

Africa nations sell debt for Ebola fight

Lagos, Wednesday

THE worst-ever Ebola outbreak is straining the finances of affected governments, with Sierra Leone using Treasury bills to fund the fight against the virus as mining companies halt operations to protect workers.

Emergency aid of as much as \$260m is being prepared by the World Bank and the African Development Bank to limit the economic fallout of the virus on Sierra Leone, Guinea and Liberia, the lenders said this month.

In the latest outbreak in four West African nations, Ebola has killed at least 1,229 people, or about 55% of those infected with the disease, for which there is no cure, the World Health Organisation said on Tuesday.

“Governments are almost totally reliant on international aid and healthcare expertise to co-ordinate and fund the containment strategy,” Charles Laurie, head of Africa risk analysis at Bath, England-based

consultancy Maplecroft, said. “The selling of debt remains a poor option for impoverished West African countries seeking to fund the fight.”

Sierra Leone auctioned 87.1-billion leones (\$20m) of Treasury bills on July 31, with the 364-day debt selling at 6.64%, up from 6.27% at a July 24 sale, with Matthew Dingle, head of budget and research at the finance ministry, saying the proceeds are being used to battle Ebola.

Liberia issued 144.6-million Liberian dollars (\$1.8m) of 91-day notes at 3.9% last month, up from 2.2% at a debut sale in May. Guinea sold 100 billion francs (\$14.5bn) of 364-day bills at an average yield of 10.8% on August 13, from 9.39% at an auction the previous week.

Business and transport disruptions, as well as increased health expenditure, may pressure budgets and jeopardise growth, Matt Robinson, a London-based senior credit officer at Moody's Investors Service, said.

British Airways halted flights to Liberia and Sierra Leone and Kenya Airways will stop flying to the African nations, while Emirates cancelled services to Conakry in Guinea.

The three countries have a combined gross domestic product of about \$13bn, smaller than Afghanistan's \$21bn economy, according to International Monetary Fund (IMF) estimates for last year. Companies including Kuala Lumpur-based Sime Darby, a palm oil producer, and Luxembourg-based ArcelorMittal, a steel maker and iron-ore miner, are scaling back operations.

The outbreak, the worst since the virus was first identified in the Democratic Republic of Congo in 1976, has spread to Nigeria, where four people have died from the illness. The disease is treated by keeping patients hydrated, replacing lost blood and using antibiotics to fight opportunistic infections.

While Nigeria has managed to contain the disease, the

consequences for the West African oil and gas industry “would be considerable” if it spread further, said Mr Robinson.

Nigeria's \$500bn economy is Africa's largest, while it is also the continent's biggest oil producer, and, with about 170-million people, its most populated.

Ebola may cut economic growth in Sierra Leone, Guinea and Liberia by one percentage point, Aliko Dangote, Africa's richest man, said on August 5.

The Guinean franc weakened 0.8% to 7,030/\$ in Conakry, extending losses this year to 1.2%. Sierra Leone's currency was little changed at 4,337 for losses of 1.4% this year, while the Liberian dollar was unchanged at 82.50/\$ for a 3% decline year-to-date.

“The countries most affected have seen people fleeing away from agricultural areas, which is a significant contributor to gross domestic product (GDP),” Bank of America Merrill Lynch analyst Oyin Anubi said.