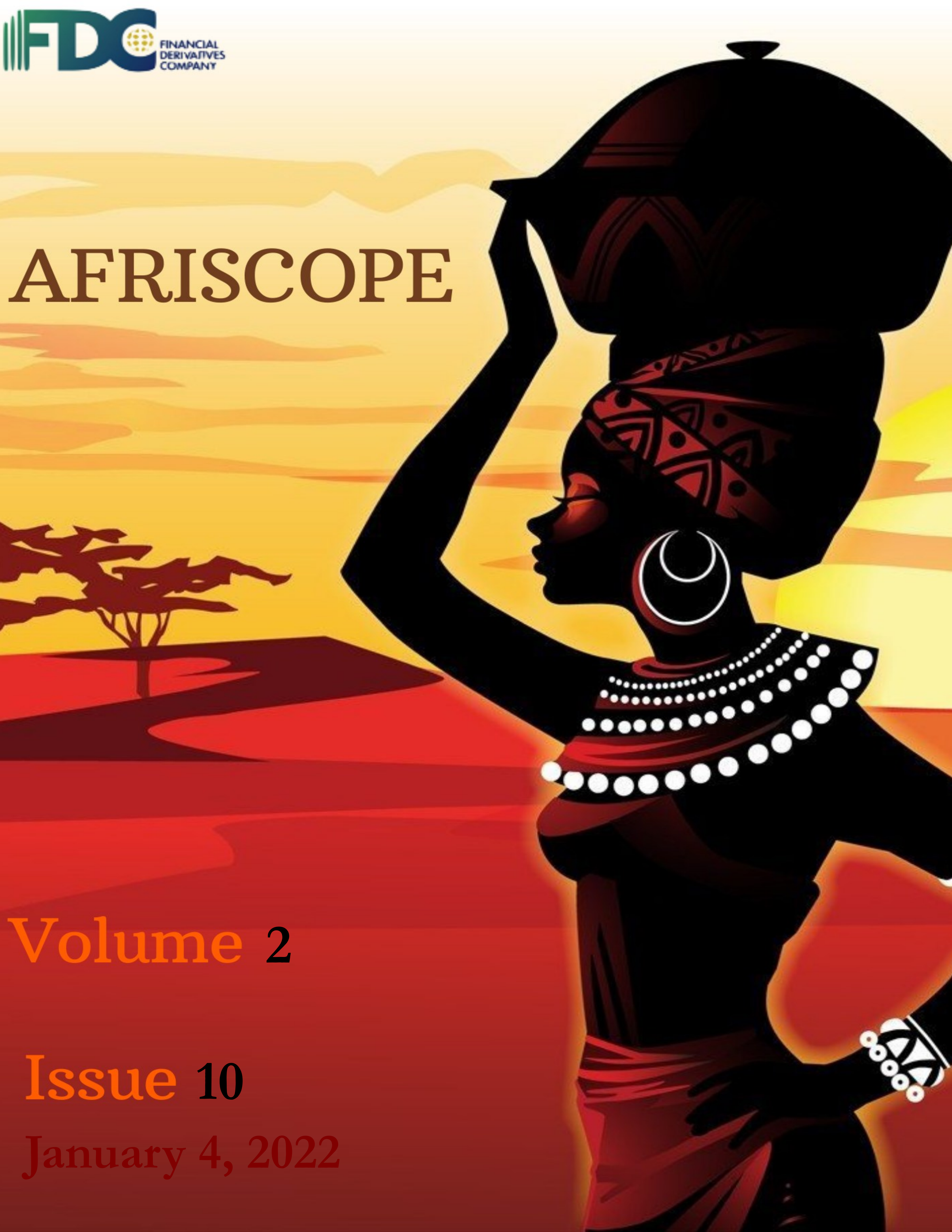

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2022/23 Regional Outlook - SSA

For several decades SSA has been lagging behind the rest of the world due to lack of competitiveness and economic diversification. At the moment 34 of the 48 least developed countries are in the region. However, the bright side for coming years is that many countries in SSA have began to introduce structural reforms that brighten the prospects of the region. With the AfCFTA in progress and a young population, SSA is likely to underpin long term benefits in the near term.

Covid-19: The SSA region is expected to maintain a moderate outbreak of the virus, even with the Omicron variant in the near term. Currently, Africa has the lowest infection rate (9.76mn: 3.4% of global infections) compared to Asia (84.56mn), Europe (86.89mn), North America (65.48mn) and South America (39.73mn). Whilst some attribute the slow increase in fatalities to herd immunity, others are of the opinion that Africa is not reporting the right numbers. Nonetheless, SSA and Africa at large could continue to suffer from aggressive travel bans and restrictions. Not just that, the dilapidated state of health care facilities and limited access to vaccines may worsen the spread of the virus in the dominant economies of the region (South Africa and Nigeria). South Africa alone accounts for approximately 35% (3.45mn) of the total cases in Africa and Nigeria has the 8th highest number of cases in the continent.

Governments across the region are expected to intensify efforts to combat the coronavirus pandemic. Both fiscal and monetary authorities will consolidate to ensure that their economies return to pre-pandemic levels by H2'22. Domestic immunization schemes and sensitization will only become impactful from late 2022 as people remain skeptical about the vaccines.

[1]

Key Economic Indicators in SSA

	2021	2022	2023
Real GDP (%)	3.4	3.6	4.0
GDP Per Head ($)	2,265	2,345	2,447
Inflation (%)	10.4	9.8	9.1
Trade Balance ($'bn)	11.66	16.08	6.03
Current A/c Balance ($'bn)	-28.35	-27.58	-40.64
External Debt ($'bn)	746.3	785.2	805.2
Debt-Service Ratio (%)	11.5	11.8	12.0

Economy: The sustained recovery in the global economy and higher commodity prices will have a meaningful impact on economic activities and output levels in SSA. Real GDP is projected to grow by 3.6% from an estimated 3.4% in 2021. Meanwhile, average inflation is expected to taper to 9.8% from 10.4% in 2021. However, government revenue will remain under pressure and this could negatively affect capital expenditure on socioeconomic infrastructure (health and education). Unemployment, especially amongst the youths in the formal sector could remain at current levels but informal sector activities will pick up more rapidly. E-commerce, work-from-home and technological advancements

[1] EIU

could remain. However, due to weak government buffers, several SSA countries will continue to rely on bilateral and multilateral support from the IMF, World Bank and China to meet balance of payment needs. This would worsen the region's external debt burden to $785.2bn in 2022 and $805.2bn in 2023

Politics: A few parliamentary and presidential elections will take place in 2022 and coups are potent risks in SSA as witnessed in the recent developments in Guinea, Mali and Chad. The respect for democracy is frequently waning leading up to and during elections, thus aggravating political tensions and lack of legitimacy. The region will continue to be plagued by gerontocracy - a state of being governed by old people. Due to rising misery levels, the likelihood of more protests and social unrest is high especially in countries having elections in 2022 and 2023. Meanwhile, Africa based Islamist engineered conflicts especially across the Sahel, Nigeria and Mozambique, will prove difficult to control.

Foreign Direct Investments into Africa fell by 50% in 2020 - EY [2]

According to the 2021 Africa attractiveness report by EY, Africa's FDI inflows fell by 50% in 2020 due to the covid-19 pandemic. The continent received the highest FDI inflows from France followed by the US, UK, and China. Meanwhile, cross-border investments have increased in the last five years, with South Africa being the largest investor to the rest of the continent. For example, in 2020, SA announced two large-scale projects in Nigeria in the communications sector, worth $2.5bn.

The good news, however is that investment inflows is rising into sectors like business services, telecommunications, media and technology, financial services, and consumer goods rather than the traditional extractive sectors and these industries have the potential to create more jobs and sustain long-term growth. More noteworthy is that FDI is tilting in favour of environmental sustainable projects and this is expected to increase in the near term.

Africa is still an attractive investment destination, due to its young population and vast natural resources and more recently the commencement of the AfCFTA. According to EY, the continent's GDP contracted by 2.4% but is expected to grow by 4.6% in 2021. The AfCFTA has the potential to boost income for Africa by $450bn in 2035. Not only that, the regional trade agreement will also open new widows of opportunity to strengthen trade ties and increase investment inflows.

`[2] Africa Attractiveness Report 2021 - EY

Africa: 2021 in Retrospect

The year 2021 was another challenging one globally and particularly for Africa. Besides the lingering fallout of the coronavirus pandemic, with the occurrence of a new and more contagious variant (omicron), Africa was plagued with political and social unrest, currency pressures, debt distress and a worsening climate condition. What do we say about key African leaders that died in the year? The likes of Demond Mphilo Tutu, the anti-apartheid and human rights activist and John Magafuli, the Tanzanian president who denied Covid-19 but died of the same ailment. Nonetheless, the year had some remarkable highlights for the African continent. African start-ups attracted about $5billion in investment inflows into the continent in 2021. Multinational companies such as Twitter, Google & Microsoft have also announced plans to set up subsidiaries in Africa thereby positioning the continent for economic expansion.

Covid-19- Herd Immunity??

With less than 4% of global coronavirus infections, despite being the second most populous region (approx. 17% of global population), Africa has remained resilient against the pandemic. While this is widely disputed on grounds of a low test rate and data paucity in Africa, it suggests a herd immunity against the pandemic. Meanwhile, Africa has remained at the centre of new. South Africa reported the highest number of Covid-19 infections in 2021, retaining its status as the epicentre of the pandemic in Africa.

A wave of political coup

Elections held in at least 12 African countries in 2021 (Uganda, Benin, Chad, Niger, The Gambia, Zambia among others). While a number of the countries had the ruling party re-elected, Zambian president, Edgar Lungu, was displaced in a bitterly contested poll. A notable feature of the African political landscape in 2021 was however the wave of military takeovers in the region. At least four countries (Mali, Chad, Guinea and Sudan) recorded military coups in 2021 compared to one (Mali) in 2020. This highlights a growing resentment against African governments and waning confidence in democracy.

Debt & Fiscal Pressures

A number (at least 6) African countries visited the international debt market in 2021 amid lingering fiscal pressures and the need to support their nascent economic recovery. Although funding from the Eurobond sales provided some financial relief to the countries, it further raised their debt burdens putting the continent at risk of a debt crisis.

AfCFTA

The African Continental Free Trade Agreement (AfCFTA) came into effect in 2021. However, intraregional trade remained low accounting for less than 20% of exports in Africa, compared with Asia (approx. 60%) and Europe (70%). The lingering impact of the Covid-19 pandemic, infrastructural challenges and sustained protectionism by some regional players like Nigeria, have remained fundamental threat to the successful implementation of the trade pact. Meanwhile, the launch of the Central Bank Digital Currency in Africa in

2021 is expected facilitate improved intra-regional trade, which bodes well for AfCFTA. In October 2021, the Central Bank of Nigeria launched its digital currency, the eNaira and the Bank of Ghana has announced plans for a similar move, signaling the rise of central bank digital currencies in Africa.

African Youths & Technological Innovation

The African continent has the youngest population in the world, with a median age of 19.7 years. To add more context to this, as at 2021 about 40% of Africa's population was estimated to be 15 years or younger. A young population provides a large and inexpensive future workforce. It supplies a growing market for manufactured goods, and it holds great potential for the adoption of new technologies. Africa's youthful population stands as both its greatest asset and untapped resource to the continent's prosperity. This young population has had a direct effect on technological proliferation across the continent, driving Africa into what some might describe as a 'technocratic revolution' heralded by African Youths, many of whom are in their 20's and 30's.

The year 2021 was a remarkable year for techno-vation across the African continent, achieving new records and setting the stage for what is likely to be an even greater scene in 2022 and beyond. In 2021, African tech startups secured funding amounting to almost $5bn, this was more than the amount of funding secured in the three years preceding 2021 combined. This espouses the fact that the continent has been opened up to a flurry of interest from international institutional and private investors, who are enamored with the potential for above market returns on their investments. This foreign infatuation can be attributed to the prodigious size of the African market and the quality of service provided by these new age African tech startups.

At the forefront of Africa's technological renaissance are companies which have disrupted whole industries and spawned a new level of customer value proposition. These firms offer a quality of service that have previously been unseen across the continent. Companies like Flutterwave, which is revolutionizing payment processing across Africa, secured $170mn in 2021, thereby propelling the company to unicorn status. Africa over the years has birthed 7 unicorns, these being companies which have reached the coveted $1bn valuation mark. These 7 unicorns include: Fawry an Egyptian fintech; Wave a Senegalese fintech; Opay, Flutterwave and Interswitch all Nigerian fintechs; Nigerian e-commerce firm, Jumia and finally Andela, a Nigerian human resources solutions provider. The evident trend among these African Unicorns is that five out of seven of them are fintechs, another trend which might not be so obvious is that all of these companies were started by individuals who were in their 20's and 30's, all African youths.

The year 2022 is shaping up to not only be just a continuation of the bull run in African tech innovation, but a significant step up from the heights and peaks of 2021. The growth in digitization across the continent which is being supported by increased internet penetration and new technology such as 5G, is expected to bolster the activities and reach of the African youth in tech, and the range of value they are able to offer across the continent. This expansion in range and market is also likely to continue to pique the interests of both domestic and foreign investors who are seeking to get a jump on the next big thing. 2022 is likely to bring monumental change across Africa regarding financial inclusion, commerce, health, communication and a host of other sectors. This change will largely be fueled by the growth in Africa's blossoming tech space. Africa is very rapidly grasping the future of civilization and the attainment of a highly digitized and cosmopolitan society. One thing which is certain is that this society will be powered by technology, and the youth behind this technology's propagation.

The rise of CBDC's in Africa & its implications

The Central Bank of Nigeria launched its digital currency, the eNaira, on October 25. The Bank of Ghana has announced plans to launch its digital currency, the e-cedi, before the end of the year, signaling the rise of central bank digital currencies (CBDCs) in Africa. Monetary authorities have been facing pressures to develop their own digital currencies amid the ongoing shift to cryptocurrencies and the need to protect their national sovereignty.

Nigeria is the first African country to introduce a digital currency following countries like China (digital yuan), Bahamas (sand dollar), and the Eastern Caribbean Countries Union (DCash). Central banks have been apprehensive of the highly volatile nature of cryptocurrencies and susceptibility to money laundering, terrorism financing and other criminal activities. This has necessitated several anti-crypto regulations and the drive to develop their own digital currencies.

While cryptocurrencies and CBDCs are all digital currencies, cryptocurrencies are not backed by any monetary authority and not generally accepted as a legal tender. On the other hand, CBDCs are regulated by central banks and have all the fundamental functions of a fiat currency. The rise of CBDCs in Africa is expected to promote financial inclusion and lower the costs of currency management. In the light of the African Continental Free Trade Agreement (AfCFTA), CBDCs could enhance seamless cross-border transactions and improve intra-regional trade. However, like all digital currencies, CBDCs are vulnerable to cyber security attacks and operational risks, which could increase the risk of financial instability.

AFCFTA in Nigeria & outlook for 2022

The AfCFTA is an attempt by African nations to boost intra-African regional trade, which is currently estimated at 15% of total trade in the continent. The implementation of AfCFTA started in January across African countries that signed and ratified the agreement. The Nigerian government signed the agreement on July 7, 2019.

How has AfCFTA impacted Nigeria?

Since the implementation of AfCFTA, intra-regional imports (30.91%) rose at a faster pace relative to intra-regional exports (5.98%), and Nigeria's total intra-regional trade increased (12.38%). [3]

Nigeria's low productive capacity and rising export to other regions particularly Asia and Europe reduced the volume of commodities to other African countries. Asia remains Nigeria's top export destination, accounting for about 36.28% of the country's total exports (about three times Nigeria's intra-regional export share of 11.50%).

Outlook for 2022

Nigeria's intra-regional trade is expected to increase further in 2022, due to ongoing efforts of the fiscal and monetary authorities to improve the domestic production. For instance, the CBN recently launched a "100 for 100 Policy on Production and Productivity" which is expected to provide funding to local firms in order to

Period		**Intra-Regional Exports**	**Intra-Regional Imports**	**Total Intra-regional trade**
Before AfCFTA	Q4'20	N551.13bn	N190.08bn	N741.21bn
During AfCFTA	Q1'21	N449.84bn	N183.44bn	N633.28bn
	Q2'21	N584.11bn	N248.84bn	N832.95bn

bolster their output levels. However, insecurity, lack of inadequate infrastructure are major risks to intra-regional trade in the medium term.

[3] NBS

IMF agrees $1.4bn bailout for Zambia

After series of negotiations, the IMF has finally reached an agreement with the Zambian government on a three-year lending programme worth about $1.4bn. The bailout is expected to assist the country restructure its massive foreign debt profile of about $13bn as it undertakes extensive reforms to rebuild the Zambian economy. This extended credit facility by the IMF is positive for the newly elected President Hichilema that based his campaign on promises to resuscitate the economy and build bridges with multilateral lenders that were soured under his predecessor Edgar Lungu. The key reforms for Zambian authorities include reestablishing fiscal sustainability while re-orientating public resources towards investment in the people.

The new administration plans to shift government spending from inefficient public investments towards investments in health and education infrastructure. Spending will he highly monitored and controlled to ensure efficiency, transparency and accountability. The steps taken are also expected to enhance strength in governance and public financial management. The bailout and ability of the new Zambia government to undertake this reforms successfully with evident gains will revive investor sentiments. Zambia was the first country to default in its debt and interest repayments to creditors. According to the IMF mission chief for Zambia "These reforms seek to remedy past weaknesses in economic governance and public financial management that led to an unsustainable debt overhang".

Ghana now a top investment destination

Ghana has been rated the most attractive investment destination in West Africa and the sixth in Africa, according to the Rand Merchant Bank's 2021 *Where to Invest in Africa* report. This puts the country ahead of regional peers such as Nigeria, South Africa, Senegal and Ivory Coast. While this rating is favorable for Ghana's privatization agenda, investors are likely to be concerned about the negative outlook on the economy. International ratings agency, Fitch ratings, revised its outlook on the Ghanaian economy to negative from stable in June 2021, citing significant deterioration in public finances and delayed fiscal consolidation. However, the Ghanaian government is expected to step up efforts to assure investors of its macroeconomic stability in a bid to keep the economy attractive to investments.


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Burkina Faso's parliament approves 2022 budget

According to the newly approved budget, Burkina Faso expects revenue to reach CFAfr2.3trn ($4bn) in 2022, a 10.2% growth from 2021. The increase in revenue signals an improvement in economic performance after the economic fallout from the COVID-19 outbreak. Despite the forecast of higher revenue, government spending is estimated to rise by 9.2% y-o-y to CFAfr2.9trn ($5.04bn). This is likely to offset the expected growth in revenue.

Increased security spending and higher fiscal deficit

A key component of the expenditure is an increase in funding for defense and security, which saw allocation rise from an initial 16% to 20%. In absolute terms, spending on defense will rise by 26.41% to CFAfr584bn ($1.02bn) in 2022 from about CFAfr462bn ($0.80bn) in 2021. The cumulative increase in total budget spending will result in a higher fiscal deficit of CFAfr570bn ($0.99bn). This is 5.4% above the estimated fiscal deficit for 2021.

Typically, a considerable portion of Burkina Faso's fiscal deficit would be addressed using external financing. To this effect, a major donor conference to pledge support for the country's five -year economic and social development plan had been scheduled for earlier in December. However, the recent surge in COVID-19 infections in the wake of the new Omicron variant prompted the indefinite postponement of the conference.

Impact

Burkina Faso has been struggling Islamist insurgency in its borders with Mali and Niger, displacing communities and sparking public outrage against the government. The increase in defense and security spending will support Burkina Faso's efforts towards combating Islamist insurgency in the country, which will aid the country's broader socioeconomic stability.

UN Launches African Repo Market to Lower Borrowing Costs

The UN has launched the liquidity and sustainability facility (LSF), which is the new repurchase market for the bonds of African countries. An initial $200mn transaction is planned for early 2022 with funding expected from Africa Export-Import Bank, and private investors. According to the UN Economic Commission for Africa, the size of the facility could reach $30bn in the coming years.

What is a repo market?

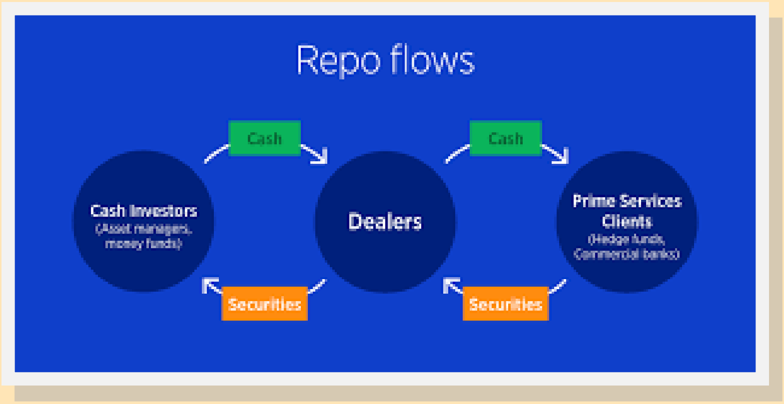
A repurchase agreement (repo) is a short-term secured loan in which one party sells securities to another and agrees to repurchase later at a higher price. The difference between the initial price and repurchase price is the interest paid on the loan, which is known as the repo rate. The securities (mostly bonds) are the collateral.

Who can participate in the repo market?

The facility will focus on countries that are not at risk of fiscal distress. Several African countries have returned to debt markets this year; Ivory Coast, Nigeria, Ghana, Rwanda and Benin have all issued Eurobonds[3] in 2021. Some African countries like Zambia, Zimbabwe and Chad are in debt distress and are likely to be restricted from the repo market.

Impact

The launch of the repo market will allow African countries to be able to exchange their bonds for cash. This will bolster the liquidity position of these countries and increase their access to finance. According to UNECA, the LSF is expected to save African countries about $11bn in interest costs in the next five years. This will also allow them borrow at a cheaper rate using their bonds as collateral. African countries now have a short-term buffer for their finances and an opportunity to monetize their long-term bonds.



Data centres are taking root in Africa - Culled from The Economist

The digital revolution will be grounded in fibre, steel and concrete [4]

In the namanve industrial park on the edge of the Ugandan capital, Kampala, trucks rumble through the dust, laden with steel. Sacks of coffee pile up in warehouses. And at Raxio data centre, which opened this year, a local corner of the internet is encased in rows of gleaming racks. Reach out, and you can touch the cloud.

Most of Africa's data are currently stored elsewhere, zipping down undersea cables that often make landfall in the French city of Marseille. From the continent's southern tip it can take 180 milliseconds for a message to reach Europe and back—long enough to frustrate people trying to trade shares or play games. But a flurry of investment in data centres is now bringing the internet closer to users, laying the ground for a digital revolution.

An upheaval is overdue. Africa has more internet users than America, but only as much data-centre space as Switzerland. Demand is soaring as more people get online. Since 2016 capacity on the continent has doubled to around 250 megawatts (power usage is a common measure of capacity), according to Xalam Analytics, which tracks the industry. Such is the rate of growth that another 1,200 megawatts will be needed by 2030.

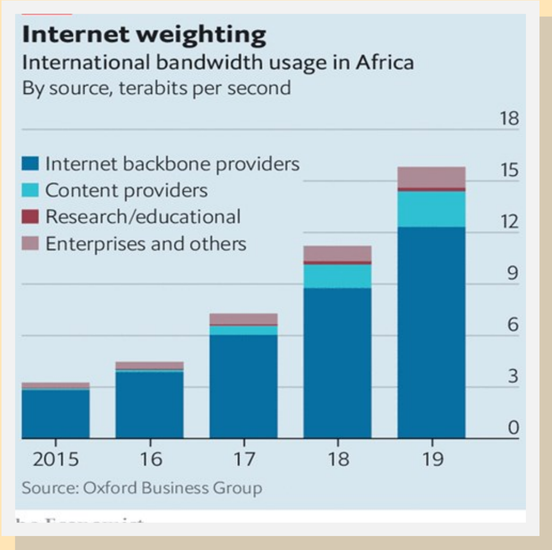
The boom is partly driven by regulation. Two dozen African countries have passed data-protection laws, or are planning to do so. They often require certain data, such as personal information, to be kept in the country. Another boost comes from competition, says Jan Hnizdo of Teraco, a leading data centre in South Africa, where liberalization of the telecoms industry created space for such firms to flourish.

Capital is pouring in. Teraco is building Africa's largest stand-alone data centre in Johannesburg, with backing from

[4] https://www.economist.com/middle-east-and-africa/2021/12/04/data-centres-are-taking-root-in-africa

foreign funds. Actis, a private-equity firm, is putting $250m into the industry, starting with a majority stake in a Nigerian company, Rack Centre. American investors founded Raxio with an eye on less fashionable markets, from Uganda to Mozambique.

These are just some of the providers that offer "co-location" facilities, renting space to an array of clients. They hope to attract the likes of banks and phone companies, which otherwise have the headache of running their own centres. The days when a bank would just put a server "in a corner room" are gone, says Ayotunde Coker, who left a job in finance to become the boss of Rack Centre.



Data centres need power, and lots of it. Keeping their equipment cool consumes almost as much energy as running it, which is why centres are usually in chilly places such as Scandinavia or America's Pacific north-west. Most of Africa is hot and has a lot of power cuts. "Two or three percent of unavailability is an eternity," says Guy Zibi of Xalam. To keep servers running, many centres use polluting and expensive diesel generators.

Yet the potential gains from offering better connectivity and faster internet services in Africa outweigh the difficulties. Microsoft and Amazon are bringing their cloud services to the region, and have opened data centres of their own in South Africa. Huawei has helped build one for the government of Senegal. Google and Facebook are both involved in projects to lay new cables around Africa's coasts. These investments are a sign that the world's biggest companies are starting to take Africa seriously—and a reminder that the digital economy, for all its airy promise, will be grounded in fibre, steel and concrete.

Twiga Raises $50mn to finance expansion plans

A Kenyan agric-tech startup, Twiga Foods, has raised $50mn in a Series C equity financing round in line with its pan-African expansion plans. The company, which runs a food supply-chain platform, is seeking to expand its operations in East Africa (Uganda and Tanzania) and West Africa (Ivory Coast, DRC Congo, Ghana and Nigeria among others). Twiga Foods had earlier raised over $100mn, in both debt and equity financing and is looking to raise more funds next year.

The newly raised fund will fast track Twiga Foods' expansion agenda and promote increased agriculture productivity in Kenya and possibly across the continent as the AfCFTA continues. It will also facilitate job creation and support economic diversification efforts in the African countries the company plans to set up shop.

Bank of Uganda halts sale of indebted schools and hotels

The Bank of Uganda has issued a directive to commercial banks to restructure all loans to the education and hospitality sectors, which effectively bars the sale of the indebted institutions or any collateral used to secure the loans. The directive is also inclusive of a one-year moratorium on all interests accrued on the loans from October 1, 2021 to September 30, 2022. This is aimed to provide some relief to schools and hotels that have been severely affected by the fallout of COVID-19, including the employees of the affected institutions.

Schools have remained closed in Uganda for more than 77 weeks due to the pandemic, the longest anywhere in the world. This has been particularly detrimental to private schools as some were already being auctioned for sale by commercial banks for defaulting on their loans. The Bank of Uganda's directive will ease the pressure on indebted businesses in the education and hospitality sectors and will allow more room for recovery. It will help to prevent massive job losses and social unrest in the country. However, it is unfavorable for the profitability of affected banks.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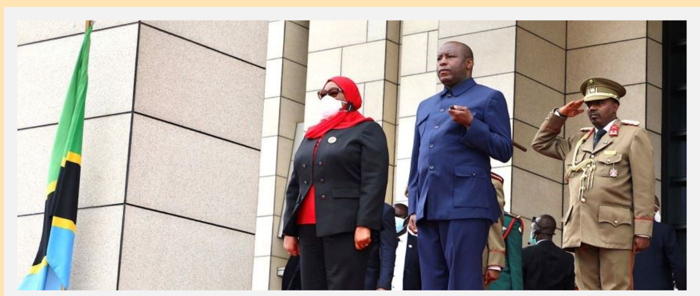
World Food Program warns of high levels of malnutrition in northern Kenya

The World Food Program and environmental activists have warned of high levels of malnutrition in northern Kenya, largely attributed to extreme droughts caused by climate change. The country, which is prone to unfavorable weather conditions is facing a more severe drought this year, leaving as many as 600,000 people in need of food or money. Also, around 60% of the 53.77mn population lack adequate dietary intake.

The threat of a food crisis in northern Kenya will increase the citizens' vulnerability to a health crisis. It could also push up food prices, which will invariably result to higher inflation and a deterioration of households purchasing power. Kenya's inflation rate eased to 5.8% in Nov'21 from 6.45% in Oct'21 due to lower food & non-alcoholic beverage prices, transport, health, education and hospitality service costs. The Kenyan government is expected to step up efforts to address climate change issues in the country. A prolonged drought will weigh on agriculture sector productivity and undermine Kenya's ongoing economic recovery.

Tanzania and Burundi strengthen bilateral ties

The President of Tanzania and Burundi have signed an agreement on multibillion-dollar infrastructure projects. This is centered around the construction of roads and standard gauge railway lines, which will connect Tanzania and Burundi. The two presidents agreed to extend an existing railway line between Tanzania and Burundi from Uvinza-Msongati-to-Gitega, 160km in Tanzania and 80km in Burundi. The Democratic Republic of Congo has expressed interest in joining the project in order to extend the rail line to Kindu in DRC.



The primary aim of the project is to facilitate the movement of cargo between these countries through the Dar es Salaam port in Tanzania. This would bolster the bilateral trade and investment relationship between Tanzania and Burundi. In support of this, President Hassan said issued a license to Kabanga Nickel Company, so that in addition to mining nickel, they could build a factory to process the minerals in Tanzania. Trade accounts for more than 32% of Tanzania's GDP. This could also enable the Burundian government to sell its nickel in Tanzania. Approximately 6% of global nickel reserves are in Burundi. This would positively impact the mining sector of Burundi, thereby increasing its contribution to the country's GDP.

Gabon suggests how leaders can protect forests

At the COP26 climate change summit, more than 100 countries pledged to halt and reverse deforestation and land degradation by 2030.

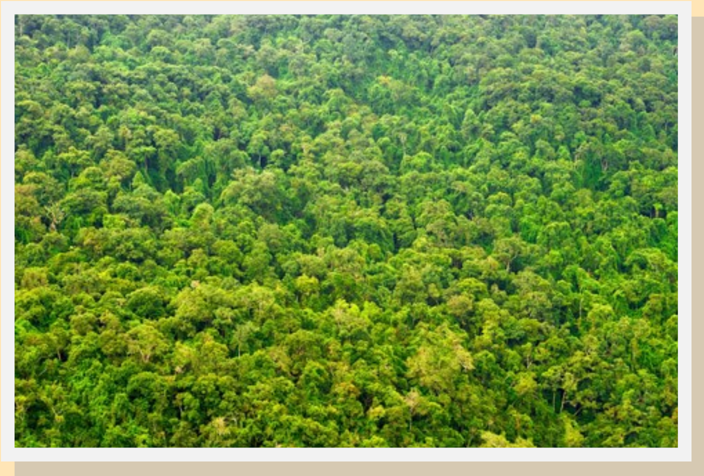
How can reduced deforestation be achieved?

Gabon suggested that African countries have to be given an incentive by the rich nations to halt deforestation, stating that the forests help curb global emissions. The country recently received $17mn from the Central African Forest Initiative (CAFI), a UN backed fund, for reducing deforestation and land degradation.

Impact

Incentivizing countries to preserve their forests will encourage them to boost efforts towards reducing deforestation. Gabon is one of six countries that form the Congo basin — the world's second-biggest tropical rainforest, after the Amazon. Cameroon, the Central African Republic, DR Congo, Republic of the Congo and Equatorial Guinea are the other five countries. Reduced deforestation will also help Gabon and other African countries to meet their carbon emission reduction targets.

The forests in Gabon absorb about 140mn metric tons of CO_2 each year (4.12% of global emission) and the country accounts for 13% of the Congo Basin Rainforest. The forests help absorb carbon emissions from the atmosphere, thereby decreasing global greenhouse gases. In view of this, providing incentives to countries will encourage them to reduce or halt deforestation, which will indirectly support the effort towards tackling climate change globally.



South Africa's energy transition will gulp $8.5bn

At the COP26 climate change summit in Glasgow, the UK, US, France and a host of other developed nations pledged $8.5bn to support South Africa's energy transition from coal. In 2011, the South African government launched the Renewable Energy Independent Power Producer Procurement program as part of its measures to reduce the contribution of coal to the national power grid.

However, the country remains the world's 12th biggest emitter of greenhouse gases and the world's biggest emitter of sulfur dioxide. Even though, South Africa plans to cut contributions from its major sources of carbon emissions to less than 60% of its energy mix by 2030, Eskom Holdings, the national utility company, still generates power from a fleet of 15 coal plants, accounting for more than 40% of the country's carbon emissions.

The newly secured funding is a key step towards cutting the country's carbon emissions which will be executed by retiring coal-fired plants and investments in renewable energy. A successful transition to renewable energy will be beneficial to the environment and health of South Africans. However, this is a double-edged sword that requires the strong political will of the South African government.

While there will be improved power supply, cleaner air and an improvement in living standards, there could also be loss of jobs (100,000 jobs in mining and its associated industries could become redundant in the near)term. Coal-reliant businesses are a major employer of labor and a key contributor to output, accounting for 45% of employment and 70% of exports. Similarly, mining and associated industries contributes approximately $54bn to the South African economy.

Angola is nearing end of its long recession, finance minister forecasts

Angola is in the sixth year of an economic recession after reporting negative annual real GDP growth for five consecutive fiscal years. This has largely been due to the decrepit state of the country's oil sector, which is its golden goose. Plagued by limited investment and dilapidated infrastructure, Angola's oil production level has declined over the years and is projected to maintain the trend in 2021. The Economist Intelligence Unit is forecasting a 6.25% contraction in the country's oil production to 1.2mbpd in 2021 from an average of 1.28mbpd in 2020.

Vera Daves de Sousa, Angola's finance minister, is however anticipating an emergence from the protracted economic downturn. This is premised on economic reforms and higher oil prices. The João Lourenço-led government has embarked on implementing ambitious economic reforms including the privatization of state-owned companies (Sonangol and Endiama) and is rallying against corruption. These measures are expected to improve the economic outlook of the country, informing the government's renewed growth stance. In the second quarter ended June, the Angolan economy registered a modest growth of 1.2% year-on-year.

The country's finance minister is now projecting a 0.2% expansion this year and an accelerated growth of 2.4% in 2022. This rebound to growth, if actualized, will boost investor and business confidence, increasing its attractiveness to international oil companies and businesses and by extension, encouraging capital inflows into the country.

Zambia’s new president tackles debt mountain and empty treasury

Zambia’s massive copper reserves, accounting for 6% of the world’s copper reserves, supporting its rank as a resource rich country. However, it is beleaguered by corruption and a weak institutional framework that could push the country to the brink of bankruptcy. According to the newly elected president Hakainde Hichilema, several billions of dollars were stolen from government funds by the previous Edgar Lungu-led Patriotic Front administration.

However, the new administration is seeking to redeem Zambia’s image and win over creditors and the IMF by tackling corruption and increasing output. As part of efforts to address corruption, the new president has affirmed that the administration will not hesitate to prosecute offenders where the need arises. Last year, Zambia became the first African country to default on its Eurobonds following the advent of COVID-19. More recently, the new administration announced that the share of the country’s $15bn debt owed to Chinese creditors stands at $6bn. This is 100% higher than the amount that was previously declared. The new era of transparency should bode well with the country’s creditors and concessional lenders such as the IMF and the World Bank.

Meanwhile, the government is targeting GDP growth of 3.5% in 2021 after a contraction of nearly 3% in the previous year. The expectation is supported by a higher copper price, which climbed to a 10-year high and recently breached $10,000 per metric ton. Rising global copper prices and a planned increase in copper production will result in higher export earnings, which will boost fiscal revenue in 2022. It will also help address the country’s fiscal shortfall, which the government projects will narrow to 6.7% of GDP from over 10% in 2020. In 2022, global copper prices are expected to exceed the $7,500 per metric ton threshold at which the country's top 10% mineral royalty rate automatically kicks in.

Africa wants $1.3trn annual climate financing as rich nations miss target

The continent's $100bn funding climate finance target for 2020 was significantly missed. As a result, the African Group of Negotiators on Climate Change (AGN) is requesting for $1.3trn in financing to be made available from 2025. The AGN was established at COP1 in Berlin in 1995 as an alliance of African member states that represents the region's interests in the international climate change negotiations.

There has been increasing proof of the far-reaching impact of climate change on the continent. The scientists and meteorologists at the British-based Hadley Centre for Climate Prediction and Research

recently released new evidence showing that Africa will experience higher levels of both extreme rainfall and drought over the next 80 years. Changing rainfall patterns is adversely affecting the region's agriculture sector and triggering food insecurity. It is also worsening water security in the case of the region's Lake Chad basin. In Angola, for instance, rising sea levels are affecting low-lying coastal areas with large populations, displacing thousands of residents.

However, Africa is crippled by the financial and political incapacity and is unlikely to successfully address the challenge of climate change without external aid. Yet, humanitarian agencies have criticized the reactive model of aid practiced by international organizations. They say this type of aid is unable to effectively prevent disasters, emphasizing the continent's dire need for support from wealthier countries to protect its economies from the worst impacts of global warming.

Therefore, a successful achievement of the new climate finance target will present a predictable and reliable finance flow for Africa's adaptation. This will support the region's green transition and lend a degree of support and protection to African economies from the dire impacts of climate change.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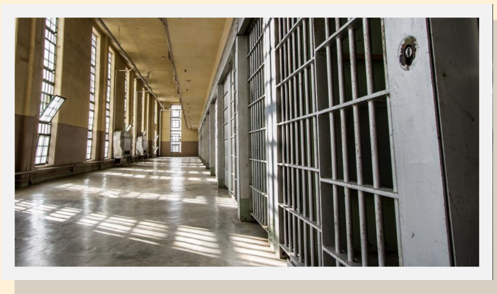
Benin court sentences political opponent to 10 years in prison



On December 7, 2021, the Economic Crime and Terrorism Court (CRIET) in Benin Republic sentenced the incumbent president Patrice Talon's opposition, Joel Aivo to 10 years in prison. He was charged with conspiracy against the state, money laundering and treason. Aivo, who was arrested in April 15, just after the elections is an academic that has gained popularity in country over time, especially after he was barred from running the presidential elections. Joel Aivo, was not the only opposition leader detained before or immediately after the elections in April 2021, while some have fled the country, Reckya Madougou is set for trial on December 10.

When the news broke that Aivo's trial will be held at the CRIET, the verdict became expected. The special court which was set up in 2016 has since been accused of being a political tool in the hands of Talon's administration. Several critics tagged Aivo's verdict and entire trial as a politically-motivated sham. Benin, once praised for its democracy is gradually slipping into an authoritarian government under the rule of President Patrice Talon. Talon was elected in 2016 and at the elections in April 2021, was re-elected by 86% of the voters poll to continue his five year rule. If the verdict of Reckya's trial is the same as Aivo on December 10, political tensions would worsen in the country. Tensions coupled with insecurity will continue to stall economic growth and development of Benin Republic.

Gambians are voting with "marbles", President Barrow re-elected

Gambians came out to the polls with glass marbles to vote. The system which was introduced in the 1960s to enhance transparency at the polls has remained relevant to the electoral process of the country for over sixty years. The marble system was also aimed at including the most illiterate in the voting process of the country and Gambians have since stuck with it. After the 22 year rule of Yahya Jammeh (1996-2017) people of The Gambia have restated power in their voting capacity. Jammeh is currently facing a series of allegations including stolen government funds, corruption, rape and human rights violations. He denied all of this and since exiled in Equatorial Guinea. He was ousted by President Adama Barrow who assumed power in 2017 and was recently re-elected at the polls on December 4. He won by a landslide victory of 53% over the Jammeh backed alliance that only garnered 12% of the votes. This is the first election in 27 years without Jammeh as a contender.

Gambians intend to hold President Barrow to his promises of better health care, education and infrastructure. About 60% of the country's total population (2.5mn) registered to vote and the Independent Electoral Commission says the turnout was very high. Barrow's main opponent Darboe who based his campaign on justice gained momentum at the polls. Other opponents are Essa Mbye Faal and Mama Kandeh that is backed by Jammeh. A transparent electoral process will continue to increase the trust of Gambians in the government. This could taper brooding political tensions and ensure a stable government and overall economy.

Election Watch: Selected SSA Countries [6]

Country	Presidential	Parliamentary
Angola	-	2022
Burkina Faso	2025	2025
Cameroon	2025	2025
Cote d'Ivoire	2025	2026
Ethiopia	-	2026
Gabon	2023	2023
Ghana	2024	2024
Kenya	2022	2022
Liberia	2023	2023
Nigeria	2023	2023
Rwanda	2022	2023
Senegal	2024	2022
Sierra Leone	2023	2023
South Africa	2024	2024
Tanzania	2025	2025
Uganda	2026	2026
Zambia	2026	2026
Zimbabwe	2023	2023

In 2022, Kenya and Rwanda are scheduled to have presidential elections while Angola, Kenya and Senegal will conduct parliamentary elections. Meanwhile, Nigeria, Zimbabwe, Sierra Leone, Gabon, and Liberia will hold both presidential and parliamentary elections in 2023.

[6] EIU

What to watch in 2022— A partial recovery for travel and tourism

The coronavirus pandemic continues to deal a blow to Africa's tourism industry and the broader global tourism industry. African countries typically reliant on tourist inflows to fund their economies have found themselves in dire situations amidst worldwide lockdowns and travel restrictions. Although the second and third quarter of 2021 was much better for the tourism industry, new variants of the Covid-19 and renewed restrictions are threatening to curb tourism inflows once again.

However, the region could record an uptick in travel and tourism in 2022. The recovery in Africa's tourism sector is expected to be primarily driven by key areas such as Mauritius, Morocco, Tunisia, South Africa and Seychelles. These countries have achieved mostly high vaccination rates compared to the rest of the continent and are likely to progress further into the coming year. In addition, the governments of these countries have made plans to revitalize their tourism sectors by 2022 and achieve a much stronger rebound in tourist inflows by 2023.

Beyond the aforementioned countries' progressing inoculation campaign, economic recovery in major African tourist markets such as Asia and Europe are set to be the major determining factors of the near future for Africa's tourism sector. These factors heavily influence the willingness of foreign tourists to travel to Africa. In regards to business travel, it is more than likely to remain depressed owing to advancements in attitude towards teleconferencing and remote work, as well as the technology facilitating these activities.

SAA resumes flight after bankruptcy

South Africa's national airline, the South African Airways (SAA), has resumed operations after a successful business rescue process. SAA has begun flights to peer countries including Ghana and Nigeria. The airline was placed under bankruptcy protection in December 2019 and has been grounded since March 2020 due to COVID-induced restrictions. The now privatized airline is 49% owned by the South African government after selling a 51% stake to a group of investors called the Takatso Consortium in June 2021. The resumption of operations bodes well for the recovery of the embattled airline. It is also supportive of a rebound in South Africa's travel and tourism sector, which was severely affected by COVID-19.

Ethiopian Airlines (EA) launches car hire and transfer services

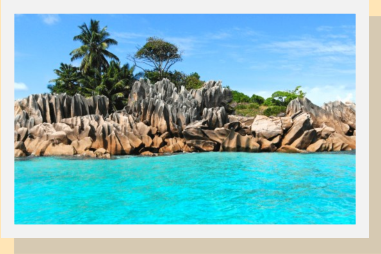
Ethiopian Airlines recently partnered with Car Trawler to launch a car hire and transfer service for its passengers globally. Car Trawler, is a leading source of online car rental services, providing care hire in more than 140 countries and 30,000 locations. According to the Group CEO of Ethiopian Airlines, Mr Tewode GebreMariam, the car hire and transfer services can be accessed digitally through the group's website or mobile application. EA, which has been in operation for over 70 years is the fastest growing and most profitable airline in Africa. It has robust cargo services and routes more than 130 international passenger and cargo destinations across five continents in the world. Since the advent of the covid-19, Ethiopian Airlines has stayed innovative to generate revenue and keep the airline afloat. The goal of the transfer and car hire service is to ensure seamless transport to EA passengers. This services will not only maximize passenger comfort but also boost customer loyalty.

Meanwhile, EA has also finalized the legalities surrounding the launch of Zambia's national carrier in a joint venture with the Industrial Development Corporation (IDC). Ethiopian Airlines has a 45% stake in the JV, while the IDC will retain its 55% stake in the newly launched Zambia Airways. The airways will provide connectivity for passengers in the South and Central African regions. Not only that, it will also improve the activities of the Aviation sector and possibly support the tourism industry in Zambia.

5 places to visit in Africa

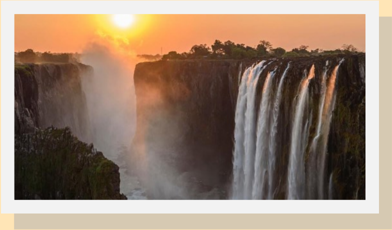
1. Seychelles - This is an island country off East Africa. Some other neighbouring island countries include Comoros, Madagascar and Mauritius. The crystal clear blue waters, aura and serene environment makes the Island a beautiful place to just relax.

2. Zanzibar Island - The Zanzibar Archipelago is located in the Indian Ocean, I5 miles off the coast of Tanzania, East Africa. The tropical climate, filled with trees and clear waters makes the island unique. There is also the Jozani natural forest that is home to the Zanzibar leopard and the Red Colobus Monkey. There is so much of nature to enjoy here.

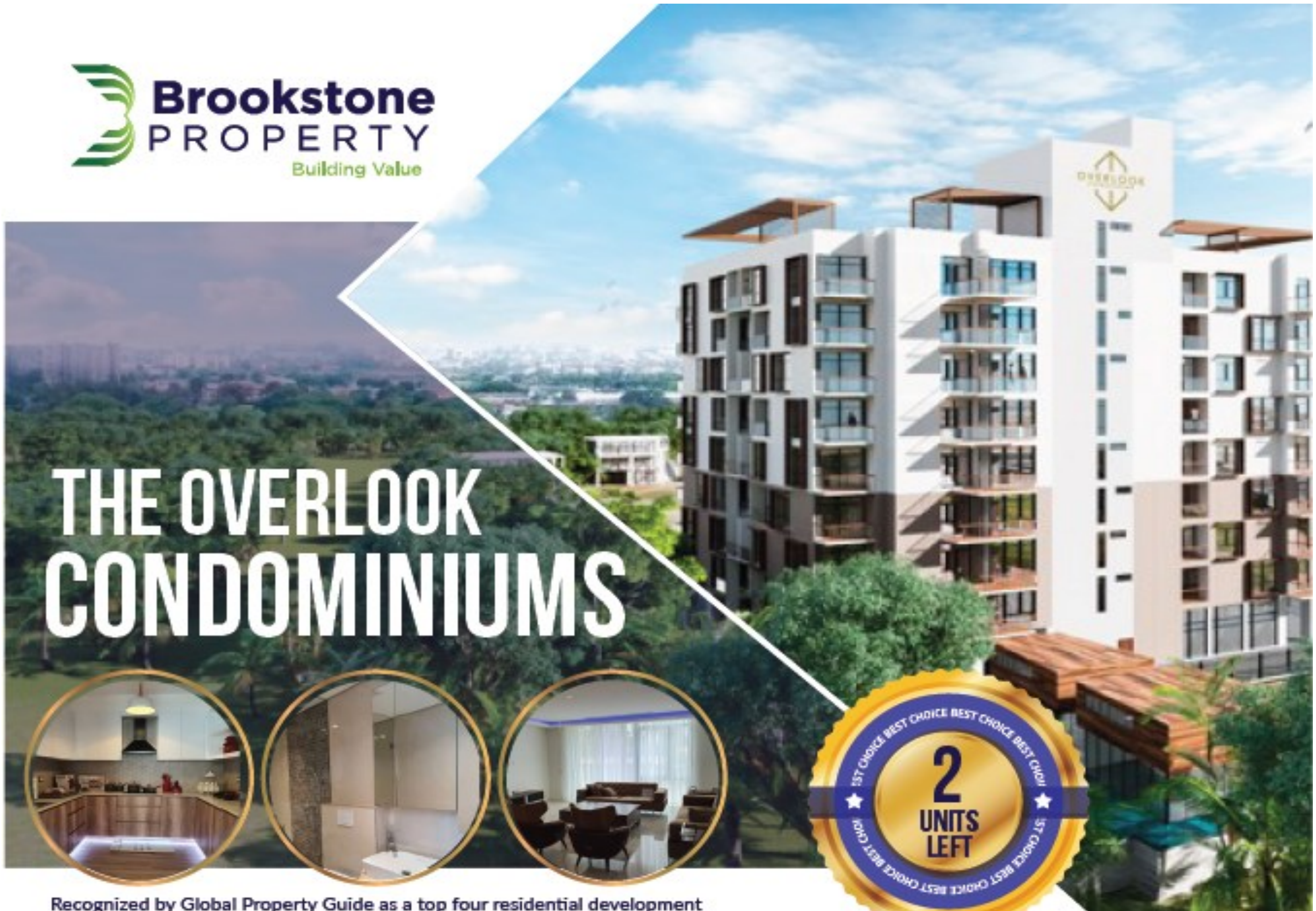


3. **Victoria Falls -** This is a remarkable waterfall along the Zambezi river at the border between Zambia and Zimbabwe, Southern Africa. Victoria Falls is twice as deep and wide as Niagara Falls in Ontario, Canada. It is one of the seven natural wonders of the world.

4. Tanzania Safari - The beauty of nature is almost indescribable and most times its best to experience these memories in person. Tanzania is filled with animal plains including the Serengeti, where you would see animals like Giraffes, Wildebeests, Zebras and Elephants. While in Tanzania, it would be nice to visit other natural wonders like the mount Kilimanjaro, Lake Natron and the Ngorongoro conservation area.



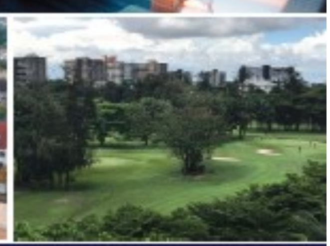
5. Marrakesh - Located in Morocco, this is a city bubbling with life. It is one of the four imperial cities of morocco and the fourth largest city in the country. From Souks, to performers, local cuisines and beautiful gardens, Marrakesh is a nice place to visit.



Recognized by Global Property Guide as a top four residential development in Lagos, the Overlook Condominiums is centered in between two of Ikoyi's most prominent social and recreational establishments, the Ikoyi Club 1938 and the Lagos Polo Club, and stands OVERLOOKING the rarest views in the city.

The Overlook, design by internationally acclaimed design firm, ANA designs, is conceived with the vision to deliver a new standard to the market including the unparalleled views of an 18-hole golf course and international polo ground, residences with grade-A standard finishes plus stunning common area amenities, and large living spaces with attention to details on the most efficient layouts.

Located in the heart of Lagos' most prestigious neighbourhood, Ikoyi, the Overlook stands 9-storey and encompasses only 31 exclusive residences comprising of enormous all en-suite two bedroom flats, and 3 bedroom duplexes. Be one of the fortunate few to own a piece of what will be the new normal in luxury living in Lagos. Be a part of a refusal to compromise, a willingness to think outside the box, and an appreciation to unrivaled. Be a part of the OVERLOOK.



Amenities of the Overlook:

1. Breathtaking views of Ikoyi Golf Club 1938 and Lagos Polo Club
2. Contemporary custom design kitchen & bathrooms
3. Advanced smart-building wiring for TV & high-speed internet access
4. Staff quarters for every unit
5. Full 10th floor roof-top terrace with sitting & dining areas and panoramic views of Ikoyi & Victoria Island
6. Expansive leisure deck with swimming pool at podium level
7. 60sqm club house with TV, bar, outdoor living area & games facilities.
8. 24/7 uninterrupted power supply & security
9. Premium concierge services
10. 10minutes drive to British Council, State House, Consulate of Germany, Japanese Embassy, Spanish Embassy, Indian Embassy, Consulate of France & many others.
11. Covered parking plus guests parking
12. Fully equipped, technologically advanced fitness centre.

Kindly contact **09099999416** to schedule an appointment for site tour to see the beauty of Ikoyi & V.I.

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Kenyans invent the world's first bio-robotic arm

Two gifted Kenyans by name David Gathu and Moses Kinyua have invented the world's first bio-robotic arms operated by brain signals. Both of them dropped out of college due to financial constraints but that never trampled on their passion for inventing life changing solutions. The eureka moment for the duo came during the pandemic. Their initial plan was to create an electronic prosthetic to be used solely for sanitization purposes and in turn help their country combat the Covid-19 virus. But with the swift response of the Kenyan government to avoid a severe outbreak of the pandemic, they refocused their attention to helping the disabled in their country. There are over 1 million people living with impaired limbs in Kenya either due to polio or accidents and this will help improve their living situation. The expectation is that the Kenyan government will support the inventors by providing funds and resources that will encourage mass production of the brain signaled prosthetic arm.

Burundi Organizes first Africa's international Women's cycling tour

Burundi recently hosted the first-ever women's cycling competition in Africa, wherein five countries (DRC, Kenya, Uganda, Tanzania & Burundi) participated. The goal was to make sporting activities more inclusive of women in the country and the African continent generally. It was a very cheery moment for all participants, stakeholders and spectators. The first three winners were from Kenya and Uganda, Burundi came fourth. The ability of African governments to make sports more inclusive of women and people with disabilities creates an enabling environment for social change and inclusion. For example, the Youth Enrichment through Sports (YES) in Africa cooperative is another agreement or step towards using sports to drive social change in five sub-Saharan African countries including Ghana and Malawi. The program, which was created to drive cross-cultural understanding and integration between African countries and individuals is funded by the United States. Social inclusion has become a necessity for the African continent, especially for women, children and the disabled as it is a sure way to drive sustained development.

Financial & Economic Indicators

Country	GDP Annual Growth Rate (%)	Inflation (%)	Life Expectancy (Years)	Unemployment Rate (%)	Interest Rate (%)
Angola	1.2 (Q2'21)	26.98(Nov'21)	62.2	34.1(Sep'21)	20.0(Nov'21)
Botswana	8.40(Q3'21)	8.6(Nov'21)	69.9	23.3 (Dec'20)	3.75(Dec'21)
Cameroon	0.8(Q4'20)	2.39(June'21)	60.3	3.6(Dec'20)	3.25 (Oct'21)
Ethiopia	6.1 (Q3'20)	33.0(Nov' 21)	67.8	19.1 (Dec'18)	7.0 (Jun'21)
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 (Oct'21)
Ghana	6.6 (Q3'21)	12.2(Oct'21)	64.9	4.5 (Dec'20)	14.5 (Nov'21)
Guinea	7.0 (Q4'20)	12.61(Nov'21)	62.6	4.4 (Dec'20)	11.5 (Oct'21)
Ivory Coast	8.1 (Q2'21)	4.5(Oct'21)	58.8	3.5 (Dec'20)	4.0(Oct'21)
Kenya	9.9(Q3'21)	5.87(Dec'21)	67.5	6.6 (Mar'21)	7.0 (Sep'21)
Liberia	-3.0 (Q4'20)	7.0 (Aug'21)	65.0	2.7 (Dec'20)	20.0 (Oct'21)
Mozambique	3.36(Q3'21)	6.77 (Nov'21)	62.1	3.39 (Dec'20)	13.25 (Nov'21)
Nigeria	4.0 (Q3'21)	15.4 (Nov'21)	55.8	33.3 (Dec'20)	11.5 (Nov'21)
Rwanda	10.1(Q3'21)	-3.4(Nov'21)	70.0	23.5 (Aug'21)	4.5 (Nov'21)
Senegal	10.4 (Q3'21)	3.0(Nov'21)	68.9	22.6(Mar'21)	4.0 (Oct'21)
South Africa	2.9(Q3'21)	5.5(Nov'21)	64.9	34.9 (Jun'21)	3.75 (Nov'21)
Tanzania	4.3(Q2'21)	4.1 (Nov'21)	66.4	9.5(Dec'20)	5.0 (Nov'21)
Uganda	3.8(Q3'21)	2.9 (Dec'21)	64.4	2.44 (Dec'20)	6.5(Dec'21)
Zambia	3.5(Q3'21)	16.4(Dec'21)	64.7	12.2(Dec'20)	9.0 (Nov'21)
Zimbabwe	-4.1 (Q4'20)	60.74 (Dec'21)	62.2	5.7 (Dec'20)	60.0 (Dec'21)


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