Ratings agency Fitch said on April 6th it was downgrading Nigeria’s long-term foreign-currency issuer default rating to ‘B’ and classing its outlook as negative. “Intensifying external pressures raise risks of disruptive macroeconomic adjustment,” the agency said. (© AFP 6/4 2020)

Lagos Blast Death Toll: The death toll from a suspected gas explosion that tore through a residential area of Nigeria’s biggest city Lagos rose to 19 on March 16th as emergency services dug bodies from the debris. The blast next to an oil pipeline destroyed buildings, lorries and cars on March 15th.

The incident happened at around 8:00 am (0700 GMT) and destroyed around 50 buildings in the residential district of Abule Ado.

The state-owned Nigerian National Petroleum Corporation (NNPC) said preliminary indications showed the initial blast was caused by a truck that “hit gas bottles stacked up in a gas processing plant”.

“The impact of the explosion was so huge that it led to the collapse of nearby houses and damage to an NNPC pipeline,” the company added. (© AFP 16/3 2020) Measures follow oil fall p. 22998A

RWANDA
Lockdown Support

Government ministers forgo one month’s pay.

Politicians and top civil servants in Rwanda will have their salaries for April redirected to welfare programmes to help the poor cope with the economic impact of coronavirus. Prime Minister Edouard Nkentu said the salary sacrifice would show “solidarity” with the people, who have been under a tough lockdown and strict curbs on freedoms to contain the spread of coronavirus.

“The government of Rwanda has decided, over and above ongoing social protection initiatives, that all cabinet members, permanent secretaries, heads of public institutions and other senior officials shall forfeit one month’s salary (April),” he said in a statement on April 5th. The government has been providing basic foodstuffs to around 20,000 of Kigali’s most vulnerable citizens but the need is great in a country of 12m where one-third live in poverty.

It was not immediately clear how much Rwanda will collect through the forfeited monthly salaries of its top officials. Rwanda imposed a strict shutdown in response to the coronavirus outbreak, closing all but the most essential shops, suspending public transport and banning all “unnecessary movements” outside the home on March 21st.

The country’s poor have been especially hard hit as food prices have risen and unemployment soared following the measures.

The International Monetary Fund (IMF) has authorised a loan to Rwanda of nearly $110m to address the pandemic’s economic fallout. (© AFP, The New Times 6/4 2020) See p. 22941


“Due to the Covid-19 pandemic which is having a negative impact on our economy, the Rwanda government and the International Monetary Fund have revised the economic growth forecast for 2020 to 5.1% compared to the initial forecast of 8%,” said the minister of finance and economic planning, Uzziel Ndagijimana, on state television.

Ndagijimana said the revision was necessary given the impact of Covid-19 on the national, regional and global economy. He said that domestic revenues and revenues from imported products have been disrupted by the pandemic.

RwandAir has stopped its commercial passenger flights, which had affected the airline’s revenues. The Rwandan airline is currently working on operating cargo flights to meet growing demand.

Regional and international trade has also suffered enormously due to the fact that some supply chains have come to a standstill as well as logistical problems with lockdown measures in several parts of the world. (RNA 4/4)

Meanwhile, Rwanda is set to receive medical assistance worth $1m from the United States (US) to respond to the Covid-19 pandemic. The funds will be used to help with surveillance and case management efforts.

Rwanda also recently received medical support involving testing kits from the Jack Ma Foundation and Alibaba Foundation, which health officials said will render a huge boost to the country’s efforts to contain the virus by testing and treating confirmed cases among other things. (The New Times 28/3)

Adverse Weather: The New Times (10/4) reported that strong winds and heavy rains had destroyed a number of buildings in Ruhango and Muhanga districts. Several hectares of farmland were also destroyed.

This followed another incident a week earlier when more than 100 houses were damaged in Nyabihu district in heavy storms. (The New Times 10/4)

In March, floodlist.com reported that severe weather since the start of the month had caused at least 10 fatalities. The overflowing Sebeya River caused material damage in Rubavu district, Western Province in early March and floods were reported in Kigali and Southern provinces as a result of heavy rain and thunderstorms.

The Ministry of Emergency Management said that over 50 people had died and 84 others had been injured as a result of severe weather since January. Most of the deaths were caused by lightning, floods and rainstorms. As many as 858 houses and 196 hectares of crops were also destroyed. (floodlist.com 10/3)

SENEGAL
Force-Covid-19

Food aid is distributed to the most vulnerable.

On March 23rd President Macky Sall announced the creation of a fund endowed with CFA francs 1,000bn, or US$1.645bn, to mitigate the impact of Covid-19 on the country’s economy.

“This fund will be funded by the state and all persons of goodwill,” he said in a message to the nation, the second since the appearance of the coronavirus in the country on March 2nd.

He specified that the resources of the fund, known as Force-Covid-19, would be used to support businesses and households.

Explaining the objectives of the fund, President Sall indicated that a sum of CFA francs 50bn, or $82.27bn, would be used to purchase food for emergency food aid.

The president also announced measures in favour of companies which will benefit from a partial remission of their tax debt which, as at December 31st, 2019, amounted to CFA francs 200bn.

Among the beneficiaries are the hotel, restaurant, transport, culture and press sectors.

The president declared a state of emergency throughout the country on March 19th and a curfew from 8 p.m. to 6 a.m. (PANA, Dakar 24/3)

On April 1st, AFP reported that the government was making contingency plans to offer food aid to millions of people. The government planned to...
purchase tonnes of rice, pasta, sugar and cooking oil in order to help some of the country’s poorest, according to a public tender published in local newspapers. Nearly 40% of Senegal’s roughly 16m inhabitants live on less than $1.90 a day, according to the World Bank.

Many who work in the country’s large informal sector are suffering as more people stay at home, causing sales to plummet.

In a statement accompanying the public tender, the government said around 1m vulnerable households – corresponding to around 8m people – would be eligible for the aid.

The state was seeking offers for 5,000 tonnes of uncut rice, 500 tonnes of sugar, 10,000 litres of cooking oil and 1,000 tonnes of pasta.

It was also seeking to purchase thousands of packets of soap. (© AFP 1/4 2020)

On April 10th, the government announced a ban on company layoffs as the food aid was distributed to the poor in Dakar.

In a statement, the government said that companies would be forbidden to sack employees during the pandemic, except in cases of gross negligence, starting from April 14th.

Firms would also have to choose options such as reducing working hours or opting for shift work instead of temporarily suspending employees.

The government warned in the statement that thousands of workers risked missing out on wages during the pandemic, which could “lead to a cycle of mass redundancies”.

The government said there has been a “significant drop” in economic activity in the tourism, transport and catering sectors, for example.

At a ceremony to mark the delivery of aid, Dakar Mayor Soham El Wardini said that city residents were beginning to feel the effect of the crisis “on their plates”.

The city government handed 400 tonnes of rice, and thousands of packets of sugar and soap, to district leaders to distribute among the most impoverished citizens. (© AFP 10/4 2020)

SOUTH AFRICA
Lockdown Extended

The pandemic could not come at a worse time for an economy already stressed to the limit.

President Cyril Ramaphosa on April 9th prolonged by a further 14 days a national lockdown aimed at stemming coronavirus which came into effect on March 27th, saying the struggle was “far from over” as infections rose to 1,934. Ramaphosa said he recognised the “great sacrifices” made by citizens needed to adjust lockdown measures so as to enable a “phased recovery of the economy”.

Despite a recession and huge public debt, South Africa has set aside millions of rands for businesses and workers affected by the shutdown. The president and all his ministers will take a one-third salary cut for three months and donate the money to the country’s virus solidarity fund. South African billionaire businessman Patrice Motsepe on March 28th pledged Rand 1bn (US$57m) to help fight the pandemic.

“If we end the lockdown too soon or too abruptly, we risk a massive and uncontrollable resurgence of the disease,” Ramaphosa warned.

The main opposition Democratic Alliance (DA) party called for a “gradual phasing out” of the lockdown to prevent a “complete economic collapse”.

On April 16th the government partially eased a ban that had been imposed on mining to fight coronavirus, allowing for partial resumption of operations under strict conditions, the mines minister said.

“Mining operations shall be conducted at a reduced capacity of 50% during the period of the lockdown, and thereafter at increasing capacity as determined by cabinet,” said Mineral Resources and Energy Minister Gwede Mantashe. Mining companies welcomed the move. Conditions for resuming work include stringent screening and testing of workers, and the quarantining any detected cases. “We must maintain a risk-based approach,” the minister told a news conference.

Mining is a key sector in Africa’s most industrialised economy, accounting for 8% of GDP in 2018. The sector is also a major employer, with more than 450,000 people on the payroll, and a crucial foreign-exchange earner. (© AFP 28/3, 9,16/4 2020)

The collapse of the global financial markets, the tanking oil price, and the threat of a major global economic recession have radically altered the backdrop to South Africa’s economic woes which were heading for a deep and protracted recession even before the Covid-19 pandemic. But President Ramaphosa acted rapidly on March 15th with a comprehensive package of measures to pre-empt and contain the virus, which won him immediate praise in political and diplomatic circles, says Africa Confidential (19/3). While the Covid-19 pandemic will put even more pressure on the ailing economy, Ramaphosa’s response could boost his authority and hitherto tenuous hold on power.

Ironically, slowed economic growth would alleviate pressure on Eskom, the ailing electricity utility, and buy time to eliminate the maintenance backlog and leap-frog political resistance to energy reforms enabling independent power producers, empowering municipalities to procure their own power, accelerating renewable energy and allowing mining companies to produce their own power.

But Ramaphosa faces a formidable job in turning the economy around while at the same time funding a massive programme to contain the virus and ensure quality treatment for those infected. Government is likely to lean heavily on commercial banks for loans, analysts said. But the banks are also under pressure due to the stressed economy. All four major commercial banks saw their profits fall in 2019 and three of the four saw their operations in other African states rise, albeit from a lower base.

Public Enterprises Minister Pravin Gordhan showed his hand on April 14th in another sign that the government is using the crisis as an opportunity to take a firmer line on economic policy when his department flatly rejected the request from the ‘business rescue practitioner’ appointed to help rescue the ailing South African Airways (SAA) for another R10bn (US$535m) (see p. 22947).

Finance Minister Tito Mboweni made a statement on the same day saying initial measures to aid procurement, ease liquidity and enable access to debt relief during the coronavirus crisis were on track. He said Phase 2 of the economic policy response would include structural and fiscal reforms to raise long-term growth.

On the same day the Reserve Bank governor, Lesetja Kganyago, cut interest rates by 100 basis points to 4.25%, saying that he wouldn’t hesitate to act further if the economy worsens. (Africa Confidential 16/3,19/4)

Clashes Over Food Aid

Police on April 14th fired rubber bullets and teargas in clashes with Cape Town township residents protesting over access to food aid during the lockdown. Hundreds of angry people fought running battles with the police in Mitchell’s Plain over undelivered food parcels.

“That are so desperate for aid such that some those people that would not be provided [for] by us think they can get support from us,” Busiwe Memela-Kambula CEO of SA Social Security Agency (Sassa), a government department responsible for distributing food aid. The department normally helps people with disability, those who failed to access their social security grants or

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