



All That Glitters...

Intro



"Making a decision was only the beginning of things. When someone makes a decision, he is really diving into a strong current that will carry him to places he had never dreamed of when he first made the decision."

Paulo Coelho

Black&Gold Advisory is an executive search, talent development and HR advisory firm based in London and focussed exclusively on Africa.

At a conference in November 2012 - hosted by Nigerians In The Square Mile (NISM) and UBS Wealth Management - I was introduced to a gentleman who'd apparently expressed an interest in meeting me. A highly respected member of the legal profession in the UK and across Africa, I knew of him by reputation and was keen to hear what he had to say. Taking me to a quiet corner of the room, he told me a story that would change my life in ways I had never anticipated.

He was a member of an informal investment club made up of successful Africans who had, largely, cut their teeth in London's financial districts. The club existed as a platform for its members to "put their money where their mouths were" and make personal investments in African businesses.

Some years earlier, they had arrived at the conclusion that the African continent would never achieve the growth and development it is capable of without making significant progress in addressing the deficit in human capital, especially at executive level. A few of the members had put a lot of work into an ambitious plan to build a 3-pronged institution that could play a major role in addressing this challenge. He asked if I'd be interested in helping to build and then lead one of these three prongs: an Executive Search firm focussed solely on Africa. He believed, as I did, that the large European & US search firms didn't truly "get" Africa. Repeating a complaint I had heard before (and still hear today) from clients, the view is that these firms are not fully invested in Africa and its growth and, rather than delivering a true *search* service, they merely recycled the same clutch of expat candidates for every new mandate.

It was, he argued, high time that companies in Africa were served by an executive search firm that believes in Africa and that is fully committed to finding the best **Africans**, wherever they might be, for leadership roles.



Bait thrown, I bit.

Discussions with the club moved too slowly for a (stereotypically) impatient head-hunter. Still, they had planted a seed in me and it had taken root and flowered. For better and worse, my mission was clear: one way or another, I was going to help build a firm that would make a significant contribution to *Bridging The African Talent Gap*.

Enter **Black&Gold**.

It's been two years since we "opened for business" though most of that time has been spent proving and improving the concept. We've worked on a large handful of client mandates and the feedback has been fantastic. Now we're ready to deliver on a larger scale. If you'd like to find out more about how we can help you, get in touch with me directly ikenna@bandgadvisory.com, and we can set up a call.

Enjoy the rest of *All That Glitters*...

Ikenna (IK)

On The Move

There have been a number of senior changes at **Actis** recently: in March, **Natalie Kolbe** was promoted co-Head of Private Equity from her previous role as head of Southern Africa. Kolbe has been with the firm since 2003 and was made partner eight years later. **David Cooke**, a 10-year Actis veteran, succeeds Kolbe as Southern Africa head following his promotion to partner while in Cairo, **Sherif Elkholy** was also made partner. **Mark Richards**, most recently head of Financial Services has left the firm after a little over 10 years in the role.

Frannie Leautier joined the **AfDB** as a Senior Vice President in June, leaving **Mkoba Private Equity Fund** which she co-founded in 2013. Leautier's distinguished track record includes ten years with the World Bank Group, seats on private sector and non-profit boards and six years as Distinguished Professor at Sciences Po in Paris.

After a lengthy search and the odd mis-step, the AfDB finally got its man with the appointment of **Alain Ebobissé** as the CEO of **Africa50**, the new infrastructure fund it first announced back in 2014. Ebobissé, most recently the Global Head of **IFC Infra Ventures**, is tasked with building an institution that can play a significant role in facilitating much-needed but financially high-risk infrastructure projects throughout the continent. Africa50 has been seeded with \$830m in capital from its parent and the treasuries of 22 African countries.

Homestrings has hired **Peter Bartlett** as Head of Origination and Syndication as part of its strategy to deepen and broaden its offerings to emerging market investors. Bartlett, whose EM trading career dates back to his time at Morgan Grenfell in the early 90s, was a founding member of the executive team at **Exotix** and currently sits on the Advisory Board at **TLG Capital**.

JP Morgan has injected new energy into its African operations with the hire of **Kevin Latter** as Head of Investment Banking for sub-Saharan Africa. Latter joins from **Bank of America Merrill**

Lynch (BAML), where he spent a year in a similar role. He began his investment banking career at UBS in 1997, moving to Deutsche Bank in 2007 and then BAML in 2015.

Legal Moves

Activity levels in the advertising, real estate and recruitment sectors are often quoted as bellwethers of broad economic growth. In fund investing and project finance, the legal sector plays a similar role and the first half of 2016 maintained the trend of the preceding couple of years as major international law firms continue to strengthen their Africa capabilities:

- **Baker & McKenzie** hired **Scott Nelson**, a private equity specialist from **ENS Africa**, as a Partner in Johannesburg.
- **Freshfields Bruckhaus Deringer** promoted **Gabriel Mbupani** to Partner and co-Head of its Africa Group in May. Dubai-based **Rob Cant**, who advises MENA- and SSA-focussed investors, was made a Partner at the same time.
- **Orrick** recently hired **Weyinmi Popo** from **Jones Day** as a Partner in M&A and Private Equity
- **White & Case** has announced the planned October opening of an office in Cairo, its second in Africa. The office will be led by relocating company veterans **Tarek Mohanna & Sherief Rashed** both part of its Energy, Infrastructure, Project and Asset Finance Group and two local hires: **Waleed El Daly** from **Zaki Hashem & Partners** and **Said Hanafi** from **Orascom Holdings**, where he was General Counsel.

MTN, long-established as the trailblazer for African telecoms, has made additions to its management team that suggest it is not ready to rest on its laurels. **Rob Shuter** – most recently, CEO of **Vodafone Europe** and previously Head of Retail Banking and Head of Investment Banking at Nedbank and Standard Bank, respectively – took over as CEO in July. **Stephen Van Coller**,



the former head of commercial and investment banking at **Barclays Africa**, is scheduled to join the management team in October as VP, Strategy and M&A. Shuter replaces **Sifiso Dabengwa** who resigned in November 2015 following the imposition of a \$5.2bn fine on MTN Nigeria (reduced to \$1.7bn in June 2016). The fine hinted at governance failings within MTN's management and it is believed that Shuter's primary focus will be to address these. The hire of a senior investment banker like Van Coller (with another ex-investment banker as CEO) suggests that MTN has acquisition-led growth ambitions as mobile phones and networks become more prevalent as distribution channels for a wide range of services across Africa.

Jan Newman & Ben Lowther have joined **Nomura's** brand new Cape Town office as co-Heads of Investment Banking for South Africa, with Newman acting as Country Head. Both bankers co-founded M&A boutique, **Newman Lowther & Associates** in 2005 and signed an exclusive partnership with Nomura four years later to work on local and cross-border transactions. Nomura's establishment of a branch office in South Africa with the acquisition of Newman & Lowther suggests the seven year partnership has been fruitful for all parties.

Patrice N'Zi took over as CEO of **Phoenix Capital Management (PCM)** on July 1, 2016 succeeding the retiring **Lucas Minho**. N'Zi, who joined PCM as Deputy CEO in November 2015 as part of the firm's succession plan, was previously Managing Director at **BICI Bourse**, the Abidjan asset management and brokerage firm owned by BNP Paribas.

Grégory Clemente took over as the new CEO of **PROPARCO** in April, after 16 years at **Agence Française de Développement**, PROPARCO's parent body. He succeeded **Claude Periou** who completed his second 4-year stint as the DFI's head.

Nigeria's central bank caused a major stir in the markets when it announced on July 4 that it had replaced 12 board directors - including the

CEO and Chairman - at **Skye Bank**. The bank's management team is now led by Chairman, **Muhammad Ahmad** and CEO, **Tokunbo Abiru**. On July 8, while making his [first public address](#) as Skye Bank Chair, Ahmad explained that the regulator's action was due to a need to "correct observed corporate governance issues".

Syntaxis Advisory, the Africa-focussed unit of **Syntaxis Capital** has hired **Ashley Benataras** co-Head. The parent company, which has a lengthy track record as a provider of private debt to mid-sized companies in Central & Eastern Europe, set up its Africa unit late in 2014 looking to replicate its CEE success in SSA. While it has long been argued that Africa's capital-starved SMEs provide a potentially huge market for private debt investors, **Vantage Capital** has been the region's only mezzanine investor of note thus far. The addition of Benatar - who was Managing Director at Vantage Capital for the past four years - to the Syntaxis Advisory team is a major statement of intent. He will run the unit alongside co-Founder and JP Morgan alum, **Adesuwa Okunbo**.

Tony Burkson began his new role as the founding CEO of the **UK-Ghana Chamber of Commerce** in June. UKGCC, an Accra-based organisation set up under the auspices of **UK Trade & Investment**, has a mandate to "*champion the idea of partnerships and enhancing professional relationships between the UK and Ghana with a strong focus on increasing bilateral trade between the two nations.*" Burkson is a seasoned branding and communications professional whose experience spans his native Ghana, Nigeria and the UK. He was most recently, the London-based Head of Corporate Communications at the **LATC Group**, a West Africa-focussed investment firm. Before that, he was Head of Brand & Communications at **Blu Telecommunications**, a provider of mobile broadband services in Ghana.

Human Capital

Slowing Chinese demand, falling commodity prices, currency devaluations and now, Brexit. There has been no shortage of negative economic news over the last 18 months and, while there is some way to go to plumb the depths of 2008/9 some industry sectors and geographic regions have been hard hit. Companies have gone to the wall and jobs have been lost with the threat of more bad news on the horizon. With job security to the fore of many minds, this presentation I gave at an Afrimari seminar back in March remains just as relevant as it did then: [‘Brave New World of Work’](#)

As a head-hunter, you learn to identify the motivating factors behind decisions to change job – the ‘push’ factors that make an individual leave a particular firm and the ‘pull’ factors that make a rival firm appear more appealing. Some of these factors are universal: money, career progression and lifestyle to name just three that would apply pretty much anywhere in the world. Recruiting in Africa, an additional factor has stood out more than most: [Training](#). From Accra to Nairobi and on to Lusaka, I have found a recurring complaint from employees at indigenous firms that they receive little or no training from their firms to aid their progression. While you might presume that the appeal of working for a multinational or international firm would be down to glamour factors like greater pay and prestige, it is my experience that the access to dedicated, on-the-job training is often a much bigger draw. My opinion piece, *Others’* is the first entry on this subject.

FAQ

Where are all the Africa Investment Banking Jobs?

The answer is, increasingly in Africa. The signs are that the London/Dubai-based “Briefcase Banker”, unabashed collector of air mile points and on first-name terms with immigration officials at Jomo Kenyatta and Murtala Muhammed airports is an “At Risk” species. During and immediately

after the crisis that claimed Lehman Brothers and Bear Stearns, the exemplary GDP growth numbers being returned by so many economies across Africa encouraged a number of international banks to build up their Africa coverage. As the recovery took hold in Europe and the USA, Africa’s share of the revenue pie for the largest investment banks shrunk back towards traditional levels. The ensuing regulatory squeeze on bank capital made the opportunity costs of doing African deals even higher. An already tough situation for senior executives trying to fly the Africa flag at the big banks only got tougher when the plunge in commodity prices delivered the double whammy effect: lower GDP growth **and** currency devaluations.

In the space of a few years, conducting business in Africa has become simultaneously more expensive and less rewarding for the big US and European banks. Jes Staley’s decision to sell off Barclays Africa sent out this message louder than a hundred research reports could.

Recent problems notwithstanding, Africa’s economies are still growing and the need for investment banking services on the continent grows apace. The opportunity for non-US and non-European banks is greater than it has been at any time in the history of modern banking. The aforementioned Barclays Africa has no shortage of suitors, including Bob Diamond, one of Staley’s predecessors as Barclays group CEO, and one of international finance’s loudest voices in support of Africa. Chinese and Middle Eastern banks are making increasing inroads into the continent. Despite its difficulties of a few years ago, Rencap remains an active player with a physical presence in Lagos and Nairobi. More significantly, African champions are expanding their geographic reach. Standard Bank Group, long the flag-bearer for South Africa’s banks internationally continues its steady march and it has been joined more recently by the likes of RMB. The big names in Nigerian banking: First Bank, Zenith and UBA have demonstrated plenty of international ambition as have the likes of Morocco’s BMCE.



Ecobank Group still holds the claim to having a physical presence in more African countries than any other bank and appears to be holding firm to the bold aspirations of its celebrated ex-CEO, Arnold Ekpe.

The quality and depth of investment banking talent now physically located on the continent are much improved. Both will only get stronger. While the briefcase bankers from the big European and US banks will still have a role to play in financing Africa's growth increasingly the action is – as they say in Lagos – “on ground”.

Infrastructure

Putting a significant and sustainable dent in the continent's infrastructure deficit is likely to remain a challenge for many more years to come. National (and local) governments, international DFIs, infrastructure investment funds, independent power developers, project developers and construction firms ... the list of players active in tackling this seemingly Sisyphean task is lengthy indeed. Infrastructure development has traditionally been the sole preserve of government departments and agencies so, it is fair to argue, the poor condition of Africa's infrastructure is a direct result of decades of poor government. This forms at least part of the message of change preached by Nigeria's own Sisyphus: Minister of Power, Works and Housing, **Babatunde Fashola**. In a January [address](#), the highly-venerated former Governor of Lagos State laid bare his views on how to eliminate some of the bottlenecks hindering infrastructure development in Nigeria (and much of Africa).

The AfDB's “[New Deal on Energy](#)”, a comprehensive investment programme launched in September 2015 to “*Light up and power Africa by 2025*”, will tackle some of the challenges that Fashola alludes to. The AfDB's key deliverables with the New Deal are:

- Commit \$12bn in new energy investments from 2016 – 2020 (double the sum it invested in the preceding 5 year period)

- Mobilise \$45bn - \$50bn in private sector capital over the same period
- Add 160 GW of power to Africa's electricity grid
- Provide Grid Access to an additional 130m people
- Provide Off-Grid Access to an additional 75m people
- Provide clean cooking energy to an additional 150m people

At the AfDB's 51st Annual Meeting held in Lusaka in May, Presidents **Paul Kagame** (Rwanda) and **Uhuru Kenyatta** (Kenya) joined AfDB President **Akinwumi Adesina** in an illuminating panel session - moderated by CNBC Africa's Bronwyn Nielsen. Adesina expanded on the rationale for (“Africa is tired of darkness”) and the aims of the New Deal while the East African leaders gave insights into the What and the How of the progress made in powering their respective countries. Kenya achieved a target of 650MW of geothermal energy – 40% of total energy requirements – ahead of schedule while Rwanda went from having 8% of its population connected to the grid in 2010 to 24% by the end of 2015. While emphasising that African leaders need to do more to accelerate the provision of power to the citizenry, he explained “*We are trying to do now, with a sense of urgency, what we should have done long ago but ... it's never too late*”. Adesina added that government spending on energy across Africa averages 0.3% and argued that raising this percentage to 3.4% would make \$54bn available annually, roughly the size of the current funding gap in energy. He concluded with the important message: “*Political Will is the currency for development*”

You can view the entire panel session [here](#).

The latest quarterly report of the **Communications Authority of Kenya (CA)**, published in June, estimates that the number of internet users in the country has risen to 37.4m representing penetration levels of 87.2%. The report adds that 99.4 per cent of the country's internet users access the web via mobile phone subscriptions – 60.8% of whom are on the **Safaricom** network. [Business Daily article](#).

An ambitious project to expand and upgrade Ghana's Tema port kicked off in March. APM Terminal (a Maersk Group subsidiary) and its partners have committed to invest \$1.5bn working alongside the Ghanaian authorities to turn Tema into Africa's largest and most modern port facility. [More on this here](#)

The International Energy Agency (IEA) published an in-depth report in July: "[Boosting the Power Sector in Africa - China's Involvement](#)". The report provides a review and analysis of China's contributions from 2010 to 2015 and its plans for the second half of the decade. It found that 30% of the region's new capacity additions in 2010-15 had Chinese firms as main contractors; Chinese-led greenfield projects played a significant role in boosting the use of renewable energy sources and; the \$13bn of investment originated from China in 2010-15 amounted to approximately 20% of the region's total investment in power.

Off-Grid Power. As the efforts to "light up Africa" gain more momentum, many have acknowledged the need to pursue a Dual Energy Strategy. While most of the debate (and the investment capital) has been directed at large-scale projects to generate, transmit and distribute more power to national and regional grids, there is the realisation that tens of millions of Africans will not be connected to the grid for a very long time to come. A great deal of progress has been made in creating solutions for the generation and distribution of Off-Grid Power (some of these discussed at the AfDB Annual Meeting in May; see [video](#))

Black&Gold Advisory is delighted to be supporting the **Smart Villages Initiative**- a Cambridge-based programme set up to tackle the barriers to energy access in rural communities- in the promotion of its first Entrepreneur Competition for West Africa. The Smart Villages Competitions are designed to encourage young entrepreneurs (primarily university undergraduates) to develop renewable energy projects to power their local communities. The [2015 East Africa Competition](#) received more than 225 applicants, with the [4 finalists](#) receiving an expenses-paid

entrepreneurship course put together by the [Cambridge Development Initiative](#) (CDI) over 8 weeks in Dar es Salaam. The eventual winners, [two University of Nairobi students](#) won \$3,000 which seeded the development of a solar-powered rechargeable battery solution that now lights 60 homes and 8 small businesses in Gem Yala, Kenya with plans to expand this to over 1000 homes within the next 12 months.

Smart Villages welcomes contributions to the prize capital for the West Africa Competition. To find out more, please contact Director of Competitions, Dr Kristin Shine via email: kristin@e4sv.org

Markets

On 11 July, the AfDB and the African Securities Exchanges Association (ASEA) signed a 5-year MoU to collaborate on and "amplify the impact" of efforts to boost capital markets across Africa. The partnership is wide-ranging and is designed to concentrate activity in areas including "financial markets infrastructure development", "introduction of new products", "information sharing and capacity building" and "improving market liquidity and market participation". In this [TV interview](#) with CNBC Africa, ASEA President (and Nigerian Stock Exchange CEO) **Oscar Onyema** gave additional colour on the partnership. Particular attention was drawn to the **African Exchanges Linkage Project** where both institutions have already made significant progress through the pilot programme linking the national bourses in Casablanca, Lagos, Nairobi and Johannesburg.

Ten years after the subject was first mooted and five years after its central bank initiated proceedings, the ill-fated IPO of Ghana's **Agricultural Development Bank (ADB)** has hit another snag. What was meant to be Africa's biggest privatisation in over a decade has played out like a farce of Pythonesque proportions in what Bloomberg scathingly calls "[a Lesson in Precisely How Not to Do an IPO](#)". Beset by law suits, political in-fighting and dithering



regulatory authorities since 2011, the IPO had its plug pulled at the start of the June with the ADB instructed to [refund the 450m cedis](#) (\$113m) raised from the rights issue in March.

ALTX East Africa, a [securities and derivatives platform](#) in Uganda, went live on 13 July creating an open secondary market for treasuries. ALTX plans to add more products to the platform in the months ahead including global equities, bonds and ETFs.

Bank of Ghana announced an approved list of 15 primary dealers and market makers of its sovereign paper effective July 1, 2016. The list of the approved firms, whose performance will be reviewed every 6 months can be found in this [Bloomberg report](#).

In a bid to tackle the problem of financing large-scale infrastructure projects, South Africa's national bourse is spearheading work on an innovative project to make it easier and more attractive for [pension funds to invest in the sector](#). The intent is to emulate Kenya and Nigeria in promoting the issuance of listed project bonds on the **Johannesburg Stock Exchange**. The JSE is partnering with the World Bank, S&P Global Ratings and the South African treasury to implement the programme.

The **Nairobi Securities Exchange** witnessed two landmarks in June: the launch of Kenya's first Development Real Estate Investment Trust (D-REIT) and the largest rights issue in the bourse's history. **Fusion Capital**, a Nairobi-based real estate development and private equity firm is aiming to raise up to KSh2.3bn (\$22m) from institutional investors to finance a commercial real estate project. The firm says it has a residential D-REIT in the works that will probably seek to raise double this amount. A few days later, **Kenya Electricity Generating Company (KenGen)** raised KSh26.4bn (\$256m) in a rights issue that was 92% subscribed leaving the utility some KSh2bn shy of its fundraising target.

GDP Growth: **Bloomberg** compiled [an interesting](#)

[chart](#) showing the changes in GDP for Africa's three largest economies.

Cheering news from **Kenya** which registered [first quarter GDP growth of 5.9%](#), the best numbers since 2011 and in stark contrast to several other African nations where GDP forecasts have been revised downward (Nigeria officially went into recession on July 21) after the prolonged slump in commodities prices.

Angolan regulators approved the merger between **Banco Millennium Angola** and **Banco Privado Atlantico** to create **Banco Millennium Atlantico**, the country's fifth largest bank (by assets), in April. This could be the first move in what some predict to be a wave of consolidation among the 26 banks currently serving a country of 25m people. As the Angolan economy struggles with the prolonged drop in oil prices and inflation as high as 23.6% in March, the banking sector is feeling the squeeze. [The Banker magazine](#) cites the growth in regulatory pressure and the deterioration in the quality of banks' loan books as key factors making life particularly difficult for the smaller players in the sector.

Ecobank Transnational and **Equity Bank** were Africa's big winners at the **2016 Euromoney Awards for Excellence**. Equity Bank was awarded *Africa's Best Bank* while the Lomé-headquartered pan-African lender scooped four awards: *Best Bank for CSR in Africa*, *Best Bank for Transaction Services in Africa*, *Best Bank Ghana* and *Best Bank Malawi*. A complete list of the winners can be viewed [here](#).

The Banker magazine has published its annual ranking of the Top 1000 World Banks, with an interesting [breakdown of Africa's leading lights](#).

- From a global perspective, the overall trend has been downwards as depreciating domestic currencies have adversely affected total Tier 1 capital at the continent's largest banks.
- While the **South African** trio of **Standard Bank**, **FirstRand** and **Nedbank** have maintained their top three regional rankings, all have dropped down the

global league table. Africa's flagbearer, Standard Bank dropped from 123rd to 160th place as its Tier 1 capital fell from \$10.19bn in 2015 to \$7.48bn in 2016.

- **Nigeria's** representation in the Top 1000 dropped from 13 to 10 banks though **Access Bank** and **Ecobank Nigeria** bucked the trend, both registering increases in Tier 1 capital.
- **Kenya's** leading banks fared particularly well: **Kenya Commercial Bank (KCB)** and **Equity Bank** joined **Co-op Bank** in Africa's Top 25 – all three grew their Tier 1 capital over the year.
- **Ecobank Group (Ecobank Transnational)** continues to do well – it grew its Tier 1 capital by 2.31% rising from 7th to 6th in the region
- When ranked in terms of return on capital (ROC), **Egyptian banks** fill slots 2 – 5 in the region, behind **Commercial Bank of Ethiopia (CBE)** which returned an outstanding 118% for the year

Private Investing

Atlas Mara continues its mission to build Africa's premier banking institution. On July 1 it announced the conclusion of its 100% acquisition of **Finance Bank Zambia** which it will merge with **Banc ABC Zambia** to create one of the largest banks in the country with 65 branches. While the Atlas Mara group is focusing much of its energy on making operational improvements to the companies already in its control, it is in full pursuit of **Barclays Africa**, 2016's *belle of the ball* where African banks are concerned. A successful bid will not only represent a major coup for Atlas Mara, it will be a source of immense personal satisfaction for co-founder **Bob Diamond**, who has been one of the loudest proponents of the potential for banking in Africa since his days as Chief Executive of Barclays Group.

Fundo Soberano de Angola, the Angola sovereign wealth fund (SWF) has declared its intention to focus its firepower closer to home

in Angola and sub-Saharan Africa to take advantage of the lower valuations created by falling commodities prices and currency depreciations. The \$5bn SWF chaired by **Jose Filomeno dos Santos** is particularly keen on infrastructure projects (preferably PPP) as well as investment opportunities in the tourism (hotels), agriculture and healthcare sectors.

Inframed has concluded an investment into **Broadband for Africa**, a Eutelsat company dedicated to the provision of broadband services over Sub-Saharan Africa. The deal, which closed in June gives Inframed a 21% shareholding in the business.

The insurance sector in Africa is believed to present enormous potential for investors with the financial resources and technical knowhow to take advantage of an industry that, in some respects, lags at least 20 years behind the banking sector. **Liberty Kenya Holdings**, in a Bloomberg interview, announced that it is on the hunt for as many as 10 acquisitions after the Kenyan regulator introduced new rules that will require insurance companies to effectively double their capital reserves. Consolidation also seems likely in Nigeria where the Finance Minister, **Kemi Adeosun** told her audience at the National Insurance Conference on 11 July that the government intends reforms - including a compulsory recapitalisation exercise - to boost the sector which she described as "under-performing" and internationally uncompetitive.

As further evidence of a growing focus on Africa's financial services sector, three European DFIs have announced a joint investment vehicle with the intent to "*strengthen and develop effective, inclusive financial systems in Africa.*" **Norfund**, **FMO** and **Rabobank** have entered into a partnership to create **Arise**, which combines the stakes that all three hold in financial services firms across Africa. Arise begins its existence with a presence in over 20 countries, \$660m in assets and a mandate to take minority stakes in financial services firms that serve SMEs, rural clients and others "*who have not previously had access to financial services.*"



Private Equity Africa (PEA) Magazine gathered the Who's Who of African PE at London's Langham Hotel on June 9 for the 5th instalment of its Annual Awards Gala Dinner celebrating "the achievements of GP Investors and Advisors in 2015". **Okey Enelamah**, founding ex-CEO of Africa Capital Alliance (ACA) and Nigeria's current Minister for Industry, Trade & Investment was presented with the *Outstanding Leadership Award*. **Helios Investment Partners** won *Sub-Saharan Africa House of the Year* while **Verod Capital**, part of a growing number of managers based in Africa, was recognised as *Outstanding First-Time GP*. Visit this link for the [full list](#) of award winners.

Given the economic headwinds of the last two years, many have questioned whether the Africa growth story told to investors has been oversold. This [short article](#) in Business Day indicates that growth remains strong for investors that are prepared to take a targeted approach. This Bloomberg [piece](#) is also worth a read. The more patient reader should peruse the [African Consumer Sentiment 2016 report](#) published by **Boston Consulting Group** with selected highlights touched on in this [CNBC interview](#).

Agriculture

"Africa is the fastest-growing continent in the world, with a population that already surpasses one billion. The majority of those people earn their living by farming small plots of land. So any institution that is dedicated to inclusive growth for Africa must stand for reaching all African smallholders." **Akinwumi Adesina, President - African Development Bank**

Adesina penned these words for a piece in **Foreign Affairs** titled, "[Approaching Agriculture as an Investment Opportunity](#)", published in February. As Nigeria's Minister of Agriculture and Rural Development (2010 - 2015), his progressive reforms earned him a reputation as a creative and results-getting technocrat. With agriculture of such significant importance to the whole continent it is, perhaps, no coincidence that he

was chosen to succeed **Donald Kaberuka** as AfDB President.

Africa Finance Corporation has made a \$140m equity and convertible notes investment in the **Cabon Special Economic Zone** to finance a number of infrastructure projects including a minerals terminal and a general logistics terminal.

When it comes to the challenges of crop farming in Africa, the conversation has traditionally centred on productivity gains / yield enhancements. In recent years, investors and practitioners have started to pay more attention to the infrastructure surrounding farming in Africa - the agriculture value chain if you will. There is no doubt that the use of modern techniques (disease-resistant strains, better irrigation, green housing etc.) will significantly boost production, however studies estimate that as much as 40% - 50% of today's produce is lost somewhere in the distribution chain starting with poor storage facilities. Most institutional investors focussed on agriculture in Africa place great emphasis on developing the entire value chain. **Alliance for a Green Revolution in Africa (AGRA)**, a non-profit, has launched an [initiative to develop cold storage facilities](#) across the continent starting with Kenya, Rwanda and Kenya. View a [CNBC interview](#) with AGRA President, **Agnes Kalibata**.

Entrepreneurs/Innovations

3G Direct Pay, an ecommerce firm with a strong presence in East and Southern Africa, [has struck a deal with AeroCRS](#), a cloud-based reservation system used by small and medium-sized airlines, that will enable passengers to book flights on more than 10 regional airlines using mobile money. The service is immediately available in Kenya, Rwanda, Tanzania, Uganda and Zambia with plans to expand this across sub-Saharan Africa.

Africa Internet Group (AIG), the Africatech investment firm and holding company set up by Rocket Internet, [has rebranded as Jumia](#) adopting the name of its best-known portfolio company

- the online marketplace that began life as “a Nigerian Amazon.com”. Jumia’s remarkable growth has made it the darling of the Africa tech scene and AIG’s management team has wisely decided to capitalise on the powerful brand. The rebranding exercise applies to existing companies in the group’s portfolio with, for example, popular eTravel company, **Jovago** becoming **Jumia Travel**.

Andela, a two-year old company that has received rave reviews for the execution of its innovative value proposition, [raised \\$24m in its Series B Funding round](#) in June led by the **Chan Zuckerberg Initiative** and **Google Ventures**. Andela started with a simple idea that married the roles of vocational college and IT recruitment firm into one company. To address the shortage of skilled software programmers in the US, the firm identifies talented young tech students & recent grads in Nigeria (where co-founder & Recruitment Director, **Iyinoluwa Aboyeji** was born) and puts them through intense training courses to equip them with the specific skills in highest demand before placing them with tech firms in the US. The new funding round is a strong endorsement of the business and will finance Andela’s expansion plans including the establishment of a recruiting and training centre in Kenya.

There is no shortage of experts willing to inform that the costs of producing solar energy are much too prohibitive for it to become a viable solution to Africa’s power challenges any time soon. The naysayers have not deterred Uganda’s **Kiira Motors** who launched the continent’s first solar-powered bus back in January. The [Kayoola Solar Bus](#) is set to go into production in 2018 running on a solar-powered electric motor.

It started with **M-Pesaback** in 2007. Then the likes of **Paga** and **Teasy** and the big mobile telcos **Airtel** and **MTN** joined the party. Mobile money and its clarion call of “Banking the Unbanked” is a firm and growing reality across Africa so much so that disciples of the Doctrine of Disruption have gleefully predicted the beginning of the end for traditional banks. This scenario is, of course, highly unlikely. The banks have come to the party,

some later than others. **Standard Chartered**, proud of its 160-year history in Africa, [rolled out a mobile and online banking platform](#) across eight countries in June. With this announcement, all 20 commercial banks in Nigeria now have a mobile money platform - as [this piece in Asoko Insight](#) informs us, the mobile money story is unfolding a little differently across Africa.

[The Tryctor](#), a motorbike-cum-tractor designed for use on the smallholder farms that typify African agricultural production, is the creation of Nigerian inventor, **Olufemi Odeleye**. Assembled using only parts that can be sourced locally to ensure affordability and ease of maintenance, the Tryctor is a result of eight years of painstaking work for Odeleye whose achievement was recognised by the nomination panel for the **Innovation Prize for Africa** who named him as a finalist in the 2016 competition. More info on all 2016 finalists can be viewed [here](#).

Two or three years ago, the statement “Uber won’t work in Africa” would probably have broached very little disagreement from those familiar with the organised chaos on the roads of Africa’s largest cities. However, not only has Uber established itself in [14 African cities](#), it has spurred rival entrepreneurs to develop and launch their own app-based taxi services, usually marketed around the premise: “we understand the local markets better than Uber”. In Kenya, Uber is in [a price war](#) with **Mondo Ride** and, interestingly, the **Safaricom**-backed **Little Cab** now has a [Workers’ Strike](#) to contend with. **Quartz Africa** has an [interesting write-up](#) about the changes technology is bringing to the taxi business across Africa.

Policy/Socio-political

Election Year. The following countries have presidential elections timetabled later this year

- Zambia 11 August 2016
- Ghana 7 November 2016
- DRC 27 November 2016



A [Bloomberg article](#) published on 29 June, warns that **China** is reassessing its approach to making debt investments in commodity-led economies following the troubles faced in Venezuela. While, on the surface, China seems as bullish as ever on Africa, the article suggests that a tightening of criteria is high on the agenda in Beijing's board rooms.

Continuing the trend of increased cooperation among East African nations, the leaders of **Ethiopia** and **Kenya** signed five bilateral agreements covering a range of issues, key among which is the construction of a crude oil pipeline connecting Addis Ababa to Lamu, on the Kenyan coast. The agreements signed by **Prime Minister Hailemariam Desalegn** and **President Uhuru Kenyatta** included one for a joint annual marathon race – with the two neighbours being the world's preeminent nations for the 26.2 mile race, this has the makings of a blue riband event.

*"And we marvel at the state of Ottoman
Then turn around and treat Ghana like a garbage
can"*

The words of American rapper, **Lupe Fiasco** in 2012 referencing the much-publicised dumping of hazardous electronic waste in **Ghana** and other emerging countries. (See [Agbogbloshie](#)). Fiasco will, no doubt, be pleased to learn that the Ghanaian Parliament passed **The Hazardous and Electronic Waste Control Management Bill 2016** [into law](#) in July. The new law makes provision for the establishment of an [Electrical and Electronic Waste Management Fund](#) which is forecast to generate \$100m in revenues specifically for waste management purposes.

India's Prime Minister **Narendra Modi** completed a five-day tour of Mozambique, South Africa, Tanzania & Kenya early in July looking to strengthen Indian commercial ties on the continent. He signed seven pacts with Kenya's President Kenyatta, stating that more needs to be done to deepen the bond both countries share: India is Kenya's number one trading partner and its second-largest investor.

NNPC, an acronym long synonymous with "waste",

"inefficiency" and "corruption". An institution accused early in 2015, by the then governor of the Nigerian central bank, of failing to account for \$20bn in oil receipts. A public body that last had its accounts audited in 2010. It was little surprise that Nigeria's **President Buhari**, elected on an anti-corruption ticket, made fixing the NNPC one of his top priorities on assuming office. In February, NNPC published accounts for the first time in over a decade, [according to the FT](#). It has continued to publish monthly figures since and in July, reported its first monthly profit in **15 years** – the sum of N274m (\$0.9m) for the month of May. With the economy going officially into recession following the prolonged slump in oil prices and a politically-damaging foreign currency policy (now abandoned), this was a welcome piece of good news for the retired general with one of the most difficult jobs in the world.

The **Tanzanian government** is implementing a new policy that will make it compulsory for all mobile phone operators to list their shares on the Dar es Salaam Stock Exchange (DSE) from 1 January 2017. There is a two-year moratorium for all companies who began operations in the country after 1 July 2016. The main objective of the policy is to enforce strict governance and disclosure standards on these firms with the resulting transparency ensuring the government receives appropriate corporate tax revenues. The government also hopes that public listings will also enable ordinary Tanzanians to participate in the wealth created by these firms.

The **World Bank** published the results of its [Country Policy and Institutional Assessment \(CPIA\) Africa 2015](#) in June. The CPIA Africa provides an annual assessment of policies and institutions in 38 African countries across four key areas: 1. Economic Management 2. Structural Policies (Trade, Financial Services & Business regulatory environment) 3. Social Inclusion & Equality 4. Public Sector Management and Institutions. The region earned an average score of 3.2 (out of 6) with **Rwanda** scoring a chart-topping 4.0 – both statistics remain unchanged from CPIA Africa 2014.

Tanzania's President John Magufuli continued the mending of bridges with Rwanda - that began with his election in November last year - by hosting his counterpart, Paul Kagame on a two-day state visit on 1 July. This followed Magufuli's state visit to Kigali in April, his first official foreign trip, and the Tanzania-Rwanda Trade Forum in May (also in Kigali). Both countries have agreed on the construction of trade-boosting rail links from Rwanda through to Dar es Salaam on the Indian Ocean. In April, the two Presidents presided over the official opening of the Rusumo International Bridge that crosses their shared border.

Events

Africa-focussed conferences over the next three months are being held in Addis Ababa, Lagos, London & Nairobi covering Agribusiness, Natural Resources, TMT and Impact Investing. For more details, visit the [events page](#) on the B&G website.

Throwback Thursday

With the Rio Games about to kick off, we've dipped into the Sports History books to remember two men who blazed the Olympic trail for Africa. Click [here](#) to view.



