signed a deal to build the East African Crude Oil Pipeline (EACOP). The project will be the first of its kind in East Africa and will be the world's longest heated pipeline. The pipeline will span across 1,445km, connecting Uganda's oil-rich Hoima region with the Indian Ocean through the Tanga port in Tanzania. The development of the $3.5bn project will be by the French company, Total, and CNOOC, a subsidiary of China's national oil company. By assisting in the pipeline's development and acquiring shares in the project, Total continues to look for ways to increase its influence in East Africa. Tanzania expects that the project will lead to the creation of more jobs, as 80% of the pipeline will be in its country. The new deal also brings Uganda closer to a much-needed route to the sea, allowing the country to utilize the oil reserves they discovered at least a decade ago.


UBA
United Bank for Africa
Leo
on WhatsApp
Chat on +234-903-000-2455
Check Account Balance?
Top up your airtime?
Bank Transfers?
Bills Payment?
Leo
TODAY
Type a message
https://m.me/ubachatbanking
Leo@ubagroup.com
CFC (+234-1-2807400)
Africa
New York
London
Paris
Web: www.ubagroup.com
Email: cfc@ubagroup.com
Africa's global bank

First Quantum Minerals plans Zambia mine expansion

A Canadian based mining company, First Quantum Minerals, announced in mid-September that it was going to expand operations of its Kansanshi copper and gold mines. The mines are located 10km north of Solwezi in Zambia. The company plans to spend $650mn on expansions and upgrades from 2023 to increase the capacity of its sulphide ore processing facility by 25mn tonnes per annum. Completing the mine expansion project will contribute significantly to the country's effort towards diversification. It could raise export earnings and boost government revenue. This will positively affect the country's external reserves, FDI inflows, and productivity of the mining sector.

Zambia's Eurobonds plunge as state seeks six-month interest freeze

Zambia's Eurobonds plunged after the government announced its plans to defer interest payments for six months. The government is set to meet with investors on October 20 to seek their consent for an interest freeze on its three Eurobonds totalling $3bn until April 2021. The reduction in Zambia's Eurobond yields indicates a temporary decline in the country's external debt service payment. It also helps to reduce the country's indebtedness to external borrowers, which is positive for the country's credit rating status. The pressure on the external reserves is also expected to reduce as the debt service burden eases.

Zambian royalty halts $2 billion copper mine investment

Copper miners in Zambia have halted expansion projects as a royalty tax introduced last year makes projects unviable. According to the CEO of the Zambia Chamber of Mines, Sokwani Chilembo, investment plans worth $2bn aimed at increasing mining operations would not begin until the government removes the royalty tax. Zambia, Africa's second-largest copper producer, will stand to gain a lot from the extension projects as the country depends heavily on export earnings from copper (70% of total export revenue).

However, the royalty means double taxation, which increases their costs of operations and production. The chamber has asked that the royalties be deducted from PAT but it is unclear if the government will comply with their request.

South Africa's future rests on a perpetually broken utility

The South African government's plan to fix the state utility (Eskom), has continued to linger, further fuelling the public's frustration against President Cyril Ramaphosa's administration. The state utility implemented its largest load shedding this year to 4,000MW on September 2. This was done to prevent the total collapse of the country's national grid. Eskom's crisis and incessant power cuts have been a fundamental setback for the economy and contributed to its recession in Q4'19. Low and unreliable power supply is negative for manufacturing and business activities as it increases their costs on alternative power supply sources.

South African Poultry Industry Focused on Expansion, Invests $60mn

South African poultry farmers have invested over 50% of funds set aside to grow the poultry industry. This was done as part of a strategy to support the industry as the government increased tariffs to counter cheap imports of chicken. Poultry makes up the second-largest component of South Africa's agricultural sector and provides employment opportunities for about 110,000 people. Through the recent investments, it should provide a further 4,600 jobs as more production facilities and farming contracts are established. By increasing import duties from all nations, the South African government aims to strengthen domestic production and market sales.

Political Update

Togo appoints its first female Prime Minister

Victoire Tomegah Dogbé has been appointed as the prime minister of Togo, making her the first female to ever fill the role. The appointment marks a pivotal point in a country that has been struggling with gender representation and equality in high government positions. Not only is Dogbé now seen as a representation of women economic empowerment within the country, but she also stirs hopes of pushing Togo towards economic growth following her experience working as the operations director for the United Nations Development Programme (UNDP) and the Chief of Staff for Togolese President Faure Gnassingbé.

Western Togoland Craves for Independence

On October 1, the Ghanaian government declared that they would grant autonomy to the town of Alavanyo in the Volta region of Western Togoland. This was after a wave of violent attacks organized by the Western Togoland Restoration Front (WTRF) in an attempt to declare the region a sovereign state. The Western Togoland region has made previous unsuccessful attempts at independence, as locals in the region feel continually underrepresented by the Ghanaian government. The growing insecurity due to the WTRF's actions will likely affect the country's infrastructure and lead to increased political tensions as the Ghanaian presidential elections draw near. However, it is unlikely that these violent attacks will have any impact on Ghana's economic recovery plan.

Trouble in Zimbabwe's Opposition Party

Trouble is brewing in Zimbabwe's main opposition party, the Movement for Democratic Change Alliance (MDC-A), as the party is rapidly losing members to the ruling party, Zanu-PF. According to reports, Zanu-PF and a splinter opposition faction, the Movement for Democratic Change Tsvangirai (MDC-T), are working together to steal seats from the MDC-A in an attempt to weaken the opposition coalition's power base significantly. However, ZANU-PF's national commissar, Victor Matemadanda, came out to clarify that the party has nothing to do with what is happening in the MDC-A camp. Former Democratic Alliance President Mmusi Maimane, however, believes that this is simply an attempt by President Emmerson Mnangagwa and his administration to cause disharmony in MDC-A and turn Zimbabwe into a single-party state.

Mali misses ECOWAS deadline

On September 14, ECOWAS demanded that Mali's military coup leaders transfer power to a transitional civilian government. This came after the deadline passed for the military Junta to appoint an interim president and prime minister. The current chairman of ECOWAS and President of Ghana, Nana Akufo-Addo, insisted that the transitional leaders must be civilians instead of the Junta's desire to have military leaders. Until they meet that demand, regional sanctions, such as border closures and suspension of financial flows, will be imposed on Mali. These sanctions are in place to force the Junta to comply with their request and to avoid growing violence in neighbouring countries that might consider taking a similar path as the Malian military. ECOWAS and the Junta have also agreed to an 18-month transitional period to new elections instead of the earlier one-year period ECOWAS proposed.

Mali’s new, but still military-led transition government

Mali's military Junta finally appointed a civilian as the interim president. However, the new president, Bah N'Daw, was the country's former defence minister meaning he previously had ties to the Malian military. A panel set up by the Junta that had been in power since they overthrew President Keita appointed Bah N’Daw. The leader of the Junta, Colonel Assimi Goita, also announced his appointment as the transitional vice president. Bah N'Daw, although having connections to the military, gained the support of opposition groups, as he was never involved in any corruption case. Many hope N'Daw’s regime will be strategic in curbing the ongoing insecurity and corruption in the country. Mali has also suffered from poor economic performance and many expect him to outline policies that will stimulate economic growth. Malians believe that the new president will kick-start the process to economic recovery and political stability in the country.

Legitimacy Impasse in Ethiopia

Just weeks after the formal postponement of Ethiopia's general elections because of the pandemic, the opposition party, Tigray People's Liberation Front (TPLF) has declared that it would not recognize Prime Minister Abiy Ahmed's administration after October 5th. According to the TPLF spokesman, Getachew Reda, the Tigray regional government will not accept any policy decisions made by Prime Minister Abiy Ahmed and the parliament. However, it will only recognize the current defense force. This declaration was after Tigray held unsanctioned elections for its regional parliament on September 9th with the TPLF securing 189 of 190 seats. As a result, the Ethiopian parliament voted to cut ties with TPLF and the Tigray region leaders excluding the provision of essential services to the region. As Ethiopia experiences growing political instability, the tension is soon to negatively impact investor confidence and the country's economic recovery plan.

Election watch: Selected key sub-Saharan African countries

	Presidential	Parliamentary
Angola	-	2022
Burkina Faso	2020	2020
Cameroon	2025	2029
Côte d'Ivoire	2020	2021
Ethiopia	-	2021
Gabon	2023	2023
Ghana	2020	2020
Kenya	2022	2022
Liberia	2023	2023
Nigeria	2023	2023
Rwanda	2022	2023
Senegal	2024	2022
Sierra Leone	2023	2023
South Africa	2024	2024
Tanzania	2020	2020
Uganda	2021	2021
Zambia	2021	2021
Zimbabwe	2023	2023

Travel & Aviation

Ethiopian Airlines—SAA's Knight in Shining Armour

Ethiopian Airlines, Africa's biggest airline, has come to the rescue of South Africa's insolvent state carrier. The group is offering operational assistance with planes, pilots and maintenance services as part of a joint venture with the South African government. The CEO of the group, Tewolde GebreMariam, further emphasized that the airline will not deal with debt repayments, cost of reducing workforce, labour claims or any legal issues whatsoever. He said that it is very difficult for ET "not only terms of financial outlay but also in terms of managing the restructuring". This is positive for SAA, as it will help them kick-start the process to recovery. SAA has been in bankruptcy since December 2019 and is in dire need of a bailout worth more than $600mn (10bn rand).

What next for the tourism sector?

Recently, the wave of reopening and resumption of business has moved towards the aviation industry. Several African countries including South Africa and Nigeria have gradually resumed domestic and international flights. South Africa reopened its borders on October 1 to regain foreign earnings and taper the effect of the pandemic on its economic growth. However, even with this, there is little indication that the tourism sector will bounce back any time soon. This is because the risks of another wave of infections and passenger pessimism are still high. In addition, the inadequate containment measures at airports especially for travellers from Europe and America threaten the sector. This simply points to the fact that African countries are now forced to look inwards for other avenues to boost earnings since it is uncertain if, when and how the tourism and hospitality industries will recover.

Covid-19's acid test for the Aviation industry

Covid-19 has been drastic on the performance of the aviation industry. However, the degree of impact on all firms in the industry is not the same. As of September 29, South African Airways (SAA) suspended its operations as the enterprise expects to undergo a restructuring soon. The suspension of operations is due to the combined effect of existing internal challenges the firms faced, coupled with the impact of the pandemic on the aviation industry. Ethiopian Airlines, despite a $1bn loss in revenue, still reported a $44mn profit in the first half of 2020. Ethiopian Airlines has now decided to focus on cargo transportation, precisely medical supplies, to adjust to weakened tourism levels. There is also speculation of Ethiopian Airlines acquiring SAA after the firms engaged in talks early September.

The new normal for air travel


FirstBank
Since 1894
Success is built with YOU
125 years of supporting and enabling dreams, 125 years of resilience, relevance, trust, safety and security.
Let's continue working to create your envisioned success together.
Visit www.firstbanknigeria.com to learn more about us.
FIRSTBANK IS AN FBN HOLDINGS COMPANY
PREMIUM BOARD LISTED
125 YEARS
WOVEN INTO THE FABRIC OF SOCIETY
1894-2019
-You First-
Contact us: 01-4485500; 0700-34778-2668228 / firstcontact@firstbanknigeria.com / complaints@firstbanknigeria.com / RC 6290

Social Precinct

Ivory Coast inaugurates new Olympic stadium

On October 3, Ivory Coast launched its 60,000-seat Olympic stadium ahead of the 2023 African Cup of Nations (AFCON). The West African country is scheduled to host the AFCON. The ceremony was led by President Alassane Ouattara and 50,000 people attended. President Outtara said that he is very proud and happy with the Chinese-Ivorian cooperation that produced the architectural gem. The stadium, which is located in Ebimpe, on the outskirts of Abidjan has become the largest stadium in Ivory Coast. It dethroned the famous Felix Houphouët-Boigny Stadium in Abidjan.

The Tanzanian architect responsible for the national Museum of African American History

David Adjaye, a Tanzanian born architect based in London, designed the $500mn Smithsonian National Museum of African American History and Culture in Washington, D.C. Adjaye has a BA from London South Bank University and an MA from the Royal College of Art. Some of his other designs include the Whitechapel Idea Store, the Museum of Contemporary Art in Denver, the Nobel Peace Centre in Oslo and the Skolkovo Moscow School of Management. FastCompany, an American business magazine, once referred to Adjaye as a "Starchitect". He is also prominent for his budget flexibility, balance and client management. Stan Allen, Dean of Architecture at Princeton, said, "David is uniquely able to deal with the high and the low…He does community projects with very small budgets, and he does major institutional projects with huge ones. Nobody else does that". Adjaye has won numerous awards for his substantial contribution to international architecture. He won the RIBA Bronze Medal for Architecture students in 1990, the Isamu Noguchi Award from the Noguchi Museum in 2020 and he recently won the 2021 RIBA Royal Gold Medal.

Financial & Economic Indicators

Country	GDP Annual Growth Rate (%)	Inflation (%)	Life Expectancy (Years)	Unemployment Rate (%)	Poverty Rate (%)
Angola	-8.8 (Jun'20)	23.82 (Sep'20)	62.2	32.7(Jun'20)	32.3 (FY'18)
Botswana	-24.0 (Jun'20)	1.8 (Sep'20)	69.9	18.20 (Dec'19)	19.3 (FY'09)
Cameroon	2.8 (Mar'20)	2.40 (Jun'20)	60.3	3.40 (Dec'19)	37.5 (FY'14)
Ethiopia	6.1 (Dec'19)	18.7 (Sep'20)	67.8	19.10 (Dec'18)	23.5 (FY'15)
Eritrea	3.8 (Dec'19)	-16.4 (Dec'19)	67.5	6.5 (Dec'19)	69.0 (FY'93)
Gabon	3.4 (Dec'19)	1.7 (Aug'20)	67.0	19.60 (Dec'19)	33.4 (FY'17)
Ghana	-3.2 (Jun'20)	10.4 (Sep'20)	64.9	6.8 (Dec'19)	23.4 (FY'16)
Guinea	6.3 (Dec'19)	11.0 (Aug'20)	62.6	4.3 (Dec'19)	43.7 (FY'18)
Ivory Coast	3.8 (Mar'20)	1.9 (Sep'20)	58.8	2.40 (Dec'19)	-
Kenya	-5.7 (Jun'20)	4.2 (Sep'20)	67.5	10.4 (Jun'20)	36.1 (FY'15)
Liberia	-2.5 (Dec'19)	17.1 (Jul'20)	65.0	2.00 (Dec'19)	50.9 (FY'16)
Mozambique	-3.25 (Jun'20)	2.98 (Sep'20)	62.1	25.04 (Dec'17)	46.1 (FY'14)
Nigeria	-6.1 (Jun'20)	13.71(Sep'20)	55.8	27.1 (Jun'20)	40.1 (FY'18)
Rwanda	-12.4 (Jun'20)	10.8 (Sep'20)	70.0	15.4 (Nov'19)	38.2 (FY'16)
Senegal	-1.3 (Jun'20)	2.8 (Sep'20)	68.9	19.00 (Mar'19)	46.7 (FY'11)
South Africa	-17.1 (Jun'20)	3.0 (Sep'20)	64.9	23.3 (Jun'20)	55.5 (FY'14)
Tanzania	5.7 (Mar'20)	3.10 (Sep'20)	66.4	9.70 (Dec'18)	26.4 (FY'18)
Uganda	-6.0 (Jun'20)	4.5 (Sep'20)	64.4	1.8 (Dec'19)	21.4 (FY'16)
Zambia	-2.1 (Jun'20)	15.7 (Sep'20)	64.7	13.2 (Dec'19)	54.4 (FY'15)
Zimbabwe	-6.5 (Dec'19)	659 (Sep'20)	62.2	4.9 (Dec'19)	38.3 (FY'19)

Source: Trading Economics

Fast Growing Economies

Country	GDP Annual Growth Rate (%)
Guinea	6.3 (Q4'19)
Ethiopia	6.1 (Q4'19)
Tanzania	5.7 (Q1'20)

Sluggish Economies

Country	GDP Annual Growth Rate (%)
Eritrea	3.8 (Q4'19)
Gabon	3.4 (Q4'19)
Cameroon	2.8 (Q1'20)

Contracting Economies

Country	GDP Annual Growth Rate (%)
Botswana	-24.0 (Q2'20)
South Africa	-17.1 (Q2'20)
Rwanda	-12.4 (Q2'20)

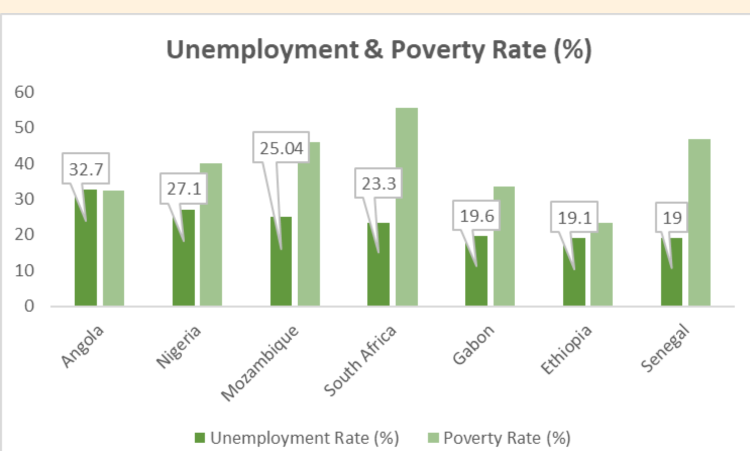
- *Of the 20 African countries tracked;*
- *Botswana recorded the sharpest GDP contraction in Q2'2020 , followed by South Africa and Rwanda*
- *The fastest growing countries have not yet released GDP reports for 2020 (Guinea & Ethiopia)*

High inflation countries

Country	Inflation (%)
Zimbabwe	659 (Sep'20)
Angola	23.82 (Sep'20)
Ethiopia	18.7 (Sep'20)
Liberia	17.1 (Jul'20)
Zambia	15.7 (Sep'20)
Nigeria	13.71(Sep'20)

- *Several countries including Zimbabwe recorded a drop in inflation for September*
- *This was driven by the relaxation of lockdown measures and partial reopening of economies in Q2'20*
- *Nigeria's inflation for October could cross 14% due to higher food prices and the recent End-SARS crisis*

Unemployment and Poverty rates



- *Angola has the highest rate of unemployment in 2020 (32.7%) with a poverty rate of 32.3 as at 2018*
- *The pandemic is expected to worsen poverty and unemployment rates in SSA*