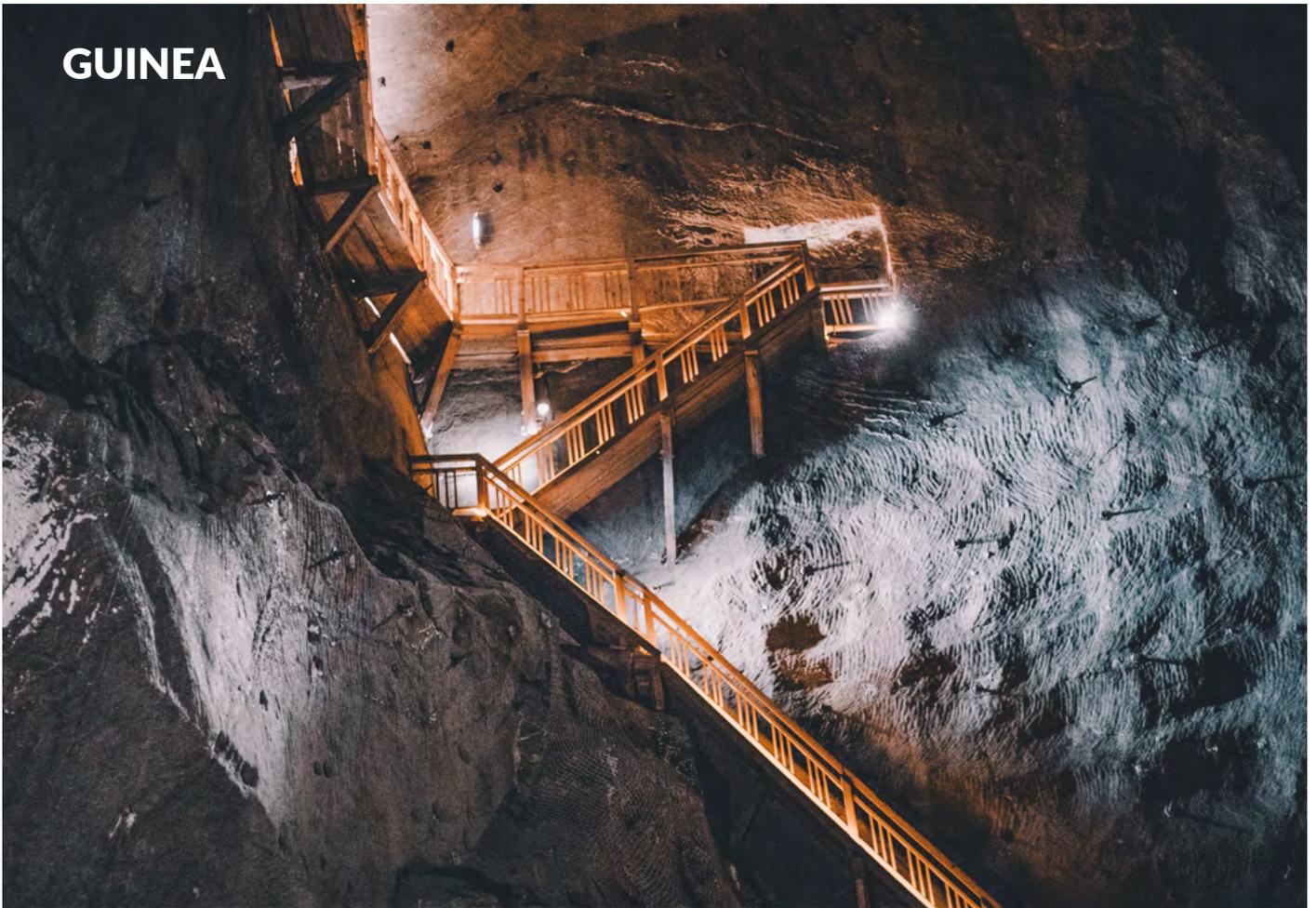


### GUINEA



### Guinea, SMB-Winning Shipping Consortium Ink USD 3 Billion Investment Deal

A consortium of the Société Minière de Boké (SMB) and Singapore's Winning Shipping signed an agreement with Guinea's government to build the country's first refinery of alumina. The 1 million tonne per year refinery is part of a USD 3 billion project to develop Guinea's bauxite industry, the largest in Africa. In addition, the project will also include the construction of a 135 kilometre railway line in a corridor from the Boffa to the Boké region and the production and industrial exploitation of bauxite resources in the new mining areas of Santou II and Houda.

The consortium said it had signed three agreements with the Guinean government for construction of the project, which is due to start in 2019 and is expected to be completed in 2022.

#### SIGNIFICANCE

The West African nation is home to about a third of the world's bauxite reserves, and its output of the aluminium ore more than doubled last year to about 50 million tonnes. This new mining project will provide Guinea with the requisite facilities to transform its reserves into higher-grade alumina, which can fetch higher prices on world markets and inject much needed growth into the economy. In addition to the railway line, the project will also result in the construction of six bridges and two long tunnels, thus greatly contributing to the improvement and development of the country's transport infrastructure. The Consortium has also committed to a large-scale agricultural development project along the railway corridor.

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## ALGERIA

### Algeria's Faith in its Islamic Finance Roadmap Grows

The development opportunities of the Islamic finance industry in Algeria were recently firming up after Bahrain-based Al Baraka Banking Group received the prestigious "Best Islamic Financial Institution" award for its Algeria operations. Until late last year when it began formulating a definite roadmap on Shariah banking, the North African nation was at odds with Shariah-compliant financial services and banks owing to perceived sensitivities related to political Islam.

Islamic banking is being considered by the government as one of the ways to expand the oil-dependent economy. The Bank of Algeria is expected to release its long-awaited Islamic banking regulatory framework before the end of the year in order to equip the unregulated industry with tools, rules and policies which would enable it to grow in a favourable regulatory environment. The new framework will see at least six state-owned Algerian banks get approval to open Islamic windows, a concession which had previously been granted only to two foreign banks.

#### SIGNIFICANCE

Fostering Islamic banking in the commercial banking sector is geared towards re-routing the unregulated financial money flows that are currently taking place outside the official banking system through informal community money systems. According to Prime Minister Ouyahia, this "parallel money market" amounts to an estimated USD 2 billion; this is more than 20 percent of Algeria's total banking assets. The new regulatory framework for Islamic banking is further expected to encourage private companies to issue Islamic bonds as a fund-raising alternative to conventional banks.

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## BOTSWANA

### Chinese Loans to Finance Botswana's Infrastructure

A technical team of experts from China is due in Botswana before the end of the year to assess rail and road projects, which will be financed through loans from the China International Development Cooperation Agency. While government officials from the Ministry of Finance did not disclose the size of the loan, reports indicate that Botswana is seeking a BTW 12 billion (approx. USD 1.09 billion) loan for its transport infrastructure projects. As part of the assessment for the projects submitted, a technical survey is required to provide guidance on the feasible projects that the Botswana government has submitted, after which negotiations for funding will commence.

#### SIGNIFICANCE

Infrastructure development has been identified as a key enabler of the government's economic diversification drive. According to the World Bank, the government has consistently invested between 24 to 31 percent of its total budget into infrastructure through its development budget over the last 10 years. Official figures reflect that annually, not more than 12 percent of these amounts are from development partners or foreign sources. Interestingly, the Chinese infrastructure loan is just shy of the government's 2018 investment, which is estimated to be just over USD 2 billion. It can be expected that as the Chinese assess the feasibility of the projects to be financed, they will also provide the support required to curb problems that have dogged infrastructure projects in the past, including projects running over-budget, delays in construction, large time-overruns, and problems with quality and completion of the finished works.

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## ETHIOPIA

### USD 2 Billion Mixed-Use Project Unveiled in Addis Ababa

The government of Ethiopia has gone into a joint venture with Eagle Hills, a United Arab Emirates firm, to launch the construction of a USD 2 billion integrated community development project in Addis Ababa. The Ethiopia government will have a 27 percent share in the mixed-use project, which includes malls, 4,000 apartment houses, three star hotels and recreation centres.

The launch of the mega project was announced during a major event where Dr Abiy Ahmed, Prime Minister of Ethiopia, laid down the cornerstone for the construction project at the renowned Addis Ababa La Gare train station, after which the project is named. The development spans approximately 360,000 square meters of land in proximity to the Addis Bole International Airport, with a rail line running along its northern edge. The first phase, which will have shopping malls, will be finalised in three years, while the entire project is estimated to take up to seven years to be completed.

#### SIGNIFICANCE

It is expected that the mixed-use project will energise Ethiopia's economy by creating around 25,000 jobs. A social housing component is outlined within the masterplan, where residential units will be built to permanently accommodate some 1,600 households currently living in the project site through ownership of some of the apartment units. According to the Prime Minister, such an arrangement with home owners challenges the previous practice of displacement in the country.

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## KENYA

### Kenya Fishes for USD 1.4 Billion in Blue Economy Investment

Kenya is seeking USD 1.4 billion worth of investments in bankable projects for its blue economy sectors. Speaking at the recently concluded Sustainable Blue Economy Conference in Nairobi, Kenya, President Uhuru Kenyatta led more than 100 countries in pledging commitment towards fostering a water resource-based economy, where he urged the private sector and development partners to take advantage of the projects and invest in them. According to the President, Kenya's blue economy remains largely untapped and has the potential to grow the economy and create millions of jobs for Kenyans.

As a move towards boosting the blue economy, the Kenyan government is taking steps to build on and expand institutional governance mechanisms that are already in place, including the Blue Economy Implementation Standing Committee, as well as the State Departments for fisheries and maritime logistics and transport. Further measures are being taken to revive Kenya's maritime transport by building and expanding its ports and shipping facilities, partnering with global shipping lines to extend its maritime reach and boosting security following the recent launch of the Kenya Coast Guard Service.

#### SIGNIFICANCE

Kenya's revenue streams have largely been land-based across manufacturing and processing industries, agriculture and the property sector, which have so far been driving the economy. The Kenyan maritime environment has the potential to grow industries in fisheries, tourism, maritime transport and off-shore mining, which if effectively exploited and harnessed, has the potential to contribute between three and six percent to the country's GDP growth. Economic experts further estimate that the blue economy can contribute close to USD 4 billion annually to the economy from the current annual average of USD 1.8 billion, if additional diversified investments are made in the maritime sector.

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## MADAGASCAR

### Oil Exploration Licencing Round in Morondava Basin Announced

Madagascar has opened a licensing round offering 44 offshore blocks in the Morondava Basin. Each block offered covers approximately 1,940 square kilometres, with the total acreage offered coming to 63,296 square kilometres. The 2018-2019 licensing round, which was launched on 7 November during Africa Oil Week, will remain open until 30 May 2019 after which awards will be announced within a 3 month period. Voahangy Nirina Radarson, the Director General of OMNIS (Office des Mines Nationales et des Industries Stratégiques), who announced the licensing round has also been involved in improving the attractiveness and exploration potential for offshore Madagascar. Following improvements in infrastructure and oil extraction technologies, the country is fast becoming an interesting prospect for oil company explorers and investors.

#### SIGNIFICANCE

The exploration of oil in Madagascar is expected to create employment opportunities for the island's citizens. Moreover, the country is expected to benefit from improvements in infrastructure, including the building of oil pipelines and roads. In the long term, the exportation of oil will greatly contribute to the growth of the Malagasy economy and potentially see the cost of fuel prices go down in the country. This will in turn have a direct knock on effect on reducing the cost of doing business for local manufactures and producers.

## MALAWI

### USD 1 million Project Set to Feed Agricultural Sector

The Malawi Investment Trade Centre (MITC) has set aside USD 1 million grant from the African Development Bank for a project that will enable local small and medium enterprises (SMEs) in 13 key districts to maximise the use of the Nacala Corridor. The project, named Malawi Nacala Rail and Port Value Addition and Inclusive Private Sector Development Project, will see 17 SMEs participate in interactive capacity building workshops and supplied with various agri-products by 25 farmers' groups in order to improve their efficiency and productivity so as to contribute towards increased production and value addition for produce such as groundnuts, sunflower, cassava, rice and paprika.

MITC is an organization established the Investment and Export Promotion Act, to become an integrated Investment and Trade Promotion Centre with an encompassing mandate of investment and export promotion. The workshops will be facilitated in conjunction with Enclude, a Dutch based consultant for the Malawi Nacala Rail and Port Value Addition Project.

#### SIGNIFICANCE

Agriculture plays an essential role in Malawi's economy, contributing 24 percent of its GDP and employing more than 70 percent of the working population; however, it is largely at the subsistence level. The agri-project will go a long way towards harnessing the country's agricultural potential and transforming the subsistence industry into productive, competitive and sustainable agriculture, and to increasing processing and value addition, contributing to food security and increasing family incomes in rural areas. The project will impart requisite skills and knowledge for the SME owners, which will help deal with a number of challenges ranging from access to finance and markets, high cost of transporting goods, compliance to product quality and standards, marketing, business management and poor market linkages.

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## MAURITIUS

### Mauritius Tops Ease of Doing Business in Africa

The World Bank recently released its latest Ease of Doing Business 2019 rankings, with Mauritius maintaining its lead at the top of the table in Africa. The island nation progressed five positions worldwide, to occupy the 20th position among 190 countries. The Doing Business Report provides objective measures of business regulations and their enforcement along various parameters which include registering property, taxes, contracts, starting a business, training, dissemination, getting credit and trading across borders.

#### SIGNIFICANCE

This good score for Mauritius is a testimony to the country's efforts to take on the task of implementing business reforms consistently over the years towards fostering a favorable business environment where entrepreneurs and small and medium enterprises can thrive. Mauritius enjoys a favourable position with economies from North America, East Asia, and the Pacific, Europe and the Middle East; a diversity which the World Bank hails. For the World Bank, Mauritius' score is evidence that any country can record reforms in ease of doing business "as long as it has few bureaucratic hurdles and strong laws and regulation."

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## MOROCCO

### Morocco Inaugurates Africa's Fastest Speed Train

Morocco has inaugurated Africa's fastest train which will halve traveling time between the commercial and industrial hubs of Casablanca and Tangier. With top speeds of 320 km/h, and a capacity of up to 533 passengers, the train will reduce travel times between the two key business hubs to just two hours. Existing transit times for the 295 kilometre route between the two cities took up to six hours.

The high-speed line, which was opened by Morocco's King Mohammed VI and the French President Emmanuel Macron, has been eight years in the making and has cost in the region of USD 2.4 billion. It was half-funded by France, while the rest was picked up by the Morocco government, Saudi Arabia, Kuwait, and the United Arab Emirates. To launch the service, Morocco's national railway operator, Office National des Chemins de Fer Marocain, has procured 12 high-speed trains from French rolling stock manufacturer, Alstom.

#### SIGNIFICANCE

The Morocco high-speed line has been heralded as a key step in modernising the country, weathering discontent about its poor public services. 6 million passengers are expected to have used it after three years of operation, easing the burden on the often broken-down conventional trains. The flagship project is set to have a tremendous added value on Morocco's economy as it will boost trade, attract investment and create employment opportunities within the industrial and commercial hubs of Casablanca, Tangier, Rabat and Kenitra, as well as northern Morocco where most ports are located.

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## MOZAMBIQUE

### Banking Outage Wreaks Revenue Havoc for Businesses

Mozambique's banking-payments system recently failed after automated-teller and card-swiping machines stopped working across the country. The outage saw businesses face a collapse in revenue as daily sales fell by as much as 90 percent, with restaurants and hotels suffering reductions of up to 70 percent, according to the Confederation of Business Associations of Mozambique.

Bank customers had to wait in line for cash as a contractual dispute between the country's interbank payments system and its IT service provider festered, rendering customers unable to swipe their bank cards or withdraw cash from automated teller machines. The payments system, known as SIMOrede and majority owned by the central bank, is looking for a new software service provider. Lenders including the units of Standard Bank Group and Barclays Bank Mozambique were affected by the outage as they use the SIMOrede system.

#### SIGNIFICANCE

The Mozambique banking system outage, which was restored after almost a week of downtime, has put into sharp focus the potential of IT systems to cripple businesses and financial institutions that heavily rely on them to run their operations. The incident calls for the implementation of a long-lasting and sustainable system with an alternative and reliable course of action by concerned stakeholders to mitigate the risk of similar occurrences. It also serves as a wakeup call for financial institutions across Africa that are investing in IT systems to review and proof their systems. Experts are already cautioning that things could get worse as new technologies and regulations put more strain on companies' IT systems, most of which are ageing and in need of a serious overhaul.

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## NIGERIA

### Nigeria Keys into the African Trade Insurance Growing Portfolio

Nigeria will finalise on a Memorandum of Understanding with the African Trade Insurance (ATI) agency to be part of the continental insurance investment protection deal. ATI expects its annual insured trade and investment portfolio to double to USD 7 billion by 2023. Relief is expected once Nigeria finalises its membership into ATI, which is nearing completion.

ATI is Africa's only multilateral credit and investment insurer, similar to the World Bank's Multilateral Investment Guarantee Agency, but with a focus purely on Africa. In order for a country to access ATI's full slate of investment solutions, it must be a full member and shareholder.

#### SIGNIFICANCE

ATI's presence will help to reassure investors by providing political risk and investment insurance to protect their investments against any unilateral government-related action (including non-payment) that might negatively impact their investments or projects. ATI will also help the government in its plans to diversify the economy through its support to banks and across a broad spectrum of economic sectors. Being that ATI provides credit insurance solutions which can act as a form of collateral, banks will be in a position to free up their capital allowing them to lend at greater volumes.

Local banks are now focusing on decreasing their non-performing loan rates, and as such some banks are hesitant to lend to the manufacturing and agricultural sectors, where the development of both is a major government objective. With ATI's credit insurance solutions, such high credit risks can be mitigated, thus opening up more opportunities to these priority sectors.

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## RWANDA

### Rwanda's Largest Inland Port Nears Completion

The construction of Rwanda's largest inland cargo handling facility nears completion and is expected to start operations in January 2019. Port operator DP World and the government of Rwanda have setup a state-of-the-art logistics hub, located 20 kilometers from the capital city Kigali, close to the international airport. The development will include container and goods storage facilities, space for stakeholders such as freight forwarders, shippers and transport operators, customs inspection, tax offices, maintenance and repair, banking and IT infrastructure.

DP World had signed a 25-year concession agreement with the Rwandan government in 2016 to construct and manage the facility called the "Kigali Logistics Platform".

#### SIGNIFICANCE

Once complete, the cargo holding facility will link with Rwanda's existing road trade corridors, as well as potential future rail development, from and to the neighbouring countries of Uganda, Tanzania, Kenya, Burundi and the central African region. By embracing the use of modern machinery, the facility is expected to improve efficiency, reduce inland logistics challenges and delays by providing a one stop shop for all logistics requirements and cargo services. DP World will also roll out a mobile application, enabling clients to easily process their cargo online and eliminate the manual processes. Beyond facilitating the movement of goods, the port will also create jobs, while the increased flow of imports and exports through the region helps grow the local economy.

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## SOUTH AFRICA

### Moratorium on Oil & Gas Exploration Licenses Lifted

South Africa will amend a moratorium on oil and gas exploration licenses implemented earlier this year to allow exploration and production applications already in the system to be processed and granted. In June, the Government announced a restriction on the granting of technical cooperation permits, exploration rights and production rights, leading to stalled investment in the industry. The moratorium lift comes at an interesting time, as the South African Government is expected to introduce new oil and gas laws after the 2019 elections.

#### SIGNIFICANCE

Lifting of the Moratorium will allow companies that had applied for exploration licences, prior to the moratorium, to apply for exploration rights and to test the extent of recoverable oil and gas reserves in the various basins. In addition, the country may profit through job creation and outside economic investment. Shell Dutch Oil has already announced a willingness to invest USD 200 million in an initial exploration if given approval. According to a study from the research firm Econometrix, commissioned by Shell, the development of just one tenth of South Africa's reserves could provide 700,000 jobs and boost the economy by up to ZAR 200 billion (approx. USD 14.58 billion). A long term impact of lifting the moratorium would be provision of a reliable supply of energy for the nation that has been reeling from successive months of rising fuel prices for the better part of 2018.

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## SUDAN

### US Agrees on Talks that Could Lift Sanctions Crippling Sudan's Economy

Sudan and the United States are expected to agree on a new plan for the removal of the African nation from the list of state sponsors of terrorism. The plan outlines steps that Sudan must take to lift crippling sanctions that have helped bring the country to the brink of economic collapse. The framework offers a chance for Sudan to shake off its status as an international pariah after decades of isolation from the West. It also reflects the US administration's growing interest in working with Khartoum to combat terrorist threats and expand US diplomatic efforts in Africa as China and Russia vie for influence of their own. The removal process is complex and requires a six-month-long review as well as the consent of the US Congress.

The Obama administration had earlier offered Sudan relief from a two-decade-old trade embargo. However, even with some sanctions lifted, foreign investors and banks are still wary of investing in the country and have not seen many economic dividends to date.

#### SIGNIFICANCE

Should Sudan's name get dropped from the list of state sponsors of terrorism, the East African country would be in a position to ask the International Monetary Fund for urgent assistance to help address its ballooning debt crisis. In addition, for the agreement to come into force, Sudan would need to: expand cooperation on counterterrorism, improve human rights protections including freedoms of religion and press, increase humanitarian access, cease fighting with rebels and work toward peace talks and showcase it has ceased supporting terrorism.

## TANZANIA

### Global Cashew Prices Jump 10 Percent after Tanzania's Nutty Price Hike

The global price of cashew nuts has risen nearly 10 percent, after the Tanzanian government decided to purchase the country's entire stock at a higher price through the military and Tanzania Agricultural Development Bank. The decision was reached after growers of cashews in the country, which is a top 10 global producer, held back from selling after prices fell below what they said it cost them to produce the nuts. President John Magufuli stepped in to help the farmers and ordered a 94 percent increase in the domestic price (settling it at USD 1.80 per kilogramme up from USD 1.15) and directed the government to purchase the estimated 220,000 tonne crop after private buyers hesitated over the higher price.

Cashews are the most valuable export crop for Tanzania's USD 56 billion economy. The country has about 700,000 hectares under the crop with smallholders forming the majority of the producers.

#### SIGNIFICANCE

According to analysts, snacks account for over 60 percent of the demand for cashews and with every increase in cashew prices relative to other nuts like almonds and pistachios, its use in snacks starts falling. Tanzania's cashew nut traders could be staring at huge losses following the government's arbitrary move, as cooperatives warn that they would be left saddled with huge debts after financing farmers to prepare the farms and agricultural inputs following the government decision to pay farmers directly for the produce. Traders have now been adopting a wait-and-see attitude as they assess how Tanzania would get its cashews to the main buyers in India and Vietnam before the end of the year, after which harvests from other producers in South and West Africa will start to come into the market. Between now and then, it's not clear what the price will be.

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## UGANDA

### Uganda Pipeline Financing Deal on Course for Mid-2019

Uganda hopes to conclude the financial deal for its joint pipeline with Tanzania by mid-2019, opening the way for its construction after delays that have seen Kampala shift its production timelines from December 2020 to mid-2021. Uganda, Tanzania and the three joint venture partners, Tullow Oil Uganda, Total E&P and China's CNOOC, will later issue a request for proposals for a consultant to offer transaction advice on the proposed USD 3.55 billion crude oil export pipeline and its financing. The pipeline, running 1,445 kilometres from Kabaale in Hoima district to Tanga Port on the Indian Ocean, has been described as the longest electrically heated crude oil pipeline in the world and will be financed through debt. The three financial firms will guide the respective parties in the ongoing discussions of a financing blueprint for the project.

Preliminary information indicates that the two countries will turn to international lenders to raise 70 percent of the capital expenditure. The remaining 30 percent capital will be raised through equity by the joint venture partners and the national oil companies of the two countries.

#### SIGNIFICANCE

The joint venture partners will need to form a special purpose vehicle that will construct, own, and operate the pipeline, as well as negotiate the shareholder's agreement, project financing agreements, and transportation agreement between shippers of oil from Tanga to international markets. Transportation of oil and gas will be much safer once the pipeline is in place in addition to reduced oil spills on the roads. With the launch of the pipeline, it will be advantageous for the region to consolidate its oil transportation infrastructure in order to keep transportation costs low and have profitable margins.

## ZAMBIA

### Belgian Investors Look To Zambia

A delegation of Belgian investors is expected in Zambia on a trade and economic mission in January 2019 to explore business opportunities. The multi-sectoral trade and economic mission has attracted representatives and consultants from the construction, engineering, energy, furniture and design, industrial equipment, logistic and transport, medical, software and data processing sectors. The government of Belgium officially presented the delegation to the Embassy of Zambia Charge D'Affaires, Mr. Henry Ngilazi in Brussels during which time the Ministry of Foreign Affairs Director for sub-Saharan Africa, Ambassador Jozef Smets praised Zambia's political and economic reforms in attracting investment.

#### SIGNIFICANCE

Zambia recently won the award of best state strategy in Africa at the Africa Investment Forum and Awards ceremony held in France, in recognition of the government's efforts in improving the business environment and attracting domestic and foreign direct investment. The Belgian delegation's visit to explore business opportunities serves as a reaffirmation of the government's unwavering commitment and to improving its business climate for investors. Of importance as well is that the private investment potential from the various sectors represented will lead to an increase in job opportunities, transfer of skills and an increase in foreign income for the Zambia.

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