

AFRISCOPE

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**OCTOBER
EDITION**





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SSA SCOOP



COUPS D'ÉTATS

Since 2020, there has been a wave of coup d'états in Africa especially in the Sub-Saharan region. Each coup has erupted for similar reasons across various countries. From dubious regimes and corruption to the long perpetuation of political leaders in power, public discontent and distrust brewed over the years. While it may seem that coups have come to correct the menace created by dysfunctional democracy in African countries, history tells a rather scary tale of military regimes. More importantly, the danger this poses for the African continent is the likelihood of a coup contagion. Today, African countries like Cameroon, the Republic of Congo, Senegal, Ivory Coast, Togo, Equatorial Guinea, Chad, and Congo Brazzaville are the most vulnerable to military coups.

GDP growth

SSA's GDP has fallen by 0.12% to 3.6% in 2022 from 4.1% in 2021. The IMF projects a further slowdown in regional growth to 3.3% in 2023 as output in top economies like Nigeria and South Africa slows. In tandem, Africa will also experience a decline in GDP growth to 3.0% from 3.8% in 2022. Unfortunately, this sluggish growth trend emphasizes that African countries are yet to recover from the covid-19

pandemic in 2020 and have been further distressed by the Russia-Ukraine war. GDP growth in the continent contracted by 2.8% in 2020 from 2.7% in 2019. However, we expect Angola, Senegal and Mozambique to benefit from new investments into hydrocarbons and other minerals as part of a global diversification of supply chains. They are likely to drive an expansion in African GDP growth to 3.3% in 2024.

Inflation rate

Inflation rate in Africa, according to Seychelles News Agency, will remain high, climbing to 13.5% in 2023 before slowing to 8.8% in 2024. This is due to the lingering Russian-Ukraine war that has spiked global food and energy prices by over 23.9% in the past year. With most countries in Africa highly import dependent and experiencing currency fluctuations, importation costs have increased as the pass-through effect from global macroeconomic vulnerabilities become more potent.

1. U.S. News & World Report. 2023. Factbox-What Is the G20 and What Are the Key Issues for the 2023 Summit? <https://www.usnews.com/news/world/articles/2023-09-08/factbox-what-is-the-g20-and-what-are-the-key-issues-for-the-2023-summit>
 2. U.S. News & World Report. 2023. Key Facts About the BRICS 2023 Summit. <https://www.usnews.com/news/world/articles/2023-08-07/factbox-key-facts-about-the-brics-2023-summit>
 3. Bloomberg News. 2023. BRICS Summit 2023 South Africa: Bloc Invites Saudi, Iran, UAE, 3 Others to Join. <https://www.silkroadbriefing.com/news/2023/08/25/an-introduction-to-the-new-brics-members-and-2023-brics-summit-analysis/>
 4. African Union. 2023. Decisions & Declarations of the Assembly. <https://au.int/en/decisions/assembly>
 5. The Hill. 2023. Coups are making a comeback. <https://thehill.com/opinion/international/4201818-coups-are-making-a-comeback/>

Debt

Africa's external debt levels have skyrocketed by 2.72% to 1.13 trillion from 1.1 trillion in 2022. African countries borrowed extensively from 2020 to mitigate the dire impacts of the covid-19 pandemic, with many countries entering into the international capital & debt market to raise Eurobonds. In 2021, 11 countries including Rwanda, Kenya and Albania raised Eurobonds, but that number has significantly declined to 4 in 2023 as global interest rates climbed. More worrisome is the risk premium investors attach to debt issued by African countries, keeping interest rates higher compared to other emerging market economies in regions like Latin America. Higher interest payment costs have worsened default rates and further drained domestic revenue. Between 2022 and 2023, 3 countries defaulted with Ghana receiving an IMF bailout of \$3billion. Foreign currency debt will remain a thorn in the flesh of African countries, especially with no recent consensus on debt forgiveness programmes by the United Nations and major bilateral and multilateral lenders.





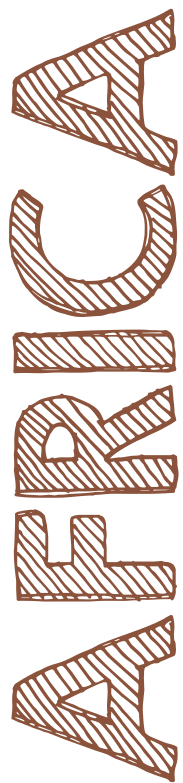
AFRICA'S SPOTLIGHT: RECENT SUMMIT & OUTCOMES

One of the most significant events in 2023 was the G20 summit, a historic event hosted by India in New Delhi, where leaders of the world's major economies discussed and tackled global challenges under the theme of 'One Earth, One Family, One Future'. The summit produced the G20 New Delhi Leaders' Declaration, a document that outlined the G20's vision and commitments on various issues such as green development, climate finance, and inclusive and resilient growth. Furthermore, the summit welcomed the African Union as a permanent member of the G20, recognizing Africa's role and potential in the global economy, and pledged to support Africa's recovery from the Covid-19 pandemic and its Agenda 2063 for sustainable development.

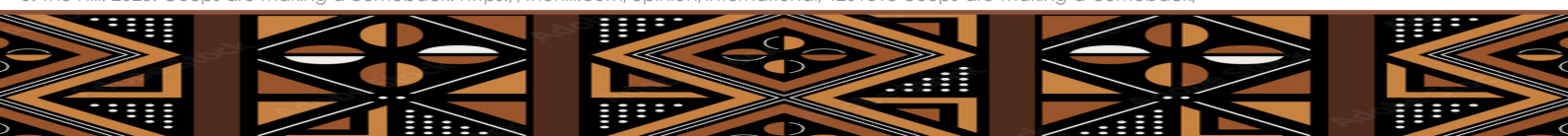
Another important event was the BRICS summit held in Johannesburg, South Africa, where several developments took place. At the summit, six new countries joined the group: Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates. This is to expand the diversity and influence of BRICS in global affairs. The summit also signed agreements to support African infrastructure and sustainable projects, and to foster digital innovation and cooperation among member countries.

Furthermore, the African Union (AU) summit convened in Addis Ababa, Ethiopia, with participation from all 55 member states. The theme of the summit was "Arts, Culture & Heritage: Levers for building the Africa we want." The summit endorsed the African Continental Free Trade Area (AfCFTA), which is expected to boost intra-African trade, create jobs, and enhance the continent's resilience to external challenges. The summit also passed a resolution on climate change, calling on developed nations to provide financial and technical assistance to developing countries to address this issue.

In contrast to these positive events, two West African nations, Niger and Gabon, experienced military coups that overthrew their elected presidents. In Niger, Colonel Mamane Abou seized power from President Mohamed Bazoum, who had won the 2021 election. The coup leaders claimed they acted to restore democracy and end corruption, but faced international condemnation and threats of sanctions. In Gabon, General Brice Oligui Ngeuma toppled President Ali Bongo Ondimba, who had ruled the oil-rich country since 2009 after succeeding his father. The coup leader accused Bongo of mismanaging the economy and violating human rights.



1. U.S. News & World Report. 2023. Factbox-What Is the G20 and What Are the Key Issues for the 2023 Summit? <https://www.usnews.com/news/world/articles/2023-09-08/factbox-what-is-the-g20-and-what-are-the-key-issues-for-the-2023-summit>
 2. U.S. News & World Report. 2023. Key Facts About the BRICS 2023 Summit. <https://www.usnews.com/news/world/articles/2023-08-07/factbox-key-facts-about-the-brics-2023-summit>
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 4. African Union. 2023. Decisions & Declarations of the Assembly. <https://au.int/en/decisions/assembly>
 5. The Hill. 2023. Coups are making a comeback. <https://thehill.com/opinion/international/4201818-coups-are-making-a-comeback/>





TINUBU'S ADMINISTRATION: 100+ DAYS' AFTER

Over the last two months, it's been no secret that the Tinubu's administration has embarked on an array of policy reforms aimed at revitalizing the Nigerian economy. This cocktail of reforms includes the removal of petrol subsidies, the desegmentation of the forex markets, and tax reforms. Others include student loan and electricity Acts. However, the swift implementation of these policies has inadvertently squeezed the economy, as evident in the heightened inflationary pressures and reduced disposable income of consumers.

Through the 100 days so far in Tinubu's administration, the price of PMS soared by 233.5%, from N185/litre to N617/litre. This sharp increase in fuel prices had a pass-through effect on transport fares, food prices, and business production costs nationwide. Consequently, inflation surged to an 18-year high of 25.8% in August. Simultaneously, the adoption of a unified exchange rate came with a 42% devaluation of the exchange rate. This led to a surge in the price of import-related commodities and massive FX translation losses for companies including FMCGs, banks, and telcos.

The hardships caused by these policies forced the president to slightly pull back from certain key market reforms. First, the NNPC issued a statement reaffirming its commitment to maintaining unchanged petrol prices in August, 2023.



It will take time for the new administration to gain public support and trust. The President's heavy baggage including election petition and certificate forgery allegations will continue to weigh on business confidence and investor risk appetite. In the meantime, to instill business and investor confidence that will bring in the much-needed dollar inflows and capital, the administration must follow-through with the recent reforms by obliterating lingering capital control measures and addressing deep-rooted issues like oil theft.





BOTSWANA'S DIAMOND DEAL WITH DE BEERS TO FUEL ECONOMIC GROWTH

Botswana, the world's largest producer of diamonds by value, has struck a 10-year landmark deal with the world's second largest diamond company, De Beers which sells 29.5% of the world's rough diamond production.

The deal, signed in July, will increase the share of rough diamonds that Botswana's state-owned company, Okavango Diamond Company (ODC), gets from the Debswana joint venture, from 15% to 50% over the next 10 years. This means that ODC will have more flexibility to sell its diamonds through different channels, depending on the market conditions and customer demand.

Currently, ODC auctions about 25% of Debswana's output, while De Beers sells the rest through its exclusive 'sights' system, where selected buyers are offered boxes of unpolished gems at fixed prices. However, ODC plans to diversify its selling channels and offer some of its diamonds directly to customers, such as manufacturers and retailers, bypassing the middlemen and capturing more value. This will also help Botswana cope with the volatility of the global diamond market, which has been hit by the Covid-19 pandemic, geopolitical tensions, and rising competition from lab-grown diamonds.

According to Botswana's central bank, Debswana's rough diamond sales dropped 17% to \$2.179 billion in the first half of 2023, from \$2.622 billion in the same period last year. Diamond sales account for two-thirds of Botswana's foreign earnings and a fifth of its gross domestic product, making the country vulnerable to global price shocks. The new deal with De Beers will help Botswana access more customers and sell at higher prices than it would have in auctions. This will also save the government 10 billion pula (\$178 million) in royalties and dividends that it can use for development funding.

Under the new De Beers deal, ODC's portion of Debswana's raw diamonds will rise to 50% over the next decade. However, substantial sales may be challenging amid economic uncertainty and increasing competition from lab-grown gems. The lab-grown diamond market, valued at \$22.3 billion in 2021, is projected to reach \$55.6 billion by 2031, growing at a 9.8% CAGR from 2022 to 2031.

6. Reuters. (2023, July 16). Botswana signs new 10-year diamond sales deal with De Beers. <https://www.reuters.com/article/botswana-diamonds-idUSL1N2OR0QX>

7. Mwai, P. (2023, July 19). How Botswana's giant new diamond deal could benefit the country. BBC News. <https://www.bbc.com/news/world-africa-57882801>

8. Bank of Botswana. (2023, August 9). Monetary Policy Report: August 2023. <https://www.bob.bw/sites/default/files/publications/Monetary%20Policy%20Report%20August%202023.pdf>

9. Mwai, P. (2023, July 19). How Botswana's giant new diamond deal could benefit the country. BBC News. <https://www.bbc.com/news/world-africa-57882801>

10. Research and Markets. (2021, November 18). Lab Grown Diamond Market Research Report by Type, by Application - Global Forecast to 2031 - Cumulative Impact of COVID-19. <https://www.researchandmarkets.com/reports/5381476/lab-grown-diamond-market-research-report-by-type>

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Since diamond exports are a major source of income for Botswana, increasing its production would boost its exports and, consequently, its foreign reserves and revenue. This would make Botswana less dependent on foreign loans and aid, and reduce its fiscal debt, which was 3.9 billion dollars (about 19.95% of Botswana's GDP) in 2022. This would also help improve its financial security by lowering its government borrowing.

Furthermore, directing the proceeds from diamond investments towards vital public infrastructure, including education, transportation, and healthcare, holds the potential to not only elevate labour productivity but also enhance overall life expectancy. This strategic allocation of resources is poised to yield amplified economic output and cultivate a robust environment for continuous economic expansion.



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AFC SUPPORTS GAS, RENEWABLE ENERGY, AND MINERALS IN AN ASPIRING TRANSITION PLAN



The Africa Finance Corporation (AFC), a Lagos-based multilateral financial institution, was established in 2007 with a mandate to support infrastructure and industrial investments across the African continent.

With the vision to support Africa's energy transition, the company plans to make significant investments in renewable energy projects, aiming to build 300 megawatts (MW) of capacity by 2023. AFC has invested over \$11.5 billion (bn) in 36 countries, including Angola, the Democratic Republic of the Congo (DRC), Egypt, and Ethiopia. The institution aims to help the continent unlock the full potential of its mineral reserves by supporting domestic processing facilities and enhancing the value of critical minerals like copper, manganese, graphite, lithium, and cobalt, which are essential for the global energy transition.

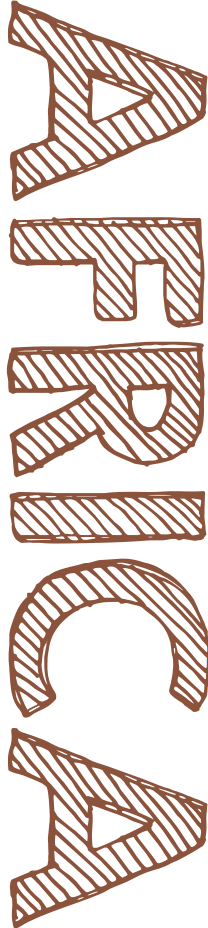
As part of its commitment to sustainable development, AFC has also backed over two gigawatts (GW) of renewable energy projects, including solar and wind power initiatives, to increase access to electricity and reduce carbon emissions. Other initiatives include the expansion of Cabo Verde's Cabeólica wind development, Côte d'Ivoire's Singrobo-Ahouaty hydroelectric power plant, and Djibouti's 60 MW Ghoubet wind IPP (Independent Power Producer).

AFC has also backed some mineral projects, such as a tie-up with geophysics firm Xcalibur, Kipushi copper and cobalt in the DRC, Franceville, and Okondja manganese mining

projects in Gabon, and two bauxite mines in Guinea. Presently, AFC is assessing some mining-plus projects in the DRC, Egypt, Sierra Leone, and Zambia.

The AFC projects in Africa will bolster the continent's sustainable energy sources, reduce carbon emissions, and enhance energy access. These will support the continent's processing facilities for critical minerals, increase value addition, and spur economic growth. Additionally, the investment in battery manufacturing supply chains could position Africa as a key player in the global electric vehicle market, which in turn might foster sustainable development, drive economic diversification, promote industrial advancement, increase job creation, and economic prosperity across the continent.

However, this ambitious strategy is not without challenges. Complex project execution, regulatory variations across countries, and potential market fluctuations present risks that need careful management. To navigate these challenges, the AFC must employ effective risk mitigation strategies and robust project management practices.





BMW REVEALS ELECTRIC VEHICLE INVESTMENT PLANS FOR SOUTH AFRICA

In late June, the German car maker, BMW, revealed plans to allocate R4.2 billion (bn) (US\$233 mn) to produce South Africa's first hybrid electric vehicle (X3 model), targeting both local and export markets in 2024. This strategic move is a response to international proposals by the EU to ban imported vehicles with internal combustion engines.

South Africa's automobile manufacturing sector, heavily reliant on internal combustion engines, faces the risk of decreased exports to key markets such as the EU and the UK, where efforts to reduce emissions entail phasing out conventional gasoline and diesel cars. Moreover, South Africa's modest electric vehicle (EV) market is currently centered on hybrids, presenting a risk of lagging behind global competitors unless a proactive approach is adopted.

BMW's investment in a hybrid-EV version of the X3 SUV at its Rosslyn plant underscores its dedication to securing the region's future in the absence of clear government EV policies. This aligns with the operations of existing South African EV producers like Toyota and Mercedes. While BMW might explore fully electric vehicles for export, the domestic landscape favours hybrids due to the scarcity of charging infrastructure. Nevertheless, the proposed investment marks a significant step for South Africa's automotive sector and could contribute to the development of the local EV industry, create job opportunities, and expand BMW's presence in the African market.

The outlook for new car sales in South Africa is poised to improve from 2024 onwards. Favorable economic conditions, including reduced electricity shortages, moderate inflationary pressures, and declining borrowing costs, are anticipated to support this upswing. Subsequently, a more robust performance is expected in 2025-2027 as external and domestic economic conditions improve. However, reaching the 2013 sales peak of 450,000 units of cars is unlikely, as sales for 2027 are estimated at 445,000 units due to persistent high unemployment and consumer debt.

12. EIU. 2023. "BMW plans to invest in South African electric vehicle output." <https://viewpoint.eiu.com/analysis/article/793408062>

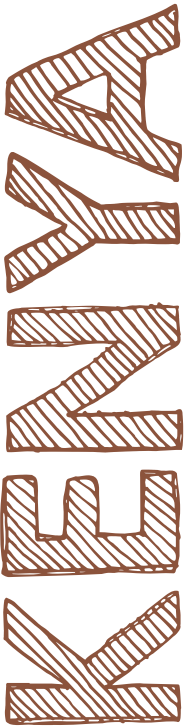
DEBT DILEMMA: MORGAN STANLEY TURNS AWAY FROM KENYAN DEBT WHILE ANGOLA BECKONS WITH NEW OPPORTUNITIES



On July 20th, 2023, protests had erupted in Kenya. The reason? The government had removed subsidies and raised taxes while the country's debt situation worsened. This had a ripple effect on Morgan Stanley, a major American investment bank. They had changed their mind about investing in Kenya due to the ongoing unrest in the capital city. Amid these events, Morgan Stanley had advised investors to explore opportunities in other countries like Angola, which had recently experienced currency devaluation.

Morgan Stanley's decision to withdraw from potential investments in Kenya could signal a lack of confidence in the country's economic environment. This could lead other foreign investors adopting a cautious approach, which could slow down foreign direct investment.

But, for every negative, there is a positive. The positive aspect of this is the opportunity this presents for Angola. The currency devaluation, coupled with Morgan Stanley's recommendation to explore investment opportunities there, could attract increased attention from investors looking for alternatives. This could potentially lead to an influx of capital into Angola's economy, stimulating growth and development.





IS THE AFREXIMBANK AFRICA'S HAIL MARY PASS?

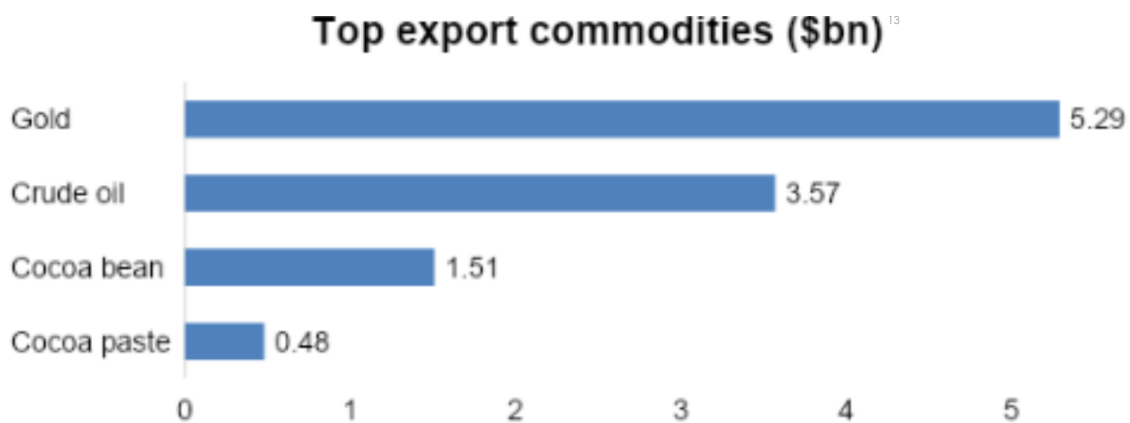
In a bid to keep up with the energy transition goal, Western lenders are becoming reluctant to provide credit facilities for oil and gas projects. In 2023 alone, not less than three lenders have withdrawn support for fossil fuel projects in Africa (HSBC, BNP Paribas, Standard Chartered Bank, NatWest, etc).

In the midst of this, the African Export-Import Bank (Afreximbank) appears to be the continent's Hail Mary pass. The Cairo-based multilateral agency recently extended a \$750mn facility to Springfield Exploration & Production Limited, one of the key players in the Ghanaian oil and gas industry. This is to fund the developments in the deep-water West Cape Three Points Block 2 (WCTP 2).

The WCTP2, which was carved out of the West Cape Three Points block, was

awarded to Springfield E&P for a seven-year exploration period from July 2016. The firm has an 84% stake in the block while Ghana National Petroleum Corporation (GNPC) owns 11% and its subsidiary, Explorco owns 5%.

The new development finance deal highlights Afreximbank's commitments to play a principal role in supporting Africa's hydrocarbon projects as Western financiers pull back. For Ghana specifically, the WCTP2 is estimated to have \$1.5bn barrels of in-place resources. Increased investment in oil exploration would boost Ghanaian crude oil exports, pushing up export and foreign exchange earnings. As of 2021, the country exported crude oil worth \$3.57bn, the second-highest export commodity.



13. <https://oec.world/en/profile/country/gha>

AFREXIMBANK



Increased revenue from oil exports would ease the financial strain on the Ghanaian government. The country's total debt surged by 20% to \$49.7bn in April 2023 from \$41.3bn in December 2022. In addition, the uptick in foreign exchange earnings due to higher oil proceeds will provide further support for the Ghanaian Cedis, which lost over 10% before the IMF \$3bn loan support.

Apart from Ghana, Nigeria and other oil-producing countries in Africa are likely to benefit from Afreximbank's commitment to support the continent. For instance, the Nigerian National Petroleum Commission Limited (NNPC) recently secured a \$3bn emergency crude oil repayment loan from the African lender, which provided temporary relief for the naira. The currency gained 11.63% to trade at N860/\$ from a low of N960/\$.

The major challenge is that the treaty establishing Afreximbank prohibits all countries from subjecting its loans to moratoriums and restructuring like other multilaterals. Hence, Ghana and some other African countries could come under pressure to repay the loans.



UAE'S GOLD DEAL WITH DRC RAISES EYEBROWS

In July 2023, the United Arab Emirates (UAE) and the DRC inked a significant contract, aimed at developing a minimum of four mines in the eastern region of the DRC, marking the inception of the UAE-DRC gold deal. Valued at a substantial \$1.9bn, the agreement involves the active participation of Primera Group, a prominent company from the UAE.

The UAE-DRC gold deal unfolds with both positive and negative implications for Africa. On one hand, it holds the potential to bolster the DRC's economy by boosting its official gold exports, increasing foreign exchange reserves, raising tax revenues, and opening doors for more investments. It could also put an end to illegal gold trading and improve conditions for small-scale miners through better prices, certifications, and safety measures. Additionally, the deal could strengthen diplomatic and economic ties between the DRC, UAE, and neighboring African nations.

However, on the other hand, the dependence on global gold prices could render the DRC's economy fragile, subject to market fluctuations. This, in turn, could foster corruption, human rights abuses, and conflicts, as various groups vie for benefits from mining activities, often at the expense of local communities. Environmental degradation and public health risks could arise due to pollution, deforestation, and displacement associated with the mining operations.

Likewise, the deal's impact stretches across other African economies. It could create opportunities for cross-border trade and collaboration, but also pose challenges in terms of regulations, competition, and diversification. For instance, while increased gold supply could lower prices, benefiting gold-importing nations it puts exporters at a disadvantage. Nonetheless, other African countries might follow the DRC's path of mining sector development, presenting both growth potential and similar risks.

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IVORY COAST COTE D'IVOIRE CREATES BODY TO STRENGTHEN MIGRATION POLICY

Ivory Coast is a major destination for regional migration due to its robust and diverse economy. It is also relatively stable compared to neighboring countries. According to Integral Human Development, Ivory Coast hosted about 2.6 million migrants in 2020, accounting for approximately 9.7% of the total population. The migration corridor from Burkina Faso to Ivory Coast had the largest number of migrants, reaching 1.38 million, followed by Mali with 522,146 and Guinea with 167,516.

Hence, the Ivorian government has established a National Committee on Migration led by Gaoussou Karamoko, the country's Minister of Foreign Affairs, African Integration, and the Diaspora. The committee will establish policies to address challenges such as entry processes and the integration of migrants, including providing them with national identity papers.

Migration into the country is expected to rise due to the effects of climate change and growing insecurity in the region. This will necessitate the development of stronger migration policies. The EU is also working on reforming its migration and asylum policies and could collaborate with countries like Côte d'Ivoire to reduce migrant flows into Europe. Future EU-Africa summits are likely to focus on enhancing migration cooperation and creating economic opportunities in Africa to address the factors driving migration.

14. Integral Human Development. 2021. "Country Profiles: Ivory Coast". <https://migrants-refugees.va/country-profile/ivory-coast/>





KENYA-SOMALIA BORDER REOPENING DELAYED BY INSECURITY

Kenya has decided to delay the reopening of its land border with Somalia, which has been closed since 2011, due to security concerns. The two countries had agreed to reopen three border points by July 1, 2023, after high-level talks in May 2023. The move was expected to improve their bilateral relations and security cooperation against the al-Shabab militant group, which operates from Somalia and targets Kenya. However, Kenya's Interior Minister Kithure Kindiki announced the postponement in July 2023, following a series of al-Shabab attacks that killed more than a dozen people, including eight police officers.

The delay will have implications for both countries and the region. Kenya will lose trade revenue and face security risks and costs. According to the World Bank, Kenya's trade with Somalia was worth \$391mn in 2019, but declined by 33% in 2020 due to the border closure and other factors. Kenya will also have to maintain a large military presence along the border and in Somalia as part of the African Union Mission in Somalia which costs about \$1bn annually.

Somalia will suffer from economic, political, and security challenges. Somalia depends on trade with Kenya for food, fuel, medicine, and other goods. The United Nations Development Programme estimates that cross-border trade accounts for about 40% of Somalia's GDP. Somalia also needs Kenya's support to strengthen its institutions and governance, as well as to fight al-Shabab and other threats. Somalia also needs Kenya's cooperation to resolve the maritime boundary dispute that has strained their relations since 2014.

Furthermore, the delay will affect Somalia's bid for membership in the East African Community (EAC), which it applied for in 2012. The EAC is a regional bloc that aims to promote trade, investment, infrastructure, and political integration among its six member states: Tanzania, Kenya, Uganda, Rwanda, Burundi, and South Sudan. Somalia wants to join the EAC to enhance its regional integration and cooperation.

Despite the security challenges posed by al-Shabab attacks, Kenya remains committed to reopening the border with Somalia as agreed. However, the exact timeline for this process is uncertain, as Kenya seeks to ensure the safety of its citizens and border officials.

15. Al Jazeera. (2023, July 25). Kenya delays reopening of Somalia border over security concerns. <https://www.aljazeera.com/news/2023/7/25/kenya-delays-reopening-of-somalia-border-over-security-concerns>

16. World Bank. (2021). World Development Indicators: Trade (% of GDP) - Kenya, Somalia. <https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS?locations=KE-SO>

17. African Union Mission in Somalia (AMISOM). (n.d.). AMISOM budget and troop contribution per country as at December 2019. <https://amisom-au.org/amisom-budget-and-troop-contribution-per-country-as-at-december-2019/>

18. United Nations Development Programme (UNDP). (2018). Cross-border trade and food security in the Horn of Africa: The case of Somalia and eastern Ethiopia corridor. <https://www.so.undp.org/content/somalia/en/home/library/poverty/cross-border-trade-and-food-security-in-the-horn-of-africa-the-.html>

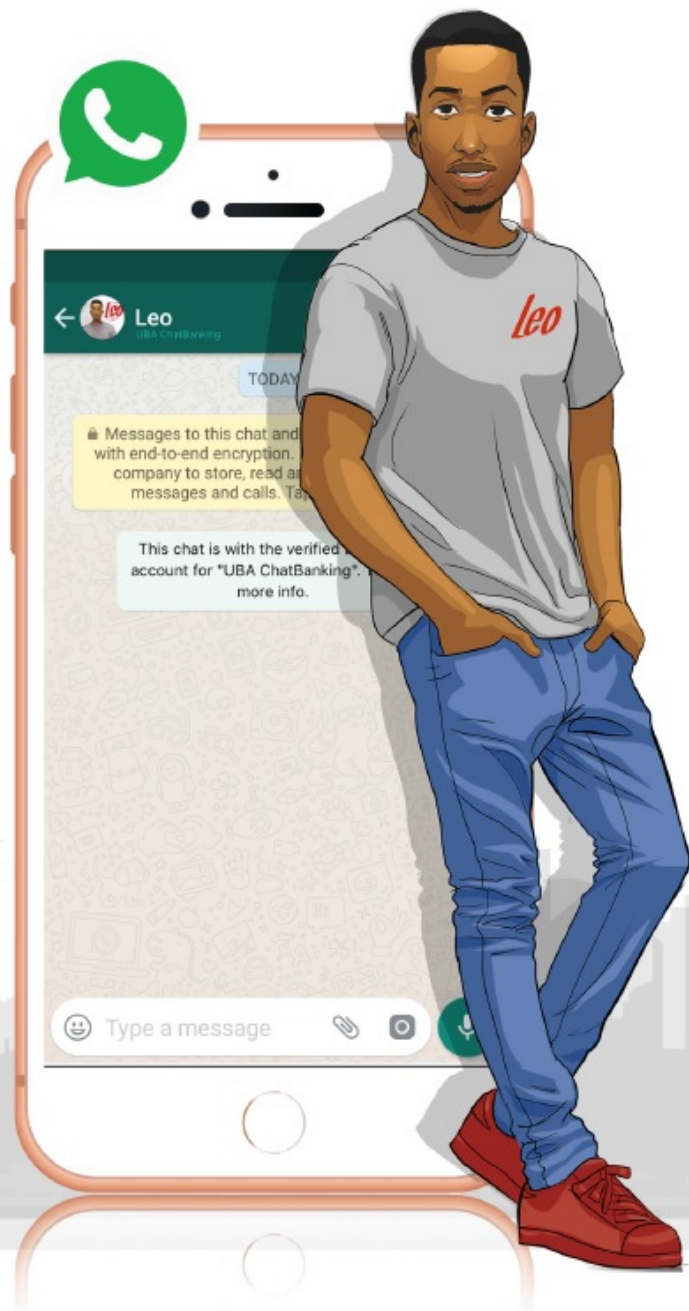
19. Al Jazeera. (2023, July 25). Kenya delays reopening of Somalia border over security concerns. <https://www.aljazeera.com/news/2023/7/25/kenya-delays-reopening-of-somalia-border-over-security-concerns>



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Political update

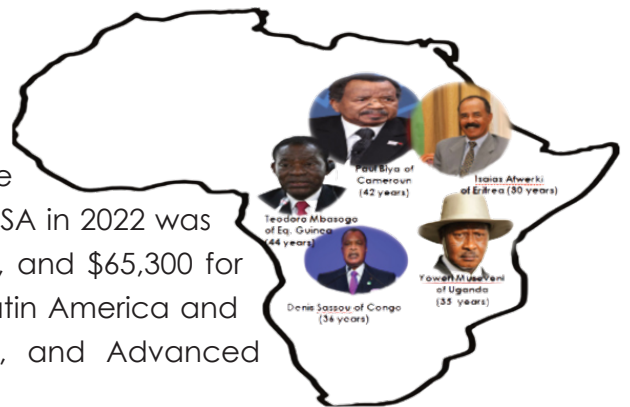


FAILURE OF DEMOCRACY AND THE RISE OF ALTERNATIVE GOVERNMENTS IN AFRICA

One of the biggest misconceptions, especially in Africa, is that democracy is an "end in itself". However, as Mahatma Gandhi observed, "Democracy is not a destination but a journey towards a more just and equitable society".

In the 1980s and 1990s, Africa experienced a massive "return" or "birth" of democracy after decades of military interregnum. The overwhelming expectation is that democracy, as a system of governance, will guarantee liberty, equality, and prosperity for all citizens. However, the bitter reality is that democracy appears to give Africans entrenched poverty instead of prosperity, abuse of power in place of the rule of law, and oppression rather than justice.

Six out of every ten poor people globally live in sub-Saharan Africa (SSA). Also, 7 out of 10 people without access to electricity globally live in SSA. In the same vein, income per head in SSA in 2022 was \$4,600 compared to \$15,400, \$19,800, \$56,200, and \$65,300 for the Middle East and Central Africa (MECA), Latin America and the Caribbean (LAC), European Union (EU), and Advanced Economies (AE), respectively.

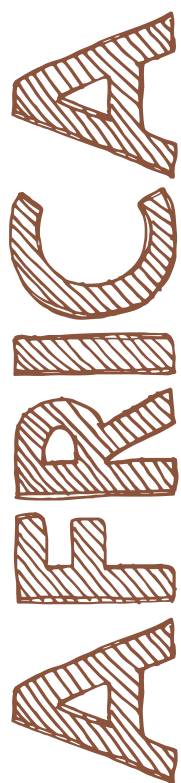


Source: FDC

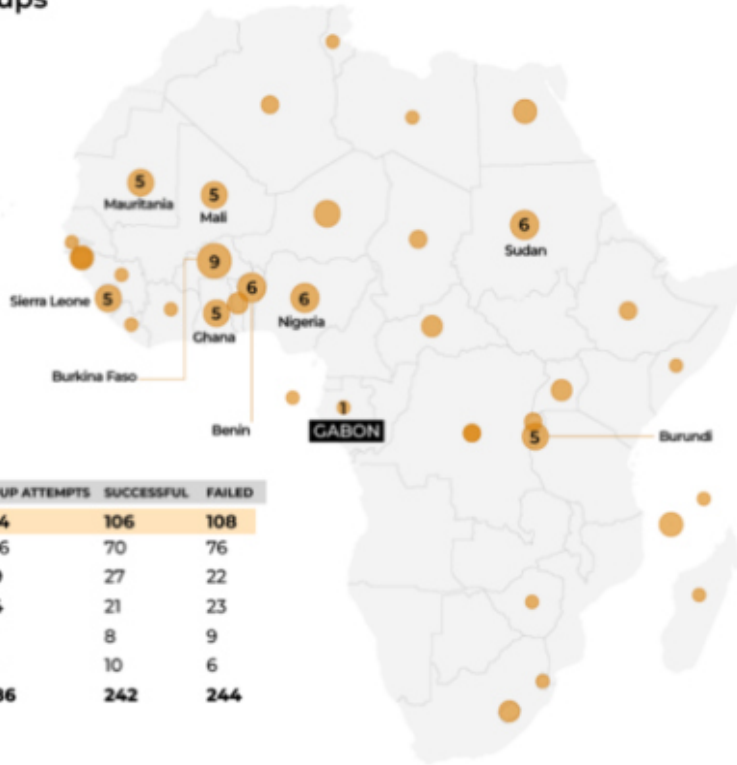
Similarly, five elected and currently serving African leaders (from Equatorial Guinea, Congo, Cameroun, Uganda and Eritrea) have been in office for a combined period of 187 years. Contrarily, in 186 years the United States of America has had 75 episodes of change of government under 45 different presidents.

In the past decade, at least 10 African leaders have changed the constitution to allow for tenure elongation. These shades of misrule and escalating economic woes have heightened the crisis of legitimacy in Africa, leading to a new wave of de-democratization on the continent.

The coup contagion is spreading in a "fast and furious" manner. Africa accounts for about 44% (214) of global coups since 1950. Since 2019, 11 coups have taken place on the continent, and the question today is not if there will be another coup but where and when.



Successful coups



REGION	COUP ATTEMPTS	SUCCESSFUL	FAILED
Africa	214	106	108
Latin America	146	70	76
Asia Pacific	49	27	22
Middle East	44	21	23
Europe	17	8	9
South Asia	16	10	6
Global	486	242	244

Source: J. Powell & C. Thyne

While the streets of Africa celebrate the return of military autocracy, there is no denying that military autocracy could be the worst form of government. In the end, Africa may be moving from crises of order to crises of disorder. The African Union (AU) must stand up to salvage the remaining democratic rubrics before a slide to an "Africa uprising". Instead of ditching sanctions for people who protest against misrule, the AU should encourage true democracy in Africa by sanctioning African "civilian" leaders who "overthrow" the constitution for personal gains.



24 The Ages of African Presidents and their tenure in office

COUNTRY	PRESIDENT	AGE	YEARS OF RULE	FORM OF GOVERNMENT
Algeria	Abdelmadjid Tebboune	77	4	Parliamentary unitary republic
Angola	João Lourenço	69	6	Presidential unitary republic
Benin	Patrice Talon	65	7	Presidential unitary republic
Botswana	Mokgweetsi Masisi	62	5	Parliamentary unitary republic
Burkina Faso	Ibrahim Traoré	35	1 (Overthrown to military rule on Sept 30 2022)	Presidential unitary republic
Burundi	Évariste Ndayishimiye	55	3	Presidential unitary republic
Cameroon	Paul Biya	90	41	Presidential unitary republic
Cape Verde	José Maria Neves	63	2	Parliamentary unitary republic
Central African Republic	Faustin-Archange Touadéra	66	7	Presidential unitary republic
Chad	Mahamat Déby	39	2	Presidential unitary republic
Comoros	Azali Assoumani	64	7	Presidential federal republic
Congo - Brazaville	Denis Sassou Nguesso	79	26	Presidential unitary republic
Congo –Kinshasa (DRC)	Félix Tshisekedi	60	4	Semi -presidential unitary republic
Djibouti	Ismail Omar Guelleh	76	24	Presidential unitary republic
Egypt	Abdel Fattah el-Sisi	68	9	Semi -presidential unitary republic
Equatorial Guinea	Teodoro Obiang Nguema Mbasogo	81	44	Presidential unitary republic
Eritrea	Isaias Afwerki	77	32	Presidential unitary republic
Eswatini	Mswati III, King of Eswatini	55	37	Monarchy



Ethiopia	Sahle-Work Zewde	73	5	Semi -presidential federal republic
Gabon	Brice Clotaire Oligui Nguema	49	Less than one year (Overthrown to military rule on Aug 30 2023)	Presidential unitary republic
The Gambia	Adama Barrow	58	6	Presidential unitary republic
Ghana	Nana Akufo-Addo	79	6	Presidential unitary republic
Guinea	Mamady Doumbouya	43	2 (Overthrown to military rule on Sept 5 2021)	Presidential unitary republic
Guinea - Bissau	Umaro Sissoco Embaló	50	3	Semi -presidential unitary republic
Ivory Coast	Alassane Ouattara	81	13	Presidential unitary republic
Kenya	William Ruto	56	1	Presidential unitary republic
Lesotho	Letsie III, King of Lesotho	60	27	Monarchy
Liberia	George Weah	56	5	Presidential unitary republic
Libya	Mohamed al-Menfi	47	2	Parliamentary republic
Madagascar	Andry Rajoelina	49	4	Semi -presidential devolved republic
Malawi	Lazarus Chakwera	68	3	Presidential unitary republic
Mali	Assimi Goïta	42	2 (Overthrown to military rule on May 24 2021)	Presidential unitary republic
Mauritania	Mohamed Ould Ghazouani	66	4	Semi -presidential republic
Mauritius	Pritvirajsing Roopun	64	4	Semi -presidential unitary republic
Morocco	Mohammed VI, King of Morocco	60	24	Monarchy
Mozambique	Filipe Nyusi	64	8	Presidential unitary republic
Namibia	Hage Geingob	82	8	Presidential unitary republic
Niger	Abdourahamane Tchiani	63	Less than a year (Overthrown to military rule on July 26 2023)	Semi -presidential unitary republic



Nigeria	Bola Tinubu	71	Less than a year	Presidential federation
Rwanda	Paul Kagame	65	23	Presidential unitary republic
Sahrawi Arab Democratic Republic	Brahim Ghali	74	7	Semi -presidential unitary republic
Sao Tome and Principe	Carlos Vila Nova	64	2	Semi -presidential unitary republic
Senegal	Macky Sall	61	11	Presidential unitary republic
Seychelles	Wavel Ramkalawan	64	3	Presidential unitary republic
Sierra Leone	Julius Maada Bio	59	5	Presidential unitary republic
Somalia	Hassan Sheikh Mohamud	67	1	Semi -presidential federal republic
Somaliland	Muse Bihi Abdi	75	6	
South Africa	Cyril Ramaphosa	70	5	Semi -presidential unitary republic
South Sudan	Salva Kiir Mayardit	72	12	Presidential federal republic
Sudan	Abdel Fattah al-Burhan	62	4 (Overthrown to military rule on Oct 25 2021)	Presidential federal republic
Tanzania	Samia Suluhu	63	2	Presidential federacy republic
Togo	Faure Gnassingbé	57	18	Presidential unitary republic
Tunisia	Kais Saied	65	4	Presidential unitary republic
Uganda	Yoweri Museveni	78	37	Presidential unitary republic
Zambia	Hakainde Hichilema	61	2	Presidential unitary republic
Zimbabwe	Emmerson Mnangagwa	81	6	Presidential unitary republic





GERONTOCRACY IN AFRICA

Gerontocracy is the state of being ruled by old people. Today, this is Africa's fate, where the youngest president is 35 years old compared to other regions with presidents of 70 years. From the table below we see that the average age of presidents in Africa is 61 years, worse, the average time in office is 10.29 years, far above the 4.8 years in advanced economies like the US and Europe. More worrisome is that presidents are more than three times older than their average citizen. The median age in Africa is 18.8 years, while the average age of presidents is 61 years. Zooming in on country-specific age gaps, the presidents of Ivory Coast and Nigeria are 40.2 years and 35.4 years older than their average citizens aged 18.8 years and 18.6 years respectively.

The negative implication of this wide age gap is that often leaders are disconnected from the needs of their citizens, leading to policy and political mismatches that deter investments (e.g. social media blackouts, voter oppression and suppression) and lower the quality of life. It also breeds public discontent and distrust when a president turns the office of service to a monarchy, passing the presidency down his family line. This singular move creates a dysfunctional democratic government, which unfortunately describes the state of several African countries today, particularly in SSA. To correct this menace, the core of democracy has to shine in Africa where leaders hone their responsibilities to serve the people and not the other way round.

COUNTRIES WITH ELECTION IN 2024 - 2025

18 countries in Africa will hold presidential elections in 2024. That is 33% of Africa will be in a fragile political state next year. In recent years, elections in Africa have been pervaded with voter suppression, oppression of opposition party leaders, and instability. Domestic issues aside, electoral periods tend to trigger large capital outflows or a wait-and-see approach from investors looking to repatriate funds easily or invest in emerging and frontier economies. With the expectations of higher global interest rates spilling into H2'2024, the chances of investors holding on to new investments in selected African countries loom. To this end, it will be wise for incumbent administrations in the various countries to conduct free and fair elections, mitigating political instability and unrest that could wither investor sentiments.

GERONTOCRACY
NEW



28 African countries with election in 2024- 2025

Country	Year
Algeria	2024
Botswana	2024
Burkina Faso	2024
Cameroon	2025
Chad	2024
Comoros	2024
Egypt	2024
Ghana	2024
Madagascar	2024
Mali	2024
Mauritania	2024
Mautritius	2024
Mozambique	2024
Namibia	2024
Rwanda	2024
Senegal	2024
Somaliland	2024
South Africa	2024
Tunisia	2024





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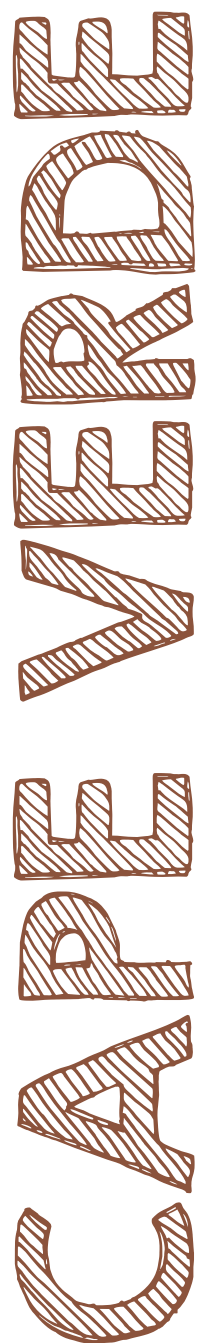
CABO VERDEAN ECONOMIC GROWTH SUPPORTED BY TOURISM

Cabo Verde, popularly known as Cape Verde, is an island country lying on the West coast of Africa. It was one of the countries hit the hardest by the COVID-19 pandemic, as it rode on the back of its tourism sector, which accounts for 25% of its total GDP.

However, most sectors have now surpassed pre-pandemic levels as the infusion of tourist activity has breathed fresh air into local communities, stimulating job growth and fostering entrepreneurship in the country. In the last two decades, Cabo Verde has steered its economic course towards unprecedented prosperity, with tourism being the catalyst for this extraordinary growth.

Following the 75% collapse in arrivals in 2020, a record number of tourist arrivals in 2022 (835,945) supported a surge in real GDP to 17.7% in 2022.. The country has not only captured the imagination of travellers but has also orchestrated an impressive economic transformation through the power of tourism.

According to Cabo Verde's national statistics institute, in the first quarter of 2023, the economy grew by 6.7% owing to strong performances in all its sectors, aside from agriculture. Revenue generated from the tourism tax—a fee of US\$2.75 per person per night collected by hotels and used for social projects—stood at US\$4.2mn, accounting for nearly half of the amount projected for 2023 and representing a 92% increase over the same period in 2022. Investments in many large hotels, port facilities, and renewable energy projects are also expected to support construction activity. As Cape Verde continues to refine their tourism offerings, there's a growing recognition of the need to diversify, further cultivating sectors like renewable energy and agriculture. Nonetheless, tourism will continue to be the bedrock of the Cabo Verdean economy, driving significant gains in real GDP growth throughout and beyond 2023.





SOCIAL PRECINCT

HEADIES AWARD 2023

The 16th edition of the Headies Awards, which celebrate Afrobeats and African culture, took place on Sunday at the Cobb Energy Performing Arts Centre in Atlanta. The event, themed 'Celebrating African Renaissance', featured A-list artists from across the African continent who came together to celebrate the creativity of Pan-African talent. Noteworthy is that this edition of the Headies Awards was held for the second time in Atlanta, Georgia, indicating the international reach and appeal of Afrobeats music and the Headies Awards themselves. It also showcases the growing presence and impact of African artists on the global music scene.

The Headies Awards ceremony, which began in 2006, has played a pivotal role in documenting the progress and achievements within the Nigerian music industry. Over the years, it has grown to become one of the most prestigious awards in Nigerian music, recognising outstanding talents and contributions to the Afrobeats genre.

In this year's edition, numerous Nigerian superstars clinched several awards, with Rema emerging as the top winner, securing three prestigious honours. Other notable winners included Asake, who earned two awards, including the highly coveted Next Rated Award, and Burna Boy, who scooped up honours for Afrobeat Single of the Year and Best R&B Song. With Afrobeats expected to only grow bigger in the coming years, it is very likely to see more competition and more artists grasping for these prestigious awards.



FIFA 2023 WOMEN'S WORLD CUP

The ninth rendition of the FIFA Women's World Cup commenced on July 20 and concluded on August 20, 2023. Notably, this edition marked several groundbreaking milestones. It was the first World Cup to be jointly hosted by two nations, Australia and New Zealand. The tournament also achieved another first by spanning across multiple confederations, with Australia in the Asian confederation and New Zealand in the Oceanian confederation. The 2023 FIFA women's world cup featured an expanded format with 32 participating teams, mirroring the structure employed in the men's World Cup between 1998 and 2022.

The African continent was well represented in this competition, with Nigeria, South Africa, Morocco, and Zambia proudly flying their flags. The event marked the first time that four countries from Africa participated in the FIFA Women's World Cup, a notable achievement in the continent's football history.

Interestingly, three of these four nations progressed to the round of 16. Nigeria secured their place unbeaten, South Africa's victory over Italy was a historic highlight, and Morocco, as debutantes, achieved the remarkable distinction of becoming the lowest-ranked team to reach the knockout stage.

Nigeria demonstrated an impressive performance throughout the World Cup tournament, despite their elimination in the round of 16 by England. The Super Falcons' journey through the group stages remained undefeated, highlighted by a remarkable 3-2 victory over co-hosts Australia, during which Asisat Oshoala's pivotal goal played a crucial role in securing their triumph.

Out of the 16 teams that reached the knockout stages, eight managed to secure spots in the quarterfinals. Among these eight, four teams successfully advanced to the semifinals, and ultimately, two teams competed in the final. Spain emerged as the champions by defeating England with a score of 1-0. This victory marked the first European win at the Women's World Cup since 2007. England secured the second position, Sweden was third and Australia claimed the fourth.

Post-game awards were presented to players who showcased exceptional performances during the tournament. Japanese player Hinata Miyazawa clinched the Golden Boot after scoring a total of five goals. Spanish player Aitana Bonmatí was rightfully named the tournament's best player and awarded the Golden Ball. Bonmatí's teammate, Salma Paralluelo, received the Young Player Award. Acknowledging outstanding goalkeeping, England's Mary Earps secured the Golden Glove award, given to the tournament's most accomplished goalkeeper.



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Macro- economic indicators

Country	GDP Annual Growth Rate (%)	Inflation (%)	Life Expectancy (Years)	Unemployment Rate (%)	Interest Rate (%)
Angola	0.3 (Q1'23)	13.54 (Aug'23)	62.2	29.6 (Dec'22)	17 (Aug'23)
Botswana	5.4 (Mar'23)	1.5(Jul'23)	69.8	25.4 (Dec'22)	2.65 (Aug'23)
Cameroon	3.9 (Q4'22)	7.8 (May'23)	60.3	4 (Dec'22)	5 (Aug'23)
Ethiopia	5.3 (Q4'22)	28.2 (Aug'23)	67.8	19.1 (Dec'18)	7 (Aug'23)
Eritrea	2.3 (Q4'22)	7.5 (Dec'22)	67.4	6.6 (Dec'22)	N/A
Gabon	3 (Q4'22)	4.6 (May'23)	67.0	21.5 (Dec'22)	5 (Aug'23)
Ghana	4.2 (Q1'23)	40.1 (Aug'23)	64.9	3.9 (Dec'22)	30 (Aug'23)
Guinea	4.7 (Q4'22)	6.0 (Jul'23)	62.6	5.7 (Dec'22)	11.5 (Aug'23)
Ivory Coast	5.4 (Q1'23)	4.6 (Jul'23)	60.1	2.6 (Dec'22)	5 (Aug'23)
Kenya	5.3 (Q1'23)	6.7 (Aug'23)	67.5	4.9 (Dec'22)	10.5 (Aug'23)
Liberia	4.8 (Q4'22)	12.36 (Jun'23)	65.0	3.6 (Dec'22)	20 (Aug'23)
Mozambique	4.67 (Q2'23)	4.93 (Aug'23)	62.1	3.91 (Dec'22)	17.25 (Aug'23)
Nigeria	2.51 (Q2'23)	24.08 (Jul'23)	55.8	4.1(Mar'23)	18.75 (Aug'23)
Rwanda	9.2 (Q1'23)	17.4 (Aug'23)	70.0	16.8 (May'23)	7.5 (Aug'23)
Senegal	4.7 (Q1'23)	5.3 (Aug'23)	68.9	21.5 (Mar'23)	5 (Aug'23)
South Africa	1.6(Q2'23)	4.7 (Jul'23)	64.9	32.6 (Jun'23)	8.25 (Aug'23)
Tanzania	5.6 (Q1'23)	3.3 (Aug'23)	66.4	8.9 (Dec'22)	5 (Jul'23)
Uganda	4.9 (Q1'23)	3.5 (Aug'23)	64.4	4.3 (Dec'22)	9.5 (Aug'23)
Zambia	7.4 (Q1'23)	10.8 (Aug'23)	64.7	12.5 (Dec'21)	10 (Aug'23)
Zimbabwe	6.5 (Q4'22)	77.2(Aug'23)	62.2	7.9 (Dec'22)	150 (Aug'23)

