INVEST IN

Africa 2015

An official publication of the African Union

Empowering women
Africa's commitment to gender equality and inclusive growth

The 50-year plan
Agenda 2063 outlines a vision for socio-economic transformation

Africa's energy revolution
The power projects set to have a big impact on sub-Saharan Africa


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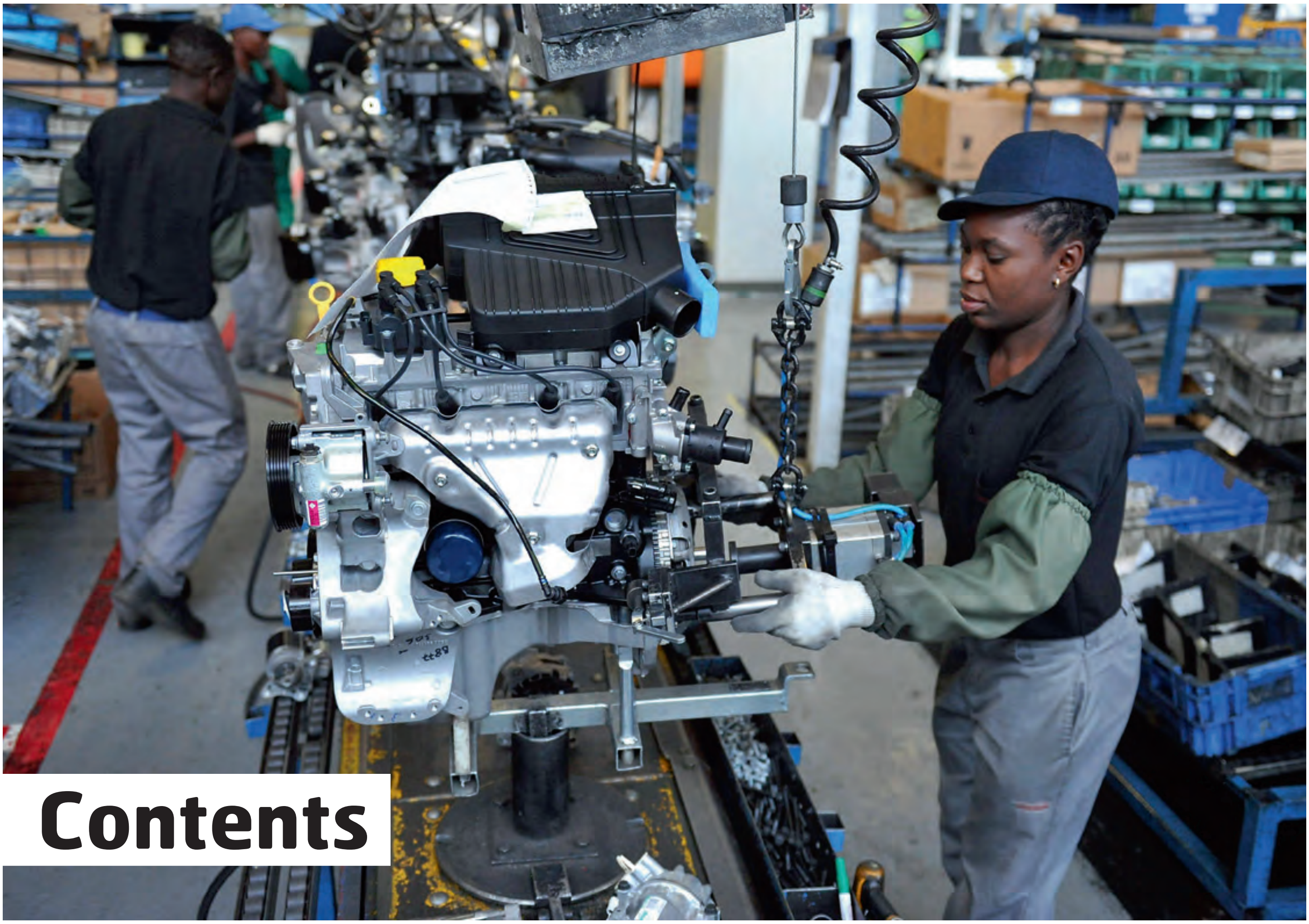

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Looking to the future

Contributing authors

Wendy Atkins is a contributing editor of *The Banker and fDi Magazine*. She is also a correspondent for *This is Africa*

Jeremy Bowden is a freelance journalist and researcher specialising in energy, commodities and financial markets. He has written for *Utility Week* and *Renewable Energy World,* and has reported on energy for Dow Jones

Alicia Buller is a freelance journalist, writer and editor with 15 years' experience in business journalism

Michael Cassell is a freelance journalist with expertise in finance and energy. He has 30 years' experience working for the *Financial Times*

Andrea Chipman is a specialist in health policy who also writes on international relations, financial news and science. She is a former reporter for Dow Jones

Dominic Dudley is a freelance journalist, writer and editor. He has written for *The Economist* and *Bloomberg Businessweek*

Emilie Dock is an editorial contributor for Newsdesk Media, with a specialism in regional investment

Emily Eastman is Assistant Editor at Newsdesk Media, specialising in regional investment

Nigel Gibson is a consultant and writer with more than 25 years' experience in financial journalism and investor relations

Felicity Landon is an award-winning freelance journalist specialising in the supply chain and maritime sectors

Ruari McCallion is a freelance writer and conference moderator specialising in business and manufacturing. He has contributed to the *Financial Times* and *The Manufacturer*

Sarah Rundell has experience writing about global business and investment. She has contributed to the *Guardian, International Business Times* and *Africa Investor*

Sally White has over 40 years' experience in business journalism. She has written for national newspapers, including *The Times* and *The Telegraph*

Pamela Whitby is an experienced reporter, writer and editor, specialising in African business. She has contributed to *The Economist, Focus on Africa* and *Investors Chronicle*

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AFRICA 2015

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EDITORIAL
Editor-in-Chief Barry Davies; **AU Editorial Consultant** HE Amina Salum Ali; **AU Editorial Liaison** Josepha Mushabe Musabyemariya; **Managing Editor** Jane Douglas; **Chief Sub-editor** Victoria Green; **Assistant Editor** Emily Eastman; **Sub-editors** Emilie Dock, Ka Yee Meck, Amanda Simms

DESIGN AND PRODUCTION
Art Director Jean-Philippe Stanway; **Art Editor** Herita MacDonald; **Designer** Morwenna Smith; **Production and Distribution Manager** Elizabeth Heuchan

SALES
Sales Manager Laurie Pilate; **Sales Executives** Afzal Miah, James Johnston, Alex Kaye

MANAGEMENT
Chief Executive Officer Richard Linn; **President** Paul Duffen

Newsdesk Media publishes a wide range of business and customer publications. For more information please contact Richard Linn, Chief Executive Officer

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African Union Representational Mission
to the United States of America
1640 Wisconsin Ave NW
Washington DC 20007
United States

Tel: +1 (202) 342 1100
Fax: +1 (202) 342 1114
Email: au-washington@africa-union.org
Web: www.au.int
www.africanunion-wdcus.org

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newsdeskmedia
www.newsdeskmedia.com Twitter: @newsdeskmedia
184-192 Drummond Street, London, NW1 3HP, UK
Tel: +44 (0) 20 7650 1600 | Fax: +44 (0) 20 7650 1609

HE Dr Nkosazana Dlamini Zuma

Chairperson, African Union Commission

In view of the appreciation expressed by our readers for the previous editions of *Invest in Africa*, I have the pleasure to welcome you to the 2015 edition that will update you on how Africa is steadily steering its development to gain its rightful place in the world.

The Agenda 2063 Framework document, which is Africa's vision for the next five decades, is based primarily on investing in Africa's most precious resource, its people. It was finalised with inputs from all segments of the African population. This document and its popular version have been adopted by African Union Heads of State and Government and African countries are now domesticating and integrating it in their respective development initiatives and plans. A 10-year plan is being elaborated for its implementation.

This year has been declared the Year of Women's Empowerment and Development towards Africa's Agenda 2063. Women represent more than 50 per cent of Africa's population and we believe that empowering a woman socio-economically and politically empowers the whole society. This initiative is part of the ongoing struggle for gender equality on our continent. The world, including Africa, has to put a stop to gender violence and abuse. We are focusing on laws and policies that ensure inclusive and equitable quality education for all, particularly to the girl child, on the right of ownership of land and inheritance, on women to be financially empowered and fully involved in the business arena and on stopping child marriage, among others.

Africa continues to collaborate closely with its partners in achieving its goals in various sectors. In this regard, the AU Commission has signed on 13 April this year a Memorandum of Cooperation with the United States on the establishment of the African Center for Disease Control (CDC), whereby the US CDC will provide expert technical help to support surveillance and response units and an emergency response centre in addition to training African epidemiologists. It has similar partnerships with other partners to build health resilience through the African CDC.

We believe that empowering a woman socio-economically and politically empowers the whole society

On the economic side, Africa continues to remain a land of opportunities, with an increasingly conducive business environment and job creation for its youth. It is consolidating its regional integration and is ready to launch negotiations for a Continental Free Trade Area in June this year. Serious steps are being taken to boost intra-African trade, including trade facilitation that should reduce drastically the cost of doing business in Africa. The extension of AGOA and especially measures to maximise benefits from that initiative are most welcome.

To support the above, Africa is making commendable progress in the formulation and development of the following Agenda 2063 Flagship projects and promoting peace in Africa: i) Integrated High Speed Train Network; ii) the Great Inga Dam; iii) Single African Aviation Market; iv) Outer Space; v) The Pan-African e-Network; vi) Creation of an Annual African Consultative Platform; vii) Establishment of the Virtual University; viii) Free Movement of Persons and the African Passport; ix) The Continental Free Trade Area; x) Silencing the Guns by 2020; xi) Development of a Commodity Strategy; and xii) Establishment of the Continental Financial Institutions, including the African Central Bank by 2030.

The Commission is putting emphasis on the importance of services to the economy as they are key inputs to most other businesses, and make a direct contribution to growth and job creation, attract foreign direct investment and are important for value addition along global value chains. Through a commitment by a core

DANIEL GETACHEW/EPA/ALAMY

The 22nd African Union Summit in Addis Ababa, Ethiopia. African heads of state and government are now in the process of integrating Agenda 2063 into domestic development plans

group of countries, Africa has declared its commitment to establish a Single African Air Transport Market for African airlines by 1 January 2017. It will also ratify and speed up the implementation of international conventions relating to aviation safety, security and the protection of the environment, as well as regional agreements on market access, facilitation of transport of passengers and cargo by air.

Africa continues to strive for an optimal utilisation of its natural resource endowments in particular, extractive sectors and mineral resources for present and future generations, while limiting negative environmental and macroeconomic impacts. It is committed to curtailing illicit financial flows through, inter alia, institutionalising prudent legal and regulatory regimes, including fiscal policies that disallow financial secrecy, fight corruption, institute and/or strengthen African institutions, build African Member States' capacity for contract negotiation and tax administration.

This year, Africa has reaffirmed its determination to reduce unemployment, in particular of youth and women, by at least two per cent annually and to halve the huge underemployment rate over the next decade. It will take urgent measures to improve the level of growth inclusiveness, productivity and competitiveness of its economies, targeting the SMEs, microenterprises in the informal economy and the rural sector. It also intends to develop its blue economy. This edition hence gives an insight of the enormous investment opportunities present in Africa this year and in the years to come. ●

NISSAN

Innovation that excites

THE YEAR FOR AFRICA

Some events in life we remember forever - our wedding day or the birth of a child. On that list for many is the day we bought our first car. It is an experience that is available to more people now than ever before.

Since the car was first invented more than a century ago the majority have been sold in the so-called developed world. In the United States there are roughly 800 cars for every 1,000 people. In the likes of Nigeria, Ghana and Angola it is around 35. Even in South Africa, the most motorized country in Africa, it is 160.

But we are living through an immense shift in the world's economy. From now on the majority of the world's cars will be sold in new, high growth markets. At Nissan we are at the forefront of this historic change, and focusing more than ever before on selling cars in developing markets, and building them there too.

In April 2014, Nissan opened a $1.5 billion industrial complex in Resende in the State of Rio de Janeiro, one of the largest investments by any car manufacturer in Brazil.

In September 2013 we announced that Nissan cars would be built in Myanmar. We are the first car manufacturer to enter the country since its economic reawakening. The new plant is being developed in partnership with Tan Chong Group and will start manufacturing the Nissan Sunny in 2015.

We are taking the all-electric Nissan LEAF to Bhutan, where abundant hydro-electricity holds out the potential of an entire nation shifting to a zero-emissions vehicle fleet. The Nissan LEAF, the world's best-selling electric vehicle is now running on the roads of the tiny mountain kingdom in the Himalayas.

But nowhere perhaps offers more long-term potential than Africa. Seven of the 10 fastest-growing economies in the world are on the continent, including Nigeria which now rivals South Africa as a powerhouse. The population of Nigeria alone is making companies sit up and take note - more than 170 million people.

Since last year Nissan cars have been built in Nigeria in a partnership between the Renault-Nissan Alliance and Stallion Group. Production began in 2014 with the first 'Made in Nigeria for Nigerians' Nissan Patrol. Now the line-up has expanded to include the Nissan Almera and NP300 Hardbody. More than 200 combined units are rolling off the production line each month. And with a potential annual capacity of 45,000 vehicles, production is expected to increase in line with demand. Nigeria is joining South Africa and Egypt as production centres for Nissan in Africa.

In aiming to be the market leader in developing markets, we are also strongly focused on the brand - our Nissan brand statement and what it stands for. 'Innovation that Excites' is what drives our organisation and this is demonstrated in our broad range of products. As Africa moves from pickups to passenger cars we are launching exciting new vehicles, like the Qashqai and X-Trail. These global models make new levels of technology, comfort and style available to African drivers.

Our brand ethos is communicated through the service we deliver to our customers. In Africa we are strengthening our distribution networks to ensure we offer innovation and excitement every time a customer enters our showroom. It has already made Nissan the number one brand in Ghana – a position we are looking to replicate in other countries.

To offer the joy of car ownership to the newly emerging middle classes in fast growing economies we recently revived Datsun. The Datsun Go recently launched in South Africa, after Datsun launched in India, Indonesia and Russia. Datsun is built for the Risers, the hundreds of millions of people whose lives are already better than those of their parents and who see ever greater prosperity in their futures.

By the end of 2016 demand for cars in Africa is expected to increase by 24%. The combined force of Renault and Nissan already places us ahead of our competitors in this fast growing market. Taken together the Renault-Nissan Alliance is number one in terms of market share in Africa. This puts Nissan in a strong position to achieve even greater success on the continent.

EVERYDAY AT NISSAN WE TURN **WHAT IF_** INTO **WHAT IS**


WHAT IF_
_ YOU COULD HAVE LUXURY AND POWER AT YOUR COMMAND
NISSAN PATROL
_ YOU COULD HAVE THE ULTIMATE URBAN EXPERIENCE
NISSAN QASHQAI
_ YOU COULD SET A BEAT TO A CITY
NISSAN JUKE
_ YOU COULD CROSSOVER IN STYLE
NISSAN X-TRAIL
_ YOU COULD CONQUER EVERY DAY. YOUR WAY
NISSAN PATHFINDER
!

HE Erastus Mwencha

Deputy Chairperson, African Union Commission

Welcome to *Invest in Africa 2015*, the fifth edition of this annual publication in which we take stock of Africa's achievements over the past year and identify investment opportunities across multiple sectors.

Building on the achievements of the past 50 years, we have embarked with vigour in order to achieve the aspirations laid out in the Common African Position on the Post-2015 Development Agenda and Africa's Agenda 2063, a comprehensive development framework for African citizens.

Africa is developing as a key player in the global arena. The region's annual economic growth rate has averaged at five per cent for more than a decade and domestic productivity is high. The continent is also making great progress towards reducing its [reliance] on external financial aid and increasing funding its own development agenda through improved domestic resource mobilisation. The challenge facing us over the next 50 years is to maintain momentum and ensure that all levels of society feel the benefits of growth.

The promotion of education and technical skills development is vital in order to achieve this. Without market-relevant skills, people are unlikely to benefit from employment opportunities that generate a decent income. Initiatives such as the 10-year AU Continental TVET (technical and vocational education and training) Strategy will help bridge the skills gap, making the African labour market more internationally competitive.

The empowerment of women is critical to Africa's prosperity, which is why we have declared 2015 as the African Union Year of Women's Empowerment and Development. We must ensure that women are given equal space in the development process, are fully integrated into the labour market and are given equal access to ownership of resources.

Peace and security is also key to economic prosperity and though we have made significant progress over the past 52 years, we are still grappling with security issues in some areas. We are working together to finalise the tools and legal instruments needed to better position ourselves to deal with current issues and prevent any further conflicts.

Over the past year, the Ebola virus outbreak exposed weaknesses of our health sector as it presented serious challenges to the continent as a whole and West Africa in particular. We have worked closely with the affected countries, the international community and medical professionals to mobilise resources and continue to raise awareness of how best to continue to tackle this disease. In the long term, we have resolved to set up an African Centre for Disease Control.

Food security remains a priority area. If Africa continues at the current pace of growth, by 2050 the continent will only be able to feed 13 per cent of its population with its own resources. Our continent has enormous potential, not only to feed itself, but also to be a major player in global food markets. The Comprehensive Africa Agriculture Development Programme (CAADP), launched in 2003, seeks to completely transform the agricultural sector by increasing large-scale investments in agriculture and agribusiness, fostering entrepreneurship and improving the management of natural resources.

Furthermore, Africa must and will accelerate the beneficiation of its raw materials and resources. Not only will this diversify the continent's export portfolio and boost intra-Africa trade, but it will also create employment opportunities.

Finally, regional integration and unity will help Africa leverage its competitive advantage. All AU Member States belong to at least one integration grouping, and these institutions are faced with weaknesses, they are fundamental to creating economies of scale. Over the next few years, we will be cooperating with these institutions to improve connectivity and facilitate the movement of goods and services.

The future of Africa is in our hands. Let us all work together in harmony to produce the Africa we want: an integrated, prosperous and peaceful continent made up of free citizens and expanded horizons. ●

HE Dr Anthony Mothae Maruping

Commissioner for Economic Affairs, African Union Commission

Africa is becoming an increasingly attractive destination for foreign investors in light of successful economic, political and social reforms that have been, and still are, sweeping the continent, resulting in a comparatively more competitive business environment conducive for foreign direct investment inflows. Apart from that, there has been, and continues to be, widespread development of critical social and physical infrastructure, accompanied by an increasing pool of well-educated and adequately trained, increasingly healthier and more enterprising cadres, in most countries across the continent. These examples serve to demonstrate that Africa is poised to [march] in earnest towards the attainment of the aspirations articulated in Africa Agenda 2063. Africa has been realistically positioning herself for punctually reaching her vision of "an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the international arena"; indeed, a united and globally competitive continent with improved quality of life for all its citizens.

Africa, with the globe's third-largest population (15 per cent of the world's population), is not only a significant reservoir of human resources ready for active engagement in the continental and global economy, but also a vast potential market for both global traders and investors, especially with the phenomenal growth of the middle class that has strong purchasing power. According to a McKinsey & Co Report, about half of Africa's one billion people will live in cities by 2030, from about 40 per cent now, and the continent's top 18 cities will have combined.

The Agenda 2063 framework catalogues flagship projects as follows:

- integrated high-speed train network;
- implementation of the grand Inga Dam (for hydropower) and other major energy generation projects;
- developing Pan-African e-Network;
- formation and implementation of commodities strategy;
- attainment of Continental Free Trade Area (CFTA);
- free intra-Africa movement of people and issue of the African passport;
- silencing guns in Africa by 2020;
- developing Africa's outer space strategy; and
- formation of a high-level forum of African stakeholders, among other endeavours.

Africa aspires to drastic economic transformation. There is an earnest quest for the requisite productive capacities, high productivity, enhanced competitiveness, diversification and value addition. Africa is pursuing accelerated, stable, sustained and inclusive real growth that leads to rapid, resilient, inclusive as well as sustainable socio-economic development. This way, the journey towards reduction of inequalities and poverty eradication will be well under way. To achieve that sought-after strong, sustained and inclusive growth in real terms, economic engagement of women, youth and people living with disability is imperative. That move ensures that all human resources and talent available to society are put to productive use. This is being amply pursued.

It is against this background that one can mention but a few areas that are ripe for investment in Africa.

Quality ICT education: Africa needs well-educated and prepared children and youth to succeed the elders on a higher note. Agenda 2063 calls for the mobilisation of an education revolution on the continent. There is a growing demand for internationally reputable educational institutions, universities and training centres that can invest in science and technology centres, IT centres of excellence, training centres for the hospitality industry, fashion and design schools, research and development institutes and schools for business and international marketing.

Agriculture: Africa is ripe for its own green revolution. The continent is currently home to 60 per cent of the world's total uncultivated arable land. As the world's population increases rapidly (recently exceeding the seven billion mark), global agricultural production must rise to feed these growing numbers. This creates business opportunity for the manufacture and marketing of products such as fertilisers, pesticides and seeds, as well as a demand for food processing services, such as grain refining. Already, a growing number of private-equity funds are springing up to finance agricultural production in Africa.

Health sector: Africa beckons investors in quality health services, especially for women and children, to drastically reduce maternal and infant mortality rates that continue to be high on the continent. The recent outbreak of the Ebola virus presented a stark reminder of the gaping hole in Africa's health infrastructure. With the projected increase in Africa's consumer spending power of over $1.5 trillion in the few years to come, first-class health centres could surely present a gold mine to international investors.

Tourism: several African countries have become the world's favourite tourism destinations. According to the United Nations World Tourism Organization, tourist arrivals into Africa in the year 2012 exceeded 49 million, and are likely to pass the 50 million mark in 2015. Those are the kind of numbers you should be taking advantage of. There are opportunities in luxury safari lodges and luxury retreats. But apart from luxury lodges and retreats, other areas include a substantial number of bodies of water that are still unexploited. A luxury boat cruise or tour operatorship could be a great investment opportunity for any international investors.

Mining of solid minerals: Africa accounts for 10 per cent of global crude-oil reserves, 75 per cent of cobalt, 47 per cent of diamond, 80 per cent of platinum, 40 per cent of chrome, 38 per cent of uranium, 32 per cent of gold and 28 per cent of manganese. Several African countries have vast deposits of mineral resources that have been left largely unexploited because of a lack of technical know-how, as well as the financial incapacity to embark on capital-intensive mining projects. The continent also has a wide array of mineral resources, which include iron ore, coal, bauxite, gold, tin, lead, oil and zinc, which haven't been exploited. This creates an investment opportunity.

A growing number of private-equity funds are springing up to finance agricultural production in Africa

Infrastructure and energy: while there have been significant improvements in the development of quality infrastructure across the continent, there is still a clear-cut deficit. The continent requires over $80 billion annually covering infrastructure needs. Of course, the financing capacity of individual country governments is limited; hence, there are opportunities for private investors to partner with African governments (PPP) in the development of under-performing infrastructure – such as investing in reliable power supply, water resources, roads and railway systems.

Fast-moving consumer goods (FMCGs): Africa's consumer spending in few years to come will be over $1.5 trillion. With Africa's exploding middle class (over 300 million people) always looking to be serviced with new products, Africa's fast-moving consumer goods sector looks promising. There is a huge and ever-growing opportunity for manufacturers and retailers of FMCGs, such as food, beverages, home-care and personal-care products. Investors who can quickly step in and get a grip on the market will be the dominant players in the years to come.

Africa's potential is enormous; she is a continent in the fast lane. I am confident that this publication identifies viable investment opportunities and incentives for PPPs, joint ventures and sole entrepreneurship. Investors can be assured of strong support in Africa. Some have discovered this and are already taking full advantage. Investors are invited to channel their resources into value-adding activities in Africa. Africa is a new global economy growth frontier; she is open for business! ●

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WHERE *life* HAPPENS

HE Fatima Haram Acyl

Commissioner for Trade and Industry, African Union Commission

The preparatory phase for the establishment of a Continental Free Trade Area is on schedule

Africa is set to take its destiny into its own hands. This is reflected in Agenda 2063, which has gathered consensus and buy-in from all African stakeholders and whose first 10-year implementation plan is in progress.

Africa grew at 4.8 per cent in 2014 and is expected to grow between five and six per cent in 2015. Foreign direct investment rose from $15 billion in 2002 to $37 billion in 2006 and to $46 billion in 2012. The rate of return on investment in Africa is still higher than in the rest of the world and as it continues to implement its various political, peace and security and socio-economic strategies, its business environment can only improve and attract investment, both domestic and foreign, in many untapped opportunities.

Africa's leaders are committed to strengthening Africa's regional integration. The Agreement for the COMESA-EAC-SADC Tripartite will be signed in June 2015 and ECOWAS will start implementing its Common External Tariff in January 2016. The preparatory phase for the establishment of a Continental Free Trade Area (CFTA), which is an important flagship project of Agenda 2063, is on schedule. Our Ministers of Trade gathered in Addis Ababa in May 2015 in a dedicated session to consider the critical documents that will allow the launch of the CFTA negotiations, namely the objectives and guiding principles for CFTA negotiations, the terms of reference for the CFTA negotiating Forum (a structure that will carry out the negotiations) and the Indicative Roadmap for the establishment of the CFTA. These will be adopted by the June 2015 Summit, which will also launch the CFTA negotiations.

Member States are also focusing work on the seven clusters of the Boosting intra-African Trade Action Plan, namely, trade policy, trade facilitation, production capacity, trade-related infrastructure, trade finance, trade information and factor market integration. Studies have shown that the removal of tariff barriers on trade in goods accompanied by trade facilitation reforms would double the share of intra-African trade by 2022. With a GDP of over $3 trillion, a population of over one billion, and efforts in boosting intra-African trade, the CFTA will contribute significantly to the realisation of creating a single economic space on the African continent that will expand trade and investment opportunities.

Africa is progressing in the implementation of its Mining Vision. The Commission is putting in place the African Minerals Development Centre as a specialised agency of the African Union. This Centre will ensure that Member States derive the maximum benefits from their mineral resources, not only in terms of revenues, but also employment, social and health infrastructure, while preserving the environment. The statutes of the Centre have been agreed upon by the sectoral Ministers and will be endorsed in January 2016 by the Heads of State and Government.

On the industrial front, we are focusing on agro-industry and agribusiness, on financing domestic industries, SMIEs and SMIs that will shape Africa's industrialisation. We want to ensure that we have coherent policies for industrialisation: to ensure that key national policies, including fiscal policies, investment and finance policies, procurement policies, and so on, are supporting industrialisation. We count on private-sector engagement for our small and medium enterprises and industries to be integrated into the regional and global value chain.

These are, in a nutshell, some of the economic activities of the continent that should lead to its transformation and occupation of its rightful place in the global economy. ●

A New Dawn For Investment in Africa

Africa has come a long way in the last 50 years, but it is the last two decades that have seen real change. The conflicts of the 80s and early 90s have given way to greater political stability and freedoms for our people and with it the need for social economic stability. If we wish to continue on this path we need to address the high unemployment rate among our young people by offering them the opportunity to shape our economies. The main challenge facing the expansion of trade is political will. However since its inception in 2001, the African Union has made progress in bridging and balancing political and social economic interest across the continent. It is now time for the Private Sector to take up a more active role in African affairs, enabling us to leverage on each other's strengths by forging business to business linkages and participating in joint ventures across the continent. Africa's economy has come of age. Within this decade most African countries will celebrate 50 years of independence and their right to self-determination. In this context Africa should now rise beyond its reliance on both Donor support and imports. African countries must endeavor to expand industries and effectively put an end to the exportation of raw materials. For Africa to succeed in this new dispensation we need to expand intra-regional trade, which is currently estimated at between 10% and 12%. Over 80% of our exports are focused on markets outside Africa, yet, over 50% of these goods come back to the continent in one form or another as processed and packaged products. By exporting raw materials we are not only losing out on the true value of our products, but exporting jobs. To effectively increase intra-regional trade we must leverage on existing trade blocs including the EAC, COMESA, CEN-SAD, ECCAS, IGAD, ECOWAS, SADC and AMU. Building up these communities will exponentially increase trade as we gear towards a common market for the entire continent. Africa's population is estimated at over 1 billion people, this makes it one of the largest markets in the world. Through our various trading blocs and bilateral agreements most African countries have market access to the 54 member states of the African Union. To enable our economies to take advantage of these agreements, the Private Sector Apex bodies across the continent must forge new ties geared towards exploiting the agreements to the benefit of African economies. While political good will is essential for the development of policies and regulations; it is only the private sector that can illustrate the importance of the full actualization of the different regional agreements through: job creation, wealth generation and increased revenue for our respective countries. Once we achieve this at a regional level we can expand trade with the wider African community through agreements with other trading blocs. In this regard, we as KEPSA have reached out to our sister organizations across the continent and hope to come up with joint initiatives to ensure that policies are developed simultaneously across the various trading blocs to ease the free movement of goods and services across the continent.

About KEPSA

The Kenya Private Sector Alliance (KEPSA) is the apex body of the private sector in Kenya with a membership of over 100,000 members through companies and Business Member organizations. Thus, KEPSA coordinates the private sector's engagement on Public-Private sector dialogue and seeks to contribute to pro-growth laws and policies that support the economy. The primary Mission of KEPSA is to "ensure year- on-year improvement in the overall business environment of Kenya by working together with the Government and other stakeholders".

The Voice of Private Sector in Kenya

Kenya Private Sector Alliance | 5th Floor, Shelter Afrique Building, Mamlaka Rd | P.O. Box 3556-00100 Nairobi, Kenya
Office: +254 20 2730371/2/2727936 | Fax: +254 20 2730374 | Cell: +254 720 340949
Web: www.kepsa.or.ke | info@kepsa.or.ke
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MAURIZIO GAMBARINI/PA IMAGES

HRST strongly advocates for education as a tool for positive emancipation and an engine for sustainable development

HE Dr Martial De-Paul Ikounga

Commissioner for Human Resources, Science and Technology (HRST), African Union Commission

Development of Africa's human resources and the harnessing of science, technology and innovation (STI) are among the key drivers of the long-term vision of the African Union – through its Agenda 2063. Africa's abundant human resources and the application for science and technology continue to influence the foundations of governments in steering forward a flourishing continent.

In response to the need to harness STI, the African Union established a new 10-year strategy to improve the continent's STI capacity and landscape. The plan, called the STISA-2024, seeks to accelerate Africa's transition to an innovation-led, knowledge-based economy. This showcases a renewed commitment by the Member States to foster social transformation and economic competitiveness, through institutional, human capital development, innovation, value addition, industrialisation and entrepreneurship. STISA-2024 is underpinned on the cross-cutting nature of STI and is designed to meet the knowledge and STI demands from various economic and social sectorial development frameworks. STISA-2024 identifies six overarching priority areas that need to be addressed over its implementation period of 10 years, namely: i) eradication of hunger and achieving food security; ii) prevention and control of diseases; iii) communication (physical and intellectual mobility); iv) protection of our space; v) Live Together – Build the Society; and vi) wealth creation.

HRST strongly advocates for education as a tool for positive emancipation and an engine for sustainable development. The plates of both children and teachers are full to overflowing with content, but we still pride ourselves on finding a place for inculcating quality and harmonisation in our education systems. The successful end of the Second Decade of Education for Africa (2006-2015) presents dynamic opportunities within the planned Education Strategy for Africa (2016-2025) that takes into account the enculturation of industries and development. The need for gender equality and youth-centered empowerment, education and training programs will be critical for placing the African people at the centre of all continental efforts, to ensure their participation in the transformation of the continent, and to build caring and inclusive societies. The important role that the youth of Africa is playing cannot be over-emphasised. The youth bulge brings along with it a vibrancy that well resonates with the myriad dynamics characteristic of a rising continent in this era of globalisation. We are grateful to witness a growing investment in our young people and inclusive policies that are geared towards their full engagement.

The draft declaration of the 1st African Higher Education Summit on Revitalizing Higher Education for Africa's Future, that took place in March 2015, states that: "By 2063, Africa countries should aim to achieve above world averages in levels of gross domestic expenditure in research and development (GERD). Africa's share of world GERD was a mere 0.9 per cent in 2009, constituting a paltry 0.4 per cent of the continent's gross domestic product, while the continent's share of researchers, publications, and triadic patents were 2.1 per cent, 2.0 per cent, and 0.1 per cent, respectively". The meeting further proposed that international development inflows be channelled towards strengthening Africa's STI research and education efforts, by establishing a national or continental STI Partnership Board.

HRST continues to promote the drivers and enablers of economic growth, in realising an unprecedented potential for Africa. ●

Fort Hare University: 100 years of excellence

The University Of Fort Hare (UFH) will celebrate its centenary in 2016. The year marks 100 years in pursuit of academic excellence and a century in search of African and global knowledge. The academic tradition, character and stature of the university have matured over this time.

The University of Fort Hare has a long tradition of excellence and achievement, of which it is justly proud. Most liberation struggle leaders and many of the current political leaders of South Africa and beyond were educated at UFH.

Many students are inspired and motivated by the university's superior reputation:

- it is a seedbed for African leadership and intelligentsia;
- it played a key role in the liberation struggles on the African continent;
- it is the first historically black institution in South Africa; and
- it is one of the first multicultural and multiracial institutions in Africa.

Known as the "crucible of African leadership" and the alma mater of anti-apartheid struggle figures such as the great Zachariah Keodirelang Matthews, Nelson Mandela, Robert Sobukwe, Oliver Tambo and Govan Mbeki, the University of Fort Hare continues to spawn leaders in every sector of society. Furthermore, it is the only Southern African university to have produced five heads of states: Nelson Mandela of South Africa, Yusuf Lule of Uganda, Robert Mugabe of Zimbabwe, Ntsu Mokhehle of Lesotho and Sir Seretse Khama of Botswana.

Innovation and enterprise

For many, UFH is where they experience their intellectual coming of age and where they transform from mere students to men and women of legend. UFH students learn:

- to open their minds and hearts to the plight of fellow Africans;
- that personal struggles are part of a larger struggle;
- it is a privilege to be educated; and
- they have a moral duty to give back.

Our student body has become the stuff of legends: five students became presidents of their countries; two of them won Nobel prizes, their thoughts and efforts led to the liberation of South Africa and many African States; and their beliefs became a worldwide symbol for interracial harmony, forgiveness and reconciliation

The centenary also presents the opportunity to launch new academic programmes, buildings and facilities etc, as UFH redefines itself in the 21st century as a truly world-class African university.

The centenary provides an opportunity to reflect on the enormous contribution the university has made in the fields of teaching and learning, research and community service, but also to focus on how this can be continued into the next century.

The university is already in the top six South African universities in terms of per capita research output. Innovation in various fields, including renewable energy, ICT, agriculture, African languages, ethnobotany and biochemistry, is contributing to new knowledge and students at various levels will share their innovations.

During the centenary, university stakeholders will attend various events and, in this way, staff and members of council, current and prospective students, their parents, alumni, governments and various state agencies, the local community, donors, representatives of foreign countries, the media, as well as academics from other local and international universities, research institutions and social partners, among others, will all have the opportunity to share in our celebrations, our history and our future.

Our overall goal is to initiate an awakening of the human spirit, as well as enable economic equity, social civility, political citizenship, environmental sustainability, social cohesion and nation building through rural development and celebration of our South African heritage.

Looking towards the future

UFH has been shaped by Africa's past and is committed to the continent's future. It has positioned itself at the centre of the social, political, economic and cultural revolution that is unfolding in the region, both by stimulating it and responding to it. Its research agenda and academic curriculum will continue to adapt to the needs of society and the university will continue to engage with and partner with the wider community.

Zintle Filtane
Director of Institutional Advancement
University of Fort Hare
T: +27 (0) 40 602 2610 (Alice)
T: +27 (0) 43 704 7554 (East London)
M: +27 (0) 76 591 3433
E: zfiltane@ufh.ac.za
www.ufh.ac.za

University of Fort Hare
Together in Excellence

HE Ambassador Amina Salum Ali

Permanent Representative of the African Union to the United States of America

The ongoing transformation of the African continent is being shaped and influenced from within. Education remains central to development, and opportunities are being fostered to ensure that the skills, drive and talent of our youth are utilised. In particular, we are working closely with national leaders to improve employment prospects and ensure that Africa retains its talent. For those countries still afflicted by conflict situations, the African Union continues to uphold its peace and security architecture and encourage dialogue towards unity. We are focused on African interests, whereby opportunity is available to all and Africa fulfils its potential as the world's next economic growth pole.

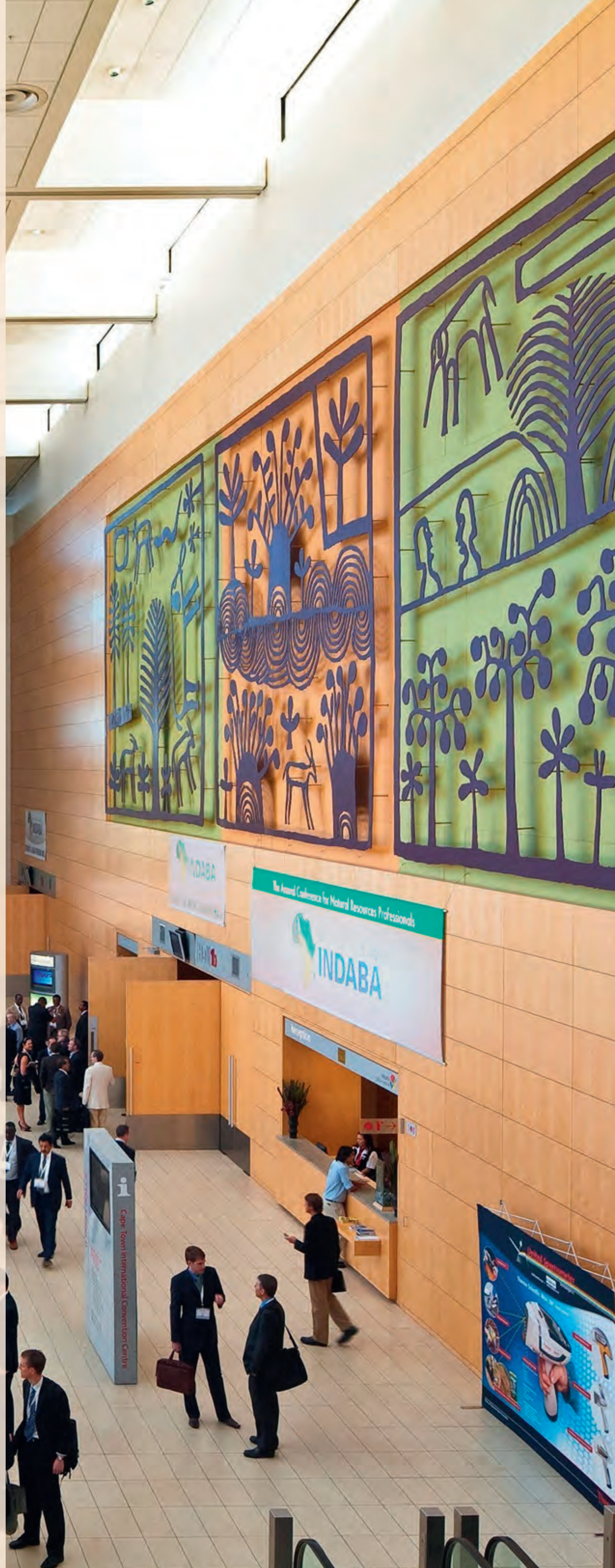
For this, we welcome partnerships with international investors. Countries across the continent are making headway in opening their economies and building free markets, and we have seen progress delivered through partnership programmes such as Trade Africa, launched by United States President Barack Obama in 2013. Under this initiative, resources are being mobilised to support increased trade and investment, and the private sector is working alongside policymakers to promote greater opportunities for business. Earlier this year, the US signed an agreement with five countries in the East African Community trading bloc – Burundi, Kenya, Rwanda, Tanzania and Uganda – which commits the African countries to reduce trade barriers. In return, they will receive greater technical assistance in exporting African products to the American market. Looking ahead, the trade initiative will be expanded to include other African countries, resulting in even greater trade growth than we have recently seen.

At the inaugural of the first ever US-Africa Leaders' Summit, held in August 2014 in Washington DC, President Barack Obama announced renewed commitment to his Power Africa initiative, in which we pursue additional power capacity and expand access to electricity. Building on the summit's success, this year's event will focus on investing in the next generation and focus on fostering dialogue on how best to create and unlock opportunities for Africa's youth. The 2014 Summit played host to the announcement of new deals, commitments and investments, and I am confident that this year will provide another exciting opportunity to take the US-Africa relationship to a higher level.

As we look to 2063, I hope that our continent will be characterised by integrated, prosperous and well-governed markets

We are also dedicated to ensuring the participation of women in all sectors of the economy. In 2015, with the theme 'Year of Women's Empowerment and Development towards Africa's Agenda 2063', the focus continues to be placed on the critical role of women in society and how female economic empowerment contributes to broad-based growth and development, bringing benefits for all. In her recent statement in Kingston, Jamaica, the Chairperson of the African Union Commission, HE Dr Nkosazana Dlamini Zuma underscored AU's determination: "The focus on women and girls, their contribution and empowerment, is critical to the implementation of Agenda 2063."

In a globalising world, Africa will uphold the values of peace, unity, opportunity and equality. As we look to 2063, I hope that our continent will be characterised by integrated, prosperous and well-governed markets, and become a creative and dynamic force in the international arena. Africa is awash with opportunity, and I welcome partners and its friends to invest in the unique economies across our dynamic continent. ●


INDABA
The Annual Conference for Natural Resources Professionals
INDABA
Cape Town International Convention Centre

Dr Donald Kaberuka

President, African Development Bank

The title of this publication says it all: *Invest in Africa*. The African Development Bank did so to the tune of over $7.3 billion last year; Africa does so; the rest of the world does so. People invest for good reason – not just to see others prosper, but to prosper themselves. Africa is not the world's next investment frontier; it is its current investment magnet.

In investing in Africa, we are investing in a growing concern. Africa grew at 3.9 per cent in 2014, stronger than the global average of 3.3 per cent. Growth performance varied widely across the continent's countries and regions, of course. Growth is expected to accelerate to 4.5 per cent in 2015 and further to five per cent in 2016. It is steadily converging with Asia's growth rates, and coming close to the levels which it achieved prior to the global financial crisis in 2008/09.

Total external flows of investment into Africa continue to rise, and are projected to reach $193 billion in 2015, almost double the figure for 2005. Foreign direct investment flows and remittances have become Africa's most important external financial sources. FDI will reach $55 billion in 2015 (a threefold increase in a decade), alongside continuous growth in the emerging African middle class. That section of society has also increased threefold, over three decades. It will reach 1.1 billion (or just over 40 per cent of the population) in 2060.

In response to growing urbanisation in Africa, foreign direct investments are increasingly shifting from extractive industries towards the retail sector, and especially consumer goods and services. Meanwhile, Africa continues to attract investors from emerging countries and from within the continent. Africa's middle-income countries are tapping the international capital markets, mainly to secure funding for infrastructure development. As official aid flows decline, increasing domestic revenues and attracting private external flows will be vital in financing the United Nations' Post-2015 Development Agenda.

Africa's middle-income countries are tapping the international capital markets, mainly to secure funding for infrastructure development

African cities represent a growing and untapped consumer market, and are increasingly targeted by investors. Disposable income in Africa's major cities is expected to grow at an average of 5.6 per cent each year up to 2030, while aggregate spending power is set to more than double to $1 trillion, from now to 2030. Johannesburg, Cape Town, Nairobi, Lagos, Casablanca, Cairo and Tunis all are considered to be top investment destinations.

I warmly welcome this excellent AU publication, whose title and simple message is built on hard evidence and a generation of growth and transformation on this continent: *Invest in Africa*. ●

Dr Kaberuka's piece is based on his analysis of Africa's investment promise in the 2015 edition of the African Economic Outlook, *jointly produced with OECD and UNDP.*

A BILLION REASONS TO BELIEVE IN AFRICA

Nathan Kalumbu, President, Coca-Cola Eurasia and Africa, shares his perspective on making African investment a success and why the African Union's 'Year of Women's Empowerment and Development' can help create long-term prosperity across the continent

"When people are determined, they can overcome anything." These immortal and inspirational words from the great Nelson Mandela continue to perfectly capture the incredible sense of optimism and progress that is surging through our great continent. While we will encounter collective challenges in future, it is Africa's resilience and opportunity that continues to shine brighter than ever and which both governments and the private sector have made such important headway in unleashing.

We live in what has been labelled 'the African century'. I believe that the next few years will prove the most defining time in our history – a decade of relentless progress and of great possibilities. The current pace of economic and social advancement is accelerating Africa's journey to fulfilling its irresistible promise and it is the commitment of leaders to continue to invest in Africa that makes this possible.

At Coca-Cola, we are fortunate to have experienced Africa's progress first-hand. This year, we celebrate 87 years since we first began our operations in Africa. Since that first Coke was served in Johannesburg, we are now present in every country in Africa and today our system employs 70,000 people across 145 facilities while supporting significantly more households across our value chain. Despite this long history, we continue to learn important lessons every day, particularly from the consumers and communities we serve. We are grateful for the support we have received from the people of Africa, who have welcomed us into their homes, restaurants and shops across the continent; the welcome has strengthened our commitment and belief in Africa's promise.

Creating a stronger Africa

Despite Africa's immense geography, and the diversity of cultures, there is also much consistency from the tip of Ras ben Sakka in the north down to Cape Agulhas in the south. One such point is how to make investment in Africa successful. Our experience gained over the last few decades has and will continue to guide our approach in Africa and includes four underlying principles:

1. **Investment requires continuous commitment.** Our first investment in Africa was almost a century ago, but we remain acutely aware that a focused long-term investment strategy remains the cornerstone of our business. Last year, we announced that we will increase our investment in Africa by $5 billion to a total of $17 billion from 2010 to 2020. We invest in production, distribution, sales equipment and capabilities, among other investments, because this is what it takes to grow and succeed. There can be no shortcuts.
2. **Thriving communities spur thriving economies.** There can be no separation between economic and social progress. Businesses – and economies – simply cannot succeed in a society that fails, so understanding how investment can support the social health of a community is just as important as considering economic goals. And, as a business, we know that community efforts are themselves only sustainable when they help our company to grow and prosper.
3. **Partnership brings prosperity.** Strategic collaboration is critical, particularly when it brings together and addresses the shared agendas, goals and priorities of business, governments and civil society. We call these 'Golden Triangle' partnerships and believe that the model is integral to the success and growth of successful economies and in supporting the ambitions of each organisation.
4. **Empowerment builds momentum.** Africa has an incredible abundance of resources with the most extraordinary of all being its population of 1.1 billion talented, creative and motivated people. The key to the long-term sustainability and success of the African economy is centred in ensuring this talent is effectively empowered.

In considering how to unleash Africa's true potential, we need look no further than in households in every village, town and city across the continent. People provide the bedrock of our economy and there are two huge demographics that deserve greater focus. The first is the new emerging generation of talented millennials who bring accelerated ambition and opportunity and will be the leaders of tomorrow, and the second group represents 50 per cent of the African population: women.

An economic imbalance

Women are the pillars of our African communities, yet consistently do not enjoy the same economic and social opportunities as men. Primary education for women in Africa

The Coca-Cola Company

THE COCA-COLA COMPANY 5BY20 PROGRAMME

The Coca-Cola 5by20 programme draws on local expertise, capabilities and resources to help female entrepreneurs overcome the common social and economic barriers they face due to a lack of business skills training, financial services, assets, peer networks and mentoring.

The 5by20 programme launched in 2010 and, by the end of 2013, had enabled the economic empowerment of more than 550,000 women worldwide, including 350,000 women in Africa.

As a single mother of three, Bessie Mogale's path has not been an easy one. Her will to succeed and provide a better future for her family unleashed her entrepreneurial passion and led her to establish her first small retail shop in 2004. Her business did well and began to grow – so much so that she was able to expand to a larger shop and then a mini-supermarket.

Bessie heard about the Coca-Cola 5by20 skills workshop for women in business and attended a session, learning basic business skills such as how to invest her money, balance budgets and manage stock inventory. The workshop changed the way Bessie ran her business, and as a result, her hard work translated into increased income and the ability to support her three sons. She paid for all three to attend university and each of her children are now working successfully to support their own families.

Bessie's journey as an entrepreneur is far from over. She now mentors other entrepreneurial business women by empowering them with the necessary skills she learnt to effectively run their own businesses.

Bessie Mogale's business has grown from a tuck shop to a mini-supermarket

remains low at just 67 per cent and female adult literacy rates of 54.5 per cent lag significantly behind the 71.5 per cent of literate men.

Further, it is estimated that women constitute 70 per cent of the informal economy and are outside typical waged employment, while recent statistics suggest that 28 per cent of African women with university degrees migrate out of the continent to find suitable job opportunities. This discrepancy does not simply hold women back, it is holding Africa back.

Women power the Coca-Cola system

At Coca-Cola, we value the contribution that women make to our economy throughout our supply chain. Worldwide estimates suggest that women provide close to 70 per cent of agricultural labour, producing about 90 per cent of food. Moreover, women account for seven in 10 purchases of Coca-Cola worldwide.

Women around the world are strong pillars of the Coca-Cola business system. In 2010, we introduced the 5by20 programme, which aims to economically empower five million women worldwide by 2020.

The initiative aims to help create female entrepreneurs across the breadth of the Coca-Cola value chain, from farmers producing fruit to go into our juices all the way through to artisans creating jewellery and other goods from recycled beverage packaging. It specifically addresses the most common barriers women face when trying to succeed, with access to business skills training courses, financial services and mentor connections. We are proud of the progress made over the last five years, but realise the magnitude of what remains to be done.

We applaud the African Union for recognising 2015 as the 'Year of Women's Empowerment and Development'. Unleashing the entrepreneurial potential of African women is one of the most powerful and enduring ways to help families and communities prosper.

Africa is a continent of a billion possibilities and women are its most dynamic and fastest-growing economic force. The efforts that we take together to harness their incredible potential will accelerate Africa's bright future, leaving a legacy for generations of a new era of equality and economic and social prosperity.

For further information, please contact Dan Baxter • E-mail: danbaxter@coca-cola.com • Telephone: +90 530 796 9281

Realising the power of Africa's daughters

The sustainable development of Africa is intertwined with the advancement of women. While there remains a long road to travel before gender equality is reached, the African Union has made it a central goal, as **Pamela Whitby** explains

DANITA DELIMONT CREATIVE/ALAMY

By naming 2015 the Year of Women's Empowerment and Development towards Africa's Agenda 2063, and placing gender equality at the very heart of a 50-year shared strategic framework for inclusive growth and sustainable development, the African Union (AU) has firmly underlined its commitment to striving for equality. If the central goals of its Agenda 2063 plan are achieved, its legacy will be an end to child marriage and gender inequality, and the empowerment of African women from the grassroots up.

This reflects what the people want: a survey conducted in 2014 by independent researcher Afrobarometer across 34 African countries found that nearly three-quarters (72 per cent) of the 50,000 respondents were in favour of equal rights for women.

With the adoption of programmes including the AU Protocol on Women's Rights (which was signed in 2003), the African Women's Decade, the Solemn Declaration on Gender Equality in Africa and the Fund for African Women, the foundations have been put down, and some progress has been made.

Notably, half of the AU's executive team are women. The continent is home to one of the few elected female heads of state in the world – President Ellen Johnson Sirleaf in Liberia – while three countries in sub-Saharan Africa make the top 20 of a World Economic Forum (WEF) index of the most gender-equal nations. Rwanda, at number seven, is the only country in the world where women significantly outnumber men in parliament, while, in South Africa, more than 40 per cent of representatives in the national assembly are women.

The African Union is promoting and protecting gender equality through the Agenda 2063 action plan, which recognises women's rights as central to development

Both Burundi and South Africa, 17th and 18th respectively on the WEF's index, beat the United States, where women hold fewer than 20 per cent of the seats in Congress, and the United Kingdom, where just over a fifth of members of the House of Commons are women.

Women in positions of governance

While these gains for women in Africa must be celebrated, the work is anything but over on the continent. Chairperson of the African Union Commission HE Dr Nkosazana Dlamini Zuma wants to see more women in government, the judiciary, and other public and private institutions, as well as at the table of peace negotiations. In a statement to mark International Women's Day 2015, she described how Agenda 2063 envisaged "a non-sexist Africa, an Africa where girls and boys can reach their full potential, where men and women contribute equally to the development of their societies".

In order to achieve this, five major priorities will need to be met. These have been identified as health, education, peace and security, agriculture, and economic empowerment – and all are intricately linked. Because without food there can be no education, without education the ability to make autonomous decisions around reproductive health is unlikely, without health there can be no skills development, and the list goes on.

Addressing fundamental concerns

One of the most pressing issues, recognised by the AU with its commitment to end child marriage, is that in many places in Africa, women still lack the ability to make autonomous decisions about their sexual and reproductive health. As many as six million unsafe abortions are performed each year on the continent; some 37 per cent of women report sexual abuse by an intimate partner; and many are still subject to cultural practices such as genital mutilation. In the words of Nyaradzayi Gumbonzvanda, the AU Goodwill Ambassador for Ending Child Marriage: "Africa will not rise as long as its daughters are bleeding..."

While in a number of countries in sub-Saharan Africa progress has been made in halving levels of maternal mortality since 1990, in 2013 62 per cent of the 289,000 maternal deaths worldwide were in the region. More sobering still is the fact that 90 per cent of all pregnant women and children living with HIV in the world are in Africa.

Education, the lifeline of development, is another priority. While there have been significant increases in the enrolment of African girls in primary education, World Bank data finds that, in Africa, boys are 1.55 times more likely to complete a secondary education than girls. Nigeria, the continent's most populous country, for example, was one of the 10 lowest ranking countries with regard to the enrolment of girls in primary and secondary education in 2014.

Dlamini Zuma has emphasised the need to do more at the country, regional and continental levels to close the gender gap in educational attainment and, specifically, in the field of technology. The skills revolution, she says, can only happen if it includes both halves of Africa's human resources. One solution, as highlighted by Technogirls, a UNICEF project in South Africa, is for the private sector to help by playing a greater role with corporate mentorships and skills-development initiatives for underprivileged children.

WDB | INVESTMENT HOLDINGS
WOMEN INVESTING IN WOMEN

The WDB Investment Holdings is a social business (for profit) whose overriding objective is the economic empowerment and financial inclusion of South African women. Since its establishment in 1996, WDBIH has built a portfolio of diverse investments and has played a key role in the transformation of businesses it invests in by championing the advancement of women, providing access to capital for small and medium-sized businesses owned and managed by women entrepreneurs and lobbying for the inclusion of women across the spheres of business and society. WDBIH's primary mandate is to build value for its majority shareholder, the WDB Trust.

Key achievements in the past 19 years include;

- Managing a significant portfolio of investments (circa R2 billion) as at the end of March 2014.
- Influencing the strategic direction in some of the largest blue-chip South African corporates through board representations.
- Distributing much-needed capital (R200 million over the past five years) to the WDB Trust, enabling the sustainability of its development programmes.
- Providing capital and business support to small businesses through its Enterprise Development (ED) Fund.

In the next five years, the company is geared to expanding the ED fund to R50 million, intensifying coordinated networking efforts through dialogues to enable emerging entrepreneurs access to fundamental, practical knowledge that will lead to more effective long-term partnerships, innovation, strategies and models. In this role, the company fosters the country and African Union (AU) objectives in support of innovation, research and development, entrepreneurship, employment and growth.

WDB | TRUST
BANKING ON WOMEN

WDB Trust is a Public Benefit Organisation that mobilises resources for the promotion of financial and socio-economic inclusion of women and families in nodal (underserved) communities. The Trust serves its target groups through two flagship programmes: the **Siyakhula Micro-Finance Programme** and the Zenzele Socio-economic Development Programme.

- Through the Siyakhula Micro-Finance programme, the Trust supports the financial inclusion of poor rural women through the development and financial sustainability of their micro enterprises by providing them with access to credit. The Trust also tracks the performance of these micro enterprises and provides its rural women clients with ongoing training and support. Since 1996 to date, the Trust has reached more than 180,000 women with total loan disbursements in excess of R300 million.

- Through the **Zenzele Socio-economic Development Programme**, the Trust manages a rights-based integrated psycho-social approach to family development that engenders sustainable development of poor households through reduced vulnerability to shocks, increased access to basic services and skills development for income generation.

Both programmes rest on the principles of building capacities of poor people and promoting agencies. In the past two years, the Trust has built a strong financial infrastructure with a rigorous monitoring and evaluation system. While celebrating 25 years of development activism, the target for the next 25-year milestone is to deepen the value of its work through extending our micro-finance portfolio to reach more beneficiaries, introducing technological innovations for loans and data management, building strong strategic partnerships for delivery with key external stakeholders and institutionalizing the programmes across its rural footprint.

WDB contact details for further information: Ms. Faith Khanyile: CEO - WDB Investments Holdings
1st Floor, 28 Fricker Road, Illovo, Johannesburg, Gauteng 2196 | T: +27 11 341 9900 | E: info@wdbih.co.za | www.wdbinvestments.co.za

Gender Inequality Index, sub-Saharan Africa

Gender Inequality Index value (2013)	Maternal mortality rate*† (2013)	Adolescent birth rate** (2010-15)	Share of seats in parliament (2013)	Population with at least some secondary education, 25+ female (2005-12)	Population with at least some secondary education, 25+ male (2005-12)	Labour force participation rate, 15+ female*** (2012)	Labour force participation rate, 15+ male*** (2012)
0.578	510	109.7	21.7%	21.9%	31.9%	63.6%	76.3%

*NUMBER OF DEATHS PER 100,000 LIVE BIRTHS **NUMBER OF BIRTHS PER 1,000 WOMEN AGED 15-19 ***PROPORTION OF WORKING-AGE POPULATION
SOURCE: UNITED NATIONS DEVELOPMENT PROGRAMME HUMAN DEVELOPMENT REPORTS 2014; † UNICEF

Gender inequality in Africa also has a huge impact on food security. According to the United Nations' Food and Agriculture Organization, 60 per cent of employed women in sub-Saharan Africa work in agriculture, and they also make up half of the sector's workforce. Yet, women typically produce lower yields than men, not because they are inefficient, but as a result of not having access to the same inputs, productive resources and services as their male counterparts. They also earn less; in Nigeria, female farmers make 60 cents for every dollar earned by men. Studies across several countries suggest that increasing women's access to productive resources to equal those of men could increase farm yields by 20-30 per cent. However, while there is undoubtedly clear motivation for investing in women in agriculture, there is also a more subtle point to be made. Oxfam International Executive Director Winnie Byanyima said in her inaugural address to the International Fund for Agricultural Development in February that agricultural investments very often fail to deliver for women. While men may value productivity improvements, for example, if you asked a group of rural women in Tanzania, northern Uganda or Burkina Faso what investments would be most useful they would most likely ask for a water pump near their village, she said. Rural women can walk up to 10 miles a day, often with their children, to collect water for household use. This robs children of an education and adults of the ability to be more productive.

“Africa will not rise as long as its daughters are bleeding

— Nyaradzayi Gumbonzvanda, AU Goodwill Ambassador for Ending Child Marriage

It is not just in the informal sector that African women find themselves at a disadvantage. Though not unique to Africa, *Enterprising Women*, a World Bank report, points to the challenge that women in the formal sector face in accessing finance. Women find it harder to secure a loan or access start-up capital than men in both the formal and informal sectors. In waged employment, the gender gap in sub-Saharan Africa is among the highest in the world, as are the disparities between men and women in terms of education and property rights.

To make matters worse, economic constraints on women are often reinforced by customary law and practice, and many countries in the region have multiple and overlapping legal systems, making women's economic rights even less secure.

Interestingly, a key finding of the report is that, while gender gaps in education tend to close in countries with higher incomes, gaps in women's property rights do not. In essence, then, for a rapidly urbanising Africa to unleash the societal benefits that will flow from women taking a greater role in economic activities, opportunities need to be improved for female workers. Since more women in Africa are self-employed than not, there needs to be a sharper focus on support for entrepreneurs. Recognising this, Dlamini Zuma has called for the replication of a “bank for African women”, which has already been established in some countries, for example Ethiopia.

One of the strongest points made by Dlamini Zuma in her speech on International Women's Day was this: “It has been proven that sustainable development, political stability and economic growth cannot be achieved when a portion of the population is marginalised and excluded in the access and distribution of national resources.”

Africa's socio-economic transformation will stand or fall on how it treats its women, and if that is not a rallying battle cry in 2015, then what is? ●

PERSPECTIVE

Gender equality: an imperative for inclusive growth

Geraldine Fraser-Moleketi

Special Envoy on Gender for the African Development Bank

As the Special Envoy on Gender at the African Development Bank, I confront the question of exclusion daily. I am increasingly persuaded that addressing inequality, whether gender-related or otherwise, is not just a moral imperative, it is necessary for sustainable development in Africa.

Let me start with a few statistics. Africa has performed better than other developing regions with respect to women's participation in the labour force, which stood at 61 per cent in 2010, relative to 52 per cent worldwide. The disparities between countries are considerable ranging from below 40 per cent in Ethiopia, Kenya, Malawi, Uganda to 80 per cent and higher in Burkina Faso.

However, significant disparities in remuneration, choice of trade and job security persist. Particularly, African women perform a disproportionately higher share of unpaid or unproductive labour, given that women's work days are longer than average – up to 50 per cent longer in some countries. Productivity of women farmers is estimated to be 30 per cent lower than that of men. This reflects their lack of access to inputs, such as infrastructure, finance, land and water. It is estimated that only a quarter of employers in Africa are women, and roughly 30 per cent of African countries restrict women's choice of trade or profession. Similar gender disparities are evident in leadership roles, human development and legal status and rights.

Addressing these disparities delivers important development benefits. Studies have shown that eliminating gender inequalities in access to agricultural inputs increases overall output by up to four per cent. The reform of the land tenure system to improve land security for women in Rwanda, for example, increased capital investments by 10 percentage points, leading to improved yields and incomes. Increased control of income by women is associated with greater investments in children's education and welfare. Evidence also suggests that improving the education of girls reduces child mortality rates by nearly 10 per cent, while enhancing national incomes.

A renewed focus on gender equality, our chance to act

Campaigns for gender equality have produced wide-ranging improvements in the state of women across Africa and for women across the globe. Specifically, Africa has seen improvements in women's participation in the labour force, increased enrolment of girls in primary schools, reduction in fertility, and increased participation of women in political processes in comparison to past efforts to enhance gender equality. Twenty-first century challenges require fresh thinking.

Let me conclude by tabling a few proposals. The AfDB's Gender Strategy identifies three core areas of support: legal status and property rights, economic empowerment and capacity-building. What does this mean for the inclusive growth agenda?

It means at the policy level, sensitising decision-makers and assisting governments to institutionalise gender equality. This entails reforms in creating economic opportunities, STEM and skill development, improving women's access to finance, and enhancing quality of employment. In the area of infrastructure development, it means fostering better access to socio-economic infrastructure aimed at overcoming barriers to women's ownership of factors of production.

> **"Addressing inequality... is not just a moral imperative, it is necessary for sustainable development in Africa**

Inclusive growth requires regional integration, and requires coordinated efforts to facilitate trade, both formal and informal, by establishing strong and balanced institutions and empowering traders with knowledge of transit regulations, among other things. Women and girls in fragile states experience special challenges that must be tackled through both stronger institutions and community-based support. The AfDB and its partners are committed to supporting African governments in delivering this change. ●

Towards 2063: a grand vision

The past few decades have witnessed extraordinary progress in Africa. Looking ahead, the continent's leaders envisage a more prosperous, peaceful future, under the frameworks of the African Union's Agenda 2063 and Strategic Plan 2014-2017, writes **Wendy Atkins**

LI XIAOPENG/XINHUA PRESS/CORBIS

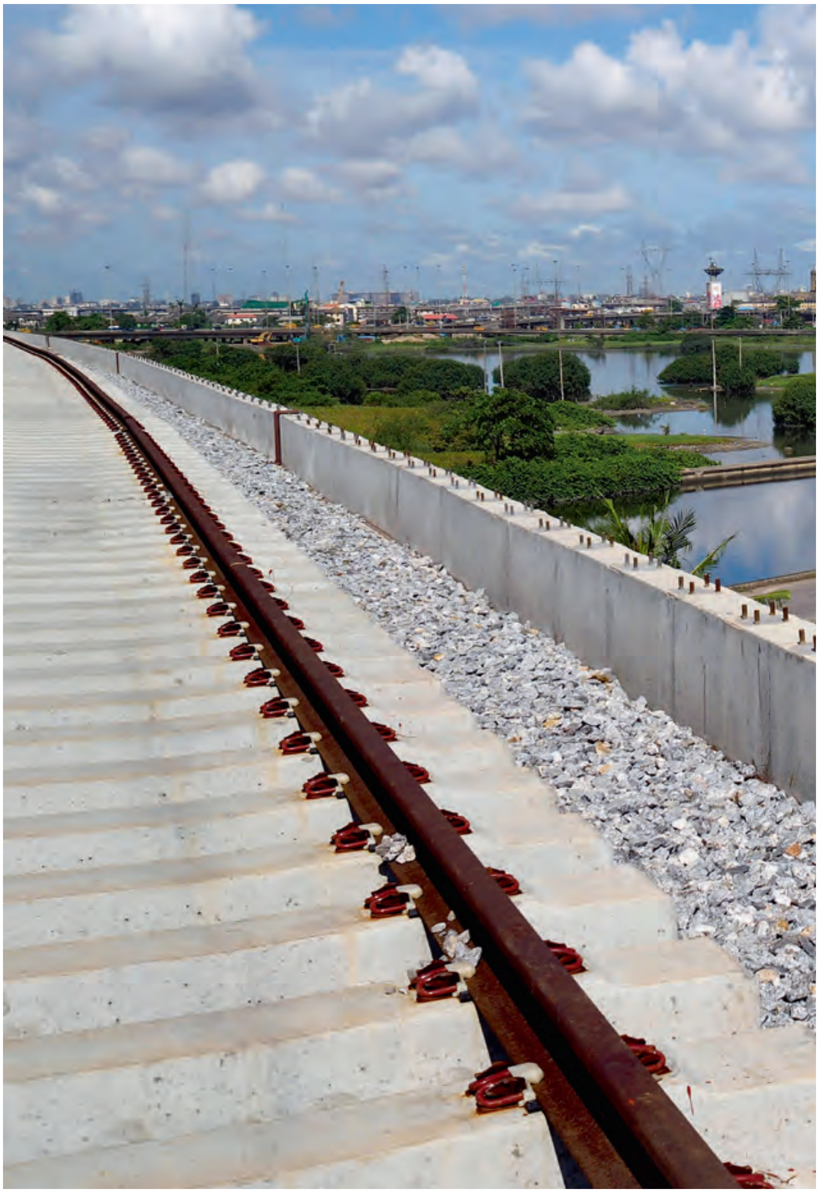
Construction workers building a ring road in Mozambique's capital city, Maputo. Agenda 2063 sets out plans for greater road connectivity in the next 10 years

Today's picture of Africa looks quite different to that at the start of the 21st century, with economic development, increased foreign direct investment (FDI), greater stability and talk of an African renaissance dominating the headlines. But the continent stands at a crossroads, and, in spite of an increasing number of good news stories, it still faces challenges. In particular, it needs growth to be more inclusive and less commodity driven. It wants to create more jobs, especially for women and young people, and needs to make more progress in combating poverty and income inequality. Nutrition, water and food security also have to be addressed.

To this end, Africa's leaders are committed to ensuring the continent remains competitive, and have signed up to a number of initiatives, including the ambitious 50-year Agenda 2063 vision, and the African Union (AU) Commission Strategic Plan 2014-2017. If these prove successful, it will lead to socio-economic transformation and continental integration.

A brighter future for Africa

At the heart of Agenda 2063 is a series of aspirations: an integrated continent, politically united and based on the ideal of pan-Africanism and the vision of Africa's renaissance; an Africa of good governance, democracy, respect for human rights, justice and the rule of law; a prosperous Africa whose people have a good standard of living based on inclusive growth, sustainable development and the eradication of



JOE PENNEY/REUTERS

A light rail system under construction in Lagos, Nigeria. Building strong infrastructure networks will underpin economic growth; as such, this is one of the priorities of the African Union's strategy

poverty; a peaceful and secure continent; and an Africa with a strong cultural identity, common heritage, and shared values and ethics.

Agenda 2063 consists of a rolling programme of 25-year, 10-year, five-year and short-term action plans, and builds on earlier strategies, including the Lagos Plan of Action, the New Partnership for Africa's Development (NEPAD) and the Abuja Treaty. The objective of the agenda is to encourage every segment of society to work together in order to build a prosperous and united Africa that is based on shared values and a common destiny. It also aims to be fully participatory and owned by all of the continent's stakeholders, with the full engagement of women and youth, in particular.

It is timely for a number of reasons: globalisation and the information technology (IT) revolution have provided numerous opportunities for countries and regions with the right policies to make significant advances and lift huge sections of the population out of poverty. The continent also has strong and well-functioning regional institutions on which Agenda 2063 can build, including the Community of Sahel-Saharan States (CEN-SAD), the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Economic Community of Central African States (ECCAS), the Economic Community of West African States (ECOWAS), the Inter-Governmental Authority on Development (IGAD), the South African Development Community (SADC) and the Arab Maghreb Union (UMA).

There have been reductions in armed conflicts, improved peace and stability, and advances in democratic governance. What is more, there is a fast-expanding and broad-based entrepreneurial and middle class, along with a large youth population, which can act as catalysts for further growth and technological progress. And, in the business world, changes in international finance architecture, the rise of the BRICS (Brazil, Russia, India, China and South Africa) economies and improved flows of FDI into Africa beyond commodity-producing sectors are all areas that can be built on.

However, success is by no means assured. Those involved in driving the initiative recognise that possible major risks and critical success factors include regional politics, institutional renewal and issues related to financing and resource mobilisation, as well as the changing nature of Africa's relationship with the rest of the world.

A foundation for growth

Infrastructure development is crucial to the continent's achieving its potential. As a result of high transport costs, including high freight rates, delayed delivery fees, freight losses and missed opportunities, the competitiveness of African products in local and international markets is undermined. Steps to address inadequate, poor-quality and poorly functioning transport infrastructure and related services are being welcomed by stakeholders.

Those behind the agenda say that, by 2063, the necessary infrastructure will be in place to support Africa's accelerated integration and growth, technological transformation, trade and development. This includes high-speed railway networks, roads, shipping lines and sea and air transport, as well as a well-developed IT sector capable of supporting an advanced digital economy. A pan-African high-speed rail network will connect all the major cities and capitals, with adjacent highways and pipelines for gas, oil and water, as well as high-speed telecoms cabling and other infrastructure.

This infrastructure expansion will be a catalyst for the growth of manufacturing, research and development, advances in skills and technology, and improvements in integration and intra-African trade, investment and tourism. Intra-African commerce is forecast to grow from less than 12 per cent in 2013 to almost 50 per cent by 2045, and the continent's share of global trade to rise from two per cent to 12 per cent.

A shift in thinking

The Strategic Plan 2014-2017 serves as a launch pad for the broader aims of Agenda 2063. It was adopted at the 21st Ordinary Session of the African Union (AU) Assembly in May 2013, and is the third phase of the AU's strategic plan. It builds on the first phase of 2004-07, which prioritised the building of infrastructure in order to accelerate socio-economic development and integration, and the second phase of 2009-12, which focused on the transport sector. The key objective of the latest phase is implementing the Programme of Infrastructure Development in Africa (PIDA), and covers the transport, energy, IT and trans-boundary water sectors. Furthermore, it marks a shift in thinking, as it focuses on engaging all stakeholders, including the AU's member states, agencies and Permanent Representatives Committee (PRC); as well as Regional Economic Communities (RECs), the private sector, civil society, the media, development partners, and Africa's citizens – whether they are at home or abroad.

> **"If we continue to build on our achievements and try to overcome the challenges facing us, there is no reason why we will not be able to translate the dreams of our founding fathers into a reality**
> **— Dr Tedros Adhanom Ghebreyesus, Ethiopia's Minister of Foreign Affairs**

The plan aims to accelerate the creation of the foundations of an integrated, people-centred, prosperous and peaceful continent in the short to medium term. As such, it identifies eight priorities and concerns that need to be addressed:

1 Promote peace and stability, including regional initiatives, good governance, democracy and human rights as a foundation for inclusion, security and development of the continent.

2 Expand agricultural production, develop the agro-processing and businesses sectors, increase market access and ensure Africa's collective food and nutritional self-sufficiency by promoting smallholder agriculture, environmental protection and natural resource management, including protecting against climate change.

3 Promote inclusive economic development and industrialisation through the acceleration of infrastructure projects that will aid economic integration and the utilisation of the continent's mineral and other natural resources.

4 Build Africa's human capacity by prioritising primary healthcare and prevention; education, skills development and investment in science, research and innovation; and access to clean water and sanitation, ensuring inclusion of vulnerable groups.

5 Ensure that the needs of women and young people are an integral part of the AU and the development of the continent.

6 Implement resource mobilisation strategies, with special emphasis on alternative sources of funding and/or additional funding, to enable Africa to finance its development.

7 Strengthen a people-centred AU through active communication of its programmes, its branding and the participation of member states and other stakeholders in defining and implementing the African agenda.

8 Strengthen the institutional capacity of the AU Commission (AUC), RECs and other organs, and their relations with other partners.

Steps have been taken with other international organisations to put Agenda 2063 and the Strategic Plan 2014-2017 on a strong footing. For example, the World Bank Group and the AUC agreed an International Development Association (IDA) grant of $25 million in August 2014 to support the expansion of the AUC's activities. This funding will assist the AUC in the implementation of both initiatives.

There is no doubting the scale of the ambitions of Africa's leaders. As Ethiopia's Minister of Foreign Affairs, Dr Tedros Adhanom Ghebreyesus, said in a speech at Chatham House in 2013: "If we continue to build on our achievements and try to overcome the challenges facing us, there is no reason why we will not be able to translate the dreams of our founding fathers into a reality.

"If… economies like Korea and Singapore achieved middle-income status in three decades, I am confident that Africa will make it in the next five decades or less." ●

INVESTING IN AFRICA: A Macroeconomic Outlook

By Prof. Kevin Chika Urama[1] and Dr. Fernando Barbi[2]

The 2008 financial crisis led to a global recession that slowed down most economies around the globe. Even today diverse regional economic blocs, notably the Eurozone and BRICS, continue to struggle. Amidst this challenging scenario Africa continues to rise as an oasis of growth.

Reduced oil price levels served as a wake-up call to African oil exporters. It presented them with an opportunity for fiscal adjustments that can later yield dividends in the form of increased competitiveness. Fiscal resources released by lower fuel subsidies can either be saved to rebuild fiscal space or be reallocated towards better-targeted programs to assist poor households, building critical infrastructure and investments in human capital that will de-risk investments in the future.

BEYOND THE COMMODITY BOOM

Africa's growth acceleration in the past two decades resulted from more than a resource boom. It can be explained by changes in politics, micro and macroeconomic environments. Political stability increased with the end of civil and regional conflicts, and many national elections are planned in 2015 as Africa embraces the democratic process. The business environment in Africa also continues to improve. Sub-Saharan Africa (SSA) recorded the second largest improvement in the 2015 *Ease of Doing Business* report, accounting for 5 of the top 10 improving economies according to Doing Business indicators.

In the long-term, however, Africa's growth drivers should rely on its social and demographic trends, namely a young and growing labour force, increasing urbanization, and the upscaling of a middle-class of consumers. While in 1980 only 28% of the population lived in cities, today this number has increased to about 40%; by 2030 it is estimated that ca. 50% will be living in urban centers, with 52 African cities with populations above 1 million. While incomes are rising and income patterns are changing, the challenge of providing jobs for the teeming population will remain a concern: without a fast-paced inclusive economic growth that can harness the "demographic dividends", potential for social upheavals and increased economic fragility remain a threat.

AFRICA'S OWN PATH TO INCLUSIVE GROWTH

Africa is experiencing a different growth path than past developing economies. Unveiling the mechanisms behind this new growth model is QGRL's ongoing research agenda. Increasing fiscal revenue resilience is a priority, and the best way to achieve it is to diversify economies away from commodity exports. A less volatile fiscal input reduces perceived country risks and the external cost of capital, necessary for long-term investments.

Foreign investment can positively affect long-run development in Africa, as it raises business requirements that will in turn lead to improved institutions. Recent research supports the institutional building role of foreign direct investments, and suggests that policies aimed at strengthening the protection of property rights, increasing government stability, bureaucratic quality and law & order should be top priority for policy makers seeking to increase capital inflows. Reinforcing institutions, increasing accountability are critical for long-term sustainable development.

INVESTMENT HOT SPOTS IN AFRICA

In light of the increasing fiscal deficits in some countries, fostering public-private partnerships can unlock investment potentials in the non-oil sectors to diversify economies, notably in infrastructure, agriculture, energy and services.

Integrated Smart Infrastructure

In the last decade investments in infrastructure were unevenly distributed across Africa. Six countries (Algeria, Kenya, Morocco, Nigeria, South Africa and Tunisia) accounted for almost 75% of investments made between 1997 and 2007. In SSA, the investment gap between the UN's Millennium Development Goals and the actual investments realized amounted to more than USD 180 billion between 2007 and 2014.

The challenges range from the widespread settlement patterns, to geographical characteristics (fifteen African countries are landlocked) and excessive red-taping (government bureaucracy). Yet the opportunities are vast: in telecom services; in the energy sector (power generation, transmission, and distribution, as well as the transmission and distribution of natural gas, and new developments in renewables); in transportation services with demand for new airports, ports, roads and rails; and in water, from desalinization and distribution up to waste treatment.

Agriculture

Agriculture is Africa's largest economic sector, but it is very unequally distributed. Egypt and Nigeria account for one-third of its total agricultural output, while the top ten producers generate 75% of the agricultural production. Africa's potential for agribusiness and value chain development is vast, and so is the market demand for agricultural products.

An integrated industrial policy that prioritize agriculture as a business must integrate smart infrastructure investments that opens up agricultural productivity zones, special agro-processing zones, agribusinesses and markets (domestic and export), as well as linking high quality input and output markets for increased competitiveness.

Banking

Some standard indicators show substantial improvements in Africa's banking sector between 2000 and 2011. Africa has become a substantial player in emerging markets banking after recent reforms to its financial system.

The major weaknesses of African banking systems is the low intermediation and short maturity. On average only 74% of the deposits are intermediated. Another challenge is short loan maturity terms as more than 80% of deposits are sight or have a maturity of less than one year; and only less than 2% of deposits have a maturity of more than 10 years. More could be done to improve Africa's cash economies.

Energy

With only about 32% of Africa's 1 billion citizens having access to electricity, the demand for investments in energy systems to address the energy poverty in the continent cannot be over emphasised. With the growth of the population, economic activity, urbanisation and the middle class, the demand for energy in Africa is set to grow. Filling the demand gap will require investments of about USD 35 billion – a nine-fold increase over current levels.

Policy reforms have opened the door to a new wave of investments in the sector, Nigeria's energy sector liberalisation programme being one of the most ambitious and largest yet. The Inga dam project and major initiatives such as President Obama's Power Africa initiative are all signs of the growing interest in the sector. However, significant barriers remain. Lack of clarity and predictability of tariffs, off-take purchase agreements, and conditions for access to national grids, significant red-tape, among others still challenge investments. Yet, sub-Saharan Africa remains a region with higher returns than those available in other emerging markets. This is often underpinned by high margins secured against government guarantees which could be up to 20% in some countries.

CONCLUSION

Overall, investment opportunities in Africa are innumerable. Besides the sectors discussed above, opportunities exist in the tourism industry, mining and minerals, real estate, education, health sectors, amongst others.

The general macroeconomic prospects for the region remain positive on average, but the continent is very diverse and the political economies of the countries are heterogeneous, with economic performance and outlooks varying significantly between and within countries. Africa is changing fast, and it can keep improving, if sound policies are put in place by elected governments.

Africa's development path is unique; and so are the macroeconomic analyses required to inform sustainable investments and inclusive growth in the continent. That is where the Quantum Global Research Lab adds value – in being the independent research partner to African Sovereigns in their transformation to inclusive growth.

Extract from the research paper:
"Investing in Africa: A Macroeconomic Outlook".
Full version available at: ***www.qgrl.ch***

1. Managing Director, Quantum Global Research Lab
2. Senior Macroeconomist, Quantum Global Research Lab

Upward momentum

Africa's economic growth rate is outpacing that of much of the world, with some of the poorest countries faring the best, says **Dominic Dudley**

ERIC LAFFORGUE/ALAMY

Over the past decade, Africa's economic fortunes have undergone something of a transformation. The African Development Bank (AfDB) says that growth across Africa has averaged five per cent a year for more than a decade, making it the fastest growing continent during that time. The International Monetary Fund's (IMF) data offer further evidence of how well the continent is doing. According to the Washington-based organisation, some of the fastest growing economies in the world last year were in Africa.

In the short term, the trend looks set to continue, with the prospects for some of the poorest countries looking particularly bright, according to Antoinette Sayeh, Director of the IMF's African Department.

While this is expected to be a challenging year, "sub-Saharan Africa's economy is set to register another year of solid economic performance, with growth expected to expand 4.5 per cent in 2015. The region will continue being one of the fastest growing in the world – second only to emerging and developing Asia," said Sayeh, when presenting the organisation's growth estimates in April. The outlook notes that 2016 is expected to see growth rates of 5.1 per cent, while the region's oil importers will average 4.75 per cent from 2015-16, with lower oil prices offset by decreased commodity export prices.

There are many factors underpinning these positive economic trends. The IMF says the growth figures are being helped by factors such as increased investment in mining and infrastructure and strong private consumption. Other factors could be added to these, such as a buoyant services sector, better access to education and healthcare, which are gradually helping to lift people out of poverty.

In terms of scale, the largest economy on the continent is Nigeria, followed by South Africa and Egypt. In 2014, the gross domestic product (GDP) of each country was $594 billion, $341 billion and $285 billion respectively. Together, they account for around half of the entire continent's GDP. It is not a surprise that these economies are also among the most populous countries – Nigeria has the largest population with 174 million people, while South Africa has 54 million and Egypt 87 million.

But the largest countries are not always the fastest growing ones, as Sayeh pointed out last October when presenting the outlook. In 2014, the fastest growing economy was Chad, with a rise of 9.6 per cent in its in GDP. It was followed by the Democratic Republic of Congo (DR Congo) with 8.6 per cent and Côte d'Ivoire with 8.5 per cent. In other recent years, the ranks of

A building under construction in Luanda, the capital city of Angola. Increasing urbanisation is occurring across the continent the fastest growing economies have included South Sudan, Sierra Leone and Niger – all of which have populations of fewer than 20 million people.

Of course, some of these fast-growing economies are building up from a very low base. GDP per capita is still just $412 a year in DR Congo for example, and it is only slightly higher in Niger, at $484 a year. So, despite the high growth rates during recent years, poverty clearly remains a very serious problem for many countries across the continent. The AfDB has estimated that more than 400 million Africans have to get by on less than $1.25 a day.

High levels of inflation can also quickly erode the benefits of economic growth. No country in Africa is suffering the sort of hyperinflation seen in Zimbabwe as recently as 2008, but the level of inflation is still troublingly high in some parts of the continent. Sudan had the highest level in 2014, at 38 per cent, and levels are also well into double figures in Malawi, Ghana and Eritrea.

Changing social structure

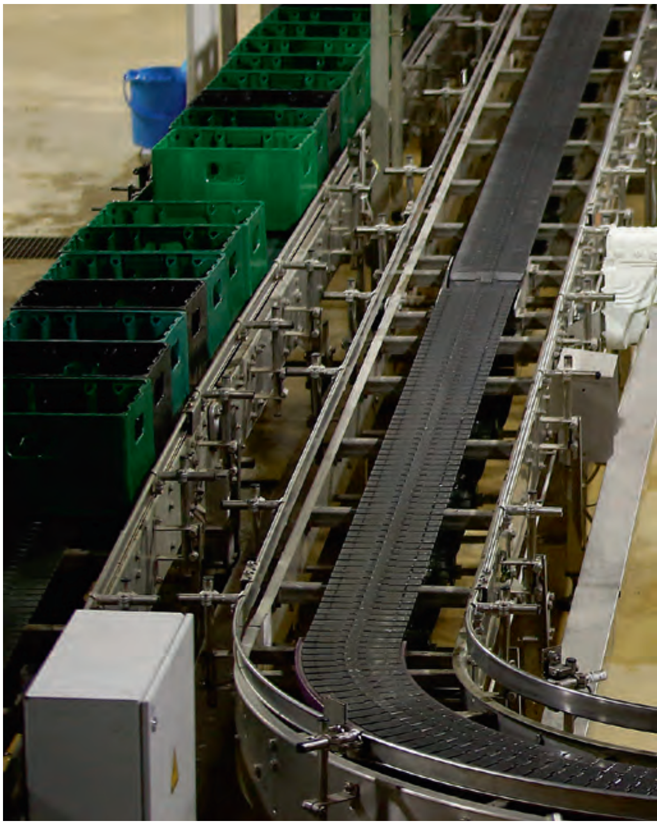
Nonetheless, the overall economic picture for Africa is a broadly positive one these days. The gradual improvement in economic conditions is leading to some notable changes in the structure of many African economies and societies, with a strong middle class that is becoming increasingly prominent in many countries. The AfDB estimates that, by 2025, most African countries will have a middle-class majority.

The continent is also becoming more urban, as people are drawn to the cities in search of jobs and other opportunities. Global real estate firm Knight Frank says that cities such as Dar es Salaam (Tanzania), Kampala (Uganda) and Lusaka (Zambia) are expected to double in size during the period 2010-25, with Luanda projected to grow by 70 per cent in that time.

"The growth of Africa's cities and economies will do much to define the global socio-economic landscape over the coming decades," says Matthew Colbourne, Associate for International Research at Knight Frank. "These major long-term trends are driving the construction of high-quality real estate across the continent. The most visible demonstration of this is the rise of the modern shopping centre concept in cities such as Nairobi, Lagos and Accra."

It is estimated that, by 2025, most African countries will have a middle-class majority

As Colbourne suggests, the trends of urbanisation and an expanding middle class are driving up demand for a broader range of services, as well as helping to make economies more complex and diversified. They are changing the nature of inward investment in Africa too, as international companies look for new opportunities. Traditionally, Africa has been seen as a place for investment in commodities and raw materials. The United Nations Conference on Trade and Development (UNCTAD), however, says that African countries are becoming less and less dependent on investment in the extractive industries. Over the past decade, around 26 per cent of all greenfield investment projects in Africa were in the extractive industries, but the proportion is falling – about 90 per cent of announced investments are in the manufacturing and services sectors, according to the UNCTAD *World Investment Report 2014*.



Speaking at the 24th African Union (AU) Summit in January, the AU's Commissioner for Economic Affairs, Dr Anthony Mothae Maruping, said that Africa's economic transformation – one of the ultimate goals of the AU's Agenda 2063 action plan – would require a change in the contributors to GDP. African economies had relied for a long time on exporting commodities and raw materials, with minimal or no processing, he said, adding that infrastructure was a crucial area of investment. "In spite of the increasing investment in infrastructure, the

SIMON DAWSON/BLOOMBERG/GETTY IMAGES

Beer bottles are inspected at a brewery in Sebeta, Ethiopia. The growth in Africa's middle classes is resulting in increased investment into consumer industries

infrastructure gap remains wide," he said. "Closing this gap would therefore be necessary to ensure economic transformation going forward."

The total inflows of foreign direct investment (FDI) into Africa were $48 billion in 2011, climbing to $55 billion in 2012 and then to $57 billion in 2013 – the most recent year for which figures are available. These numbers are substantially higher than what had been the norm just a few years before. During 2000-04, the annual total was between $10 billion and $20 billion a year.

The country that has had the most appeal to international investors over the past decade has been Egypt, which attracted $63.7 billion from 2004-13, equivalent to 14 per cent of the total inward investment in Africa during that period. Not far behind is Nigeria, which attracted $62.7 billion, and South Africa, which brought in just under $50 billion. In the early years of this millennium, international investment in Africa represented less than 2.5 per cent of the global total for FDI; these days, Africa accounts for close to four per cent.

The growth in inward investment has been fuelled by a number of factors, according to UNCTAD. Energy projects have proved important in countries such as Mozambique and Nigeria, while, in other places, the emergence of a larger middle class in recent years is attracting increasing amounts of investment to consumer-focused businesses, for example food, information technology, tourism, finance and retail.

The areas of greatest interest for investors in the past few years have been eastern and southern Africa, including countries such as South Africa, with its diverse economy; Mozambique, where the energy sector is becoming ever more important; Ethiopia, which has developed a strong manufacturing sector; and Kenya, which is becoming an increasingly important business hub for the region. By contrast, investment inflows into many parts of northern, central and west Africa have been hit by political instability and security concerns.

In many cases, the continent's trading partners have proved to be willing investors, helping to develop the continent's infrastructure and create the foundations for further growth. The AfDB reckons that foreign investment over the past decade was six times as great as in the preceding 10-year period.

It is not simply a case of money coming in from outside the continent, however. At least some of the increase is due to greater intra-African investment, most notably by corporations based in South Africa, Kenya and Nigeria. According to UNCTAD, the share of cross-border greenfield investment projects that originated within Africa

EYE UBIQUITOUS/PA IMAGES

Workers on an oil rig in Nigeria. The drop in oil prices is expected to affect Africa's importers of oil as well as its exporters, with lower energy costs potentially helping to drive growth

rose from less than 10 per cent of the total prior to 2009 to 18 per cent by 2013. Most of these are in the manufacturing and services sectors.

Conditions are not bright everywhere, however, and, just as the reasons for growth vary from country to country, so do the factors that are holding some other economies back.

Impact of falling oil prices

The low oil prices of the past year are bound to have a dampening impact on the future prospects for the continent's leading oil producers. In a report published in late March, the pan-African institution Ecobank noted that the decline in oil prices would have a serious effect on oil-exporting countries such as Nigeria and Angola. According to its estimates, if oil prices average $56.50 a barrel this year, for example, Nigeria's 2015 oil revenues will be $11.2 billion lower than those for 2014, while Angola would suffer a $6.9 billion drop in revenues.

The governments in these countries and other oil-exporting nations such as Ghana may have to cut government spending in order to make up for the shortfall. However, Ecobank added that these countries may be better off in the long run: "A sustained low oil price environment could be good for longer term growth prospects, assuming much-needed reforms to strengthen economic policies and competitiveness are implemented."

Of course, the other side of lower oil revenues for these exporters is lower energy costs for importing countries. A period of reduced fuel import bills and cuts to the cost of doing business should help drive economic growth in these countries.

In other parts of Africa, healthcare issues are at the fore, particularly in West Africa. The Ebola outbreak in Guinea, Liberia and Sierra Leone has severely impacted the economic fortunes of those countries, as well as those of others in the area.

"The Ebola outbreak is exacting a heavy economic toll, with economic spillovers starting to materialise in some neighbouring countries," explained Sayeh. "Should the Ebola outbreak be more protracted or spread to more countries, it would have severe consequences for activity in the affected countries and larger spillovers."

At the time of writing, it appears that the worst of the outbreak may be over, but it will still take some time for these economies to fully recover.

The continent also continues to be the arena for numerous conflicts, from the Islamist-led movements in northern Nigeria and other parts of the Sahel, to battles for power among groups in the Central African Republic and the Democratic Republic of the Congo, which also undermines prospects for economic growth and inward investment.

The security conditions in a number of north African countries are particularly problematic. The ongoing violence in Libya is undermining its economic prospects and has long had the potential to spill over into other neighbouring states. That risk became a reality in Tunisia in March when terrorists attacked the Bardo Museum in Tunis. The consequences of this incident for the country's tourism industry, and indeed its wider economy, are likely to be severe.

"It will take time for the image of Tunis as a safe, attractive destination for tourists to recover," said David Scowsill, President and Chief Executive Officer of the World Travel & Tourism Council, following the attack. "Travel and tourism contributes over 15 per cent of the GDP of Tunisia and almost 14 per cent of all jobs, so it is a vitally important part of the economy of the country. Tunisia needs the sector to recover quickly."

However, the recent experience of Egypt offers some hope. The country has endured a tumultuous time, with a series of mass protests, revolutions and coups since 2011. While it is still having to deal with security issues, the economy is now picking up some momentum, which has been helped by interest from international investors. In mid-March at the Egypt Economic Development Conference held in the resort town of Sharm el Sheikh, investors pledged several billion dollars' worth of capital, which included $12.5 billion from the Gulf alone.

The IMF is predicting that Egypt should grow by around four per cent this year. That is a growth rate that many developed economies would love to have, but it says something about the economic trends in Africa these days that it remains unexceptional compared with what is happening elsewhere around the continent. ●

Intra-African trade: driving economic growth

Intra-African trade currently accounts for around 12 per cent of the continent's total trade, but with better transport links and ambitious continent-wide initiatives, its share is set to rise, writes **Sally White**

ISTOCK IMAGES

Regional trade within Africa remains the lowest in the world compared with other continents. Many initiatives and new investments are being marshalled to help change this, ranging from plans to turn Africa into a single free trade zone, to a new trade finance fund from the Common Market for Eastern and Southern Africa (COMESA), and the African Union's Plan of Action for Accelerated Industrial Development in Africa (AIDA).

According to the *Report on International and Intra-African Trade*, published in 2012 by the United Nations Economic Commission for Africa (UNECA), over the past decade, intra-African trade averaged 10-12 per cent. In comparison, intra-European trade in 2009 was 72 per cent; intra-Asian trade 52 per cent; intra-North American trade 48 per cent; and intra-South and Central American trade 26 per cent. Furthermore, UNECA estimates that over 80 per cent of African country exports are to overseas markets, rather than regional destinations.

Yet, according to the World Trade Organization, when it comes to regional GDP growth, which was at 3.8 per cent in 2013, Africa was only behind Asia

A truck passes Victoria Falls at the border of Zimbabwe and Zambia. Better infrastructure helps increase regional trade, a major factor in economic growth

at 4.2 per cent. So why have the African Union and so many African governments made such a priority of realising a dream of greater continental trade? The answer is given in the introduction to the latest joint report, *Assessing Regional Integration in Africa* (ARIA IV), on regional integration from UNECA, the African Union Commission (AUC) and the African Development Bank (AfDB). The figures that are a cause for concern are the uneven patterns caused in Africa's exports by the reliance on primary commodity trading and the persistence of the old colonial focus on supplying Western markets.

The ARIA IV report explains: "Regional integration remains the key strategy that will enable African governments to accelerate the transformation of their fragmented small economies, expand their markets, widen the region's economic space, and reap the benefits of economies of scale for production and trade, thereby maximising the welfare of their nations. Regional integration increases competition in global trade and improves access to foreign technology, investment, and ideas."

Furthermore, it states that trade "is a powerful engine for economic growth and development", and

PERSPECTIVE

Sindiso Ngwenya,

Secretary General, Common Market for Eastern and Southern Africa (COMESA)

COMESA is Africa's largest trade and investment area. It was the first regional economic community, in 2000, to launch a free trade area that is duty and quota free. Since then, the volume of trade in goods has increased from $3.2 billion in 2000 to $22.4 billion in 2014. This remarkable sevenfold increase confirms that the COMESA trade regime is working well. Yet, this trade does not include informal cross-border trade, which is estimated to be 30 per cent of total trade within the COMESA region.

In the trade in services sector, COMESA economies account on average for more than 50 per cent of the region's gross domestic product. Trade in services with the rest of the world and within COMESA is dominated by transport, communications, and insurance and government services. This excludes non-tradable services, such as domestic health services. In 2013, the total value of import and export trade within COMESA and the rest of the world was $76 billion, of which imported and exported services were $41 billion and $35 billion respectively.

An analysis of the potential trade within COMESA in 2014 revealed that, annually, the region imports $97 billion worth of goods that are produced and traded within the region. The sectors with the highest trade potential are in textiles, wooden furniture, household items, leather products, white and red meat, to mention but a few. This suggests that the COMESA region needs to enhance its supply-side capacity.

Pursuant to this, the bloc has developed a draft industrial policy aimed at coordinating the efforts of its member states at national, regional and continental levels, to build a diversified, innovative and globally competitive industrial base. This is what will contribute to inclusive and sustainable growth and create quality jobs for the people in the region and beyond.

The industrial policy is anchored on key strategic pillars aimed at diversifying and transforming the economies of member states under the galvanising theme of 'Inclusive and Sustainable Industrialization'.

The implementation of the COMESA industrial policy will develop the supply-side capacity through increased utilisation of installed industrial capacity or new investments.

A review on the operations of Common Market demonstrates that COMESA is unique in that it has autonomous and semi-autonomous financial and technical institutions that, on a daily basis, provide services to governments, quasi-government institutions and the private sector. When account is taken of the contribution of these institutions, COMESA emerges as a formidable organisation for social and economic transformation. ●

observes that "trade openness is believed to have been particularly instrumental, for example, in the remarkable growth of many East Asian countries". As it goes on to say: "The main question, therefore, is how to reverse the situation so that African countries can benefit from improved inter-regional trade."

Governments in every African country are party to initiatives on regional integration, the most notable dating back to the 1960s with the formation of the Organisation of African Unity, which is the African Union's (AU) predecessor. The AU has an extremely ambitious project of establishing a Continental Free Trade Area (CFTA), which in effect would mean zero tariffs or quotas on most goods and services traded among African countries. Negotiations are ongoing, with the aim of a 2017 start date. Meanwhile, a number of African countries are attempting to enhance their regional groupings in order to speed development. Tremendous efforts are being made to accelerate regional and continental integration – eight Regional Economic Communities have been established and are collaborating with pan-African institutions (see the perspectives from COMESA and IGAD, above and overleaf).

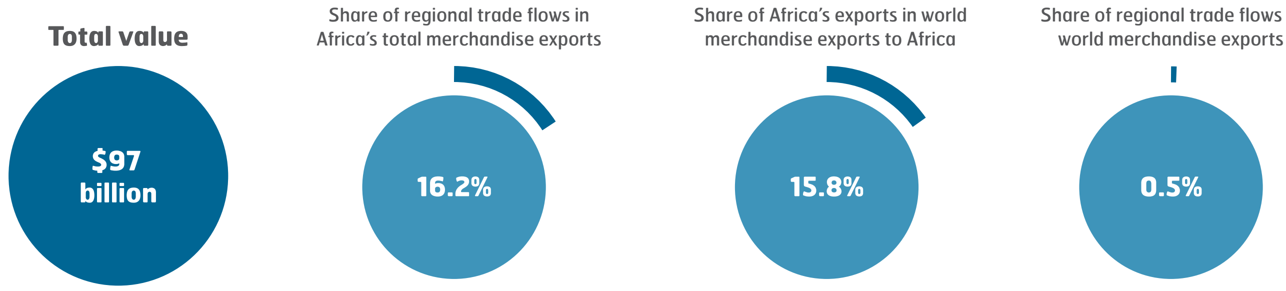
Customs unions and free trade agreements are being set up in each of the eight Regional Economic Communities

However, so far the figures for trade have been "disappointing", according to the Aria IV report. It says: "This is largely caused by the slow implementation of regional integration agreements designed to eliminate tariff and non-tariff barriers, even though a number of trade agreements have been signed." Letting go of national ambitions and protectionism to think regionally instead is not an as easy approach for countries to adopt.

The report also attributes the problem to "poor infrastructure development, maintenance and connectivity, conflicts and security issues among the regions and the presence of trade barriers".

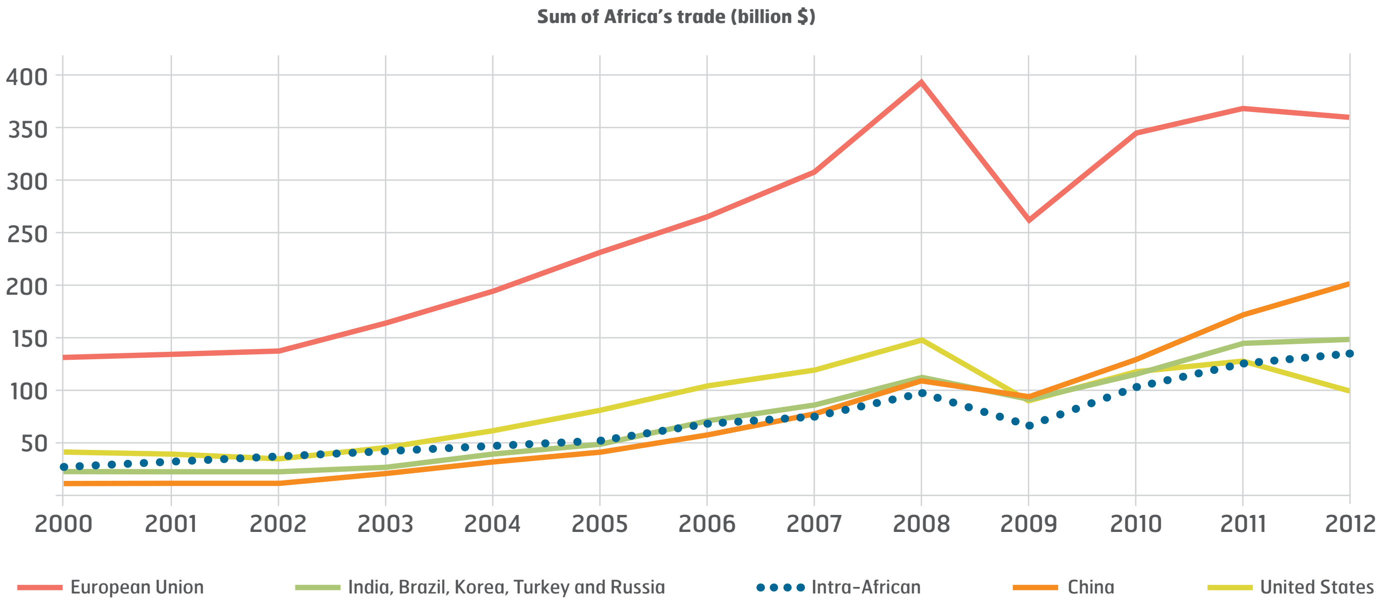
Other barriers, some of which represent investment opportunities, include a lack of locally made and affordable industrial goods to sell regionally – some countries rely heavily on raw commodities. There are issues with information technology and transport connectivity, such as roads (the Brookings Africa Growth Initiative compares Africa's 128 metres of

Intra-African merchandise trade, 2013



SOURCE: WORLD TRADE ORGANIZATION

Africa's trade flows with selected partners, 2000-12



SOURCE: AFRICAN ECONOMIC OUTLOOK 2014, OECD; DESA/UNSD,UNITED NATIONS COMTRADE DATABASE

road per 1,000 residents with 700 metres in other low-income regions) and finance. Uneven coordination on federal policies throws up more barriers.

As part of continent-wide efforts, customs unions and free trade agreements are being set up in each of the eight Regional Economic Communities (RECs). Yet, with so many countries involved, progress is going to be uneven and erratic. Some are making much more progress than others. As one African entrepreneur remarked at the Africa CEO Forum in 2012: "If China had been made up of 54 countries, it would probably not have seen the boom it is experiencing as one country." Private, public and institutional initiatives are, however, having an effect. Jason Barrass, Head of Africa Trade at financial services provider Barclays Africa Group, has a list of improvements that he currently sees as helping to increase trade, which includes, among other things:

- **Diversification of products.** Economic growth and rapidly expanding consumer markets have resulted in the diversification of African economies.
- **Infrastructure development.** Many African countries are investing heavily in new road and rail links, in addition to expansions at airports and harbours, which assist trade.

PERSPECTIVE

Mahboub Maalim,

Executive Secretary, Intergovernmental Authority on Development (IGAD)

The Intergovernmental Authority on Development region, which comprises eight member states in the Eastern African region, has been improving its investment climate over time in order to attract both foreign and domestic investors.

One of the specific areas IGAD is focusing on is attracting investors to invest in infrastructure development. In this regard, IGAD is looking to mobilise investors to invest in roads, railways, waterways, air transport, energy development and information and communication technology. One such infrastructure development opportunity is the Lamu Port South Sudan Ethiopia Transport (LAPSSET) corridor, which is a combination of road, railway and electricity transmission facilities stretching from the port of Lamu on the north-east coast of Kenya to South Sudan and connecting to Ethiopia.

It is envisaged that the LAPSSET corridor will spur trade growth across the borders of not only the three countries through which it passes, but will also stimulate growth and boost intra-IGAD trade.

There are additional investment opportunities in the IGAD region, which the IGAD Secretariat has taken advantage of. One such opportunity is tourism potential. The Secretariat has assisted in developing the IGAD regional tourism master plan. This plan is aimed at promoting the region as a single tourism destination and marketing it as a common investment area. Tourism development has been identified as a low-hanging fruit or point of entry through which development interventions and quick wins can have instant positive impacts on the improvement of the incomes and livelihoods of low-income households, including taxi drivers, food vendors and handicraft sellers.

Another area of potential that promises lucrative returns to investors is the trade in livestock and their products. Accordingly, the Secretariat has put in place several initiatives to assist in the development and value addition of livestock products. One such initiative is the establishment of the IGAD Centre of Pastoral Areas and Livestock Development (ICPALD). Based in one of the member states, ICPALD works to assist in the development of the livestock industry. One of the areas it is developing is the Regional Pastoral Livelihoods Resilience Project (RPLRP). The project's objective is to enhance livelihood resilience of pastoral and agropastoral communities in cross-border drought-prone areas of IGAD countries.

The Secretariat continues to work on marketing the region as one of the best investment destinations, where internal rates of returns are among the highest in the world due to abundant natural resources, cheap labour and an evolving investment climate. ●

- **Governments are facilitating trade.** Regulations are changing and some tariff barriers are being lowered, particularly for intra-African trade.
- **Development finance institutions are boosting trade.** Institutions such as the International Finance Corporation, the AfDB and the African Export-Import Bank are increasingly providing or facilitating trade finance.
- **Local and international banks are increasingly trade-focused.** Trade expertise, local knowledge and sophisticated banking systems are available to provide finance and mitigate risk.
- **Improved technologies and payment systems.** World-class clearing and payment systems give comfort to clients in new markets, and mobile technology is being used for payments and loans.

Several examples of the continent's push for better connectivity can currently be seen. A West African 3,000km mega-rail project, funded by governments and mining companies, will link Benin, Burkina Faso, Niger, Ivory Coast, Ghana, Nigeria and Togo. Rebutting the criticism that governments all too often only want projects built completely from scratch, this one will combine newly constructed tracks with existing ones, which will be upgraded.

Kenya is building a railway, with 90 per cent of its funding from China's Export-Import Bank (just one of a vast number of Chinese projects in Africa), from its port at Mombasa to the capital Nairobi and then on to Uganda, Rwanda, Burundi and South Sudan. This, it says, will boost growth by 1.5 per cent a year. In addition, Egyptian investment group Qalaa Holdings is spending around $287 million on overhauling and running a key Kenyan-Ugandan railway network.

African connections

New roads are also being built all over Africa. Next year, a paved trunk road will connect Cairo to Cape Town for the first time – that is, when the last section in northern Kenya is completed.

New airlines are also being set up, including the low-cost company fastjet, established by easyJet's founder Sir Stelios Haji-Ioannou. Fastjet aims to become Africa's first pan-continental airline.

Results from intra-regional developments such as these include the record investment flows from private hands seen last year by the African Private Equity and Venture Capital Association. A total of $8.1 billion was invested in African companies in 2014 by private equity funds, compared with $1.5 billion 2009, a significant upward trend. ●

Trading places

International trade with Africa has been surging forward in recent years, and the continent's trading partners appear keen for that to continue, writes **Dominic Dudley**

A little over a decade ago, the amount of trade between Africa and China could be measured in the low tens of billions of dollars. In 2003, for example, the total value of exports and imports between sub-Saharan Africa and China were worth $12 billion, according to the International Monetary Fund (IMF). The following year, the figure rose to $17 billion.

These days, the situation is far different. Apart from a blip in 2009, when the global economic crisis was at its worst, the value of trade between Africa and China has steadily risen and, these days, China is arguably the continent's most important trading partner. According to Fatima Haram Acyl, the African Union Commissioner for Trade and Industry, trade between China and Africa was worth more than $210 billion in 2013. In comparison, trade with the European Union (EU) that year was worth $137 billion and with the United States $96 billion.

Japan also has significant trade links with Africa. After China and India, Japan is Africa's third largest trade partner in Asia, with $25.3 billion worth of goods exchanged in 2013, compared with China's $156.4 billion. The increasing trade between Africa and China is symptomatic of how Africa has become ever more engaged in international trade flows. Its changing relationship with China may be the most dramatic illustration of that, but trade with other parts of the world has also been growing strongly, not least with some of the other members of the BRICS club, such as Brazil and India.

While trade with long-standing partners in Europe and America remains strong, these developing economies are providing much of the momentum for Africa's growing trade profile. According to a report by the United Nations Economic Commission for Africa (UNECA) published in 2013, *Africa-BRICS Cooperation*, trade between Africa and BRICS has grown faster than that with any other region in the world in recent times, doubling in the five years to 2012 to reach $340 billion. The total is projected to reach $500 billion this year.

The value of these trading partnerships is not simply felt in terms of the balance of payments. Trade can also help to galvanise economic growth more generally. The role that trade can play in developing the continent's economies has been underlined by UNECA's latest annual *Economic Report on Africa*, which was published in March on the sidelines of the Conference of African Ministers of Finance, Planning and Economic Development in Addis Ababa, Ethiopia. This year's report, titled *Industrialising through Trade,* focuses on the role that trade can play in strengthening the capabilities and potential of local industry.

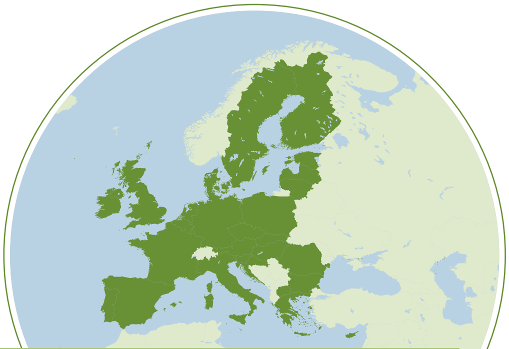
If Africa is to meet its wider development goals, then continuing to boost its trade with the likes of China, India, the EU and the US will be vital. ●

● African Growth and Opportunity Act (AGOA)

The African Growth and Opportunity Act (AGOA) is a non-reciprocal trade-preference programme that provides duty-free treatment to US imports of certain products from eligible sub-Saharan African countries. It offers tangible incentives for these countries to continue their efforts to open their economies and build free markets. Since its inception, AGOA exports to the US have seen significant growth, reaching $26.8 billion in 2013, a fourfold increase from 2001.

Petroleum products account for 86 per cent of AGOA exports in 2013. Top AGOA exporters were Nigeria ($11.7 billion), Angola ($8.7 billion), South Africa ($8.5 billion), Chad ($2.6 billion) and the Congo ($1.2 billion).

Leading AGOA export categories were crude oil ($30.1 billion), transportation equipment ($2.1 billion), minerals and metals ($865.5 million), textile and apparel ($815.3 million), agricultural products ($520.8 million), and chemicals and related products ($428.8 million).



European Union

While trade with developing economies is increasingly important for Africa, buying and selling goods and services with the world's developed economies remains crucial, not least with Europe. In many cases, the ties date back to colonial times, which explains the particularly strong connections between parts of West and Central Africa and France, for example, or the links between Portugal and Angola.

However, these days there is a concerted effort to build up more comprehensive trade arrangements. Over the past decade, the EU has signed a series of trade and economic agreements with a number of African countries and regional blocs, offering easier access for African goods coming into Europe.

In 2007, an interim economic partnership was agreed with the East African Community (EAC) countries, giving them duty- and quota-free access for their exports into the EU. A similar deal was signed two years later with a group of East and Southern African countries, including Madagascar, Mauritius, the Seychelles and Zimbabwe.

There were three important breakthroughs last year that should enhance trade flows further. In February 2014, after 10 years of talks, the EU concluded negotiations for an Economic Partnership Agreement (EPA) with 16 countries in West Africa. In July, EPA negotiations were also finalised with the Southern African Development Community (SADC). Rounding out the year, EPA negotiations with the EAC were successfully concluded in October 2014, putting the interim deal on a more permanent footing. The next step will be for these agreements to be approved by individual governments and implemented.

"The comprehensive partnership agreement we have just reached is the best way in which we can support [the] EAC's aspirations," said EU Commissioner for Trade Karel De Gucht on 16 October, following the end of talks with the East African bloc.

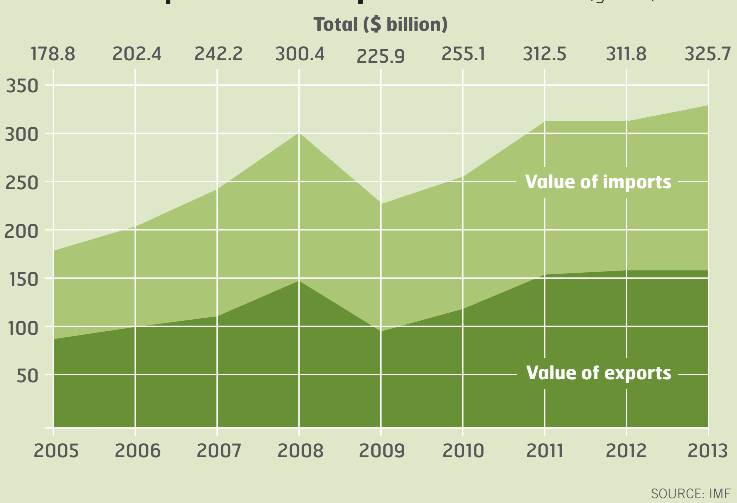
"We have concluded two other development-oriented partnerships with African regions this year… I hope that these EPAs will be signed and implemented soon," De Gucht added.

The EU is also currently negotiating an EPA with eight countries in Central Africa: Cameroon, the Central African Republic, Chad, Congo, the Democratic Republic of Congo, Equatorial Guinea, Gabon, and São Tomé and Príncipe.

The Joint Africa-EU Strategy, approved jointly by the AU and the EU institutions, as well as by African states and EU member states, provides a framework for cooperation between Africa and the EU on specific areas, including conclusion of the outstanding EPAs.

Trade between Africa and Europe is dominated by the sale of oil and gas to Europe, which accounted for 63.8 per cent of all exports in 2013, according to European Commission statistics. Goods flowing in the other direction are more diverse, and include machinery and transport equipment, manufactured goods, and chemicals. In most years, Africa enjoys a trade surplus with the EU.

African exports to and imports from the EU (goods)



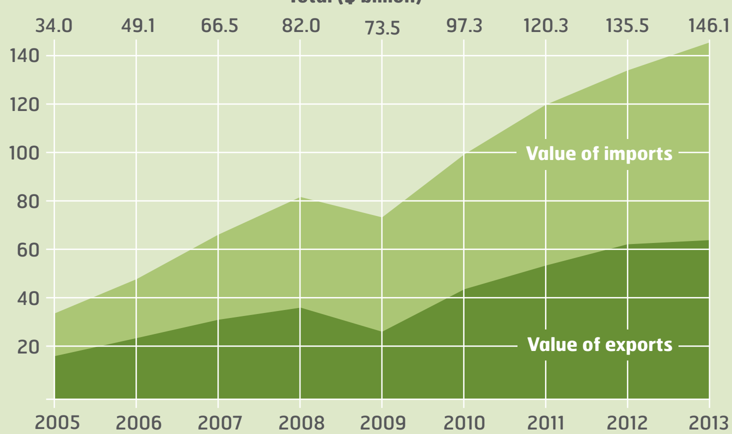
SOURCE: IMF

China

The Chinese government has been a keen advocate of developing trade links with Africa for many years, seeing it as a crucial way to secure the natural resources that it needs to fuel its economic development. While the relationship is evolving and diversifying, at its heart it remains a story of natural resources being exported from Africa to China, including oil and gas, other minerals and ores, and precious metals.

The growth in African-Chinese trade links can be traced back to the formation of the Forum on China-Africa Cooperation in 2000, which has acted as a framework for the two sides to meet and negotiate. Since the initial conference in Beijing in 2000, there have been four further summits, alternating between Beijing and a succession of African cities, including Addis Ababa and Sharm el-Sheikh (Egypt). The next summit will be held in South Africa this year.

African exports to and imports from mainland China
(goods)



SOURCE: IMF

The seriousness with which China has engaged with the continent can also be seen in the constant flow of high-profile Chinese delegations. Among the most recent ones, in May 2014 Chinese Premier Li Keqiang went on a four-country tour taking in Ethiopia, Nigeria, Angola and Kenya. And in January this year, Chinese Foreign Minister Wang Yi visited Kenya, Sudan, Cameroon, Equatorial Guinea and the Democratic Republic of Congo.

Such high-level visits are designed to cement the relationships that Beijing has formed around the continent and China has not been shy in promoting what it sees as the benefits it offers to its African trading partners. In a speech to the World Economic Forum in Abuja, Nigeria, in May 2014, Li drew attention to one of China's main selling points: its willingness to make major infrastructure investments to accompany trade deals.

"China and Africa face many similar issues and the development of each side is an opportunity for the other… Africa has the practical need for infrastructural and industrial development, whereas China has surplus capacity in investment, construction and production," he said. "Our economies are highly complementary and, by conducting mutually beneficial cooperation and drawing upon each other's strength, we will definitely inject greater momentum into our economic and social development."

In return, senior African Union figures have often welcomed the role that Chinese investment can play. "China's and Africa's economies are interdependent," said Fatima Haram Acyl in a speech at the Africa-China Poverty Reduction and Development Conference in November last year. "As China grows economically, there is greater demand for Africa's resources and for cooperation in technology and innovation."

United States

The US has taken a slightly different approach to that of the EU by passing a single, more comprehensive piece of legislation. In 2000, the African Growth and Opportunity Act (AGOA) came into force (see box on page 51), allowing duty-free entry into the US for almost all African products. At the moment, 39 sub-Saharan countries qualify for benefits under this programme.

Alongside AGOA, the US has a number of trade and investment agreements with individual countries and regional economic organisations. The country partners include Angola, Ghana, Liberia, Mauritius, Mozambique, Nigeria, Rwanda and South Africa, while the regional bodies include the Common Market for Eastern and Southern Africa (COMESA) and the EAC.

The US also has a Trade, Investment and Development Cooperative Agreement with the five countries of the Southern African Customs Union (Botswana, Lesotho, Namibia, South Africa and Swaziland), and bilateral investment treaties with six sub-Saharan partners. The US and the EAC have also agreed to explore a regional investment treaty, a trade facilitation agreement and a commercial dialogue, although these have yet to be finalised.

While trade between Africa and the US is widely dispersed across the continent, the majority of it is concentrated in a small handful of countries, namely South Africa, Nigeria, Egypt, Angola and Algeria. Between them, these five countries accounted for $47 billion of the $72.5 billion in trade in 2014.

The main imports into Africa include machinery, vehicles, oil, aircraft and cereal crops. The exports from Africa to the US include crude oil, platinum, diamonds, cocoa beans, and minerals such as titanium, chromium and uranium.

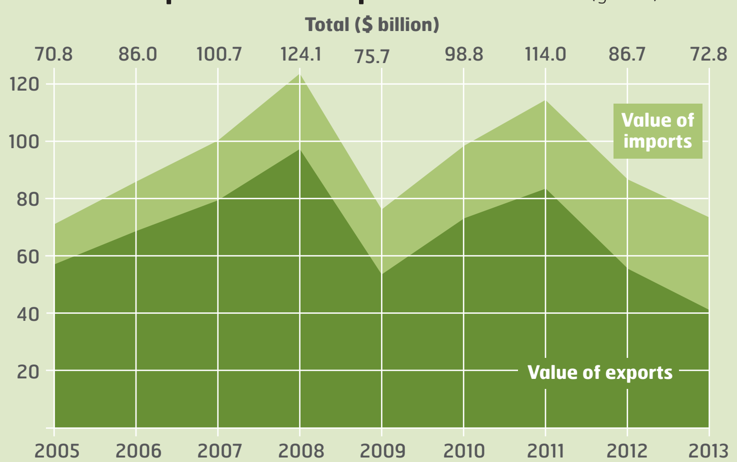
However, the US has been pushing for a more general increase in trade across the continent. In July 2013, President Barack Obama launched the Trade Africa initiative during an official visit. The goal was to increase internal and regional trade within Africa, and expand economic ties between Africa, the US and other markets around the world. Trade Africa's initial focus is on the EAC, aiming to double trade between EAC countries and increase EAC exports to the US.

"A key element of my engagement with Africa, and a key focus during this trip, has been to promote trade and investment that can create jobs on both sides of the Atlantic," said President Obama at the launch of Trade Africa, in a speech to business leaders in Dar es Salaam, Tanzania. "We've seen progress. Over the past decade, under the African Growth and Opportunity Act, African exports to the US have surged… So we're making progress, but we're here because we know there's a lot more work that has to be done. There's a lot of untapped potential."

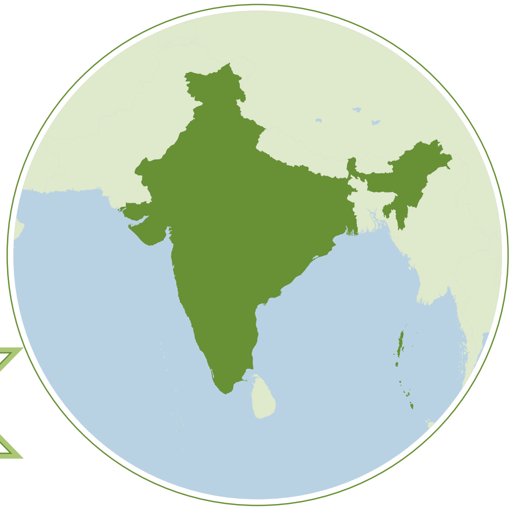
Following the US-Africa Leaders Summit in August 2014, the African Development Bank (AfDB) initiated a campaign to support the African Union Mission to the US and the African Diplomatic Corps on US-Africa trade and investment issues, through grant funding provided under the Africa Trade Fund.

In August 2014, Obama also established the President's Advisory Council on Doing Business in Africa, which will advise the President on how to strengthen commercial engagement between the US and Africa. As HE Dr Nkosazana Dlamini Zuma, Chairperson of the African Union Commission, said during a meeting with the US Secretary of State John Kerry in April 2015: "There [are] deep historic, cultural, political and economic ties between the United States and Africa."

African exports to and imports from the US (goods)



SOURCE: IMF



India

Relations between New Delhi and Africa could take a significant step forward this year with the planned India-Africa Forum in October. This is the third such summit, following meetings in 2008 and 2011, but the event this year will be particularly notable, as it will be the first time that all 54 African heads of state have been invited to attend. On the previous occasions, numbers were restricted to a maximum of 15 countries.

Describing India's hopes for the summit, Shri Navtej Sarna, a secretary at the country's Ministry of External Affairs, said in March: "This summit will give us another opportunity to assess our overall engagement with all of the African continent and will provide a future direction to this engagement in the coming years."

India's trade with Africa lags some way behind that of the other Asian giant, China, but it is growing fast and prospects appear bright for further growth. The relationship has been helped by a number of initiatives by the Indian Government. Since 2008, India has given duty-free tariff preference to 49 Least Developed Countries, including 33 in Africa. It also offers assistance to Indian exporters under its Focus Africa programme, and has bilateral trade agreements with 19 African countries.

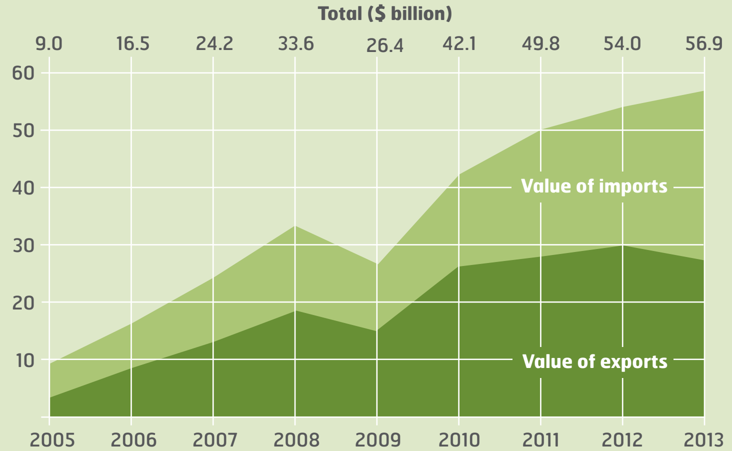
All these measures are leading to growth. According to the Ministry of External Affairs, trade with Africa was worth less than $1 billion in 1991, but is now close to $70 billion. New Delhi has set itself a target for this year for trade to top $90 billion. Data from the United Nations' trade body, UNCTAD, shows that India's foreign direct investments in Africa (in terms of FDI stock abroad) are now worth more than $13 billion, with the most important market being Mauritius.

As with China, the increase in India's trade and investment in Africa has also been matched by other forms of partnership. India has pledged more than $7 billion in soft loans for a variety of development projects across the continent, which represents almost two-thirds of all the lines of credit given by India over the past decade.

India has also tried to build on its expertise in IT and telecoms, by sponsoring programmes such as the Pan-African e-Network, in partnership with the African Union. This is providing satellite and fibre-optic links between 48 countries around the continent, enabling them to share expertise in areas such as tele-medicine, education and e-government services. The Indian Government has also set up vocational training centres in Ethiopia, Burundi and Rwanda, with more on the way.

In social terms, India has close links with Africa, with as many as three million people of Indian origin estimated to have settled on the continent, some from families that have done so for several generations.

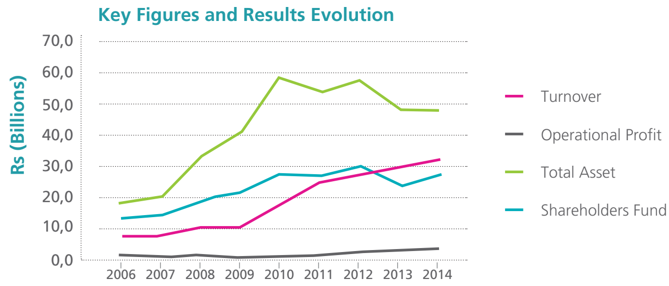
African exports to and imports from India (goods)



SOURCE: IMF

GML, an African powerhouse in the making

Famous traveller Mark Twain said: "God created Mauritius first and then heaven; heaven was then copied after Mauritius." This epic quote is still relevant today but for different reasons. In fact, long gone are the days where Mauritius was solely known for its natural beauty. Indeed, its cobalt-blue seas, pristine beaches, sand-rimmed lagoons and luxury hotels are still sought after by the high net-worth tourists but today Mauritius has also matured into one of the most prosperous and stable nations in Africa. The World Bank's 2015 Doing Business report sees Mauritius rank 1st amongst all African states and 28th at a global level, just before Japan.



GML flagship hospitality and hotel brand, LUX*, has expanded beyond the frontiers of Mauritius, namely in China, Reunion, UAE and Maldives

GML Head Office in Port-Louis, Mauritius

An important player, spreading its wings globally

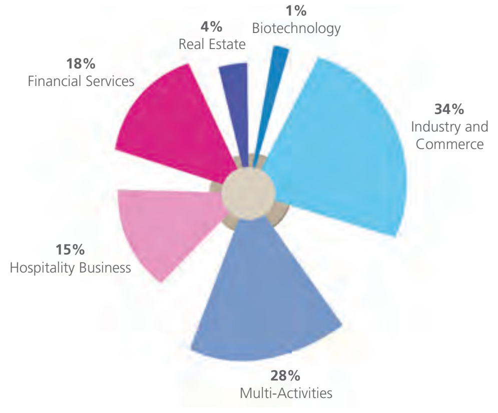
GML is the number 1 conglomerate in Mauritius. Its founders, the Lagesse family, were pioneers in developing the Northern part of the country back in 1939, when the family bought large extents of land and ploughed laboriously through the rocky terrains to make way for sugar cane fields. The group benefitted from the sugar boom for many years but as sustainability has always been at the heart of what they do, they started their diversification at an early stage. Thus after the Second World War, GML surfed on the wave of modernization of the industry and commerce of the island. New sectors were explored and in that wave, in late 1990s after the sugar reforms, the group timidly entered the African continent through its sugar entity, DRBC in Tanzania and one year later in Mozambique via FUEL. It is to be noted that GML has invested the world over, in countries like Brazil, France, India, Singapore and Hong Kong.

Our continuous and sustained growth has made GML today a respected player that has acceded to the select listing by the World Economic Forum as a Global Growth Company in Africa.

Arnaud Lagesse
CEO GML

"Our expansion in Africa is not one of conquest but of collaboration."

GML Portfolio as of 30th June 2014



GML's presence worldwide

GML's companies involved in African regionalisation

GML Investissement Ltée · Alteo · AfrAsia · intergraph · IBL · ABAX · phoenix beverages · Alentaris · UBP · proximed

GML: early days in Africa in the late 1990s

1939 – Mont Loisir Sugar Estate is founded. It has now grown into GML Group

1995 – World Trade Organisation & EU Sugar Industry reforms

1997 – DRBC signs a management contract for the sugar mill of Mtibwa in Tanzania

1998 – FUEL purchases 196,000 acres in Marromeu, Mozambique (start of Companhia de Sena)

GML: 2nd phase of African regionalisation in the 2000s

2000 – The Africa Act is adopted by the American Congress

2000 – UBP opens 2 operations in Antananarivo and Tamatave, Madagascar

2005 – IBL starts its operations in Antananarivo, Madagascar, in the provision of logistics services

2008 – ABAX opens a representation office in South Africa

2010 – AfrAsia opens representation offices in South Africa

2010 – Phoenix Beverages opens a brewery in Madagascar

2010 – Intergraph collaborates with the Ministry of Finance in Brazzaville, CONGO

2014 – GML's African regionalisation has intensified since early days and the vision continues...

Slowly but surely expanding beyond frontiers of the possible

The formidable foray of GML into mainland Africa has been made possible due to the relentless commitment of its leaders to do things right and to do the right things.

Today, the company employs no less than 4000 people on the continent from Gabon to Mozambique, passing through Tanzania, Uganda and South Africa.

'Fresh Cuts', in Kampala, Uganda, is a company of IBL, subsidiary of GML

Employees of TPC Ltd – held by Alteo Ltd, associate company of GML – at work in Tanzania

New Ventures

GML's new venture in Africa includes the deal with Chedid Capital, a multi awarded regional leader in the Insurance and Reinsurance brokerage industry, which aims to play a major role in delivering highly performing insurance brokerage services across East Africa and the Indian Ocean.

Doing business in a responsible manner:

At GML, we take our responsibility towards all our stakeholders very seriously. In Mauritius, all profitable companies pay 2% tax on profits. We, at GML, did not wait for Government to legislate to ensure that we give back to society. Since 2005 we have a foundation, the GML Fondation Joseph Lagesse, www.gmlfondationjosephlagesse.com, that looks into the needs of the vulnerable. Our four poles of intervention are Education, Health, Community Development and Environment.

Our responsibility does not stop at the boundaries of the island but everywhere we operate. As such, GML could not stay insensitive during the Ebola outbreak. Its subsidiary ABAX, operating in the global business, launched a fund raising campaign with Doctors without Borders. We are indeed proud to have assisted nearly 3000 people afflicted by Ebola.

GML: "Responsible companies committed to Africa"

GML TOGETHER

4th floor, IBL House, Caudan Waterfront, Port-Louis, Mauritius

T: (230) 211 17 13 F: (230) 208 01 34 E: communication@gmlmail.com

www.gmltogether.com

US–Africa Leaders Summit: Investing in the next generation

African leaders gathered in Washington, DC last summer, at the invitation of President Barack Obama, to explore the relationship between the United States and Africa. **Wendy Atkins** explains the outcome of the summit, which centred on how to foster progress that Africans define as critical for the future

"I do not see the countries and peoples of Africa as a world apart; I see Africa as a fundamental part of our interconnected world – partners with America on behalf of the future we want for all of our children. That partnership must be grounded in mutual responsibility and mutual respect." So said United States President Barack Obama when he hosted the first US-Africa Leaders Summit in August 2014, an event whose aim was to strengthen ties between the nations.

It was the largest summit held to date between a US President and African heads of state and government, and reflected a shift in focus towards a more equal partnership that has at its centre Africa's capacity to solve problems and grow. This sentiment was echoed by African leaders. During the summit, Rwanda's President Paul Kagame said: "We need to be partners, where everyone is a stakeholder and [is deriving] benefits." South African President Jacob Zuma said the summit had reshaped the US-Africa relationship: "We believe a new phase has begun, and that even future administrations… will find it difficult to ignore Africa following this initiative".

The event focused on how to create and unlock opportunities, stimulate growth and foster an enabling environment for the next generation. It considered the challenges faced by the continent, such as poverty, conflict, hunger and disease, but also recognised that a new Africa is emerging. In his address to the more than 50 African leaders and 300 CEOs who attended the summit, President Obama said: "We all know what makes Africa such an extraordinary opportunity. Some of the fastest-growing economies in the world; a growing middle class; expanding sectors like manufacturing and retail; one of the fastest-growing telecommunications markets in the world. More governments are reforming, attracting a record level of foreign investment."

The summit highlighted areas in which the US and Africa must work together, including providing capital, development programmes and projects, rule of law, regulatory reform and good governance.

Discussions centred on encouraging progress in areas deemed critical for Africa's future, such as the promotion of inclusive, sustainable development and improving cooperation on peace and security, including long-term solutions to regional conflicts, peacekeeping challenges and combatting transnational threats. As the President commented: "The future belongs to those who build, not those who destroy. And it's very hard to attract business investment, and it's very hard to build infrastructure, and it's very hard to sustain entrepreneurship in the midst of conflict."

Tripling the energy goal

The President also reaffirmed the US commitment to partnering with Africa to build the infrastructure – particularly the energy-generation facilities – that the continent needs to flourish. He highlighted the aims of the Power Africa initiative, which has been set up to double access to electricity in sub-Saharan Africa and connect more than 20 million homes and businesses to mains power. He told delegates that projects and negotiations are underway that, when completed, will put project partners nearly 80 per cent towards achieving those goals. President Obama added: "I'm announcing that the United States will increase our pledge to $300 million a year for this effort. And as of today… we've now mobilised a total of more than $26 billion to Power Africa… We decided we're meeting our goal too easily… So we're tripling our goal, aiming to bring electricity to more than 60 million African homes and businesses that can spark growth for decades to come."

Whether the African Growth and Opportunity Act (AGOA), which has reduced US tariffs to zero on

EPA/MICHAEL REYNOLDS/ALAMY

US President Barack Obama speaks to the US-Africa Leaders Summit in Washington, DC last year

more than 6,000 products from 40 sub-Saharan African countries, would be renewed was high on the discussion agenda at the summit. As a result, President Obama's announcement that the US would work towards renewing and enhancing the AGOA was welcomed by those that see it as a stimulus for regional economic development.

Other initiatives that were given a boost included the 'Doing Business in Africa' (DBIA) campaign, with the President committing to putting more teams on the ground to advocate on behalf of American companies and to increasing trade missions. In addition, the President signed an executive order creating an advisory committee comprised of private-sector representatives that will advise the White House on ways to boost economic ties.

President Obama also pledged that, through the Trade Africa initiative, the US would increase investment to help African partners build their own capacity to trade, strengthen regional markets, make borders more efficient and modernise the customs system, with the aim of getting goods moving faster.

The US would also do more to empower the next generation of African business leaders and entrepreneurs, he said. Work is already underway to meet this objective, through the Young African Leaders Initiative (see box story).

One of the most significant outcomes of the summit was the heightened emphasis placed on trade and investment, with more than $37 billion worth of deals, commitments and investments announced during the event. Major deals included a $5 billion partnership between US private equity firm Blackstone and Nigerian business magnate Aliko Dangote for energy infrastructure projects in sub-Saharan Africa; a $5 billion investment by Coca-Cola in manufacturing lines and production equipment; $2 billion from GE for infrastructure projects; $200 million from Marriott for schemes across the continent; and a $66 million commitment by IBM to provide technology services to Ghana's Fidelity Bank. Other sectors that saw agreements included clean energy, aviation, banking and construction. Additionally, the President announced $3 billion in financing from the US Export-Import Bank aimed at supporting American exports to the continent over a two-year period.

Nigerian President Goodluck Jonathan spoke of the importance of trade for spurring sustainable development: "To meet the yearnings and aspirations of our growing youth population, we have to continue to expand our economies, create wealth and employment opportunities. Africa cannot achieve this by depending on foreign aid from development partners." He added in relation to global trade that Africa will need to transit from "exporting raw materials and primary commodities to higher value finished and semi-finished products."

Emphasising the development of the relationship between the US and Africa, the President said that the US will be "a good partner, an equal partner, and a partner for the long term".

Young African Leaders Initiative (YALI)

President Obama launched the Young African Leaders Initiative (YALI) in 2010 with the aim of supporting an emerging generation of African leaders as they work to drive economic growth, enhance democratic governance and strengthen the civil society structures that will help the continent grow and prosper.

YALI includes the Mandela Washington Fellowship for Young African Leaders, which connects young African leaders with leadership training opportunities at some of the US's top universities. These fellowships will be awarded to 1,000 participants a year by 2016.

Public-private partnerships have also been created to drive programmes, platforms and support for young African leaders. These include the establishment of Regional Leadership Centres in Ghana, Kenya, Senegal and South Africa, and the development of a range of online classes and resources. They are also providing seed funding and entrepreneurship grants, and supporting mentoring, networking opportunities and mobile incubators.

The US Agency for International Development (USAID) is providing $38 million to support the Regional Leadership Centres. American and African companies and foundations have more than matched these funds, providing principal capital for the startup costs, technology and equipment. For example, the MasterCard Foundation is providing five years of development funding.

With financial and in-kind contributions from Microsoft, Dow Chemical Company, Intel Corporation and Cisco Systems, the US government will be able to establish and maintain the centres, using them to provide access to business software and hardware, mentoring, and information technology training.

In-kind support is also being provided by Procter & Gamble, GE, Atlas Mara and McKinsey & Company, enabling the centres to provide young entrepreneurs with leadership training, technical support and access to capital.

Mr. ***Kibru Fondja*** *is the President of Nib International Bank. He brings extensive experience, having worked in the banking sector for more than 27 years.*

Starting as officer in the credit department in 1985 through different levels that include planning and project monitoring and evaluation, he reached the level of Manager for the Branch Operations and Project Management Department at the Development Bank of Ethiopia.

In July 2010, he joined Nib International Bank as Vice President of Administration & Finance and was assigned as President of the Bank in January 2013.

Nib International Bank was established in 1999 as a private bank following the liberalisation of the economy, with a vision of becoming “an icon of excellence and the leading commercial bank in Ethiopia.” Nib International Bank has registered incredible successes in the last fifteen years of its operation toward its major objective of providing modern and efficient banking services to its customers and adequate return to shareholders.

At the same time, the Bank was able to put its base on a solid foundation with considerable asset and a strong equity position. The presence of effective corporate governance, well trained and motivated human resources and the deployment of adequate technology were the main source of the Bank’s strength.

The Bank’s service delivery extends from investors and business people in cities and towns, to small-scale farmers and cooperatives in rural areas. The Bank works with a number of international organizations, including USAID, IFC, AFD and TechnoServe, to achieve common objectives based on supporting various parts of society.

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‘The Bank that Strives to Stimulate Growth’

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Nib International Bank

The Bank that Strives to Stimulate Growth

Opening up financial services

While Africa lags behind other continents in financial inclusion, advances in mobile banking, microfinance and the rise of pan-African banks are broadening the reach of financial services, writes **Nigel Gibson**

DAVID MBIYU/DEMOTIX

Kenya leads the way for mobile payment technology in Africa, allowing people in remote communities to access financial services, such as cash transfers or savings accounts

Banking in Africa has come a long way in a relatively short time. There have been downs as well as ups. For example, a sharp fall in the price of oil of late has tested Nigeria's currency, the naira, and the resilience of its economy. Yet, compared with how the country's banks were in 2009, in the wake of the international financial crisis, today, they are relative paragons of strength.

How people across Africa access financial services has also evolved rapidly in recent years. At the last count, only 22 per cent of companies on the continent had a loan or a line of credit from a financial institution, according to figures compiled by the African Union, a proportion that is less than most countries in Asia. Furthermore, fewer than a quarter of adults in sub-Saharan Africa, says the International Finance Corporation, have access to formal services provided by a bank of any kind.

However, for some, that may no longer matter. Thanks to M-Pesa and its pioneers at Kenyan telecommunications group Safaricom, millions of people now make payments, and even add to their savings, through mobile phones. And the mobile banking trend is not isolated to Kenya.

Throughout sub-Saharan Africa, says the African Development Bank (AfDB), at least 16 per cent of adults have used a mobile phone to pay bills or to send and receive money. Indeed, because of a recent tie-up between Safaricom and MoneyGram, the world's second largest money transfer company, customers in more than 90 countries outside Kenya can now send funds directly to nearly 22 million customers of M-Pesa.

Standard Bank: pioneering financial services for Africa

Mr John Ngumi
Head of Investment Banking, East Africa

Nairobi: In the past 15 years, Africa has enjoyed its liveliest, most widespread and most enduring growth since the onset of independence around the middle of the 20th century. Africa now accounts for 4.1 per cent of world GDP, up from 3.4 per cent in 2000. Moreover, structural shifts suggest that growth will continue:

- Trends in population growth imply that by 2050, one in four of the global population will reside on the African continent;
- Urbanisation rates are swelling and, by 2050, at least 60 per cent of Africans will be born in, or migrate to, cities – a 50 per cent rise from current rates;
- Deepening technology is enabling new economic growth modes, and the ubiquity of mobile-telephony over landline instruments is instructive;
- Financial deepening is bolstering consumer muscle as it transforms largely cash-based economies into credit-fuelled ones; and
- Africa's substantial resources endowments are being better harnessed for general development.

These propellers, and the allure of commercial success, have drawn governments and multinationals from around the world into trade ties with Africa, with the Eastern region becoming a favoured destination.

The broader East Africa region is emerging as one of Africa's economic powerhouses, driven by a relatively youthful population of more than 250 million (including Ethiopia, South Sudan and Eastern DRC, in addition to the five East African Community countries); a sustained growth rate over the past decade of between five and 10 per cent; recent discoveries of significant oil and gas deposits; the ongoing development of major road, rail and port infrastructure projects; and a growing middle class.

Standard Bank Group, which is the largest bank in Africa by assets and has a presence in Kenya, Tanzania, Uganda, South Sudan and soon in Ethiopia, is well placed to support East Africa's development agenda, and is the acknowledged leader in banking the agricultural, power and infrastructure, oil and gas and manufacturing sectors across the region. Standard Bank has also played a key role in opening up East Africa to international debt and equity capital markets. The bank arranged the debut international loans for Kenya ($600 million in 2012) and Tanzania ($250 million in 2010). It also arranged Kenya's debut Eurobond issue ($2 billion in 2014, and a $750 million tap issue in the same year), and advised the Republic of Rwanda on its debut $300 million Eurobond issue. On the equities and advisory fronts, Standard Bank's London and East Africa equities teams are consistently at the top of the list in intermediating capital flows from global and other international investors, while the Bank is a leading force in the East African mergers and acquisitions markets.

Standard Bank is Africa's window to global capital markets

Regarding the Kenya debut Eurobond sovereign issue in 2014, this transaction was a landmark issue for Kenya. The favourable pricing that was received on both the five-year and the 10-year issues is testament to the confidence investors have in the Kenyan economy despite recent challenges. This sovereign bond will play an integral role in the financing of infrastructure in the country. Our involvement in this transaction demonstrates Standard Bank's ability to facilitate successfully landmark deals of this nature.

Powering Africa forward

Of particular note is Standard Bank's involvement in power deals. In Kenya, since 2012, the Bank has either advised on and/or lead arranged financing on seven IPPs, with a total installed capacity of 695.5MW. The significance of this is clear when one considers that the country's installed capacity now sits at 1,800MW; in other words, Standard Bank has been a major force in the drive to increase power generation.

Standard Bank is unique in being both a leading local player in Africa in general, and in East Africa in particular, actively involved in the development of capital markets and other financial services infrastructure; while at the same time being Africa's window to global capital markets. Truly an outstanding achievement, but then as an Africa-focused bank, we can expect no less of ourselves.

For further information log on to www.standardbank.com

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BENEDICTE DESRUS/ALAMY

Developed by Kenya's Safaricom, the M-Pesa mobile money transfer system has opened up financial services to millions who could not access them before

Even if they do not own a mobile phone, such customers can go to a post office in, for example, Mauritius, where agents will help them to access the money. Post offices have made strides of late in bringing people, particularly elderly ones, into the banking system. Instead of queuing for hours for their pensions in cash, more and more now receive smart cards through which they can access their entitlements when and where they want. Indeed, Kenya Post Office Savings Bank won an award last year for promoting agency banking. It does so across almost all of the country's 47 counties, thereby moving financial services closer to those who need them. Postbank of South Africa is also among an increasing number of postal services across the continent offering ways to process payments and to save.

The top set

Traditional banks may not be the only ones fostering financial inclusion, but their scale and reach still count for a lot. For this reason, the bulwarks of banking are still mostly to be found in South Africa. Standard Bank remains the biggest bank in Africa, as measured by its capital and profitability, according to the latest ranking by *The Banker* magazine.

Next is FirstRand, followed by Nedbank Group, which is owned mostly by Old Mutual of London. In 2013, Absa completed the line-up of South Africa's big four, but since its inclusion that year in a new holding company called Barclays Africa Group, it no longer ranks as an individual lender. As well as Absa, the group now has operations in four other countries: Botswana, Ghana, Kenya and Zambia. Though it does not own them, the group also manages Barclays's businesses in Egypt and Zimbabwe.

Following the trio of large South African institutions, according to *The Banker*, are two Moroccan lenders: Groupe Banques Populaire and Attijariwafa Bank. Both have enjoyed substantial increases in capital of late and so have closed the gap on their South African rivals. Nigeria's Zenith Bank is next in the line-up.

Rise of the pan-Africa bank

Of note in recent years has been the surge in the pan-African bank. In the vanguard is Ecobank Transnational, which is headquartered in Togo. After expanding across the continent, the bank now has operations in 36 countries. In future, says Albert Essien, the bank's Chief Executive, the emphasis will be on growing its existing businesses, particularly those in a group of countries including Nigeria, Ghana and Angola.

Despite questions in the past about its governance, Ecobank's approach has won it many friends, not least Qatar National Bank and Nedbank Group, both of which acquired shareholdings in the group last year of 23.5 per cent and 20 per cent respectively of the total. Indeed, Qatar National Bank, which is already the largest lender in the Gulf, hopes that its stake in Ecobank will help it to grow across sub-Saharan Africa too.

South Africa's many institutions still dominate the market for banking across Africa. Yet, as companies such as Ecobank know well, much of the growth has come from other parts of the continent. In 2013, according to EY's review of banking in East Africa, total assets (or loans) in Kenya, Uganda, Rwanda

GODONG/ALAMY

Members of a Senegalese women's farming group harvest grain. The group received a loan from a microfinance agency, a vital financial tool for driving entrepreneurship

and Tanzania rose by no less than 15 per cent. Indeed, banks' assets across the region grew more than two times faster that year than gross domestic product. The result was more people and businesses finding the finance they needed.

Agents of change

More women than men in Africa are still unable to access the money they need to develop businesses, or the means to deploy it. Despite the fact, according to the Food and Agriculture Organization (FAO), that women account for 50 per cent of the agricultural workforce in sub-Saharan Africa, in some countries, they still have no right to own land.

Only about nine per cent of adults around the world borrow directly from a bank

Geraldine Fraser-Moleketi, the AfDB's Special Envoy on Gender, says women can, and will, be agents of change in the continent's transformation. Her words came as the African Union declared 2015 the Year of Women's Empowerment and Development, an agenda that looks forward to Africa's Agenda 2063 and also one that marks the 20th anniversary of the Beijing Declaration and its Platform for Action on equality.

It is certainly true that, as far as representation in parliament goes, Africa is making strides towards equality. Of the 30 or so lower houses of parliament worldwide that have reached the 30 per cent threshold considered necessary for women to influence decision-making, just over 10 are African, including Rwanda and Senegal. But how will this proportion have an impact on finance and the continent's efforts to increase inclusion?

Microfinance and entrepreneurs

The answer will depend in part on microfinance and its ability to encourage entrepreneurs. On paper at least, the figures look good, particularly in Africa. Microfinance is expected to grow by 10-20 per cent in sub-Saharan Africa in 2015, according to asset management firm responsAbility. Indeed, banks offering microfinance began to take clients away from institutions specialising in low-end lending when the former realised such loans were viable and could produce a return. At the same time, however, the average interest rate charged on microloans, typically of less than $150, has crept up to an average of 35 per cent a year. Rising rates may seem unwelcome, particularly for those across Africa who need them most. Yet, the cost is still low compared with the burdensome rates charged by backstreet moneylenders.

According to the International Monetary Fund, only about nine per cent of adults around the world borrow directly from a bank. More than twice that number approach family or friends. Therefore, the scope for microloans, particularly in developing economies, remains huge. ●

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FINANCIAL SERVICES

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Islamic finance: preparing for take-off in Africa

With the issuance of Africa's first sovereign sukuk last year, and an expanding Muslim population, the potential of Islamic finance on this continent is vast. **Alicia Buller** looks at the first shoots of growth

As home to a quarter of the world's Muslims, Africa represents a golden, and largely untapped, opportunity for the Islamic finance sector. With its swelling middle class, rising economic growth, and a pipeline of large-scale infrastructure projects, the stage is set for the growth of Muslim money on the continent. According to *Islamic Finance in Sub-Saharan Africa: Status and Prospects,* a 2014 International Monetary Fund (IMF) working paper, "the financial sector in some sub-Saharan African countries has been growing rapidly in the past two decades. New products have been introduced and financial institutions are playing an increasing role in financial intermediation, including cross-border financial flows."

As of the end of 2012, approximately 38 Islamic finance institutions – comprising commercial banks, investment banks, and takaful (insurance) operators – were operating in Africa. Of these, 21 operated in North Africa, Mauritania and Sudan, while there were 17 in sub-Saharan Africa.

Despite its banking presence in a number of countries, Islamic finance is still at a nascent stage of development in sub-Saharan Africa. However, the IMF working paper predicts that "the demand for Islamic finance products is likely to increase in coming years. At present, about half of the region's total population remains to be banked". Moreover, the report says, the sub-Saharan African Muslim population, which currently stands at 250 million, is projected to reach 386 million in 2030, and financial activities are predicted to increase as a share of GDP. Against this backdrop, it is expected that many African countries will introduce Islamic finance activities alongside conventional banking.

The rise of sukuk

Beyond Islamic retail banking, the growth of sukuk in Africa is a prominent trend. As the continent ramps up its infrastructure projects, sukuk issuance provides a means to channel funds from the cash-flush Middle East, Malaysia and Indonesia. Notably, Nigeria, South Africa and Senegal all successfully tapped into the sukuk market in 2014, with Tunisia and Kenya also planning issuances within the 2015-16 financial year.

Maureen Mujera, Partner at Anjarwalla & Khanna, a leading law firm in Nairobi, Kenya, says: "The general consensus is that if the likes of Morocco, Tunisia, Egypt and South Africa successfully issue sukuk, it will open up the market in Africa as a whole." She notes that the region's substantial infrastructure needs and an awareness of Islamic finance as an alternative source of public funding are fuelling the growth of sukuk on the continent. "African countries are looking at Islamic finance as a way of attracting investment from the Middle East and

An employee at an Islamic bank in Kenya. Islamic finance is on the rise in Africa

South-East Asia, while retaining conventional bond investors. African countries are also keen to tap into Islamic finance because the cost of borrowing can be cheaper due to high demand, particularly from the Middle East," adds Mujera.

Georges Ferre, Project Manager at consulting firm Roland Berger in Paris, adds: "The trend of developing Sharia-compliant securities follows the development of Islamic banks. In many of those countries, the Islamic banking sector has experienced unmatched growth rates in terms of assets and revenues. New banking licences have been granted to new entrants, sometimes reserved to Islamic actors."

Legislative environment

However, the road ahead for the Islamic banking sector will not be a smooth one. In many cases, African countries must first streamline their legislative frameworks before the Sharia-compliant sector can truly prosper.

Mujera says: "There is no comprehensive regulatory or supervisory framework for Islamic finance in the banking industry in most African countries, which leaves Islamic finance at a comparative disadvantage to conventional banking and finance... The lack of a supervisory and regulatory framework has not gone completely unnoticed and certain jurisdictions have either passed or are in the process of passing new laws in an effort to make Islamic finance more attractive across the continent. For instance, South Africa amended its Income Tax Act to place financial products structured according to Islamic models on an equal footing with conventional products."

She adds: "Once countries across Africa develop their respective national legislative frameworks for Islamic finance there will be a need to harmonise Sharia financing products across the continent and internationally so that there is mutual recognition of financial standards and products across jurisdictions."

Projected growth sectors

- **Corporate or private sukuk:** more sovereign sukuk could encourage companies to issue
- **Takaful (insurance) and microfinance:** Tanzania, Namibia and Morocco are a few of the new destinations for Islamic insurance
- **Short-term trade finance, murabaha:** this is considered to be less risky by banks
- **Ijarah** (finance leasing)

SOURCE: ANJARWALLA & KHANNA

Mobilising investment

In a landmark move in December 2014, the African Union Commission (AUC) and the Islamic Corporation for the Development of the Private Sector (ICD), the private-sector arm of the Islamic Development Bank Group, signed a memorandum of understanding (MoU) to develop a platform that will enhance ties between the Islamic world and the African continent.

"The MoU will enhance and strengthen the coordination of complementary activities, interests and capacities between the ICD and AUC... including mobilising foreign direct investment in various economic sectors within the key priority sector programmes and projects identified by the ICD and AUC," says Khaled Al-Aboodi, CEO of ICD.

While the Islamic finance investment potential in Africa is already vast, the sector is only set to grow as favourable nationwide policy and legislative measures are put in place.

Ferre says: "We really believe in Sharia-compliant investment funds targeting specific sectors, such as SME or infrastructure. On the latter, Islamic finance really shows some advantages in its definition. Infrastructure financing, agriculture financing or trade can offer tremendous areas of growth. The challenge for Islamic finance will be to target Sharia-compliant sectors with growth potential where traditional finance failed."

According to Mujera, it is likely to be several years before Islamic finance truly takes off across the continent: "The growth and acceptance of Islamic finance will be determined by factors such as government support, adoption of enabling legislation, capacity building to increase the number of skilled and qualified personnel in the regulatory bodies and [effective] measures to increase public awareness of Islamic finance."

Putting finance to work

Demand for finance is increasing as African economies expand. It is also becoming easier to access, as **Nigel Gibson** explains

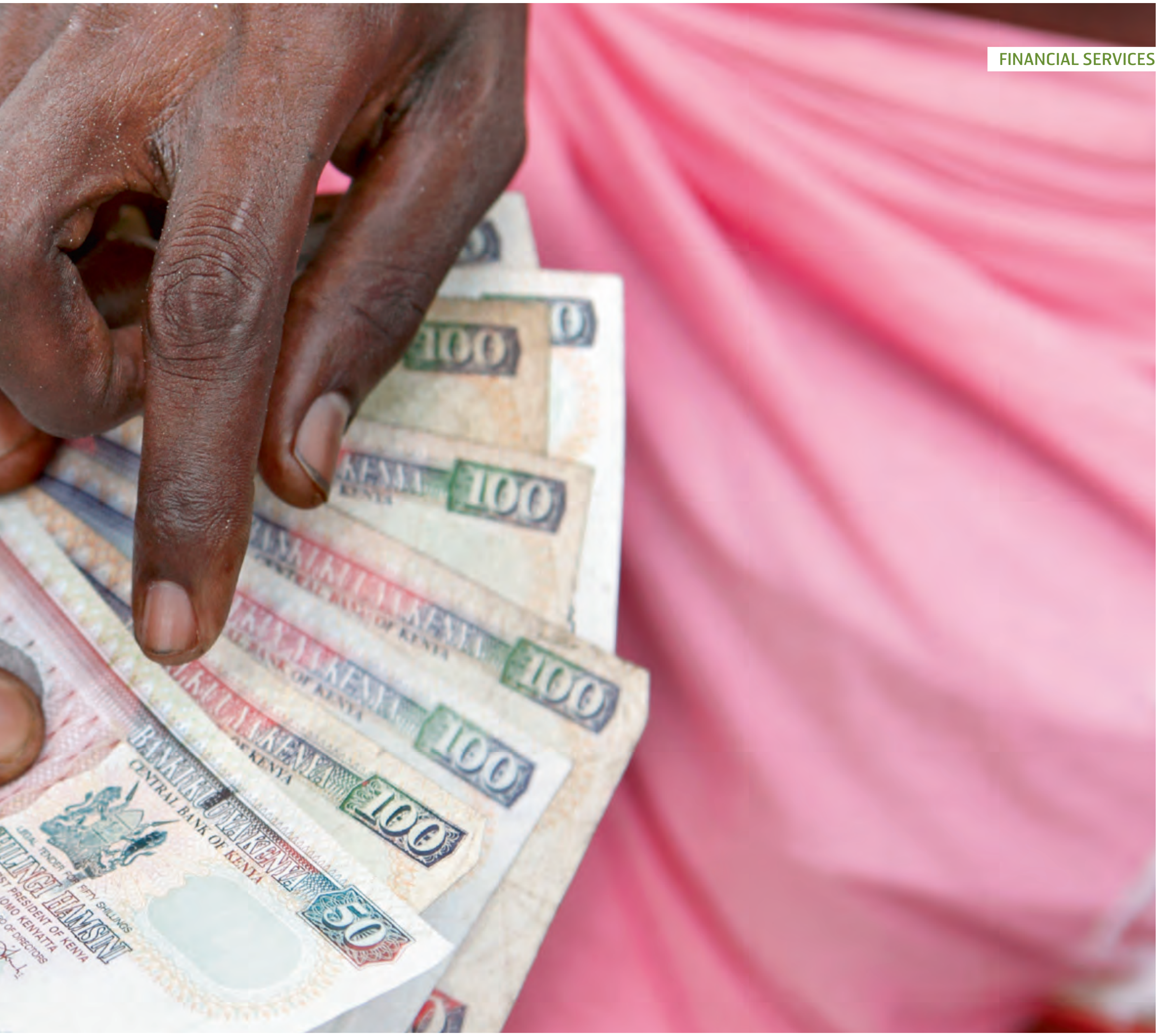
How markets and the appetites of investors change. In 2009, according to the International Monetary Fund, borrowers across the whole of sub-Saharan Africa raised less than $5 billion through the issue of bonds, private as well as sovereign, international as well as domestic. Last year, by contrast, the total was closer to four times that amount. Why the difference?

The answer is partly that international investors, deprived of yield because of low interest rates in their own countries since the financial crisis of 2008, saw an opportunity to benefit. So much so, in fact, that the African Development Bank and the American financial media company Bloomberg are to collaborate in building a new set of indices that will help investors monitor daily changes in the prices and yields of a host of bonds stemming from Africa.

The other reason for the surge in bond issues, of course, was that economies across Africa have enjoyed a new lease of life – one that not only requires finance for infrastructure and so on, but that, in turn, promises returns for investors and businesses. With global interest rates and the pace of growth remaining strong, countries and corporations were both quick to make their pitch to investors in international markets.

As a result, in 2014, the governments of Senegal, Côte d'Ivoire and Zambia were among those to issue bonds worth as much as $1 billion each for the first time – and all were oversubscribed. Kenya's successful sale of $2 billion in new debt was not only a record; it was also oversubscribed no less than four times.

Even so, Africa's overall ratio of debt to gross domestic product remains low, thanks in part to a strong pace of economic growth. Indeed, even though the prices of oil and other commodities have



ISTOCK IMAGES

Remittances to Africa are expected to total $40 billion by 2016. The AU's African Institute for Remittances project is studying how they can be used for poverty reduction

fallen, sub-Saharan Africa's overall ratio of debt to GDP is still lower than that of the eurozone. Whether it stays so will depend on a number of factors, not least the speed at which interest rates in international markets rise.

Equity markets

Nor is it just the debt markets across Africa that have been active recently. Equity markets have also benefited. South Africa, of course, remains by far the largest market and has traditionally attracted foreign and local interest. Yet, the continent's up and coming stock exchanges, some of them included in the MSCI Frontiers Index, have prospered too. When the index was revamped in 2014, Nigeria was given a boost and now accounts for the third largest share, after Kuwait and Argentina. To qualify for the index, a stock market must have at least two stocks that meet a threshold. A market must be accessible and open to foreign ownership of the shares traded on them. Indeed, Nigeria meets the demand for so-called BBC stocks (banks, brewers and cement companies) in that the shares of Zenith Bank, Nigerian Breweries and Dangote Cement all match the criteria and so are popular with investors, local and foreign.

It is possible that a bigger proportion of the $40 billion or so in remittances – money sent home by relatives or friends working abroad – that is expected to flow back to the African continent next year could find its way into local stock markets. Much, of course, will depend not just on how local economies perform, but also on the strength of the world economy as a whole.

Boosting financial inclusion

MUGABONAKE Bayingana Olivier,
Managing Director

ADFinance
IT Solutions for Finance

In the last two decades, the microfinance sector has emerged as one of the best solutions for poverty reduction in Africa. A small loan, a savings account, an affordable way of sending and receiving money, can make all the difference to a low-income family, or to a small-scale enterprise.

To provide appropriate products to their clients, microfinance institutions (MFIs) rely on powerful and flexible information systems. ADFINANCE Ltd's core mission is to provide technological solutions to the microfinance industry. In the last nine years, ADFINANCE has provided its core banking solution – ADbanking – to 50 MFIs, serving about one million end users in Rwanda, Burundi, the Comoros Islands, Senegal, Burkina Faso and Niger.

Innovative mobile solutions

Despite the tremendous growth of microfinance in Africa, the number of unbanked adults in the continent remains too high: various sources indicate that in sub-Saharan Africa, between 50 and 70 per cent of adults are unbanked. This situation is, however, changing very quickly, thanks to new distribution channels made possible by mobile technology.

Mobile financial services allow MFIs, in collaboration with mobile network operators (MNOs), to offer access to finance to a bigger number of people without investments in brick and mortar branches. According to GSMA, the worldwide association of mobile network operators, more than half of unbanked people are mobile phone subscribers (GSMA Intelligence, 2014). Branchless banking will increase access to finance to hundreds of millions of unbanked people in the coming years.

In line with its culture of being ahead of its partners' needs, ADFINANCE has developed new modules that, combined with the core system (ADbanking), allow MFI customers to enjoy new mobile financial services, including savings and credit products, through their mobile phones. However, mobile financial services are still in their infancy; new investment opportunities are emerging and waiting to be grasped.

RWANDA
ADFINANCE RWANDA LTD
UMOJA Building, 6th Floor
NYARUGENGE
T: (250) 252 581 148
+250 788 50 34 35
BP 213 KIGALI

BURUNDI
ADFINANCE BURUNDI
Immeuble KWA NGOMA
Rue du Progrès
Rohero
T: (257) 22 27 85 67
BP 2990 BUJUMBURA

MAURITIUS
ADFINANCE LTD
Bâtiment BG Court,
Route St Jean et Avenue d'Epinay,
Quatre Borne

info@adfinance.co | www.adfinance.co


JBDODANE/ALAMY

A road under construction near Labé, Guinea. The country signed $50 million in loan deals with the AfDB to enhance the road network across the Mano River Union

Even where countries have no recognised stock market, such as Angola, which is nonetheless sub-Saharan Africa's third-largest economy by some measures, there are still ways for foreigners to invest. Along with Mozambique, the country has a Eurobond – a type of international bond denominated in a currency not native to the country where it is issued. As a result, investors may choose to buy the bonds for the story behind the issue (a state-backed fishing venture in Mozambique's case) or for an exposure to the region as a whole.

Role of the African Development Bank

A large part of the finance to build infrastructure, of course, still comes from the African Development Bank (AfDB) and other such agencies. In February this year, for example, the government of Guinea and the AfDB signed a deal under which the country will receive $50 million in loans to improve the roads across the Mano River Union (which also includes Côte d'Ivoire, Liberia and Sierra Leone), and to build new checkpoints on the borders, as well as schools and bus stations.

One of the reasons for the surge in bond issuances is that economies across Africa have enjoyed a new lease of life

In addition to the physical infrastructure, 8,000 or so jobs will be created as part of the scheme, which is expected to last for three years. The infrastructure programme will, among other things, reduce the delays for lorries crossing country borders. Ultimately, the aim is to facilitate trade in a region that has not only been affected by the Ebola crisis, but whose economy also needs reinvigorating.

However, lenders are not only concentrating on the high-profile projects. For example, the AfDB recently approved a $3 million loan to Madison Finance Company, which operates in Zambia. The aim is to offer various products and services, such as term loans, leasing, invoice discounting and insurance, aimed at small and medium-sized enterprises (SMEs). By 2017, the bank hopes to be serving as many as 6,000 SMEs across most of Zambia.

Private equity

At the other end of the spectrum is private equity, a form of venture capital. Despite resistance from some entrepreneurs who guard their equity closely, the idea of private equity has been gathering momentum across Africa and is embraced by most governments. Indeed, the industry raised a record total of $4 billion for projects across the continent in 2014, and most in the industry are upbeat about the future.

A problem, as always, is that private equity firms tend to sell the companies they acquire, or the investments they make, within five years, whereas much of Africa needs long-term investors to pay for railways, power lines and so on. Yet, as the industry evolves, a hybrid version is likely to develop that will suit the needs of Africa, alongside investors' expectations, whether from abroad or domestic. Shareholders in Uganda's privatised electricity grid, for instance, received a guaranteed return of 20 per cent a year in dollars. That kind of return is not bad if you can get it. ●


AWASH INSURANCE COMPANY S.C

ISTOCK IMAGES

Insurance market takes root

The statistics point to potential in the conventional insurance and takaful sectors, as companies start to expand into Africa, writes **Nigel Gibson**

Whether it is micro-insurance for groups of farmers worried about losing their cattle due to drought, or the needs of the rising middle class, insurers in Africa are expecting an upsurge in demand for their services. Overseas insurers are looking for opportunities to buy into businesses across the continent, while local firms and financiers are also gearing up to launch new offshoots in order to meet the growing demand.

It is not hard to see why. According to a 2014 report by Standard Bank of South Africa, the number of middle-class households in 11 countries across sub-Saharan Africa has now reached 15 million, and could top 40 million by 2030. Meanwhile, insurance premiums as a percentage of gross domestic product in Nigeria are a mere 0.6 per cent compared with 11.5 per cent in the United Kingdom. So, in another 15 years, things could be very different.

Profits among Kenya's insurers rose by 24 per cent across the board last year. Yet, the sector is made up of nearly 50 companies, all of which have different strengths and weaknesses. Regulation also varies from country to country. In some it can take a year to get approval to buy a company or to set up a new one.

Recent deals include Axa, an international insurer based in France, buying Nigeria's Mansard Insurance last year. Meanwhile, South African investors and insurers, such as Old Mutual and Liberty, are eager to expand in the market for life cover. In addition, firms such as LeapFrog Investments, which specialises in emerging markets, have launched new funds aimed at the market; and Prudential, a big UK insurer, has bought life companies in Ghana and Kenya.

Insurance markets remain underdeveloped across much of sub-Saharan Africa, leaving room for development across the sector, from farm insurance to car cover

Furthermore, it is not just standard insurance that is gaining in popularity. Takaful, or insurance according to Islamic beliefs, is picking up speed too. Nigeria, in particular, has been showing initiative in this area. Home to the largest Muslim population in sub-Saharan Africa, the government issued a set of guidelines in 2013 aimed at giving Islamic finance a firm base, as well as a platform for regulation.

The regime requires takaful operators to establish, among other things, an advisory council of experts, at least two of whom must be Sharia scholars appointed for four-year terms. Nigeria's insurance commission, in turn, set up the Takaful Advisory Council (TAC) to oversee products and practices within the industry and to help regulate it. This mirrors councils that are used in countries such as Malaysia and Oman.

As in other countries across Africa, conventional insurers and institutions in Nigeria will be licensed to operate so-called Islamic windows, some of which will offer takaful. Such windows are ring-fenced and operate separately under Sharia law, often as a form of mutual insurer that is managed by an agent.

Reinsurers, those who cover the risks taken on by insurers, conventional and Islamic, are also enjoying a new lease of life. Among those planning to operate across as many as 38 countries in Africa is One Re, a firm established by two brothers, Andrew and Robert Lewis, who were born in Johannesburg. Based in London, the firm hopes to act as a gateway to much of Africa for international insurers and investors alike.

PAUL JOYNSON-HICKS/AP/STATOIL

One of the world's least-drilled places

As an under-explored oil and gas region, Africa offers unparalleled opportunities in this sector, but investors must adapt to country-specific conditions if they are to make the most of them, writes **Jeremy Bowden**

Africa has proven oil reserves of 130 billion barrels and gas reserves of 14.2 trillion cubic metres (tcm), equivalent to around eight per cent of the world's total, although many of its basins remain lightly explored or untouched. The continent produced about nine million barrels per day (bpd) in 2013, roughly 10 per cent of the world's total. Around 6.5 million bpd of that was exported, but this proportion will fall as Africa's overall oil consumption rises by an estimated 50 per cent over the next 20 years, spurred by population growth, urbanisation and growing disposable income.

Because Africa is relatively unexplored, it offers some of the world's most exciting opportunities for oil and gas companies, many of which are enjoying favourable returns on the continent, compared with the rest of the world. Almost 30 per cent of global oil and gas discoveries made over the past five years were in sub-Saharan Africa, as were six of the world's top 10 oil and gas discoveries in 2013 alone. More than 500 companies are now exploring across the continent, according to professional services firm PwC. Opportunities for deepwater oil and offshore gas prospects are particularly good, while maintaining production from maturing onshore oilfields is also becoming a growth area, despite the recent fall in the price of oil.

More than 80 per cent of oil production currently comes from established producers Nigeria, Libya, Algeria, Egypt and Angola, all of which are big exporters and OPEC members – apart from Egypt, a net importer. A raft of new producers over recent years means that there are now 22 African countries with oil or gas production, including Mozambique, South Sudan, the Republic of Congo, Chad and Ghana, with seven more expected in the next six years, including Kenya and Tanzania. With production coming on stream in so many new countries, output is expected to rise steadily, despite uncertainty in Libya and elsewhere.

Deepwater exploration

There is a general trend towards more deepwater exploration and development, and gas is expanding its share of production. This is facilitated by growing domestic markets for gas, Asian demand for liquefied natural gas (LNG), and new technologies for accessing more difficult-to-reach accumulations. Deepwater oil currently makes up 20 per cent of the continent's production and is expected to account for 27 per cent by 2025, according to consultancy McKinsey. This shift is a major opportunity for the big international oil companies, with their extensive funds, advanced technology and experience of other deepwater basins.

Apart from the international majors, which all have a presence in Africa, successful independents operating there include Tullow, Cairn and Anadarko, which are opening up frontier acreage in countries such as Ghana, Kenya, Senegal and Mozambique. Local stock-market-funded African companies have also been expanding, helped by divestments by some major oil companies, especially in Nigeria. These include Afren, Oando and Seplat, with Oando recently snapping up ConocoPhillips's Nigerian assets.

The *Discoverer Americas* drilling ship was used by Statoil for oil exploration off Tanzania's coast, where the company found a series of significant deposits

Exploration successes

Recent exploration successes in Africa include two major new onshore oil discoveries by Tullow and partner Africa Oil in Kenya. Tullow's reserve estimates there have now reached more than 600 million barrels, and the company is planning another 20 wells in northern Kenya over the next two years. Africa Oil found onshore gas with partner Marathon, providing much-needed supply for the local Kenyan market, and a probable opportunity for processors, and pipeline and power companies.

Tullow is also active in neighbouring Uganda, where it is working with Total and China's CNOOC to develop fields. The company has said that it plans to combine oil exports from the two countries through one pipeline network, and is working with the Kenyan Government on the Turkana pipeline and a new export terminal at Lamu. In Kenya's Ogaden Basin, Afren estimated in 2014 that a large, lightly explored sub-basin, El Wak, contained up to 6.65 billion barrels of oil. If this estimate is found to be accurate, it would be the largest onshore target ever drilled in Africa.

Another active independent, Cairn Energy, along with partners ConocoPhillips, FAR Ltd and state-owned Petrosen, opened a new Atlantic Margin basin off Senegal with two major discoveries in 2014, amounting to an estimated 0.40-3.17 billion barrels. Cairn plans to focus its efforts this year on the Atlantic Margin, including appraisal of the Senegal discoveries, and a recent promising but non-commercial well offshore Western Sahara with Kosmos Energy.

Other major recent discoveries have been in Tanzania, where Statoil and partner ExxonMobil reported their seventh find in offshore block B. Reserves here are now estimated at 595 billion cubic metres (bcm). Also in Tanzania, BG, with 20 per cent partner Ophir, made its 16th consecutive discovery well in blocks one, three and four last October, pushing reserve estimates there above 481bcm.

BG GROUP

BG Group used survey vessel MV Geo Coral to gather seismic data off the cost of Tanzania in 2013

Nigeria leads production

Nigeria has Africa's second biggest reserves (after Libya) at 37 billion barrels, and is the largest oil producer at 2.37 million bpd in 2013, as well as being a major exporter of LNG. However, production and exploration have fallen over recent years due to issues such as regulatory uncertainty and supply disruptions, with some of its major investors – including Shell, ExxonMobil, Chevron, Total and Eni – selling onshore assets. Regulatory uncertainty, combined with weak prices, is also threatening delays to several planned projects due to come on stream in the next decade.

The Angolan Government is targeting output of two million bpd this year

Algeria produces the most gas in Africa, coming third for oil reserves and, currently, third for oil production. As in Nigeria, production has edged lower over recent years, mainly owing to project delays and, more recently, security concerns. National oil company Sonatrach dominates the country's hydrocarbon sector, owning roughly 80 per cent of all hydrocarbon production.

Angola holds almost 9.1 billion barrels of proven oil reserves, and overtook Algeria in 2013 with production of 1.9 million bpd, which has grown rapidly since 2002 thanks to multiple deepwater fields brought on stream by international majors including ExxonMobil, Total, Chevron and BP. The Angolan Government is targeting output of two million bpd this year. Angola's pre-salt fields are similar to those in Brazil, and therefore offer particular opportunities to companies with experience there.

Smaller producers include Gabon, Ghana, Congo and Chad, where ExxonMobil relies on a pipeline to the coast to export oil production, and South Sudan, where Chinese-led investment in pipeline, port and production facilities has been hit during recent unrest. More recently, the biggest finds have been made in Uganda and Kenya, which together hold an estimated four billion barrels of undeveloped crude, along with Tanzania and Mozambique with 200 trillion cubic feet (tcf) of gas each. Another country with

Weststar Aviation Services

– Sound and safe operator of offshore helicopter aviation transportation services

Weststar Aviation Services Sdn Bhd (WASSB) is a global leader in offshore helicopter aviation services. A recognised operator of safety and excellence, since its inception in 2008, WASSB has served various reputable domestic and multinational oil & gas clients. Currently, WASSB provides offshore helicopter transportation services in four countries namely Malaysia, Mauritania, Thailand and Morocco. Possessing a wide range of modern state-of-the-art helicopter fleet, WASSB operates 26 AgustaWestland AW139 helicopters and 1 Sikorsky S-76C++ helicopter to carry out its offshore missions. Over the years, this trajectory has elevated WASSB as the largest offshore operator in South East Asia.

Operations in Africa started with its 2013 contract in Mauritania. WASSB expansion plans have helped the development of Mauritania's local talent pool and lent another measurable initiative to Mauritania's economics transformation.

WASSB is involved in developing Mauritania's helicopter ground and flying staff at its Nouakchott base. Promoting locals through the ranks from pilots to engineers, the on-going effort has been a boon to its operations in Mauritania.

Having identified Africa as a viable market, in 2014 WASSB expanded its operations in Agadir, Morocco.

Earmarking larger regional and global market shares, at the moment, WASSB is expanding its operations base in important parts of the world where the global oil and gas market landscape is concerned.

With firm plans to expand in Africa, WASSB is making rapid headway in South Africa, Mozambique, Ghana, Suriname, Senegal and Guinea. This outlines the regional leader's intention to capitalize on its increased capability as a globally recognized reliable and safe operator.

Safety is of utmost priority for WASSB. WASSB promotes a 'Safety First' motto. This commitment has made WASSB the prime choice for oil and gas clients. With this focus in mind, WASSB has attained wide industry visibility for its impeccable safety track record and sound practices.

To date, growing clients of WASSB include Petronas Carigali, ExxonMobil, Carigali Hess, CPOC, Talisman, Petrofac, SapuraKencana Energy, TOTAL, KPOC, Lundin, WesternGeco, Hess, Shell, Tullow Oil, Mubadala Petroleum, CGG Veritas, ConocoPhillips, INPEX Offshore, PTTEP, Galp Energia Tarfayyab, PC Mauritania, Enquest, JX Nippon Oil & Energy Co., and Kosmos Energy.

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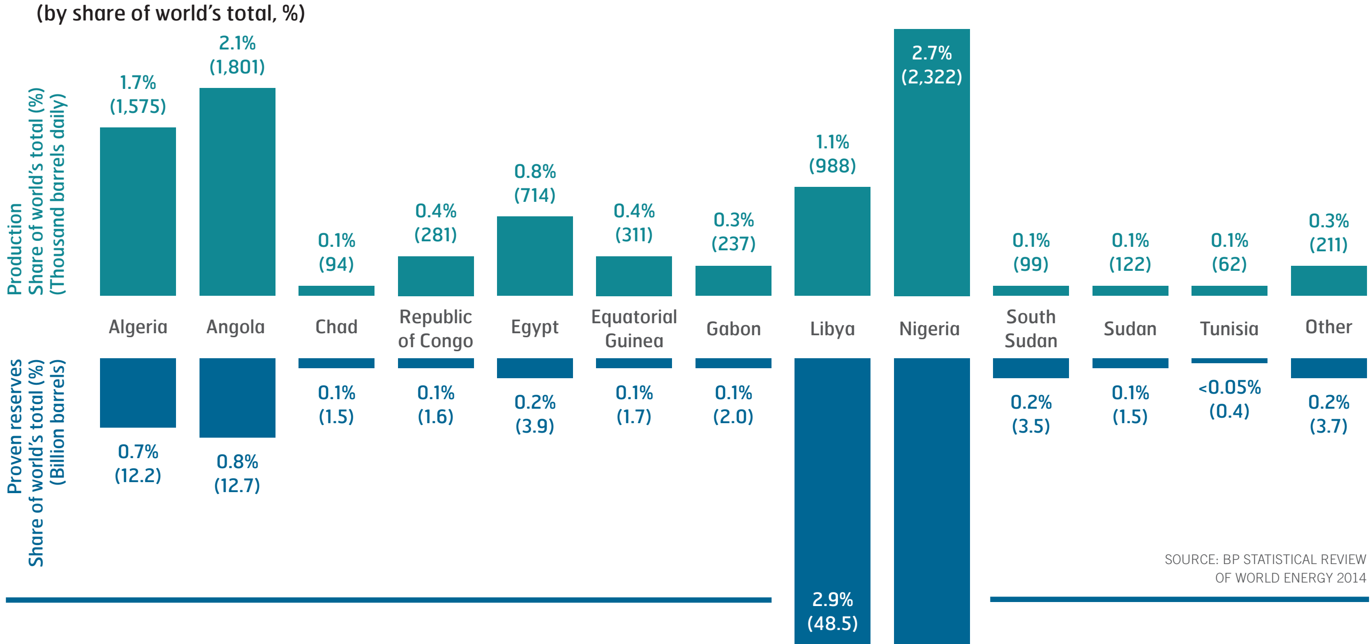
www.weststar-aviation.aero

Weststar Aviation Services Sdn Bhd
(612066-P)

Menara Weststar, Dataran Weststar,
Jalan Lingkaran Tengah II,
68000 Ampang,
Selangor Darul Ehsan.
Tel : **(+603) 4102 2222**
Fax: (+603) 4105 5933

Email : **offshore@weststar-aviation.aero**

Oil reserves and production, 2013
(by share of world's total, %)



great potential is South Africa, for both its deepwater basins and onshore shale deposits – two important areas being opened up by technology advances. Offshore acreage is held by companies such as Shell, ExxonMobil and Total, along with explorers, including Anadarko, and a fair number of other, smaller companies, including private operator Sasol.

Algeria and South Africa have two of Africa's best-established downstream and refining sectors, but other countries are now gaining ground, with total refining capacity across the continent having risen to around 3.5 million bpd. Combined with growing domestic demand – encouraged by subsidies in some countries – this means that an increasing proportion of Africa's crude production will be refined locally, provided that problems of low refinery utilisation in countries such as Nigeria can be overcome.

Thanks to fast-growing economies, African demand for gas is expected to rise from about 130 billion cubic metres (bcm) in 2015 to 160bcm by 2019. While Algeria is the biggest producer in Africa, most of its output goes to Europe, where it is the second biggest supplier after Russia. Similarly, Nigeria, which is the largest sub-Saharan producer, exports most of its gas as LNG, although, unlike Algeria, its domestic market is growing quickly too.

Encouraging development of domestic gas markets should provide more opportunities for upstream operators to monetise local finds – including what is currently being flared. In turn, this is likely to produce opportunities for pipeline, processing and mid/downstream service companies. In the longer term, the continent is well endowed with shale gas resources, including Algeria, which has the world's third largest estimated reserves, and South Africa with the eighth largest, according to the US Energy Information Authority.

The focus for new conventional gas projects is on the east coast, however, where Tanzania and Mozambique have both made major recent finds (see box on page 79). Mozambique already exports onshore gas by pipeline to South Africa, but the new reserves are offshore, where Eni and Anadarko have been leading exploration efforts, being joined by China's CNPC in 2013. The group has plans for LNG export plants, and production could begin by 2020, provided that logistical and location issues can be overcome. In neighbouring Tanzania, BG and Statoil are the major offshore investors, and are also planning LNG plants.

According to PwC, major gas discoveries in Mozambique and Tanzania, as well as rising exploration in Kenya and Uganda, "have caused the world to take note of East Africa as an emerging player in the global industry". But while governments are adopting energy policies and regulations aimed at attracting foreign capital, there is some industry concern that progress could be slowed by overambitious or unclear local content regulations in regions that do not have established services, infrastructure or skills bases. In Mozambique, for example, local content is required, but the share is not specified, while in Tanzania, the policies are stipulated in the 2013 Production Sharing Agreement (PSA), but have not yet been used in contracts. Kenya's next energy bill, due this year, is expected to incorporate a bold local content policy.

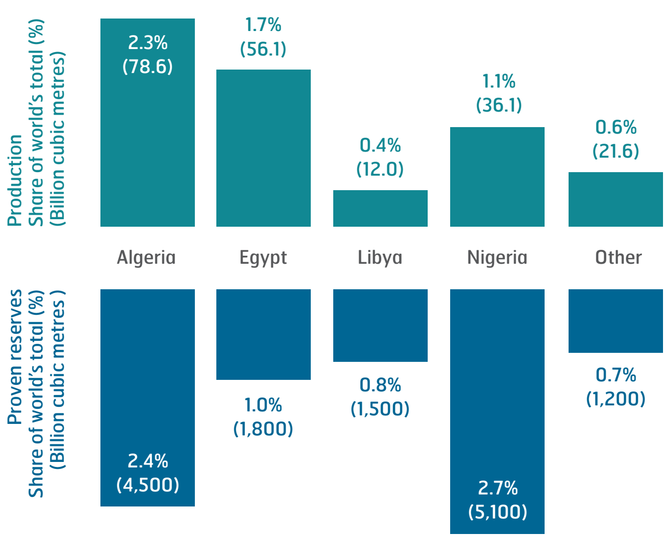
Building partnerships

Apart from the ability to find and produce hydrocarbons, adapting to country-specific conditions, including developing partnerships with respective governments and other companies within the local industry, is key to upstream success in Africa. In order to maintain good relations with the host government and population, it is important to align your objectives with theirs, taking a long-term view and making sure that contributions are highlighted. While government support is limited, the African Union has launched

XINHUA/ALAMY

Constructed by CNPC, the Mtwara-Dar es Salaam pipeline in Tanzania is among numerous Chinese investments in Africa's oil and gas infrastructure

Natural gas production and reserves, 2013
(by share of world's total, %)



SOURCE: BP STATISTICAL REVIEW OF WORLD ENERGY 2014

an energy infrastructure development programme for the continent to 2040, although only two of the 15 regional energy projects are related to oil and gas, according to Dr Elham Mahmoud Ahmed Ibrahim, the African Union's Commissioner for Infrastructure and Energy. Ibrahim said that the African Union was also considering introducing joint standardised regulations, which would be supervised by an African regulatory authority, for the entire energy sector.

Investor considerations

As the industry continues to experience a period of lower prices, decisions regarding investment across the continent will inevitably be influenced. The small and medium-sized companies that are responsible for driving frontier exploration are the ones most likely to be hit the hardest, as some of their financial backers retreat from the sector. Tullow Oil, for example, is to pull back from much of its expensive deepwater work and instead focus on onshore or shallow-water developments in Kenya, Uganda and Ghana. Nevertheless, with Africa being one of the least drilled places in the world, the chance of a major discovery is better than it is elsewhere, as long as investors are mindful of the logistics and local relations. ●

Managing optimal oil production

Energia Limited was incorporated in 2001 to realise the local content visions of the following key technology and service providers in the oil and gas industry in Nigeria:

- Oildata Wireline Services – oil and gas services: wireline logging, slick line and well testing;
- Ciscon Nigeria Limited – oil and gas services: completion, tubular running and mud logging;
- Weltek Limited – oil and gas field design and installation services and industrial electrical services;
- Sowsco Well Services – oil and gas services: well-head supply and installation, cementation and solid control;
- Ariboil Co Limited – oil and gas services: solid control and industrial fabrication;
- Skangix Development Limited – oil and gas services: geological, geophysical and engineering;
- Pemec – petroleum and well engineering services;
- Ashbert Oil Limited – business and management consultancies and consulting;
- International Diamond Drilling Limited – oil well drilling services; and
- Imbe Koru & Sons Nigeria Limited – legal practitioner services.

The company is, therefore, a wholly owned Nigerian exploration and production company with a Nigerian board of directors: Chief A.K Horsfall is the Chairman of the Board and Felix Amieyeofori is the Managing Director and Chief Executive Officer. Other members of the board include Emeka Ene, Pedro Egbe, Shawley Coker, Dafe Akpedeye (SAN), Samuel Adegboyega, Stephen Aribeana and Felix Molokwu.

Exploration and production

Thanks to its strong local technology structure, Energia was awarded the Ebendo/Obodeti marginal fields in 2003 in partnership with Oando Production and Development Company by the Federal Government of Nigeria in a 55 per cent and 45 per cent working interest in favour of Energia, which is also designated operator. The company demonstrated its expertise when it deployed its full technical and project management resources to single-handedly bring the Ebendo field to first oil production in 2009 by revamping an already abandoned well.

The technology group has also deployed its resources to other indigenous Nigerian oil and gas companies to reach first oil production.

Presently, Energia has developed the Ebendo/Obodeti fields to a production capacity of 8,000 barrels of oil per day (bopd) with the successful drilling and completion of four wells. The aim is to increase asset production to 20,000bopd by 2017/2018.

Energia also owns a functional 25 million standard cubic feet per day (mmscf/d) gas processing plant constructed adjacent to its crude oil processing station in Ebendo field in collaboration with another Nigerian company, Xenergi Oilfield Services. It also constructed its own 8.5km x 6in export line and recently collaborated with another Nigerian company to construct an additional 53km x 12in alternate export line due to increasing production capacity.

Social responsibilities and sustainable community development

Energia has a Novel Community Development Programme, through which it cedes four per cent of its gross crude production to its host and impacted communities for sustainable and human capacity development projects. It is managed through a registered trust with two functional trust boards and company/community parliament systems and it has expensed more than $7 million to various projects and programmes, which include:

- scholarships;
- youth entrepreneurship;
- internal road networks;
- health centres, markets and community electrification;
- sustainable water supply;
- school infrastructure;
- women's empowerment;
- remedial school;
- community security; and
- promotion of indigenous capacity through contractors' support.

Gas utilisation and commercialisation project

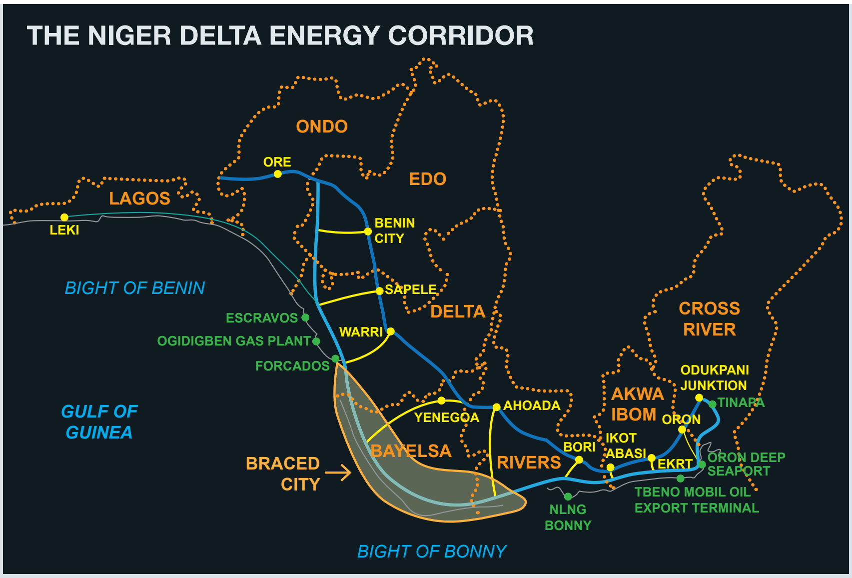
Energia also owns a 25mmscfd gas plant with its partner Xenergi as part of the commercialisation of the gas reserves, thereby achieving the natural and global aspiration of reducing and eliminating gas flares. It is also working with investors to install independent power plants within the area to boost electricity supply.

Mini refinery project

In addition, Energia is working on installing a mini refinery plant to expand the total value chain.

Niger Delta Energy Corridor

Energia in collaboration with TechDev Energy Plc is promoting investment opportunities on energy and infrastructure in the Niger Delta Energy Corridor (NDEC) in Nigeria. The NDEC will be an industrial belt for the oil and gas activities where international, state-owned and private companies as well as industry service providers can establish their refineries and petrochemical complexes with their associated infrastructures. The processing of the vast hydrocarbon raw materials in such a dedicated corridor will create new opportunities, well-paid jobs, capacity development and a robust economic base that will improve



The NDEC will be anchored in the BRACED city, which will act as a receptacle for investment and boost industrial and commercial development along the Niger Delta Region

the living conditions of the citizens. This is in contrast to the current business practices where only raw materials are exported for foreign exchange earnings while the country imports the finished products that are heavily subsidised by government, a practice that is unsustainable as no country prospers with only raw material exportation.

The NDEC will also resolve a critical challenge faced by oil and gas exploration and production companies in the region. In the last two decades, the oil and gas industry has come under intense existential pressure caused by interrelated challenges of oil theft, environmental degradation, pipeline and infrastructure violation, militancy and a shadow economy founded on illicit oil, caused mostly by years of neglect and lack of visible investment in infrastructure and economic opportunities in the region. Consequently, the response of international oil companies (IOCs) is to exit the region by divesting from onshore and near-shore assets. The divestment has created new opportunities for Nigerian entrepreneurs who have acquired the assets but are still saddled with the problems that they have inherited. The NDEC offers ample windows of opportunity for more innovative thinking, new approaches and more inclusive strategies in forging business partnerships as well as investment relationships; it is an environment where businesses, communities and individual values can thrive again.

The Niger Delta Energy Corridor presents a historic chance to provide hope and opportunity

The NDEC will be located along the coastal belt of Nigeria's criss-crossing eight states, namely: Cross River, Akwa Ibom, Rivers, Bayelsa, Delta, Edo, Ondo and terminating in Lagos State. Specifically, the corridor will traverse over 1,000 communities, covering a distance of about 704km that is to be dotted with industrial hubs interlinked by highways and railroads, thereby connecting people, industries and environments.

The proposed NDEC presents a historic chance to provide hope and opportunity for business, job creation, capacity development and a homegrown stake in the future of the hydrocarbon industry in Nigeria. The energy corridor will bring new and improved infrastructure, an easy and secured place to locate and operate upstream and downstream facilities and a clear regulatory structure through a federal government-approved charter. If the corridor's objectives are met, it will not only result in the construction of new power plants and national grids with associated highways and railroads infrastructures etc, it will also enable the country to harvest the approval and emotional investment of communities, government, media, non-governmental organisations, and international communities.

Corporate Office:
Plot 29, Prof. Kiumi Akingbehin Street
off Mike Adegehite Street
2nd Roundabout (Marwa Busstop)
Lekki Phase 1
Lekki Epe Expressway
Lagos, Nigeria

Base Office:
Ebendo Flowstation Area
Emu Ebendo
Kwale
Delta State, Nigeria

Liaison Office:
Suite 7, 2nd Floor, Hatlab Place
Plot 1952, Sokode Crescent
off Dalaba Street
off Michael Okpara Street
Wuse Zone 5
Abuja, Nigeria

T: 07098716177
E: info@energiang.com
www.newenergiang.com

ENERGIA LIMITED

A new vista in African mining

Investors remain interested in Africa's vast mineral wealth despite the drop in commodity prices. Meanwhile, a map of the continent's resources is being created to ensure governments get a fair deal, writes **Sally White**

GEM DIAMONDS LIMITED

Global economic recovery remains fragile, and with it demand for commodities. Yet, Africa's mining industry is well positioned for recovery. This vote of confidence comes from Rajat Kohli, Global Head of Mining and Metals at Standard Bank, Africa's largest banking group. Kohli adds that the broad fundamentals of the African mining narrative are still firmly in place. Beyond the current challenges, Africa remains attractive to investors.

"The reality is that the continent still boasts an abundance of natural resource deposits which are relatively underdeveloped compared to the likes of Australia or Latin America," explained Kohli in a company statement.

Standard Bank Group research shows that African mining remains under explored. In 2013 (the latest figures available), African exploration accounted for 17 per cent of the worldwide exploration budget. However, the continent holds more than 30 per cent of global resources.

Africa's mineral riches are vast – it produces more than 60 metals and hosts about 40 per cent of the world's gold reserves, 60 per cent of cobalt, more than 80 per cent of manganese and 90 per cent of the platinum-group metals (PGM) reserves. Africa "ranks first or second in quantity among the continents in share of world reserves of bauxite, chromite, cobalt, ilmenite, industrial diamond, manganese, phosphate rock, PGM, rutile, soda ash, vermiculite, and zirconium," says the *Minerals Year Book* – the US Geological Survey's latest report on Africa (2012), .

African governments want the continent's resource riches to be translated into sustainable growth

The investment attraction of Africa is shown in its deals activity – international consultants EY reported a 136 per cent rise in 2013 to $3.3 billion. EY lists London-based fund QKR Corp's $110 million acquisition of the Navachab gold mine in Namibia from AngloGold Ashanti as part of this trend.

Mining was the industry attracting the most deal activity last year, according to Stephanie Lhomme, Head of Compliance, Intelligence Investigations and Technology for Europe and Africa at Control Risks, a global risk consultancy. Deals in Nigeria and South Africa alone totalled $7.88 billion. Lhomme says she expects a rise of 53 per cent in 2015.

Encouraging foreign direct investment

China may be key, but all the world's major mining countries are in Africa. According to a report by international consultants KPMG, *Merger and Acquisition FDI into Africa's Mining Sector*, from 2010 to 2012, the UK was just ahead of China in terms of invested money, followed by Australia, India, the US and Canada.

The Ghaghoo diamond mine in Botswana. Africa has vast mineral resources, ranging from bauxite and cobalt to precious metals such as gold and platinum

From the ground up: mining solutions

Orica is recognised as a world leader in mining explosives, ground support systems and gold extraction chemicals. It has an extensive presence in South Africa and its position in the region is quickly gaining strength and recognition.

Orica specialises in three areas:

- commercial explosives and blasting systems;
- ground support; and
- mining chemicals.

With a firm geographic footprint in the Southern African Development Community, the fully Black Economic Empowerment compliant Orica has a growth strategy that will see it quickly expand across the rest of the continent as the mining industry expands through new project development.

With existing operations in Ghana, Senegal, the Democratic Republic of Congo (DRC) Tanzania, Mozambique, Zambia and South Africa, Orica's strategy to spread its services and products across the world's largest untapped continent is already well aligned and its aspirations easier to achieve.

Since it acquired a small explosives plant in Zambia, Orica has invested heavily in the region. Today, Zambia remains a key hub of Orica's explosives operations in southern Africa. Its factory complex in Chambishi manufactures signal tube detonators and base emulsion that is then transformed into bulk explosives on user sites. From Chambisi, the base emulsion is supplied to customers in Zambia and exported to Mozambique and the DRC. The Chambisi plant is also used to train staff for employment on major surface mine sites, where Orica erects similar plants to manufacture bulk explosives for immediate, on-site use.

Changing perceptions

In addition to its current footprint, significant progress has been made into new markets such as Tanzania, where two new major clients have been added to Orica's portfolio.

"It is thanks to relationships and project work with mining majors and companies such as Randgold Resources, First Quantum Minerals, Acacia Mining (formerly African Barrick Gold) and Vale, that we are able to grow and expand our foothold in the DRC, Zambia, Tanzania and Mozambique (respectively)," says Wayne Sterley, Africa Technical Services Manager.

"In Africa, many of the new projects are being carried out by international majors, which gives us a competitive advantage. We don't believe any other explosives specialists can hold the relationships and alliances that we have, which is sure to continue assisting our African growth strategy," states Donald O'Connor, Manager Ground Support Africa.

Powerful explosives

Orica has eight on-site explosive manufacturing plants located on large surface mines in Zambia, the DRC, Tanzania, Ghana and Senegal. These sites, as with all Orica's customers, benefit from investment in research and development, which is believed to be larger than any other supplier of commercial explosives globally.

In 2014, growth at Orica exceeded 40 per cent year-on-year, explained Sterley, who attributes this growth to new projects acquired in familiar territories, including the DRC, Zambia and Mozambique, among others.

Orica's objective to expand further into African markets is driven by the company's strategy to redefine its reputation and industry status. "To achieve this, we are focusing on enhancing our services, technical advisory capabilities as well as our general processes to improve efficiencies and productivity," explains Sterley.

"We will build on our company's key foundation success structure, which includes access to world-class technologies and best practices from around the world, alongside global alliance partners," highlights Johan Strydom, General Manager Africa.

Orica has become recognised for its range of safe yet powerful explosives, productive and efficient loading systems and advanced detonators with electronic timing to precisely control the release of explosive energy during a blast. "Some of our most advanced products have been commercialised in Africa, while some are still being developed for the region.

"We have made advancements in the product technology, but the greatest benefit is achieved when you bring them together with a solution focus. The biggest advancement we have made so far is with our electronic, high-energy bulk, wireless and booster initiation systems, which have become cost-effective solutions for clients. Our wireless technology is exclusive and will be available commercially during the course of this year," explains Sterley.

COMMITTED TO GRADUATE DEVELOPMENT IN AFRICA

Orica is committed, not only to developing its African business, but also to promoting development in Africa. One example of this is through its graduate programme, where eight to 10 science and engineering graduates from African universities are taken on by Orica every year. The graduates follow a structured two-year path through the company, consolidating their technical education and learning managerial and business skills to equip them for careers at Orica.

Enhancing offerings

Orica has invested heavily in its services capability and now offers a flexible range of services to support its customers' blasting needs. For example, Orica offers a 'down-the-hole' service for customers that have converted to bulk explosive systems. It also offers a 'total loading service', under which it prepares the holes and takes care of the stem, tie and fire process.

At the higher end of its service offering, Orica provides managed solutions for controlled and optimised fragmentation. This is of greatest benefit to mines needing to optimise their digging, loading, hauling or milling operations. The blasting specialists combine a study of a site's mining and processing needs with a vast array of leading technologies and global experience to provide fragmentation outcomes that best meet customer needs.

Ground support

Orica's Ground Support division was established in South Africa in 1975 under the name Fosroc and became part of the Orica Group in 2007. Two of its locally manufactured products, Lokset resin capsules and Capcem cement capsules for rock bolting, remain strategically important for safety in South African mines and are exported to African countries and beyond.

Orica Ground Support has factories in Isando and Alrode, as well as a repair workshop in Rustenburg. In keeping with Orica's principle of "no accidents today", all three facilities are managed to the highest international standards of safety and environmental responsibility. With its deep-level mining, high temperatures and narrow stopes, the South African mining industry poses unique technological challenges. Orica Ground Support has a history of developing innovative solutions to meet these challenges. They include slim-hole drilling and resin bolting systems for safe and efficient rock bolting in both gold and platinum mine stopes.

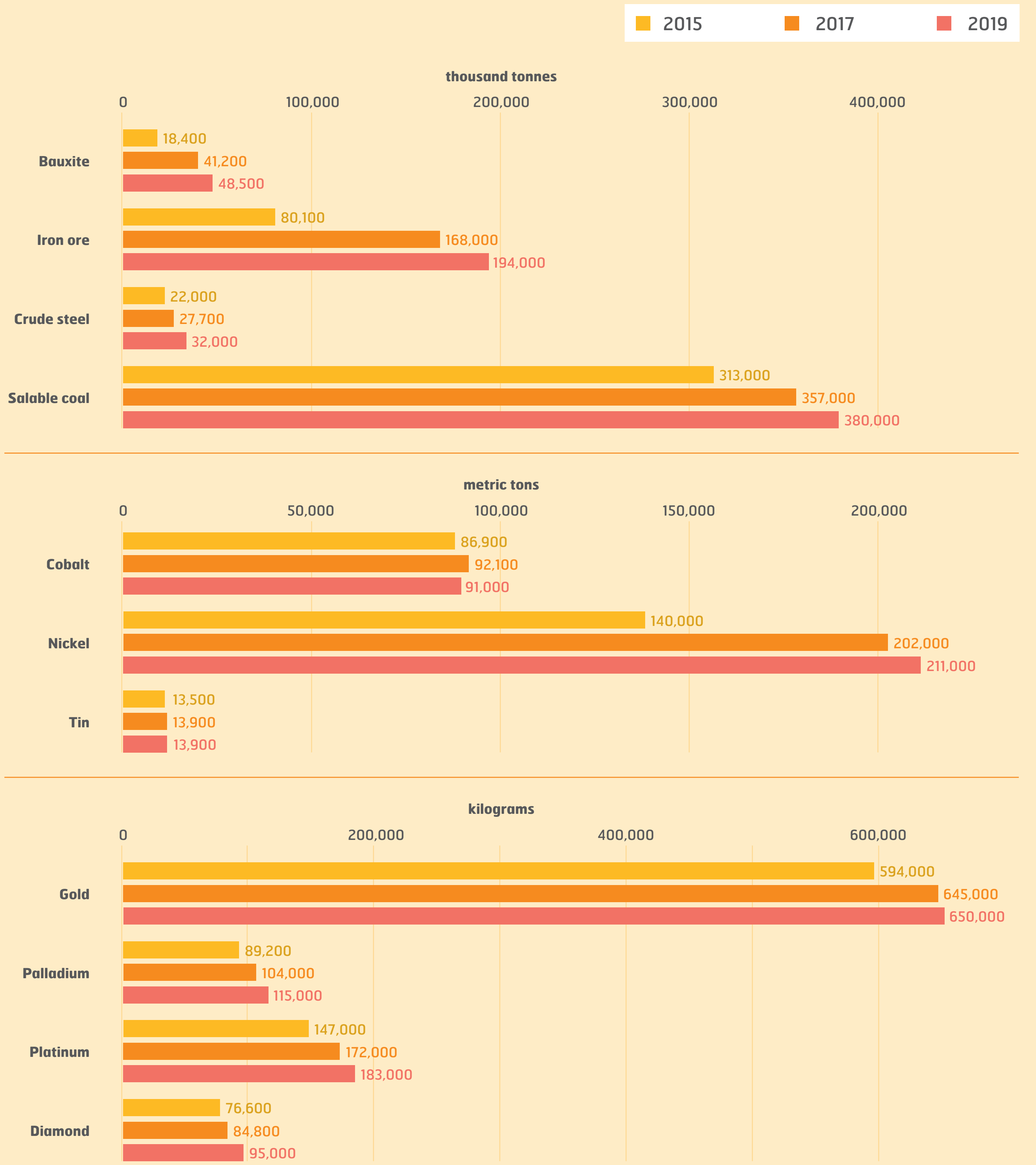
The Ground Support division has a number of new initiatives in the pipeline and is currently working with Anglo American Platinum on a number of next-generation bolting systems following their theme of increasing mechanisation. This will ultimately see bolters being controlled remotely.

Next-generation bolting systems

Donald O'Connor says that there is a belief in advanced mining countries that rock support has peaked in terms of safety. The focus going forward will see the development of bolting systems that are both stronger and improve productivity further, through their ease and speed of installation. "We have previously worked with a major coal mining company that saw us shave 15 seconds off a bolting installation time. This may not sound [like] much, but it equated to an extra month of drilling per machine per year," explains O'Connor.

Orica Africa (Pty) Ltd
Head office: Cnr Vanacht & Gewel Street
Isando, 1600, South Africa
T: +27 01 596 3101
E: rsamarketing@orica.com
www.orica.com

Projected African production, selected metals and minerals



SOURCE: US GEOLOGICAL SURVEY

SIMON DAWSON/BLOOMBERG VIA GETTY IMAGES

Workers at the Gara gold mine in Loulo, Mali. Africa holds about 40 per cent of the world's gold reserves, but falling commodity prices pose a threat to the mining industry

Foreign investment flows are being closely monitored as falling commodity prices threaten government programmes. "The well-known role of mining as an economic catalyst is reaffirmed, particularly in terms of national revenues and jobs. Nearly 45 per cent of government revenues in Botswana and 25 per cent in the Democratic Republic of Congo come from mining. Each mining-generated job can lead to the creation of three to five additional jobs outside the mining sector," states The International Council of Mining and Metals's report *The Role of Mining in National Economies*, published in October.

Understandably, African governments want the continent's resource riches to be translated into sustainable and inclusive growth. While huge development leaps have been made, questions remain on both their permanency and the match with the population's aspirations. Africa is too big to follow one script – its countries are taking different routes and there is a huge

African Mining Vision

This African Union (AU) strategy outlines out the continent's long-term objectives for the mineral sector, aiming to place sustainable development and socio-economic benefits at the fore of policymaking. The African Minerals Development Centre was established to support AU member states with implementation.
The vision's goal is to create a sector that:

- is knowledge-driven, and part of a diversified and globally competitive, industrialising economy;
- effectively utilises resource rents, and is environmentally friendly, socially responsible and sustainable, benefiting shareholders and the surrounding communities;
- provides multifaceted, broad-based growth;
- attracts investment into mining and infrastructure;
- accommodates small-scale and artisanal miners; and
- capitalises on the partnerships between public and private stakeholders.

SOURCE: WORLD BANK

Vedanta unveils a new logo

Vedanta, a global diversified natural resources group of companies, has unveiled its new logo. The new logo will illustrate Vedanta's consistent commitment to the growth of its low-cost operations, leveraging technology to deliver innovation and superior value to its shareholders.

The new logo was designed when 'Sesa Sterlite Limited' was renamed 'Vedanta Limited.' This is a significant milestone that represents the company's united and aligned identity and reflects Vedanta's goal of strengthening the link between our global business, communities and stakeholders. The logo is a result of a co-creation exercise with internal stakeholders across geographies and group companies.

"In continuation of having a unified brand proposition, this logo refresh symbolises Vedanta's unwavering commitment towards creating greater value for our domestic and global stakeholders, as a diversified natural resources group of companies," said Tom Albanese, Chief Executive Officer of Vedanta.

A commitment to unity

The already rich heritage of Vedanta's brand is further enhanced by this logo refresh, which enforces the company's reputation as a unified, inclusive and integrated global diversified natural resources group of companies. The new logo represents Vedanta's commitment to its triple bottom line – people, the planet and prosperity – and symbolises its distinct virtues: professionalism, sustainability, ethics and integrity.

The logo will be adapted by all the divisions/group companies, incorporating their respective logos, which will help solidify Vedanta's goal of being a unifying brand across its Indian and global operations.

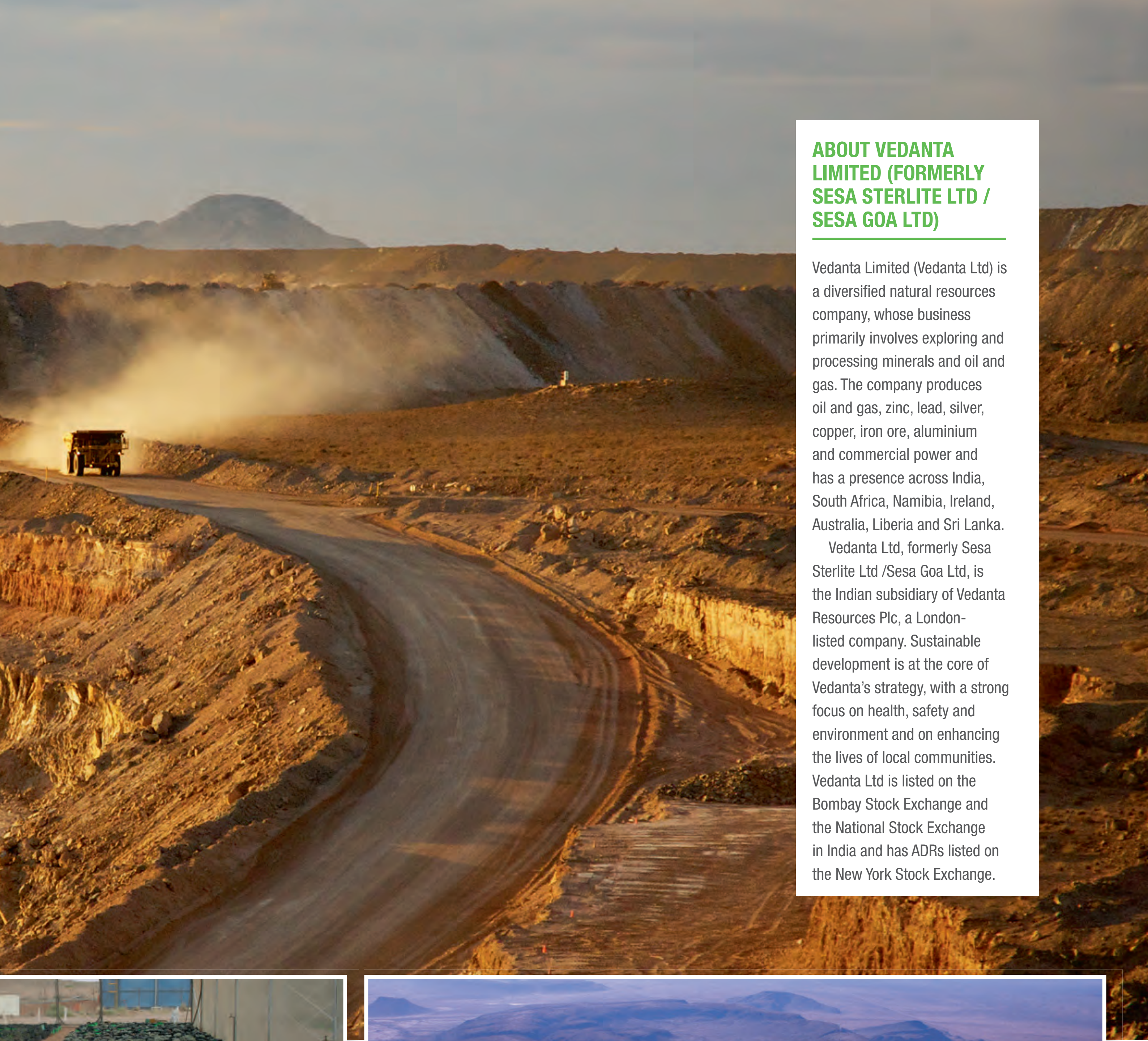
Sustainability and prosperity

Vedanta's new logo was developed using feedback from Vedanta's internal stakeholders, who completed an engagement exercise.

Significant changes have been made to the logo: two colours have been used – leaf green and a shade of Yale blue – which symbolise Vedanta's key values of professionalism, sustainability, ethics and integrity. The colour green symbolises Vedanta's ethical credentials and the colour blue reflects Vedanta's unwavering integrity and professionalism. A leaf, a symbol of life, now features within the Vedanta globe, which represents the company's continued commitment to its triple bottom line. The globe represents the centricity and necessity of natural resources found in the earth, as well as the responsibility that Vedanta has towards communities.

Finally, the typeface used in the logo is indicative of Vedanta's dynamic, energetic and foward-thinking company culture, and the logo demonstrates Vedanta's commitment to environmental sustainability and economic prosperity in its areas of operations.

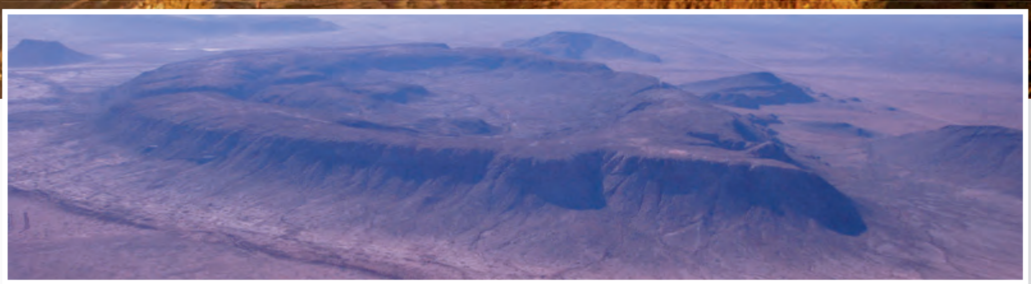
vedanta



ABOUT VEDANTA LIMITED (FORMERLY SESA STERLITE LTD / SESA GOA LTD)

Vedanta Limited (Vedanta Ltd) is a diversified natural resources company, whose business primarily involves exploring and processing minerals and oil and gas. The company produces oil and gas, zinc, lead, silver, copper, iron ore, aluminium and commercial power and has a presence across India, South Africa, Namibia, Ireland, Australia, Liberia and Sri Lanka.

Vedanta Ltd, formerly Sesa Sterlite Ltd /Sesa Goa Ltd, is the Indian subsidiary of Vedanta Resources Plc, a London-listed company. Sustainable development is at the core of Vedanta's strategy, with a strong focus on health, safety and environment and on enhancing the lives of local communities. Vedanta Ltd is listed on the Bombay Stock Exchange and the National Stock Exchange in India and has ADRs listed on the New York Stock Exchange.



For further information, please contact:
Roma Balwani, President - Group Sustainability, CSR and Communications

Tel: +91 22 6646 1000 | gc@vedanta.co.in

Disclaimer: This press release contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "should" or "will." Forward–looking statements by their nature address matters that are, to different degrees, uncertain. For us, uncertainties arise from the behaviour of financial and metals markets including the London Metal Exchange, fluctuations in interest and or exchange rates and metal prices; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

INTERVIEW

Powering prosperity: Africa's natural resource wealth

Adonis Pouroulis, Chairman

Ben Smit, Executive Director

Can you give us a quick overview of the Pella Resources Group?

Pouroulis: Pella Resources was born from a 50 year-long family history of developing and investing in mining in Africa. From an early age, I was immersed in the mining business with my father, Loucas Pouroulis, who successfully developed many mining projects. So it was no coincidence that I studied mining engineering and, at the age of 27, listed my first mining company, Petra Diamonds, which is today listed on the London Stock Exchange and worth close to £1 billion. From there, the Pella Group was formed and together with Ben, with whom I have a 20-year working relationship, we have invested in and developed projects all over the continent in commodities, including diamonds, gold, tin, rare earths, bauxite and oil and gas.

What are the special attractions of mining in Africa?

Smit: We are African. We were born and grew up and cut our teeth on this industry in Africa and believe that this is the most under-explored continent with so much more to offer. Our affinity with Africa goes beyond the commercial and we are very serious about developing mineral resources in conjuction with providing opportunities for the people.

What government actions have been helpful for mining?

Pouroulis: We are seeing more African governments realise that they need to create favourable investment destinations to develop their extractive industries and that they compete, not only with other African countries, but also the rest of the world for foreign investment in natural resources.

What additional moves from governments would you like to see?

Smit: We would like to see governments create transparency and order in the systems guiding investment in this sector and allow the private sector to develop the industry, which in turn will provide public sector income in the form of taxes and royalties. The industry has been under severe financial strain for some time and governments and industry need to create partnerships to jointly show the investing sector that opportunities exist and that funds are spent responsibly and purposefully.

The pace of development in Africa is quickening, what do you welcome most?

Pouroulis: We welcome the increase in pace, especially in terms of social development, education and infrastructure as all of this adds to the acceleration of developing natural resources. What we would like to see is greater investor confidence in Africa and we are working hard to do our part in that.

What are you especially pleased you have done?

Pouroulis: Apart from the development of Petra, and some of our oil and gas projects, we have recently invested in developing a tin mine in Rwanda, a rare earths mine in Burundi and our bauxite project in Guinea is also very exciting.

What are your future objectives in Africa?

Pouroulis: We continue to work alongside governments and other industry players to identify and develop the natural resource wealth of Africa, for Africa.

Pella Resources Ltd
Trafalgar Court, Admiral Park,
St Peter Port, Guernsey, GY1 3EL
T: +44 207 494 8204
www.pella-resources.com

PELLA
RESOURCES LIMITED

INTERVIEW: WORLD BANK

Creating a geological map of Africa

Most African states lack basic geological mapping. This critical constraint on development was identified at the adoption of the African Mining Vision. Now, the African Union, with the support of the World Bank, is planning such a map.

The African Mineral Geoscience Initiative (AMGI) proposes to provide African governments with better information about their countries' mineral assets, which will strengthen their negotiating capacity so that local economies can benefit from the sustainable development of their natural resources.

The project will build capacity within African institutions to strengthen geodata and compile it into one common platform.

AMGI will be chaired by the African Union Commission, hosted by a Secretariat at the African Minerals Development Centre (AMDC) and supported by a Multi-Donor Trust Fund administered by the World Bank. Here, the World Bank explains the project.

Q: What is the AMGI?
The African Mineral Geoscience Initiative is a proposal to build capacity and knowledge within African national institutions to collect, collate and reinterpret geodata that has already been produced, assess the gaps and define priorities for the generation of new geological data. AMGI will define a common scientific protocol and build a common technological platform among all participating countries that will serve both as a repository and as a tool for the processing of geodata.

Q: What is the objective of AMGI?
The objective of the AMGI is for African governments to have access to better information about geological potential to inform negotiations on mineral resources and, ultimately, so that local economies benefit.

An important part of this objective is building the capacity of African governments to obtain this data and then use it to ensure appropriate and sustainable investments are made that lead to transparent revenue flows to the economy and benefits for local people.

Q: How will the AMGI benefit the poor?
There is an overall consensus that lack of knowledge about mineral potential in Africa is hindering the development of the region's resource-rich countries and preventing them from sustainably developing their natural resources. The *Africa Progress Report*, published in 2013 and chaired by Kofi Annan, cited that the Democratic Republic of Congo lost at least $1.36 billion between 2010 and 2012, due to underpricing of mineral assets. Accessible geodata would reduce asymmetry of information that can put governments at a disadvantage when considering future natural resource development.

Q: Who will lead the AMGI project, given that it is a regional initiative?
The AMGI will be managed through a Secretariat hosted by the African Minerals Development Centre reporting to a multi-stakeholder Board chaired by the Africa Union Commission. A Multi-Donor Trust Fund, hosted by the World Bank, will be created to pool together resources and financing for AMGI.

Q: Will AMGI cover the entire continent of Africa?
This will depend on country interest in joining the initiative. Countries will join on a voluntary basis and commit to a charter and a programme of work to be eligible for funding so progress will be gradual.

Q: What stage is the project currently at?
As of January 2015, this project is still in the initial phase and governance arrangements are still being developed with the Africa Union Commission.

GOLD FIELDS

Underground machinery used at Gold Fields's South Deep mine in South Africa. The company's full mechanisation of operations has cut production costs

assortment of global and local mining-related development agencies, strategies and initiatives

However, a central pan-African framework has been provided by the African Union, and was adopted in 2009 – the African Mining Vision (see box on page 91). As described by the United Nations Economic Commission for Africa, its aim is integrating mining much better into development policies at local, national and regional levels, with the desired practical outcome of moving Africa on from its historic status as an exporter of cheap raw materials to a manufacturer. Incorporated, too, are respect for the environment and better opportunities in mining for women and for the economically important artisan miners.

Coming at a time when mining companies are caught between rising costs and falling revenues, increases in state interventions and taxation have led to lively debate between corporates and governments. While companies worldwide are introducing new technologies to cut costs – such as fully mechanised operations, as by Gold Fields in South Africa – these cannot compensate for the price falls.

Governments, however, are aware that there must be incentives for investors to extract minerals in the first place. Beneficiation has to be economically viable. Former South African Mineral Resources Minister Susan Shabangu, for one, reassured mining companies last year that her government will not use new laws to force companies to beneficiate their output within the country or unilaterally restrict exports of ore. Partnerships have been set up – to name just three companies, BHP Billiton, De Beers and Tata Steel all have African beneficiation projects. ●

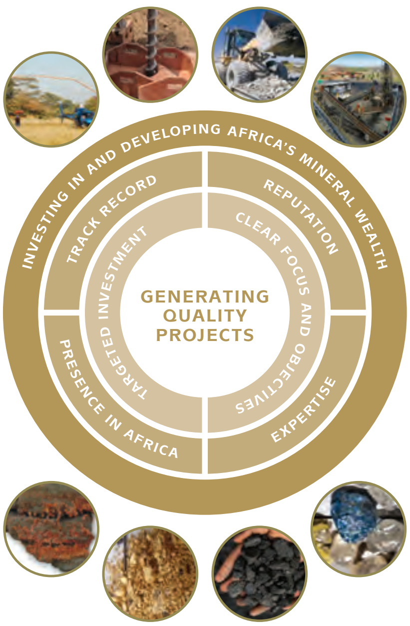
Pella Resources Limited

Investing in, developing and promoting Africa's mineral wealth

Overview

Pella Resources Limited ("Pella") is an African focused natural resource and energy group, with a strong track record in exploration and mine development across the continent.

Pella was founded by Adonis Pouroulis whose expertise lies in the discovery, exploration and development of natural resources including diamonds, precious metals, base metals, coal and oil and gas.



KEY OBJECTIVES

- To generate quality resource projects
- To establish and develop investment opportunities across the continent
- To create significant value for all stakeholders and be a partner for projects across Africa

BUSINESS MODEL

- Generates focused, independent companies
- Provides and protects individual investment propositions
- Retains a meaningful stake in each business and continues to actively support investments
- Core Principles: Creativity, Boldness, Excellence and Integrity

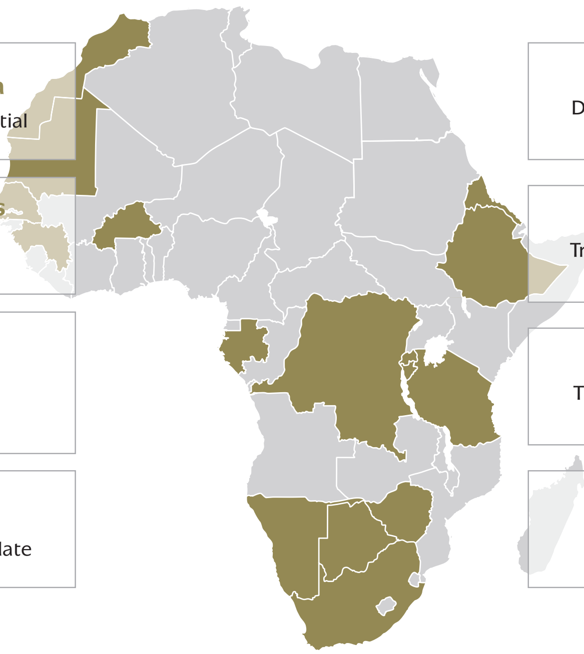
DIVERSE INVESTMENT STRATEGY

- Strategic, multi-commodity approach looking at opportunities across the value chain

COMPETITIVE ADVANTAGE

- Established network of contacts and deep knowledge of working in Africa
- History embedded in resources and strong track record of success to date
- Access to project pipeline and ability to evaluate viability

Pella's presence in Africa



Strategic Focus = Africa
Diverse wealth of resource potential

Presence in 16 countries
Wide range of contacts across the continent

World class operations, high potential portfolio
Greenfield, brownfield and production assets

Significant investments
Over $2bn in capital invested to date

Geographical experience
Deep knowledge of working in Africa – 50 years + across continent

Resource experience
Track record of success in discovering and taking mines into production

Employment
Through its companies and affiliates, Pella employs over 6,200 people

Sustainable development
CSR development programmes in place across all operations

Pella's business model

Pella's core principles and ethos – Creativity, Boldness, Excellence, Integrity

1. Identify investment opportunity: Commodity / Team / Asset
2. Target and secure key assets
3. Install or back management team and provide seed finance
4. Take to key value creation point and obtain external funding
5. Retain interest/ active role but allow to grow independently of Pella

Sustainable Development: Value Creation

COMPANY	OBJECTIVES & VALUE DRIVERS
Petra Diamonds**	Looking to continue to expand production to over 5 million carats p.a by 2019 from its mines in SA and Tanzania and recently announced a maiden dividend
Tharisa Resources*	Low cost, large scale, open pit PGM and chrome producer in SA with long LOM. Continuing to explore innovative beneficiation opportunities
Keaton Energy*	Currently producing 2.5Mt of coal in SA – looking to acquire and develop new strategic and value accretive opportuties
Piran Resources	Ramping up to commercial production at its mine in Rwanda and become a leading African tin, tantalum and tungsten producer
Alufer Mining	Targeting maiden production of bauxite in 2016 from Bel Air Project in Guinea – will ramp up production to a 10Mtpa operation
Rainbow Rare Earths	Looking to achieve near term production from the Gakara Project in Burundi – trial mining currently scheduled for Q4 2015 – target to reach 5,000 of TREO tpa
Chariot Oil & Gas**	Progressing all assets across the Atlantic margins towards drilling – focused on creating transformational value through the discovery of material accumulations of hydrocarbons
Toro Gold**	Developing the million + ounce Mako Project in Senegal, seeking to bring into production and add further ounces to the portfolio
Aurigin Resources	Focused on the exploration and development of gold assets in East Africa and looking to become a producer in the medium term
Centrale Oil & Gas	Focused on exploring, evaluating and subsequently adding real value from the significant prospectivity held within vast acreage position in the DRC

* Affiliate companies
** Now managed independently of Pella

Sustainability

- The Group is committed to identifying and developing sustainable projects, aiding and empowering local communities
- Consistently meeting international corporate and social responsibility standards
- Working within all levels of society and government, directly liaising with the communities wherein Pella is involved
- Highest standard of environment assessment conducted around all key developments
- Emphasis upon local job creation and local infrastructure
- The group's companies and affiliates have a range of social programmes and commitments which they implement, offering support to the communities and environments in which Pella operates

Investing in, developing and promoting Africa's mineral wealth

Pella Resources Limited, Trafalgar Court, Admiral Park, St Peter Port, Guernsey, GY1 3EL

Annabel Redford — Fiona McFarland

+44 207 494 8204 annabel.redford@pella-resources.com fiona.mcfarland@pella-resources.com

PELLA RESOURCES LIMITED

INTERVIEW

African Risk Capacity: insurance against disaster

African Risk Capacity (ARC) works with countries to improve their preparedness for extreme weather events and natural disasters. **Ekhosuehi Iyahen**, Lead Client Services Manager for Risk Transfer, discusses how the organisation is helping to build a more disaster-resilient Africa

Ekhosuehi Iyahen
Lead Client Services Manager for Risk Transfer, African Risk Capacity

Q: How would you describe the core vision and objective of ARC?
Currently, the main mechanism to respond to natural disasters relies on ad hoc funding, which is secured only after a disaster strikes. While the international community is working to raise funds to respond, the people who are affected by the crises are forced to make difficult decisions in order to cope, such as selling off livestock, removing their children from school and other negative coping mechanisms. Livelihoods are lost, assets are depleted, and development gains suffer major setbacks – forcing more people into chronic destitution and food insecurity in the world's least developed countries.

ARC was established as a specialised agency of the African Union to help member states improve their capacities to better plan, prepare and respond to extreme weather events and natural disasters, therefore protecting the food security of vulnerable populations.

The objective is to assist member states to reduce the risk of loss and damage caused by extreme weather events and natural disasters affecting Africa's populations by providing targeted responses to disasters in a more timely, cost-effective, objective and transparent manner.

Q: How is ARC structured?
ARC is comprised of two entities, the ARC Agency, a treaty-based international organisation and specialised agency of the African Union, which provides technical and capacity building services to its member states, and the ARC Insurance Company Limited, which is its financial affiliate established to provide insurance to participating sovereigns. ARC Ltd is a mutual insurance company owned by its members. While it is not motivated by profit, the company operates according to solvency standards. Net gains are reinvested back into the pool to grow the reserves for future years.

Q: What role has the private sector played in the formation of ARC?
As an example, ARC Ltd retained Willis Group for reinsurance brokerage services following a competitive tender process. Willis placed a reinsurance portfolio ($55 million in excess of a $15 million retention) for the company. The reinsurance programme met with strong interest in the markets, with 11 major global reinsurance markets and Africa reparticipating in the company reinsurance programme.

In September 2014, the Willis Group won the Reinsurance Transaction of the Year award at the Insurance Insider Honours for its work in designing and placing the reinsurance for ARC. The Insurance Insider Honours recognise outstanding achievements in broking, underwriting and claims.

Q: Potential members must complete contingency planning to participate. What does this involve?
The process requires countries to identify the optimal use of funds from an ARC payout given the existing national risk-management structures and the needs of potential beneficiaries. Operations plans must be government-driven and based on in-country priorities for risk management in the context of food security. Contingency planning refers to both the operations plan and a final implementation plan that would be submitted by the national government shortly before an imminent payout, and would include detailed

information on how the ARC payout would be deployed given the specific situation. These plans are developed collaboratively between national governments, in-country partners and, where needed, the ARC secretariat.

Based on a comprehensive study into the cost-saving benefits of early response, the ARC has developed contingency planning standards and guidelines that help countries to link early warning to livelihood-saving early response activities.

Member states must show that activities meet three sets of criteria:

- Time sensitive and/or catalytic – ARC Insurance Company Ltd payouts must be used for time-sensitive activities that would not be possible without 'first available funds', ideally implemented within 120 days of an ARC payout, and/or activities that prompt or enable other activities to ensure faster and more effective action for the overall response.
- Livelihood savings – ARC Insurance Company Ltd payouts should not be used for general investment activities, but instead should aim to protect livelihoods of beneficiaries who would be more negatively impacted if they need to wait to receive assistance.
- Duration – Each activity that will be funded by an ARC Insurance Company Ltd payout should be completed within six months to ensure that financial resources are utilised in a timely and efficient manner. This will make sure that countries capitalise on the 'first available funds' principle of ARC.

Q: What are the main risks to agricultural industries?

Africa is widely recognised to be the region most vulnerable to weather risks. Weather-related disasters are already undermining record growth across the continent, threatening hard-won development gains and vulnerable populations. Increasing climate volatility will counteract investments being made by countries to mitigate, prepare for and manage current weather risks. The World Bank estimates an adaptation investment cost of $14-17 billion per year over the period 2010-50 for sub-Saharan countries is needed to adapt to an approximately 2°C warmer climate forecast for 2050. Climate change is particularly threatening to the future of African agriculture, which impacts global food security and the economic livelihoods of hundreds of millions of Africans.

Q: What methods and technologies does the ARC utilise to map risk and impact across Africa?

The technical engine of ARC is a software product called Africa RiskView, which uses rainfall data to estimate the number of people affected by a drought event during a rainfall season and then the dollar amount necessary to respond to the affected people in a timely manner. Through the agency's capacity-building programme, countries are able to model their historical drought response costs and select rainfall-based triggers to determine when they would receive a payout in the future, if they take out an insurance policy. We are working to add flood risk and cyclone risk to the model.

Q: How does the organisation assist member states in boosting preparedness for extreme weather events and natural disasters?

ARC helps its member states to manage risk, instead of the traditional way of managing disasters only after they strike. Member states receive risk-transfer training and other capacity-building services to ensure that operations plans are ready and approved by a technical working group and a peer review committee, prior to a disaster striking. This way, countries are ready and prepared for a disaster before it strikes, ensuring that early intervention activities can be rolled out right away.

Q: ARC made its first payout of $25 million in drought insurance claims earlier this year. What plans do you have to launch other types of cover and products in the future?

In addition to drought insurance, ARC is expanding to offer both flood and tropical cyclone insurance, which will be made available to member states in 2016.

Q: Last year saw ARC launch its Extreme Climate Facility (XCF). How would you describe the structure and purpose of the facility?

The Extreme Climate Facility (XCF), which is currently in the research and development phase, is designed to help ARC member states adapt to an increasingly volatile climate. The XCF will be a data-driven, multi-year vehicle that will provide financial support to eligible African countries to help them build climate resilience and be financially prepared to undertake greater adaptation measures, should extreme weather event frequency and intensity increase in their region. The XCF will be an African-led initiative that is designed to access private capital, diversifying the sources and increasing the amount of international funding available for climate adaptation in Africa.

ARC provides an ideal platform from which to develop and operationalise such a new facility. The XCF will use both public and private funds and facilitate direct access to climate adaptation finance for eligible African governments based on the demonstrated need for enhanced adaptation measures. Its financial obligations to African countries will be securitised and issued as a series of climate change catastrophe bonds. Once established, the bonds will provide additional climate change adaptation financing to participating AU countries, in the event that weather shocks, such as extreme heat, droughts, floods or cyclones increase in occurrence and intensity. The bonds will be financed by capital provided through private investors, with donors supporting the annual bond coupon payments. XCF will be structured so as to issue more than $1 billion in African climate change bonds over the next 30 years.

Q: In February, it was announced that ARC is developing insurance for disease outbreaks and epidemics. How is this initiative progressing?

The outbreak and epidemic (O&E) insurance product is currently also in the research and development phase, with a goal of insuring its first member states in 2017. While the basics of O&E are similar to ARC's drought insurance, ARC will need to build a new parametric model for O&E to underpin the insurance contracts and work with countries to define the appropriate contingency plans for responding and hopefully containing an epidemic. The most challenging part will be building the underlying parametric model – this has never been done in Africa at the national level before.

Q: How do you see the activities of ARC developing over the next five years?

One main focus will be on portfolio growth and adding new weather risks to ARC's coverage options. In May 2014, ARC Ltd issued drought insurance policies totalling $129 million for a total premium cost of $17 million to a first group of African governments for five rainfall seasons – Kenya, Mauritania, Niger and Senegal – marking the launch of the inaugural ARC pool. Seven additional countries are in the queue to join the next pool in 2015, with a target of up to 20 countries receiving coverage for drought, flood and cyclones totalling more than $600 million in the next five years.

However, in step with portfolio growth, ARC's core focus will be on improving the national-level contingency planning and learning from each insurance pool and the implementation of payouts when they occur. At the end of the day, while timely funds are critical, ARC's insurance instrument will only be as valuable as a county's ability to convert an early payout into a rapid and effective response to those affected. For ARC to deliver on its promise to strengthen national capacities to manage and reduce risk defining the best practices for more effective and coordinated early interventions will be key and critical to building a more disaster-resilient Africa. ●

Winds of change

The extent of the power gap across Africa cannot be overstated, but with a wealth of potential in renewables and growing confidence among investors, projects are getting under way to address the shortfall, writes **Michael Cassell**

HOUGAARD MALAN PHOTOGRAPHY/GETTY

Wind turbines in Eastern Cape, South Africa. The country's wind and solar energy programme has both offset carbon emissions and produced a net profit

More than two-thirds of the population of sub-Saharan Africa is without electricity, but the continent is in the grip of an energy revolution that promises to transform the lives of many people and the countries that they live in. The ambition is to bring within everyone's reach supplies of secure, affordable and environmentally friendly energy that will improve living standards and see an end to endemic economic underperformance across the continent.

The task is immense. The International Energy Agency (IEA) forecasts that, by 2040, as many as 960 million Africans will have access to power, but continued population growth means hundreds of millions could still be without. The United Nations Environment Programme Finance Initiative calculates that Africa needs to install an estimated 7,000 megawatts (MW) of new generating capacity annually to get anywhere near fulfilling demand. The cost of bringing energy supplies just to urban areas within sub-Saharan Africa will be enormous, with the IEA estimating the required investment will be in excess of $450 billion. The African Development Bank (AfDB) believes $40 billion will have to be spent over the next decade alone.

The cost of not tackling the energy deficit, however, will be much higher. Chronic power constraints impede growth and productivity in more than 30 African nations. Inadequate generating capacity, limited electrification, unreliable service and high prices have combined to leave the power sector in a state of ongoing crisis. According to the AfDB, the entire installed generating capacity in sub-Saharan Africa is now at about 147 gigawatt (GW), equivalent to the total capacity in Belgium, or what China installs every one to two years.

The AfDB calculates that manufacturers experience an average of 56 days a year of shutdown time because of power outages, while the International Renewable Energy Agency (IRENA) says that between five and seven per cent of GDP is being lost in countries such as Tanzania, Malawi and South Africa because of electricity shortages. In South Africa, the deepening power crisis has triggered almost daily outages, hitting industry as well as households, forcing the government to downgrade its economic growth forecast for 2015 from 2.5 to two per cent. Nigeria, Gabon and Ghana, where power cuts can last 24 hours, are also hard hit.

That there is an energy shortage at all is ironic, considering the vast wealth of natural resources to be found across the continent. Africa has abundant coal, oil and gas reserves – within the past five years almost 30 per cent of all oil and gas discoveries globally have been made on the continent. In 2013, the Brookings Institution, a United States-based public policy group, estimated that sub-Saharan Africa boasted more than 132 trillion barrels of proven oil reserves. However, it pointed out that by exporting most oil for refining elsewhere, the continent had "long missed out on a huge opportunity for economic transformation".

Despite enthusiasm for green energy, there can be no quick fixes, and the continent's dependence on fossil fuels will continue for decades. Oil and gas giant BP believes that fossil fuels in Africa will, in 2035, still account for around 86 per cent of the rocketing demand for energy. Oil will remain the dominant fuel, followed by gas and coal. South Africa, in particular, is continuing with its programme for large coal-fired power stations, such as the Medupi project. The South African government is also inviting independent power producers to increase coal-fired generating capacity, while the emergence of shale gas could further expand the country's reliance on fossil fuels.

Yet, Africa also boasts plentiful supplies of renewable energy sources, notably hydropower, geothermal, wind and solar, the potential for which is only now becoming recognised. Some major renewable schemes have, however, already been completed or are under way. Ethiopia is building Africa's largest hydroelectric and geothermal plants; between them, the two projects will triple the country's power output and offer the prospect of exporting electricity to neighbours Djibouti and Somalia. Other hydroelectric projects are under way in Sudan and Ghana. Elsewhere, Kenya is planning the continent's largest wind power project, cutting the country's dependence on diesel and oil, while other major wind projects are taking place in northern Senegal and Ethiopia. In South Africa, two of the largest solar photovoltaic projects on the continent – with a combined capacity of 150MW – are operational and feeding electricity into the national grid.

Ethiopia is building Africa's largest hydroelectric and geothermal plants; between them, the two projects will triple the country's power output

Any push to improve the power supply situation across Africa must now take account of the need to cut greenhouse gas emissions and to fully exploit such renewable energy sources. The IEA estimates that up to half the growth in energy supply across the continent will, by 2040, come from renewables – implying that they may account for up to 80 per cent of new capacity added before that date.

Commitment to renewables

The African Union (AU) is championing the development of renewable energy. Within its priority plan up to 2020, there are 15 regional energy projects, nine of which involve hydroelectric schemes. In January 2015, it reported that a third round of bids for geothermal projects in east Africa had attracted 16 interested parties. The AU is keen to see the creation and implementation of a regulatory framework for the energy sector that could ultimately be applied within regions and then across the entire continent.

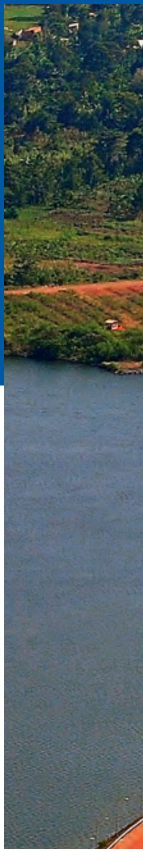
The AU commitment reflects broader hopes for renewables, which not only hold out the prospect of an end to reliance on fossil fuels, but also offer the opportunity to extend electricity provision to vast off-grid regions. For example, Algeria, Africa's leading natural gas producer, has just announced plans to install 13.5GW of solar power by 2030 and to generate one-quarter of all its energy needs from renewables over the same period. Other countries have put in place national targets for renewable energy expansion, but, despite political endorsement, many of the same countries have so far failed to enact the policies and incentives needed. Only South Africa and Morocco have implemented what could be described as fully fledged, independent power producer procurement programmes as of yet, while others, such as Kenya, Uganda and Mauritius have taken steps to introduce concrete measures for renewable energy development.

A study published in January 2015 by the Council for Scientific and Industrial Research (CSIR) showed that South Africa's ambitious renewable energy programme was starting to deliver financial benefits. The 1.6GW of wind and solar power capacity actually commissioned by the end of 2014 had helped offset more than two million tonnes of carbon dioxide emissions last year, the report said, and provided a net profit to the country's economy of at least $60 million. South Africa may be leading the way, but it is by no means alone in deploying renewables. In 2014, 19 countries agreed to create an Africa Clean Energy Corridor that would give the continent the chance to "leapfrog into a sustainable energy future". The aim is to raise the proportion of renewables used by the Eastern African Power Pool and Southern African power pools from around 12 per cent to at least 40 per cent by 2030. A regional approach to the challenge, they claim, will optimise the energy mix and help attract more investment.

To the west, the Economic Community of West African States (ECOWAS) has developed rural renewable energy development agendas that aim to see approximately 20 per cent of generated electricity accounted for by renewables within the next 15 years. ECOWAS is also playing a leading role in developing policies that will remove the barriers hindering the participation of women in the African energy sector. Under an initiative unveiled in February 2015, the governments of 15 member nations will be committed

Bujagali Hydropower Project – a key catalyst for economic growth in Uganda

The project's success goes beyond the generation of electricity



Key benefits include:

- **Doubling Uganda's effective generation capacity** and ending load shedding
- **Reducing the cost of generation by two thirds** as compared to the expensive thermal power that Bujagali displaced
- **Delivering reliable power through an ongoing 99% contractual availability factor**, which provides the foundation for existing manufacturing and for attracting future industrial development
- A major driver of **significant GDP growth, which increased by 76%** in Bujagali's first year of operations
- **Reducing carbon dioxide emissions by 900,000 tonnes per year** as the largest renewable Clean Development Mechanism (CDM) project in Africa
- Implementing a wide range of social and environmental programs, including the **construction of schools and health centers as well as the extension of local water and electrical services**, with the aim of improving the quality of life for the communities residing in the vicinity of the project area

Bujagali owes its success to the close cooperation between **Bujagali Energy Limited** ("BEL"), the project's owner, and the **Government of Uganda** during the development, construction and, now, operation of the project. Bujagali's transformational impacts along with the leveraging of private capital, which enabled Uganda to use its financial resources for investments in other infrastructure projects and sectors of the economy, have set an example and benchmark for future public-private partnerships in Sub-Saharan Africa.

The sponsors for the project are **Sithe Global**, which is majority owned by **The Blackstone Group**, and **Industrial Promotion Services (K)** ("IPS"), an affiliate of the **Aga Khan Fund for Economic Development** ("AKFED").

Bujagali ENERGY Power For Prosperity

SITHE GLOBAL   IPS Industrial Promotion Services   Aga Khan Fund for Economic Development   Blackstone

COMMUNITY HEALTH
Constructed and supplied community health centers and administered medical programs.

FISHERIES
Trained and organized hundreds of local fishermen and equipped them with fishing gear, boats and nets.

AFFORESTATION
Planted more than 1,000 acres of trees along the Nile River to combat soil erosion.

TOURISM
Provided funding to establish rafting and ecotourismbusinesses downstream of the project site.

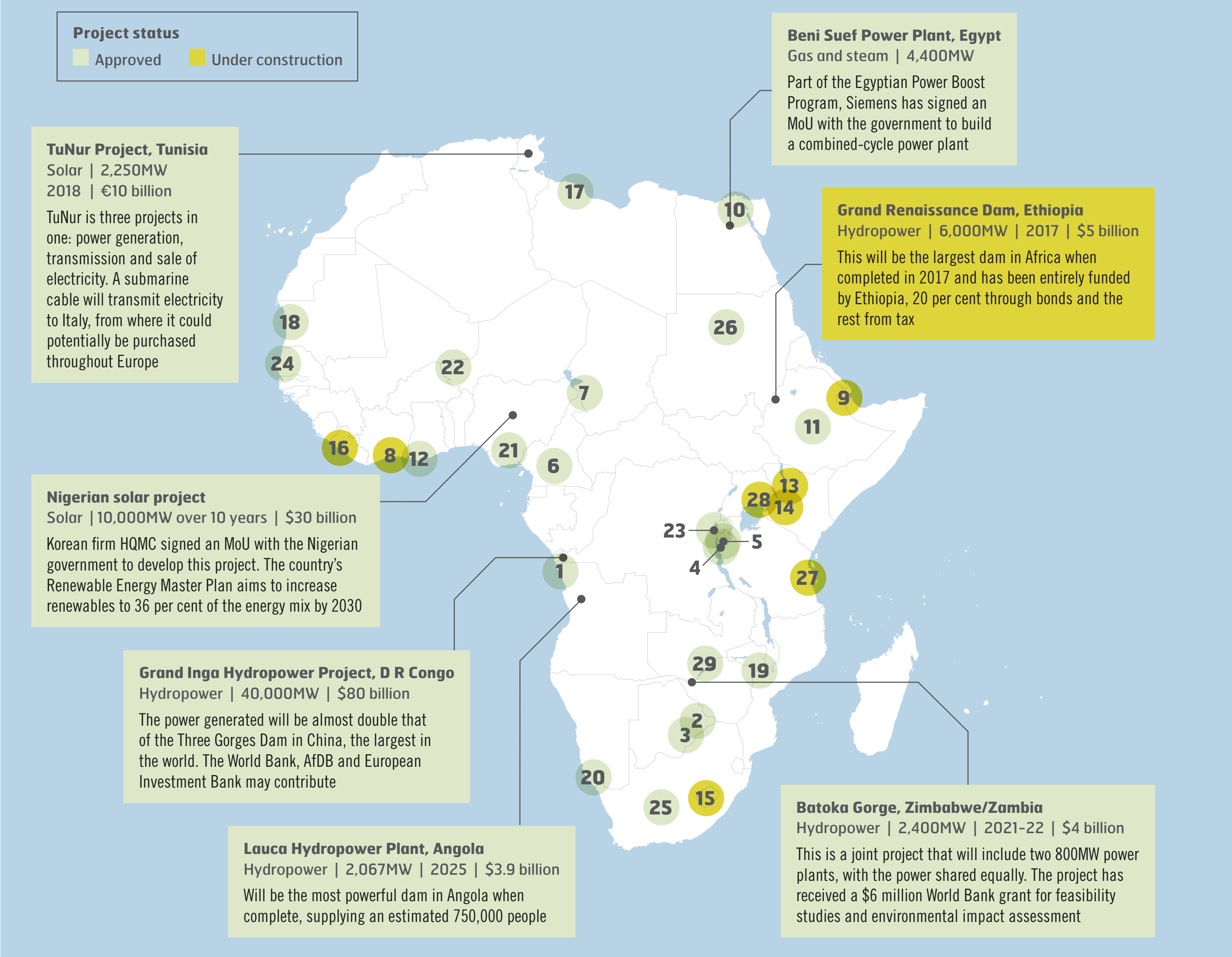
EDUCATION
Constructed and equipped new schools and provided skills training and apprenticeship programs for local youths.

VULNERABLE PERSONS
Supported hundreds of people, including orphans, the elderly, widows and people with disabilities, through the provision of new household equipment and supplies.

AGRICULTURE
Provided agricultural training, livestock and supplies, and constructed market to stimulate agriculture production.

OTHER SOCIAL PROGRAMS
Including: extending municipal water supply to more than 5,000 people; renovating dozens of resettlement village houses; and implemented a program to increase local access to the national electricity grid.

Selected African power projects



to ensuring that women are included in strategic discussions on investment in safe and sustainable energy supply systems. The policy, which is still in development, is thought to be the first of its kind globally. It is intended to ensure that women make the fullest possible contribution to ending Africa's energy problems.

Markets open to investors

Two forces are driving the expansion of green energy. Firstly, a number of African countries have either opened up their markets to private investors or have adopted clearer regulations that help encourage investment. Apart from South Africa, countries such as Nigeria, Kenya, Ghana and Tanzania are attracting foreign investment in their power sectors. Although investment by governments in their own energy markets has largely remained stable, private-sector investment from within Africa and beyond is rising sharply. A second factor is the rapidly falling cost of energy provided by renewables, which could reach the point where some generators potentially will soon be able to offer competitively priced renewable power without government subsidies.

But if there is an energy gap in Africa, there is also a vast funding gap, demanding the growing mobilisation of private finance and investment. With the bulk of historic investment emanating from the public sector, the involvement of private institutions means that the risk-return profile of individual projects becomes the ultimate determinant of whether to finance or not. The risks associated with investment in African power generation

	Project name	Country	Energy type	Capacity	Completion year	Cost
1	**Combined Cycle Plant, Soyo**	Angola	Gas and steam	750MW	2017	$982 million
2	**Sese Coal Project**	Botswana	Coal	300MW	–	–
3	**Morupule Power Plant Extension**	Botswana	Coal	300MW	2018	–
4	**Jiji and Mulembwe Hydroelectric Plants**	Burundi	Hydropower	48MW	2019	$270 million
5	**Gigawatt Global Solar Farm, Gitega**	Burundi	Solar	7.5MW	–	$20 million
6	**IPP Solar Plants in Cameroon**	Cameroon	Solar	72MW	–	–
7	**Starsol Solar PV Plant**	Chad	Solar	40MW	–	–
8	**Songon Combined Cycle Plant**	Côte d'Ivoire	Gas and steam	372MW	2016	$514 million
9	**Lake Assal Geothermal Project**	Djibouti	Geothermal	50MW	2016	$31 million
10	**Helwan South Power Project**	Egypt	Steam	1,950MW	2019	$2.4 billion
11	**Corbetti Geothermal Power Project**	Ethiopia	Geothermal	1,000MW	2021	$4 billion
12	**Ghana 1000**	Ghana	Gas	1,200MW	2019	$1 billion
13	**Lake Turkana Wind Power**	Kenya	Wind	300MW	2016	€622 million
14	**Menengai Geothermal Project**	Kenya	Geothermal	400MW	2016	$488 million
15	**Lesotho Highlands Water Project (Phase 2)**	Lesotho/South Africa	Hydropower	12,00MW	2022	R17 billion
16	**Mount Coffee Hydroelectric Rehabilitation Project**	Liberia	Hydropower	80MW	2016	$230 million
17	**Khoms Simple Cycle Power Plant**	Libya	–	542MW	–	–
18	**Banda Gas-to-Power Project**	Mauritania	Gas	300MW	2016	$32 million
19	**Ncondezi Project**	Mozambique	Coal	300MW	2018	$500 million
20	**Kudu Gas-to-Power Project**	Namibia	Gas	885MW	–	$1.2 billion
21	**Ebonyi Independent Power Plant**	Nigeria	Gas	2,500MW	–	$1.14 billion
22	**Kandaji Project**	Niger	Hydropower	130MW	2017	$1 billion
23	**Ruzizi III Hydropower Plant**	Burundi/DR Congo/ Rwanda	Hydropower	147MW	2020	$650 million
24	**Tobene Power Plant**	Senegal	Oil	96MW	–	€123 million
25	**Independent Coal Power Plants**	South Africa	Coal	2,500 MW	–	–
26	**Wind Energy Projects**	Sudan	Wind	105MW	2019	$217 million
27	**Kinyerezi III Power Plant**	Tanzania	Gas	600MW/h	2016	$450 million
28	**Ugandan Solar Projects**	Uganda	Solar	500MW	2016	–
29	**Kafue Gorge Lower Hydro Project**	Zambia	Hydropower	750 MW	2017	$2 billion

are significant, but ventures become more likely and frequent if the perceived levels of risk are reduced. As such, African governments need national, regulatory and legal frameworks to reduce risk and provide a supporting investment climate.

Regional power trading

There is also a need to ensure that equal priority is given to transmission and distribution networks, and a good case for suggesting Africa should further integrate its developing power network, establishing regionalised power supply markets. These could improve efficiency and encourage power trading activities that will permit transfers from regions with ample supplies to those with high energy demand. Power trading in Africa started in the 1950s, but the first power pool was created in South Africa only in 1995, and is now recognised as the most advanced of several on the continent. There are plans to boost trading further, both within and between pools. The provision of infrastructure to make this possible will require vast, additional sums of capital.

Despite the potential obstacles, however, growing numbers of investors and institutions now see Africa as an important energy market – China, for example, is participating major hydropower schemes in Ethiopia, Sudan, Zambia, Gabon and Ghana. Given the current, relatively limited financing capacity of African banks, it is no surprise that multilateral financial and development institutions will have a critical role to play. The biggest international energy-related initiative so far

GSC Energy is a wholly owned subsidiary of GSC Holdings focused on the successful completion of cost-effective and turnkey power solutions in sub Saharan Africa - from silicon as a raw material to complete solar power plants. GSC Energy uses industry-leading technology to build high quality, energy efficient and reliable power plants in Africa.

The technologies we use to render these offerings are completely environmentally friendly and comply with the Kyoto Protocol and the Global Carbon Footprint reduction objectives. We always strive to protect the integrity of the ecosystem by being environmentally responsible and where possible, rehabilitate the land for food security objectives.

GSC Oil & Gas is a wholly owned subsidiary of GSC Holdings focused on the mining, exploration and beneficiation of mineral deposits from Africa's rich resources. The firm's mission is to become a successful mid-tier mining and exploration business by building a portfolio of producing operations together with beneficiation capability, intertwined with a world-class exploration base.

We plan to achieve this through:

- Systematic exploration and analysis
- Strong partnerships with global expertise
- Industry leading technology
- Research and Development

Formed in 2003, **GSC Group** is geared towards Communications, Telecommunications and Marketing Projects. The company is currently exploring Telecoms opportunities in:
Democratic Republic of Congo, Sierra Leone, Guinea Conakry.

GSC Group has in the past worked with Chambers of Commerce in South Africa: The National African Federated Chamber of Commerce, Afrikaans Handels Instiuut, Black Business Council.

The Company has also advised global mining companies, such as: De Beers Consolidated Mines, Tiffany & Co. of New York, East Rand Property Mines and Petra Diamonds.

ELIAS ASMARE/PA IMAGES

Construction takes place at the Grand Renaissance Dam in Ethiopia, which will be the largest hydroelectric plant in Africa and aims to reduce the country's power outages

announced is Power Africa, announced by President Barack Obama in South Africa in 2013. The plan brings together the US development agency USAID, African governments, the private sector and other partners – such as the World Bank and AfDB – to work initially in Ethiopia, Ghana, Kenya, Liberia, Nigeria and Tanzania. The aim is to add more than 10,000MW of generating capacity by utilising vast reserves of oil and gas and developing geothermal, hydro, wind and solar energy. It will also partner Uganda and Mozambique up in order to develop their oil and gas resources. The US is committed to providing more than $7 billion in financial support over a five-year period up to 2018, involving the promotion of policy and regulatory best practice, long-term financing, pre-feasibility support, insurance, credit enhancements and technical assistance. America's Overseas Private Investment Corporation (OPIC), which has a long history of supporting projects in sub-Saharan Africa, is also committing up to $1.5 billion in financing and project insurance.

Catalysing investment

The AfDB, an anchor partner in the project, expects to allocate as much as $3 billion over the five-year period to the Power Africa initiative. It is already a prime catalyst for renewable energy investment in African energy markets through a number of investment vehicles. In 2014, the AfDB – an implementing agency of the Climate Investment Funds (CIF), one of the largest climate financing instruments in the world – was involved in developing one regional and 24 national plans as part of its support for a 'climate smart' Africa. Together, the bank and CIF have injected $2.1 billion into 16 projects that are already under way in 11 African countries.

AfDB also oversees several other support mechanisms, such as the African Development Fund, while the newly created Africa50 Infrastructure Fund will help bridge the funding gaps in the development of essential infrastructure. The AfDB is also active in trying to attract non-African finance and expertise to the continent. For example, the Sustainable Energy Fund for Africa (SEFA) initiative has led to a partnership between the AfDB and the governments of Denmark and the US, aimed at unlocking investment in small- and medium-scale renewable energy and energy-efficiency projects.

The British government's recent creation, Green Africa Power (GAP), saw a new £95 million fund set up to tackle specific constraints to private investment in independent, renewable energy projects. At the end of 2014, the government of Norway said it would be joining forces with the United Kingdom, through GAP, and making funds available to help with its mission. The start of 2015 also saw Irish-based Mainstream Renewable Power launch, in partnership with private equity firm Actis, a pan-African renewable energy operation that will add up to 900MW of wind and solar power across Africa by 2018. The Nigeria-Germany Energy Partnership, a programme implemented by the Nigeria Energy Support Programme, commissioned a 25 kilowatt (KW) solar/ wind demonstration power plant in early 2015 as part of plans to overcome power shortages. And Nigeria's Dangote Group has teamed up with Blackstone Group and Carlyle Group to invest up to $5 billion in energy projects across sub-Saharan Africa.

These kinds of partnerships reflect the growing confidence among overseas investors in their ability to work successfully and profitably in the continent's energy markets. They will be an essential ingredient in any pan-African strategy to bring power to the people; even more critically, the success or failure of this programme will depend on the determination of individual African countries to revolutionise their energy sectors and work together to enable this resource-rich continent to meet its full potential. The signs are, increasingly, that they are rising to the challenge.

Making progress

Africa's manufacturing industry is setting off from a low base, but the continent has a number of strategic advantages, and investors are putting their money on Africa across several sectors, writes **Ruari McCallion**

LUCKY NXUMALO/CITY PRESS/GALLO IMAGES/GETTY IMAGES

A worker on the assembly line at the Nissan Rosslyn plant in South Africa, which is home to the continent's strongest auto-manufacturing base

The African Union and the United Nations have both presented plans to help Africa rebuild and develop its manufacturing base. There is certainly room for improvement – in 2010, its average share of value added in gross domestic product was 10 per cent, unchanged from the 1970s. Yet, Africa has witnessed impressive growth in recent years. According to the latest International Monetary Fund statistics, in 2014, sub-Saharan Africa registered five per cent growth in GDP, ranking second to emerging and developing Asia. Looking specifically at the manufacturing sector, Africa's output roughly doubled over the 10 years to 2014, and its goods are going to more destinations, including emerging economies.

Attracting further investment is essential to the continent's development; while Africa as a whole has strengths in agriculture and raw material resources, manufacturing is fundamental to achieving significant advances. "No country in the world has developed without producing light manufacturing and no country can skip it," Hinh Dinh, a World Bank economist, told the BBC. Dinh also explained that the current economic climate presents an ideal opportunity for creating productive jobs through light manufacturing. While wages and labour costs are rising in China and other Asian countries, pay is still relatively low in Africa.

The auto sector

Investors, whether foreign or domestic, will find that there is already a manufacturing infrastructure in place. Renault, for example, has a strong presence in Morocco, with a plant in

Ethiopia in fashion

Natural textiles are coming back into fashion, which is to the benefit of Ethiopia in particular. H&M, the international retail 'megabrand', has announced that it wants to source clothing from Ethiopia. It is following in the footsteps of international retailers Tesco and Wal-Mart. The government is placing special emphasis on the textile industry as well. It is offering tax breaks and competitive interest rates; by 2016, the country aims to export more than $1 billion worth of apparel, according to a report by KPMG.

Ethiopia's competitive advantages include a climate that is favorable for cotton cultivation; proximity to the European market, via the Suez Canal; and low labour costs, relative even to the traditional manufacturing hotspots of East Asia.

MOHAMED ABD EL GHANY/REUTERS

Inar, Egypt's first tablet computer, will be used in schools across the country. Africa's share of the world's research and development rose to more than one fifth in 2010

Tangier that opened in 2012 and a facility in Casablanca, in which it has a majority share, and which produced 60,000 cars in 2012 under the Renault and Dacia brands. Furthermore, the all-important supply chain is being strengthened. Lear Corporation, the electrical power-management systems supplier, opened an electronics facility in Rabat in 2011 and Delphi Automotive has increased capacity at its plant in Tangier over the past four years.

Morocco is also a growing location for aerospace, with more than 100 companies operating in the country, such as Bombardier and Boeing. The sector is generating a turnover of around $1 billion, and this is expected to increase twofold by 2020.

In October 2014, Renault opened an assembly plant in Oued Tlélat in the Oran region in neighbouring Algeria. The 25,000 capacity plant is producing the Renault Symbol, and plans to increase output to 75,000 vehicles per year and integrate suppliers are under consideration.

Egypt is the third largest auto manufacturing economy in Africa, but its output fell significantly after the Arab Spring. In 2012, it was down by around 30 per cent. Sales recovered strongly in 2014, up 50 per cent by the middle of the year, according to Automotive Marketing Information Council figures reported in *Daily News Egypt*. Products from major brands, such as General Motors, Mercedes, Hyundai, BMW and China's Chery, are assembled in Egypt, including some from complete knocked-down kits.

> **"No country in the world has developed without producing light manufacturing and no country can skip it**
>
> **— Hinh Dinh, World Bank economist**

The component industry in Egypt had strong growth until 2011. The country's competitive advantages include low labour costs, low overheads and its geographical location. But there is little car ownership domestically, with around 30 per 1,000 people in 2012. Algeria's level at that time was 109 and China's 128.

Nigeria is striving to grow its own auto-manufacturing base. Innoson Motors (IVM) has been making rapid transit buses, trucks and SUVs for some years, and unveiled its first cars in November 2014 – the IVM Umu and IVM Fox. These are largely locally designed and made with overwhelmingly Nigeria-sourced components. Hyundai and Nissan already assemble vehicles in Nigeria, but IVM emphasises that its plant is about manufacturing the entire car, not assembling imported kits.

Meanwhile, students from Uganda's Makerere University have been developing a 'hybrid' vehicle. The group's first car, the Kiira EV Proof of Concept, was unveiled to the public in 2011. The Ministry of Trade, Industry and Cooperatives took up the electric vehicle project and set up the Kiira Motors Corporation (KMC), which plans to bring it to commercial production. A prototype of the Kiira EV SMACK five-seat hybrid saloon car, which is powered by a rechargeable battery and has a small on-board internal combustion engine for recharging, was unveiled in November 2014. An investment team travelled across Africa and to London, and held talks with Hinduja group, with a view to building a factory to produce up to 10,000 cars a year, starting in 2018.

Africa's biggest, and longest-established, auto-manufacturing sector is found in South Africa. International majors such as BMW, Ford, Volkswagen, Mercedes-Benz and Toyota have plants there. Tier-one component manufacturers – including Arvin

Exhaust, Corning and Senior Flexonics – also have production bases. The industry is largely located in two provinces: Eastern Cape and Gauteng. South Africa says that it offers low production costs coupled with access to new markets as a result of trade agreements with the European Union and the Southern African Development Community free trade area. Its key challenge is to reduce reliance on imported components and materials and to raise local content, particularly in the volume export segment.

ICT and innovation

Telecommunications is another sector seeing growth. Telkom, South Africa's sole fixed-line operator, is a key player in a $630 million optical fiber undersea cable project that, according to some estimates, will cater for Africa's increasing demand for telecommunications in the next 25 years. The South African GSM cellphone market, the fourth fastest in the world, is growing at 50 per cent per year. Alcatel, Telecom Malaysia, Vodafone Cell C, and SBC Communications have made major investments there.

A challenge has been the establishment of telecommunications networks across Africa. As prices have fallen, cellphone take-up has become more widespread, while the problem of recharging batteries is being overcome in an innovative manner. Mobile phone chargers powered by solar energy and linked to LED light technologies are becoming progressively more widespread in East Africa. For less than $1, a China-sourced system will charge three phones and provide electric light for a family with no connection to the power grid.

In the 1970s, just two per cent of the world's research and development occurred in the developing countries and much of that was aimed at meeting the needs of high-income consumers. By 2010, Africa's share had risen to more than one fifth. Kenya performs very well in terms of companies' capacity to innovate and their spending on research and development. The World Economic Forum's 2014-2015 Global Competitiveness Index (GCI) ranks Kenya and South Africa relatively high, at 38 and 43 in the world for innovation, respectively.

Africa is embarking on a journey. It is long and starting from a low base, but by every measure, it is improving and taking big steps. Even in areas such as innovation, which for so long was in poor relation to that of the rest of the world, Africa is now advancing. There are opportunities for local entrepreneurs, as well as inward investors – and the business environment is beginning to move in the right direction. ●

● Food and drink

As a continent that has a large agricultural sector and is a net exporter of cash crops, it is perhaps surprising that Africa does not have a widespread and strong food and drink manufacturing base. It is not completely absent, however. The agri-food complex (inputs, primary production and processing) in South Africa contributes approximately $6.8 billion to the country's GDP and employs 451,000 people in the formal sector. South Africa has a diversity of climates, a strong infrastructure, counter-seasonality to Europe and preferential trade agreements with the US market, the European Union and the rest of Africa.

Africa is one of the few markets for beer that is showing signs of growth. SABMiller recently completed a $3 billion merger of its bottling assets with Coca-Cola in Southern and East Africa, creating the region's largest bottling operation for soft drinks. The combined operation will serve 12 African markets. Euromonitor forecasts seven per cent compound annual growth rate (CAGR) for soft drinks and five per cent for beer in the Middle East/Africa region. Coca-Cola is reckoned to benefit from the brewer's strong footprint in the continent, while SABMiller will be able to diversify its revenue sources toward a more dynamic market. In 2013, the latter's soft drinks volume sales made up 21 per cent of its global volume sales for that year; 49 per cent of that derived from Africa.

PHIL MEECH/ONE RED EYE/SABMILLER

SABMiller expanded its operations across Africa after a merger with Coca-Cola

Africa's big infrastructure plans

Ambitious infrastructure projects are under way across Africa, ushering in a new era of growth and improved regional integration

XINHUA/ALAMY

Workers on a construction site on a section of Kenya's $3.8 billion Standard Gauge Railway Project, which will connect the port city of Mombasa with the capital Nairobi

The postcolonial period in Africa began with a burst of optimism about what could be achieved by independent peoples who were free to build modern countries, with grand infrastructure plans. That initial optimism gave way to a period remembered more for civil and international war. However, there is now a sense that we have returned to the original optimism. Dr Michael Jennings, Chair of the Centre for African Studies at the University of London's School of Oriental and African Studies, says the belief is growing that the continent is once again on the road to economic prosperity based on infrastructure-led growth.

The African Union (AU) has used its supranational position to help plan infrastructure that will promote integration within and between countries. Its vehicle for doing this is the Programme for Infrastructure Development in Africa (PIDA), which covers projects in transport, energy, water and telecommunications. The overall objective of PIDA is to "promote socio-economic development and poverty reduction in Africa through improved access to integrated regional and continental infrastructure networks and services".

In April, the African Development Bank (AfDB) and the Infrastructure Consortium for Africa participated in the Validation Meeting for the PIDA Acceleration Strategy Action Plan (PAS). The PAS aims to fast-track the implementation of a number of priority PIDA projects, including the Serenje-Nakonde road in Zambia, which is part of the North-South Corridor, and the Dar es Salaam Port expansion project in East Africa. A Pan-African Infrastructure Development Fund (PAIDF) has also been launched by the Public Investment Corporation of South Africa to finance high-priority, cross-border infrastructure projects.

The scale of the infrastructure challenge facing Africa was set out in a PIDA study entitled *Interconnecting, Integrating and Transforming a Continent*. It points out that the road access rate across Africa is 34 per cent, compared with 50 per cent in other parts of the developing world. Furthermore, transport costs are twice as high in Africa as other developing countries.

"Deficits like these have a clear impact on African competitiveness: African countries, particularly those south of the Sahara, are among the least competitive in the world, and infrastructure appears to be one of the most important factors holding them back," says the report. "Ensuring that growing demand for regional infrastructure is met... will require a determinedly coordinated regional approach."

East Africa

Countries in East Africa, particularly Kenya, currently lead the way in large-scale regional transport projects on the continent, the most ambitious of which is a new standard-gauge railway line that is to run from Mombasa to Nairobi, eventually extending to Uganda, Rwanda, Burundi and South Sudan. Last year, regional leaders and Chinese Premier Li Keqiang signed official agreements for the project, under which China's Export-Import bank will finance 90 per cent of the first phase of the line, which is estimated to cost $3.8 billion, with Kenya funding the remaining 10 per cent. According to Kenyan President Uhuru Kenyatta, the costs of moving people and goods across borders will fall sharply as a result of the new railway line.

One big winner from the rail project will be Uganda, a landlocked country that has struggled to export its goods by road to Mombasa and Dar es Salaam, Tanzania. Uganda is about to begin producing oil, and has already commissioned a 60,000 barrel-per-day refinery from a Russian-led consortium, which

Countries in East Africa currently lead the way in large-scale regional transport projects on the continent

will become operational in 2017-18. Ugandan President Yoweri Museveni said after the signing of the agreement: "One of the bottlenecks to Africa's economic development is the high transport costs because of the absence of railway transport or where they are, they are inefficient. That is why we are trying to rectify this."

Comparable in scale and ambition is the Lamu Port and South Sudan-Ethiopian Transport Corridor Project (LAPSSET), which the Kenyan Government described as "the first largest game changer infrastructure project the government has initiated and prepared under [the] Vision 2030 Strategy Framework, without external assistance". The $24.5 billion project encompasses seven components, including a standard-gauge railway line, a crude oil pipeline, the 32-berth Lamu Port, an oil refinery, resort cities and airports serving Kenya. Once completed, the project will greatly enhance transport links between Kenya, Ethiopia and South Sudan, and thereby foster socio-economic development in the region. The Kenyan Government estimates that the project will add between two to three per cent of GDP into the economy, based on conservative feasibility statistics. The project was endorsed by the AU earlier this year as part of the PIDA programme – a testament to its strategic importance.

In the Horn of Africa, Ethiopia is planning to open a new railway line linking the capital Addis Ababa with the Red Sea state of Djibouti in early 2016. The 700km line, being built by two Chinese companies, is expected to cost $4 billion. The new railway line will cut the journey time from days to about eight hours. Getachew Betru, Chief Executive of the Ethiopian Railways Corporation, described the project as a "game changer".

Southern Africa

Another focal point of regional infrastructure development is southern Africa. The North-South Corridor Programme, part of the World Trade Organization-led Aid for Trade initiative, links the port of Durban in South Africa to Copperbelt in the Democratic Republic of Congo (DRC) and Zambia. It also includes spurs linking the port of Dar es Salaam and the Copperbelt, and Durban to Malawi. The programme, covering eight countries in total (Botswana, DRC, Malawi, Mozambique, South Africa, Tanzania, Zambia and Zimbabwe), will involve the building and maintenance of 8,599km of roads at a cost of $9.1 billion; the upgrading of 600km of rail at $800 million; priority port development at $800 million; as well as a number of power generation and transmission projects. Once complete, it will give regional trade and economic development a powerful boost.

Another major project in the region is the rehabilitation of the 1,344km Benguela Railway linking the port of Lobito in Angola and the DRC. The original railway, built by the Portuguese in the early 20th century, fell into disrepair in the 1970s amid the chaos of Angola's civil war. China Railway Construction Corporation won the bid to repair the line in 2007. In February this year, the presidents of Angola, DRC and Zambia inaugurated the completed railway. Furthermore, bilateral agreements were signed by ministers from Angola and Zambia, under which Zambia is to build a 590km line linking Chingola to Jimbe on the Angolan border, with a connection to the Benguela line, which will make Zambia a transit country between the west and east coasts of Africa. These new links will help provide a vital piece that has always been missing from Africa's economies: regional integration.

West Africa

In West Africa, the AfDB has supported a number of major road infrastructure projects. The Kankan-Kourémalé-Bamako transnational intercity highway, one such example, is the single point of entry and exit between Conkary in Guinea and Bamako in Mali. The CFA9 billion (approximately $15 million) project,

The Tanzania Civil Aviation Authority: strengthening oversight standards

Mr. Charles M. Chacha, Ag. Director General, Tanzania Civil Aviation Authority

Our vision

"The civil aviation system in Tanzania to be amongst the safest, most orderly and sustainable in the world"

Our mission

"To ensure the safety, security and regularity of civil aviation in Tanzania by providing effective oversight and efficient air navigation services while maintaining quality, protecting the environment and safeguarding the interests of consumers and the public"

Key functions

The Tanzania Civil Aviation Authority (TCAA), which is ISO 9001: 2008 certified, performs the following key functions:

- **Safety and security:** oversight of the industry to ensure that Tanzania complies with international safety and security standards as set out by the International Civil Aviation Organization (ICAO).
- **Economic oversight** of the aviation industry to promote the growth and availability of regulated services, effective competition and economic efficiency, the protection of consumer interests and the financial viability of suppliers.
- **Coordination of air service agreements** between Tanzania and other foreign states.
- **Provision of air navigation services** in Tanzania's airspace, neighbouring countries Rwanda and Burundi (as assigned by ICAO) and in the Indian Ocean airspace extending to 44 degrees east longitude.
- **Running a training centre** to provide basic and refresher training for air traffic controllers, aeronautical information officers, air navigation engineers, aviation security, as well as other airport operations courses. The centre admits both local and international students, mostly from the Southern African Development Community and East African regions.

Our strategic goals

- **Safe, secure and efficient aviation activities** through the continuous improvement of systems and processes and environmental performance.

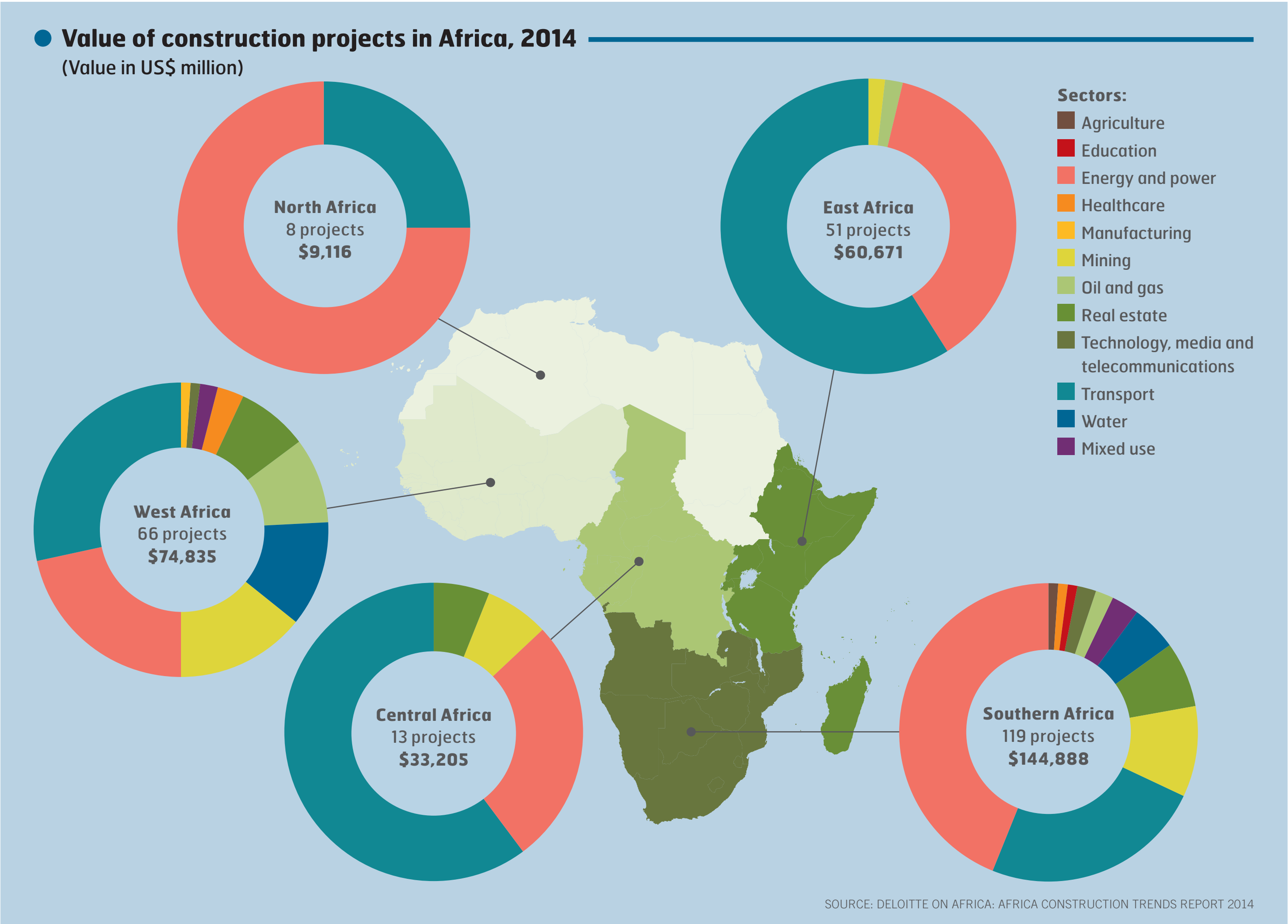
Our mission is to ensure the safety, security and regularity of civil aviation in Tanzania

- **Orderly development of the air transport industry in Tanzania** by taking an active advisory role in developing civil aviation policy, promoting effective competition and economic efficiency, protecting the interests of consumers and investors and facilitating air transport.
- **Safe, orderly and expeditious flow of air traffic** through the prevention of aircraft collisions, the reduction of air traffic incidents and the efficient provision of air navigation services.

TCAA control tower at the new Songwe International Airport in Mbeya

- **Organisational excellence** through improved human resources management, an enhanced working environment and corporate image benchmark, the adoption of best practices, financial sustainability and the overall development of civil aviation regionally and internationally.

Aviation House
Nyerere/ Kitunda Road Junction,
Banana Ukonga Area
P.O. Box 2819
Dar es Salaam, Tanzania
T: +255 22 2198196
F: +255 28 44304
E: tcaa@tcaa.go.tz
www.tcaa.go.tz



which has been financed by AfDB, was completed in December 2013, benefiting the daily lives of thousands of people. According to AfDB, the project resulted in manifold benefits, including "fewer accidents for road users and residents, better traffic flow, more businesses and booming economic activity, new building developments, better sanitation and cleanliness".

Similarly, the Enugu-Bamenda Highway connecting Nigeria and Cameroon, also backed by the AfDB, has delivered considerable socio-economic benefits for the region since its completion in 2013. "With the road improvements, transport costs and poverty levels along this economic corridor have already been reduced dramatically," said the AfDB in a press release.

North and Central Africa

The construction of a 9,022km Trans-Sahara Highway (TSH) linking several countries in North, Central and West Africa further underlines the continent's commitment to regional integration. TSH aims to facilitate overland trade between the Arab Maghreb Union (AMU) and Economic Community of Central African States (ECCAS) in general, and Algeria, Niger and Chad in particular. As one of PIDA's priority projects to connect capitals and major cities, TSH has already received funding from AfDB. Target beneficiaries of the project include users of the TSH and residents of the impact area, which spans 4.4 million square kilometres, with a population of 60 million across Algeria, Tunisia, Mali, Niger, Chad and Nigeria. The project will be implemented over a period of 60 months at a cost of $585.5 million.

Smaller projects in the region include the Congo-Gabon road and transport facilitation project, which has been adopted by ECCAS, and is part of the PIDA's PAS. It involves the construction and rehabilitation of the 276km Ndende-Doussala-Dolisie section of the international road linking Libreville and and Brazzaville. Works are expected to start in the first quarter of 2015.

As South African President Jacob Zuma remarked this year at the World Economic Forum: "Once we have the infrastructure in Africa, it should not be blocked by borders." Regional and transcontinental integration, enabled by better transport links, will be key to Africa's continued growth and future success. With a slew of regional transport projects currently underway, Africa can look forward to a more integrated, prosperous future.

Investments get the logistics sector moving

Africa's rapidly developing economies are attracting investment across the logistics sectors, but particularly in maritime, which is recognised as having significant potential to facilitate growth, explains **Felicity Landon**

APM TERMINALS

Africa has been described as the 'final frontier' for shipping opportunity. Across many economies there is a growing middle class, as well as increasing demand for consumer goods. Furthermore, with a rapidly expanding oil and gas sector added to the mix, it is no surprise that the shipping, ports and logistics sector is moving ahead with some huge investments.

Some regions are not for the fainthearted, particularly where logistics know-how trails behind the sophisticated supply chains of many other parts of the world. However, the message from logistics professionals is clear; Africa offers opportunity – and challenges are there to be overcome.

In February 2015, during his opening remarks at Kenya's National Maritime Conference, Koji Sekimizu, Secretary General of the International Maritime Organization (IMO), said: "The huge potential of the oceans and the maritime industry to assist in the development of the African continent has already been noted."

Sekimizu referred to the African Maritime Transport Charter 2010 and Africa's Integrated Maritime Strategy 2050, both of which were developed in partnership with between IMO and African Union and are geared towards supporting the implementation of Agenda 2063. In addition, the African Union is committed to embracing and developing the 'blue economy' (maritime activities) as crucial elements of Africa's future development. Sekimizu also said that the IMO could help African countries to make progress by establishing an African Maritime Development Plan.

One of the world's leading maritime companies, Inchcape Shipping Services (ISS) is among the big, international names to be expanding rapidly across the continent. The company's Senior Vice President for Africa, David Mackay, said: "ISS now regards Africa as its number-one investment market. We believe that all the African economies ISS has operations in have great growth potential. This includes Kenya, Tanzania, Mozambique Uganda, Mauritius, South Africa, Namibia, Ghana and Nigeria. We also believe that Senegal and Angola will continue to offer excellent potential for investment."

Operations across the continent

ISS's most recent expansion has been into Mozambique, where its new operation will have offices in Maputo, Beira and Nacala. "Within the next 10 years, ISS Africa will aim to have full operations in over 15 countries," said Mackay. "This will include Angola, Benin, Togo, Djibouti, Senegal and Ivory Coast. We are constantly looking at widening our range of services in Africa, which will include warehousing, transport and logistics."

It seems that giant port and port-based logistics projects are grabbing the headlines in almost every corner of Africa right now. One of the major companies operating on the continent is APM Terminals, which has a stake in new container terminals in West Africa – such as Abidjan and Badagry, as well as established and expanding terminals at Apapa, Lomé, Tema Onne, Pointe Noire

A ship carrying cargo arrives at Luanda Container Terminal, Angola. CMA CGM Group will operate a new terminal opening in the country later this year at Lobito and Douala. Terminal Investments Limited (TIL), the investment arm of Mediterranean Shipping Company, has a stake in Lomé Container Terminal, which opened in November 2014.

In Nigeria, International Container Terminal Services (ICTSI) is involved in the Lekki container terminal development with CMA CGM – which is a group that is present in 43 African countries with its brands CMA CGM and Delmas. It has recently opened Cameroon Container Terminal, a new logistics facility between Douala and the port, which will offer full and empty container storage in a secure area and onward transport services in Cameroon, Chad and the Central African Republic. "This inauguration shows our determination to reinforce our presence in Africa and to develop both our inland and logistics activities there," said Rodolphe Saadé, the Vice Chairman of CMA CGM Group, in a company statement.

Increasing containerisation

It has also signed an agreement covering the operation of Angola's new Lobito container terminal, opening this year, and the development of new logistics solutions for Angola and the wider west and southern African region. The group has stated that in order to strengthen its network on the continent, it will capitalise on its intermodal expertise, with land infrastructure, ports, terminals and multimodal investments.

Logistics giant Agility is building a distribution park on a 40-acre site in the Tema Port Free Trade Zone in Accra, Ghana. The company said its network of Agility Distribution Parks that are being developed across Africa "will serve the growing distribution facilities across the continent to meet the demands of the burgeoning growth in both the FMCG [fast-moving consumer goods] and commercial markets".

In East Africa, Kenya is to build a new port on its northern coast, next to the historic trading town of Lamu. This is a key component of the Lamu Port and South Sudan-Ethiopia Transport Corridor (LAPSSET) project, which will also include new roads, a railway and a pipeline by 2030, to give landlocked South Sudan and Ethiopia access to the Indian Ocean.

Panalpina, which has just opened new offices in Morocco and Kenya, said the construction of the Lamu 'mega-port' would reinforce the need for on-the-ground support, as the building of roads, rail and pipeline would soon be under way.

With larger container ships 'cascading' down to African routes from the major east-west shipping lanes, ports are having to gear up quickly

With a population of 44 million, Kenya is seeing continued growth and investment across a range of industries, including the oil and gas, telecommunications, perishables, chemical and healthcare sectors, said Panalpina, while major oil discoveries in the north have attracted leading companies.

Meanwhile, Morocco has great potential, said Maxime van Geenberghe, Panalpina's Managing Director in the country, on the company's website. "In future, the country will serve as a gateway to Mauritania on the West African coast, and to the inland African countries of Mali, Burkina Faso and Niger." Panalpina also notes that industrial free trade and logistics zones in northern Morocco have created employment and attracted foreign investment.

A vital factor in African logistics is the relatively low level of containerisation of cargo. However, this is changing rapidly and, with larger container ships 'cascading' down to African routes from the major east-west shipping lanes, ports are having to gear up fast. Lloyd's List Intelligence data recently showed that the average size of containership on services between Asia and West Africa had increased by 38 per cent in one year, to reach 4,178 twenty-foot equivalent units (teu) at the beginning of 2015. One analyst said it would have been unthinkable a few years ago that ships of this size would be calling at ports across West Africa.

"The average increase in container volumes in Africa is increasing by about nine per cent per annum – and more and more traditional break bulk cargoes are now being containerised," said Mackay at ISS. "This trend is likely to continue, although large commodity movements such as coal, clinker, bulk grain and ore cargoes will continue to move in bulk carriers." Yes, there are significant opportunities across Africa, explained Mackay, but he also cautioned: "there are good margins to be made but you have

APM TERMINALS

A ship docked at Apapa Shipping Terminal, Nigeria, which is undergoing expansion at a time when West Africa is experiencing higher volumes of cargo – the size of containers used between the region and Asia grew by 38 per cent from 2014-15

to get your research and homework right." In addition, there are "potential corruption issues, which are still very much present in many countries. Bureaucracy continues to be a challenge. But for companies that have a positive attitude, so much can be achieved," said Mackay.

ISS has been present in Africa since 1958, when it opened in Kenya. "Absolutely, there is an advantage in having a track record, local knowledge, local contacts," he said. As a general rule, inland infrastructure is a challenge, especially for landlocked countries such as Uganda, Burundi and Zambia, said Mackay. "Trucking and rail costs to these countries are frequently more than the sea freight costs from the Far East or Europe.

"However, most sub-Saharan African countries are investing heavily in their landside infrastructure and rail development and refurbishment. This should significantly lower costs for importers over the next five years. A good example of this is the huge investment being made by the [Kenyan] government on the standard-gauge rail project, which should see the delivery times of containers from Mombasa port to Kampala reduced from an average 10 days to three or four days, once the project is completed in 2017."

Investment is taking place across the continent, but for this growth to effectively benefit the populations where it is taking place, the sector must be open to participation across all parts of society. To this end, the AU, International Alert and the Common Market for Eastern and Southern Africa held an event discussion in March on how cross-border trade can drive women's economic participation and build sustainable peace in the region, highlighting the link between gender equality and increased political participation.

This is also where organisations such as the Women's International Shipping & Trading Association, WISTA, come in. WISTA has established branches in Ghana, Nigeria and South Africa, reflecting the increasing number of women in the sector. It is an international networking organisation for women in management positions in the maritime industry and related trades. As well as providing support for its members, it is a significant force in attracting more women into the industry.

A major event occurring for the first time on the continent this year was WIMAFRICA 2015, which was held in Angola in March. It was organised by the Angolan Women in Maritime Association in collaboration with WISTA and the AU, among others. Reflecting the UN's call for greater gender equality in Africa, the debate focused on ways to further women's economic and political standing in the sector at all levels, from education to trade and logistics and achieving the goal's of the AU's Agenda 2063. This follows the call of AUC Chairperson Dr Nkosazana Zuma in 2013, when she called for African women to create their own institutional framework in order to empower women in the sector throughout the continent and mentor the younger generation.

Big data and its power to deliver on Africa's grand challenges

Multinationals and start-ups alike are harnessing the power of information communications technology to address some of Africa's biggest challenges, from education and water to healthcare, writes **Pamela Whitby**

ISTOCK.COM

Information and communication technologies (ICT) are the backbone of every sector and in Africa, governments and private enterprises have seen their potential for transforming lives and driving economic growth. Owing to the rise in mobile technology, innovation in Africa is bringing education to rural areas, light to villages, medication to epidemic-struck regions, tackling gender-based violence and more.

Recognising the power of ICT to help deliver on some of Africa's greatest challenges, in 2014, Africa's policymakers renewed their focus on the sector with the adoption of a Science, Technology and Innovation Strategy for Africa (STISA). One of the clear drivers of the policy is employment – with more than 50 per cent of Africa's population under the age of 25, training and expertise for jobs in fields such as ICT will be crucial.

To date, government investments in these fields has been weak. The continent's research output may have doubled between 2003 and 2012, according to the World Bank, but it still delivers less than one per cent of the world's research output. What is more, just 29 per cent of all research in Africa is in science, technology, engineering and mathematics.

This gap is one that technology giant IBM is looking to fill. In 2013, it opened what is said to be the first commercial technology research laboratory on the continent, in tech-savvy Nairobi. The lab is a private venture, but has support in the form of a $10 million grant from the Kenyan Government over five years. In February this year, IBM strengthened its commitment to Africa with the decision to open another lab in Johannesburg.

Using the expertise of PHD-level scientists from some of the world's best universities – many from the African diaspora – IBM is contributing to solving some of the continent's biggest challenges: education, water, healthcare, transportation, agriculture, next-generation government and so on. Jonathan Batty, Communications Leader at IBM, says: "Our business model is to develop commercially viable solutions and IP [intellectual property] in Africa, for Africa, which we take to market ourselves or via our business partners, and even potentially export."

Innovation in Africa is bringing light to villages, education to rural areas, and medication to epidemic-struck regions

One goal is to bring Watson, an artificial intelligence system, best known for beating humans in the game of Jeopardy, to Africa. Called Project Lucy, this cognitive computing programme learns from data and delivers improvements to a system without having to be constantly reprogrammed. Its natural-language processing capability also has great potential in Africa, where literacy is sometimes an issue.

Mobile penetration is increasing across Africa, with the continent expected to become the world's second largest market by 2020. Greater access to the internet will open up myriad opportunities for organisations using big data

"The value of big data and analytics technologies to help tackle some of Africa's biggest challenges is clear," Batty says. Both governments and corporates today need to improve their use of data in order to improve livelihoods and society, as well as to help make better business decisions, which in turn has a knock-on effect on economic growth.

"Data today is a commodity," says Jason Norwood-Young, a South African entrepreneur and journalist for Code4SA, an open data movement, which is "very much of the opinion that it should be free where possible".

One of the biggest drivers of data in Africa is mobile. By 2020, the number of individual subscribers in sub-Saharan Africa is expected to surpass half a billion, making it the world's second biggest market after Asia Pacific. Furthermore, the number of mobile connections is soaring – from 608 million in 2014 to 975 million in 2020, according to GSMA, a global association representing mobile operators.

Mobile penetration can be as high as 70 per cent in some communities and each person using a phone is generating data. Indeed, every smartphone or tablet contains multiple sensors producing all kinds of valuable data about location, speed, direction, and so on.

"When you start to combine telecommunications data with, for example, transaction data from retail and banking services you can start to build [a] very powerful picture of social trends, how communities are moving and what services they are using," explains Batty. In urban areas, for example, this could improve systems, such as transportation, so that they are more people-centric and more profitable to run. In rural areas, where mobile phones may be invaluable as a communication and transaction device, they also offer a traceable record of activities. This could make people more credit-worthy, able to access finance, and grow their business as a result. After all small-scale farmers – many of whom are women – rely on mobile airtime to establish real-time information from markets, to arrange transport, source and pay for feed, or even to consult a vet.

Though it may be inconsistent in structure, quality and format, in line with global trends the volume of data in Africa is growing exponentially day-by-day. The challenge now is to access, mine and use that data.

Data collection

"Storing and analysing the data is the easy bit, but one of the biggest problems is around collection," says Norwood-Young. He adds that in the non-governmental organisation (NGO) space, measuring and monitoring the data is a particularly big issue.

IBM Water Research Scientist Dr Kala Fleming, who is leading a team developing water management as a service solution (see case study on page 123), agrees: "One of our biggest challenges is the implementation of sensor technologies in the field and working out how to enable continuous monitoring to support remote decision-making. But with cloud and Internet of Things technologies, this is becoming increasingly possible." As the African Union Commissioner for Human Resources,

ACE

The African Coast to Europe (ACE): a 17,000 km long broadband optical submarine cable between Africa and Europe

Phase one project

3 segments in service:
- France - Senegal,
- Senegal - Côte d'Ivoire
- Côte d'Ivoire - Sao Tome & Principe

14 countries connected on the coast,
2 landlocked countries

Phase two project

Phase2, under construction or planned:

- Extension from Sao Tome & Principe - South Africa
- Canary Islands - Benin - Nigeria to be operational May 2015
- Cameroon - Democratic Republic of Congo - Angola - Namibia

ACE,

with its large bandwidth and high quality transmission technology, supports the present and future growth in telecommunication traffic between Africa and the rest of the world, reduces digital divide and drives economic and social growth.

ACE

Tapping the stream of interconnectedness

Water, as the saying goes, is life. Yet, across sub-Saharan Africa, intermittent supply is the rule not the exception. "You'd be hard pressed to find one system that delivers 24/7 water supply," says IBM Water Research Scientist Dr Kala Fleming.

Yet, if there is one thing that has both social and economic impact, it is water supply. Without clean reliable water, businesses cannot function, crops will not grow, schools will fall empty, disease will spread and people will die. Turn on the tap, and communities and businesses will flourish.

In Africa, little data has been collected to date to assess the health of aquifers, so that they can be managed effectively. This is one grand challenge that IBM has set out to solve. Fleming and her team have been developing a so-called 'digital aquifer', which is essentially a system for continuously monitoring and analysing the status of underground water supplies and helping governments and private companies better manage this vital resource.

The team set out to gather data from a range of stakeholders, including water resource management operators, borehole drillers, donor organisations, farmers and government officials, in order to understand what solutions could work.

A survey in Kenya showed groundwater levels falling as much as 14 metres a year. So one of the things that IBM has sought to understand is the impact of boreholes on the water table, both within the country and, since water travels across borders, the wider region. Groundwater accessed via boreholes is the most common source of backup supply for households in cities across sub-Saharan Africa; Lagos has more than 20,000 boreholes, Accra more than 9,000, and Nairobi and Dar es Salaam more than 3,500.

Working with Kenya's Water Authority, IBM has taken existing available data on the presence of boreholes and mapped this against water table information. By building in contextual information, such as changing weather patterns or fluctuation in water prices, it is developing a greater understanding of what the current usage is, what the impact of future boreholes will be and where the supply could be at risk.

To cite an example of how this might work in practice, Fleming points to Kenya's small-scale farms, increasingly owned and run by city-based entrepreneurs. "They want to check in occasionally to see that their investments are paying off and that the crops are on track to meet estimated productivity levels," she explains.

By providing a real-time monitoring solution to understand whether a borehole is running low or even drying out, farmers and investors are then able to better understand and plan for their actual water requirements based on the types of crops, weather patterns and so on. With this understanding, farmers are better placed to predict the future, where and when shortages may occur and what actions are feasible.

In the future, other sharing and coordination mechanisms may evolve, such as finding ways to share water between farmers so that they do not have to invest in new infrastructure.

With the proof of concept refined and the algorithms in place, IBM is now working with partners to scale the project. End users could be anyone from government officials responsible for overseeing the aquifer basin across a whole region, to homeowners and small-scale farmers.

MUTUA MATHEKA/IBM

Dr Kara Fleming, Water Research Scientist at IBM, is leading a team that is developing 'digital aquifers' to better monitor and manage underground water supplies

IHUBNAIROBI

An 'Open Data Day' event held at technology innovation centre iHubNairobi. It is one of many such hubs in Africa fostering innovation in the ICT sector

Science and Technology, Dr Martial De-Paul Ikounga said in South Africa's *Mail & Guardian* newspaper: "In as much as the tool is efficient, it is only realisable in the right environment, and particularly, with the right implementation."

More and more tools are becoming available to capture the data digitally at source, with quality and accuracy increasingly helped by innovative technologies. "One of the best things about Android phones, in particular, is that you can geo-encode the data," says Norwood-Young. So if someone says they went to a rural hospital and interviewed staff, it is possible to verify this.

While there are still gaps, using analytics technologies, it is now possible to infer data, something IBM is doing in the transportation sector in Nairobi. Here it has been using image recognition technologies to understand traffic flow. Owing to the limited number of CCTV cameras in the city, however, it only has 40 per cent of the picture. "If you know data points A, B and C in a city and also have G and H, then you can start to infer the likely data at points at D and E using analytics to help make predictions about the future," says Batty.

Traffic congestion is something that Nairobi-based Ma3Route, one of the winners of Vision 2030 ICT Awards, aims to address. Through crowdsourcing information, it hopes to "bring greater sanity to the roads and inform city planning and transport regulation in emerging economies."

Local innovations

One of the reoccurring challenges for Africa is to engage local businesses and give entrepreneurs and their innovations a boost.

As Fleming points out: "Right now, very little technology is actually made on the continent, so solutions work when they are shiny and new, but they run into trouble when there is a maintenance issue." Indeed, these practical considerations are something that IBM is tackling through working closely with multiple stakeholders, including national governments and local businesses and entrepreneurs.

"We are thinking of how to do things differently so that we have folks in the ecosystem who understand how things work and can provide a number of value-added services. This way we really have a sustainable product to scale," says Fleming.

One local opportunity is in hardware development, and IBM is looking at ways to support the assembly of products in Kenya. As Fleming points out: "It makes sense to develop a model that brings other young entrepreneurs who want to build things, and make money, into our ecosystem."

Across the continent, there is recognition of the need to support local technology development. After all, the 700 million or so mobile subscribers in Africa tend to use services that are provided locally, and they are downloading more applications that are developed locally, too.

There are a number of private technology hubs – such as iHub in Kenya, BongoHive in Zambia and the Co-creation Hub in Nigeria – which are playing a valuable role supporting such start-ups with facilities, skills and services.

Microsoft, too, is lending its support, with the launch of 4Afrika IP Hub in June last year, which aims to give "developers and other independent software vendors the skills and tools necessary to develop, protect and monetise their innovations."

While this may be a socially driven initiative to protect the IP rights of Africa's entrepreneurs, it also gives Microsoft first access to new, and potentially scalable innovations. After a two-year trial in Nairobi, Microsoft, which is 'investing in the promise of Africa', says it will hand over the project to the Kenyan government before rolling it out to other capitals. ●

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Smallholder farmers: Africa's big opportunity

Comprising the majority of agricultural operations in Africa, smallholder farmers are central to food security. **Pamela Whitby** outlines the business models helping to unlock their full potential

BLICKWINKEL/ALAMY

Masaai shepherds moving cattle and sheep in Kenya. Most milk here is sold at informal markets for high prices, as payments from large distributors can take 30-60 days

From the Western and Nyanza Provinces to the Rift Valley, smallholder dairy farming across Kenya provides a stable income for many rural households. Very often, these farmers, who produce the majority of the country's milk, own a few cows – in some cases, just one.

Owing to the nature of such small-scale operations, farmers often need working capital in order to finance other parts of their business, from additional livestock to seeds, fertiliser and animal feed, which may help to provide additional, more seasonal income. In formal dairy supply chains, however, payment can take anything from 30-60 days, leaving farmers' plans to grow or diversify other parts of their operation stalled.

As a result, many Kenyan dairy farmers still rely on selling their milk at a higher price at informal markets. In the past few years, however, there has been a proliferation of processors and 88 per cent of Kenya's milk is still sold in unpackaged form, according to data published in October 2014 by market intelligence firm Euromonitor. This has been a difficulty for the Kenya Dairy Board because it represents a risk to public health.

The challenge of accessing financial services in Africa is not unique to the dairy industry, but one that impedes the entire agricultural sector. Yet where there is challenge there is also opportunity, as London-based alternative investment firm Advance Global Capital (AGC) has discovered. Replicating its supply chain finance model, used successfully in other parts

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African Women in Agricultural Research and Development

Empowering African women scientists to accelerate agricultural gains from the lab to the farm

"[USAID] Administrator Shah and I met with AWARD Fellows at the Kenya Agricultural Research Institute, and not only saw the results of their research, but their pride and excitement about what they were doing… [The initiative] really calls on the best minds and the greatest passion that we can possibly marshal."

– Hillary Clinton, former U.S. Secretary of State and 2016 U.S. presidential candidate

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– Dr. Akinwumi A. Adesina, Minister of Agriculture, Nigeria

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– Dr. Wanjiru Kamau-Rutenberg, AWARD Director

Wanjiru Kamau-Rutenberg and Graça Machel

From left to right: *Hillary Clinton, Nita Lowey, Wangari Maathai, Tom Vilsack, Margeret Mulaa and Lusike Wasilwa*

About AWARD

African Women in Agricultural Research and Development (AWARD) is accelerating agricultural gains across Sub-Saharan Africa by investing in the scientific and leadership skills of Africa's agricultural scientists.

By developing Africa's talent pool for gender-responsive agricultural research and development, we are catalyzing scientific innovations with high potential to contribute to the prosperity of African smallholder farmers.

The AWARD Fellowship, our flagship program, is a two-year career development opportunity. Following a highly competitive process, AWARD Fellowships are awarded to top women scientists on the basis of intellectual merit, leadership capacity and the potential of their scientific research.

AWARD Fellows are driving impact across agricultural value chains from research labs to farms. Through their scientific innovations, AWARD Fellows are addressing the challenges facing the continent.

Meet an AWARD Fellow

Bettie Sindi Kawonga, a lecturer at the Lilongwe University of Agriculture and Natural Resources in Malawi, is one of the hundreds of AWARD Fellows. "AWARD has transformed my career trajectory. The fellowship has enabled me to engage at the global level and to bring international resources back to invest in African agriculture."

Leveraging on the AWARD Fellowship, Kawonga applied for a Borlaug Higher Education Agricultural and Development scholarship to pursue a Doctorate in Dairy Systems Management at the University of Kentucky in the U.S., and also recently won a Howard G. Buffet/Tony Blair Initiative Fellowship. With this grant she is establishing a network of community business incubation centers and an endowment fund to help under-employed Malawian youth become successful entrepreneurs in the dairy sector. "Malawi needs to increase its investment in sectors that promote youth development and I am proud to be part of the solution" she beams. "The AWARD program really needs to be expanded so it can empower many more African scientists."

Visit www.awardfellowships.org for more information on all AWARD Fellows' profiles.

AWARD is hosted by the World Agroforestry Centre, P.O. Box 30677-00100, Nairobi, Kenya

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Ethiopian farmers sifting grain. Greater access to financial services can help disadvantaged groups, such as women, to develop and diversify their businesses

of the developing world, AGC is now working with local African partners to identify small to medium enterprises that require working capital finance to grow their business.

"Because the financing is backed by invoices, rather than land or other collateral [which many smallholder farmers struggle to raise], today women and other previously excluded business owners can confidently grow their business with the knowledge they will be paid on time," says Sam Miller Hicks, AGC's Business Development Director.

Innovative financing

In February, AGC completed its first disbursement into Kenya's dairy supply chain, which will see sums ranging from as little as $17 to $7,800 paid to approximately 170 farmers. Providing supplier agreements are honoured, payments will be made within 24 hours via M-Pesa, Kenya's mobile money-transfer service.

AGC's business model hinges on the option of early payment, at an affordable price. The company says a small percentage is charged on transactions, so fees are proportional and manageable, and, because the programme reduces the administrative work of purchasing from a small business, larger companies are more willing to build relationships with local suppliers. "There is a real thirst for affordable, flexible small-business financing in Africa and our programme allows small businesses to get paid immediately resulting in a dramatic increase in sales," explains Hicks.

Indeed, the need for fast payments was an early lesson for Dutch brewing company Heineken in Ethiopia, where the firm has recently doubled its capacity to capture a bigger share of the fast-growing market for beer. In 2013, although the brewer had secured 500 tonnes of barley through local sourcing initiatives, it lost a significant proportion to 'side-selling' – the practice of farmers selling produce to a different buyer than the off-taker with whom they already have a contract. "We simply weren't quick enough to get to farmers with cash in hand," says Paul Stanger, Heineken's Local Sourcing Director.

Among the drivers of side-selling are markets with floating prices, a lack of transparency, breakdowns in the relationship between contracting parties, government interference and, often, farmers urgently requiring cash. Another issue is service delivery models (SDM), where investments by the off-taker in offering services such as inputs (seeds and fertilisers), value-added processing, training or financial services does not always pay off.

Grow Africa, a partnership established in 2011 between the AU, the New Partnership for Africa's Development (NEPAD) and the World Economic Forum, is looking to address some of these challenges by working with multiple stakeholders, including governments, providers of development cooperation, the

private sector and, importantly, smallholder organisations. According the UN Food and Agriculture Organization (FAO), 80 per cent of farmland in sub-Saharan Africa is managed by smallholder farmers with up to 10 hectares of land.

On this basis, Grow Africa recently established a Smallholder Working Group and has made some initial recommendations for addressing issues such as side-selling and SDMs. These include: building trust and loyalty through value-added services, flexible and fair contracts, regular and consistent communication and establishing a competitive minimum price.

Lessons are being taken from Grow Africa member companies, for example Heineken, which has committed to locally sourcing 60 per cent of the ingredients it requires from the continent by 2020. One innovation from the brewer is the introduction of a system of working capital financing, which enables 100 farming bodies to buy directly in cash from the 6,000 farmers that Heineken supports with its programme called CREATE, which stands for Community Revenue Enhancement through Agricultural Technology Extension.

Established in 2013 as a public-private partnership between Heineken, the European Cooperative for Rural Development, a non-governmental organisation, and the Dutch Ministry of Foreign Affairs, the programme aims to support smallholders in a number of ways, including boosting the quality and quantity of local barley, improving agricultural skills and access to markets.

Ecom Agroindustrial Corp, a global commodity trading and processing company specialising in coffee, cotton and cocoa is another Grow Africa member. The company is piloting a pioneering financial services delivery model to around 100,000 farmers. By offering independent financial services, advice on insurance and savings, the aim is to reduce the risk of working with smallholders with high levels of debt. Ecom believes by giving farmers freedom to sell to other buyers, as well as premium prices for crops, linkages to chocolate makers and access to cash on good terms, it can help build loyalty. Driving loyal, mutually beneficial relationships will be crucial to the success of African agribusiness.

Unleashing the power of agribusiness

Driving responsible, sustainable and inclusive private sector investment into Africa in a way that supports the continent's smallholder farmers is a priority for Grow Africa.

Creating a sustainable agricultural sector is not only essential for Africa's economic transformation, but also the 870 million people across the globe lacking food security today. It has been estimated that the world's population will reach more than nine billion by 2050. With 65 per cent of the world's untouched arable land in Africa, the continent – and its smallholder farmers – can contribute substantially to the global breadbasket.

Grow Africa's Chief Executive Officer Arne Cartridge says: "A broad consensus has emerged over the past five years that private sector investment is vital to drive rapid and sustainable growth in Africa's agriculture sector. And we have seen substantial progress, with over $10 billion in investment commitments from over 200 companies, both domestic and international."

Agricultural trends, sub-Saharan Africa

Item	Parameter and units	Mean 1968-72	Mean 2008-12	Change (%)
Livestock				
Cattle	Population (millions)	128.0	234.4	+83
Sheep and goats	Population (millions)	205.6	468.0	+128
Camels	Population (millions)	8.8	16.9	+92
Total milk	Production (million tons)	9.7	24.3	+151
Total meat	Production (million tons)	3.9	11.2	+187
Agricultural land				
Arable land	Area (million ha)	132.2	184.3	+39
Permanent crops	Area (million ha)	13.6	23.1	+70
Permanent grasslands	Area (million ha)	713.2	723.5	+1
Irrigated land	Area (million ha)	2.4	5.3	+121
Staple food crops				
Maize	Production (million tons)	18.9	56.7	+200
	Area harvested (million ha)	16.6	31.1	+87
Soghum	Production (million tons)	8.5	20.1	+136
	Area harvested (million ha)	12.8	19.4	+52
Rice	Production (million tons)	4.6	19.9	+332
	Area harvested (million ha)	3.3	9.4	+185
Cassava	Production (million tons)	38.9	135.2	+247
	Area harvested (million ha)	6.4	13.3	+108

SOURCES: AFRICA AGRICULTURE STATUS REPORT 2014, THE ALLIANCE FOR A GREEN REVOLUTION IN AFRICA (AGRA); FAO, FAOSTAT, AGRICULTURE PRODUCTION DATABASE, ACCESSED 19 MAY 2015, HTTP://FAOSTAT3.FAO.ORG/DOWNLOAD/Q/QC/E

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Rwandan farmers seeding a field. Africa has 65 per cent of the world's untouched arable land, which could prove vital for securing the world's future food security

It is also recognised that agribusiness offers huge potential for growth, while creating jobs and ensuring the livelihoods of some of Africa's more vulnerable citizens. Women, for example, make up 50 per cent of the agricultural sector's workforce, yet are less productive as they do not have access to the same inputs as men.

The benefits of sustainable agriculture

From a study examining smallholder agriculture – covering 286 projects across 37 million hectares in 57 developing countries – the FAO found that when sustainable agriculture is adopted, average crop yields increase by 79 per cent.

> **"There is a real thirst for affordable, flexible small-business financing in Africa**
> **— Sam Miller Hicks, Business Development Director at AGC**

In order to promote sustainable agriculture, the African Union Commission launched the Ecological Organic Agriculture Initiative for Africa (EOA), with the objective of promoting "ecologically sound strategies and practices among diverse stakeholders in production, processing, marketing and policymaking to safeguard the environment, improve livelihoods, alleviate poverty and guarantee food security". It hopes to bring ecological organic agriculture into the mainstream of national agriculture production systems by 2025, focusing on eight countries in eastern and western Africa, including Kenya, Tanzania, Nigeria and Mali.

Yet there is still work to be done in progressing the transition from subsistence to market-oriented production. "We are working to ensure that these companies [looking to invest] are linked into local, regional and international value chains, can secure access to finance and are supported by a positive policy environment and appropriate, targeted public-sector infrastructure investments," says Grow Africa's Cartridge.

Progress is being made, but some issues remain. In 2015, for example, Heineken will likely grow sufficient barley in Ethiopia to meet its local sourcing targets, but will have insufficient capacity to turn it into malt for brewing. So what Ethiopia needs as a matter of urgency, says Stanger, is investment from expert barley processors. Going forward, more innovation and sustainable investments delivering strong social impacts are needed across the entire African value chain. That is something that AGC, for one, is working on. "When we speak to investors, the mantra is the 'double bottom line' – in other words, investments that deliver social impact as well as attractive returns. There should be no reason why the two can't go hand in hand," says Hicks.

New investment models could unlock water resources

Millions of Africans live without access to clean water, but new forms of collaboration between the public and private sectors could change that, explains **Sarah Rundell**

OLIVIER ASSELIN/ALAMY

In 1990, only 60 per cent of Rwanda's population had access to clean water and only 30 per cent had basic toilet facilities, according to the World Health Organization and UNICEF. By 2013, those numbers had increased to 71 per cent and 64 per cent respectively, making Rwanda one of the few African countries to meet the Millennium Development Goal of halving the proportion of its population without access to basic sanitation.

The country is now spearheading the Kigali Action Plan, a new initiative backed by the African Union that aims to increase water and sanitation provision to five million people across 10 African countries. Launched this year, the plan targets 10 countries and aims to supply latrines and septic tanks, as well as boreholes and wells with handpumps. It will also encourage the adoption of Rwandan policies such as empowering communities and ensuring the accountability of water and sanitation service providers. It is the sort of initiative that is welcomed by foreign investors looking for African governments to lead on investment opportunities in water and sanitation infrastructure.

Indeed, March saw Rwanda's first public-private partnership (PPP) in the water sector. A water purchase agreement was signed with Kigali Water Limited, owned by water solutions management company Metito, which is headquarted in United Arab Emirates. Such deals are expected to further the country's already impressive strides in developing water and sanitation.

Rapid population growth and urbanisation, as well as changing weather patterns resulting from climate change, have created unprecedented demand for water and sanitation investment across the continent. The Africa Water Facility, housed within the African Development Bank (AfDB), estimates that the continent needs to invest $50 billion a year for the next 20 years in its water sector to keep pace with demand and rapid urbanisation. Statistics from the World Bank's Private Participation in Infrastructure Database further illustrate the scale of underinvestment. Between 1990 and 2013, Africa's water and sewerage sector attracted just 28 private investments, compared with telecoms, which attracted 205, and energy projects, which attracted 164 during the same period.

“A great deal of innovation in water... is going on in the informal sector; farmers and SMEs have invested a huge amount

Dr Akissa Bahri, Coordinator, AfDB African Water Facility

Yet, opportunities span the entire sector. Africa's water storage capacity is among the lowest at 200 cubic metres per capita, compared with more than 1,000 cubic metres in other developing regions, and climate change is making storage even more important. Huge demand also exists for treatment, distribution and irrigation projects across rural and urban areas. This is in the context of huge water resources in some areas, in the form of lakes and key rivers and tributaries. The River Congo in the Democratic Republic of Congo, for example, accounts for 30 per cent of sub-Saharan Africa's total fresh water, yet most of it pours unused into the Atlantic. However, things could finally be starting to change.

A woman washes her hands in Liberia. The country will benefit from the Kigali Action Plan, which will draw on Rwanda's successful policies to improve sanitation in Africa

African governments are spending more on water and sanitation. Total infrastructure funding commitments in Africa increased for the second year running in 2013, with the energy, transport, water and ICT sectors the key beneficiaries, according to latest figures from the Infrastructure Consortium for Africa. One of the reasons private investors have sometimes avoided the sector is that water prices tend to be set by governments and costs are heavily subsidised. Governments have resisted private investment because they fear that a market-oriented approach to the water sector could trigger a political backlash. “Water is seen as a right,” says Paul Runge, Managing Director at Johannesburg-based infrastructure consultancy Africa Project Access, which advises on the continent's biggest infrastructure projects. Faced with the urgent need for investment and stretched budgets, some governments are now adopting a more pragmatic approach to investment. After years of neglect, new trends show real potential in Africa's Cinderella sector.

Governments in Africa are introducing policies to encourage the private sector. Indeed, Ghana has said private investment will play a crucial role in realising its aim to ensure the entire country is provided with supplies of potable water by 2020, according to Ghana's Investment Promotion Centre. In South Africa, a 2013 study conducted by the Department of Water Affairs found that the country needs to invest R670 billion ($76 billion) over a 10-year period in water infrastructure, nearly double the available government funding, leaving a gap of R338 billion. “These investments will have to be funded from on-budget and off-budget sources through partnerships with the private sector,” said Water and Sanitation Minister Nomvula Mokonyane in a recent speech. In Nigeria, the government has just concluded plans to privatise eight new state-run companies and sectors in 2015, including inland waterways.

Some countries are showing more of an appetite for PPPs, too. While there are few examples of successful PPP projects in Africa's water sector, as PPPs take off in other sectors, such as South Africa's renewable energy industry and Nigeria's power sector, reform-minded governments are exploring the model for their water and sanitation provision. In Francophone Africa, the French water utility companies Suez Environment, Veolia Water and SAUR have had success with PPP schemes in which the state-owned utility contracts out the management role, but retains ownership of the assets. In Nigeria, Oando, the domestic oil and gas firm, built the 12.5 megawatt Akute gas-fired power plant in 2010 under a PPP deal. The project provides power for the Lagos Water Corporation (LWC).

Another trend that can be seen in the water sector is investors and governments favouring multipurpose investments that combine water storage or treatment infrastructure with, for example, electricity generation. The idea is to “increasingly

AFRIPICS.COM/ALAMY

The Massingir Dam in Mozambique was conceived as a multipurpose irrigation and hydropower project and in 2013, the AfDB approved a loan of $33.2 million for its rehabilitation. The success of such projects could spur investment in the water sector

A trans-boundary PPP agreement

The groundwater supply for Lomé, Togo's capital, is on the verge of depletion, yet Ghana's huge lower Volta River, emptying into the Gulf of Guinea, has enough fresh water to supply the city. In December 2014, Ghana and Togo signed a memorandum of understanding for a major irrigation infrastructure initiative that will link the neighbouring African nations. The Sogakope-Lome Trans-Boundary Water Supply project, first mooted in the 1970s, will involve the construction of a treatment plant in Ghana, and will be financed through PPP.

think outside the box", argues Dr Akissa Bahri, Coordinator at the AfDB's African Water Facility. "Investment in multipurpose infrastructure can be more worthwhile," she says in reference to the challenges of water being priced below the cost of investment. By offering multiple uses for the infrastructure, investors can expect a higher return, she says.

Examples of such multipurpose projects can already be seen across Africa. Global energy specialist Schneider Electric's Microsol project, based out of Kenya, is developing technology for producing electricity, drinking water and heat simultaneously in order to benefit micro industries that are located in rural areas. Mozambique is part-way through a feasibility study for a climate adaptation project in the lower Limpopo region that combines water-storage and flood-control infrastructure with irrigation and hydroelectric-power capabilities. Furthermore, the Ujams Wastewater Treatment Company, a joint venture between VA Tech WABAG of Austria and Veolia of France, is constructing a water treatment plant in Windhoek, Namibia, that will treat industrial wastewater for reuse and irrigation.

Small-scale, local-level investments are particularly suited to meet multiple requirements, argues Dr Bahri. Africa's farmers are making fertiliser out of waste; small-scale hydro projects are irrigating fields and supplying power, she says. "A great deal of innovation in water and sanitation is going on in the informal sector; farmers and SMEs [small- and medium-sized enterprises] have invested a huge amount."

The importance of local participation to water and sanitation investment is illustrated in Senegal, where the innovative Water and Sanitation Millennium Program (PEPAM) project, launched by the World Bank, has overhauled the country's water and sanitation provision by empowering local communities, particularly women, to take leadership roles around water and sanitation. The project includes initiatives training local people to maintain the systems.

Investing in Africa's water and sanitation sector is fraught with complexity and risk. Big infrastructure projects require multiple donors and agency support. Although governments are working on the regulatory environment and enthusiasm for PPP is growing, there are, as yet, few successful projects in the water sector. However, if flagship water and sanitation infrastructure remains difficult, it could be that small-scale projects with multiple uses at a local level, such as those being showcased in the Kigali Action Plan, prove to be the way forward. ●

Next-generation learning

Africa's educational targets stretch from universal primary school completion, to improving the uptake of science at universities. Yet, central to all of these aims is equipping the future workforce with the skills needed by 21st-century Africa, writes **Emily Eastman**

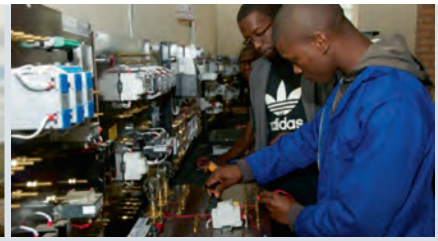
NIC BOTHMA/EPA/CORBIS

A scientist at work in the Drug Discovery and Development Centre (H3-D) in Cape Town, South Africa. Equipping young people with science-based skills is key for Africa's future

According to children's charity UNICEF, in 2012 more than a quarter of all primary school-age children in West and Central Africa were out of school. Furthermore, one fifth of the world's total out-of-school children were in eastern and southern Africa. As for those children in school, UNESCO's *Education for All Global Monitoring Report 2013/14* found that students in sub-Saharan Africa faced the dual challenge of non-completion and low learning performance.

Last year, the African Union's *AU Outlook on Education Report 2014*, produced by the Association for the Development of Education in Africa (ADEA), highlighted gaps in the vision of a prosperous Africa driven by a knowledge economy, largely due to countries across the continent failing to make education a priority in development plans. According to the report, an average of six per cent of gross domestic product (GDP) is spent on education in total, with just one per cent of that total allocated to higher education across the continent.

One goal of the AU's Second Decade of Education for Africa programme, which will come to an end this year, was to completely revitalise higher education across the continent. One organisation contributing to the ongoing transformation of Africa's tertiary education sector is the World Bank, which has developed the Higher Education Centers of Excellence Project for Africa. Across West and Central Africa, 19 university-based centres of excellence are equipping students with skills in areas such as computer science and mathematics, with the long-term aim of growing economies, creating jobs and supporting research in Africa.



King Sabata Dalindyebo TVET College

Our vision is to be a leading institution that provides high-quality programmes responsive to South Africa's socio-economic needs

KSD TVET College is situated in Mthatha, the economic hub and capital of the erstwhile Transkei homeland. This area forms part of the five inland Special Economic Zones and Industrial Development Zones in the OR Tambo District on the eastern side of South Africa's Eastern Cape Province. This area is earmarked to create one of the vibrant, competitive and productive regional economies. Geographically, Mthatha is strategically located at grid reference 31° 33' 33,09" S and 28° 42' 11 54" E and is the gateway to the Wild Coast.

Historically, Mthatha is the (rural) home of the former president Dr Nelson Rolihlahla Mandela. The college is located approximately 35km from his home in Qunu and 68km from his birthplace Mvezo on the banks of the Mbashe River. The college is named after his cousin King Sabata Dalindyebo who died on 7 April 1986 and was buried in exile (Zambia) and then reburied at his home, Bumbane. The Eastern Cape Province and subsequently the OR Tambo District Municipality boast of being the 'home of legends' where several political stalwarts were born and bred.

Campus locations

KSD TVET College is one of the eight colleges in Eastern Cape Province of South Africa. It serves the greater OR Tambo District and neighbouring municipalities. It has seven campuses, namely: Mapuzi, Mthatha, and Zimbane Campuses in the KSD Local Municipality; Libode and Mngazi campuses in the Nyandeni Local Municipality; Ngcobo Campus in the Ngcobo Local Municipality of Chris Hani District; and Ntabozuko in the Mbashe Local Municipality in Amathole District Municipality. These campuses are coordinated at the central office that gives support to the 'core business', which is teaching and learning.

The college curriculum can be divided into three schools, namely: Business Studies, Engineering Studies and Occupational School. The programmes offered across these schools are broad categories covering pre-grade 12, National Curriculum Vocational (NCV), post-grade 12, report 191 programmes and learnership and skills programmes. These programmes afford students a head start for careers in the intermediate level of the country's economy. KSD TVET College has about 8,293 students.

Preparing for the future

The college's goal is to prepare students for employment, self-employment and articulation to higher education. The ultimate objective is to address the triple challenge of unemployment, equity and improvement of living standards. Students have an opportunity to get hands-on practical coursework at the college in workshops, simulation rooms, computer laboratories and Work Based Exposure (WBE), done with the cooperation of local businesses and industries.

In order to qualify for certification and diplomas, students have to satisfy the practical component through Work Integrated Learning (WIL) as required by the National Skills Development Strategy III (NSDS III), making the slogan 'turning every working place into a training space', often chanted by Minister of Higher Education Dr B E Ndzimande, a reality. The college works with several Sector Education and Training Authorities (SETAs) to achieve this objective.

King Sabata Dalindyebo TVET College also prepares engineering students for apprenticeship and artisanship programmes. To this effect, the college hosted the Eastern Cape launch of '2013: the Year of the Artisan', driven from the office of deputy minister Mr M Manana with the slogan 'It's cool to be an artisan'.

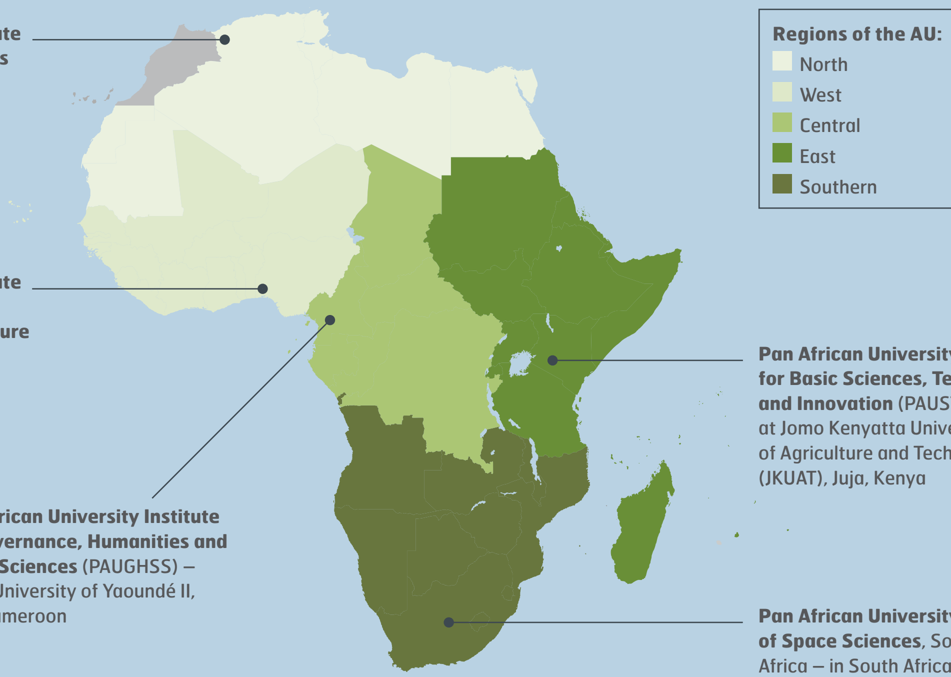
King Sabata Dalindyebo TVET College
R61 Queenstown Road,
Mthatha, 5099
South Africa
Key contact person:
Zigqibo Kahla, Marketing and Communications Manager
E: professorkahla@gmail.com
T: 047 505 1000 or 076 017 5591
F: 047 536 0932
W: ksdfetcollege.edu.za

The Pan-African University: creating future leaders

Formed in 2008 with support from the African Union, the Pan-African University (PAU) is a continental university network with the aim of providing greater access to high-quality postgraduate education.

It is hoped that PAU will usher in the next generation of leaders and stimulate collaborative, internationally competitive and cutting-edge research in science, technology, innovation and human and social sciences. Four institutes are already up and running – the PAU Institute for Basic Sciences, Technology and Innovation; the PAU University Institute for Life and Earth Sciences, including health and agriculture; the PAU Institute for Governance, Humanities and Social Sciences; and the PAU Institute for Water and Energy Sciences, including climate change. The fifth institute – the PAU Institute of Space Science – is expected to welcome students in 2016. All facilities are based in existing universities located across the continent.

Scholarships are given to successful applicants by the African Union, provided that graduates work in Africa once they have acquired their degree.



Professor Moussa Lo is Director at the African Center of Excellence in Mathematics, Computer Science, Communication and Information Technology at the Université Gaston Berger in Senegal. "The fields of mathematics and computer science, or what is generally referred to as STEM, are fields that have always been neglected in our countries," he says. "We now realise that

African countries have historically imported STEM skills

we have many more students studying humanities than students studying science, even though STEM should be a way of solving many problems we face in our countries."

In Nigeria, the University of Port Harcourt is now home to the African Center of Excellence for Oil Field Chemicals, where a new, high level of training is ensuring that students are equipped with the skills needed for work by the time they graduate.

African countries have historically imported STEM skills, and many report gaps in vocational training, but this is set to change under programmes such as the World Bank's initiative. These will ensure that current and upcoming generations of students possess the skills and knowledge needed for employment across sectors that will boost African economies, and ensure that the continent's research and development capacity is being utilised. Demand for engineers, technicians and analytical skills is high, and as African economies continue to develop, skilled jobs will be available for this home-grown talent.

Women are central to this economic development. Yet, despite most African countries having established gender policies relating to education, gaps in implementation exist. The reasons for this vary from the effect of gender norms to resource constraints, but regardless of the causes, more needs to be done to ensure access to and participation in education for girls and women. The AU's *Outlook on Education Report* highlights the fact that two out of every three illiterate adults are female, but notes that there has been considerable progress in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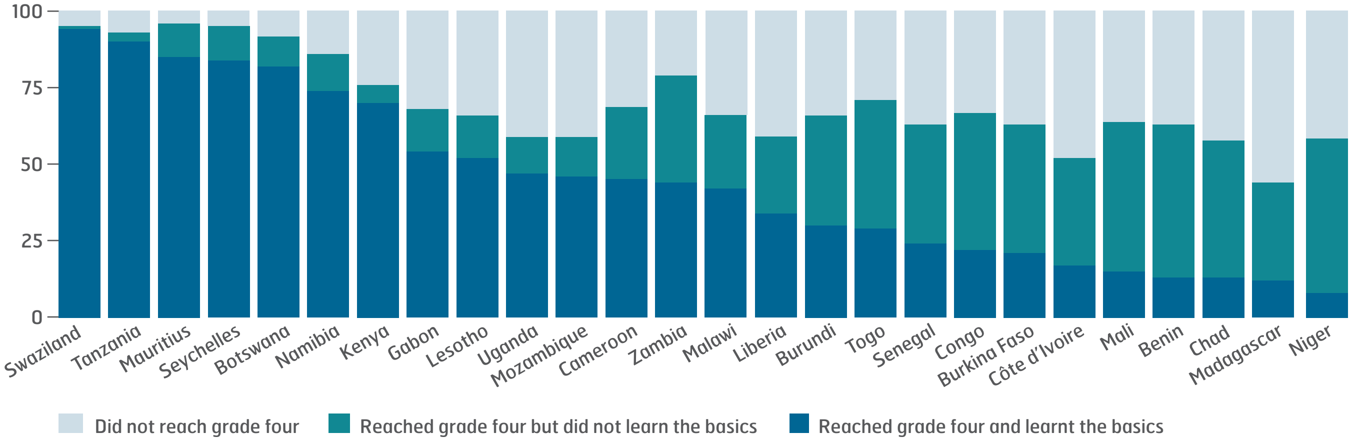
Primary school attendance and performance (% of total)



UNESCO EFA GLOBAL MONITORING REPORT, 2013/14

improving the participation of girls. In fact, countries including Congo, Mauritania, Senegal and Tanzania have seen a trend of more girls than boys enrolling in primary schooling, and despite there being more boys enrolled at primary level across the continent, data show that girls are more likely to reach the final grade of primary school than their male counterparts.

Enabling girls and women to access education is key to female and economic empowerment. International organisation the Global Partnership for Education reports that across Africa, 28 million girls between the ages of around six and 15 are not in school – a cause for significant concern given the link between increased education and economic growth.

In any given country, the effect of education on girls and women is the same. In general, educated girls will marry later, have fewer children (who themselves will be healthier and will stay in school for around three years longer than children with uneducated mothers), and enjoy increased participation in the labour market. International NGO ActionAid reports that for each year of education, a girl's earning power increases by between 10-20 per cent, while on a broader scale, investment in education in developing countries raises GDP growth.

Universal education

Yet progress is not happening fast enough. In 2000, commitments were made at the World Education Forum in Dakar, Senegal to achieving the Millennium Development Goal of universal primary education by 2015 – a target that has not been met by all countries. In fact, UNESCO's 2013/14 *Global Monitoring Report* found that if recent trends continued, the richest boys in sub-Saharan Africa would achieve universal primary completion in 2021. Comparatively, the region's poorest girls would not catch up until 2086.

"There is at least a 50-year gap between when all the richest boys complete lower secondary school and when all the poorest girls do so," says the report. "Girls from the poorest families in sub-Saharan Africa will only achieve this target in 2111, 64 years later than the boys from the richest families."

In order to close this gap, investment is needed to make education accessible – closing the gap between urban and rural attendance – and to make the far-reaching benefits of gender parity in education understood by all.

E-learning take-up

According to Ambient Insight, a United States-based market research firm, e-learning revenue in Africa is expected to reach $512.7 million in 2016. Africa also has the highest growth rate for digital English products in the world, at 20.5 per cent, and revenue is expected to more than double from $19.5 million in 2013 to $49.5 million in 2018. The top-buying countries for digital English products in 2013 were South Africa, Morocco and Tunisia, though Angola is set to overtake Tunisia as the third-largest buying country in the region by 2018.

Several companies have contributed to the development of e-learning across the continent. In November 2013, the British Council announced a partnership with Airtel and Microsoft to install 127 'digital hubs' in schools across nine countries: Uganda, Tanzania, Kenya, Zambia, Rwanda, Sierra Leone, Malawi, Ghana and Nigeria. Called the Badiliko project, it is expected to reach more than 500,000 teachers and students in Africa.

In May 2015, Kenyan entrepreneur Tonee Ndungu is launching a low-cost solar-powered tablet that allows users to rent textbooks using mobile money. Named Kytabu, it will allow students to access all the textbooks on the national curriculum digitally, without having to download them through a broadband network, as the books are preinstalled on the devices.

Thanks to the digitisation of academic material, broader rollout of ICT infrastructure and national online networks, the market for e-learning providers and products is expanding in Africa. Those interested in investing in the e-learning environment in Africa could attend the eLearning Africa networking event, where delegates will be discussing innovative funding strategies, citizen empowerment and how best to develop Africa's ICT competence.

The University of Fort Hare

Together in Excellence

The vision

The University of Fort Hare is a vibrant, equitable and sustainable African university, committed to teaching and research excellence at the service of its students, scholars and wider community.

The mission

The mission of the University is to provide high-quality education of international standards contributing to the advancement of knowledge that is socially and ethically relevant, and applying that knowledge to the scientific, technological and socioeconomic development of our nation and the wider world.

CASE STUDIES

Creating a globally competitive workforce

Vocational education is important to unlocking Africa's economic potential. A number of multinational companies have spearheaded training and internship programmes on the continent, writes **Emilie Dock**

The African education agenda is increasingly promoting the expansion and diversification of the continent's education system. This includes, among other things, the advancement of formal and non-formal technical and vocational education and training (TVET). However, bringing TVET into the mainstream will require extensive rebranding, better education and training facilities, widespread curriculum reform and substantial investment from both the state and the private sector.

Several private multinationals have recognised the benefits and importance of creating a skilled workforce in Africa and have invested in TVET programmes across the continent.

Developing a skilled workforce

Since early 2013, Sweden-based Volvo Group has run a successful training programme for mechanics in partnership with Selam Technical and Vocational College and the United Nations Industrial Development Organization (UNIDO) in Addis Ababa, Ethiopia. The programme trains 30 young people every year in the fundamentals of electrics, drivetrain components and hydraulics.

Following on from this success, in November 2013 Volvo signed a memorandum of understanding with the Swedish International Development Cooperation Agency (SIDA) and the United States Agency for International Development (USAID) to provide similar vocational training programmes in 10 more African countries. Volvo has committed a total of SEK35 million ($3.9 million) to introduce these schools over a five-year period beginning 2014.

"Trained mechanics will have the opportunity to gain work in countries with high unemployment, while the Volvo Group will gain access to the trained personnel that is required in order to expand in Africa," says Karin Wik, media spokesperson for the Volvo Group. "By training local manpower, we will contribute to sustainable growth in the countries in which Volvo operates. It's really a win-win situation."

Volvo is taking a hands-on approach with these vocational schools, providing modern equipment, teacher training, training materials, ongoing curriculum development and apprenticeship opportunities for students. UNIDO will provide administrative support.

In November 2014, Volvo and USAID announced plans to open a training academy in Settat, Morocco. The programme – which will commence in 2015 on the same premises as the country's existing national vocational school, Ecole des Métiers du Bâtiment et Travaux Publics – will train 150 students each year from Morocco, Côte d'Ivoire and Senegal. Training will focus on maintenance of industrial and commercial equipment, equipping its students with technology and general business skills.

Volvo and USAID will also be working alongside UNIDO, the Moroccan Ministry of National Education and Vocational Training, and the Office Chèrifien des Phosphates Foundation (OCPF).

"The distinctive feature of this training academy lies within its ability to produce skills and expertise that can directly be employed in the economic sectors that use heavy-duty equipment and that work on the big projects that are undertaken by Morocco," said Jamal Eddine El Aloua, General Secretary for the Moroccan Department of Vocational Training.

According to Karin Wik, setting up these schools has been "almost surprisingly straightforward, and this can be attributed to the cooperation

Trainees at a workshop supported by UNIDO and Volvo at the Selam Vocational College in Addis Ababa, Ethiopia

UNIDO

with partners like UNIDO and USAID, who have the local knowledge and contacts, as well as a joint ambition to really create state-of-the-art vocational training schools."

Finally, when asked if Volvo would encourage other international firms to invest in Africa's vocational training system, Wik said: "Yes, most definitely! The need for this concept is huge in many countries, and there is most certainly a business need for trained personnel as well. Our most important advice would be to partner up with an organisation that really has local knowledge, and to choose local partners that have a good understanding of vocational training."

PIUS UTOMI EKPEI/AFP/GETTY IMAGES

Gustavo Fuchs, Director of Microsoft Mobility Windows Phone for Middle East and Africa, introduced the Windows 8-powered Huawei 4Afrika phone in Lagos in February 2013, as part of the company's wider 4Afrika Initiative

Fostering entrepreneurship

In March 2013, Microsoft launched the Afrika Academy, "an education platform leveraging both online and offline learning tools, to help Africans develop both technical and business skills for entrepreneurship and improved employability", according to the academy's official website.

The Academy is part of the 4Afrika initiative, which provides training on skills required to secure employment with Microsoft's network of 10,000 partners in Africa, thereby educating the next generation of African web developers. The initiative has also increased internet accessibility through the provision of affordable smart devices.

"We recognise Africa's potential for global impact and have developed the 4Afrika Initiative as a way to accelerate growth, entrepreneurship, skills and access for Africa and for Africans, so Africa can own its potential and grow its influence on the global stage," Microsoft's Africa Initiatives General Manager Fernando de Sousa told ABN Digital in February.

Also through the initiative, Microsoft announced a partnership with the South African Government's Jobs Fund in 2013 to train more than 3,000 unemployed graduates with the aim of helping them secure permanent technology jobs over the course of three years. The new initiative will seek to triple the training outreach programmes previously undertaken by Microsoft. According to Mteto Nyati, Microsoft South Africa's Managing Director, the training will focus on areas of need within the IT industry.

Telecoms training

In 2012, Huawei opened its seventh state-of-the-art vocational training centre in Kinshasa, Democratic Republic of Congo, to train the next generation of ICT professionals. Last year, Huawei invested NGN100 million ($616,979) in a six-month vocational training programme for 41 Niger Delta youths. The course took place in Malaysia, before which the beneficiaries attended a two-week orientation and basic IT training course in Nigeria. The aim of the course was to provide young Nigerians with telecoms technical training, practical experience, telecom certification and entrepreneurial skills training. Upon their return, the beneficiaries were given employment opportunities with Nigerian ICT companies or in IT departments in other industries.

Finally, Huawei runs an internship programme called 'Huawei Seeds for the Future', whereby groups of students from various universities are selected to complete a two-week study tour in China to acquire skills in the latest technology, interact with top IT specialists at the Huawei University or the company's key departments. Following completion of the programme, students are awarded certificates and professional mentorship. Huawei initiated the programme in 2008 to – as stated in a press release – "encourage regional building and participation in the digital community".

Globally, the programme has been deployed in more than 20 countries, benefitting 10,000 students. In 2014, the programme became part of the wider Kenyan ICT Master Plan to develop the country's human capital and workforce in the ICT industry. In December 2014, nine Kenyan students from four different Kenyan universities were sent to China to receive ICT training from Huawei. The programme now extends to Namibia. Memorandums of understanding (MoUs) have been signed between Huawei and Angola, Zimbabwe and the Democratic Republic of Congo to introduce the programme during the course of 2015. In January, the African Union and Huawei signed an MoU for partnership in Addis Ababa. The MoU is aimed at "enhancing the existing partnership between the AU Commission and Huawei on various fields of common interest such as information and communication technology literacy and capability, and ICT infrastructure development", according to a press release by the African Union. ●

GODONG/ALAMY

Towards a healthier continent

There is much ground left to cover before Africa's healthcare outcomes reach global averages, and the private sector has an important role to play in this process, as **Andrea Chipman** explains

Health expenditure in Africa has increased dramatically since 2000, and governments across the continent are striving to provide low-cost healthcare to more people

Africa is both a nexus of health challenges and the global region with the greatest potential in healthcare and health capabilities. Although the continent has some of the most dynamic economic growth rates in the world, the extent to which it lags behind other regions in terms of healthcare provision is reflected starkly in the numbers. According to the World Health Organization's 2014 World Health Statistics, life expectancy for both men and women is still less than 55 years in nine sub-Saharan countries, including Angola, Mozambique and Nigeria. This compares with a global average of 68 and 73 years for women and men respectively.

Large parts of Africa are still struggling with a dual health burden, whereby communicable diseases continue to be responsible for millions of deaths each year, while 'developed world' conditions, such as diabetes, hypertension and cancer, claim a growing share of health expenditures. There are also regional differences within Africa: although life expectancy in northern countries has risen by 60 per cent over the past 60 years, the increase has been 10 per cent or less over the same period in the sub-Saharan region, according to Sering Jallow, Senior Advisor at the African Development Bank (AfDB).

Meanwhile, with governments financially strained, health ministries are increasingly looking to achieve a greater balance between reactive and preventive health policies. "We need to build and strengthen health systems, and we need the right mix of preventative and curative strategies," said Jallow, speaking at the Africa Health Summit 2015 in London.

The continent's dynamic growth over the past two decades suggests brighter prospects ahead. African countries make up four of the 10 countries with the fastest-growing gross domestic product, led by economies such as Ethiopia and Côte d'Ivoire. An expanding middle class in many African countries is creating increasing demand for more rapid improvement in healthcare provision, and cash-strapped governments are increasingly looking to the private sector for both direct investment in the sector and involvement in public-private partnerships. Health expenditure in Africa increased from nearly $31 billion to more than $100 billion between 2000 and 2011, according to the AfDB, and some $30 to $50 billion of investment is needed to meet new demand in the next few years, according to Jallow.

Against this backdrop, four sub-sectors stand out as key areas for private investment in African healthcare: pharmaceutical and medical devices; diagnostics and telemedicine; healthcare provision, including construction of hospitals and clinics and workforce training; and consulting and management systems, which are seen by many experts as key to helping to create more efficient and joined-up systems, better financing and broader access to health insurance.

Pharmaceuticals and medical devices

Africa's pharmaceutical industry remains underdeveloped, with many countries still grappling with a proliferation of sub-standard or counterfeit medicines, and a lack of central medical stores similar to those found in more developed countries.

A Federation of African Pharmaceutical Manufacturers Associations (FAPMA) was launched in January 2013 and other organisations, such as the Southern African Generic Medicines Association (SAGMA), are attempting to coordinate greater harmonisation of medical regulation, but the industry still remains fragmented.

"Skills development, removal of unfavourable trade tariffs, regulatory harmonisation, and preferential procurement of locally produced drugs by the donor community and increased access to affordable capital finance for plant upgrades and start-ups are some of the interventions that will help in the development of a viable pharmaceutical industry in Africa," SAGMA Chairperson Emmanuel Mujuru says in an editorial on the organisation's website.

Medical device development, especially those that can be used in the field where power supplies may be scarce, is another fertile area, and the range of needs is particularly broad. One product example is Arktek, a passive vaccine storage system that resulted from a joint venture between Global Good (a collaboration between the Gates Foundation and Intellectual Ventures) and AUCMA, a Chinese refrigeration equipment supplier. The device, which can keep vaccines from spoiling in temperatures of up to 43 degrees Celsius for more than 35 days, has undergone trials in Senegal, Ethiopia and Nigeria during the past year, and received 'pre-qualified' status from the WHO in January of this year.

Other companies have met healthcare requirements as a result of more immediate health crises. Paris-based Visiomed Group has seen a rapid increase in interest in its Thermoflash scan thermometer as a result of the Ebola crisis in western Africa (see box story). The company's thermometers can be accurately calibrated to different air conditions, allowing them to read temperatures more accurately and send them to healthcare professionals via smartphone applications.

In December, the President of the Republic of Guinea requested 31,000 of the devices to allow him to reopen the country's schools, according to Visiomed's International Development Director Fabienne Ostermeyer. The company organised night shifts for the 300 workers at its Shenzhen production line and completed the order within three weeks.

Many African governments are also looking to increase investment in diagnostic equipment and systems, as well as telemedicine, according to participants in the Africa Health Summit. One area of interest is so-called 'point-of-care' devices, which can be used to diagnose and monitor health conditions on the ground.

Sysmex Partec, a German-based diagnostics company, is one manufacturer in this sub-sector. It produces devices such as the CyFlow miniPOC for use in HIV monitoring in remote areas, as well as other flow cytometry and cell analysis equipment.

As is the case with medical device manufacturers, companies developing diagnostic equipment for the African market rely on innovation and strong product-engineering skills to create products suitable for local conditions – including unreliable power supplies, hot temperatures and intermittent access to running water – under which African health systems must operate. Some examples of adaptive products and processes include ventilation technology, which allows for safe surgery in extremely remote locations, and extended-life batteries.

GE Healthcare, which has been in Africa for more than a century, sells products and provides training for healthcare workers throughout the continent. The company's hand-held Vscan ultrasound uses technology originally developed for cardiac probes to allow midwives and other primary health workers to detect potential complications in pregnancy, and decide whether to refer patients to more specialised centres.

African healthcare officials are also showing more interest in portable diagnostic kits, according to Pei Wen Kuok, Business Development Manager at Camtech Diagnostics, a UK-based company that produces molecular diagnostic kits for respiratory infections, sexually transmitted diseases, digestive diseases and influenza. "Rapid testing is one of the areas healthcare people are looking into because it can bring down costs," she says.

In the area of telemedicine, investment opportunities range from wireless healthcare applications, such as blood glucose monitoring devices that can transfer data to smartphones, to broader networking systems. One provider working in this field is FatPipe Networks, a Utah-based company that sets up hospital management telemedicine systems connecting rural primary health centres, district and urban hospitals using features that are "designed for low-quality and low-bandwidth wide-area networks."

Improving access to healthcare in urban and rural areas

Good health is both a driver and an outcome of human development. Yet, the health of millions of people across the globe is impacted by the growing threat of non-communicable diseases (NCDs).

Philips supports the common view that strengthening local healthcare systems is an essential strategy for Africa. But we go one step further.

We focus on medical technology in combination with a smart approach to healthcare system innovation, designed to increase access to quality care and improve outcomes in a cost-efficient manner. We've seen communities benefit from quality diagnostics, informatics, telehealth, teleradiology, and remote care.

Making it work

We collaborate closely with Ministries of Health and other national and international stakeholders to design and implement healthcare projects around the world. This results in the successful integration of technology, training, and community involvement.
We partner to expand and improve community-focused public health practices. The goals?

- Increase access to treatment/services and to healthcare facilities
- Enable rural community outreach programs and partnerships
- Educate/train community health workers

As an example, local health providers in Uganda are trained to capture high-quality ultrasound images on mobile equipment in rural areas and send these via the internet to qualified clinicians who diagnose and offer treatment options. The local health workers also spread their knowledge and expertise to others, thereby expanding the skills for remote diagnostics across the country and ensuring a sustainable healthcare system.

Two forward-thinking solutions

Philips helped Tygerberg Hospital of Cape Town, South Africa to create a 'step-down' unit, or Emergency Obstetric Newborn Care Unit (EmONC). This cost-efficient solution was tailored to mother and child care at Tygerberg, and has been successfully implemented since in other countries as well. The results of the project in South Africa: the mortality rate decreased from 6 per cent to 0 per cent in just eight weeks and stayed at 0 per cent during the first full year.

A similar approach to the smart usage of technology and resources is the first Community Life Center that Philips built in collaboration with the County Government of Kiambu, Kenya. This integrated solution for primary healthcare and service facilities provides access to healthcare and, at the same time, enables social, educational and commercial activities after dusk to enhance safety and security of the neighborhood.

For consideration

Our experience suggests that accessible and integrated health systems save lives, create resilient communities, and thus must be a cornerstone for an ambitious development agenda.

The Philips 'Fabric of Africa' campaign develops meaningful partnerships with local and international stakeholders to improve healthcare delivery in the areas of NCDs, maternal and child health, healthcare infrastructure, technology and clinical training.

Be sure to download our Africa Trends Reports, available on our Fabric of Africa website at www.philips.com/fabricofafrica

While you are there, take a look at some of the exciting programs in which we are involved.

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Significant investment in African healthcare provision has in recent years been focused on building new hospitals and networks of clinics, largely in urban areas in countries with growing middle classes, such as South Africa, Nigeria and Kenya. Although there is a sufficiently wealthy population to demand high-end medical treatment, investors and health strategists are increasingly focusing on the need for high-volume, low-cost clinics, as well as specialist centres in fields such as oncology. Establishing low-cost primary care systems remains something of a holy grail for Africa. Companies such as Viva Afya and Avenue Healthcare, both of which are based in Kenya, are establishing clinic networks in the country with the aim of increasing access to basic care. "There are two main barriers to healthcare in Africa – geographical and financial," said Dr Amit Thakker, CEO of the Kenya Healthcare Federation and a co-founder of Avenue Healthcare. "If you can package affordable clinics close to the people, you will have solved half of the problem."

"Where we are investing in people, systems and structures, there have been payoffs... the benefits are real

— Dr Victor Bampoe, Deputy Minister of Health, Ghana

While African leaders generally acknowledge that new health infrastructure is needed across the continent, many speakers at the African Health Summit highlighted the importance of investing in workforce development – including both training of healthcare professionals and establishing leadership and continued education programmes – as crucial to tackling the shortage of health professionals generally, and reducing the outflow of trained health workers to overseas markets.

The importance of training

GE Healthcare said in March that it will commit $100 million to healthcare education in its Eastern and African Growth Markets (EAGM) region by 2018. President and CEO of GE Healthcare EAGM Skander Malcolm said that the company polled government health officials from African countries at a recent training session about the single most important healthcare need in their country, offering a choice of an unlimited health budget, training and education to improve skills and the best and most relevant technology. More than three-quarters (77 per cent) opted for better training and education.

"We know that if we educate or help them educate, then the equipment gets used in the right way, which drives better outcomes," Malcolm said. "We know that when they understand the software that goes with all our equipment they can optimise the use of that equipment. Lack of education and training is probably the single biggest block to transformation of healthcare in this part of the world."

With many sub-Saharan countries still not meeting the WHO's Millennium Development Goals for reducing child and maternal mortality, some countries are focusing on the training of midwives. In Tanzania, GE Healthcare runs programmes that help midwives develop competence in the use of ultrasound in just eight days.

Ghana, one of Africa's most dynamic economies, has invested substantially in healthcare training, including increasing the number of medical schools over the past 20 years, according to Dr Victor Bampoe, the country's Deputy Minister of Health, who added that the country currently produces 200 new doctors a year, compared with 60 in 1993. Between 2008 and 2013, Ghana also increased the proportion of trained midwives from just under 27 per cent to more than 55 per cent, and expanded its community health officer programme. In 2004, a college of physicians and surgeons was opened in the country, offering training in medical sub-specialities, thus reducing the need for professionals to complete training abroad.

Other investors, such as the International Finance Corporation (IFC), the private investment arm of the World Bank, are looking at leadership training for healthcare professionals moving into entrepreneurial roles, according to Laurien Field, the IFC's Health and Education Investment officer in sub-Saharan Africa.

"Businesses are often started in an entrepreneurial way by doctors who have not yet become the leaders and administrators that they need to be," she said.

Creating more holistic systems

In addition to the priority placed on workforce development, African healthcare officials and providers agree that more joined-up systems, including better IT facilities and broader access to healthcare coverage, will be key to improving healthcare outcomes on the continent. "There is no one holistic plan and it is very difficult to get a sense of what framework a country is working toward," according to Tutu Agyare, Managing Partner and Chief Investment Officer at Nubuke Investments.

Funding sources echo this gradual shift in priorities, with Jallow of the AfDB noting that the focus is moving from "hard infrastructure to soft components, such as supporting national reform strategies, capacity building, and sector budget support, not just direct project financing".

Multilateral financial institutions, such as the AfDB, are also looking at the broader context for improving health, including investment in better water and sanitation, with the bank estimating that between 30 and 50 per cent of healthcare costs in Africa are water related. In addition, healthcare systems are looking to become smarter purchasers of health services and equipment, helped by organisations such as the ECRI Institute, a UK-based non-profit organisation that provides advice to health ministries on which health technology to purchase and how to get the best value for money.

Seth Akumani, Co-founder and CEO of software start-up company ClaimSync, which develops health management programmes tailored to the African market and which has recently been bought by Netherlands-based GenKey, notes that an increasing number of healthcare providers are using health management information systems (HMIS) to record

Lessons from Ebola

The recent Ebola epidemic highlighted both the key challenges facing African health systems as a whole, and the stark differences in levels of investment and preparedness within individual countries.

Among the West African countries affected by Ebola, there were clear variations in the ability of health systems to combat the epidemic. Guinea, Sierra Leone and Liberia were worst hit, due to underinvestment, a shortage of health workers and a lack of epidemiological systems to detect the extent of the virus. In the case of the latter two countries, recent military conflicts have also contributed to more fragmented health systems. By contrast, Senegal, Nigeria and Mali, with stronger health systems, were more able to contain the disease quickly.

"Ebola showed us that our health systems are very weak, particularly in the post-conflict countries in the region," said Sering Jallow, Senior Advisor at the AfDB. The virus "is not just a health issue, it's a socio-economic issue," he added, noting that those countries not directly affected have seen a drop off in tourism.

As part of the effort to stem the spread of Ebola, the African Union and the Kenyan Government sent 170 health workers to affected countries and the AfDB invested $220 million to support the effort to combat the disease in the six months from August 2014 to February 2015.

TIM VERNON/SCIENCE PHOTO LIBRARY

The recent Ebola outbreak began in Guinea in December 2013, before spreading to Liberia and Sierra Leone. As of March 2015, the outbreak has claimed the lives of over 10,000 people worldwide. The virus has an average mortality rate of 50 per cent

patient details, administer care and track patient visits. "These software systems are enabling healthcare providers to not only reduce patient waiting times and offer better care, but also to reduce the time and effort required to prepare medical claims for submission to insurers," says Akumani.

"Health insurance is another important area where IT is playing a crucial role. The ability to receive electronic claims, adjudicate them and provide feedback to service providers through e-claim platforms is reducing the turnaround time for claims processing. Technology is also becoming an invaluable tool in the prevention and detection of healthcare fraud through biometric identification and claim verification."

Increasing healthcare expenditure

Health ministries are also looking to increase per capita expenditure on healthcare, and to expand insurance coverage in order to reduce out-of-pocket payments. For example, Ghana and Rwanda were among the first to introduce national insurance programmes in an effort to move toward universal coverage, with more populous countries such as Nigeria and South Africa among those also looking to build on existing insurance structures for specific groups, such as government employees. In addition, governments and local companies have expressed interest in working with private insurance providers.

For countries such as Ghana, which have already developed health strategies, health ministries are looking to tweak existing systems to improve outcomes and reduce costs. In one such example, Dr Bampoe noted that the Ghanaian Government is considering leasing medical equipment in the future, rather than purchasing it, in order to save money. "A lot of effort has gone into streamlining health services in Ghana," said Dr Bampoe. "Where we are investing in people, systems and structures, there have been payoffs. The investments are long-term and the benefits are real, but sometimes they take a long time to materialise."

Africa's rapid, albeit uneven levels of development in the healthcare sector offer lucrative opportunities for investors who are willing to take an innovative approach and spend the time to gain local knowledge. Pharmaceutical and medical products, especially those in the area of diagnostic and telemedicine, will continue to be attractive sub-sectors for investment in the near term, as will education and training, particularly where programmes offer career development that help African countries retain healthcare workers. Companies with innovative approaches or business models that can be adapted easily to Africa are likely to be particularly competitive.

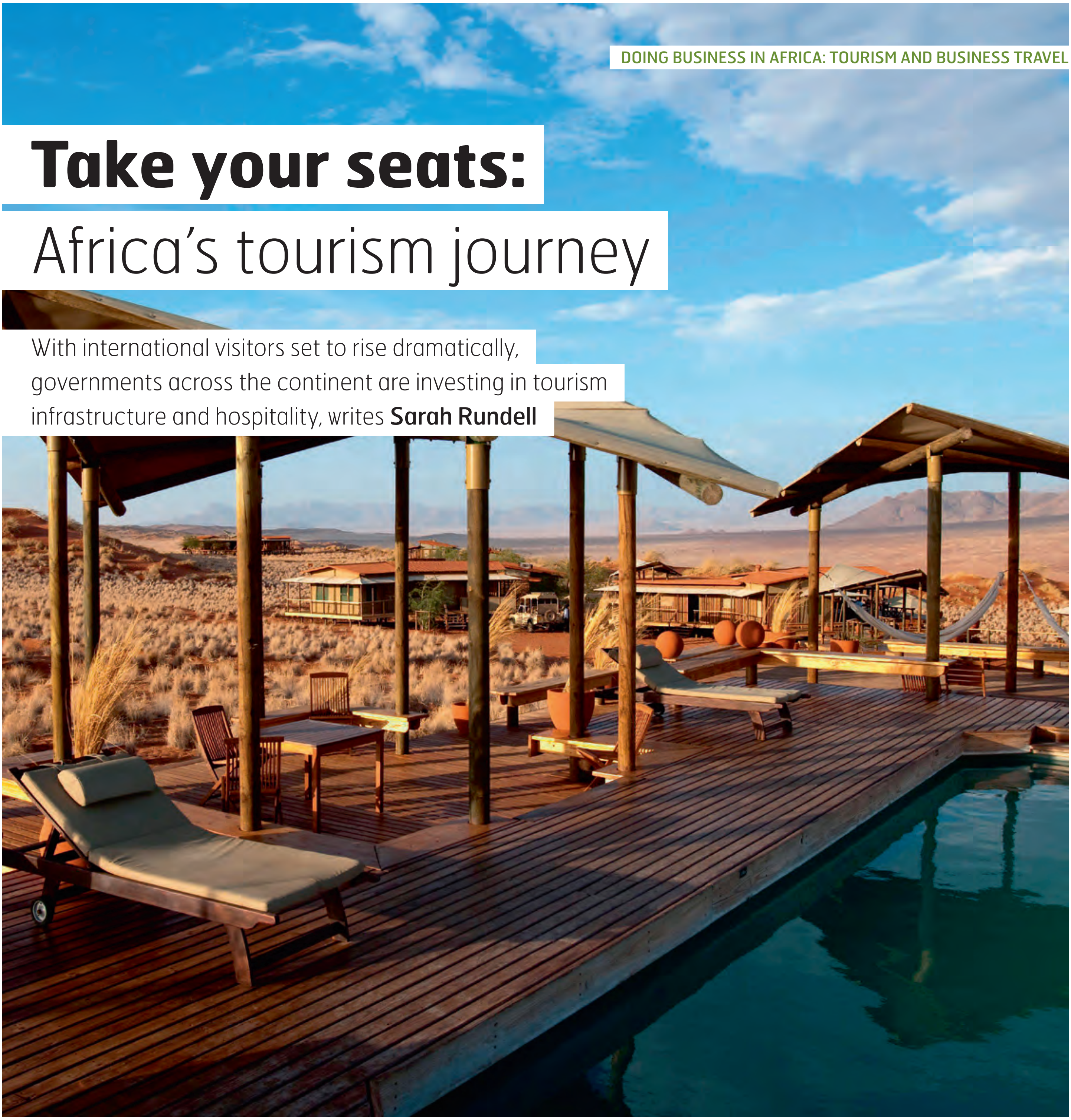
African research

On a policy level, the 24th African Union Heads of State and Government Summit in Addis Ababa, Ethiopia, earlier this year endorsed the establishment of the Alliance for Accelerating Excellence in Science in Africa (AESA). The pan-African platform, created by the African Academy of Sciences (AAS) and the New Partnership for Africa's Development (NEPAD) Agency, is an important step in the advancement of health research in Africa, as it seeks to promote the long-term development of research leadership, scientific excellence and innovation that address the continent's developmental challenges.

While poor infrastructure and skills shortages pose significant challenges that will be familiar to investors in developing markets, high demand for quality healthcare and low levels of government spending, combined with strong interest from African governments in cooperating with the private sector, provide fertile ground for partnerships in the future.

Take your seats:
Africa's tourism journey

With international visitors set to rise dramatically, governments across the continent are investing in tourism infrastructure and hospitality, writes **Sarah Rundell**



DPA PICTURE ALLIANCE/ALAMY

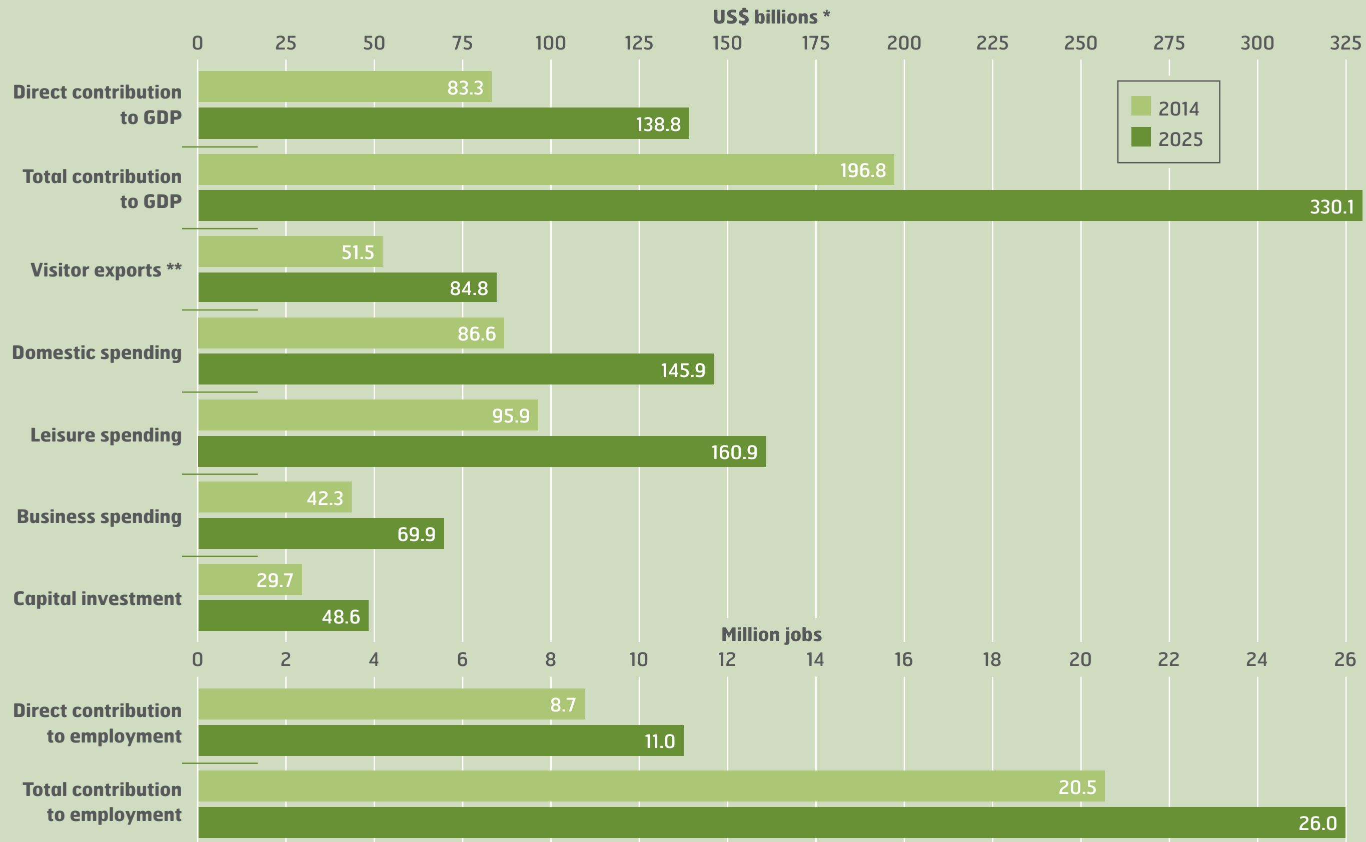
Wolwedans Dunes Lodge in NamibRand Nature Reserve Park, Namibia. Tourists attracted to the beauty of the Skeleton Coast contribute to a thriving safari sector

Hundreds of monkeys roam through the neighbourhoods of Boabeng and Fiema in Ghana's Nkoranza District, arriving from a sanctuary nestled between the two forest villages. The monkeys are protected, considered sacred according to beliefs originating from the 19th century. The sanctuary is just one of many community-based ecotourist attractions that are fuelling Ghana's tourism industry.

Ecotourism, defined by the International Ecotourism Society as responsible travel to natural areas that conserves the environment and improves the well-being of local people, is one of the fastest growing segments of the global tourist industry, according to the World Tourism Organization (UNWTO). It is crucial for conservation and a natural fit in Africa.

But ecotourism is just one strand to Africa's booming tourist offering. The continent has become the latest battleground for the international hotel industry; travel within Africa has taken off as the new middle class begin to holiday on the continent

Tourism in Africa, estimates and forecasts 2014–25



*2014 CONSTANT PRICES AND EXCHANGE RATES **MONEY SPENT BY INTERNATIONAL TOURISTS
SOURCE: WORLD TRAVEL & TOURISM COUNCIL

and business people shuttle between fast-growing capitals. Africa's rich cultures and natural wonders now compete with other global hubs in attracting tourist dollars, with new sectors emerging, for example Namibia's flourishing luxury safari sector, which takes advantage of the unique geography of the Skeleton Coast to differentiate from its Kenyan and Tanzanian rivals. Elsewhere, countries such as Botswana and Tunisia are allowing more airlines in, meaning cheaper and quicker flights for visitors.

Referrals via social media have changed the game for many African operators

UNWTO projects that Africa's international tourist arrivals will rise to 134 million in 2030, up 106 per cent from the 2013 level of 65 million arrivals. In addition, research group Euromonitor International says tourism income has risen from $42 billion in 2011 in Africa to an estimated $54 billion in 2014. As smart investors seize opportunities in niches such as health and wellness, golf tourism, eco-adventure and even MICE – the industry anachronism for Meetings, Incentives, Conferences and Exhibitions tourism – it feels as if Africa's journey to a vibrant, world-class tourist industry has started.

Hotel chains building an African presence

Africa's hotel sector leads the investment drive. Last year, the global hotel chain Marriott invested $200 million in Africa. It plans to open 36 new hotels, hire 10,000 employees and expand into a total of 16 countries. The group was already the largest hotel operator in Africa, having acquired 116 properties from South Africa's Protea Hotel Group. Others building their African footprint include Carlson Rezidor, which has 30 hotels with 6,300 rooms under development across the continent. Hilton and Starwood are scrambling to shore up a share of the marketplace. Progressive African governments are supporting investment, working hard to attract the world's biggest brands; for example, Ethiopia won the attention of Best Western, which in October announced two openings in capital city Addis Ababa. Suzi Yoder, Senior Vice President of International Operations, said: "We are very excited about bringing our world-famous brand to Addis Ababa. Ethiopia [is] one of the fastest growing economies in sub-Saharan Africa, with amazing world heritage sites recognised by UNESCO and is considered as a cradle of mankind by many."

Angola says it plans to use a portion of its $5 billion Sovereign Wealth Fund to invest in infrastructure projects, including new hotels. The hotel shortage in the capital Luanda makes it difficult to find a business-class hotel room for less than $500 a night, negatively impacting the country's tourist growth potential. According to consultancy EY, Nigeria has the largest pipeline of new hotels in sub-Saharan Africa, with 7,500 rooms added in 2013, an increase of 10 per cent year-on-year.

Overcoming challenges

Investment will increase when bottlenecks and challenges are overcome. Executives complain of a lack of direct flights to many African destinations; fares and taxations are high and obtaining visas is still difficult for some countries. According to international consultancy Mercer, Luanda in Angola and N'Djamena, the capital of Chad, are among the world's five most expensive cities for expats and business travellers in terms of cost of living. Business travellers want to use corporate credit cards to track transactions, but many destinations prefer cash. Telecoms and internet access is still underdeveloped, which means a lot of bookable content, including rooms, transfers and meeting spaces, are not available on the global distribution system (GDS) used by the global travel industry to book, secure and pay for travel.

However, technology is starting to transform the tourism industry. Destinations can market themselves via social media, reaching out directly to potential clients. E-Tourism Frontiers, a Kenyan-based initiative aimed at developing digital skills in the tourism sector across global emerging markets, argues that referrals via social media have changed the game for many African operators. Success stories include a small lodge off the Tanzanian coast that, by embracing social media, has turned itself into a 'must-visit' destination. Thanks to an active and innovative Twitter profile, Ras Mbisi Lodge has been featured in travel and lifestyle magazines around the world.

Integration of mobile payments and online booking websites is also starting to happen. Jovago, Africa's leading hotel booking platform, has partnered with Tigo, a telcoms company based in Tanzania. As a result of this partnership, Tigo Pesa customers will be able to pay for accommodation that is booked on Jovago with their Tigo Pesa account. Ruan Swanepoel, Head of Mobile Financial Services at Tigo, said: "We are delighted to join hands with Jovago to give the customers of our two companies the convenience of paying for their hotel accommodation from the convenience of their mobile phones."

In addition, Africa-wide initiatives are fostering cooperation. The Sustainable Tourism Masterplan (STMP), which is backed by the African Union, provides member states with a regional framework for sustainable tourism development, aiming to help alleviate poverty and promote integration with specific strategies. Issues include pushing single tourist visas, insecurity, disparities in fees charged and cross-border cooperation in the conservation of wildlife, as well as developing key tourist infrastructure. The World Bank estimates that tourism accounts directly or indirectly for one in every 20 jobs in sub-Saharan Africa, and is one of the few industries on the continent in which women are well represented as employees and managers.

Issues such as land ownership, availability, and how land rights are transferred, are central to tourism investment. Investors also complain of other constraints such as taxes on investments and low levels of tourism skills among Africa's population. But as governments continue to put in place polices to nurture the industry, investment will increase in line with tourist demand to see the continent's rich cultural heritage and natural beauty.

Kenya: about to bounce back?

Entrepreneur Jake Grieves-Cook has been involved in Kenya's tourism industry for over 35 years. Grieves-Cook is founder of Kenyan safari group Gamewatchers Safaris with a holiday offering that includes safaris in Botswana and Rwanda, as well as the group's award-winning eco safari offshoot Porini Safari Camps, based out of Kenya. Former Chairman of the Kenya Tourist Board, he is a passionate advocate of sustainable and responsible tourism. The Porini camps operate under 'a unique community concept' that allow the Maasai people to benefit from wildlife conservation and ecotourism, explains Grieves-Cook. "This provides a great experience for the visitors staying at the camps, and generates an income for the Maasai people who benefit from protecting the wildlife and conserving the land as habitat for the big game animals," says Grieves-Cook.

Grieves-Cook is confident Kenya's tourist sector is emerging from a challenging couple of years, predicting a bounce back in visitor numbers from the United States and the United Kingdom, which account for a combined 40 per cent of Kenya's total foreign tourist arrivals. The combined impact of security fears because of Somali militants and the Ebola crisis have taken a real toll on the industry, he says. "We have been hit by travel advisories against non-essential travel to most of Kenya's coast, and fears of Ebola in Africa which impacted on all safari destinations in East and Southern Africa," he says, adding: "This has come even though the Ebola outbreaks were thousands of miles away in West Africa."

With encouraging signs that Ebola is finally under control, he is upbeat about the future. "Now we are working hard to make people aware of our attractions and are seeing signs of an upturn later in the year," he says.

ISTOCK IMAGES

Gender in the agenda: a framework for women, peace and security

The African Union Commission's Gender, Peace and Security Programme 2015-2020 underlines the importance of gender mainstreaming in conflict prevention and peace-building strategies, writes **Emilie Dock**

Violence and conflict continues to impede the realisation of Africa's full potential. Several countries are still embroiled in, or emerging from, long-term warfare. The Boko Haram insurgency is fighting to overthrow the government in Nigeria and create an Islamic state through bombings, assassinations and abductions, while the ongoing civil war in the Central African Republic is causing a humanitarian crisis. Somalia, South Sudan, the Democratic Republic of Congo, Libya and Mali are also experiencing periods of bloodshed and civil unrest.

Among other destructive impacts, conflicts exacerbate gaps between the genders. Women and children make up the majority of displaced and refugee populations, and have fewer resources to protect themselves and their families. Furthermore, women and girls have become targets of armed conflicts, and many fall victim to torture, rape, forced pregnancy, sexual slavery, prostitution, female genital mutilation and trafficking. Discrimination can result in inequitable distribution of food and water, leading to malnutrition. These forms of injustice are now under widespread challenge.

It has also become clear that, beyond protecting women in conflict, gender mainstreaming in conflict prevention,

LEKAN OYEKANMI/AP/PA IMAGES

management and resolution is crucial to the promotion of lasting peace and security. Both women and men are actors and victims of armed conflicts and, therefore, both should be involved in developing international, regional and national peace-building strategies.

The African Union Commission (AUC) is in a unique position to ensure that gender issues are brought to the fore of member states' agendas. In this vein, the AUC Peace and Security Department (PSD) launched the Gender, Peace and Security Programme (GPSP) in June 2014. Funded by the Austrian Development Cooperation, it is designed to promote greater integration of gender into the continental peace and security agenda. Over the next five years, it will serve as a framework for the AUC and its partners to work jointly at the political, advocacy and programmatic levels.

One of the girls kidnapped by Boko Haram last year describes the events to a journalist. Girls and women are disproportionately vulnerable during conflict and war

"We need a Continental Framework for Women, Peace and Security [that] will include indicators, directives for implementation, and it will be anchored in the thee pillars – prevention, participation and protection," explains the Special Envoy of the Chairperson of the AUC on Women, Peace and Security, Bineta Diop.

The GPSP was formulated using the priorities identified within the AUC Gender Policy 2009, the AUC Strategic Plan 2014-2017 and subsequent consultations with the PSD. The programme was then launched at an implementation workshop, which brought together actors from a range of AU departments, as well as United Nations agencies, non-governmental organisations, regional organisations and the donor community, to discuss where greater collaboration could yield better results.

The GPSP has also aligned its objectives with the UN Security Council Resolution 1325. Resolution 1325 – established by the UN Security Council in 2000 – calls for a break in the culture of silence associated with impunity and violence against women, as well as greater participation in the peace-building and peacekeeping efforts of women. The resolution makes clear the requirement that early recovery mechanisms should lay the foundations for the establishment of gender-sensitive state and civil society structures. Other key reference points were the Beijing Platform for Action and the Convention on the Elimination of All Forms of Discrimination Against Women.

The AUC is in a unique position to ensure that gender issues are brought to the fore of member states' agendas

The GPSP's activities are structured around the following five components:

1 Strengthening the role of women in peace and security in Africa. Increasing the participation of women in national decision-making, specifically with regard to the prevention and resolution of conflict; providing financial and logistical support for gender mainstreaming during peace-building and post-conflict reconstruction; and greater consultation with local, regional and international women's groups.

2 Protecting women during times of conflict and post-conflict situations to ensure that their rights are properly protected. Giving women and girls greater consideration in resettlement, rehabilitation and demobilisation; promoting greater respect for women's rights; building greater accountability and enhancing the capacity of AU member states to deliver post-conflict justice and prevent further abuse; combatting sexual violence in armed conflict; and investing in law enforcement.

3 Enhancing the capacity of African institutions working in the areas of peace and security, human rights and gender mainstreaming. Assisting them in developing and maintaining internal expertise in gender competencies (for example, mainstreaming, monitoring and evaluation) to strengthen their ability to champion gender issues; and developing tools to promote the incorporation of gender issues, as well as indicators and monitoring mechanisms to track progress as this programme is rolled out across the continent.

4 Strengthening the network of organisations that are active in the field of gender, peace and security. Bolstering existing partnerships and seeking new partners in order to achieve greater coordination across the continent, as well as ensuring the full implementation of the UN's Resolution 1325 at the continental, regional and national levels and in the operational agendas of field-based actors, including liaison offices and peace-support operations.

5 Documentation, research, communication and information dissemination. Exploring ways to increase the availability of both sex-disaggregated and gender-sensitive data to inform evidenced-based advocacy and policy formulation; conducting studies on women's participation; reviewing the AUC's and partners' commitment and investment on issues of protection and gender justice; carrying out research on security and development discourse; contextualising gender issues within current global events; and promoting transnational cooperation.

In February 2015, Chatham House in the United Kingdom held an event entitled 'African Peace and Security: Enhancing the Role of Women'. At this event, Diop offered several examples of times where women have played and continue to play an active role in peace-building. For example, the non-violent protests led by Women of Liberia Mass Action for Peace that resulted in the signing of the 2003 Accra Comprehensive Peace Agreement and, by extension, the end of the Second Liberian Civil War.

AYEMOBA GODSWILL/DEMOTIX

In South Sudan, says Diop: "The first people to talk about reconciliation are the women on the ground." Women are also playing an active role in reconciling the Muslim and Christian populations in the Central African Republic: "We see positive change coming from the women. When we met them, they started a dialogue between the two communities."

Proven agents of change

In December, Diop visited northern Nigeria and met with the Bring Back Our Girls movement, set up following Boko Haram's April 2014 abduction of more than 300 schoolgirls. The movement, which was co-founded by Obiageli Ezekwesili (former Federal Minister of Education of Nigeria) and three other Nigerian women, has led several protests urging the government to rescue these girls, and maintained an international campaign.

In Senegal, during the 2012 elections, Diop was a key figure in the Situation Room, a forum ensuring women's participation in establishing peace and security during and after the election. The Situation Room brought together women, youths, professionals, institutions and religious leaders to ensure a transparent and peaceful electoral process.

At the continental level, commitments towards women are currently behind target, but the GPSP is evidence that the AU is committed to a bolder gender agenda. Progress has already been made: policies are being developed based on zero tolerance of sexual violence, mechanisms have been put in place to track reports of incidents by peacekeepers, investigations are being led by the AU into allegations of sexual violence by their troops, and, since 2013, the Peace and Security Council has been holding an annual

Obiageli Ezekwesili, Bring Back Our Girls co-founder, rejoices after a sighting of the girls kidnapped by Boko Haram in 2014. The campaign has brought international attention to the case and prompted government action

session on preventing and responding to sexual violence in conflict.

"We now have enough declaration and resolutions to support women empowerment and address their security needs and bring about gender justice," says Antonia N'Gabala-Sodonon, Coordinator for the GPSP at the AUC. "As we pursue advocacy efforts, what is lagging behind is translating the goodwill and commitments into action. The GPSP is the instrument that has been articulated by the African Union to materialise the commitments and bring about the desired results and real change in the life of millions of women in Africa." ●

PIUS UTOMI EKPEI/AFP/GETTY IMAGES

Ending conflict by 2020

While violence and wars continue to afflict Africa, efforts have been made on all fronts to rid the continent of conflict by 2020, writes **Dominic Dudley**

In 2013, Africa's political leaders set themselves an ambitious target. In a declaration to mark the 50th anniversary of the African Union (AU), they pledged to end all wars on the continent by 2020. It was a bold and admirable aim, but events since then have highlighted just how hard it will be to achieve.

Even as Africa has made impressive economic gains over recent years, the tragedy of conflict has persisted in far too many places. In the same year that African leaders vowed to create a conflict-free continent, more than a dozen countries were suffering from some kind of armed conflict, according to the Uppsala Conflict Data Program, a Swedish initiative to track conflicts around the world.

The countries affected ranged from Algeria in the north, to Mozambique in the south, and from Mali in the west, to Somalia in the east. The nature of the conflicts was as varied as their locations. In some countries, such as the Central African Republic, Mozambique and the Democratic Republic of the Congo (DRC), the conflicts are characterised by different groups attempting to seize power through a string of coups and insurgencies. In Libya and Egypt, violence has persisted in the wake of the Arab Spring, which began in Tunisia in 2010. In Western Sahara, the low-level conflict between Morocco and the Algerian-backed Polisario Front has its roots in the early 1970s, when the territory was still ruled by Spain.

There have also been secessionist movements in places such as Casamance

A Nigerian woman casts her vote in state governor elections. Good governance is a key component of peace

province in Senegal and Cabinda province in Angola. Elsewhere, it has been militant Islamist groups such as Boko Haram in Nigeria and Al-Shabaab in Somalia that have been waging war.

These latter two conflicts have also spilled into neighbouring states. Boko Haram is causing problems in Cameroon, Niger and Chad, while Al-Shabaab has launched attacks in Kenya and Uganda.

In many cases, national security forces have struggled to deal with the challenges they face. While some countries' armed forces are well equipped and effective, others suffer from issues such as poor funding, outdated equipment, low training levels, poor morale, and having more highly motivated opponents.

However, some governments are spending heavily on defence. According to the London-based defence think tank the International Institute for Strategic Studies (IISS), Angola has the largest military budget in sub-Saharan Africa, spending $6.8 billion in 2014, followed by South Africa, with an outlay of just over $4 billion, and Nigeria with $2.3 billion. The next biggest spenders were Kenya and South Sudan, both of which had military budgets of around $1 billion. Among the North African countries, Algeria's military budget is the highest, at $12 billion in 2014, while Egypt spent $5.4 billion and Morocco $3.9 billion.

Peacekeeping efforts

Increasing efforts are also being devoted to peacekeeping. The United Nations has nine peacekeeping operations around the continent. The oldest of these is the UN Mission for the Referendum in Western Sahara, which was set up in April 1991. The others include missions in the Abyei and Darfur regions of Sudan, as well as in the Central African Republic, Côte d'Ivoire, DRC, Liberia, Mali and South Sudan. Such missions often involve personnel from elsewhere in Africa, and at times these people can become targets of violence themselves. In March 2015, a Chadian UN peacekeeper was killed in a mortar and rocket attack in Mali.

The AU is actively involved in peacekeeping, often working closely with the UN

The AU is also actively involved in peacekeeping, often working closely with the UN. In December 2014, the UN Security Council held a debate in which it praised the AU for its growing role in peace and security, notably in Darfur, as well as Mali, the Central African Republic and Somalia.

"The time has come for us to take our partnership to a new level of clarity, practicality and predictability," said UN Secretary-General Ban Ki-moon, at the time. "I look forward to deepening our ties as we strive to meet the yearning of the continent's people for lasting peace."

Central to the AU's peacekeeping efforts is its Peace and Security Council, which is tasked with preventing, managing and resolving conflicts. It is supported by a Continental Early Warning System, which advises on potential conflicts and threats; and by an African Standby Force, which acts as a rapid reaction force in instances of war crimes, genocide and crimes against humanity.

While the AU has clearly not been able to prevent some conflicts breaking out or expanding, it has had a number of successes, according to Ambassador Smaïl Chergui, Commissioner for Peace and Security at the organisation. Speaking at the Chatham House think tank in London in October 2014, the Ambassador pointed to the AU's outreach, advocacy and capacity building efforts. Such measures can often go unnoticed in the wider world, but they can play an important role in preventing disputes from escalating into wider conflicts or protecting the civilian population in areas where fighting is taking place.

"National reconciliation processes [have been] undertaken in the Comoros, Côte d'Ivoire, Guinea-Bissau, Liberia and Somalia," he said. "They have contributed immensely to the protection of civilians under international humanitarian law. We are also working very closely with the UN to evolve a partnership to address threats to peace and security on the African continent more strategically."

At times, some AU member states have also come together to address issues specific to their neighbourhood, such as the G5 Sahel group. This was set up by Burkina Faso, Chad, Mali, Mauritania and Niger in February 2014 to strengthen cooperation on development and security.

Saab: Your helping hand in Africa

"If it can be imagined, it can be done"

Anne Lewis-Olsson
Vice President
Communication, Africa
Saab

A conflict-free Africa by 2020 is a tall order, but by working together and by taking into consideration the African Union's goals and objectives, we can strive to achieve a vision that would change the lives of millions. For Saab, as a defence and security company, our focus is keeping people, communities, societies and nations safe through long-term partnerships that provide innovative defence, security and support solutions that identify and address changing threats.

Our view on how to make society safer changed dramatically following the events that shook society after the turn of the millennium. We realised that modern-day threats tend to be less obvious than before and are constantly changing. We also learned that societies need to react and respond to situations more rapidly and with more agility to become more effective.

Today, Saab is present in Somalia, with a number of employees carrying out third-party maintenance for the United Nations. The personnel lives in a Saab camp within the UN perimeter. Saab can also provide support through integrated mobile field facility infrastructure turnkey solutions, whether the requirements are part of peacekeeping missions, national border security, search and rescue, or air transportation with the Saab 340 and Saab 2000 aircraft. Saab is able to design and provide capable and cost-effective field infrastructure specific to Africa's needs. Our modular solution designs are adaptable and suitable for multiple purposes, including the provision of accommodation, medical life support facilities, communication, security, as well as maintenance services. It therefore provides the full solution for a peacekeeping mission.

Saab's training and simulation facilities offer police, coastguards, military and non-governmental organisations working in disaster management the opportunity to train together in a multinational context, which is key to ensuring a successful peacekeeping operation.

Saab offers industrial cooperation and empowers communities by contributing to increasing local employment, education and social economic development. In the long run, they will create tangible results in the form of established capabilities, skills injection and secondary industrial effects, such as supplier development, local procurement and, eventually, export. The long-term approach is also key to building a defence capability that can withstand the test of time and secure a safer continent over the coming years.

As a builder and provider of defence capability for sovereign governments on the continent, Saab has made large investments in local industrial and technical capabilities and has also invested heavily in the people of the countries on the African continent, where it has had a long-term involvement. Africa will only prosper and grow – and its foundation for the future will only be stable – if partners and investors are properly rooted on the continent. Saab stands ready to support the AU and the UN in peacekeeping and humanitarian missions by providing a broad range of products and services on a worldwide basis.

E: hakan.ekvall@saabgroup.com

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617 COLLECTION/ALAMY

US forces were involved in the Africa Union operations against militants in the Central African Republic

International powers have often proved willing allies in such endeavours. France has been one of the most prominent international actors in Africa in recent years, sending forces to Mali and the Central African Republic to deal with instability in those countries. It also provides military training and support to a number of other countries around Africa.

Other international partners are also helping to bolster the continent's armed forces. The US provides military training to forces in Benin and Cameroon, among others. China has been forming close military ties to Angola and Djibouti. Troops from Kenya and Sierra Leone often join UK training exercises, Italy has provided naval training to Mozambique, and India has provided credit to Mauritius to buy coastal patrol craft.

Such initiatives can help to improve the ability of governments to respond to new challenges and enable them to make a greater contribution to regional peacekeeping efforts. However, as the long-running nature of many conflicts around the continent shows, it is far easier to start a war than end it, and ensuring that peace and stability endure after the peacekeepers have left is often extremely difficult.

Importance of good governance

In the long-run, one key component of peace is better governance. Here, the continent often falls short. The Ibrahim Index of African Governance, an initiative of the Mo Ibrahim Foundation, gives an overall score of just 51.5 points out of a possible 100 when it comes to the way the continent is governed, although 13 of out 52 countries have shown improvements over the past five years.

If Africa's politicians can improve in this area, it could be the greatest contribution they can make to achieving the aim of a conflict-free continent by 2020. According to Ambassador Chergui, dealing with the issue of good governance is crucial if Africa is to meet its peace and security goals. "If you can encourage member states to deliver in the areas of human rights, the rule of law, democracy, fair elections, fair sharing of natural resources and good governance they will have eliminated the major causes of conflict in the continent," he said.

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