MAY 2024

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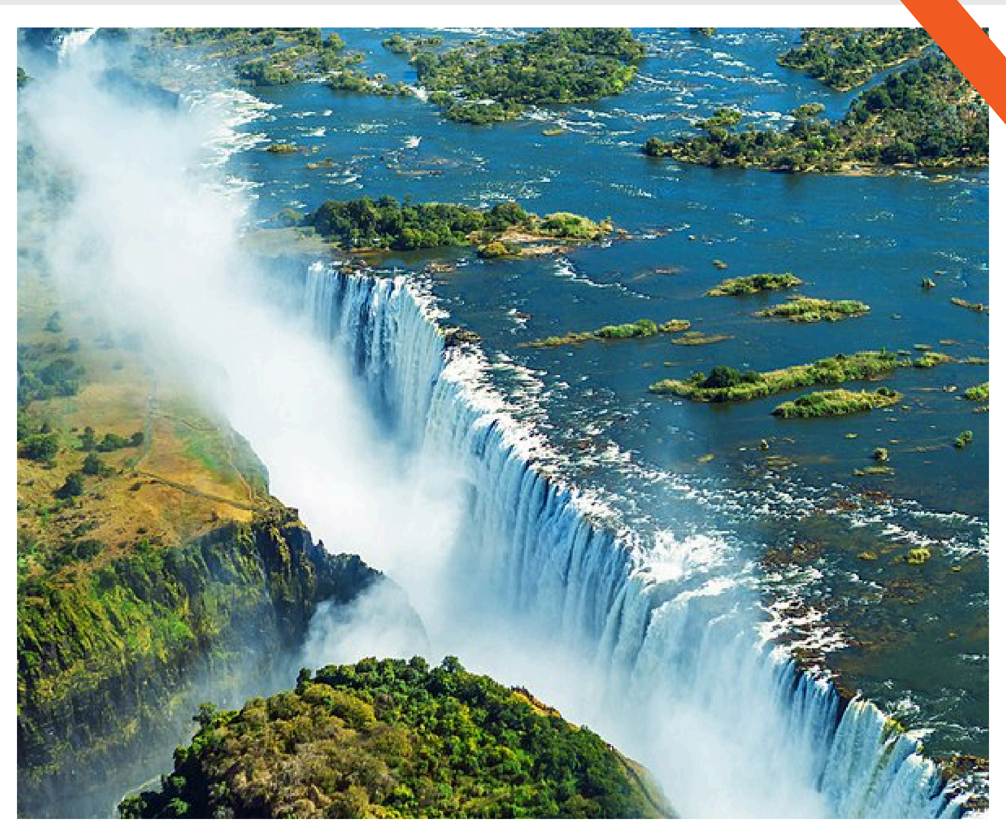

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Overview

After four years of economic turmoil, the International Monetary Fund (IMF) projects a gradual rebound in SSA. Almost two-thirds of countries anticipate higher growth, with an expected economic growth of 3.8% in 2024 and 4% in 2025, up from 3.4% in 2023. The region has witnessed significant development this year, including a drastic decline in average inflation to about 6% in February 2024 from 10% in November 2022. Public debt ratios are widely stable, and capital inflows have started improving. In the first quarter of the year (Q1 2024), Ivory Coast, Benin, and Kenya returned to the international financial markets as they issued Eurobonds after a two-year break. Although there are still economic challenges facing nearly all the countries in the region, such as a financial squeeze, debt crisis, currency crisis, political instability, climate events, infrastructure bottlenecks, and others, there is optimism about the region's economic outlook.

The overview of sub-Saharan Africa in Q1 2024 draws inferences from the top five economies in the region through their key macroeconomic indicators.

Country	Macroeconomic Indicators in Q1'2024			
S/N	GDP ($bn) 2023	Inflation (%)	MPR (%) March-end	Exchange rate (/$) March-end
South Africa	377.68 ▼	5.3 ▼	8.25 ↔	18.88 ▼
Nigeria	374.95 ▼	33.20 ▲	24.75 ▲	1309.39 ▼
Ethiopia	159.75 ▲	26.2 ▼	7 ↔	56.60 ▼
Kenya	108.92 ▼	5.7 ▼	13 ▲	131.58 ▲
Angola	94.38 ▼	26.09 ▲	19 ▲	832.87 ▲

Source: IMF, EIU, and Trading Economics

The top five economies in Sub-Saharan Africa in 2023 are South Africa, with a GDP value of ($377.68bn), followed by Nigeria ($374.95bn), Ethiopia ($159.75bn), Kenya ($108.92bn) and Angola (94.38bn). These countries are grappling with several challenges that led to their economic downturn in 2023. Only Ethiopia's economy showed resilience as it experienced robust economic growth in 2023, with a GDP growth rate of 7.2%, up from 6.6% in 2022. There is hope for other economies in 2024. The IMF projects that the real GDP of Nigeria will grow by 3.3% (from 2.9% in 2023), South Africa 0.9% (vs. 0.6%), and Angola 2.6% (vs. 0.5%). Meanwhile, Ethiopia's economy is expected to slow to 6.2% (vs. 7.2%) and Kenya to 5% (vs. 5.5%). In Q1 2024, inflation improved in Kenya, Ethiopia, and South Africa. Inflation declined to a record low of 5.7% and 26.2% in Kenya and Ethiopia, respectively, and eased to 5.3% in South Africa in March 2024. Meanwhile, inflation maintained its upward trajectory in Nigeria and Angola, reaching a record high of 33.20% and 26.09%, respectively in March 2024. To put inflation under control, these economies tightened their monetary policies. Some maintained the status quo with their key interest rates, such as Ethiopia (7% p.a. since 2017) and South Africa (8.25% p.a. since May 2023), while others raised policy rates aggressively, such as Nigeria, which hiked rates by 600 pbs within two months in the quarter to 24.75% p.a.; Angola (by 100 bps to 19% p.a.); and Kenya (by 50 bps to 13% p.a.). Also, during this period, currency pressures persisted.The Nigerian naira fell to N1303/$ on March 29 from N881.03/$ on January 1, likewise the South African rand (ZAR18.93/$ from ZAR18.31/$) and Ethiopian birr (ETB56.62/$ from ETB55.99/$). Meanwhile, the Kenyan shilling and Angolan Kwanza rallied 19.24% to KES 131.25/$ and 1.14% to Kz833/$, respectively. Although there are ongoing reforms in various countries toward enhancing economic stability, the economic prospects hinge on how well the reforms are executed.

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Economic

Economic

Mozambique's IMF program on track as economic growth strengthens

In January 2024, the International Monetary Fund's (IMF) executive board completed the third review of Mozambique's three-year loan program, disbursing an additional $60.7 million. This brings the total disbursement under the current $456 million extended credit facility to $273 million. Mozambique re-engaged with the IMF in May 2022, signing a three-year extended credit facility program after a six-year suspension due to a lack of debt transparency. This program aims to tackle public debt issues, address financing vulnerabilities, and promote capital and social investments. The program agreement focused on establishing a sovereign wealth fund to manage the country's liquefied natural gas (LNG) wealth, mobilizing tax revenue, and strengthening public finances.

In the recently completed third review, the IMF stated that program performance has been satisfactory, with sharp declines in inflationary pressures and an accelerating economic recovery. Headline inflation in the country has dropped from a two-year peak of 12.1% in August 2022 to 3% in March 2024. In response to abating inflationary pressures, the Central Bank of Mozambique cut its benchmark interest rate by 75 basis points in January to 16.5% per annum from a five-year high of 17.25% per annum. This marked the first reduction of borrowing costs since 2020 as the country tightened monetary policy to curb surging inflation.

Mozambique's real GDP growth in Q4'23 also came in at 5.36% year over year (y-o-y), a slight slowdown from Q3'23's 5.92% growth. The extractive industry contributed significantly to growth, with a 43.18% y-o-y increase in Q3'23 and 25.91% y-o-y in Q4, driven by continuous liquefied natural gas production in the Rovuma Basin and rising investment inflows to the sector.

The positive review of the IMF program and the funds disbursed are expected to bolster further the government's ability to manage debt while pursuing strong economic growth and improving living standards. The country's total debt to GDP was 101% in 2022, a decrease from the record high of 138% of GDP in 2021. Due to progress in the IMF program, anticipated monetary easing and increased investor confidence are expected to continue supporting the country's economic growth in the near term, favourably impacting living standards.

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1. Rami Ayyub and David Lawder, May 2022. "IMF board approves $456 million program for Mozambique", Reuters. IMF board approves $456 million program for Mozambique | Reuters

Economic

Stranded Riches: Africa's energy paralysis despite resource abundance

In Africa, the number of people without electricity has risen to nearly 600 million, which is about 43% of the total population in the continent. Despite Africa being a significant global producer of gas (6%) and oil (7%), most Africans connected to the grid utilize less per capita than a US refrigerator[2].

The continent possesses abundant crude oil and natural gas reserves crucial for energy generation. However, energy deprivation prevails. One factor contributing to this is the dependence of African economies on foreign companies to develop energy projects, primarily focused on export markets. Additionally, specific domestic factors such as insecurity and political instability within African countries also hinder their economies from fully capitalizing on their abundant energy resources.

Ghana, for instance, despite substantial oil and gas discoveries by Tullow Oil Plc. in 2007, missed the chance to enhance industrial development by not efficiently utilizing gas for power generation. Instead, gas is flared in the fields. Despite abundant natural resources, Ghana grappled with issues like defaulting on sovereign debt and accumulating arrears with independent power producers in its electricity sector.

In Senegal, optimism for significant oil and gas discoveries by BP, Woodside Energy Group, and Kosmos Energy faces setbacks due to delays in BP's S4.8 billion Grand Tortue Ahmeyim (GTA) gas project. BP, with a 60% share, decided to exit the GTA gas project as their export plans conflicted with Senegal's preference for domestic use. The GTA project, expected to export 100,000 barrels of oil daily and 2.5 million tons of LNG annually, is crucial for economic growth. This shift has led National Oil Companies in the country to emphasize the importance of local development and asset control. Senegal's Petrosen is a firm focusing on pipeline development for gas projects. However, funding may require a Eurobond issuance by the government, which could face constraints due to political uncertainties.

African governments and firms must increasingly address the energy gap in the region, redirecting their focus towards ensuring energy security. Such efforts could substantially enhance economic growth and elevate living standards.

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2. Paul Burkhardt and Katarina Hoije, February 2024. "Africa's Biggest Oil and Gas Finds Are Doing Little for Economies at Home" Bloomberg. Africa's Biggest Oil and Gas Finds Are Doing Little for Economies at Home - BNN Bloomberg

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Economic

Kenya successfully raised a new eurobond to avoid a default on debt

Kenya raised a new Eurobond in February 2024, totaling $1.5 billion, to refinance a portion of its upcoming $2 billion bond repayment due in June 2024. Before the latest Eurobond issuance, investor sentiment in the country had been waning, weakening the currency. Concerns rose about Kenya's ability to fund the Eurobond maturity in June 2024, given challenges such as elevated food and energy import bills and limited forex reserves. As of March 2024, Kenya's reserves had fallen below $7bn, albeit now rising following rebounding investor sentiments. Drawing from the reserves for the entire bond repayment would have further weakened the country's financial position and credit outlook.

However, the current surge in interest in African economies' bonds, driven by the anticipated fall in US interest rates, enabled Kenya to access the capital markets to raise new funds. The success of other African peer countries, namely, Benin and Ivory Coast, in their Eurobond issuances in 2024 also encouraged Kenya.

The new bond issuance garnered over $5 billion in subscriptions, reflecting rising investor appetite. However, the coupon rate for the bond was set at 9.7%, considerably higher than the 6.9% of the original bond, the 7.3% on Kenya's other outstanding bonds, and the 8–8.5% rates at which Benin and Ivory Coast issued their recent Eurobonds. This indicates investors remain cautious about Kenya's economic outlook, demanding higher yields. This caution may be attributed to the country's falling revenues and growing public debt. Kenya's public debt increased to Ksh11.14 trillion ($76.6 billion) in 2023, up 23.91% from Ksh9.2 trillion ($63.2 billion) in 2022[3]. Coupled

3. James Anyanzwa, February 2024. "Why Kenya is still debt distressed despite Eurobond repayment" The East African. Why Kenya is still debt distressed despite Eurobond repayment - The East African

with the government's failure to reach its revenue target in the first half of the 2023/24 fiscal year, this poses a risk to financial stability in the country.

The partial payment of the maturing bonds benefits Kenya in the short run. The shilling has rebounded sharply, appreciating to a six-month high after the successful new bond issue for refinancing. The country's final payment of $550 million is expected to be easily covered by its reserves and other funding sources, such as those acquired from the IMF, the World Bank, and syndicated loans. A stronger shilling is favorable for lower inflation in the country and a decline in the cost of debt servicing. However, proper management of fiscal policies and programs is crucial for ensuring long-term debt sustainability.

MultiChoice of South Africa Declines Buyout Offer from Vivendi's Canal Plus

Canal Plus, a heavyweight France-based pay-TV broadcaster, made a total takeover bid. Still, MultiChoice, the owner of SuperSport, the primary sports broadcaster in sub-Saharan Africa, turned it down. The massive media conglomerate based in South Africa said it would not pursue negotiations with the French broadcaster, citing a board decision that substantially undervalues the business.

Vivendi owns the African media conglomerate Canal Plus, which unveiled a comprehensive, non-binding, indicative offer for MultiChoice on Thursday, February 1, 2024. The offer equals ZAR105 ($5.62) per ordinary share[4].

Under an agreement in July, the pay-TV provider already has a 31.7% share in MultiChoice (up from a prior ownership of 30.3%). Over the past few years, it has gradually increased its stake in the media business, becoming the most significant stakeholder[5]. It began investing in MultiChoice in early 2020 and, pending regulatory clearance, aimed to purchase all the common shares of MultiChoice that it did not already own. Following the offer's submission, Canal Plus declared that a merger with MultiChoice would transform the pay-TV industry in Africa into a multinational conglomerate[6].

According to MultiChoice, the price offered must consider Canal Plus's statements. However, the South African business stated, "Any possible synergies which may come from the anticipated merger are not included in MultiChoice's assessment. In this regard, Canal Plus believes there is a significant partnership because, after the parties' lengthy discussions, it has repeatedly communicated to the public the benefits it sees in the combined entity. These collaborations must be considered in any reasonable offer that Canal Plus makes. Therefore, the board has informed Canal Plus that it is open to exploring all options to maximize shareholder value. Still, the letter does not establish a foundation for additional engagement at the suggested price.

4. Tariq Saleh. March 5, 2024. Canal Plus raises MultiChoice bid, enters exclusive purchase talks. Psortcall. https://www.sportcal.com/media/canal-plus-raises-multichoice-bid-enters-exclusive-purchase-talks/

5. Loni Prinsloo. February 1, 2024. Vivendi Bids for Africa's MultiChoice at $2.5 Billion Value. Bloomberg https://www.bloomberg.com/news/articles/2024-02-01/vivendi-s-canal-makes-offer-for-south-africa-s-multichoice .

6. Loni Prinsloo. IBID

Economic

The Zambian government concludes debt discussions

Zambia has restructured a significant amount of its US$25 billion debt. The country has successfully restructured $6.3 billion of loans with official creditors, excluding private creditors, in a deal sealed in June 2023[7]. Additionally, Zambia owed Chinese creditors approximately $5.9 billion at the end of 2022, as per IMF data[8]. These efforts reflect Zambia's substantial progress in restructuring its debt to address its financial challenges. The country achieved a significant milestone by reaching a debt restructuring deal with bondholders in October 2023. However, Zambia encountered a setback when official creditors objected to a bond deal in November 2023.

Conversely, Zambia is actively working towards concluding debt negotiations despite facing challenges. The country has been navigating to modify $6.3 billion in debt owed to official lenders, including China and India.

The IMF highlights the need for comprehensive debt treatment under the G20 Common Framework to address Zambia's fiscal challenges[9]. There have been hopes that Zambia will complete its long-delayed debt restructuring in 2024. The country's financial struggles stem from falling into arrears on external debt service and defaulting on Eurobonds in 2020[10].

On November 20, 2023, Zambia announced that the official creditor committee (OCC) had assessed that the comparability of treatment CoT was not met, which is a requirement for the IMF to complete the second review of Zambia's ECF program[11]. The OCC assesses the CoT. The authorities are now revising the proposal to meet CoT requirements defined by the bilateral official creditors.

This setback came after Zambia failed to rework $3 billion of Eurobonds. The country's Finance Minister, Situmbeko Musokotwane, had previously expressed hope that the debt restructuring would be completed in the next two months[12]. The new sticking point is the OCC's assessment that the bondholders' proposal did not meet the CoT requirements defined by the bilateral official creditors.

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8. Olivia Kumwenda-mtambo and Wendell Roelf. February 5, 2024. Zambia says there is no timeline on debt restructuring as IMF seeks compromise. Reuters. https://www.reuters.com/markets/zambia-says-no-timeline-debt-restructuring-imf-seeks-compromise-2024-02-05/
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11. IMF. December 20, 2023. What are the goals of Zambia's Extended Credit Facility (ECF) program? https://www.imf.org/en/Countries/ZMB/zambia-qandas
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Economic

IMF approves Congo-Brazzaville's program review

In late December 2023, the IMF's Executive Board approved the fourth review of Congo-Brazzaville's extended fund facility (EFF) arrangement, allowing for the immediate disbursement of SDR32.4 million (US$43 million). This brings total disbursements under the EFF to SDR 259.2 million (US$343.65 million). While the IMF noted broadly satisfactory program performance, the implementation of structural reforms remains incremental, aligning with previous expectations.

However, the EFF, running from January 2022 to January 2025, has seen progress in improving public spending efficiency, mainly through reforms to fuel subsidies in 2023. The IMF urges the authorities to deregulate fuel prices to eliminate the fuel subsidy by 2024. However, with elevated global oil prices anticipated in 2024, the government will likely proceed cautiously to avoid inflationary pressures and social unrest.

Anticipating fiscal consolidation in 2024–25, the government is expected to enhance spending efficiency by reducing subsidies to state-owned enterprises and slowing public-sector wage bill increases. Despite this, spending will remain elevated due to ongoing subsidy payments, critical development spending, capital expenditure, and clearance for domestic arrears. Rising oil and gas export earnings will boost government revenue, supporting a fiscal surplus. However, the non-oil primary fiscal deficit remains wide, exacerbated by weak non-oil growth in 2023.

A new IMF program or an extension of the current one is anticipated in early 2025. Continued improvements in public financial management are projected, addressing past fiscal slippages. However, Congo-Brazzaville sees mixed economic prospects as the IMF approves further funding but flags slow reforms. While immediate financial relief and progress on fuel subsidies are positive, a persistent non-oil deficit, delayed structural reforms, and dependence on oil revenue cast a shadow on long-term economic stability.

Economic

Ethiopia's Controversial Port Agreement with Somaliland Sparks Concerns

Ethiopia and Somaliland signed a controversial port access deal allowing Ethiopia to lease 20 km of Somaliland's seacoast for 50 years in exchange for a share in Ethiopian Airlines and recognition of Somaliland's statehood. One of the primary implications of this agreement is the potential easing of Ethiopia's reliance on Djibouti for port access, a dependency that has come at a considerable financial cost. The move aligns with Ethiopia's broader efforts to establish a trade and logistics corridor connecting Ethiopia to Somaliland, including collaborations with the UAE. This corridor aims to boost trade efficiency and reduce Ethiopia's reliance on Djibouti's costly facilities.

However, the agreement has been met with substantial domestic and international resistance. The Somali federal government vehemently opposes the agreement, considering it violates sovereignty and territorial integrity. This opposition complicates diplomatic relations in the region and poses a risk of heightened instability. It has also created a new focal point for tensions between Ethiopia and Somalia, potentially exacerbating existing geopolitical challenges in the region.

The agreement also faces hurdles internally. The extended tenure of Somaliland's president, Muse Bibi Abdi, until November 2024 and the indefinite delay of presidential elections have intensified political tensions. The resignation of Somaliland's defense minister, Abdiqani Mohamoud Aateye, in protest against the deal underscores internal dissent.

Despite these challenges, the agreement is of strategic importance to Ethiopia. It provides potential sea access and lays the groundwork for Ethiopia to become the first nation to grant international recognition to Somaliland. However, the path forward is riddled with complexities. The lack of a legally binding treaty and internal and external opposition suggests that concrete developments from this agreement may only materialize towards the latter half of the forecast period, around 2025. If implemented successfully, the agreement could substantially alleviate Ethiopia's longstanding dependency on Djibouti for port access, reducing logistical costs and boosting trade efficiency. However, delays, renegotiations, or even scrapping of the deal are all possible. This uncertainty could deter investment and hinder the economic benefits envisioned.


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KoBold Welcomes Partnerships for a $2 Billion Copper Mine Project in Zambia

KoBold Metals, a California-based company backed by billionaires Bill Gates and Jeff Bezos, is eyeing copper mining opportunities in Zambia. The company, known for using artificial intelligence in metal exploration, is open to partnerships and considering a public listing in the next few years. Initially targeting development commencement within the next ten years, KoBold is accelerating its timeline to meet the growing demand for critical metals such as copper, cobalt, lithium, and nickel, driven by the shift towards green energy. The S2 billion project at the Mingomba site in Zambia is poised to boast the highest-grade copper ore discovery in the century. With support from Breakthrough Energy Ventures and other investors, KoBold aims to kick off mine development by 2027, possibly leveraging existing infrastructure to cut costs. This move aligns with global initiatives to secure alternative sources of critical metals for clean energy and electric vehicles. Additionally, KoBold remains open to partnerships in Zambia and elsewhere while continuing exploration collaborations with industry majors like BHP and Rio Tinto.

Given Zambia's heavy reliance on copper mining as a critical driver of economic growth, the development of this new mine represents a substantial investment that has the potential to stimulate economic activity. Copper mining accounts for 70% of the country's exports, contributes over 10% to its GDP, and 1.7% to its formal employment. Furthermore, the robust performance of Zambia's copper industry is expected to bolster the strength of the country's currency, the Zambian kwacha, in the short term. Notably, the kwacha has emerged as Africa's top-performing currency against the US dollar, partly attributed to the central bank's decisive actions to tighten monetary policy. In February 2024, the monetary policy committee implemented a significant 150bps increase, bringing the policy rate to 12.5%. This move follows a previous 100bps hike in November, marking the fifth consecutive interest rate increase and representing the most substantial tightening in nearly seven years.

Economic

EAC common tariff clashes with Kenya's new trade deals, raising concerns

Kenya's trade agreements with the UK and the EU are currently facing a challenge due to a tariff dispute that arose in January 2024. The issue concerns Kenya's import duty on alcoholic beverages like wine and whisky. While both trade deals stipulate a 25% import tariff for these products, Kenya increased the tariff to 35% in 2022 under its Common External Tariff (CET) to support local industries. The UK signed its agreement before the tariff hike and lodged a formal complaint in January 2024.

The complexity deepens with the EU agreement, signed after the tariff adjustment. Kenya aimed to align its trade deals with the East African Community's (EAC) CET to maintain regional market harmony. However, the dispute highlights the challenges of synchronizing long-term agreements with annually adjusted tariffs.

Kenya plans to form a technical working committee and consult relevant agencies to address the UK's complaint. Possible solutions include persuading EAC partners to adjust the CET or obtaining a special exemption for the affected products. Yet, there's uncertainty regarding the outcome, as the UK and the EU are unlikely to concede to higher tariffs readily.

Despite the immediate hurdles, this dispute has a silver lining. It offers an opportunity to test the dispute-resolution mechanisms embedded in the trade agreements, crucial for future disagreements. Additionally, resolving this conflict is essential for the EAC's broader goal of getting other members onboard with the agreements.

In essence, while the current tariff dispute poses challenges, it also serves as a litmus test for the effectiveness of dispute-settlement mechanisms and underscores the importance of harmonizing trade agreements within regional contexts.

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13. "EIU 2024.", www.viewpoint.eiu.com/analysis/article/1073796890. Accessed 4 Mar. 2024.

Oil-rich countries vs Western miners: the race for Africa's minerals sector

Western mining companies face stiff competition in Africa as Middle Eastern oil giants join the race for critical metals. With a surge in investment reminiscent of China's previous efforts on the continent, attracting capital for copper, cobalt, nickel, and lithium projects is now a top priority.

However, Western miners are struggling to keep pace due to risk aversion among their boards and shareholders. Unlike their Chinese and Middle Eastern counterparts, they face pressure to prioritize shareholder interests and navigate environmental, social, and governance concerns.

Despite active negotiations in countries like the Democratic Republic of Congo, where significant mineral deposits are abundant, potential deals are held up in Western mining company boardrooms due to concerns over Environmental and Social Governance (ESG) issues and past controversies.

The challenges extend beyond Congo, with Western companies cautiously eyeing opportunities in other African nations like Guinea. Rising costs and emerging challenges, such as adverse weather conditions and regulatory hurdles, further complicate the asset hunt.

In contrast, with their substantial financial resources, Middle Eastern players like Saudi Arabia and the UAE are positioning themselves as formidable competitors. They are expanding their investments across Africa, particularly in critical minerals essential for the transition to cleaner energy.

Chinese involvement in African mining is also growing, with significant stakes in projects across the continent. State-backed companies from China, alongside Middle Eastern counterparts, are reshaping the landscape of African mining.

As the competition intensifies, Western mining companies must navigate complex geopolitical dynamics and investor expectations to secure their foothold in Africa's burgeoning mineral sector[14].

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14. Felix Njini & Clara Denina 2024 "Focus: Western miners lag as oil powers enter race for Africa's critical metals" Reuters, February 2024. https://www.reuters.com/markets/commodities/western-miners-lag-oil-powers-enter-race-africas-critical-metals-2024-02-02/

Economic

2024 Global Trade Outlook: Opportunities and Challenges Amid Geopolitical and Environmental Uncertainties

Economic activities around the globe are expected to take different turns in 2024 amid geopolitical tensions and economic struggles among other nations.

Amid it, global goods trade is anticipated to regain momentum, primarily supported by stabilizing the Chinese economy. However, factors such as high global interest rates and weakening consumption in the US and EU may dampen this growth, with a substantial upturn in Western trade not expected until the latter half of the year.

On the other hand, the outlook for global services trade appears more positive, buoyed by near-shoring trends in manufacturing supply chains. Countries like Brazil, Mexico, and Poland are experiencing a surge in financial and telecommunications service exports driven by foreign investment. Additionally, a robust rebound in international tourism signals further growth in service trade, although countries reliant on Chinese tourists may see a slower recovery until 2025.

As global trade and services improve, there are concerns about their impact on the environment. Environmental problems are increasingly shaping trade dynamics, with companies moving towards greener supply chains and governments implementing industrial policies to promote renewable energy industries. However, this shift poses challenges for exporters in sectors like fossil fuels and heavy industry, particularly with the EU's stringent environmental regulations and Carbon Border Adjustment Mechanism disproportionately affecting developing nations.

These industrial policies promoting domestic industries may also lead to trade frictions, particularly between the US and China, with the US pressuring its allies to align with its trade restrictions on China, especially in the advanced technology sector. However, multinationals are holding on by adopting "China Plus" strategies in their supply chains rather than completely exiting the Chinese market.

Finally, while global trade faces challenges and uncertainties, growth opportunities exist, especially in services and environmentally friendly industries, amid evolving geopolitical tensions and policy shifts.

Economic

China and Nicaragua kick-start the free trade agreement

In a virtual ceremony held on October 31, 2023, the free trade agreement between Nicaragua and China was signed and officially enacted on January 1, 2024[15]. This landmark agreement grants Nicaragua, a country in Central America, the privilege of exporting 71 percent of its goods to China with zero tariffs. The exported goods encompass a diverse range, including food and non-food items[16]. Among the food items are shrimps, lobsters, sugar, peanuts, rum, fish, and sea cucumber, while non-food exports include leather, charcoal, wood, and automobile parts.

This agreement signifies a step forward in fostering economic collaboration between Nicaragua and China, offering new opportunities for trade and mutual benefit. The exemption of tariffs on a substantial portion of exports is anticipated to enhance bilateral trade relations and contribute to the economic growth of both nations and Nicaragua.

This agreement marks a significant development following Nicaragua's decision to sever diplomatic ties with Taiwan in late 2021 and subsequently align with China. Notably, this is the first time China will open cross-border server trade and investment through a negative list[17].

Before this incident, Nicaragua faced sanctions from the US, the UK, Canada, and the EU because of President Daniel Ortega's anti-democratic actions and human rights

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15. VOA. 2024. "Free Trade Agreement Between Nicaragua, China Begins". https://www.voanews.com/a/free-trade-agreement-between-nicaragua-china-begins/7420479.html
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Economic

Niger, Mali, and Burkina Faso bow out of ECOWAS

Military coups have taken place in several West African francophone nations, including Mali in 2020 and 2021, Burkina Faso in 2022, and Niger in 2023. These coups were triggered by factors such as manipulated elections, constitutional referenda influenced by external forces, and a rise in jihadist-driven attacks, highlighting deep-seated structural divides within these countries[18].

Following the coup in Niger, these nations faced sanctions and suspensions from ECOWAS, leading to the closure of borders and the severance of economic ties with neighboring countries. ECOWAS also threatened to use force through the Ecowas Ceasefire Monitoring Group (ECOMOG) to compel a return to democratic governance. In response, the affected countries severed their military and cooperation ties with their former colonial power and sought security support from Russia[19].

In response to the threat of military intervention by ECOWAS, the leaders of these three nations allied to support and resist any military invasion of their countries by ECOWAS, signing the Liptako-Gourma region[20].

Exiting ECOWAS after nearly 50 years, these nations allege the organization has strayed from its founding Pan-African ideals, claiming foreign powers influence it. They argue that ECOWAS undermines its original principles and poses a threat to member states and their populations[21].

While these nations played a substantial role in ECOWAS's trade, their withdrawal diminished the organization's income. In 2022, ECOWAS earned $277.22 billion, with Burkina Faso contributing $4.55 billion to exports and $5.63 billion to imports, Mali contributing $3.91 billion and $6.45 billion, while Niger contributed $446.14 million and $3.79 billion[22].

ECOWAS is grappling with challenges and struggling to assert control over fostering regional democracy amid a surge of coups and counter-coups in the region.

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Economic

Zambia Embarks on Direct Copper Trading, Challenging Glencore

Zambia, Africa's second-largest copper producer with about 880.80 thousand metric tonnes in 2021, behind the Democratic Republic of Congo (which produced 1.88 million (mn) metric tonnes in 2021), has set its sights on entering the copper trading market directly. Glencore Plc, which has historically managed the country's resources and handled exports on its behalf, is now in discussions with the Zambian government on its Mopani Copper Mines. Zambia aims to assert greater control over its mineral resources and secure significant economic benefits from its mineral wealth. The government intends to start with a modest investment of about $100mn and gradually build its trading business.

Senior economic adviser to President Hakainde Hichilema, Jito Kayumba, emphasizes the importance of disrupting the status quo and gaining insight into the world of commodity markets to uncover profits that remain abroad from Zambia's copper, such as Switzerland, which accounts for about 46% of its copper export earnings. This move aligns with practices in countries like Botswana and the Democratic Republic of the Congo (DRC), where direct involvement in the copper trade has yielded positive results. The Zambian government has long been concerned about the low state revenues generated from the mining sector despite holding shareholdings in mines for decades, including a 10% stake in Mopani. And regardless of giant companies like First Quantum Minerals Ltd. and Barrick Gold Corp. operating mines in Zambia, Glencore currently holds a 73.1% stake in Mopani Copper Mines. The company intends to sell its entire stake to the state-owned mining investment arm, ZCCM-IH, which seeks to increase its shareholding in Mopani to 51% or more.

This strategic shift allows ZCCM-IH to operate mines directly rather than holding minority stakes. Zambia faces financial constraints in paying for the stake and funding Mopani's operational costs. Direct involvement in copper trading could enhance Zambia's revenue by capturing a more significant value chain share. It would reduce reliance on intermediary traders and allow Zambia to track profits from copper exports more effectively. Zambia's move toward direct copper trading represents a milestone in asserting sovereignty over its mineral wealth and maximizing economic gains[23].

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23. Mattew Hill (February 2024), Zambia to Start Trading Its Own Copper, Competing With Glencore. Bloomberg https://www.bloomberg.com/news/articles/2024-02-05/zambia-to-start-trading-its-own-copper-competing-with-glencore

Nigeria Proposes a 75% Stake to Investors in a Planned Solid Minerals Firm

Nigeria plans to offer investors at least a 75% stake in a proposed solid minerals corporation, according to a statement by Solid Minerals Minister Dele Alake. This move comes as lawmakers draft legislation to create a new state-backed firm aiming to reduce Nigeria's reliance on oil. The country, known as Africa's top energy producer, has faced challenges in extracting value from its abundant mineral resources due to inadequate incentives and neglect. The underdeveloped mining sector currently contributes less than 1% to Nigeria's GDP. The country is lagging in the mining sector compared to other African countries like South Africa, known for gold, manganese, platinum, and other minerals, leading the continent in annual mineral production valued at $124.96 billion. Nigeria relies primarily on crude oil and extracts iron ore, columbite, and other minerals, contributing $52.69 billion to its economy.

To revive the mining sector and improve its efficiency, the government intends to hold no more than a 25% stake in the proposed Nigerian Solid Minerals Corporation, leaving the remaining ownership to private investors and the public. As part of this initiative, lawmakers are considering integrating defunct state-owned miners (the National Iron-Ore Company and the Bitumen Concessioning Program) into the new corporation. Additionally, they plan to establish a special mine police force to address rampant illegal mining activities. The proposed corporation aims to attract investments in gold, coal, iron ore, bitumen, lead, and baryte extraction. Notably, the government has already issued 499 licenses to companies and individuals for buying and selling minerals. The application list was led by lithium (146), followed by gold (91). Furthermore, the government is working to regulate artisanal miners by organizing them into cooperatives to facilitate license bidding; 2,329 have been registered into cooperatives.

However, mining activities can have adverse environmental impacts. Proper waste management, land reclamation, and sustainable practices are vital. Balancing economic gains with environmental protection is essential for the long-term success of this program.

While challenges persist, Nigeria's mining sector holds promise for growth and diversification, especially with the proposed solid minerals corporation and increased private investment. The government's initiatives aim to unlock the potential of the country's mineral wealth and diversify its revenue means to enhance sustainable macroeconomic stability[24].

24. Isaac Anyaogu (January 2024), Nigeria to offer investors 75% stake in proposed solid minerals firm. Reuters. https://www.reuters.com/markets/commodities/nigeria-offer-investors-75-stake-proposed-solid-minerals-firm-2024-01-30/

Economic

IMF's Georgieva says Mideast growth to slow in 2024 on oil cuts, Gaza

At the 2024 World Government Summit in Dubai, Kristalina Georgieva, Managing Director of the IMF, announced a downward revision in the GDP growth forecast for the Middle East and North Africa (MENA) region for 2024 to 2.9%. This marks a 0.5% decline from the initial projection of 3.4%, attributed to factors such as oil production cuts and the Israel-Gaza conflict.

The Israel-Gaza conflict hurt tourism revenues in neighboring countries, while the escalation of hostilities in the Red Sea, orchestrated by Iran-aligned Houthis targeting commercial vessels, increased freight costs worldwide. This, in turn, impacted trade flows and exacerbated economic strains across multiple sectors.

These recent developments highlight the urgent need for proactive measures to address the root causes of instability in the MENA region. Resolving long-standing conflicts, such as the Israel-Gaza dispute, is imperative to foster a conducive environment for economic growth and development. Furthermore, diplomatic initiatives to ease tensions and promote regional cooperation are essential to mitigating the adverse effects of conflicts on neighboring economies. Beyond conflict resolution, diversification of economic strategies away from reliance on volatile sectors like oil is critical for building resilience and sustainability in the face of geopolitical uncertainties[25].

25. Maha El Dahan and Federico Maccioni (February 11, 2024), IMF's Georgieva says Mideast growth to slow in 2024 on oil cuts, Gaza. Reuters. https://www.reuters.com/markets/imfs-georgieva-says-shes-confident-economic-outlook-despite-uncertainties-2024-02-11/

South Africa says platinum sector restructuring to affect 4,000-7,000 jobs

South Africa is renowned for its vibrant platinum sector, which accounts for about 70% of global platinum output. This key export industry creates jobs for hundreds of thousands of people in the country. However, the sector faces challenges such as escalating production costs attributed to high electricity and labor expenses, alongside declining prices (prices dropped by 15% due to weakened demand from China)[26].

In response to these challenges, the South African platinum group metals industry is undergoing restructuring, which could substantially reduce 4,000–7,000 jobs. These job cuts would cause financial strain on those affected and add to the country's already high unemployment rate, which currently stands at 32.1%. High unemployment will reduce consumer spending and weigh on business confidence, thus dampening investors' confidence and the country's economic growth prospects.

On the other hand, the restructuring efforts of the platinum group metals could reduce production costs and boost the government's export revenue. Increased government revenue will help provide essential services for the masses and establish projects that could facilitate economic growth in the country.

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26. Olivia Kumwenda-mtambo (February 5, 2024), South Africa says platinum sector restructuring to affect 4,000-7,000 jobs. Reuters. https://www.reuters.com/world/africa/south-africa-says-platinum-sector-restructuring-affect-4000-7000-jobs-2024-02-05/

Economic

Nigerian Airline, Air Peace, commences Lagos-London Flight

On March 30th, Air Peace Limited, the largest Nigerian airline, inaugurated its new route, flying directly from Lagos to Gatwick Airport, London. This route is highly popular among Nigerians who have family, friends, and relatives (FFR) in the diaspora and those engaged in business in one of the world's largest economies (UK). Apart from the pride of having a Nigerian airline operate on a route traditionally dominated by foreign carriers like British Airways and Virgin Atlantic, Nigerians were particularly pleased with Air Peace's significant price reduction of over 50%, bringing the average fare to around N1.4 million.

Before Air Peace entered this route, one-way ticket prices with foreign airlines averaged around N3 million. This was attributed to the lack of low inventory tickets and currency fluctuations affecting the value of the naira. Air Peace's entry into the market has prompted foreign carriers to lower their prices, offering fares lower than Air Peace's rates. The foreign airlines attribute this price reduction to the stability of the naira and the Central Bank of Nigeria's efforts to resolve issues related to trapped airline profits that were previously unable to be repatriated.

This situation has led to price competition between Air Peace and foreign airlines, with the latter currently having the advantage. However, for consumers and travelers, the decreased fares are advantageous, encouraging more travel and potentially boosting Nigeria's aviation sector. Additionally, increased travel could stimulate business and economic activities, benefiting the economy.

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Social

Social

Road trip: London to Lagos

Embarking on a groundbreaking journey, Pelumi Nubi, a UK-based Nigerian traveler and content creator, made history as the first Black woman to complete a solo road trip from London to Lagos. Over 68 days, starting on January 30th, she traveled through Europe and West Africa, arriving in Lagos on April 7th. Her arrival was met with excitement from online followers and recognition from the Lagos State government, which honored her with a new car, house, and ambassadorship for state tourism.

Pelumi's journey took her through England, France, Spain, Morocco, Mauritania, Senegal, The Gambia, Guinea-Bissau, Sierra Leone, Liberia, Côte d'Ivoire, Ghana, Togo, and Benin. She journeyed during the day and slept in her car at night. Despite facing challenges like a car accident in Ivory Coast, she persisted, covering 10,000 kilometers in her purple Peugeot 107.

Amidst her remarkable journey, Pelumi Nubi's arrival at the Nigeria-Benin Republic border marked a significant milestone. On behalf of the Lagos State Government, she was warmly welcomed by the Honorable Commissioner of Tourism, Arts, and Culture, Mrs. Toke Benson-Awoyinka, alongside the Special Adviser of Tourism, Arts, and Culture, Idris Aregbe.

Continuing her expedition, Pelumi's second stop brought her to the historic town of Badagry before making her way to the heart of Lagos. Her ultimate destination was the University of Lagos (Unilag), where her triumphant homecoming celebration awaited.

Reflecting on her experience, Pelumi acknowledged the difficulties of loneliness and homesickness but remained determined to inspire others, especially Black women, to explore the world. As she plans future adventures, including a potential trip from Lagos to South Africa, Pelumi's journey is a testament to the spirit of adventure and resilience.

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Political

Political

The Political Landscape in Africa for 2024

2024 is a spectacular year in Africa's political landscape, marked by a series of pivotal elections that will determine the course of governance and democracy in Africa. About 20 African countries will hold presidential and parliamentary elections during the year, which will see another set of leaders installed in power.

In the last two years, African countries like Niger, Gabon, and Guinea have seen coups that have sent elected leaders out of office and replaced by military juntas. These actions are raising eyebrows in the global political space as the world is eagerly watching how Africa will navigate this political dilemma.

The Economist Intelligence Unit reported that Africa is the second fastest-growing region globally, especially in the services sector. Despite this, the continent struggles with insecurity, political instability, and heavy debt burdens, all of which hinder economic growth.

A good example is the low turnout in the presidential elections in Comoros, where only 16.3% of eligible voters came out to vote. There were allegations of fraud in the electoral process, which got the incumbent president re-elected for the fourth term. This caused civil unrest and raised questions about the effectiveness of African electoral systems.

On the contrary, the incumbent president of Senegal has announced that he will not be seeking an additional term, opening the door for a more open and competitive race among other contesting parties.

Political

Elections in Africa this year extend beyond politics. The success or failure of these processes could affect these countries' economic conditions and security. Many African countries are already battling high inflation and debt burdens, which may exacerbate tensions.

In conclusion, the economic outlook for the continent is intertwined with the political scene. Issues such as currency depreciation and debt repayment are pressing concerns that require attention from the incoming leadership. The decisions made at the polls this year will have long-lasting effects on African nations' economic policies and development strategies.

African countries with elections in 2024/2025

FDC

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Indicators

Macroeconomic Indicators

Country	GDP Annual Growth Rate (%)	Inflation (%)	Life Expectancy (Years)	Unemployment Rate (%)	Interest Rate (%)
Angola	1.4% (Q4'23)	26.09 (Mar'24)	63.1	31.9 (Q4'23)	19.0 (Mar'24)
Botswana	1.9 (Q4'23)	2.9(Mar'24)	62.2	25.9 (Dec'23)	2.4 (Apr'24)
Cameroon	2.5 (Q3'23)	5.2 (Jan'24)	62.5	3.7 (Dec'23)	5.0 (Apr'24)
Ethiopia	5.97(Dec'23)	26.2(Mar'24)	68.7	18.9 (Dec'22)	7.0 (Dec'23)
Eritrea	2.9 (Q4'23)	7.5 (Dec'22)	68.7	5.9 (Dec'23)	N/A
Gabon	2.3(Dec'23)	2.25 (Dec'23)	66.5	20.4 (Dec'23)	5.0 (Apr'24)
Ghana	3.8(Q4'23)	25.8 (Mar'24)	65.6	3.6 (Dec'23)	29 (Mar'24)
Guinea	5.9 (Q4'23)	8.8 (Mar'24)	61.0	5.4 (Dec'23)	11.0 (Dec'24)
Ivory Coast	6.9 (Q3'23)	3.8 (Mar'24)	60.1	2.6 (Dec'22)	5.5 (Dec'24)
Kenya	5.9 (Q3'23)	5.0 (Apr'24)	64	4.9 (Q4'22)	13 (Apr'24)
Liberia	4.7 (Q4'23)	10.14 (Oct'23)	64.1	2.9 (Dec'23)	20.0 (Apr'24)
Mozambique	5.36 (Q4'23)	3 .0(Mar'24)	58.1	3.7 (Dec'23)	15.75 (Mar'24)
Nigeria	3.46 (Q4'23)	33.2 (Mar'24)	62.6	5 (Q3'23)	24.75 (Mar'24)
Rwanda	10 (Q4'23)	0.6 (Mar'24)	67.6	16.8 (Q4'23)	7.5 (Feb'24)
Senegal	3.7 (Q4'23)	3.3 (Mar'24)	68.6	22.3 (Q4'23)	5.5 (Apr'24)
South Africa	1.2 (Q4'23)	5.3 (Mar'24)	64	32.1 (Q4'23)	8.25 (Mar'24)
Tanzania	5.3 (Q3'23)	3.0 (Mar'24)	66	8.9 (Dec'22)	6.0 (Apr'24)
Uganda	5.5 (Q4'23)	3.2 (Apr'24)	58.0	2.9 (Dec'23)	10.25 (Apr'24)
Zambia	8.0 (Q4'23)	13.8 (Apr'24)	64.96	6.1 (Dec'22)	12.5 (Feb'24)
Zimbabwe	4.5 (Q4'23)	57.5 (Apr'24)	60.7	9.1 (Dec'23)	20 (Apr'24)

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