# AFRISCOPE

Volume 2

Issue 9

October 14, 2021

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## The economic recovery of African countries: what are the major risks?

The IMF in its October World Economic Outlook is projecting a 3.7% growth for the region in 2021. It is also projecting a sustained recovery and a mild rebound in growth to 3.8% in 2022. The projected pace of growth, although an improvement from -1.8% last year, emphasizes the significant divergence in economic prospects across the world. A sizeable number of countries in the region are now on the path to economic recovery, albeit slowly. For example, base effects underpinned Nigeria's second quarter economic growth of 5.01% as well as Ghana's Q2'21 3.9% GDP expansion. Similarly, South Africa reported a year-on-year quarterly growth of 19.3% in the second quarter of the year.

The improvement in some of the continent's major economies' supports the IMF's growth projection for the region this year. The rebound in global demand continues to push up commodity prices, particularly extractive commodities, underpinning the nascent economic recovery in the region. So far this year, global commodity prices have risen by nearly 58%. Despite the improvement in the region's

| Countries | Q1'2021 | Q2'2021 | 2021 projected GDP Growth* |
|---|---|---|---|
| Nigeria | 0.51% | 5.01% | 1.2% |
| Ghana | 3.1% | 3.9% | 2.8% |
| Uganda | 6.2% | N/A | 3.7% |
| Rwanda | 3.5% | 20.9% | 4.8% |
| South Africa | -3.2% | 19.3% | 2.4% |
| Angola | -3.4% | 1.2% | -0.6% |

growth trajectory, Africa's economic recovery faces major risks such as the fourth wave of COVID-19 particularly the impact of the Delta variant, rising inflation, high debt burden and a slow vaccine rollout.

***COVID-19 pandemic and slow vaccine rollout***

African countries like South Africa are grappling with the third wave of the COVID-19 pandemic driven by the spread of the Delta variant. According to WHO, the new variant is currently present in about 22 countries in Africa. Africa. The continent currently records over 8mn cases and 211,853 fatalities as of August 23. Meanwhile, Africa has only inoculated 5.8% of its total population and efforts to increase the vaccination rate are slow. By comparison, other regions are recording higher vaccination rates: Europe (91%), North America (88%) and Asia (64%). The poor progress made on vaccination is expected to weigh on the continent's economic recovery in 2021. However, Pfizer has announced that it will begin vaccine production in South Africa as from 2022 and this is expected to boost vaccine rollout in the country and in Africa generally.

| Countries | COVID-19 cases | Fatalities | % of population vaccinated |
|---|---|---|---|
| South Africa | 2,698,605 | 79,584 | 18.68% |
| Ethiopia | 296,731 | 4,580 | - |
| Kenya | 229,628 | 4,564 | 4.65% |
| Zambia | 204,651 | 3,583 | - |
| Nigeria | 187,588 | 2,276 | 1.92% |

**Inflation**

While the inflation rate in some countries like Nigeria and Zimbabwe is declining, other countries like Senegal and Ghana are rising. Regardless, inflation rates generally remain above their pre-pandemic inflation. This means that prices are still elevated in these countries, which is negative for consumer real income and economic recoveries. In fact, some African countries like Mozambique and Zambia raised their interest rates in 2021 in order to taper inflationary pressures.

***High debt burden***

| Countries | Previous | Current | Pre-pandemic inflation | Trend |
|---|---|---|---|---|
| Nigeria | 17.38% | 17.01% | 12.2% | Downward |
| Ghana | 9% | 9.7% | 7.8% | Upward |
| Mozambique | 5.61% | 6.04% | 3.55% | Upward |
| Zambia | 24.4% | 22.1% | 13.9% | Downward |
| Zimbabwe | 50.24% | 51.55% | 540.20% | Upward |
| South Africa | 4.6% | 4.9% | 4.6% | Upward |
| Senegal | 2.9% | 2.6% | 1.9% | Downward |
| Angola | 26.09% | 26.57% | 18.74% | Upward |

Another major risk to economic recovery on the continent is the rising debt burden. Borrowing was rife in 2020 to mitigate the impact of COVID-19. Zambia even had to default on its debt repayment. The World Bank recently listed Nigeria, Kenya, Tanzania, Uganda, and Zambia among the top-ten countries with the highest debt risk exposure globally. There are now concerns that advanced economies like the US and the UK may hike their interest rates sooner than expected. This will further increase the debt service burden of African countries, raise the risk of debt distress and financial crisis, and could result in downgrading of credit ratings and outlooks.

increase the debt service burden of African countries, raise the risk of debt distress and financial crisis, and could result in downgrading of credit ratings and outlooks.

| Countries | Total debt as a percentage of GDP |
|---|---|
| Nigeria | 47.29% |
| Ghana | 78% |
| Kenya | 65.6% |
| Tanzania | 37.8% |
| Uganda | 49.8% |
| Zambia | 96% |
| Angola | 120% |

## World Bank revises Nigeria's GDP growth for 2021 to 2.4%, from 1.8%

In its recent Africa Pulse report, a bi-annual analysis of the near-term macroeconomic outlook for the region, the World Bank forecasts that the Nigerian economy will expand by 2.4% this year amid indications of a slow recovery from the pandemic-induced recession in 2020. The new growth projection, which is an upward revision of its initial 1.8% forecast, is expected to be driven by the service sector. The improvement in Nigeria's growth outlook points to a sustained recovery, although slow, from the pandemic-induced recession. This is favourable for investor and business confidence and for Nigeria's long term economic growth prospect. In Q2'21, the country reported a GDP expansion of 5.01%.

## Google to invest $1bn in Africa over the next five years


Google is a major global multinational technology company with its fingers in many pies. The tech giant's investments span across many technology sectors including finance and the internet of things. As part of its strategy for Africa, the company has announced plans to invest $1bn in the continent over the next five years. The bulk of the investment will target the expansion of broadband connectivity, startups in the fintech and e-commerce space as well as content creators using local language. Google is also providing $10mn in low-interest loans to support small businesses and entrepreneurs across the continent. Beneficiary countries for the low-interest loan programme include Ghana, Kenya, Nigeria and South Africa. Similarly, Nigeria, Kenya, Uganda and Ghana will benefit from the investment projects that will be implemented across the region.

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An investment of $1bn in the region over the next five years is likely to spur economic growth and development in the long term given the expansionary effect it will have on key sectors including technology and services. A direct impact of the new investment is an improvement in access to international markets for African startups, which would spur competitiveness and deepen the continent's startup ecosystem. It will also improve Africa's internet connectivity, which is currently 25% lower than the 51% global average.

## Internet to contribute $180bn to Africa's economy by 2025

There has been a commendable growth in internet accessibility and the contribution of the internet to Africa's GDP since internet penetration began in the 2000's. About 40% of the African population have access to internet, with the majority accessing it through mobile devices. However, Africa's internet economy, which is one of the largest in the world, has significant untapped potential to harness economic growth as the continent comprises some of the fastest growing countries.

The internet is projected to contribute $180 billion (bn) to the African economy by 2025, which is projected to be $712 billion by that time. The internet has become indispensable in the operations of various industries across the continent e.g., e-commerce, banking, fintech, health, logistics, consulting, media, entertainment, travel and tourism. Despite COVID-19, many African businesses remained profitable as they were able to adjust to digital operations, thus proving the internet economy resilient. The Nigerian telecommunications sector grew significantly in 2020 as a result of increased internet usage owing to the nationwide lockdown imposed in response to the pandemic. The sector contributed about N8.53 trillion to real GDP, thus making it the third highest valued subsector in the nation, after only crop production and crude petroleum and natural gas. Nigerian fintech API, Momo, has recently closed a $2mn investment deal to stimulate the African internet economy. Twiga foods, a startup company in Kenya, has also utilized internet connectivity to boost its food supply chain by providing a medium for connection between rural farmers and urban retail vendors.

Internet connectivity stimulates economic development as it provides an opportunity for buyers, sellers, businesses and communities to easily access markets, new knowledge, and technology. In addition, it has helped to ensure greater networking and faster diffusion of ideas . Lastly, the internet has also facilitated the growth of content creators and small and medium-sized enterprises (SMEs). Based on IFC estimates, a 10% increase in internet usage would lead to a 2.5% and 2% increase in GDP per capita in Africa and the world respectively. Similarly, a 10% increase in digitization would increase Africa's GDP by 1.9%.

The ongoing development of the continent's internet infrastructure can further accelerate economic development across the region. Facebook and a team of African and global telecommunications companies are championing the expansion of submarine cables, which form the backbone of the Internet and supports 99% of the world's data traffic, in Africa. Furthermore, it will increase Africa's mobile internet users which currently stand at an average of about 26% compared to the world average of 51%.

The Internet economy has the potential to create jobs, promote economic opportunities and provide managerial, technical and organizational innovations. The rising levels of population growth, urbanization, tech talents, consumption and investment in digital infrastructure alongside favourable economic policies all have the tendency to propel the growth of the internet economy in Africa and put African countries on a higher pedestal in the global world.

## Ghana to Launch Digital Currency

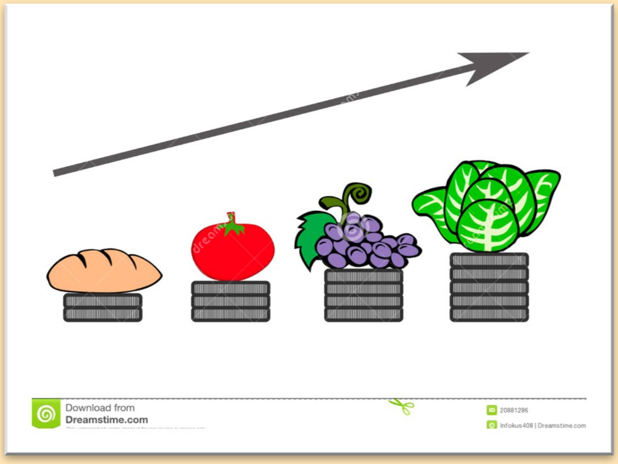
The Bank of Ghana (BoG) has announced its plans to launch the country's first digital currency, the *e-cedi* before the end of the year. BoG is set to roll out the first of the three-pilot-phased digital currency plan in September 2021. This process would determine its acceptance from end-users and evaluate its impact on monetary policy as well as its technical and regulatory requirements. Ghana has made significant progress in digital finance in the region, as it became the first African country to introduce a Universal QR code system in 2020.

Following the growing desire of African countries for digital currency, cryptocurrency providers have increased across the continent. Nigeria also intends to introduce its own digital currency by October 2021, regardless the Central Bank's restriction on the facilitation of cryptocurrency transactions by financial institutions.

**DRC reviews Mining Contracts**

The DRC government recently declared that it would evaluate $6bn worth of mining contracts signed by former president Kabila. The DRC, which is known for its supply of cobalt, which is used in electric vehicles, believes it has been taken advantage of by foreign mining corporations. In this regard, the incumbent President Tshisekedi set up a commission to probe and investigate mining contracts and operations of the Tenge Fungureme copper and cobalt mine, owned by China Molybdenum. The DRC also started publicizing mining contracts based on IMF requirements to promote improved governance and transparency. However, the country's quest to mobilize revenue from this sector might adversely affect relations with China, which owns about 70% of the Congolese mining industry.

**Food prices in Ethiopia soar as war increases**




In Ethiopia, the price of staples has almost doubled in the past few months due to the lingering war with Tigray rebels. The high level of insecurity in the country, has displaced many and drastically reduced farming activities that led to food shortages in the country. If the war lingers, the price of food items and other domestic commodities will keep rising. This will exacerbate inflationary pressures, which will weigh on consumers' purchasing power. Ethiopia's inflation climbed to a record high of 30.4% in August from 26.4% in July. Apart from fueling inflation, the war will continue to taper output as businesses are negatively affected. Ethiopia, which is one of the dominant economies in SSA (6.1% in Q2'20) could slip to negative growth in the near term. At this point, the country could be on the verge of a credit rating downgrade that would hinder further financial support from multilateral and bilateral creditors.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**Algeria to cut gas supply to Morocco**

Algeria has stated that it will not renew its gas supply agreement with Morocco. This happened

a few days after the two countries severed diplomatic ties. The contract which is set to expire in October, entails that Algeria would supply gas to Morocco and also pass its gas to Spain through Morocco's pipelines. The Energy Minister, Mohamed Arkab, in a meeting with the Spanish ambassador, stated that Spain's gas would now be supplied via an alternate route called Medgaz. According to the Middle East Economic Survey, the Medgaz pipeline would not be able to contain the quantity of gas that is usually supplied to Spain through Morocco, despite the proposed 25% increase in its capacity from its current level of about 8 billion cubic meters per year. The reason for the termination of the contract between the countries is due to allegations that Rabat – the capital of Morocco- is backing Tizi Ouzou separatists. The impact of the Algerian government's decision is that the supply of LNG to Spain and Morocco will reduce. This means a decline in LNG export earnings for Algeria and higher gas prices in Spain and Morocco on limited supply.

**Ghana to develop 20 new smart villages**

TPT Global Tech, a California based technology company, is now in partnership with SkyBridge West Africa to develop new smart villages in Ghana. This project aims to construct over 100,000 homes using green technology for the next five years. The estimated cost is $5bn. The infrastructure that would be in the village include renewable energy, waste management assets, new home designs, Ultra performance cement, efficient transport systems and high-speed broad band connections. The Smart villages in Ghana are envisioned to be a mirror of the Duval County located in Florida. With this new project in place, Ghana is well on track with climate change and renewable energy. This would continue to boost investor confidence especially as the world transitions from fossil fuels to renewable energy.

## Assessing the impact of rising global food price in Africa

Global food prices fell for the first time in 12 months in June, said the United Nations' Food and Agriculture Organization (FAO). The FAO's Food Prices Index decreased to 2.5% from its 4.8% in May. In spite of this, food prices still remain elevated in most African countries. The inflation for Tanzania (3.8% from 3.6%), Senegal (2.9% from 2%) and Ghana (9% from 7.8%) rose in July, largely attributable to higher food prices. On the other hand, some African countries whose inflation has started falling still have high food inflation. For instance, Nigeria's inflation fell for the second consecutive month to 17.75% in June but its food inflation and its food import bill remain high at 21.83% and 140.47% respectively. Insecurity and exchange rate volatility contributes to high food inflation in most African countries .

***Positive impact***

- **Higher export earnings**

The continuous increase in food prices is positive for export earnings and the trade balance of African countries as most of them are commodity dependent. Rising food prices are also an incentive to these countries, thereby making them more attractive to investors and farmers. While, China and the US are two of the largest food producing countries in the world, the African continent has about 60% of the world's uncultivated arable land.

- **Favorable for workers welfare and job creation**

Rising food prices directly translate to higher farmer and investor income. This will improve farmers' welfare, spur job creation and positively impact the development of African countries' agricultural sectors. Agriculture accounts for about two-thirds of Africa's employment, contributes approximately 30%-60% to the GDP of African countries and accounts for about 30% of the continent's export earnings.

- **Attractive for investors**

High food prices boost the attractiveness of the agricultural sector of food producing countries to investors. For instance, Nigeria is the second-largest producer of yam tubers after China and the fifth largest producer of cocoa. Also, Ivory Coast and Ghana are the top producers of cocoa globally. High food prices mean an increase in export earnings and returns for farmers, investors and government. This will in turn help attract more investors and farmers to the agricultural sector, which will lead to increased agricultural output and earnings.

*Negative impact*

- **Spillover effect on inflation**

Higher global food prices can push-up inflation via imported inflation, as most African countries are net-importers of food. According to the UN, inflationary trends in agriculture are mostly pronounced in countries within South Asia and sub-Saharan Africa. This means that with higher food prices, food manufacturers and investors in African countries will import food at a higher cost. This will in turn be passed to the consumers in the form of higher food prices. This is negative for consumers' purchasing power and food security.

- **Unfavorable for external balance**

Increases in food prices result in the rise in the import bill of most African countries considering that they are predominantly net-importers. According to the African Development Bank, Africa's food import bill is projected to increase to over $110bn by 2025 from the current level estimated at $35bn annually. This will weigh on their trade balance, external reserves and exchange rate stability.

***Conclusion***

In view of the impact of higher food prices, African countries should increase the investment in agriculture as well as provide financial and technical support to farmers. This will help boost the agricultural output of these countries, reduce the import bill on agricultural commodities, and ensure that African countries benefit more from higher food prices relative to the cost of rising food prices.

# Heading towards a dilemma

## Rich countries want to strike trade deals in Africa

Culled from *The Economist*

***But the wrong approach could hinder the continent's own integration***

"We will be the guinea pig," said Uhuru Kenyatta, Kenya's president, before trade talks with America opened last year. A deal would make Kenya only the second African country after Morocco to sign a free-trade agreement with the United States. Officials in the Trump administration called the proposed deal "a model" for future ones. But such bilateral talks jar with Africa's push for regional integration and with President Joe Biden's emphasis on multilateralism. Negotiations are now on hold while America works out what to do next.

The pause reflects a sense of drift in Africa's trade relations with the West, as both America and Europe rethink how they do business with the continent. In the past they granted concessions, such as lower tariffs on African exports, without requiring African countries to reciprocate. Now they are increasingly looking to negotiate two-way agreements which will open up African markets, too. The old approach was paternalistic and gave Africans little say. But the new one, handled badly, could put Africa's own integration at risk .

Since 2000 American policy has been built around the African Growth and Opportunity Act (AGOA), which grants duty-free access to thousands of products exported from around 40 eligible countries. It was a law passed by Congress, not a treaty negotiated between governments, so African countries have no control over the eligibility criteria. That creates friction. Rwanda, for example, was partially suspended in 2018 because its ban on imported second-hand clothes, intended to boost local production, irked the American firms that export them.

Now African countries must wait anxiously to see if Congress will extend agoa beyond its current expiry date in 2025. The uncertainty makes business “too unpredictable”, sighs a Ugandan technocrat. Kenya’s push for a fully fledged trade deal with America is an attempt to seize the initiative. It also draws on the promise of agoa itself, which was always envisaged as a stepping stone towards negotiated pacts.

But there is a snag. Kenya is part of the East African Community, which is, on paper, a customs union. If Kenya were to lower barriers to American products, then the other five countries in the bloc would either have to let those products leak into their own markets or tighten border checks to keep them out. Negotiating with countries as a group, rather than individually, would be a less divisive way forward.

Whoever is at the table, many American businesses now favour moving away from agoa-like trade concessions and towards reciprocal agreements. They do not want to “lose out” while other countries strike deals, says Witney Schneidman, a former deputy assistant secretary of state for African affairs. For instance, a refrigerator made in America enters South Africa with a far higher tariff than one made in the EU, notes Mr Schneidman.

Meanwhile European countries are stuck in a quagmire of their own. They once gave preferential access to exports from their former colonies in Africa, the Caribbean and the Pacific. That clashed with World Trade Organization rules. So in 2000 the EU started touting reciprocal deals called “economic partnership agreements”, negotiated with regional blocs. Britain is adopting a similar model in its post-Brexit trade with Africa.

A southern African pact with the EU came into force in 2016. But countries such as Nigeria (in the west African bloc) and Tanzania (in the east) have refused to sign deals in their respective regions. They worry, with some justification, that dropping tariffs would expose nascent industries to a flood of European competition.

The incentive to cut a deal with Europe is also undermined by existing systems of trade preferences, which overlap like onion skins. Peel off one layer, as the EU is doing, and countries like Kenya lose access to European markets—unless they sign up for an economic partnership agreement. But poorer countries such as Tanzania can export duty-free without a deal, thanks to a different layer of benefits. Unsurprisingly the two neighbours in the same east African bloc find themselves at odds.


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Yet the whole continent is supposed to be pursuing its own ambitious agenda for integration. This year 37 countries started the gradual process of trading under an African Continental Free Trade Area (ACFTA).

They want to kick-start Africa's stalled industrialization by selling manufactured goods to each other, rather than raw materials to distant continents. Kenya's solo negotiations with America "may undermine the AfCFTA", says Prudence Sebahizi, the African Union's chief technical adviser on the pact. He fears that American goods may displace African ones in Kenya's market.

Influential voices urge a rethink. "Rich countries should not be picking African integration apart," says David Luke of the London School of Economics. Carlos Lopes, the African Union's representative on future relations with Europe, suggests trade talks with the rest of the world could wait until the afcfta is embedded and Africa is ready to negotiate as a single bloc.

Others think that strategy unrealistic. An EU official says Europe shares the vision of an Africa that "can speak with one voice". But the best way to get there, he says, is to build on existing deals. The afcfta is still being assembled. "It's only when we get an African customs union that Africa can negotiate as a bloc," says Trudi Hartzenberg of the Trade Law Centre, a South African think-tank, "and that's a long way off." Free-trade areas can, and do, overlap.

African countries are caught in a contradiction. Politically they demand to be treated as equal partners, but the economic order remains profoundly unequal. "A Goliath is negotiating with a David," says Africa Kiiza of seatini, a Uganda-based campaign group. "Reciprocity between unequals can't work."

## The effect of the growing economy in Zimbabwe is not yet felt by its citizens

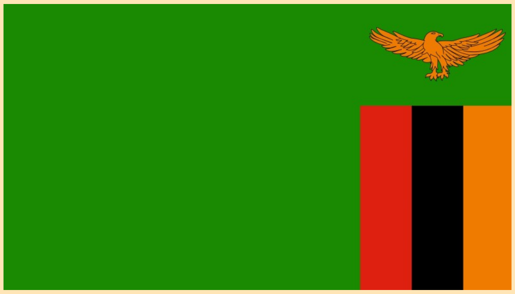
After a fall in the real GDP due to the hyperinflation of 2008, the real economic growth of Zimbabwe increased at a steady rate excluding the recession of 2018-2020. According to the World Bank, the Zimbabwean economy is expected to increase this year, but its citizens are not feeling the effects of the growth. Despite this envisioned level of growth, the World Bank clarifies that the standard of living might not improve due to the weight of the pandemic on the economy. Last month, the IMF revised the growth rate of Zimbabwe, nearly doubling it to 6%.

Looking at the economic situation of Zimbabwe, the inflation rate, though less than previous years is still relatively high along with the ever-increasing unemployment rate in the country. Using other macroeconomic indicators, the Zimbabwean standard of living is reducing with a high debt balance leading to trade deficits. Zimbabwe owes more than $6.4bn in foreign debt. The majority of it is past its due date, making Zimbabwe unqualified for IMF loans.

According to the African Development bank, the poverty level in Zimbabwe is at 70.5% while unemployment stands at over 21%. In 2020, 90% of those who engaged in non-farm activities, at best, had no increase in their revenue and the reduction in inflation has led to a rise in unemployment. Estimates have now revealed that almost 49% of the population is in abject poverty.

The country is still faced with climate disasters such as droughts and famines in addition to a high cost of living. The Consumer Council of Zimbabwe says an average family needs $470 (£335) a month to endure while the average state funded teacher acquires below $300 per month at the official exchange rate. These factors also affect the impact of the economic growth in the country.

Though the Zimbabwean economy suffers from problems such as low debt ratios, decline in economic output and export earnings, lack of confidence in government and expectations of hyperinflation, there is still hope for this economy. The government should enforce stable macroeconomic policies to curb problems such as unemployment, the balance of payment deficit, inflation, and recession in order to enable its citizens to witness the effect of the growth in the economy. With this in place, the standard of living in Zimbabwe is bound to improve.



**UNTWO supports Zimbabwe to measure the value of tourism**

Zimbabwe has identified tourism as a central pillar of its National Development Strategy. Preparatory efforts by the private sector to revive tourism have been well received by the international community. Indicating that so far, everything has gone well despite COVID-19. The countries strategies to counter the effects of COVID-19 have attracted international support from the United Nations World Tourism Organization (UNWTO), the World Bank, and Japan.

UNWTO is now collaborating with the government of Zimbabwe to create the country's first Tourism Satellite Account (TSA). The Account would measure tourism's impact on Zimbabwe's GDP, as well as its size in comparison to other sectors and the number of jobs it produces. The tool is expected to assist policymakers in developing policies for a sustainable and robust tourism industry following COVID-19, which will benefit communities and the country as a whole. The government will also be able to examine the value of public and private sector investment in the industry, as well as the influence of foreign tourism on the country's balance of payments.

The project is part of the four-year Zimbabwe Destination Development Program, a technical assistance program funded by the IFC. The program aids the recovery of Zimbabwe’s tourism industry and aims to safeguard thousands of jobs in the wake of the worldwide COVID-19 pandemic, which resulted in a significant drop in travel worldwide.

UNWTO

World Tourism Organization

# Africa needs $2trn for green manufacturing

Culled from *Bloomberg*

Africa's lack of industrial development puts it in a strong position to develop low-carbon manufacturing without the costs of transitioning from fossil fuel-based factories, McKinsey & Co. said

In the process of striving toward net-zero emissions by 2050, the continent could create a net 3.8 million jobs, McKinsey said in its Africa's Green Manufacturing Crossroads report, which was partially funded by the U.K. government and released Monday. However, to hit that level would require investment of $2 trillion in manufacturing and power.

"Africa has an opportunity to leapfrog high emitting manufacturing technologies and build a low-carbon manufacturing sector from the ground up," Kartik Jayaram, a senior partner in McKinsey's Nairobi office, said in a statement accompanying the report. "Africa could avoid future costs by sidestepping the expensive transition from fossil fuels to renewables."

Still, without any commitments to decarbonize emissions from manufacturing, Africa could almost double to 830 megatons of carbon dioxide equivalent by 2050, McKinsey said.

"To change this trajectory, decisive action would be needed," McKinsey said.

Of the 440 megatons of carbon dioxide equivalent currently produced by African manufacturing, almost a third comes from cement and 13% is emitted by coal-to-fuel plants, which are operated by Sasol Ltd. in South Africa, the consultancy said.

To fund the development, African countries would need to tap green finance instruments such as carbon credits, green bonds, green insurance and payment for performance linked to green outcomes, Mckinsey said. To decarbonize existing industries, $600 billion would be needed while $1.4 trillion is needed for new green businesses, the consultancy said.

Carbon capture and storage and the production of green hydrogen are two technologies that could help the continent attain the target, it said.

New industries that could be developed range from bioethanol and cross-laminated timber to electric vehicles and green hydrogen, McKinsey said.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# Political Update

## Political instability in Tunisia

In addition to citizen displeasure with the government's response to the latest COVID-19 spike, there is economic and political turbulence in Tunisia. The country's president, Kais Saeid, recently declared he was taking over and assuming executive powers. This announcement was met with celebration by his supporters but objection by his opponents and resulted in a violent mass protest on July 25, 2021, with attacks between rival groups. After the protest, President Saeid pronounced a month-long curfew, suspended parliament, and dismissed top officials, including the prime minister, Hichem Mechichi. Some Tunisians, who have demonstrated against the ruling party, Ennahda, are happy with the new development. However, others see it as a move towards dictatorship and accuse the president of planning a coup, as he is likely to make constitutional changes to limit the role of the parliament. The situation has received reactions from concerned countries like the US, Spain, France and Turkey. All of which, hope for Tunisia's return to normalcy as they fear it could lead to a situation worse than the 2011 Tunisian Revolution.

## Tuna Bonds Trial

Mozambique's ex- President's son, Ndambi Guebuza, alongside 18 others, are currently on trial over the "tuna bonds" affair. They have been accused of blackmail, money laundering and embezzlement. The corruption scandal involves a tuna company, security firms and over $2 billion worth of public loan, in which the Mozambican government stood as a guarantor. The case is known as Mozambique's biggest scandal as it led to a loss of the metical value and IMF cutting the country's funds, thus, triggering an economic crisis.

The trial, which is being held on the grounds of a high security prison, is seen as a trendsetter for the independence and effectiveness of the country's judicial system. South Africa has also promised to deport the Mozambican Finance Minister at that time to face trial in his home country.

## Terrorists in CAR being funded by a Castel Group Subsidiary

The Central African Republic (CAR) has been suffering from attacks by unknown militia. It was only recently discovered that a French business, Castel Group, set up a sophisticated and informal structure to finance the armed militias through direct and indirect financial payments, as well as in-kind support in the form of vehicle maintenance and gasoline supply in order to defend its sugar market. Although, according to French media, Castel Group official Alexandre Vilgrain denied the allegations. He stated, "No support of any type has been provided."

Due to these armed attacks, CAR has lost some of its citizens and properties leaving a dent in the economic activities of the country. The disclosure of the source of the funds for the militia group is bound to reduce the terror activities which could lead to peace and short term economic stability in the country.

## Kenya's Supreme Court and the BBI ruling

Kenya's supreme court on the 20th of August upheld a ruling by the high court which stated that the Building Bridge Initiative (BBI) was illegal and unconventional. The BBI was introduced by the current president, Kenyatta, to unite the people of Kenya through changes made to the constitution. It is on this ground that the Supreme court rejected the changes stating that the president has no right to make such changes to the constitution. This new ruling came about as a result of speculated political uproars in the country. Some believe that the initiative brought about by Kenyatta, could be for political reasons and not for the aims stated as the BBI could hinder the Deputy President from winning the election.

Without the ruling by the Supreme court, the BBI would have increased government costs as it aims to create more checks and balances by providing more offices in the government, while also stirring political uproar in the country. Subtly, this initiative could have some benefits to the Kenyan economy but the negative impacts of intensified political instability and worsened terrorist attacks in the country significantly outweigh the acceptance of the BBI.

## Lucy' the new self-service chat bot for Ethiopian Airlines

The 75-year-old airline is the fastest growing and only profitable airline in Africa with an inventory of 42 passenger and six freighter planes, flying 62 destinations within the continent, and 58 cargo destinations. This huge customer base comes with a high level of expectation for its upgraded chatbot service 'Lucy'. The upgrade is the latest improvement to its digital presence, with the goal of achieving convenience for its passengers.

The upgrade supports services for international travel in addition to feedback services.  Some of the specific self-serve services included are flight booking, flight information sourcing, and check-in services. The updated bot is enabled in the official language of Ethiopia, Amharic, and in English for its non-indigenous passengers. With the new self-service chatbot, the airline wishes to expand its customer base and increase its efficiency in the years to come.

The upgrade to 'Lucy' is likely to have positive effects on the Ethiopian economy, particularly given the international self-serve reach the chatbot enables. This will likely lead to an improvement in the number of investors in Ethiopia; developing the country as a whole.

## Prices of flights from Nigeria to Ghana or UK are set to increase within the year

The cost of round trip flight tickets from Nigeria to Accra has increased sharply by 109.2% from an average of N110,400 in February 2020 to N231,000 in August 2021. The price increase is not limited to only Ghanaian flights; flights to the United Kingdom, Kenya, South Africa, and other countries are also set to rise depending on the airline.

Ticket prices for a Lagos-Manchester flight has risen from an average of N522,000 to N838,760 during the same time period. The standard price of flights from Lagos to Rwanda, Kenya, and South Africa have increased from N129,100, N164.540, and N650,400 to N215,050, N254,263, and N751,400, respectively.

Experts have attributed the rise in prices to the CBN's forex rationing and ban on forex sales to Bureau de Change operators. The Forex embargo, however, is not the sole factor for the price increase; rising fuel expenses and maintenance costs are also major contributing factors.

According to data from the Energy Information Administration's report, aviation fuel was four times higher than the pandemic's low point in April, 2020. The coronavirus pandemic forced airlines to limit capacity by reducing the quantity of available tickets and employees. These decisions are likely to result in increased air fares.

# United Airlines Extends Africa Reach in Deal with Local Carrier

Culled from *Bloomberg*

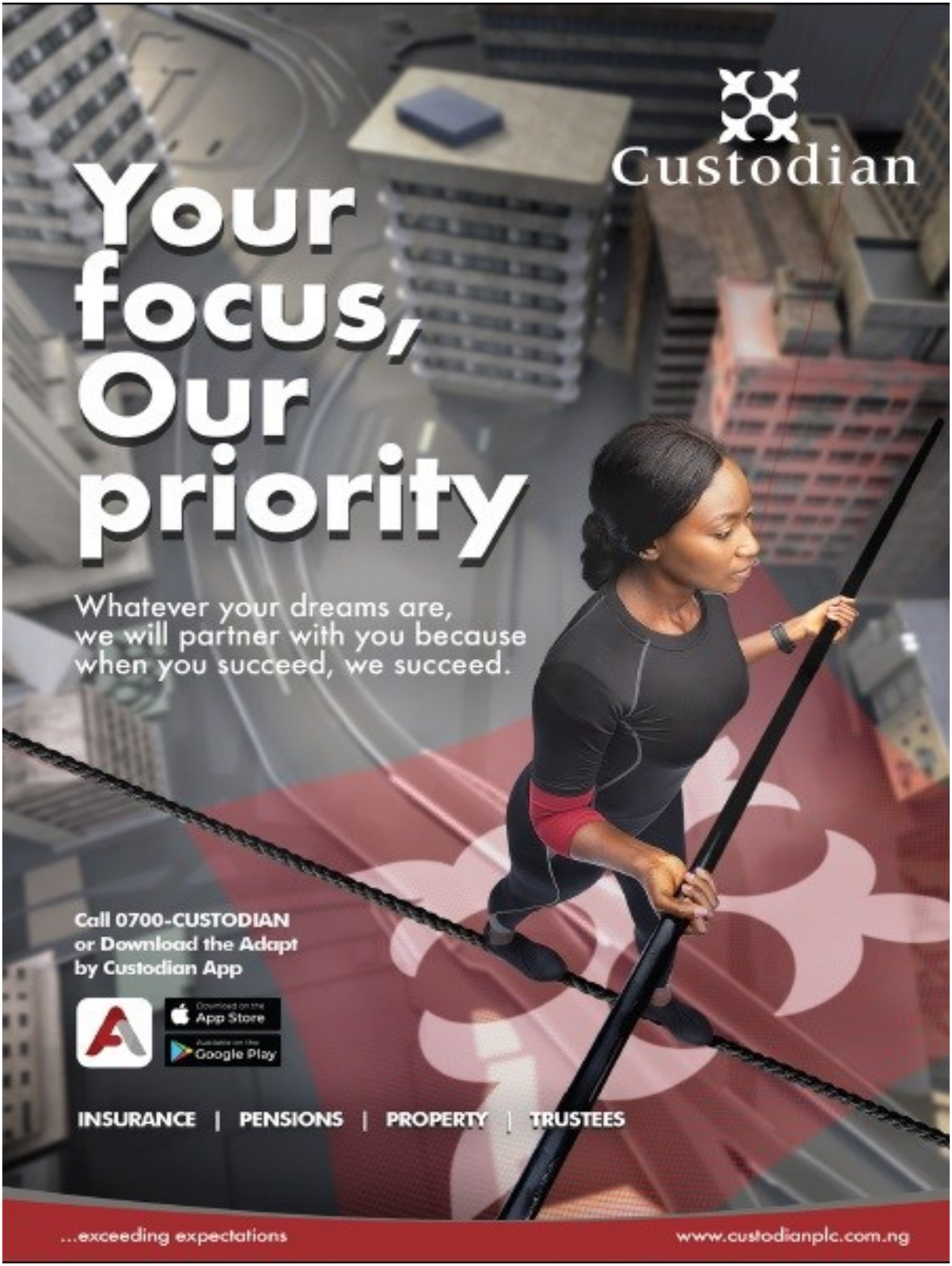
United Airlines Holdings Inc. expanded its reach to southern African destinations like Madagascar, Mozambique and Victoria Falls, inking a code-share agreement with a growing local carrier.

The deal with closely held SA Airlink Pty Ltd. adds connections to more than 40 African locations for travelers from the U.S. It's the latest sign of a reopening of international travel in the region following the coronavirus pandemic.

"United continues to demonstrate our commitment to Africa, starting three brand-new flights to the continent this year alone," Patrick Quayle, vice president of international network and alliances at United, said in a statement Tuesday.

Airlink is bidding to fill a void left by national carrier South African Airways, which recently emerged from bankruptcy proceedings and is flying to limited destinations. Airlink, known before the pandemic as a way to get from Johannesburg to small towns dotted around the country, signed a similar deal with Gulf giant Emirates in August.

United plans to start flights from Washington to Nigeria and Ghana later this year, the carrier said, alongside a route between New York and Johannesburg. The company also has a code-share with SAA through the Star Alliance.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## South Africa's Schoenmaker sets new world record in Olympics

Tatjana Schoenmaker, a 24-year-old South African swimmer, set a new world record in the women's 200 meter breaststroke at the Olympics in Japan. With her time of 2:18.95, she surpassed Denmark's Rikke Moller Pederson's 2013 record. Her win brought great joy to her country as it was the first time a South African had won an Olympic medal in swimming since 2000. Regardless of monetary and political constraints, African nations take pride in the Olympic games and work hard to earn medals as it gives them an opportunity to show their potential to the world.

## Ghana stands to win its first Olympic medal in 29 years

Ghanaian amateur boxer, Samuel Takyi won his Olympic quarter final against an experienced David Avila, to guarantee himself a medal at Tokyo, 2020. His impressive Olympic journey came to an end at the hands of America's Donald Ragan in the semifinals, securing the bronze medal in the competition. His bronze medal ended the 29-year wait for Ghana who last won an Olympic medal in Barcelona 2002, where they won bronze in football.

Samuel Takyi becomes the fourth Ghanaian boxer to win a medal at the summer games, joining Olympic greats, Clement Quartey, who won silver in Rome 1960, Eddie Blay, who won bronze in Tokyo 1964, and Prince Amartey who won bronze in Munich 1972.

The 20-year-old Ghanaian defied all odds in his Olympics debut, proving that there is more to come from the talented fighter.

## Africa's fashion week in London

The biggest African event in Europe is scheduled to hold again in London this year from 8$^{th}$ to 9$^{th}$ of October. This event, which aims to promote and preserve the African culture, also serves as a channel for promoting the continent's global image. Africa's Fashion week is known to be a colorful event with its main activities being catwalks, development programs and exhibitions. With almost an 80,000 wide audience, the event is sure to expose many African emerging designers. With this increased promotion, African designers would be encouraged and this would increase job opportunities and in turn taper youth unemployment in the continent.

## Kenya is set to begin an Elephant naming ceremony

In order to conserve wildlife in Kenya, its government has decided to adapt an elephant naming ceremony which is to be held at Amboseli National Park. This wild life conservation center is home to more than 3000 elephants which is about 9% of the country's total population of elephants. The ceremony is scheduled to hold on the 12$^{th}$ of August as this is a day set aside to commemorate elephants in the world. The naming ceremony has now been christened as the Tembo Naming Festival.

Individuals adopting elephants and Maasai elders who are responsible for their care, participate in the naming. The ceremony is in two parts. First, the individuals who are adopting the elephants pay a sum fee to name the elephant. The names given by the private individuals are the first names of the elephant. Next, Maasai elders bestow a name based on the elephant's size, history or characteristics.

The inspiration for the elephant naming ceremony comes from the internationally recognized gorilla naming ceremony in Rwanda (Rwanda's Kwita Izina). The ceremony greatly supports Rwanda's tourism and the Kenyan government stands to mirror this success with elephants.

This elephant naming ceremony aims to boost Kenya's GDP while preserving the animals that live within. It plans on achieving this by increasing both domestic and international tourism resulting in an increase in the receipts of the country. This newly source of income can boost the foreign reserves and support economic growth, essentially creating an increase in trade and an improvement in the standard of living of those living in Kenya.

## Yele Bademosi steps down as Bundle Africa's CEO

Yele Bademosi, the founder of the crypto-payments app, Bundle, and a former director at Binance Labs, has resigned as CEO of Bundle Africa. He stated that he stepped down to focus on promoting and providing support across the African crypto community.

Binance Africa's director, Emmanuel Babalola, has been appointed as the company's interim CEO, succeeding Yele. Yele emphasized his confidence in the new CEO while highlighting his significant contributions to the crypto community and block chain ecosystem in Africa.

Yele Bademosi founded Bundle in August 2019 with the support of global cryptocurrency exchange corporation, Binance. The main aim of the company is to develop Africa's block chain ecosystem and improve cryptocurrency acceptance by making it easier to use and more inclusive for Africans.

## Paris Fashion Week Opens with Kenneth Ize

This season's Paris Fashion week opened with Nigerian designer, Kenneth Ize and his spring collection, "It's a new dawn". The designer's inspiration for this collection came from his mother and her mode of dressing while he was growing up, especially when she was going to church. The collection, which consisted of dresses and tunics for women made from the same fabric used for men, was co-ed, to showcase how important women are. Although raised in

Vienna, he has always had an attachment to his Nigerian roots. He focused on color coordination and vibrant earthly colors as he tried to infuse the Nigerian culture into the global fashion conversation.

Ize's collection was unique as the key material was Aso Oke, made with traditional tailoring techniques. Stripes and fringes have also become core elements of his designs. Earlier in the year, Ize collaborated with the Karl Lagerfeld brand in an exclusive ready to wear gender-neutral capsule. The young designer's goal is to change the perspective of Africa from a "third world" nation and also encourage African youths to preserve our heritage and propel it into the future of fashion.

# Financial & Economic Indicators

| Country | GDP Annual Growth Rate (%) | Inflation (%) | Life Expectancy (Years) | Unemployment Rate (%) | Interest Rate (%) |
|---|---|---|---|---|---|
| **Angola** | -3.4 (Q1'21) | 26.09(Aug'21) | 62.2 | 31.6(June'21) | 20.0(Jul'21) |
| **Botswana** | 36.0 (Q2'21) | 8.8 (Aug'21) | 69.9 | 23.3 (Dec'20) | 3.75(Aug'21) |
| **Cameroon** | 0.8(Q4'20) | 2.39(June'21) | 60.3 | 3.6(Dec'20) | 3.25 (Aug'21) |
| **Ethiopia** | 6.1 (Q3'20) | 30.4(Aug' 21) | 67.8 | 19.1 (Dec'18) | 7.0 (Dec'20) |
| **Eritrea** | -0.6 (Q4'20) | 4.7 (Dec'20) | 67.5 | 7.4 (Dec'20) | - |
| **Gabon** | -1.8 (Q4'20) | 0.9 (May'21) | 67.0 | 20.5 (Dec'20) | 3.25 (Aug'21) |
| **Ghana** | 3.9 (Q2'21) | 9.7(Aug'21) | 64.9 | 4.5 (Dec'20) | 13.5 (Sep'21) |
| **Guinea** | 7.0 (Q4'20) | 13.48(Aug'21) | 62.6 | 4.4 (Dec'20) | 11.5 (Aug'21) |
| **Ivory Coast** | 3.5 (Q1'21) | 4.7(Aug'21) | 58.8 | 3.5 (Dec'20) | 4.0(Sep'21) |
| **Kenya** | -0.3(Q4'20) | 6.91 (Sep'21) | 67.5 | 7.2 (Sep'20) | 7.0 (Sep'21) |
| **Liberia** | -3.0 (Q4'20) | 8.1 (June'21) | 65.0 | 2.7 (Dec'20) | 20.0 (Aug'21) |
| **Mozambique** | 1.97(Q2'21) | 5.61(Aug'21) | 62.1 | 3.39 (Dec'20) | 13.25 (Sep'21) |
| **Nigeria** | 5.01(Q2'21) | 17.01 (Aug'21) | 55.8 | 33.3 (Dec'20) | 11.5 (Sep'21) |
| **Rwanda** | 20.6 (Q2'21) | -1.8(Aug'21) | 70.0 | 17.0 (Feb'21) | 4.5 (Aug'21) |
| **Senegal** | 5.1 (Q1'21) | 2.6(Aug'21) | 68.9 | 22.6(Mar'21) | 4.0 (Aug'21) |
| **South Africa** | 19.3(Q2'21) | 4.9(Aug'21) | 64.9 | 34.4 (Jun'21) | 3.5 (Sep'21) |
| **Tanzania** | 4.9(Q1'21) | 3.8 (Aug'21) | 66.4 | 9.5(Dec'20) | 5.0 (Sep'21) |
| **Uganda** | 6.2(Q1'21) | 2.2 (Sep'21) | 64.4 | 2.44 (Dec'20) | 6.5(Aug'21) |
| **Zambia** | 0.7(Q1'21) | 22.1 (Sep'21) | 64.7 | 12.2(Dec'20) | 8.5 (Sep'21) |
| **Zimbabwe** | -4.1 (Q4'20) | 51.55 (Sep'21) | 62.2 | 5.7 (Dec'20) | 40.0 (Aug'21) |