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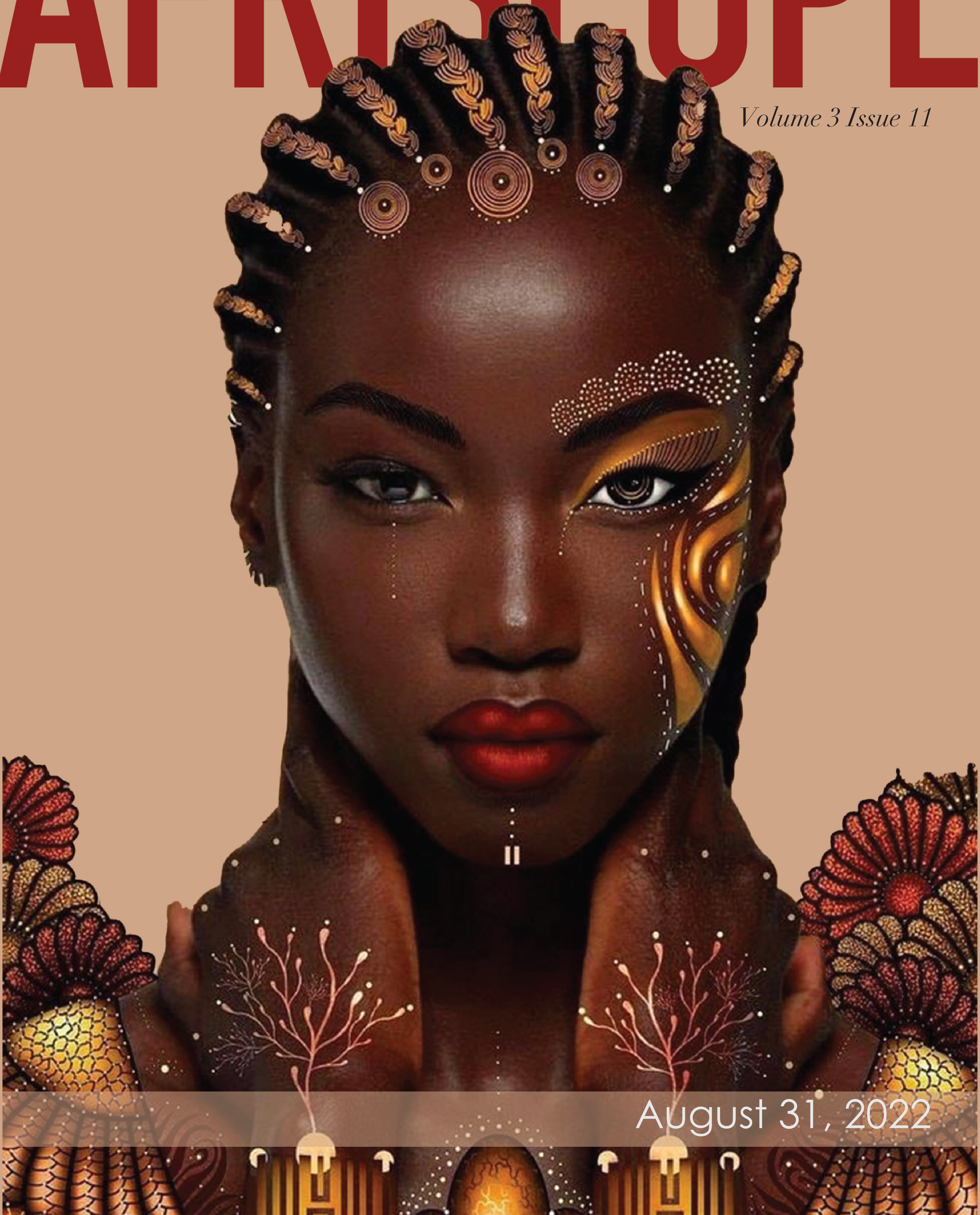

August 31, 2022

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01 ECONOMICS & POLICY

AFRICA WENT A BORROWING, IS THE REGION NOW A SORROWING?

Debt accumulation is not peculiar to Africa, countries like Argentina and Turkey also have a pile of debt stock that have had significant repercussions that have created severe imbalances in their economies. Over the decade leading up to 2019, Africa's external debt surged on the back of prevailing low-interest rates as many countries sought to leverage on the plethora of low-cost international credit. This helped them bridge budgetary and balance-of-payments deficit and drive development plans.

Highly indebted countries feel the pressure

For highly indebted countries like Ghana, the COVID-19 pandemic and the war in Ukraine have quickened fiscal imbalances and debt sustainability as well as other macro-economic challenges. At the end of the first quarter of 2022, the country's debt stock as a percentage of GDP stood at 78%, a sharp increase compared to 62.5% of GDP in 2017. According to the IMF, approximately 45% of the revenue generated in 2020 was deployed to interest payments. This, amid a difficult external environment, has prompted the government to seek concessionary funding from the IMF. The government had initially asserted its goal to prioritize policy independence and avoided seeking support from the Fund.

Interest rate hikes in advanced economies worsen Africa's debt distress

With the current wave of monetary policy tightening and currency weakness, African countries are now being confronted with high debt service costs and are at a risk of debt distress. - The EIU estimates that 11 of Africa's 54 countries spend a minimum of 20% of their foreign-exchange income on external debt servicing while countries with higher leverage dedicate much more to debt repayments.

An increased number of countries are likely to struggle with worsening fiscal conditions owing to a combination of further increments to already high external debt levels and higher debt-service costs as global inflation, interest rates and risk premiums increase. This heightens the risk of new credit rating downgrades and exchange rate instability. A deteriorating fiscal condition will stifle the region's economic growth prospect as squeezed public finances dampen government spending.

It is also important to take into consideration, the onset of rising domestic interest rates as monetary policymakers struggle to taper record high inflationary pressures as well as address the buildup of external imbalances. The combined effect of these factors can further undermine Africa's economic growth and stability. The popular saying, "he who goes a borrowing goes a sorrowing, may just be the perfect caption for Africa's current debt state.

INFLATION AND MONETARY POLICY STANCE IN SSA

The ensuing global supply chain disruption from the pandemic prompted what initially appeared to be a bout of price surge. However, rising consumer prices has since morphed into a rampage, globally, exacerbated by the ongoing Russian-Ukraine war. Bringing sub-Saharan Africa into focus, the most pronounced challenge for the region has been the surge in food and energy prices, given their implications for inflation. In Senegal, many households have been forced to survive on one square meal per day due to higher food prices. Citizens in Ghana were moved to express their discontent to soaring price of food and fuel in a protest that held for two days. Ghana's headline inflation spiked to a 19-year high of 31.7% in the month of July from 29.8% in the previous month. From Benin and Nigeria on the western coastline to South Africa and Zimbabwe in the south, to Kenya and Ethiopia in the Horn of Africa; there is a growing trail of heightening consumer price growth across sub-Saharan African economies. This will be herculean for many national governments already struggling with getting and/or keeping their economies on the path of recovery.

Central banks respond as inflation bites

For the region's central banks, the various competing objectives of monetary policy – price stability, output growth and exchange rate stability – puts monetary authorities in a delicate situation that requires them to carefully strike a balance between addressing the current inflationary pressure and stifling economic growth recovery. Especially given that the current drivers of consumer price growth are mostly structural influences exacerbated by external shocks. The rapid acceleration in prices across the sub-Saharan region has been caused by a combination of different factors including, shortages brought about by adverse climate conditions, supply chain disruptions, and the war in Ukraine. Major imports into the region, such as oil and wheat, are trading at huge premiums and contributing to inflationary pressure.

Some nations in the SSA region have opted to take a more hard-line stance against inflation than others. Inflation in Ghana has been accelerating for 14 consecutive months, spurring the Bank of Ghana to raise its benchmark interest rate by 300 bps to 22%p.a. at an emergency meeting in August. Egypt has also undergone a similar trend; inflation in the North-African nation skyrocketed to 13.6% in July compared to 10.5% in March surpassing the Egyptian central bank's 5-9% target range. The Egyptian central bank made the decision in May to hike its interest rate by 200bps to 11.25%p.a. Africa's second largest economy, South Africa, has also had to contend with the adverse effects of rising inflation. South Africa's inflation rate rose to a 13-

year high of 7.4% in June, breaking through the upper limit of the South African Reserve Bank's target range of 3%-6%, amid sustained accelerating transportation and food costs. The South African Reserve Bank, in response to this, hiked its benchmark rate for the fifth consecutive time to 5.5%p.a. in July.

On the other hand, there are economies in the SSA region that had previously taken a largely wait and see approach in the face of rising inflation, but have now begun to feel the heat and chosen to finally act. These economies had continued to hold their monetary policy rates steady, citing an onus not to impede economic growth and recovery. Inflation in Kenya had previously been on a downward trend since October 2021 but climbed to a two and half year high of 7.1% in May, before further accelerating to 8.3% in July. The Kenyan central bank had long held its rate at 7%p.a., but shocked the market when it raised rates for the first time since July 2015 to 7.5%p.a. in July. The bank is likely to hike further if inflationary pressure does not let up, especially as inflation has exceeded its target range (2.5% to 7.5%). In Uganda, inflation has been on an upward trend since February, reaching a record high of 7.9% in July. This has prompted an aggressive tightening of the Ugandan central bank's monetary policy stance; the apex bank raised its benchmark interest rate for the third consecutive time to 9%p.a. in August. The monetary authority first hiked its benchmark interest rate by 100 bps to 7.5%p.a. at its May 2022 meeting as it sought to contain demand pressures against a backdrop of deteriorating economic outlook and uncertainty, marking the first rate hike since October of 2018.

In July, the FAO Food Price Index declined by 8.6% to an average of 140.9 points compared to June, signaling the fourth consecutive monthly decline since hitting all-time highs earlier in the year. The tapering of global commodity prices, particularly wheat, oil and corn, which have been associated with concerns about recession, is unlike to ease inflation in the SSA region owing to weak currencies. The sustained interest rate increases by global monetary authorities to lower inflation to their target could spur capital flights, hence weak currencies.

Country	Inflation	MPR (p.a.)
Nigeria	19.64% ▲	14.00% ▲
Kenya	8.30% ▲	7.50% ▲
Uganda	7.90% ▲	8.50% ▲
Ghana	31.70% ▲	22.00% ▲
Egypt	13.60% ▲	11.25% ▲
South Africa	7.40% ▲	5.50% ▲

IS TRADE A KEY TO GROWTH IN AFRICA?

Trade has often been referenced as a crucial factor in Africa's economic growth trajectory, particularly its recovery from the impact of the COVID-19 pandemic. Given the wealth of resource endowments, most African nations are dependent on commodity trading. Africa's trade has also been dominated by China and the Western world. These factors have left the region vulnerable to global commodity price volatility and currency pressures. Intra-regional trade in Africa has remained low despite the implementation of the African Continental Free Trade Agreement (AfCFTA), which came into effect last year. AfCFTA was introduced to promote intra-regional trade in Africa. The initiative aims to create a single tariff-free $3 trillion (trn) market by eliminating cross-border tariffs on 90% of goods traded among member countries. Africa lags other regions in terms of intra-regional trade, which accounts for just 18% of its total trade, compared with 58% in Asia and 68% in Europe. Meanwhile, events in the global economy have continued to highlight the importance of intra-regional trade, particularly for Africa. According to the United Nations Conference on Trade and Development (UNCTAD), AfCFTA is expected to boost intra-African trade by 33%. The agreement will also bolster job creation, reduce poverty and support economic inclusion. The World Bank projects that it will lift about 30 million (mn) Africans out of extreme poverty and boost Africa's income by $450 billion (bn) by 2035.

There is an urgent need for African economies to reduce their exposure to external shocks through increased intra-regional trade. AfCFTA also presents a good opportunity for economic diversification and industrialization in Africa. The protectionism tendencies by some member countries and other non-tariff barriers (NTBs) have however continued to undermine successful implementation of the AfCFTA. For instance, Nigeria's ban on the importation of some commodities, such as rice and poultry products, is a potential breach of AfCFTA rules. The poor infrastructure development in many of the economies is also a major drag. The African Development Bank projects that Africa needs between $130bn and $170bn per annum to bridge its infrastructure gap.

AFRICA'S ELECTIONS ARE SHOWING A SHIFT IN POWER

Democracy has since become predominant across the African continent. In recent years, an increasing number of countries in the region have held credible elections and transfers of power. Yet, elections are in no way a sure guarantee of political and/or economic stability. Ethnic, religious and socioeconomic struggles have remained lifelong shadows that show the dark side of democracy in most of the continent's 54 countries.

Many countries, including Nigeria, Uganda and Togo have faced serious concerns over electoral transparency as incumbents and/or ruling parties have successfully hindered the emergence of genuine multiparty elections by restricting civil liberties and suppressing the media. In some instances, voters' suppression through impractical and difficult voters' registration processes are common approaches to frustrating election transparency. However, the need to project an image of democracy, without the institutions or mechanisms to support it, has caused the manipulation of registration lists and falsification of vote counts to become rife in the region. As a result, elections in affected countries do not necessarily lead to representative governments.

A paradigm shift?

It is raining elections in sub-Saharan Africa as some of the most populous countries in the region head to the polls. Of the ten countries scheduled to hold presidential and/or legislative elections over the course of the year, including Kenya, Angola and Nigeria, Senegal, Lesotho, São Tomé and Príncipe and Equatorial Guinea, three (Nigeria, Kenya and Senegal) have held sub-nation, presidential and parliamentary elections. Although the outcome of the elections in these countries was not devoid of challenges, it however marked a shift from business as usual in these countries. The ruling party lost the gubernatorial election in Nigeria's Osun state in an unexpected move by the opposition party. In Senegal, the incumbent government lost its majority hold on the parliament in a tightly contested race that saw new opposition emerge in the country's political space. Kenya's President-elect, who narrowly won the election, is facing a legal challenge to his victory. Meanwhile there is growing speculation that Angola's a ruling party, which has been in power for nearly five decades, may lose the oncoming presidential elections to the opposition party. This is premised on the opposition's growing appeal to a frustrated, impoverished youth.These may be the mark of a new beginning to Africa's democratic institutions.

Elections as a tool in achieving macro-economic stability

Ideally, politics and economics should be in sync to achieve macro-economic stability and improve living conditions for the masses. This requires political actors to work hand-in-hand with policy makers to create a sustainable environment for upward economic trajectory. However, in most of the sub-Saharan region the reality is at variance with expectation. Africa's nascent democracy is plagued by a perennial lack of recognition for democratic principles, which results in questionable outcomes and robs the process of its legitimacy. The recurrent risk of military coups, as seen in Burkina Faso, Guinea and Mali over the last year, continues to hover around Africa's stubbornly nascent democracy. While the spotlight is now on electoral procedures, rules and systematic biases, an important concern-evoking consideration is the direct impact of political uncertainty on economic decisions.

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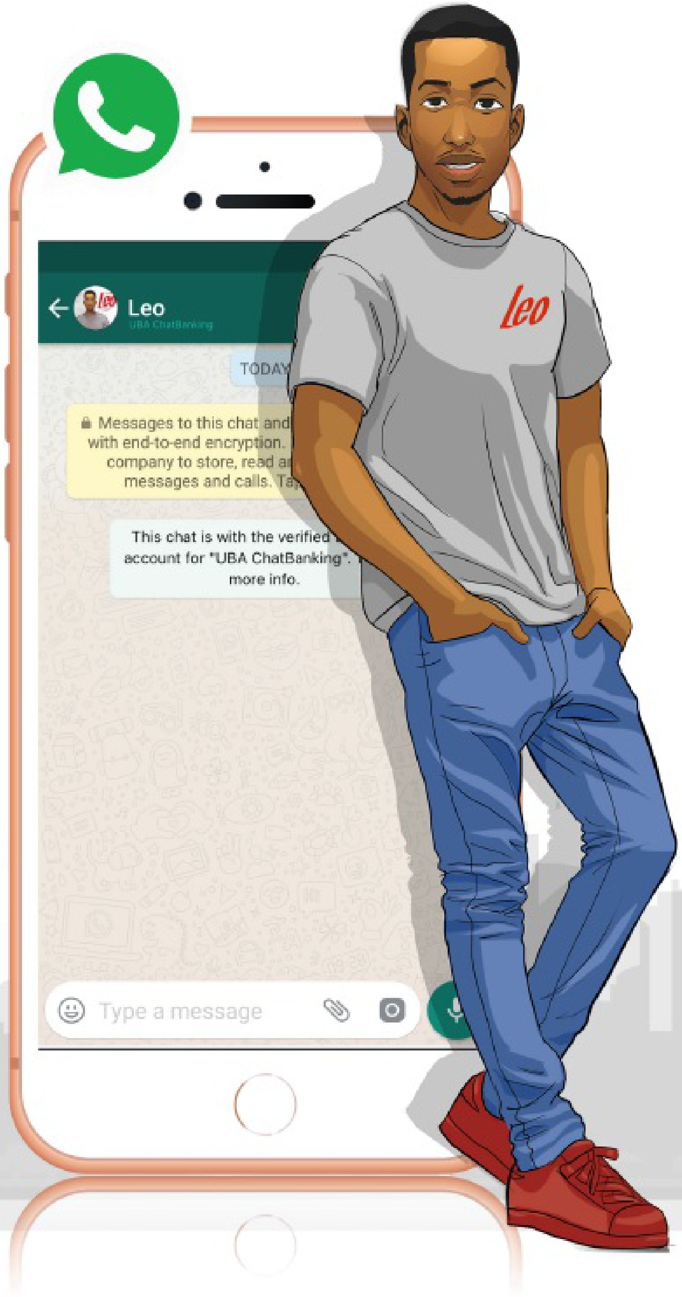

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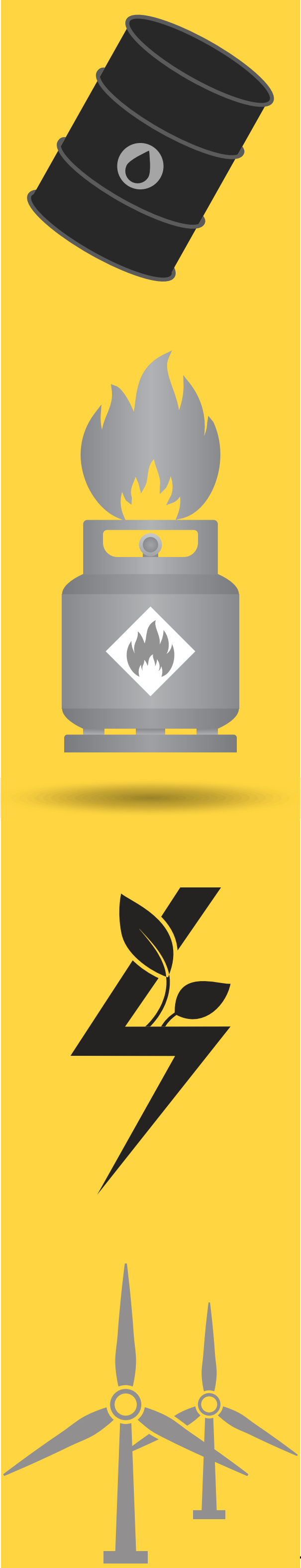
CAN AFRICAN GAS BOOST EUROPEAN ENERGY SECURITY?

Europe's energy security has always been threatened via price disruptions due to its over reliance on Russian oil and gas imports as they account for 40% of European Union (EU) gas imports and 15% of its oil imports. This same reliance, now due to sanctions on Russian oil because of their invasion on Ukraine, has once again threatened EU energy security. Due to the sanctions, the EU plans to cut Russian gas imports by two-thirds by the end of 2022 and fully eliminate oil and gas imports by 2030. This translates to 155 billion cubic meters per year of gas the EU plans to displace as that is the equivalent of the volume imported from Russia last year.

This supply gap, created by the sanctions, represents an opportunity for African gas producing countries such as Nigeria, Algeria, Mozambique, Angola, Cameroon, Egypt, and Equatorial Guinea, plus those with prospective supply such as Tanzania, Mauritania and Senegal. This list of countries all consist of the African Gas Hub, endowed with natural gas resources that could help alleviate the EU current energy crisis.As Mozambique sets to export its first cargo of LNG, the country is well positioned to take advantage of the ongoing rally in gas prices due to the fallout of the Russia/ Ukraine war. This is especially so as Europe is seeking to end its dependence on Russian gas, which has spurred increased demand from other gas producing countries, particularly as winter approaches.

However, a key challenge that must be resolved is Africa's capacity to meet the supply gap currently created by the Russian sanctions. There are several initiatives and projects being carried out to improve production capacity in each of these countries. In Nigeria, the Trans-Sahara gas pipeline,



which is designed to transmit gas from Warri in Nigeria to HassiR'Mel in Algeria, will link to the existing Trans-Mediterranean, Maghreb-Europe, Medgaz and Galsi pipelines to Europe. The Train 7 project, promises to increase the capacity of Nigeria's liquified natural gas (LNG) facility in Bonny by 35%, as Nigeria is estimated to have six trillion cubic meters of natural gas reserves. Equatorial Guinea has a plan for a second 4.4 million metric tonne per annumtrain. Cameroon has made progress to increase the utilization of the HilliEpiseyo vessel by 400,000 tonnes to bring its output to 1.6 mmtpa of its 2.4 mmtpa capacity. Several other projects in different countries will leverage their gas reserves; however, the current capacity of the African Gas Hub is still lacking as compared to its potential.

Another major challenge rests with the African Gas Hub members to ensure that they formulate policies that will attract or enable investment in their countries and increase the ease of doing business. This involves taking care of internal bottlenecks, such as insecurity, developing clear policies, and physical environments that promote the production and export of the products.

The opportunity provides both parties with lots of benefits provided they are willing to play their parts and genuinely be invested in the collaboration. African countries need to ensure their environments are suitable for investments to thrive which would provide revenue and externalities for them to grow and properly diversify their economy while the EU should invest and patronize African Gas to solve their current energy crisis and contribute to the development of Africa and its shift to green and renewable energy.

A COMPARISON OF ECONOMIC REFORMS AND OUTCOMES – GHANA AND NIGERIA IN FOCUS

Ghana has been long dubbed as the gold standard for economic and institutional reforms in West Africa and by implication for the continent in the last decade. But the country has not always held this reputation. Research shows that economic and institutional reforms are typically set off by crises of low growth and investment. In fact, in the ten years that preceded the launch of economic and institutional reforms, the Ghanaian economy was characterized by unsteady growth and abysmally low investment. According to the World Bank, the country's aggregate output averaged a paltry 3.16% while foreign direct investment (FDI) inflow as a percentage of GDP stood at 0.17%.

Following the decisive step to launch aggressive economic and institutional reforms in 1992, the government's economic strategy has remained centered on ensuring macroeconomic stability and structural reform. There is no doubt about the considerable impact of the political and economic reforms that held sway in Ghana in the two decades leading up to the late 2000's. In the first decade of reforms, real GDP growth averaged 4.20% before accelerating to 6.79% in the ten years ended 2011. It is therefore safe to allude Ghana's apparent strong economic growth in the aforementioned years to the impact of implemented reforms.

The prevailing general belief is that the extent of economic reforms is a key determinant of outcomes. In the case of Ghana, this belief has become entrenched enough to become the key driver of the age-long comparison of its economy with its immediate Anglophone neighbor, Nigeria. Like the former, Nigeria launched an extensive reform programme in 2003 following two decades of poor economic performance with an annual average GDP growth of 2.25%. Both countries have implemented series of reforms focusing on four main areas: macroeconomic, structural, public sector and institutional & governance within comparable timelines.

To highlight a few, Ghana implemented Ghana Poverty Reduction Strategy I (GPRS I) in 2001-2002 with the aim to restore macroeconomic stability, achieve private sector led growth, manage debt and boost investment in human capital development. Similar to this is Nigeria's National Economic Empowerment and Development Strategy (NEEDS) which focused on improving the macroeconomic environment, pursuing structural reforms, strengthening public expenditure management and implementing institutional and governance reforms. In more recent times, Ghana and Nigeria launched the President's Coordinated Program for Economic and Social Development and the Economic Recovery and Growth Plan (ERGP) in 2017, respectively. The former is expected to end in 2024 while the latter expired in 2020.

In the years that followed these extensive reforms, Ghana's real GDP has maintained robust growth for the exception of 2020 due to the pandemic. Even at that, economic growth averaged 6.03% in the ten years ended 2020. Although Nigeria's aggregate output accelerated following the first leg of reforms in 2003, reaching a mean of 7.91% in the first decade, real GDP growth has since declined. By the end of the ten year ended 2020, annual economic growth averaged 2.67%. In the same vein, foreign direct investments (FDI) as a percentage of GDP were at par in both countries at 2.17% and 2.15% in the decade of 2011. However, in the ten years that followed, Ghana's FDI as a % of GDP, which stood at 5.57%, overshadowed Nigeria's measly 0.77%. Other indices like transparency and governance as well as ease of doing business have waxed comparably stronger in Ghana owing to the efficiency and effectiveness of its institutions.

In the wake of reforms, both countries received debt relief from the HIPC and other bilateral and multilateral creditors. Yet, nearly two decades later Ghana and Nigeria are still grappling with high debt levels. In 2020, the IMF moved Ghana into the category of high risk of debt distress, following an upward revision of the estimate of the debt/GDP ratio in 2020 to 78%. While Nigeria's debt levels are comparably lower than Ghana's, the IMF estimates its debt servicing as a percentage of revenue at more than 90%.

In the absence of empirical evidence, the economic outcomes in either country do not establish a perfectly linear relationship with reforms or its role as a panacea to economic challenges. However, Ghana's relative success after the implementation of reforms gives room for it to be imagined.

GHANA'S HEADLINE INFLATION RATE AT A NEAR 19-YEAR HIGH OWING TO SURGING FOOD PRICES AND A WEAKER CEDI

The Russian invasion of Ukraine has exacerbated global supply-chain disruptions resulting in record high food and energy prices. Like its import dependent peers, Ghana has recorded an accelerating increase in consumer prices owing to the uptick in the cost of food and fuel. In July, headline inflation surged to a near 19-year high of 31.7%. Similarly, food inflation increased to 32.3%, from 31.3% in June.

Inflation has consistently remained above the upper limit of the central bank's target band of 6% - 10% for ten consecutive months. As part of efforts to taper inflation, the Bank of Ghana raised its policy rate by 300bps to 22%p.a.at an emergency MPC meeting on August 17, the highest in its history. This brings the total rate hike so far to 550bps.

Sustained high levels of inflation will erode households' income as well as increase the operating cost of businesses. This will lower consumers' purchasing power and exert downward pressure on the profit margins of businesses. Meanwhile, Ghana's inflation rate is projected to trend higher in the near term as supply disruptions from the war in Ukraine continues.

Additionally, the Bank of Ghana's aggressive monetary policy stance could inadvertently slow down economic growth as borrowing costs maintain an upward trajectory.

Ghana's pivot towards IMF to help to ease financing strains

A deteriorating global economic outlook and its detrimental impact on the Ghanaian economy have prompted the Ghanaian government to overturn a strategic decision not to seek aid from the IMF. The current administration had asserted its goal to prioritize policy independence and as a result had steered clear of seeking support from the Fund. However, the government's clean-up of the banking sector, energy-sector loans and the impact of the coronavirus pandemic has significantly pushed up its debt stock, causing the country to struggle to stabilize its debt stock.

At the end of the first quarter of 2022, the country's debt stock as a percentage of GDP stood at 78%, a

sharp increase compared to 62.5% of GDP in 2017. Growing concern about the government's ability to refinance foreign debt, following a surge in borrowing costs, resulted in Ghanaian bonds trading at distressed levels. A downgrade of the country's rating by Moody's Investors Service also means that access to international credit markets has become more constrained.

The Ghanaian government's return to the IMF, which would be Ghana's 17th programme, points to a reversal from the government's earlier position which prioritized policy independence and shunned seeking support from the Fund. This asserts that the government's efforts to alleviate a worsening macroeconomic situation, against a background of external shocks due to the coronavirus, the Russia-Ukraine war and slowing global growth. A successfully approved IMF programme will help to restore macroeconomic stability, boost reserves and catalyze external financing.

It will also help address concerns about Ghana's financing needs as engagement with the Fund improves investor sentiment. This is especially important given Ghana's inability to access credit from the Eurobond market in 2022 as a result of poor investor confidence, due to high public debt levels and a large budget deficit. In 2021, Ghana's debt and fiscal deficit are estimated at 78.3% of GDP and 9.3% of GDP, respectively. Moreover, an IMF programme will also provide a leveraging effect to access additional financing from sovereigns and commercial creditors.

However, given that IMF programmes are typically accompanied with austerity measures, the new IMF programme could prompt the implementation of more stringent fiscal consolidation measures. This may hamper popular schemes such as the Free Secondary High School policy and could stoke public dissent and civil unrest across the country.

SHEIN PLEDGES $15MN TO GHANA TO TACKLE TEXTILE WASTE FROM SECONDHAND CLOTHING

SHEIN

Ghana's secondhand clothing market is the world's largest secondhand clothing market and the leading hub for used clothing in the West African sub-region. It is estimated that approximately 15 million individual items of used clothing arrive weekly in Accra, Ghana's commercial capital, yet, 40% of the clothing are discarded as waste due to poor quality. By virtue of this, the country's second-hand clothing trade generates a daily textile waste of circa 160 tonnes.

Despite years of economic and institutional reforms, Ghana has a poorly designed and inefficient waste disposal and waste management system. With no practical use for the discarded clothing items, worsened by the absence of proper waste disposal and management, they end up at landfills and subsequently in the ocean, resulting in high levels of environmental pollution. According to the World Bank, Ghana's fashion sector accounts for only 0.4% of GDP, yet accounts for nearly 20% of water pollution is caused by the textile industry.

The newly signed $15mn agreement between Shein, Chinese fast-fashion brand and Ghana's the Gold Foundation, an environment-focused organization; to improve textile waste management will provide support in addressing the health and environmental risks of the country's secondhand clothing industry. It is also expected to aid the development of sustainable fashion in the country by 2025.

The fund, spread over three years, will support the industry's waste management efforts in local communities overrun by textile waste. In addition, it will be deployed towards job creation through apprenticeship programme for young women, especially.

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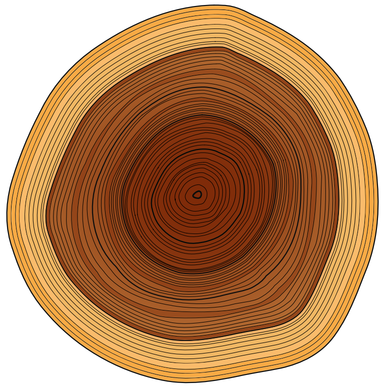

THE GAMBIA IMPOSES A PERMANENT BAN ON TIMBER EXPORTS

The Gambia is ranked among the five largest global exporters of rosewood and a major exporter to China. Between 2017 and 2020, The Gambia exported an estimated $50mn worth of timber China, making timber one of the country's top gross export revenue earners. For context, the country's annual export earnings, from goods and services, were $175mn in 2020. Although The Gambia is a major global timber exporter, the country has however been losing most of its timber to illegal logging by the Mouvement des forces démocratiques de Casamance (MFDC). The MFDC is the main separatist movement in the Casamance region of Senegal, which lies to the south of The Gambia and is separated from the bulk of the rest of the country by The Gambia. The MFDC is an armed group that finances its operations from the proceeds of illegal timber sales and its presence along the border has long fed discord between The Gambia and Senegal.

In 2017, rosewood emerged as one of the most trafficked wildlife products globally. As a result, rosewood has been listed as an endangered species. This enlistment confers international protection on the West African rosewood given its listing under Appendix II of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). CITES is a multilateral treaty to protect the living environment to which the Gambian government signed up to. In June, the Convention on International Trade in Endangered Species (CITES), called on seven countries, including The Gambia, to suspend the trade of rosewood.

Given timber exports' position as a top gross export revenue earner, the ban on all timber exports will lower export revenue and can adversely impact The Gambia's trade balance. In Q1'22, the country's trade balance stood at a deficit of $76.54mn. Typically, a country's trade balance is the biggest determinant of whether the current account is in a surplus or deficit. Thus, a widening trade deficit will result in a deterioration of The Gambia's current-account deficit. The EIU is projecting a further widening of the current-account deficit to 8.1% of GDP in 2022 from 4.5% in the previous year. Furthermore, the heavy reliance of the separatist group (MFDC) on timber trading for financing means that the ban is likely to promote illicit timber trading and smuggling.

GAMBIA SIGNS $68 MILLION WORLD BANK GRANT TO REVIVE TOURISM

The Gambia's tourism sector accounts for an estimated 20% of The Gambia's GDP and is dubbed as the economy's fastest growing sector. The tourism industry, which primarily relies on the charter market with the vast majority of tourists on package tours, has recorded strong growth over the past decade. However, like many human-facing service industries in the world, The Gambia's tourism industry has been hard-hit by the pandemic and economic fallouts of the war in Ukraine.

According to the IMF, tourist arrivals declined from more than 235,000 in 2019 to less than 90,000 in 2020. Following years of consistent economic growth, the emergence of the pandemic in 2020 resulted in an economic recession as The Gambia's real GDP growth contracted by 0.2%. The economy has since started to recover, reaching 5.6% growth in 2021, largely driven by a rebound in the country's tourism sector.

The receipt of approval for a $68mn grant from the World Bank's International Development Association willlend some support to the country's tourism sector and cushion it from the impact of the coronavirus pandemic. Given that the sector accounts for an estimated 20% of GDP and the government's largest foreign exchange earner, its recovery will have positive spillover effects on the broader economy. It will also ease The Gambia's current account deficit. As of Q3'21, The Gambia's current account deficit stood at $21.66mn. The EIU expects real GDP to reach 4.3% and 5.1% in 2022 and 2023, respectively.

BENIN ADOPTS NEW LAW TO COMBAT FOOD INSECURITY

In June, the Beninese parliament announced the adoption of a new law to strengthen Benin's agricultural sector. Some of the goals of the law are to facilitate farmers' access to credit and agricultural inputs, provide fiscal support for producers and agri-businesses, such as tax holidays, improve agricultural information systems and provide better water-management systems. According to the World Food Programme (WFP), more than 70% of the country's population depends on employment in the agricultural sector, which accounts for 25% of GDP.

Despite the agricultural sector's position as a major employer of labour, the sector's productivity has remained low and since the 2008 crisis, food prices have maintained an upward trend. The agricultural sector's low productivity means that Benin is heavily reliant on food imports, approximately 40% of its food needs is met by imports. For example, almost all of its wheat imports come from Russia, and 46% of its sunflower oil is imported from Ukraine. The country's reliance on imports heightens its exposure to volatility in global food prices, posing a threat to food security in the country. The recent invasion of Ukraine by Russia combined with global supply shortages have pushed up food prices significantly, with global food inflation reaching record high levels.

Global price pressures, combined with unfavourable rainfall in Benin over the past two years, are slowing agricultural output growth and driving up consumer prices in 2022. Food insecurity in Benin remains serious: according to the Integrated Food Security Phase Classification, about 800,000 people in Benin are currently food-insecure, and another 2.1mn are experiencing food stress. Therefore, the measures from the adoption of the new law will support agricultural productivity growth in the medium term and reduce food insecurity.

Between March and May, the number of people experiencing food-insecurity and food-stress declined by 27% and 22%, respectively. This point to the impact of government support mechanisms on the agriculture sector and more particularly, food production. A successful implementation of the new law will therefore be vital for Benin to maintain this trajectory.

KENYA'S CENTRAL BANK HIKES INTEREST RATE FOR THE FIRST TIME IN SEVEN YEARS

Supply disruptions due to the ongoing Russia-Ukraine war have triggered an unprecedented surge in global commodities prices including oil and wheat. This has trickled down to higher prices in domestic markets with Kenya's inflation now approaching the upper bound of the CBK's inflation target of 2.5%-7.5%. Although market consensus was that the CBK will maintain rate in May, the unexpected rate hike is aimed at anchoring inflation expectations given elevated risks to Kenya's inflation outlook.

During its May MPC meeting, the Central Bank of Kenya (CBK) raised its key policy rate by 50bps to 7.5%p.a. for the first time since July 2015. The decision was premised on the need to curb inflation pressures due to the impact of the surge in global commodity prices and lingering supply chain disruptions after headline inflation quickened to a record high of 7.1% in May.

The decision to raise the benchmark interest rate is reflective of the CBK's commitment to price stability. The move will help reduce the country's inflation-interest rate differential and keep Kenya attractive to investors. Kenya's real return on investment remains positive at 1.03%p.a. However, the uptick in interest rates will translate to higher borrowing costs, which could weigh on private sector activity and undermine economic growth.

KENYA'S ECONOMY PROJECTED TO GROW 6% IN 2022

In the presentation of the fiscal budget for 2022/23 to the parliament, the Finance minister, UkurYatani, stated that Kenya's economy is projected to grow by 6% in 2022. The recovery is expected to be aided by the sustained rebounds in the agricultural, industry and services sectors. He pointed out that the 2021 GDP growth rate of 7.6% from a 0.3% contraction in 2020 was spurred by the re-opening of the economy due to easing COVID-19 restraints and targeted fiscal stimulus. Domestically, the resurgence of COVID-19, as well as possible bad weather circumstances may likely pose a downside risk to growth outlook, while on the external front, supply disruptions, higher oil prices and prevailing inflationary pressures following the lingering conflict in Eastern-Europe may limit projected growth forecasts. Meanwhile, a record-high budget of 3.3trn Kenyan shillings ($28.42bn) was presented ahead of the scheduled period in June owing to the elections of the presidential, pa

UGANDA CENTRAL BANK LIFTS POLICY RATE TO 9%P.A. FROM 8.5%P.A. TO CURB INFLATIONARY PRESSURES

Uganda's headline inflation has been on an upward trajectory since February. It was exacerbated by sustained supply disruptions triggered by the Russia-Ukraine conflict, which has sent the prices of food and energy soaring. Inflation is now above the central bank's target of 5%. In July, the country's headline inflation surged to a near seven-year high of 7.9%. Heightening inflation pressure coupled with other economic fallout from the pandemic induced global economic slowdown is weighing on Uganda's economic growth prospects.

In continued response to rising inflation, the Bank of Uganda (BoU) raised its benchmark interest rate by 50bps to 9%p.a. at its MPC meeting in August, its third consecutive interest rate hike in four years.The hike in interest rate by the BoU is expected to help contain inflationary pressures as well as boost the attractiveness of the economy to investors. With inflation at 7.9% and the benchmark interest rate at 9%p.a., Uganda's real return on investment is positive at 1.1%p.a.

However, a higher interest rate will push up borrowing costs, which could weigh on credit flows to the private sector and can undermine economic growth. The BoU has revised the country's economic growth projection to 4.5%-5%, down from the previous forecast of 5.5%-6%.

NIGERIA'S CENTRAL BANK RAISES ITS KEY POLICY RATE TO 14%P.A.

Headline inflation in Nigeria spiked to an almost 17-year high in July, peaking at 19.64% as the combined effect of the war in Ukraine and the country's weakening currency bit hard. The Central Bank of Nigeria (CBN) had initially adopted a wait and see approach when inflation first bucked its downward trend in January. However, following the sustained upsurge in consumer pricegrowth, the CBN raised its monetary policy rate by 100 bps to 14% at its July 2022 meeting. This succeeds a 150bps hike to 13%p.a. in May, the first interest rate hike in almost six years which reversed the status quo it maintained for 70 consecutive months.

The monetary policy committee (MPC) decision to raise the benchmark rate was supported by concerns about soaring inflation, capital flow reversal and a weaker naira which is currently trading above N670/$1 at the parallel market. The larger than expected interest rate hike signals the commencement of monetary policy tightening in Nigeria. The increase in interest rate should help taper inflationary pressures, easing the strain of rising consumer prices on households' income and boosting their purchasing power. Furthermore, higher interest rates will strengthen the naira, which will support exchange rate stability.

According to the EIU, $17bn of foreign capital is invested in short-term liquidity management via open market operation (OMO) bills. This can be loosely translated to mean that 44.11% of Nigeria's external reserves, which currently stands at $38.54bn, is exposed to capital flight risk in the face of rising interest rates in advanced economies. We expect the recent interest hike to restore investor confidence to some degree and ease the risk of capital flight.

On the other hand, the recent hike in interest rates will raise the cost of borrowing for both the government and private firms. Access constraints to private credit can dampen economic activity, as borrowers grapple with high borrowing cost. A direct implication is a likely increase in the risk of default, putting lenders at a crossroads. The culmination of these factors poses downside risks to economic growth. This, coupled with the lingering impact of the Russian-Ukraine war, could weigh on the country's fragile recovery in the coming quarters.

SOUTH AFRICA'S ECONOMY REACHES PRE-PANDEMIC SIZE IN STRONG Q1'22

The South African economy expanded by 3% in the first quarter ended March, according to Statistics South Africa. This follows a 1.7% growth in the previous quarter, indicating a sustained growth momentum despite the global effect of the ongoing Russian-Ukraine war. On quarterly basis, the country's real GDP grew by 1.9% from 1.4% in Q4'21.

The rebound in Q1'22 coupled with the previous three quarters of positive growth has restored the South African economy to its pre-pandemic levels. If the current pace of recovery is sustained, it will play a pivotal role in lowering the country's unemployment rate. In Q1'22, the unemployment rate eased to 34.5% but remains elevated. An increase in employment opportunities will contribute raise living standards and stimulate business and economic activities in the country. A sustained rebound in economic activities will bolster investor confidence and support efforts to attract foreign investments into the economy.


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IMF REVISES UP EGYPT'S 2022 REAL GDP GROWTH TO 5.9%

Despite soaring food and energy prices following the Russia-Ukraine war, the International Monetary Fund (IMF) raised its forecast for Egypt's real GDP growth in 2022 to 5.9%, up from its projection of 5.6% in January. However, Egypt's GDP growth is expected to fall by 0.9% to 5% in 2023. The upward revision was hinged on the country's strong performance after the COVID-19 pandemic in the first half of 2021 compared to other oil-importing countries. This is opposed to the pessimism portrayed by Egypt's government who revised down their growth outlook for the fiscal year to 5.7% from 6.2% owing to the impact from the Russia-Ukraine war. On the other hand, price pressures are expected to continue as the IMF puts its annual inflation rate at 7.5% in 2022, while rising to 11% in 2023. The country's current account balance is expected to decline by -4.3% in 2022, lower than the negative balance of 4.6% recorded in 2021. The IMF expects Egypt's unemployment rate to fall to 6.9% in 2022 and 2023 from 7.4% in 2021. Despite the rising interest rate environment, the country is currently in dialogue with the IMF to secure a loan that will help minimize the adverse effect of the Russian-Ukraine war on their economy as well as the pandemic's already existing effects.

NIGERIA ASKS LARGEST OIL FIRM TO RAMP UP OUTPUT AMIDST RUSSIA CRISIS

The Nigerian government has asked Nigeria LNG Ltd (NLNG) to increase gas exports to European nations by allowing additional feedstock from third party firms. Nigeria LNG Ltd is a joint venture of the Nigerian National Petroleum Corporation (NNPC), Total Energies SE, Eni, and Shell. This is happening as Europe is increasingly becoming desperate for substitutes to Russian gas. The Nigerian government believes a boost in its gas exports could help Europe relieve its gas crisis. NLNG is capable of producing 22mn tons of fuel annually, however the company's current output is at just 70% of its total capacity. This leaves the firm unable to fulfill both domestic and foreign obligations.

The EU is striving to scale down its gas imports from Russia, following the Ukraine invasion. Nigeria was the fourth largest exporter of LNG to the EU in 2021, putting the country in a strategic position to benefit from the pivot away from Russian gas. NLNG's shareholders have announced that they are constructing a seventh train to bolster their current six-train facility, this is expected to raise the company's capacity by around 8mn tons. Additionally, the possible commencement of gas supplies by third party operators will significantly boost Nigeria's output and contribute towards increased revenue and export earnings.

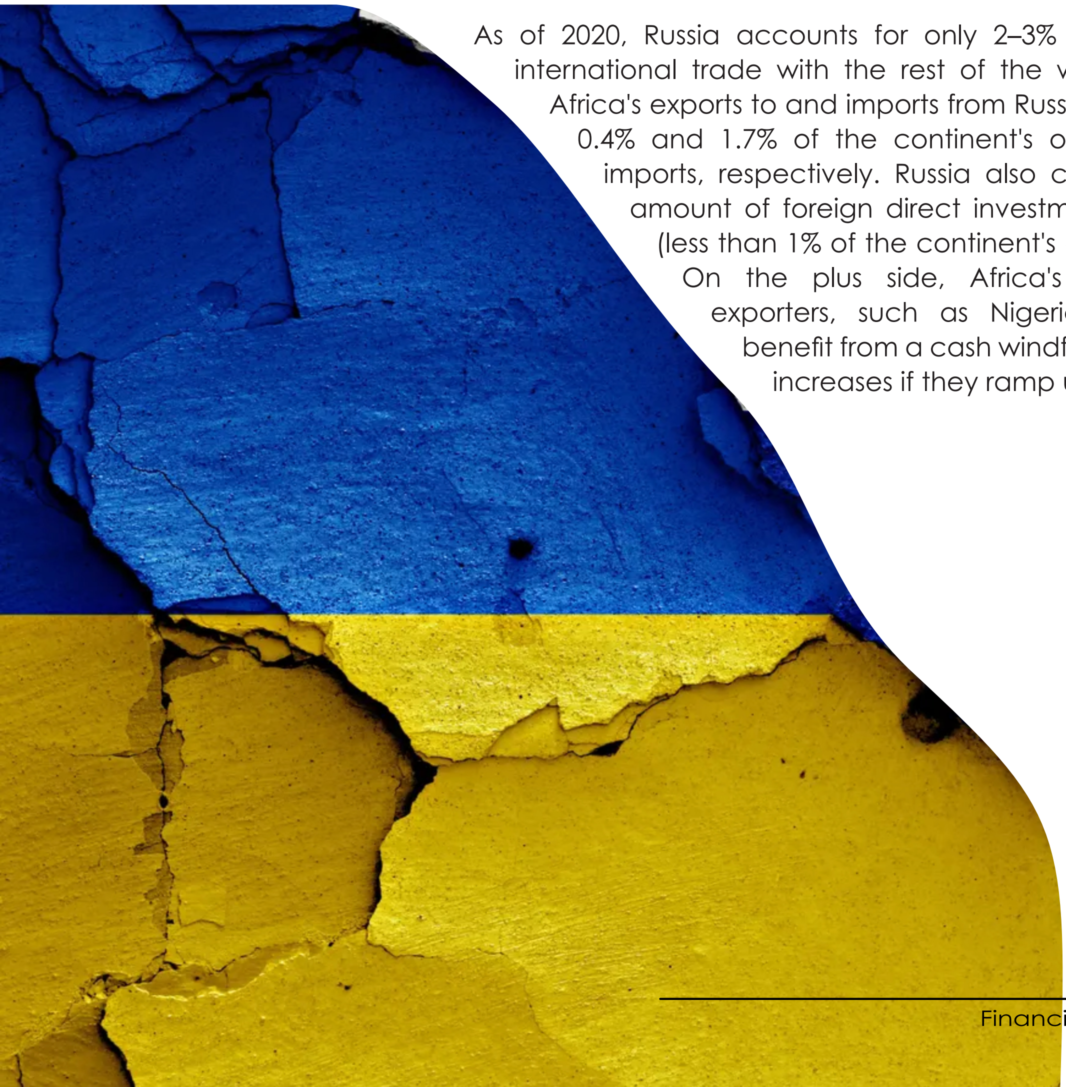
WEST AFRICA OIL STILL UNLOVED DESPITE POST-UKRAINE SUPPLY WOES

The ongoing Russia-Ukraine war has stirred the global petroleum markets like no other time. Despite the significant supply disruptions caused by the invasion, West African oil appears to be left behind in the search for replacement barrels. In April, oil cargoes remained unsold as the region's biggest customers - India, China, and Europe -softened their buying. China's demand has been hit by newly imposed lockdowns across the country. India is now buying from Russia, and the EU's call for supply has not been as strong as that of North America and the Middle East. The EU's oil refineries view cargo supply costs from West Africa as excessive, and have started shopping less to avoid those costs.

In 2021, China accounted for 84% of Angola's crude gross sales, not to mention China's 10-year dominance in the shopping of Angolan barrels. This has major implications because there isn't an abundance of prepared markets elsewhere to acquire West African barrels on a comparable scale. Globally, there is a shift to clean energy which already puts oil producing countries like Nigeria at risk. For a while now, West African oil has been perceived as unreliable due the inherent challenges associated with West African oil. This is attributed to a myriad of reasons such as under investment, lack of infill drilling, piracy of oil tankers, aging or threatened infrastructure, insecurity, pipeline vandalism, and so on. These impact negatively on the external reserves accretion of West African oil producing countries and will deter foreign investors.

RUSSIA-UKRAINE WAR COMPLICATES RUSSIAN OPERATIONS IN AFRICA

The Russian invasion of Ukraine, which provoked EU, US, and UK sanctions, has complicated Russian trade and investment in Africa. The impasse between Russia and the West has curtailed the funding of Russian projects in Africa, putting pressure on the industries. Also, the financial difficulties and currency pressures faced by Russia as a sanction have negatively affected Russian tourism in Africa. Although the sanctions' impact is visible with the ongoing supply chain disruptions and rising global commodity prices, which has continued to put a strain on the fiscal budgets of vulnerable African countries, the serious consequences of the sanctions will be outweighed by Russia's limited role as a trading partner with Africa.



As of 2020, Russia accounts for only 2–3% of Africa's overall international trade with the rest of the world. Furthermore, Africa's exports to and imports from Russia account for only 0.4% and 1.7% of the continent's overall exports and imports, respectively. Russia also contributes a minor amount of foreign direct investment (FDI) to Africa (less than 1% of the continent's entire stock of FDI). On the plus side, Africa's natural resource exporters, such as Nigeria and Libya, will benefit from a cash windfall caused by price increases if they ramp up production.

AFREXIMBANK SETS UP $4BN TRADE FUND TO CUSHION AGAINST UKRAINE-RELATED SHOCKS

The African Export-Import Bank (Afreximbank) announced the establishment of a $4bn trade finance program to shield African industries and businesses from some of the economic fallout of the ongoing Ukraine conflict. The fund is expected to finance oil and metals buybacks, commodity export revenue stabilization, and tourism revenue deficit financing, among other things. Both Russia and Ukraine are important producers of crude oil and gas, raw materials and grains.

The ongoing conflict has global implications, including harming African economies, particularly those that rely largely on grain, fertilizer and fuel imports. The Afreximbank's 'cushion' fund is expected to enable African countries to weather the issue around spiking oil, metal and mineral import prices in the near term. This should free up cash flow for other essentials such as food and fertilizer imports, as well as debt service payments. The fund is also expected to ameliorate some of the concerns around dwindling foreign exchange revenue stemming from declining exports and tourist arrivals.

SOUTH AFRICA SETS $900MN ANNUAL MINERAL EXPLORATION TARGET

South Africa's Department of Minerals and Energy made public its long-delayed exploration strategy to attract $900mn annual mineral exploration investment by 2025. The inception of this strategy was encouraged by the current surge in prices of metals and energy which has boosted the country's revenue despite the recent output shortcomings of the country's mining sector.

South Africa, which is home to the world's greatest deposits of various minerals, has experienced a gradual deterioration in its mining sector in recent years. In the last Fraser Institute's Annual Survey of Mining Companies in 2021, South Africa was, for the first time, among the world's ten least attractive mining destinations.

For decades, South Africa was the world-leading producer of gold but in recent times, production has slumped due to deeper deposits and the increased cost of mining. This has prompted the government to shift gears and focus on the metals of the future which include those used in electric vehicles, battery storage and the production of hydrogen. South Africa has been noted to have the world's largest deposits of the platinum-group metals, the battery metal vanadium, chrome, and manganese.

South Africa's new scheme hopes to remove bottlenecks, improve resource mapping, and diversify the focus of the sector away from precious metals. Part of the challenges which face not only the mining sector but South Africa in general include poor policy implementation, poor geoscientific data, insufficient electricity generation, frequent strikes, and community unrest.

Positioning South Africa as a global investment hub is key to President Cyril Ramaphosa's economic reform and recovery strategy. This has been fruitful in the country's past success to attract investors and continues to be key as the strategy improves the attractiveness of the mining sector in the country. The rise in metal prices have been favorable to the economy as South Africa is the world's top producer of platinum and rhodium and second-largest miner of palladium after Russia. The metal price surge has contributed to the 2% growth in South Africa's GDP for Q1 2022, beating its forecast of 1.8% growth. If the country can further improve production of its mining sector, especially in this times of high prices, the extra revenue will be a blessing to the economy.

https://www.fraserinstitute.org/sites/default/files/annual-survey-of-mining-companies-2021.pdf

GABON

Gabon sugar production weighs on imports

Gabon's sugar imports fell by 49% year over year to 5,174 metric tons in 2021, driven by strong domestic production of the crop. According to Gabon's Ministry of Economy and Fiscal Policy, the country's sugar production increased by 15% last year to 26,004 tons. Sugar production in Gabon is carried out by SucrerieAfricaine du Gabon, a government run organization. The company has made plans to raise its sugar production to around 40,000 tons by 2025 with the aim of fulfilling local demand and cutting imports.

Gabon's robust domestic sugar production is positive for its fiscal and external balance due to the reduced dependence on imports and a lower import bill. It also opens up the opportunity for the nation to become a key exporter of sugar in Africa and abroad. This could boost government revenue, raise export earnings, create job opportunities and promote overall economic growth and development.

Gabon's crude palm oil output rose 52.6% in 2021

Gabon, like its counterpart countries in Africa, is pursuing a diversified economy and part of its approach to achieving that is developing its agriculture sector to be a major contributor to the GDP of the country. Its mandate involves developing its cash crops sector with the aim of creating domestic food security and exporting into regional and international markets. Years after the inception of the initiatives to develop its agro industry, the efforts are beginning to bear fruit as palm oil, one of the country's cash crop which has been heavily focused on, has been reported to have an output increase of 52.6% in 2021.

Many of its strategies to promote cash crop industries were mainly boosted by Olam international, a Singapore-based company in partnership with the Gabonese government.

Gabon is currently the fifth largest petroleum oil producer in Africa and with the growth in the output of its oil palm, which has spearheaded its agricultural sector development, the diversification program from a mining and oil based economy to its dream of an agricultural economy seems to be on the right track. This will break the dependence of its economy on the price of oil and be a plus to the growth and development of the country from the increase in GDP and export revenue.

Gabon has a low population with the government shifting its focus to the agricultural sector. To ensure a large part of its population is attracted to the agricultural sector the strategy is to empower the farmers to become successful business people and the envy of others.

CONGOLESE CITY TURNS ITS PLASTIC PROBLEM INTO PROFIT

The Bukavu region of Congo has an estimated 1.6mn inhabitants but lacks any proper refuse dump. This lack of proper waste disposal has resulted in a buildup of thousands of tons of plastic bottles in Congolese rivers such as the Ruzizi River. The waste routinely clogs hydroelectric dams in the area and can take months at a time to clear, thereby leaving cities without power for extended periods. A Congolese firm called FDA Group is converting thousands of tons of solid waste which has been deposited in Congo's Ruzizi River into useful materials that are being sold to manufacturers and consumers.

This initiative is aiding to unclog hydropower station turbines and improve electricity supply in Congo. By clearing rivers of plastic waste and converting the waste into useful materials that can then be sold to either manufacturers or consumers, Congo is building an economy around recycled goods. This will generate revenue and create job opportunities for individuals. There are also the resultant health and environmental benefits of Congo's push towards recycling. Clearing the rivers of waste will raise living standards and improve functionality of hydropower dams. These factors will support economic growth and development.

GOOGLE'S EQUIANO CABLE LANDS IN TOGO AND NIGERIA

Google in 2019 introduced Equiano cable, a new private subsea internet cable that will connect Africa with Europe. The cable is designed to start in Portugal and then pass through Togo, Nigeria, Namibia, Saint Helena and then lastly South Africa. The cable is expected to establish a valuable new high capacity internet connection between the African continent and Europe. True to their word, in the month of March, the cable had its first landing in Africa, at Lomé, Togo and in the month of April, landed in Lagos, Nigeria.

The Equiano cable is expected to support Africa's digital transformation which is one of the mandates to which Google is committed. This is part of Google's $1bn investment plan in Africa's telecommunication sector. The cable is expected to improve the performance and cost of accessing the internet as well as the economy of the countries it passes through. In Nigeria, it is expected to increase internet speed by a factor of 6, reduce internet retail prices by 21%, boost GDP by $10.1bn by 2025 and boost job creation by 1.6 million jobs by 2025. In Togo it is expected to create 37,000 new jobs, add $351mn to Togo's GDP by 2025 and reduce the retail price of accessing the internet by 14%.

Nigeria no doubt being one of the top tech start up hubs in Africa, with the ability to boast of producing five start-up unicorns (companies now valued at more than $1bn) in the past five years, will receive a boost in their tech ecosystem as the Equiano cable will improve inclusion and accessibility of the internet to the populace which will enable tech ecosystem to thrive. This will also help in the country's attempt to diversify the economy and appeal greatly to its large youth population who have shown great interest in the tech sector.

Togo, with an average population of19, believes the Google Equiano cable will fill a yearning for Togo's population as Togo's minister for

The cable is expected to establish a valuable new high capacity internet connection between the African continent and Europe.

Digital Economy and Digital Transformation, Cina Lawson stated, “when you are 18, what you want is a really strong internet connection. And if you want that, you need fibre-optic networks” “The cable will also be a boost to support the government’s attempt to grow its telecommunication sector and also have a sustainable tech ecosystem.

The cable will not automatically improve internet facilities. Stakeholders in both countries have emphasized the importance of the quality and operations of the internal infrastructure in both countries that will ensure that the benefits of the cable reaches the total population. Organizations who have been awarded the mandate of the task in both countries show zeal and expertise to achieve that. While in Nigeria, there is the scheme of “dig-once policy” where one company digs to lay its cables and then other companies can tap into that network to prevent numerous number of cables and digging for every company that wants to lay cable. Togo on the other hand plans to deploy fiber infrastructures with power lines where cables are deployed on the poles that host electric lines so citizens are presented high speed internet with their electricity at affordable prices.

Google’s initiative to invest in the telecommunication sector of Africa brings with it growth in job opportunities, economic development and improved standard of living of citizens where Africans get closer to the global village that is the world and citizens benefit from exposure and social integration.

02 POLITICAL UPDATE

SOUTH AFRICA'S ZUMA GRANTED FURTHER DELAY IN CORRUPTION TRIAL

The repeatedly postponed corruption trial of the former South African President, Jacob Zuma, has been adjourned until May 17, 2022 in response to his request that the lead prosecutor in charge of his arms deal corruption investigation, Billy Downer, be removed from the case due to suspected bias. This is to give the supreme court of appeal time to rule on his appeal, after which the trial will begin on May 31. On February 16, a South African judge had dismissed Zuma's initial request to have Billy Downer removed from the case. Zuma was removed from the presidency in 2018, after nine years in power, on allegations of corruption, money laundering, and racketeering in connection with a $2bn arms sale in 1999. He was charged seventeen years ago, but efforts to prosecute him were hampered by legal challenges and political wrangling. Zuma was sentenced to 15 months in prison in June last year for failing to appear in court for a corruption probe during his presidency, which spanned 2009 to 2018. His followers reacted angrily to this decision, causing a riot. In September 2021, he was granted medical parole, which was later revoked, resulting in his re-incarceration, sparking fears of additional rioting.

https://www.africanews.com/2022/03/18/google-s-underwater-internet-cable-to-connect-togo-to-europe//

GABON'S PRESIDENT ALI BONGO ONDIMBA SETS HIS SIGHTS ON 2023

After a difficult recovery from a stroke in 2018 that kept Ondimba, Gabon's president, out of the public for months and occasioned painfully pronounced addresses, he sets his sights on the future again as he addressed the crowd at the 54th convention of his party- PartiDémocratiqueGabonais (PDG). His speech at the convention signaled a strong determination to come into power again in the 2023 presidential election. Those close to Ondimba disclosed his recent accelerated pace of work as well as his demand for additional results, as though to expiate the years of his convalescence. The lockdown from COVID-19 pandemic partly vouched for the need to fast-track activities.

He replaced some of his entourages in 2019 mainly due to their misuse of the trust he had for them. One of them is the once all-powerful and criticized Maixent Accrombessi, who he sacked from the presidential palace, while imprisoning Brice Laccruche Alihanga, his successor, charged with corruption and funds embezzlement. In the same year, he appointed for the first time in Gabon, a woman as his prime minister- Christiane Ossouka Raponda. His decision to appoint her was hinged on her efficiency, loyalty and integrity. A trusted few who were close to him were also assigned to high-level positions in the government.

PDG party members were not also left out from the reshuffling. Subsequent to the changes of political officials in the government was the replacing of the head honcho Eric-Dodo Bounguendza with Steeve Nzegho Dieko as the new secretary general in March 2022. The desire to lead an efficient team in 2023 occasioned the reshuffling of his members in the government and his party.

Supporting his party's confidence are the leadership disagreements in the opposition, which prompted a few members leaving their parties to join the PDG party. However, many oppositionists are seriously on the watch to take the center stage. Regardless of Ondimba's desperation, his track record will swing the votes. However, he has only a limited time to make a difference.

03 TRAVEL & AVIATION

UKRAINE CRISIS SEEN AS THREAT TO AFRICAN AIRLINES' RECOVERY

The ongoing Russia-Ukraine conflict has impacted the global economy in terms of rising global commodity prices, escalating energy crisis, interest rate hikes, and inflationary pressures in countries all over the world, casting a pall over countries' and the world's growth prospects. The issue, which has pushed up energy costs, is jeopardizing African a recovery from the pandemic depression.

Because fuel costs make up the majority of an airline's operational expenses, the increase has caused African airlines to raise ticket rates, resulting in a drop in demand for travel and tourism on the continent, which is bad news for the continent's economic growth and development. In addition, lingering travel restrictions in some countries due to low vaccination rates have reduced passenger demand, costing the aviation industry a lot of money.

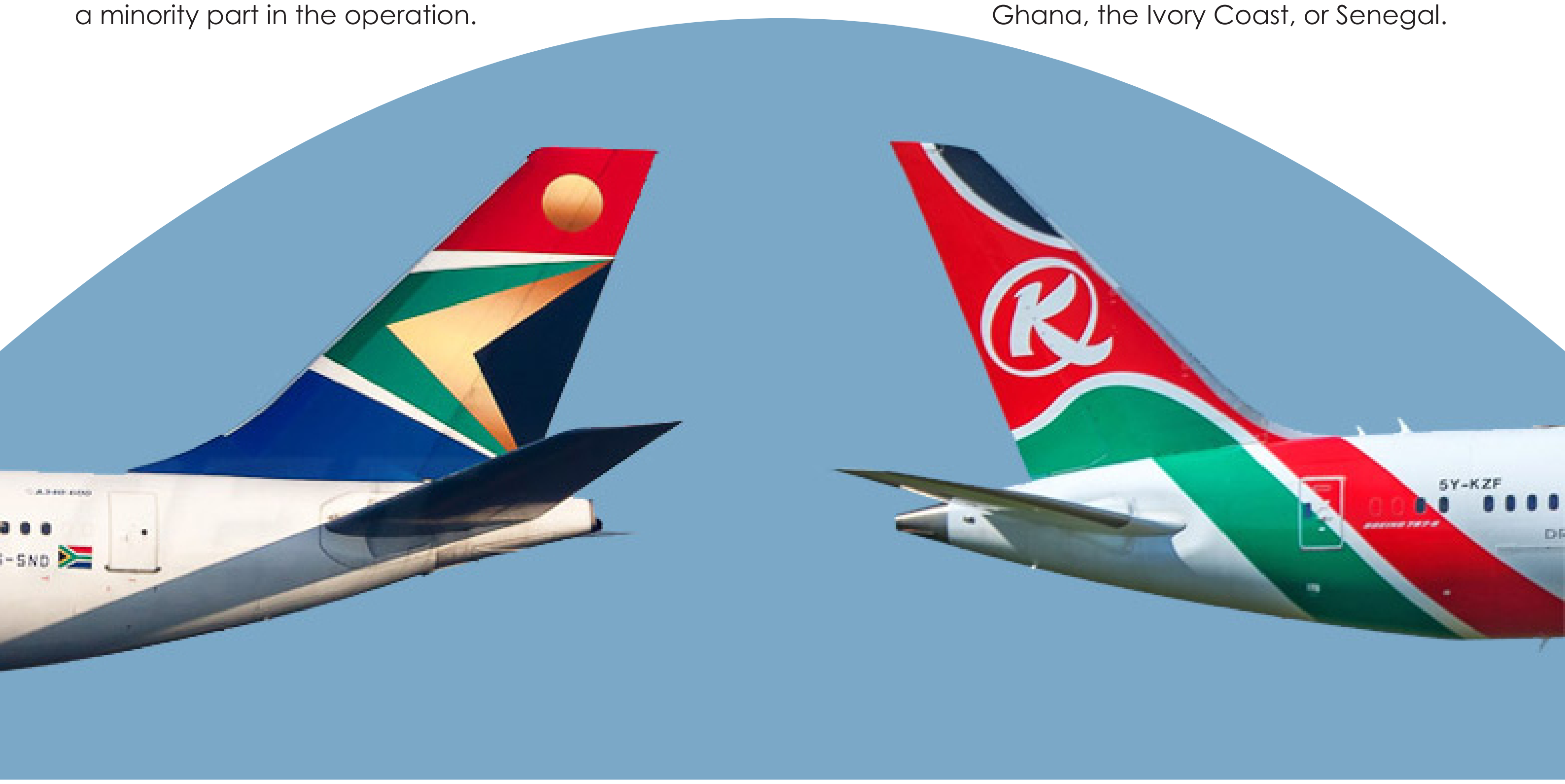
African airlines are projected to lose the sum of $23.7bn at the end of this year. These issues are likely to persist until the conflict is addressed because most countries in Africa are unable to withstand economic shocks. The African government, on the other hand, can help the sector recover by providing financial assistance, such as tax cuts and access to credit, as well as encouraging industry cooperation and allowing more effective competition with peers in Europe, the United States, and the Middle East.

Furthermore, Africa Airlines Association forecasts that the industry will return to pre-COVID levels by the end of 2023 to the beginning of 2024, but that this estimate is at danger due to high oil prices.

KENYA AIRWAYS, SAA PLAN INVESTOR SEARCH FOR PAN-AFRICAN CARRIER

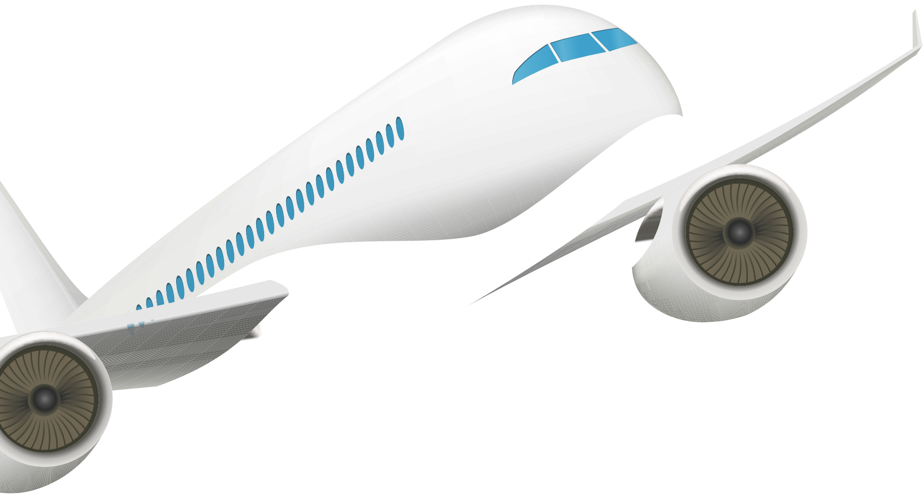
Kenya Airways and South Africa Airways are working closely to create a combined airline group - Pan-African Airline group – by 2023. The goal of the carriers is to expand passenger and freight traffic, as well as boost tourism, trade, social involvement, and continental integration. In order to achieve this, both countries have started looking for majority investors for their proposed airline business through campaigns in Africa, London, and the United States, while the Kenyan and South African governments want to take a minority part in the operation.

Both airlines, however, have experienced financial challenges in recent years, which were worsened by the COVID crisis, prompting them to commit to establishing financial turnaround measures. Therefore, they anticipate that the partnership will improve their financial viability. On the routes, Nairobi will handle Asian operations, while Johannesburg will manage southern-hemisphere activities, such as flights to Sydney. In addition, the two carriers are looking for a third member from West Africa, either from Nigeria, Ghana, the Ivory Coast, or Senegal.



EGYPT EXPANDS AIRLINE ROUTES THROUGHOUT AFRICA

As part of the plans to expand its airline network in and develop ties with African countries, Egypt officially inaugurated a new flight route to the Democratic Republic of the Congo (DRC). The launch of the new route was welcomed by Congolese officials, who see it as a means of strengthening the relationship between the two nations. Egypt had previously lagged behind in terms of commercial flights across Africa. As a result, EgyptAir, one of the oldest airlines in the world, has receded to Ethiopian and South African Airlines, prompting the country's government to build new air routes. Prior to this, the country had planned to operate direct flights to other members of the Common Market for Eastern and Southern Africa (COMESA) twenty years ago, but the plan was thwarted by the country's economic troubles. In the meantime, EgyptAir serves nineteen African countries, including Rwanda, Cameroon, and Uganda, for a total of seventy direct destinations and more than forty more via code share, with plans to grow and construct more airline routes. The country has formed alliances with other African countries in order to attain this goal.



ONEWORLD, ROYAL AIR MAROC DEEPEN ALLIANCE TO SERVE NIGERIAN MARKET

Morocco's largest airline, Royal Air Maroc (RAM), recently celebrated its acceptance and membership into the Oneworld alliance. The airline was founded in 1953 from the merging of Air Maroc and Air Atla and flies to nearly 100 destinations globally, including Europe, Africa, the Americas, and the Middle East. The decision to be part of the alliance is a strategic initiative from 10 years ago. RAM is fully owned by the Moroccan government and is the first African airline to join the alliance. Its entrance into Oneworld was to expand its traffic demand around the world, particularly in Nigeria. Oneworld alliance consists of 14 airlines teamed up to proffer quality services and quickest connections to diverse areas around the world. The airline's membership in Oneworld alliance orientates the airline as a doorway to Africa.

In Nigeria, the airline was previously confronted with low passenger traffic, especially in Abuja. However, the Director of RAM is optimistic about a turnaround. It is expected that high population growth in Nigeria, new business ventures between both countries, tourism and religious travels into Morocco will bolster demand. Although operations have been suspended due to muted demand, RAM is willing to resume operations in the Nigerian capital as traffic improves. RAM aims to improve its capacities and frequencies from what they were in 2019, leveraging on their Oneworld alliance membership. The airline will also explore opportunities they may have with local airlines in Nigeria to breed partnerships.

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04 SOCIAL PRECINCT

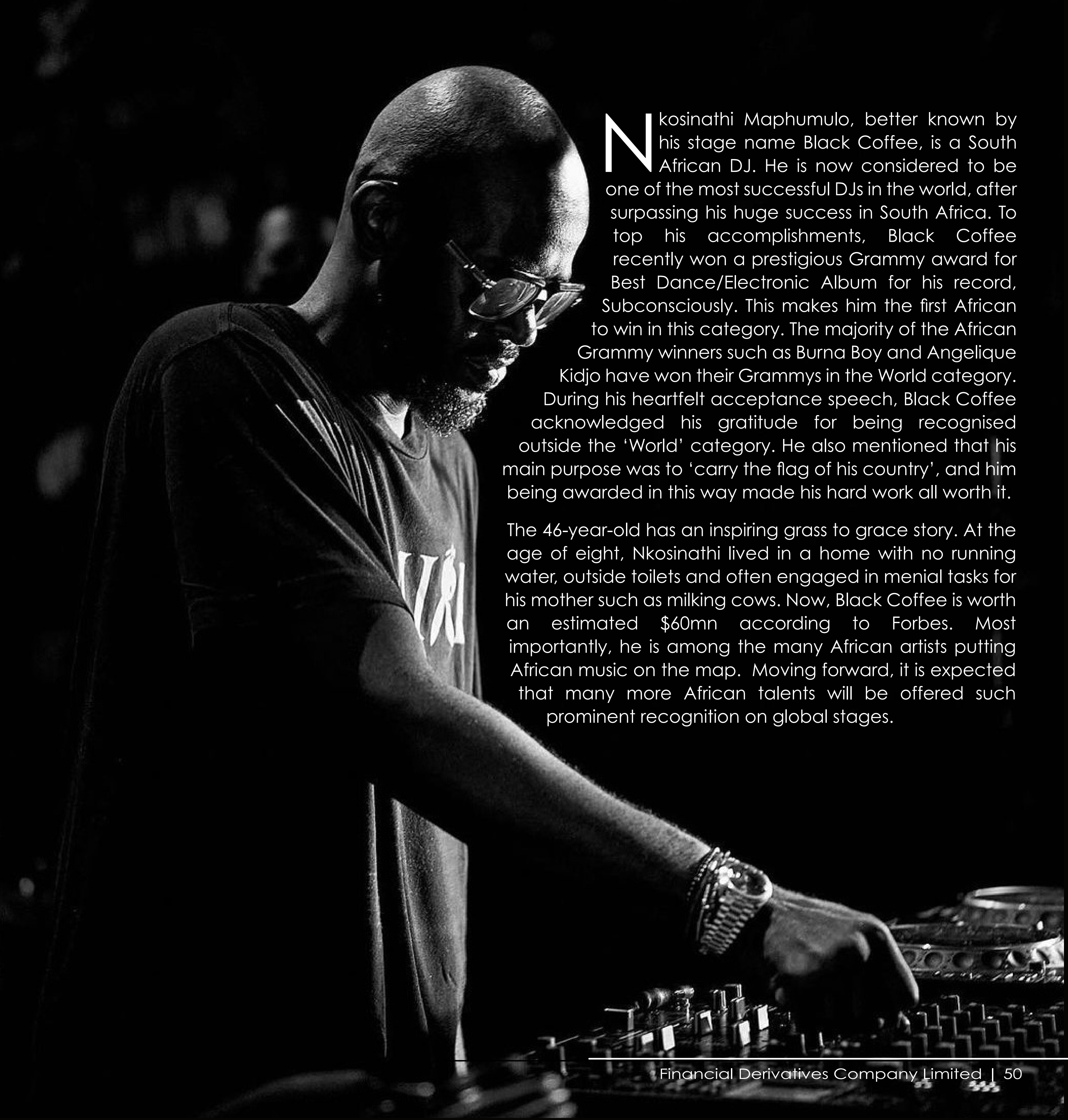
GHANA TO INVEST $25MN IN TOURIST SITES TO LURE VISITORS

Ghana, formerly known as the Gold Coast, has launched a new project called 'Destination Ghana', that aims to attract more global tourists. To fulfil this aim, the West African nation will invest $25mn to upgrade its iconic tourist sites. Iconic sites such as the famous Kwame Nkrumah Memorial Park and the Elmina and Cape Coast Castles will be rehabilitated. The country's tourism sector has been significantly hit by the pandemic, so President Akufo-Addo has recognized the importance to push for the sector's recovery. Hence, the heavy investments being made. Additionally, this investment campaign will be supported by the World Bank.

During the launch of the project in London, the president extolled the vast tourism potentials of his country. Ghana has been dubbed as the best place to do business in West Africa, and the safest and most stable country in the region. It has also built the reputation of being one of the friendliest countries in Africa. These represent key selling points that will enable the project's objectives to be met. President Akufo-Addo highlighted the growing interest in nature-based adventure and leisure tourism, and the fact that Ghana has an abundance of these offerings for global visitors. Recently, Ghana lifted all its COVID-19 restrictions and opened its borders to quicken its post-pandemic recovery. This came at the right time to encourage more global visitors into the West African country in line with the 'Destination Ghana' project goals.

BLACK COFFEE

THE SOUTH AFRICAN DJ WHO MADE HISTORY AT THE GRAMMYS



Nkosinathi Maphumulo, better known by his stage name Black Coffee, is a South African DJ. He is now considered to be one of the most successful DJs in the world, after surpassing his huge success in South Africa. To top his accomplishments, Black Coffee recently won a prestigious Grammy award for Best Dance/Electronic Album for his record, Subconsciously. This makes him the first African to win in this category. The majority of the African Grammy winners such as Burna Boy and Angelique Kidjo have won their Grammys in the World category. During his heartfelt acceptance speech, Black Coffee acknowledged his gratitude for being recognised outside the 'World' category. He also mentioned that his main purpose was to 'carry the flag of his country', and him being awarded in this way made his hard work all worth it.

The 46-year-old has an inspiring grass to grace story. At the age of eight, Nkosinathi lived in a home with no running water, outside toilets and often engaged in menial tasks for his mother such as milking cows. Now, Black Coffee is worth an estimated $60mn according to Forbes. Most importantly, he is among the many African artists putting African music on the map. Moving forward, it is expected that many more African talents will be offered such prominent recognition on global stages.

GHANA IN QATAR: WEIGHT OF HISTORY LOOMS OVER WORLD CUP HOPES

Ghana's national football team, nicknamed the 'Black Stars', have qualified for the 2022 World Cup after Thomas Paley's early goal. Despite the good news, the weight of history looms over the World Cup hopes of the team's supporters.

Additionally, there appears to be a great deal of baggage resting on the shoulders of the footballers. In the latest World Cup qualifier matches, Ghana defeated South Africa and Nigeria. However, devoted supporters of the team described following the matches as a 'high blood pressure-inducing ordeal'.

In football, win-win' situations do not exist. It is not necessarily the win itself that is celebrated but the fact another team has been defeated. A draw will not be celebrated as a win. The Black Stars have had their fair share of defeat, which casts a dark shadow over the hopes of the team moving forward despite qualifying for Qatar.

It seems Ghana's FIFA World Cup bid is dogged by the weight of past events. For example, the famous defeat at the 2010 World Cup in South Africa where Ghana was moments away from securing a place in the semi-finals when the ball was punched out of the net. This was also the match of the missed penalty of one of the team's most reliable players, which led to the resultant loss on penalties to Uruguay.

Now, the Black Stars will face Uruguay again at the group stage in Qatar with the weight of past defeat on their shoulders.

05 FINANCIAL & ECONOMIC INDICATORS

COUNTRY	GDP ANNUAL GROWTH RATE (%)	INFLATION (%)	LIFE EXPECTANCY (YEARS)	UNEMPLOYMENT RATE (%)	INTEREST RATE (%)
Angola	2.60 (Q1'22)	21.40 (Jul'22)	62.20	32.90 (Dec'21)	20.00 (Jun'22)
Botswana	7.00 (Q1'22)	14.30 (Jul'22)	69.90	23.30 (Dec'20)	2.15 (Jun'22)
Cameroon	4.00 (Q3'21)	4.61 (Mar'22)	60.30	3.90 (Dec'21)	4.00 (May'22)
Ethiopia	8.70 (Q4'21)	37.70 (May'22)	67.80	19.10 (Dec'18)	7.00 (Dec'21)
Eritrea	2.90 (Q4'21)	4.50 (Dec'21)	67.50	8.00 (Dec'21)	-
Gabon	1.50(Q4'21)	1.20 (Apr'22)	67.00	22.30 (Dec'21)	4.00 (May'22)
Ghana	3.30(Q1'22)	31.70 (May'22)	64.90	4.50 (Dec'20)	22.00 (Aug'22)
Guinea	5.20 (Q4'21)	10.99(Apr'22)	62.60	4.40 (Dec'20)	11.50 (May'22)
Ivory Coast	5.40 (Q4'21)	3.50 (May'22)	58.80	3.50 (Dec'20)	4.00 (May'22)
Kenya	6.80(Q1'22)	7.90 (Jun'22)	67.50	6.60 (Mar'21)	7.50 (Jun'22)
Liberia	4.00 (Q4'21)	5.44 (Nov'21)	65.00	4.10 (Dec'21)	20.00 (Jun'22)
Mozambique	4.14(Q1'21)	10.81 (Jun'22)	62.10	3.39 (Dec'20)	15.25 (Jun'22)
Nigeria	3.54 (Q2'22)	19.64 (Jul'22)	55.80	33.30 (Dec'20)	14.00 (Jul'22)
Rwanda	7.90 (Q1'22)	14.80 (May'22)	70.00	23.80 (Nov'21)	5.00 (Jun22)
Senegal	5.20(Q1'22)	8.90 (Jun'22)	68.90	22.60 (Mar'21)	4.00 (May'22)
South Africa	3.00 (Q1'22)	7.80 (Jul'22)	64.90	34.50 (Mar'22)	5.50 (Jul'22)
Tanzania	4.90 (Q4'21)	4.00 (May'22)	66.40	9.50 (Dec'20)	5.00 (May'22)
Uganda	5.90 (Q1'22)	6.80 (Jun'22)	64.40	2.44 (Dec'20)	9.00 (Aug'22)
Zambia	2.10 (Q4'21)	9.70 (Jun'22)	64.70	12.20 (Dec'20)	9.00 (May'22)
Zimbabwe	5.80 (Q4'21)	192.00 (Jun'22)	62.20	5.70 (Dec'20)	200.00 (Jun'22)