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African Review

MARCH 2020

of BUSINESS and TECHNOLOGY

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Cover picture: Top and bottom left: Volvo EC300E hybrid excavator and Metso Nordtrack J127 and middle right: Sentry Horizontal Shaft Impactor

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Editor's Note

Welcome to our March issue. We look forward to seeing you at Conexpo-Con Agg 2020 in Las Vegas on 10-14 March. There will be hundreds of exhibitors showcasing the latest industry-leading innovations in the construction industry. Some highlights of the show are featured on pages 42-44.

Last month, the big news to come out of Investing in African Mining Indaba in Cape Town was the announcement by South Africa's Minister of Mineral Resources and Energy, Gwede Mantashe to create a new power utility outside of Eskom, enabling the industry to take advantage of distributed generation. See more on pages 46-48.

Elsewhere in the issue, our economist Moin Siddiqi looks at what needs to be done to attract more investment and open competition within African countries. The continent currently ranks very low on the World Economic Forum's local competition intensity index in regards to product market competition, read his in-depth report on page 20.

Finally, Rwanda President Paul Kagame shares what makes his country a worldwide leader in sustainbility on page 18.

Samantha Payne, *Editor*

Contents

Morocco and UK set for closer trade and investment links

Image Credit: Ministry of Foreign Affairs, African Cooperation and Moroccan Expatriates, Kingdom of Morocco.

Mohcine Jazouli, the Kingdom of Morocco's Minister Delegate of Foreign Affairs with Rt Hon Conor Burns MP, the UK's Minister of State for International Trade.

Delegates at the high-level UK-Morocco Business Dialogue discussed the substantial trade and investment opportunities that exist between the Kingdom of Morocco and the United Kingdom. Both nations agreed they have much to gain from closer links between British and Moroccan businesses, signing a memorandum of understanding (MoU) focused on mutual trade and investment. The talks came at an advantageous time as the UK is shaping its post-European Union foreign trade policy.

Under the leadership of His Majesty King Mohammed VI, Morocco's GDP has grown at an average rate of 4 per cent per annum over the last 20 years, making it the fifth largest economy on the African continent. By way of example, automotive production in Morocco has rapidly increased and it recently became the continent's largest passenger car manufacturer. Over the last 10 years, Morocco's position on the Doing Business ranking has increased by 75 and it now ranks 53rd in the world and 3rd in Africa.

Mohcine Jazouli, Minister Delegate of Foreign Affairs, African Cooperation and Moroccan Expatriates, Kingdom of Morocco said, "In July 2018, Morocco and the United Kingdom decided to establish a strategic dialogue, and three months ago this partnership was materialised by the signing of the post-Brexit bilateral agreement. A mere 100 British companies are located in Morocco and trade between the United Kingdom and Morocco in 2018 only amounted to £1.5bn (US$1.9bn). The United Kingdom was only the seventh largest client of Morocco and the ninth largest investor in Morocco in 2018. It is obviously not enough and the potential for economic exchange between our countries is tremendous."

Morocco is rightly regarded as one of the main gateways to Africa, with Tanger Med being the largest container port by capacity in both Africa and the Mediterranean. The country also hosts one of the continent's premier financial centres in Casablanca Finance City and has developed Africa's largest solar power plant, reaching 42 per cent of renewable energies in Morocco's energy mix.

With the African Continental Free Trade Area set to significantly increase intra-African trade, the Kingdom of Morocco is well positioned to take advantage of Africa's growth potential.

USAID SUPPORTS NEW EGYPT CAREER CENTRE

US Agency for International Development (USAID) mission director Sherry F. Carlin visited Aswan Governorate to reaffirm USAID's strong partnership with the Egyptian people and support for Egypt's development priorities.

In partnership with the Ministry of Higher Education and Scientific Research, USAID inaugurated the University Center for Career Development at Aswan University, which will prepare Egypt's youth for, and connect them to, today's job market. This activity is a vital link between higher education and the private sector in Egypt.

"It's an honour to celebrate the opening of Aswan University's Center for Career Development," said mission director Sherry F. Carlin at the inauguration. "It will increase the university's capacity to serve thousands of young Egyptians who are looking to turn academic achievement into a successful career."

ENGIE/NAREVA WILL BUILD SOLAR PLANT IN TUNISIA

The consortium led by ENGIE and NAREVA has been declared preferred bidder for the construction of the Gafsa photovoltaic power plant, which was launched as an international tender by the Tunisian Ministry of Mines and Energy and Société Tunisienne de l'Electricité et du Gaz.

The consortium will be responsible for developing, designing, financing, building, operating and maintaining the 120 MWp Gafsa photovoltaic power plant over a period of 20 years from commissioning.

This major project is one of the first solar Independent Power Producer projects in Tunisia and is part of the renewable energy sector's development programme, aiming to achieve 30 per cent of the country's renewable energy production by 2030.

The Gafsa plant is expected to supply more than 100,000 Tunisian homes per year and cut 150,000 tonnes of CO_2 emissions per year.

This project is the first collaboration between ENGIE and NAREVA in Tunisia, after a joint experience in Morocco with the construction of the 300 MW Tarfaya wind farm, one of the largest wind parks in Africa.

Yoven Moorooven, CEO of ENGIE Africa, said, "The successful outcome of this bid further cements our strategic long-term partnership with NAREVA. Tunisia has engaged in an ambitious plan to build new renewable power generation capacity with an objective to install 3800 MW by 2030. The programme has shown very competitive results for the country and we are proud to be part of it."

Saïd Elhadi, chairman and CEO of NAREVA said, "We are delighted to develop this solar project that we have won with our partner ENGIE in Tunisia. NAREVA is honored to contribute to the deployment of the Tunisian Solar Plan which is a cornerstone of the country's energy transition policy."

Engie has 50 years of experience in Africa.

BRIEFS

Sheikh Abdullah bin Zayed welcomes new era of UAE-Algeria relations

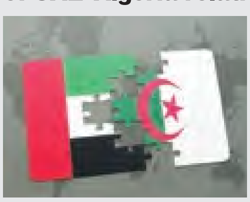


Image Credit: Adobe Stock

Sheikh Abdullah bin Zayed Al Nahyan looks forward to cementing relations with Algeria.

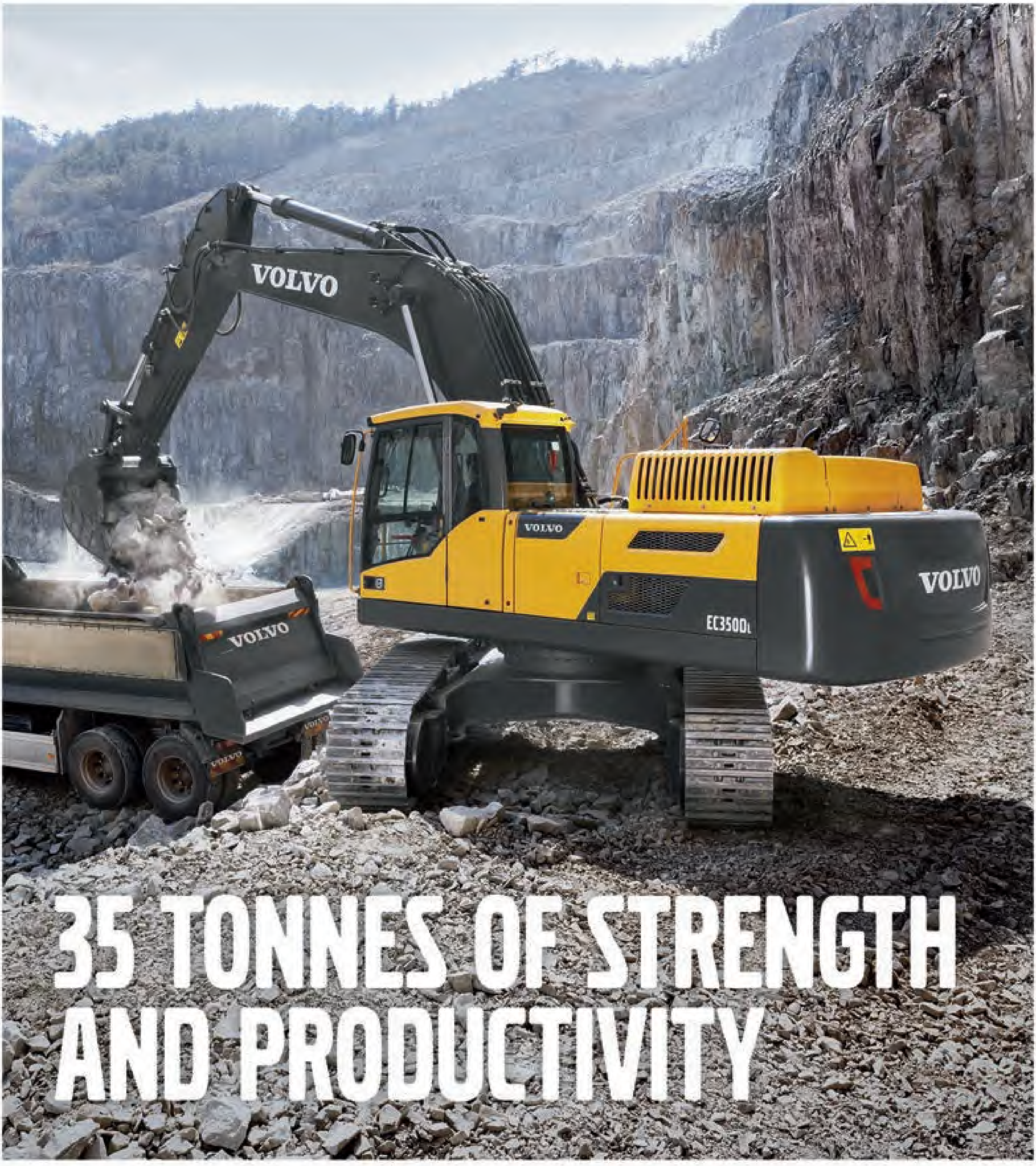
His Highness Sheikh Abdullah bin Zayed Al Nahyan, Minister of Foreign Affairs and International Cooperation, has said the UAE is looking forward to developing its common relations with Algeria. "We are grateful for the relations that link our two countries and we hope they will witness further development," said Sheikh Abdullah in a joint press conference on 27 January with his Algerian counterpart Sabri Boukadoum.

Tunisian fashion brand eyes global expansion

Image Credit: Adobe Stock

Brand LYOUM receives €500,000 investment.

Tunisian fashion brand LYOUM is expanding into international markets after a investment of €500,000 from philanthropist Hazem Ben-Gacem. Founded in 2011 following the Tunisian uprising, LYOUM has been a leading player on the Mediterranean apparel and design market. This new funding will enable the company, which is renowned for designing stunning fresh apparel that highlights the Mediterranean lifestyle, to double its workforce and push expansion outside of Tunisia.


VOLVO
EC350DL
35 TONNES OF STRENGTH
AND PRODUCTIVITY

Standard Chartered Tanzania arranges financing to fund the Standard Gauge Railway project

The Government of Tanzania Ministry of Finance has signed a facility agreement with Standard Chartered Tanzania for a US$1.46bn term loan to fund the construction of the Standard Gauge Railway (SGR) project from Dar es Salaam to Makutupora.

Running approximately 550km long, the SGR project is one of the country's biggest projects connecting Dodoma to Dar es Salaam via Morogoro and Makutupora. Once complete, the SGR Rail project will provide a safe and reliable means for efficiently transporting people and cargo to and from Dar es Salaam Port.

Image Credit: Standard Chartered

Standard Chartered CEO Sanjay Rughani with Minister of Finance and Planning Hon Philip Mpango.

According to the Tanzania Railways Corporation, it is expected that the railway will address current congestion challenges and decrease freight service charges by 40 per cent, as the railway will be able to haul up to 10,000 tons of freight, equivalent to 500 lorries, per trip. It will also connect Tanzania to Burundi, Rwanda and the Democratic Republic of Congo, DRC, thereby playing a major role in enhancing regional trade.

The project has already created more than 8,000 new direct employment opportunities for Tanzanians and has opened up opportunities for the local communities surrounding the project area to access social services such as shelter and food.

Standard Chartered Tanzania acted as global co-ordinator, bookrunner and mandated lead arranger on the facility agreement that is the largest foreign currency financing raised by the Ministry of Finance to date. The biggest component of financing comes from the Export Credit Agency Covered Facility from the Export Credit Agencies of Denmark and Sweden.

Speaking at the event to sign off the deal, the Minister of Finance and Planning, Hon. Dr. Philip Mpango, thanked Standard Chartered Tanzania and said, "I am very delighted to sign off on this deal on behalf of the Government of Tanzania and its people. With the help of Standard Chartered and our partners, the project financing will further increase direct employment in Tanzania, and more importantly, enable our local communities the thrive as they will be able to gain access to wider social services such as food and housing."

UK PLEDGES SUPPORT FOR AFRICAN CITIES

Alok Sharma, the UK's International Development Secretary, has pledged new UK aid support to build the African cities of the future, so the continent can continue to each its economic potential.

On a visit to Kenya, Sharma announced he would set up a UK Centre for Cities and Infrastructure, which will turbo-charge investment in fast growing cities across the developing world. The centre will provide British expertise to African governments and city authorities to improve the way cities are planned, built and run, including making them more environmentally-friendly. It will focus on improvements to infrastructure, including water and energy networks.

During his trip, Sharma announced an expansion of the Department for International Development's Cities and Infrastructure for Growth Programme to Ghana, Rwanda and Sierra Leone. The programme helps businesses invest in quality infrastructure, boosts access to reliable and affordable power and creates construction jobs.

ORANGE SUPPORTS EDTECH COMPANY

Orange Digital Ventures Africa has announced its latest investment as it leads pre-series A round financing of Gebeya ("marketplace" in Amharic). Headquartered in Ethiopia, Gebeya is a new age EdTech company which produces talented African software engineers and matches them with clients across Africa and the globe.

With this investment, Orange is confirming its commitment to support tech entrepreneurship in Africa through its dedicated investment initiative, Orange Digital Ventures Africa, created in 2017.

Orange will open Gebeya to commercial partnerships with its African subsidiaries and to other companies, as well as supporting its expansion across French-speaking Africa. Since its inception three years ago, 600 tech talents have graduated from Gebeya, with 45 per cent placed for employment.

Amadou Daffe, Gebeya's founder and CEO, said, "This investment will allow the start-up to gear up for future growth and implement its vision to Empower Africa through Technology."

The company intends to put in place a reinforced executive team and step up the training of tech talents who will be pivotal in the digital transformation of Africa. Finally, the company will work on its online talent outsourcing platform, with the ambition to become the hub of talent acquisition and worldwide outsourcing.

"With more than 60 per cent of VC-backed tech startups in Africa created in the last five years, our ecosystem is growing very fast and investments are booming, yet the talent gap remains wider. Skills shortage is a critical barrier to startups successfully exploiting the power of new technologies," said Marieme Diop from Orange Digital Ventures Africa.

Earlier this year Gebeya received support from the International Finance Corporation to provide free scholarships to aspiring female software engineers.

BRIEFS

Investing in cloud technology

Bank of Kigali Plc, the largest bank in Rwanda, is deploying Oracle ERP and HCM Cloud, providing end-to-end process automation; significantly lowering their total cost of ownership; and enabling the bank to provide new services easily to customers with the ease of integration, scalability and accessibility.

"Cloud technology is key to delivering on our digital transformation strategy," said Dr. Diane Karusisi, CEO of Bank of Kigali Plc .

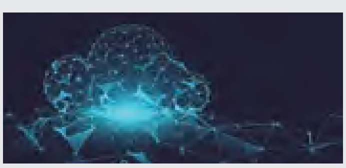


Image Credit: Adobe Stock

Cloud technology is key to the bank's digitalisation strategy.

Offshore licensing round launched

Image Credit: Oil & Gas Council

The licensing round was announced at the summit.

On 30 January, President Macky Sall opened the Oil & Gas Council's 4th MSGBC Basin Summit & Exhibition in Dakar. Held in partnership with PETROSEN, Senegal's National Oil Company, the conference featured the official launch of the country's first offshore licensing round. Comprising 12 offshore blocks, it is expected to draw wide interest from a variety of operators. Bids can be submitted to the Senegal Ministry of Petroleum and Energy no later than 31 July.

IMF approves disbursement of US$43.2mn to Madagascar

The International Monetary Fund (IMF) has approved the disbursement of US$43.2mn to Madagascar, part of the US$347mn loan secured in 2016 and 2017.

Madagascar's 40 month-ECF arrangement to support the country's efforts to reinforce macroeconomic stability and boost sustained and inclusive growth was approved on 27 July, 2016 for US$305mn or 90 per cent of Madagascar's quota.


Image Credit: AdobeStock

Furusawa described the country's inflation as moderate single-digit inflation.

Additional access of 12.5 per cent of Madagascar's quota was approved by the Executive Board in 28 June 2017, bringing access to US$347mn at that time. The Executive Board approved, in 4 November 2019, the authorities' request for a three-month Extension of the ECF arrangement to 26 February 2020, to allow time to conclude the discussions to complete the sixth and last review.

Following the executive board discussion, Mitsuhiro Furusawa, deputy managing director and acting chair, said, "Going forward, a commitment to strong policies and an ambitious agenda to complete outstanding structural reforms remains crucial to mitigate internal and external risks, strengthen macroeconomic stability, and achieve higher, sustainable, and inclusive growth.

"The authorities' economic reform agenda summarised in the Plan Emergence Madagascar aims to raise economic growth through increased public and private investment, strengthening human capital, and improving governance. Creating additional fiscal space by further improving revenue mobilisation through a medium-term tax revenue strategy, containing lower-priority spending, and enhancing investment implementation capacity is essential for scaling-up priority investment and social spending in education, health, and housing.

"Resolute actions are needed to contain risks to macroeconomic stability and debt sustainability, including reducing fiscal risks from the financial situation of the public utility JIRAMA and containing liabilities to fuel distributors. On the latter, the implementation of an automatic fuel pricing mechanism to avoid budget costs must be accompanied by mitigating measures to limit impact on the poorest, including by the on-going scaling up of social safety net programmes."

AFRICA'S GDP GROWTH AT 3.2 PER CENT

Gross Domestic Product (GDP) growth in Africa is projected to average 3.2 per cent in 2020, accelerating slightly from 2.9 per cent in 2019, a UN report stated.

The World Economic Situation Prospects Report 2020 showed that GDP per capita for the continent as a whole grew by only half a per cent annually in the past decade. South Africa's economic growth is estimated at 0.5 per cent for 2019, well below potential. The outlook remains bleak, as the economy continues to be negatively affected by policy uncertainties, weak business sentiment and limited fiscal policy space.

The short-term risks in Africa are tilted to the downside. On the domestic front, weather-related shocks will likely have adverse effects on agricultural output, with dire economic and social consequences. In addition, political conflicts, social instability and security concerns can affect the short-term outlook in many countries.

ECA & ZIMBABWE SIGN DEAL AHEAD OF FORUM

The Economic Commission for Africa (ECA) and the Zimbabwe government have signed an agreement in preparation for the Sixth Africa Regional Forum on Sustainable Development (ARFSD) in Harare from 24-27 February.

Oliver Chinganya, director of the African Centre for Statistics, signed on behalf of the ECA, while Simon Masanga, permanent secretary of the public service, labour and social welfare ministry, signed for Zimbabwe. Chinganya, also acting director of the technology, climate change and natural resource management division at the ECA, said, "We will do our best to support Zimbabwe, especially now when the country and the southern African region, in general, are bearing the brunt of climate change. Discussions will focus on how we can accelerate the implementation of the 2030 Agenda for sustainable development and Africa's Agenda 2063. We cannot afford to fail as a continent." Masanga said that Zimbabwe was ready to host the intergovernmental and multi-stakeholder platform that is convened by the ECA in collaboration with the African Union Commission, the African Development Bank and the United Nations system to review progress, share experiences and lessons learned and build consensus on recommendations to accelerate the implementation of the two mutually reinforcing agendas. According to Chinganya, the decade 2020 to 2030 presents an opportunity and a window of hope for Africa to dramatically speed up the pace and expand the scale of implementation to deliver the regional and global goals.

Earlier, Chinganya and his team met with the UN Country Team under the leadership of the UN resident coordinator, Maria Valle Ribeiro, who urged all the UN agencies in the country to work hand-in-glove in supporting the successful hosting of the ARFSD.

BRIEFS


Image Credit: Onomo Hotel

ONOMO Hotels continues its development in Southern Africa.

ONOMO hotel opens in Maputo

Hospitality group ONOMO Hotels said it was continuing its expansion in southern Africa with the opening of a new hotel in Mozambique's capital Maputo, adding to five in South Africa and one in Rwanda. ONOMO Hotels CEO Cedric Guilleminot said the new venture was confirmation of the company's desire to support Africa's development. The property comprises 165 rooms and houses its own sky bar and restaurant for guests.


Image Credit: Creative Crafting Club

The platform offers creative crafting lesson plans, teaching resources and business acumen.

Education platform launched

Creative Crafting Club, a Cape Town based start-up, has bridged the gap between entrepreneurship for stay-at-home parents and education for tots-to-tweens.

The multifunctional online subscription site offers tried-and-tested creative crafting lesson plans, teaching resources and business acumen for parents, educators and budding entrepreneurs, to kick start their own kids' creative crafting club in their community.

Trigon Namibia awarded exclusive prospecting licence

Image Credit: Tanya Hendel/Adobe Stock

The new EPL presents exploration opportunities for the project over the upcoming months.

Trigon Metals' 80 per cent owned subsidiary Trigon Namibia has been awarded an exclusive prospecting licence number 7525 (EPL 7525) by the Ministry of Mines and Energy in Namibia.

EPL 7525 has been awarded to Trigon Namibia for three years in respect of base and rare metals, industrial minerals and precious metals. EPL 7525 covers an area of 1,056.9964 ha, situated to the west of Trigon Namibia's Kombat Project and south of the Trigon Metals' Gross Otavi project.

The Kombat Project, comprising three of Trigon Metals' five active mining licences, is located on the northern part of the Otavi Valley Syncline, localised immediately below the contact between dolostones of the Hüttenberg Formation and phyllites of the overlying Kombat Formation of the Mulden Group.

According to Trigon Metals, the area licenced under EPL 7525 holds significant upside potential for the Kombat project providing access to the area to the west of the Asis Far West shaft, where the geological model indicates there is potential for a westward extension of the Asis West mineralised zone.

EPL 7525 adds around 11km of the Fracture Zone strike to the existing seven kilometres of strike covered by the Kombat mining licenses. The shallow plunge westwards is expected to be mitigated by the commonly occurring transverse faults which, like the Kombat West Fault, have a vertical upwards component causing the Fracture Zone to be located closer to surface.

Jed Richardson, CEO of Trigon Metals, commented that the licence is set to support the company's strategy of bringing the Kombat mine back into production and realising the upside potential within the existing mining licence areas and the surrounding region.

"The new EPL presents exciting exploration opportunities for the project over the upcoming months, while we continue to drive our production restart," Richardson added.

TOTAL ZIMBABWE ANNOUNCES SOLAR PROJECT

Total Zimbabwe has invested up to US$4mn to roll out a solar-powered service station to ease the ongoing power cuts. With this initiative, Total Zimbabwe has become the first energy firm to carry out such a project in Zimbabwe. The initiative by Total Zimbabwe is part of the company's parent company Total's plan to install solar-powered service stations in 57 countries to reduce carbon emissions, reported *The Zimbabwe Mail.*

According to the source, Zimbabwe is facing erratic fuel supplies. To minimise dependence on the grid supplies, Total Zimbabwe has deployed the solar systems across six sites so far. These include Total Westgate (Harare, Mashonaland), Total Emerald Hill (Harare, Mashonaland), Total Simon Mazorodze (Harare, Mashonaland), Total Clonsilla (Gweru, Midlands), Total Hillcrest (Bulawayo, Matebeleland) and Total Rusape 1 (Rusape, Manicaland).

BUSINESS BOTSWANA ADOPTS ECONOMIC DIVERSIFICATION STRATEGY

Business Botswana, a business association of employers representing employers in all sectors in Botswana, has launched Private Sector Development Strategy (PSDS) II in Gaborone.

As reported in *The Patriot*, The PSDS project is funded by the African Development Bank (AfDB) through the Fund for African Private Sector Assistance (FAPA), primarily targeting small stock, tourism and horticulture industries.

The PSDS project focuses on helping the government to develop the economy through increased competitiveness of SMEs and effective business support institutions, enhancing product and market diversification.

Karabo Gare, assistant minister of Investment Trade and Industry, urged the government and the private sector to collaborate and contribute towards economic diversification through business linkages and partnership.

According to the source, Gare further highlighted that developing SMMEs is the top priority of the government. To achieve this, the government is developing an e-commerce strategy that is expected to serve as a framework and a guiding tool in facilitating e-commerce across all sectors of the economy.

Stressing that the project will be effectively implemented, impacting all the beneficiaries, Business Botswana president Gobusamang Keebine highlighted that it will improve the business environment across the nation.

Dr Josephine Ngure, acting director-general of AfDB, remarked, "The project will assist the government of Botswana to unlock its potential and diversify the economic and export base of the country into sectors that will continue to grow long after diamonds have run out."

BRIEFS

Boosting Lesotho's electricity access

Image Credit: Christian/Adobe Stock

The aim is to improve access to energy for Basotho people.

The World Bank and the International Development Association (IDA) are providing funds to Lesotho to implement the Scaling Up Renewable Energy Programme (SREP).
IDA is providing up to US$40mn in funding and the World Bank an additional US$12.9mn to improve access to energy for people living in rural and in the outskirts of urban areas. Besides SREP includes small and medium enterprises and economic centres that are on or off the grid.

Eswatini trade hub nearing completion

Image Credit: Aleksandar Mijatovic/Adobe Stock

The trade hub is located in Manzini.

The construction of a US$1.3mn trade hub in Eswatini is 70 per cent complete, confirmed assistant secretary general in charge of programmes, ambassador Kipyego Cheluget.
Once completed, the Inlanganisela Yabomake Trade Hub aims to provide market space for more than 500 small and medium entrepreneurs (SMEs).
Located in Manzini, the trade hub will feature sleeping quarters to accommodate more than 200 traders, a trading floor and storage facilities.

Africa's economy forecast to grow despite external shocks

Africa's economic growth remained stable in 2019 at 3.4 per cent and is on course to pick up to 3.9 per cent in 2020 and 4.1 per cent in 2021, according to the African Development Bank's 2020 African Economic Outlook (AEO).

Image Credit: Adobe Stock

The African Development Bank reported West Africa's growth rose to 3.7 per cent in 2019.

The slower than expected growth is partly due to the moderate expansion of the continent's "big five" – Algeria, Egypt, Morocco, Nigeria, and South Africa – whose joint growth was an average rate of 3.1 per cent, compared with the average of 4.0 per cent for the rest of the continent.

The bank's flagship publication, published annually since 2003, provides headline numbers on Africa's economic performance and outlook. The 2020 edition, launched at the bank's Abidjan headquarters, was attended by former Liberian president Ellen Johnson Sirleaf, African ministers, diplomats, researchers, and representatives of various international bodies.

Johnson Sirleaf commended the bank for upholding the confidence of the people of the continent "Because we trust you. As simple as that. Because we trust you to share our vision. We trust you to understand our limitations."

Referring to Africa's fastest-growing economies, she said, "There are stars among us…and we want to applaud them. We want to see more, particularly for countries like mine, which have been left behind, so that more can be done to give them the support that they need."

In 2019, for the first time in a decade, investment expenditure, rather than consumption, accounted for over 50 per cent of GDP growth. This shift can help sustain and potentially accelerate future growth in Africa, increase the continent's current and future productive base, while improving productivity of the workforce.

Overall, the forecast described the continent's growth fundamentals as improved, driven by a gradual shift toward investments and net exports, and away from private consumption.

East Africa maintained its lead as the continent's fastest-growing region, with average growth estimated at 5.0 per cent in 2019; North Africa was the second fastest, at 4.1 per cent, while West Africa's growth rose to 3.7 per cent in 2019, up from 3.4 per cent the year before.

Central Africa grew at 3.2 per cent in 2019, up from 2.7 per cent in 2018, while Southern Africa's growth slowed considerably over the same period, from 1.2 per cent to 0.7 per cent, dragged down by the devastating cyclones Idai and Kenneth.

The 2020 AEO, themed Developing Africa's workforce for the future, calls for swift action to address human capital development in African countries, where the quantity and quality of human capital is much lower than in other regions of the world.

The report also noted the urgent need for capacity building and offers several policy recommendations, which include that states invest more in education and infrastructure to reap the highest returns in long-term GDP growth. Developing a demand-driven productive workforce to meet industry needs, is another essential requirement.

"Africa needs to build skills in information and communication technology and in science, technology, engineering, and mathematics. The Fourth Industrial Revolution will place increasing demands on educational systems that are producing graduates versed in these skills," the report noted.

"AGRICULTURE IS MOST IMPORTANT BUSINESS"

African Development Bank president Akinwumi Adesina reminded students of the important role they have to play in the continent's economic development, as he was conferred with an honorary doctorate in his homeland: Nigeria.

The Doctorate of Science was awarded by the Federal University of Agriculture in Abeokuta, on 28 January, in honour of Adesina's work in agriculture and food security across the continent.

The university chancellor, Edidem Ekpo Okon Abasi-Otu, praised Adesina for promoting value chain addition in agricultural produce.

In his acceptance speech, Adesina commended the Nigerian government's efforts to promote agriculture in the country.

"Agriculture is the most important profession and business in the world," Adesina said. The bank head pledged to continue the work of transforming Nigeria's agriculture sector.

"The size of food and agriculture in Africa will rise to US$1 trillion by 2030. The population of Africa, now at 1.2 billion, will double to 2.5 billion by 2050. They all must eat. And only through food and agribusiness can this be achieved," he said.

Adesina said the African Development Bank was spearheading efforts to feed Africa and was investing US$25bn over a ten-year period to transform the continent's agriculture sector. "What Africa does with food will determine the future of food, given that 65 per cent of the arable land left to feed the world is here," Adesina said. "I'm delighted to see our young people engaged in agriculture arising from the Youth Employment in Agriculture initiative. From their innovations in food processing, packaging, transport and logistics and marketing, they are already unlocking the opportunities in agriculture," he added.

BRIEFS

Côte d'Ivoire modernises land admin system

Image Credit: Adobe Stock

Increased revenues are expected with Côte d'Ivoire's new urban land system.

Côte d'Ivoire's Ministry of Construction, Housing and Urban Development (MCLU) signed a contract on 20 December 2019, to digitalise its urban land administration system.

For years the country has suffered problems in administering property rights with manual processing of requests, often causing delays and errors. The new integrated system will quicken the process of issuing administrative documents and make land registry information secure.

Child malnutrition costs Gambia's economy

Image Credit: Adobe Stock

Child malnutrition is costing The Gambia economy.

The economy of The Gambia is losing 3.96bn Gambian Dalasi (US$83mn) a year – about 5.1 per cent of the country's annual GDP due to the effects of child undernutrition, according to a new study released in Banjul.

The multi-agency Cost of Hunger in Africa (COHA) study shows that the losses are incurred each year through increased healthcare costs, additional burdens to the education system and reduced workforce productivity.

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Models shown may include optional equipment. Available models may vary by region or country. Materials and specifications are subject to change without notice.

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Upcoming Events Calendar 2020

MARCH

3 - 4

AFRICA ENERGY INDABA
Cape Town, South Africa
www.africaenergyindaba.com

10 - 14

CONEXPO-CON/AGG
Las Vegas, America
www.conexpoconagg.com

17 - 19

PROPAK EAST AFRICA
Nairobi, Kenya
www.propakeastafrica.com

17 - 18

SECUREX WEST AFRICA
Lagos, Nigeria
www.securexwestafrica.com

21 - 25

SAMOTER
Verona, Italy
www.samoter.it/en

APRIL

7 - 8

SEAMLESS
Johannesburg, South Africa
www.terrapinn.com/exhibition/seamless-africa/index.stm

9 - 11

INTERPLAST-INTERPACKPRINT 2020
Dar es Salaam, Tanzania
www.mxmexhibitions.com/interplastpackprint_tanzania

21 - 23

WAITEX 2020
Accra, Ghana
www.waitex.com.gh

MAY

4 - 8

IFAT
Munich, Germany
www.ifat.de/en

12 - 14

AFRICAN UTILITY WEEK/ POWER-GEN AFRICA
Cape Town, South Africa
www.african-utility-week.com

JUNE

2 - 4

SECUREX SOUTH AFRICA
Johannesburg, South Africa
www.securex.co.za

3 - 5

WAMPEX 2020
Accra, Ghana
www.wampexghana.com

25 - 27

FIDEC
Kinshasa, DRC
www.forum-rdc.com/en

30 - 3 JULY

AFRICA ENERGY FORUM
Barcelona, Spain
www.africa-energy-forum.com

Taking charge of the future: Education at Conexpo-Con/Agg 2020

Education is always a vital component of both Conexpo-Con/Agg and IFPE to help attendees not only survive, but thrive in a changing and global industry. Attendees at the 2020 shows can take advantage of more than 180 education sessions packed with information, developed with the guidance of leading industry groups, and delivered by industry experts.

New for 2020 are mix-and-match sessions between Conexpo-Con/Agg and IFPE for company teams to cost-effectively obtain learning sessions targeted to their needs.

"The line-up of programming is not only larger than it has ever been but includes a fresh line-up of speakers stacked side-by-side with core programming that is always highly attended," said Eileen Dickson, vice president education, National Ready Mixed Concrete Association and Conexpo-Con/Agg Education Committee chair.

Image Credit: Adobe Stock

Using drones on construction sites is one of the many themes at Conexpo-Con/AGG.

Conexpo-Con/Agg 2020 education features 10 tracks covering a variety of equipment applications, site development, fleet management, business best practices, technology, safety, and attracting and retaining talent.

IFPE education is grouped in two tracks: Hydraulics & Pneumatics at Work and The Business of Fluid Power. Its popular college courses return, and new is an IFPE Research Symposium.

Conexpo-Con/Agg and IFPE are North America's premiere events for the construction industries and the fluid power, power transmission and motion control industries. One ticket provides access to both of the co-located shows, set for March 10-14 in Las Vegas, USA.

Conexpo-Con/Agg education tracks will offer the latest trends and best practices focused on: aggregates; asphalt; concrete; cranes, rigging and aerial lifts; earthmoving & site development; equipment management and maintenance; business management; and safety, plus technology solutions and attracting, engaging and retaining talent.

"The education committee took great care in putting together a programme that grows attendee knowledge on building their business on all fronts, whether the technical skills needed in the field or best practices to build their business," said Graham Brent, CEO of the NCCCO Foundation and Conexpo-Con/Agg Education Committee vice chair.

Conexpo-Con/Agg 2020 education topics include: Driving New Innovation at Complacent Companies – James Benham , JB Knowledge, Drones on Construction Sites for All Contractors – Ryan Murguia/Zach Pieper, Quantum Land Design, Gain a Competitive Advantage Through Construction Technology – Tauhira Hossainy, Milwaukee Tool, and How to Win the War for Talent – Gregg Schoppman, FMI to name a few.

"My ringing of the bell here [at the London Stock Exchange] marks the beginning of a new exciting, strategic, and impactful engagement between the African Development Bank and the London Stock Exchange to jointly expand wealth creation in Africa and the UK."

Image Credit: Présidence du Benin

AKINWUMI ADESINA
African Development Bank President

"The establishment of a long-term relationship between Mammoet and LADOL is an extremely exciting and significant development. This will massively increase local capacity, thereby attracting the general fabrication and complex construction jobs that are in increasing demand, not just in Nigeria but across the sub-region."

Image Credit: LADOL

JIDE JADESIMI
LADOL's executive director business development

"Africa is not the easiest place to do business, but it is an incredibly exciting place because the opportunities substantially outweigh the threats. Every time we organise a hotel investment forum, I see more hotel openings being announced and I meet new players keen to enter the market."

MATTHEW WEIHS
Managing Director
Bench Events

"I am glad that in his speech, the [UK] Prime Minister indicated that our products, including Uganda's beef, would find its way onto the dining tables of post-Brexit Britain. Our position has always been balanced trade that benefits all parties. Like I told him in our bilateral meeting, Uganda is ready to receive British investors, given the immense business opportunities in the Pearl of Africa."

Image Credit: UK DFID

YOWERI MUSEVENI
Uganda President

"We will have a healthier, better educated and highly skilled young population fit for the 21st-century global economy, and that will lead and drive the country's national development. They will be well-equipped to deploy science, technology and innovation which in term will attract investment."

Image Credit: TED Conference/Flickr

JULIUS MAADA WONIE BIO
President of Sierra Leone

"We believe that there is significant potential for e-commerce in francophone Africa, making the region a key focus area for us. While we've been operating in Côte d'Ivoire since early 2019, being able to now also process payments in Senegal and DR Congo is an exciting development for us and demonstrates our commitment to growth in Africa. We're looking forward to working with many new merchants in Senegal, Côte d'Ivoire and DR Congo and supporting small and medium-sized businesses by enabling them to financially transact with other businesses within the region and throughout Africa. Our virtual prepaid card, facilitated by Mastercard, will allow businesses across Africa to make online payments internationally with other companies, such as Amazon and Expedia.com."

ERAN FEINSTEIN
CEO of DPO Group

AFRICAN REVIEW / ON THE WEB

A selection of product innovations and recent service developments for African business
Full information can be found on www.africanreview.com

AFDB APPROVES US$34.7MN FOR LIBERIA'S RENEWABLE ENERGY

Image Credit: AfDB

With this new signing, energy now accounts for 26 per cent of the fund's total commitments in Liberia.

The African Development Fund has approved a US$34.74mn grant and loan to boost renewable energy access and promote an attractive investment climate in Liberia.

Dr Orison Amu, the African Development Bank's (AfDB) country manager in Liberia, and Samuel Tweah Jr, Liberia's minister of finance and development planning, signed financing agreements for two projects. Under the first project, the Renewable Energy for Electrification in Liberia, more than US$33mn, primarily in the form of a grant from the AfDB and the Strategic Climate Fund's scaling-up renewable energy programme, is to support renewable energy sector growth.

The funds will go towards the construction of a mini dam on the St. John River in Nimba County in northeastern Liberia and the development of the Gbedin hydropower Falls with a total capacity of 9.34MW of power, to be transmitted through eight kilometres, 33kV line connecting 7,000 households.

The system would allow for grid expansion to isolated communities and support the connection of schools, health centres, businesses and industries to the national grid, increasing the rural electrification rate in Liberia.

The second project - Support to Investment Promotion Agencies in Transition Countries – received approval for an additional US$1mn to assist in promoting business investment in Liberia and building the capacity of the National Investment Commission. The funds will come from the Bank's Transition Support Facility.

SWISSPORT WINS AIR TANZANIA HUB MANAGEMENT DEAL

Swissport, the global provider of airport ground services and air cargo handling, has been awarded a contract for hub management services for Air Tanzania, the national carrier of the East African country.

Starting this month at the airports of Dar es Salaam (DAR) and Kilimanjaro (JRO), Swissport will provide check-in and gate services, baggage handling, moving of aircraft, cargo loading and aviation security services for 21 flights daily. The new partnership further expands the company's growing presence on the African continent.

Image Credit: Swissport

Swissport hub handling for Air Tanzania.

Swissport staff will be servicing Boeing 787 Dreamliners, Airbus A220s and Bombardier Q400 aircraft for Air Tanzania, which the carrier operates to ten Tanzanian and six international destinations.

In addition to the Air Tanzania hubs, Swissport operates major hubs for leading airlines worldwide among them Washington Dulles (IAD) for United Express, Viracopos (VCP) for Azul Airlines and Helsinki (HEL) for Finnair.

LATITUDE HOTELS GROUP PRIORITISES SUSTAINABLE TOURISM

The Latitude Hotels Group has launched the first corporate and social responsibility (CSR) report, reflecting the company's priority to boost sustainable tourism in Africa. Latitude has invested US$30.1mn in Zambia, Malawi and Uganda – a good contribution to national FDI (between 1.2-4.4 per cent of 2018 FDI).

Through its three boutique hotels, Latitude has a direct impact on 1,397 people in some of the world's poorest countries. Skills development and employee welfare are critical to the group and they take a progressive approach to recruitment, training, career opportunities and medical support.

A fundamental tenet of the brand is to embrace and capitalise on the talent and inspirational flair of the communities throughout their supply chain and they endeavour to source as much as possible locally. Latitude quantitatively measures 'import leakage' and seek out new approaches and initiatives to increase its local presence. This brand principle makes its hotel offering distinct.

Latitude is pursuing strategic

Image Credit: Latitude Hotels Group

Latitude Hotels Group aims to boost hospitality sectors in Africa.

support and partnerships within local communities, in particular those linked to their employees, to challenge their operations and environmental footprint and to further develop, integrate and determine community support programmes.

The group is formalising procedures and responsibilities around impact collection and measurement which will lead to greater transparency and progress.

Caption

Image Credit: Adobe Stock

Space generation

African nations have seen a record number of satellite launches and contract announcements in the last year. Barry Mansfield looks into the latest projects.

From 1998 to May 2019, African states launched 35 satellites intended mostly for communications, earth observation, technology demonstrations, scientific experiments, military radar and educational projects. In fact, the African space industry is already worth around US$7.4bn – a figure expected to increase by 40 per cent to US$10.3bn by 2024. The formation of the African Space Agency (set to be headquartered in Egypt) by the African Union (AU) means that Africans can expect much improved connectivity across the continent.

2019 brought a sharp increase in the number of space-faring African nations. Sudan launched a civil and military remote sensing satellite last December, with the government planning ground facilities in Khartoum North. Rwanda's first satellite RWASAT-1, launched from Japan last September (it was developed at the University of Tokyo by 15 Rwandan Engineers), holds a communication payload for collecting and forwarding data to remote monitoring stations on the ground – partly for environmental and disaster management purposes. It also holds two cameras for earth observation.

Ethiopia's first remote sensing satellite, ETRSS-1, was launched from China's Taiyuan Satellite Launch Centre last December. This multi-spectral civil earth observation satellite will transmit data to Ethiopian researchers and public bodies for weather pattern monitoring, agricultural planning, drought early warning systems, mining activities and forestry management. China provided US$6mn in funding for the technology and trained Ethiopian engineers, while the Ethiopian government allocated US$2mn for the ground station facilities near Addis Ababa.

This development has inspired Ethiopia's Space Generation Campaign, an effort by the Ethiopian Space Science Society (ESSS) to guide the nation's growing community of young scientists. The country's most prominent space advocacy and outreach group already boasts 10,000 members, 20 branches and 100 school clubs. The government itself is also investing heavily in indigenous capacity for satellite development, signing an agreement with French space firm ArianeGroup to build an assembly, integration and testing base in Addis Ababa by 2022.

> "Ethiopia's first remote sensing satellite, ETRSS-1, was launched from China's Taiyuan Satellite Launch Centre last December"

In late January, Eutelsat Konnect successfully launched from the Guiana Space Centre in Kourou, French Guiana. Built by Thales Alenia Space, the goal is to provide full or partial Internet access up to 100Mbps (with total capacity of 75 Gbps across a network of 65 spotbeams using the Ka-band) for 40 countries across the continent. Konnect is designed for a lifespan of 15 years or more, but it will be joined in 2022 by the Eutelsat Konnect VHTS (very high throughput) variant, which is presently under development by the Thales Group division. The VHTS promises huge capacity of 500Gbps.

Egyptian satellite operator NileSat recently signed a contract with US company SpaceX to launch its NileSat-301 communications satellite in 2022. Thales Alenia Space won the contract last December to carry out design, manufacture and in-orbit acceptance testing, while also providing a control system for Nilesat in Alexandria and Cairo.

Nilesat-301 will help expand the company's provision of direct digital broadcasting services and Ku-band communications in two new large regions of Africa, while providing broadband Ka-band coverage over the whole of Egypt.

Tunisia is also joining Africa's space community with its first satellite, Challenge ONE, set to be launched in July this year from the Russian-run Baikonur Cosmodrome in Baikonur, Kazakhstan. Another scientific research and technology demonstrator, it will allow for experiments in the latest information technologies and possible practical applications. The small system was created by Tunisia's own publicly traded engineering and technology consulting firm, Telnet Group, at a final cost of US$455,540 (compared to an equivalent commercial price of around US$1.7mn).

Elsewhere, Senegal has signed a Memorandum of Understanding with ArianeGroup to conceive a design and construction centre for satellites weighing under 50kg (known in the industry as CubeSats) with the objective of establishing a local ecosystem of scientific research and industrial innovation in the space sector – in conjunction with universities, start-ups and larger companies. This arrangement will see the first Senegalese nano-satellite launched by 2021, with the base itself likely to be completed by 2022.

Finally, European Space Agency and AXA have signed a Memorandum of Intent to co-operate on improving healthcare services across the continent. Announced last October, the plan is to enable teleconsultations, delivery of medicine to private homes and more widespread use of health coaches to African patients. Starting in Egypt, ESA aims to provide remote regions with improved Internet coverage and urban areas with backup. The emphasis will be on improving accessibility, affordability and quality with AI-driven services that would have been unthinkable just 10 years ago.

On the ground

Space-related applications are helping Africans work towards Sustainable Development Goals, with satellite data already in use by Kenyan maize farmers to monitor crop pests and reduce losses. This Pest Risk Information Service (PRISE), which is backed by the UK Space Agency and the Global Challenges Research Fund, is already operational in Malawi, Rwanda and Zambia. The objective is to identify pests like maize stalk borer before dispatching text message alerts to Plantwise plant doctors. These officials pass on information to farmers in the field.

Doctors also pass on advice via their network of plant clinics. A survey established that farmers who did not sign up for the alerts suffered higher production losses averaging more than 25 per cent. PRISE estimates that 40 per cent of the world's crops are lost to pests in this way, threatening the livelihood of smallholders, while limiting trade and food supply chains. PRISE also aims to empower input suppliers to predict demand more accurately and provide suitable products where they are most urgently needed. Insurance and financing companies should have a more detailed risk assessment picture.

Due to new classes of satellite, such as those used by Europe's Copernicus programme, images are more frequent, precise and available free of charge. A similar project, AfriCultuReS (supported by the European Commission and the Group on Earth Observations), extends the concept to improved monitoring of water availability and productivity, soil moisture detection and crop water requirements assessment, as well as livestock grazing and rangeland monitoring. AfriCultuReS aims to achieve market readiness quicker than the typical 10 years for this type of technology. ■

Paul Kagame, President of Rwanda.

Rwanda: Building a sustainable future for the next generation

Twenty five years on from Rwanda's genocide, President HE Paul Kagame shared how his country has transformed into an international leader of IT and centre of excellence at the Future Sustainability Summit in Abu Dhabi.

Image Credit: Veni/Flickr

The president spoke on how the government, for the last 15 years, has built a societal culture of responsibility across the nation, especially in regard to taking ownership over the care of the environment.

Twelve per cent of forests were cut down between 2010 and 2015. Since then, the government has embarked on a reforestation programme, restoring more than 10 per cent of its forests.

Impressively, the country banned the use and sale of plastic bags and other single-use plastics such as wrappers, plastic containers, and bottles as well as prohibiting imports and manufacturing of plastic products.

Rwanda also holds a clean-up day on the last Saturday of every month, known as 'Umuganda Day' where people across the country clean streets, drain ditches and build schools.

During the Future Sustainability Summit in Abu Dhabi, Nik Gowing, founder of Thinking about the Unthinkable Project, questioned the president to what extent he had changed the culture of Rwanda by implementing the 'one day a month' incentive.

"What we learned ourselves is that it's not enough to talk about policies when you are not actually doing anything about what needs to be done," he said. "For us to be able to clean our own environment and then build something new and different, has gone down in the minds of people and everyone has seen the benefits. It has now become part of the culture, and every Saturday at the end of the month we have people across the communities cleaning up across the country."

Gowing asked, in light of its population challenges since the 1994 genocide, how the government had built a contract between the government and the people that expect development and sustainability at the same time.

To which the president replied, "It all comes down to mobilisation. People have to mobilise around the idea about how a country and a society exist and continue to exist while looking to the future.

"Over the 25 years, we've created something from nothing. It happened as we were able to look at each other in the eyes. There is something that we can do. All is not lost – we are left. We can work together and create something, whether it is to do with sustainability, the environment, socio-economic development, stability and security for the country."

Finally, as a young nation with a new generation coming through, the president was asked how he was handling their expectations of wanting wealth and a sustainable future.

> "We have demonstrated that people in the rural areas can still have a livelihood as well as the urban areas"
>
> **PRESIDENT PAUL KAGAME**

Kagame said, "There is a lot of pressure but in a nice way – there is something that they will be able to contribute – [we are advising them] just do things the right way. We are training young people in different areas and saying to them that they can contribute to the general good of the country as well as for themselves. The spirit is there. They have seen from where we have started and we are now, and have now come to believe in themselves."

In terms of sustainability challenges between rural and urban populations, the president said the government has approached this by creating secondary cities.

"There are now seven to eight cities developing across the country. So, instead of everyone being drawn to the centre, the capital city, most people are now going to the secondary cities, and are being encouraged to find what they can do in their actual rural settings," he said.

He added that his government has invested in agriculture, helping businesses to expand from subsistence farming to commercial enterprises. "We have demonstrated that people in the rural areas can still have a livelihood as well as the urban areas and that has, in fact, helped to solve the problem." ■

By Samantha Payne

Fostering a more competitive business climate in the new decade

Economist Moin Siddiqi says that further work needs to be done to make sub-Saharan African countries more competitive on par with other emerging markets and achieve optimal growth potential.

Thriving market economies are underpinned by competitive forces, which ensure the most efficient allocation of resources, thereby boosting efficiency gains. Empirical studies indicate a positive correlation between open competition and a firm's dynamics resulting in higher investment, productivity growth and greater innovation (technological capability) – the essential criteria to bolster the competitiveness of domestic industry to compete in global markets.

Competitive systems having proper government regulations enhance economic growth and welfare through lower prices of consumer items, services and raw materials, thus increasing disposable incomes and job opportunities as firms expand. Conversely, consumer welfare and longer-term growth suffer where market distortions exist – reflected in discriminatory practices, unfair pricing and rent extraction imposed by monopolies (i.e. dominant firms) in crucial sectors.

Looking at the state of product market competition in sub-Saharan Africa (SSA), the region ranks significantly low on the World Economic Forum's (WEF) local competition intensity index. More than 70 per cent of African countries rank among the bottom half of economies globally in terms of domestic and foreign competition indicators (see Table 1). High trade barriers mainly account for minimum foreign competition, while market domination by a few large firms, plus various regulatory barriers to entry, hinder domestic competition.

Table 1: Local competitiveness intensity index on selected African countries

	2019 rankings (1-141) economies			
	National competitiveness *	Product market competition #	Trade openness /	Business dynamism ~
Angola	136	137	127	138
Botswana	91	97	78	104
Cameroon	123	86	123	112
Cote d'Ivoire	118	99	83	84
Ethiopia	126	136	124	131
Gabon	119	129	132	128
Ghana	111	80	89	102
Kenya	95	72	103	51
Mauritius	52	51	6	38
Nigeria	116	84	102	79
Senegal	114	79	104	99
South Africa	60	70	77	60
Rwanda	100	48	94	46

*** Defined as the set of institutions, policies and factors influencing the level of productivity.**

 # Distortive effects of taxes and subsidies on competition and market domination by a few business groups and the extent of competition in services - mainly network sector (telecoms, utilities, postal, transport, engineering and retail business).

/ Prevalence of non-tariff barriers (e.g. health and product standards, technical and labelling requirements) that limit the ability of imported goods to compete in domestic markets, trade tariffs applied by a customs authority on imported goods and border clearance efficiency.

~ The cost and time to start a business and other administrative formalities.

Source: The Global Competitiveness Report 2019.

De-monopolising markets

During the 1980s, product market reforms were undertaken by some African countries, which entailed the transfer of production from state-owned enterprises (SOEs) to private firms and reduction of price controls, as well as partial trade liberalisation, followed by financial liberalisation in the 1990s. Market deregulation, chiefly in telecoms, electricity and agriculture were initiated as part of economic restructuring in early to mid-2000s.

The reform momentum has stalled in the last decade, with SOEs still dominating many SSA markets, especially in the utilities and transportation sectors. According to the OECD-World Bank Product Market Regulations database, Kenya, Senegal and South Africa were highly restrictive in terms of access to network and services sectors, while some two-thirds of SSA countries surveyed by the World Bank (2016) reported considerable price controls.

Trade barriers in SSA (tariffs and non-tariff) have declined significantly over the last two decades, but remain quite high compared to emerging-and-developing (E&D) regions. Such barriers limit open competition from foreign goods and indirectly affect domestic efficiency by restricting the availability of intermediate inputs or making them more costly for local manufacturers.

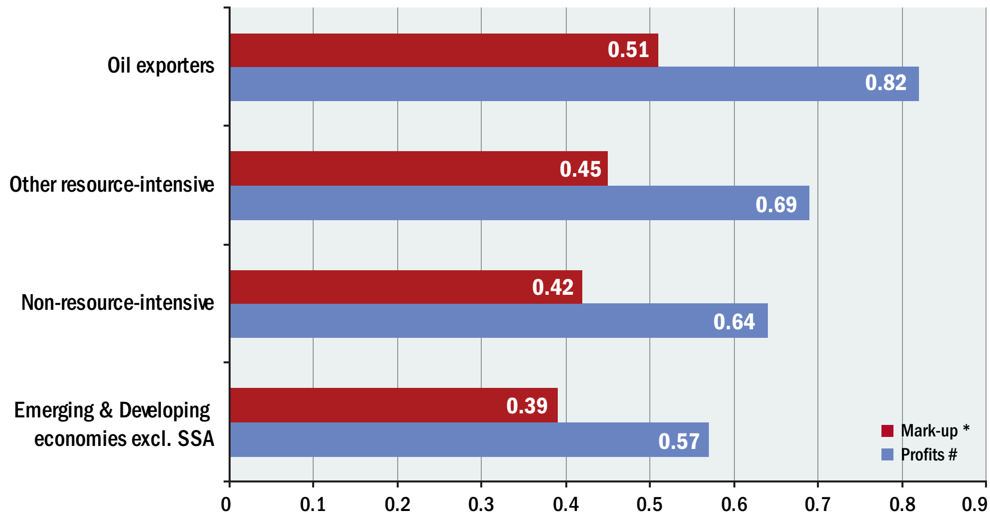
> "Trade barriers in sub-Saharan Africa (tariffs and non-tariff) have declined significantly over the last two decades"

Consumer welfare

The lack of competition has wider socio-economic costs, reflected in higher prices of essential items and lower private consumption. A global comparison of pricing levels indicates that prices for most goods/services are on average one-fifth higher in Africa than in other regions at a similar level of development. These include food/beverages, clothes/footwear and medicines – items carrying a bigger weight in the consumption basket of low-and-middle-income households.

Low product market competition also hurts African manufacturers since prices for intermediate inputs used in production, such as raw materials, machinery/ equipment and utilities (electricity and water) are significantly higher relative to other E&D regions. The World Bank estimated that cement prices are, on average, around183 per cent higher in Africa than the world prices.

Sub-Saharan Africa: Company markup and profitability



* Markup is defined as the log ratio of sales to the cost of inputs.

Profitability is defined as the difference between revenue and the cost of inputs relative to revenue.

Source: IMF staff estimates based on the World Bank Enterprise Survey.

Company-level competition indicators, such as profitability and markups – the divergence between product price and output cost – indicate substantial corporate market power in SSA, including the two largest economies (Nigeria and South Africa). Profitability and markups vary considerably across sectors – the highest in 'nontradable' sectors like hospitality, retail/wholesale trade, information and communication, construction, transportation and financial intermediation. On average, markups are reportedly lower in the light manufacturing sector, especially textiles/apparel, leather and paper products.

Thus, sectoral market structures characterised by 'oligopoly' (where few firms account for total industry sales) tend to earn abnormal profits thanks to fewer competitors – suggesting that increased influx of firms could reduce corporate market power and contribute to lower prices of consumer and intermediate goods, thereby improving welfare and competitiveness of local economies.

Raising competition level

"An adequate competition policy framework is essential to protect consumer welfare and derive the expected developmental benefits from product market reforms such as deregulation and privatisation. Enforcement of a robust competition policy framework comprises the development of antitrust laws, setting up independent and well-functioning institutions and judicial support," stated the International Monetary Fund (IMF).

There has been almost a 'three-fold' hike in the number of SSA countries adopting competition laws from 12 in 2000 to 31 by 2019 (IMF data). These antitrust laws based on advanced economies cover merger and acquisition (M&A) control, dubious business practices and the abuse of corporate power, and are regulated by competition agencies in respective jurisdictions. The Competition Commission of South Africa (CCSA) is the most active antitrust body in Africa. In 2017-18, it prohibited 12 mergers, finalised 193 enforcement cases and levied US$22mn in penalties (CCSA data). It employs more than 130 technical staff.

The progress on bolstering competition and preventing unfair practices in the majority of SSA countries, however, remains patchy. In essence, antitrust laws (alone) cannot provide a universal remedy or magic bullet to enhance business development. A workable antitrust framework requires 'holistic' reforms that embrace complementary policies – trade, foreign direct investment (FDI) and fiscal as well as capacity building, i.e. efficient institutions to enforce laws.

A comprehensive strategy entails chiefly an independent regulatory body with adequate funding and qualified staff to pursue anti-competition cases, strong contract enforcement and rule of law, cutting barriers (red tape) to firm entry and exit, greater openness to trade and FDI and prudential macro-policies, as well as improving the ease of doing business, where Africa lags other regions.

According to the World Bank (2016), around one third of SSA countries with a competition law had enforcement agencies controlled by another government body, potentially undermining their independence. The resources allocated to competition agencies are mostly limited, with few reporting self-financing from paltry penalties. Excluding South Africa, most agencies employed just 10 technical staff and on average, reported two cases per year, with the notable exception of CCSA, which investigated some 500 cases per year (World Bank data).

The competitive investment climate is facilitated by fiscal and procurement policies and customs administration systems. For example, preferential treatment (subsidies, tax breaks) and government procurement favouring selective sectors increase the dominant position of recipients, whether privately or state-owned. Likewise, inefficient customs administrations impact external trade. "Fiscal policies and tax and procurement systems also need to be carefully designed so that competition is not distorted," advised the IMF.

Supranational competition agencies will be needed to mitigate risks from large pan-African firms in multiple countries in the context of increasing regional trade, integration and investment liberalisation envisaged by the African Continental Free Trade Agreement (see *African Review* August 2019). The small size of domestic markets, plus higher fixed costs of operating major sectors (telecoms, transportation and utilities) imply natural monopolies or cartels may arise to reap economies of scale and/or to limit foreign competition in their markets – thus preventing a 'level playing field.'

Conclusion

As Africa starts the new decade of challenges and opportunities, regional governments need to attract more private investment and ensure open competition as well as deepening trade and financial integration.

Such agendas require the acceleration of development strategies to:

1. Build physical and digital infrastructures (SSA has the world's lowest internet penetration)
2. Invest in human capital (education, training and health) – a prerequisite for nurturing a skilled workforce
3. Reduce barriers to cross-border trade to facilitate more goods, services, talents and resources flowing freely among countries
4. Make strong legal/regulatory structures that encourage private sector activity in the important sectors (energy, transport and agriculture) and
5. Create an efficient financial services industry plus increased access to credit for industry.

Work still needs to be done to make SSA countries more competitive to be on an equal footing with other emerging markets and achieve optimal growth potential. ■

Increased air cargo handling in East Africa

Increased air cargo and passenger traffic in East Africa has boosted trade and increased pressure on local governments to modernise existing airport facilities.

The governments of Rwanda, Ethiopia and Tanzania are investing heavily in new airports to benefit from global commerce through their airports.

For instance, Ethiopia has recently developed a new cargo terminal facility that can accommodate 1.2 tonnes of cargo annually. The new 38,000m² facility launched a year ago, boosted cargo handling from the previous 350,000 tonnes annually.

"This investment has established Addis Ababa as a freight hub for the African continent as well as an investment cargo hub – putting us in direct competition with hubs like Dubai," said Tewolde GebreMariam, chief executive of Ethiopian Airlines.

Last year, Ethiopian Airlines acquired its first B 737-800 freight with a payload of more than 23 tonnes.

Africa's largest airline has also acquired eight Boeing 777 freighters to handle increasing demands for cargo traffic. The country's main exports include gold, coffee, kharif (oil crop) and horticultural produce. The country imports electronics as well other industrial goods.

Tourism is also a major factor in boosting passenger traffic to the country. Keen to tap into the increased cargo and passenger growth, Ethiopia is constructing a new US$5bn airport at Bishoftu, a town 39km south east of the capital, Addis Ababa.

The new airport will have a capacity to handle 100 million passengers annually, easing pressure on Addis Ababa's Bole International airport. Bole International Airport has a passenger capacity of around 19 million passengers annually.

Ethiopian Airlines, which competes well with the established Middle Eastern carriers, connect Addis Ababa to long haul destinations. It is also well connected to the African and Asian markets through daily and weekly flights to many destinations.

With a fleet of 116 aircraft, the airline has in recent years seen its net profits rise from US$207.2mn in the 2017/18 to US$260mn in the 2018/19 period. It is one of the few profit-making airlines in Africa. Kenya Airways reported losses, for example, at the end of last year.

While relatively smaller than the towering Ethiopian air transport sector, Rwanda is also on the verge of a transformative expansion aimed at boosting its cargo and passenger traffic.

RwandaAir is relatively small but in recent years has grown to claim its share of the Kigali Airport's cargo traffic where larger airlines such as Kenya Airways and South African Airlines have a stake.

Cargo traffic at the Kigali International Airport has been rising in recent years from 8,000 tonnes in 2016, 13,000 tonnes in 2017 and a rapid 30 per cent growth to 16,900 by December 2018, reported the Rwanda Civil Aviation Authority.

And in a move that is expected to boost the fortunes of Rwanda cargo business, the government – in collaboration with the Qatar authorities – is constructing the US$1.3bn Bugesera International Airport. Qatar Airways has a 60 per cent in the new airport, which is expected to rival Kenya's Jomo Kenyatta International Airport, the region's aviation hub.

The new airport is expected to handle 14 million passengers and 150 million tonnes of cargo annually in the first phase. It will have 22 check-in counters, ten gates and six passenger boarding bridges. It will also have provisions for a second runway.

This is the third airport in Rwanda after the Kigali International Airport and the Kamembe International Airport in western Rwanda. Bugesera Airport is located 25 km south of Kigali, near the town of Rilima.

> “Kenya is among the top three aviation markets in Africa forecast to be the strongest over the next two decades ”
>
> **RAPHAEL KUUCHI, IATA VICE PRESIDENT FOR AFRICA**

Tanzania

Tanzania is also expanding its aviation facilities to benefit from increased cargo and passenger traffic. Recently, the Julius Nyerere International Airport (JNIA) in Dar es Salaam, unveiled a new US$282mn terminal exclusively to handle international flights. The terminal will handle up to five million passengers annually while allowing for additional freight volumes. Tanzania is also building a US$272mn airport in Dodoma city which is the administrative capital for Tanzania.

Already, the African Development Bank has approved a US$272mn facility for the construction of Msalato International Airport, 12km from the capital Dodoma.

The funding is comprised of a US$198.6mn loan from the African Development Bank, US$23.52mn from the African Development Fund (ADF) and US$50mn in co-financing with the Africa Growing Together Fund (AGTF).

Expected to take four years to be completed, the airport will include a passenger terminal, a runway and other installations. It will also feature a fuel distribution company, water supply systems, electrical power distribution substations and a fire fighting service.

More than 200 million passengers – mainly from the East African market and beyond are expected to use the airport. The agricultural rich Tanzania region as well as tourism lucrative Serengeti nature reserves are expected to reap handsomely from the new facility.

"Expanded air transport network in Dodoma, together with ongoing high speed railway construction on the central corridor are necessary infrastructure investments to help unlock and disperse spatial development in the countryside," observed Amadou Oumarou, AfDB's director for Infrastructure and Urban Development Department.

According to Oumarou, this will strengthen the city's potential in keeping with Tanzania's national development aspirations of fostering shared growth for all regions.

Kenya

While expansion has been limited at Kenya's Jomo Kenyatta International Airport (JKIA), the airport remains the East Africa regional cargo and passenger traffic hub.

According to the Kenya Civil

Aviation Authority (KCAA), the volumes of commercial cargo at JKIA increased by 23.3 per cent from 290.8 thousand tonnes in 2017 to 358.7 thousand tonnes in 2018. Rising demand for air freight transport has seen JKIA constructing its sixth cargo terminal set for completion by last month, which will boost its combined annual capacity of 1.2 million tonnes.

Two other airports in Kenya, the Eldoret International Airport and the Kisumu International Airports, have also seen major increases in their cargo and passenger traffic. Eldoret Airport, located in Kenya's North Rift region, has seen its cargo traffic grow from 9,100 metric tonnes in 2017 to 11,200 tonnes in 2018. Analysts say that if fully utilised, the facility can handle more than 60,000 metric tonnes of cargo annually.

Main exports through the airport have been horticulture produce to the Middle East and Europe. Electronics, clothing and other manufactured goods constitute the bulk of the imports through the facility. The airport's warehouse can hold 1.2 million tonnes of cargo with cold storage capacity amounting to 250 tonnes.

Among the airlines operating from the airport include Ethiopian Airlines, Kenya Airways, Fly Emirates, Jambo Jet, Sax and Skyward Express.

In recent years, the Kisumu International Airport, on the shores of Lake Victoria, has seen its runway extended to 3.3 km allowing larger planes to operate there, boosting its cargo and passenger handling capacity.

The Kenya Airports Authority (KAA) has embarked on a major campaign to encourage more regional and international airlines to fly into Kenyan airports as authorities continue upgrading existing facilities. Experts however believe that liberalisation of the Kenyan aviation markets will help achieve better results.

"Kenya is among the top three aviation markets in Africa forecast to be the strongest over the next two decades. For its full potential to be realised, the airspace need to be liberalised," noted Raphael Kuuchi, International Air Transport Association (IATA) vice president for Africa.

Uganda

On Uganda's part, it has embarked on a US$196mn upgrade of its main airport, Entebbe International Airport. Uganda's Civil Aviation Authority, David Mpango Kakuba, says the expansion and upgrade will boost efficiency, safety and security. It stated over the last three decades, the passenger number has increased from 118,000 in 1991 to 1.84 million in 2018.

In the first eight months of 2019, 28,971 tonnes of cargo was moved through Entebbe International Airport compared to 13,831 tonnes over the same period in 2018. The airport's revamp is being undertaken by the China Communications Construction Company and is expected to be completed by 2023.

Areas slated for expansion include access roads, runways, cargo apron, tax way and the land side. Others include a commercial centre, a fuel hydrant line, and a new fuel farm close to the cargo centre.

While the Eastern Africa cargo traffic is growing, more facilities need to be developed across the continent to distribute revenues.

Data from IATA shows that with an estimated 320 international airports in Africa, a paltry 10 airports in seven countries account for 49 per cent of total seat capacity and 50 per cent of the total revenue of the entire markets to and from Africa.

Only Addis Ababa's Bole International and Nairobi's Jomo Kenyatta International Airport are among the seven busiest airports in Africa.

South Africa's Johannesburg Oliver Thambo International airport and Cape Town International Airport shared the top three slots with Cairo International Airport in Egypt. ■

By Mwangi Mumero

Ride-sharing app could be answer to beating congestion in Africa's busiest cities

A car-sharing app could be the answer to reducing congestion in Africa's overpopulated cities.

Afri Ride is a safe and secure platform for car owners, drivers and commuters to find lifts, offer rides, borrow and lend cars.

Some of its major features include the cardless payment system aimed at bringing ease to users and the ability to custom rides to customers' needs. For example; being able to choose their own ride and passengers, such as choosing to travel exclusively with other women.

Image Credit: Afri Ride

Afri Ride is a ridesharing community platform for car owners, drivers and commuters.

Joe Moyo, managing director, said, "We turn what would have equalled three to five cars on the road into one when users offer up the unoccupied seats in their vehicle to the other authorised users, who are able to book via the app. This not only minimises traffic but also alleviates the burden on already inadequate infrastructure."

It also provides employment for those in need of alternative sources of income.

"Offering their cars on Afri Ride for peer-to peer rentals will assist in meeting the financial obligations that come with car ownership such as bank instalments, insurance and maintenance. In addition to offering their cars for rental, users can also offer their driving services. This allows members of the ride sharing community to generate further income by acting as shuttle service operators, tour guides or simply as drivers on a day to day basis," he said.

"At Afri Ride we take time to know each region in which we operate in extremely well to ensure that the citizens can reap not only the benefits but the economic gains as well."

In the age of urbanisation, issues such as immobility and pollution are hitting these cities hard. "Public transport has become the casualty because public transport systems in cities such as Johannesburg and Lagos were never designed to handle such a large volume of users, so the issue is not so much poor design, but design without the benefit of hindsight into how urbanisation would affect them," he added.

T'LEVA START-UP ENTERS ELECTRIC CAR MARKET

An Angolan car maker has introduced 1,000 electric cars in Angola. T'Leva is the first start-up company in Africa to provide a fleet of urban electric mobility of this size.

The entry of electric cars into Angola, a zero-emission CO_2 solution, results from a partnership with Ledo Holding, one of China's leading electric vehicle manufacturers, and aims to boost T'Leva to expand its mobility response and its reach in the country and Africa.

Angel investors raised US$22mn of investment towards making the T'Leva electric model a reality. "As of today, and in just nine months of existence, T'Leva transported more than 40,000 customers. In the coming months our goal is to transport 100,000 more customers," said Erickson M'Vezi, T'Leva CEO, adding that, "T'Leva's goal is to build an electric ecosystem by creating partnerships with automotive, infrastructure and energy reference companies."

ECCAS ROUNDTABLE TO DEVELOP ROADS SECTOR

The general secretariat of the Economic Community of Central African States (ECCAS), the governments of the Central African Republic, the Republic of Congo, the Democratic Republic of Congo and the Republic of Chad are organising a round table in Brazzaville (Congo) on 19 March with a view to finance a dozen projects expected to be carried out between 2020 and 2029.

"To establish the foundations for sustainable development and successful regional integration, Central Africa must overcome many challenges, including the construction of a multimodal transport network for the movement of people and goods," stated ECCAS General Secretary, Ahmad Allam-mi.

Organised with the support of the African Development Bank under the high patronage of the Congolese President, Denis Sassou-Nguesso, the roundtable aims to raise US$3bn for a first phase of priority investments (Priority Investments Program – PIP 2020-2024) to continue the efforts made by the member countries of the sub-region which is at the crossroads of major trade flows, to develop roads and transport.

Despite significant progress in recent years, Central Africa still ranks last in the ranking of African countries with the best road infrastructure (barely 8 per cent of the total road network). The same result applies to the asphalting of roads: only 2.2 per cent of roads in the sub-region are paved.

In order to accelerate regional integration in the ECCAS zone and boost growth in this region, which is particularly rich in natural resources, oil and mining, the organisers have targeted a dozen projects, including three flagship transport infrastructure projects which they will present to donors in Brazzaville. Projects include the construction of the road-railway bridge between Kinshasa (DRC) and Brazzaville (Congo) and the Ouesso/Bangui/N'Djamena roads.

BRIEFS

Image Credit: Adobe Stock

The US$800mn Caio Port has started building works again.

Works resume at Caio Port

The development of US$800mn Caio Deep Water Port in the northern Cabinda province in Angola has resumed after a two year delay because of a US$124mn debt owed to contractors, according to media reports.

The Maritime and Port Institute of Angola (IMPA) cleared the outstanding debt to companies Caio Porto and CRBC, stated a report by Construction Review Online. The port is expected to increase Angola's trade by 30 per cent.

Kenya's QuickBus raises seed funding round

Image Credit: Adobe Stock

QuickBus has closed an undisclosed round of seed funding.

Kenyan bus ticket start-up QuickBus has closed a round of seed funding to expand its operations abroad, reported Disrupt Africa.

Investors are Shorooq Partners, EchoVC, and Oman Tech Fund. "When you book a bus, you should know more than the price and the destination, you should know more about the experience you're going to have. That's how it is in other parts of the world and Africa shouldn't be any different," said Humphrey Wrey, CEO.

Enhancing technologies for Nigerian food industry

agrofood & plastprintpack Nigeria 2020 will take place in Lagos from 24-26 March. fairtrade Messe's managing director Paul März tells us more.

agrofood & plastprintpack Nigeria provides valuable networking opportunities.

Image Credit: fairtrade Messe

African Review: What are the innovative features that you are bringing to the events?

fairtrade Messe: 2020, agrofood & plastprintpack Nigeria has become more international. This year we'll have exhibitors from 29 countries on site, a record level of participation.

Many global leaders have renewed their participation, many country pavilions are present again such as Belgium, China or Germany. Italy and Kuwait are participating with official pavilions for the first time.

Paul März.

Image Credit: fairtrade Messe

Even more than ever, agrofood & plastprintpack is focusing on high-level B2B visitors, facilitating valuable business contact during the exhibition. Therefore, the organiser is investing in new marketing methods in addition to previous years, especially in social media as well as in new partnerships.

AR: Why is agrofood & plastprintpack so important for Nigeria?

FM: agrofood & plastprintpack really is about improving food and drink production in Nigeria and beyond, increasing agric-processing, ingredients, packaging and plastics manufacturing in Nigeria. Instead of importing finished products our objective for Nigeria is to become self-sufficient in its food supply and to export to neighbouring countries. This requires the latest technology, provided by our exhibitors. At agrofood & plastprintpack our exhibitors will be presenting solutions to avoid post-harvest losses and to raise the potential of Nigerian agri-production. This results in job creation and education locally as a starting point for further industrialisation in West Africa.

> "More than ever, agrofood & plastprintpack is focusing on high-level B2B visitors"
>
> **PAUL MÄRZ, MANAGING DIRECTOR, FAIRTRADE MESSE**

AR: Is there anything that you would like to highlight in the conference programs?

This year we can gladly announce that we are holding again a three-day conference with high-ranking local and international speakers from the agrofood and plastprintpack industry. The focus topics of the three-day conference programme will be:

- The Nigerian agrofood & plastprintpack industries in times of free trade
- Agro-tech & food processing
- Finance & digitalisation
- Plastics: stretching the potential ■

For more information visit agrofood-nigeria.com and www.ppp-nigeria.com

Ghana to power on with gas development

The gas sector is becoming increasingly important in Ghana. Exciting projects, important deals and big ambitions are set to contribute enormously to meeting energy needs across the country. Georgia Lewis reports.

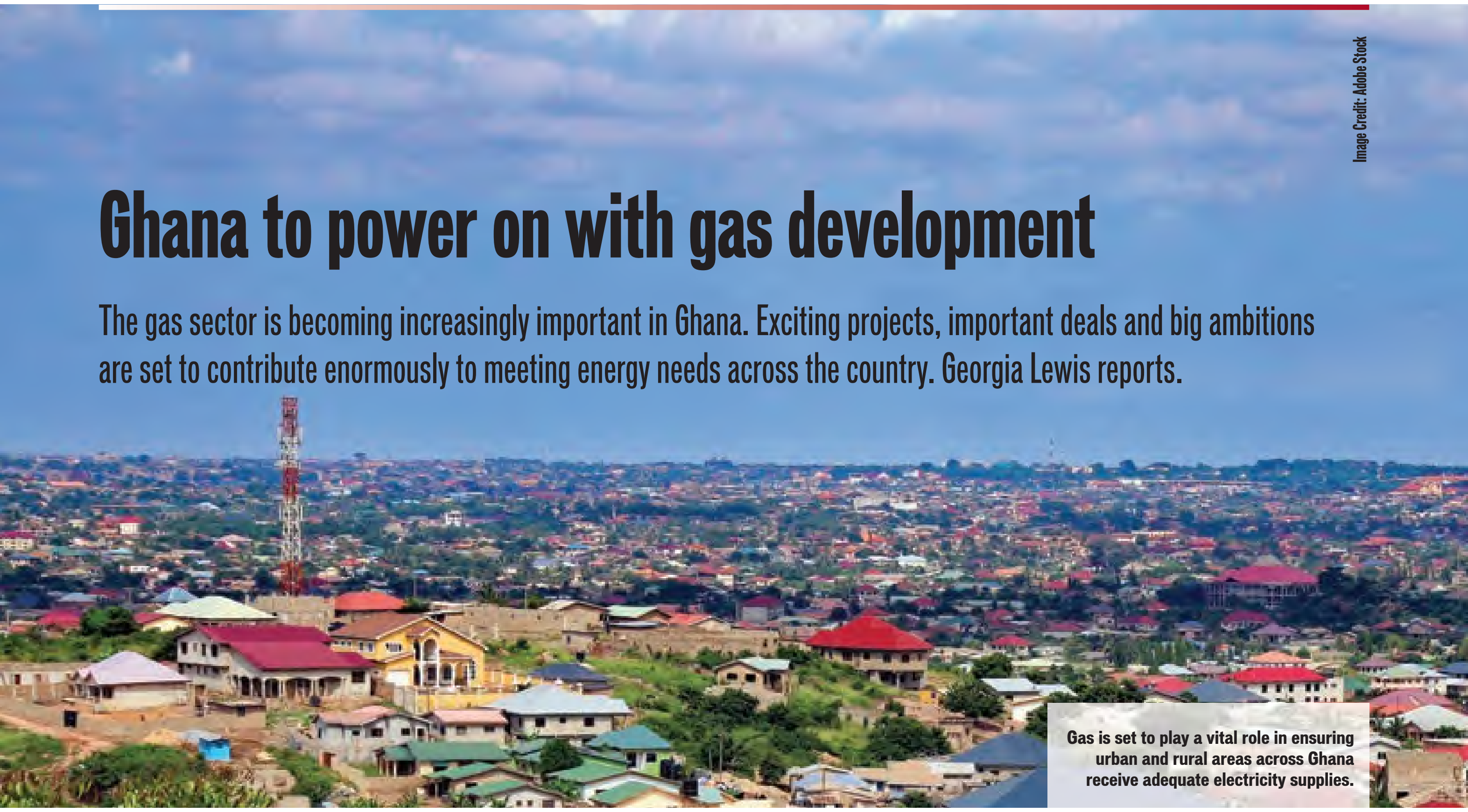


Image Credit: Adobe Stock

Gas is set to play a vital role in ensuring urban and rural areas across Ghana receive adequate electricity supplies.

Ghana has taken a largely sensible approach to the development of its hydrocarbons industry, and this is set to pay handsome dividends for the ambitious west African country.

At Africa Oil Week last year, Mohammed Amin Adam, Ghana's deputy minister for petroleum, emphasised this no-nonsense approach to managing oil and gas projects. He told delegates that plans to revise laws on oil and gas licenses, which have been sent to parliament, are part of a concerted effort to stimulate production. Licenses will be revoked from four companies which have not developed their assets.

Mr Adam added that the proposed legislative changes would allow companies in producing blocks to explore elsewhere in the same area without having to obtain a new license.

ENI's Offshore Cape Three Points (OCTP) offshore gas project has long been a major success story for Ghana. Last year, the project reached full production, producing 80,000 boe per day.

This impressive level of production will go a long way towards meeting the energy needs across Ghana. The focus is on providing domestic gas supply to national thermal power plants for at least the next 15 years across urban and rural areas.

The 15-year timeframe ties in well with the Ghana Renewable Energy Master Plan, which was presented to the Ministry of Energy by the Energy Commission last year. This ambitious plan constitutes an investment-focused framework for the development and promotion of the country's renewable energy resources to propel economic growth, improve social life and reduce climate change effects.

Targets include increasing the penetration of renewable energy in the national energy generation mix from the 2015 baseline of 42.5MW to 1363.63MW by 2030, cutting the dependence on biomass as the main fuel for thermal energy applications, and provide renewable energy-based decentralised electrification options in 1,000 off-grid communities. Gas, as the cleanest burning of the fossil fuels, has great potential to be a bridging fuel as Ghana works towards increasing the use of renewables in the energy mix.

A renewed impetus in energy sector resources is enabling improved power availability and less dependency on imported energy for Ghana.

Ghana's oil production is forecasted to rise to 500,000 bpd by 2030 and the Atuabo gas plant is expanding output to 220 million standard cubic feet of gas per day (mmscfd) by 2024.

LNG is also playing an important role in Ghana's gas sector. The country has big plans to become sub-Saharan Africa's first LNG importer this year as the Tema LNG terminal project nears completion. This project will be able to cover 25 per cent of the total electricity generation capacity for Ghana, with gas as a cheaper, cleaner fuel than oil.

A deal with Rosneft, the Russian energy company, will assist Ghana in diversifying gas imports away from Nigeria, which has not always been a reliable source of gas for meeting growing energy demand. Technology will play an important role here – advances in storage and regasification will help develop rapid LNG solutions which could set an example for markets across the region where gas reserves are ample, such as Senegal, Mauritania and Equatorial Guinea.

Vantage Capital has exited its Genser Ghana investment, a US$18.5mn infusion of funds which allowed Genser to develop major projects including two power facilities with a combined output of 35MW, as well as a 30MW power plant contracted by Kinross Gold Corporation's Chirano mine. Vantage's exit was financed by a consortium of South African banks, including Standard Bank, Nedbank and the Development Bank of Southern Africa. The additional debt now provided by the incoming South African banks will enable Genser to further expand the total capacity of its existing plants from 100MW to 190MW. Genser also intends to build an additional 190km of natural gas pipeline to connect the rest of its power plants, and, once completed, Genser will have increased the onshore natural gas pipeline infrastructure in Ghana by nearly 160 per cent. ■

> "Ghana is focused on using gas, both local and imported, to develop domestic power generation and meet its growing energy needs"

Upgrading Ghana's grid and transmission infrastructure

Siemens has signed a Memorandum of Understanding with Ghana to address the country's energy and infrastructure challenges, while contributing to the government's growth and development agenda of creating high quality jobs and enhancing the vocational skills of Ghana's youth.

The MoU was signed by Siemens and the Ghana Grid Company in the presence of His Excellency, the President of the Republic of Ghana, Nana Akufo-Addo and the president and global chief executive officer of Siemens AG, Joe Kaeser.

Image Credit: Siemens AG

Siemens and Ghana sign MOU to help meet the nation's energy challenges.

Under the agreement, the two companies will work collaboratively to upgrade and extend Ghana's transmission infrastructure, improve the country's grid capacity and stability, enable and expand a stable power export to neighbouring countries in the West African Power Pool.

"Access to electricity is an imperative need for the people and business and, thus, for economic success of any economy. As Ghana has significantly invested into generation capacity, there is now an urgent need to build a reliable, affordable and sustainable electrical network for the country and its people. With our proven and unique end-to-end electrification solutions, our expertise and reliability, Siemens can be a technology partner and help the country achieve its objectives," said Joe Kaeser, president and CEO of Siemens.

The Ghana President has set out to achieve an ambitious strategy to transform the country, both socially and economically, driving its progress to becoming a sustainably industrialised county. The government is delivering on the promises made in their 2016 election manifesto. These goals include the issuing of national ID cards, the reduction of electricity prices, reviving Ghana's railways and reversing the trend of declining economic growth.

"We applaud Ghana for all its achievements under the leadership of President Nana Akufo- Addo. We are eager to contribute to Ghana's successes by creating local value and being a powerful and reliable regional partner to the country's socio-economic development goals," added Kaeser.

IRENA SUPPORTS MALI IN RENEWABLES PROJECT

While the African country of Mali only contributes 0.06 per cent of the world's greenhouse gas emissions, it has been impacted by climate change. As such, it is seeking to diversify its energy mix sustainably and is doing so with the assistance of the International Renewable Energy Agency.

Mali, an IRENA member since 2010, is largely dependant on hydropower, mainly from the Niger River but with declining levels of rainfall, the country is looking to alternatives such as solar and wind power. The need is great with more than half of Mali's 19 million people lacking modern energy access. There is potential for these alternative energy sources in Mali with the south-western part of the country having 53 GW of solar potential, enough to meet expected power demands for the whole country. In September last year, IRENA helped Mali complete a Renewables Readiness Assessment. The consultation highlighted the need to encourage private investment in renewables, on and off the national grid.

FOSSIL-FUEL POWERED GENERATION TO END SOON

Independent Power Producers in Africa will be playing a vital part in providing hybrid energy solutions away from the grid if claims from Bruce Smith, director of forecasting and planning, Emirates Water and Electricity Company come true over the next 20 years.

During the World Future Energy Summit on 15 January in Abu Dhabi, he told investors and company CEOs, fossil-fuel powered electrical generation would soon be at an end, preparing the way for further adoption of solar PV into grid systems.

"We stand on the cusp of the most dramatic transition of electrical energy since the domestic supply of electricity first started in the 1880s," he told delegates. "We are at the beginning of the end of fossil-fuel powered electrical generation. Electrification of energy supply, electrification of water desalination, and electrification of transportation systems will increasingly become the norm.

"It is likely within 20 years, solar power combined with batteries will have largely displaced gas-fired generation. Within 10 years, membrane-based desalination will have replaced thermal-based desalination that makes up our water production today. This transition will happen in many places even before considering the critical need to reduce humanity's carbon footprint and dire consequences if we do not act."

He said that while the economic picture shows the economic advantages of a rapid transition to the electrification of energy systems and a low carbon grid, there are challenging technical issues to overcome in the years ahead.

"Over the next 10 years, there will be a revolutionary change from producing 100 per cent of our energy and water from gas, as of 2018, to a portfolio dominated by a zero carbon generation," he explained.

BRIEFS

Image Credit: Adobe Stock

Solar PV panels were among solutions unveiled at WFES.

WFES displays sustainable tech

The world's latest innovations in sustainable tech - from highly efficient solar photovoltaic panels, to solutions that can convert humidity into water, and waste bins that can automatically sort recycling - were on show at the World Future Energy Summit (WFES), highlighting a market opportunity worth an estimated US$9bn.

Among solar PV innovations included AE Solar GmbH's Smart Hot Spot Free PV Modules to reduce power output loss.

AOP 2020 will bring diverse energy sector audiences together.

AOP 2020 focuses on energy transition

The fifth edition of Africa Oil & Power will be launching renewables, African LNG and energy finance events in Cape Town on 15-17 September. The theme of this year's conference, marking the entering into force of the African Continental Free Trade Area, is #InvestWithoutBoundaries.

AOP 2020 is the only conference on the continent that unites power with petroleum, focusing on the driving factors behind Africa's energy transition.

Off-grid companies receive multi-million dollar equity boost


The African Development Bank is the FEI OGEF's main sponsor.
Image Credit: Adobe Stock

The Facility for Energy Inclusion's Off-Grid Energy Access Fund (FEI OGEF) has reached a final equity close with US$59mn in committed equity capital and US$36mn debt facilities, to support innovative, off-grid energy access companies.

The final close, reached on 18 November 2019, was made possible through a US$15mn equity contribution from the European Union, and a further US$17mn from KfW, acting on behalf of the German Federal Ministry of Economic Cooperation and Development (BMZ). Additionally, the EU is providing US$2mn to fund a technical assistance facility, to enhance local currency financing. Other OGEF equity investors include the Nordic Development Fund and All On Calvert Impact Capital and the Prudential Insurance Company of America.

OGEF expects to raise further debt towards its US$130mn target over the next 12-18 months.

The African Development Bank is the fund's anchor sponsor with a US$30mn contribution, and US$8.5mn from the Global Environment Facility (GEF).

Welcoming the EU and KfW contributions, Wale Shonibare, the bank's acting vice president for power, energy, climate change and green growth, emphasized the strategic importance of FEI in delivering the bank's renewable energy strategy for Africa, and the global SDG7 goal of energy access. "We are pleased to welcome the participation of like-minded partners in our shared ambition to promote access to modern, reliable and sustainable energy in Africa, and to enhance private sector participation in order deliver electricity to underserved communities in Africa," he said.

Modern, high-quality off-grid connections can transform lives, Babette Stein von Kamienski, KfW's director of power and energy in Southern Africa, noted.

FORMER RAPPER AKON LIGHTS UP HOMES

Akon, who is now co-founder and chairman of Akon Lighting Africa spoke about his company's mission to light up homes across the globe at the Future Sustainability Summit in Abu Dhabi.

He addressed delegates on What Tomorrow's Generation Demands of Today's Leaders'.

"I was proud to speak at the Abu Dhabi Sustainability Week (ADSW) this year," said Akon. "The success of the ADSW over the years reflects the passionate involvement of Masdar and its leadership, Mohamed Jameel Al Ramahi, to make the world a better place by harnessing the potential of renewable energy and bringing together the newest technologies available. With our mission to bring electricity to homes and communities across the world, the ADSW, reaffirms our faith in the potential of people coming together to make a positive difference."

Gunter Pauli, entrepreneur and author, South Africa, joined a discussion on the 'The Transition to the Circular Economy: Will Plastics or Energy Lead the Way?'

The future for the mining sector looks positive as more power solutions come onto the market.

Image Credit: Adobe Stock

Brave new world

South African mining sector opens up to new opportunities and new technologies for rental power players.

Rental power has long underpinned major industries and businesses right across Africa, from remote mine sites to five-star city hotels.

It has provided a steady stream of business for big industry players such as Aggreko, SDMO, Himoinsa, among others, for many years.

The continent's inadequate power supply suggests that this will continue for some time to come.

Indeed, the opportunity appears only to be increasing in South Africa, the region's biggest economy, where the nation's state electricity provider Eskom is struggling to meet demand following years of under-investment.

The bigger the problem, it seems, the bigger the opportunity.

Turkey's Karpowership is reportedly looking to float its giant power ships in to help ease energy shortages, just as it has done successfully in Ghana and elsewhere.

The floating power stations have been providing up to 450MW of power to the Electricity Company of Ghana for almost five years, providing vital support for economic growth.

It follows a request for proposals by South Africa's Department of Energy in December to source up to 3,000MW of power generation capacity as quickly as possible.

"We have identified several locations that we believe are potential injection points," Patrick O'Driscoll, global sales director at Karpowership told Reuters in a recent interview.

The ships essentially float offshore and plug into the domestic grid network, to provide quick and easy support to the national power system.

O'Driscoll said the company also recently delivered and operated a 120MW contract in Senegal, providing electricity within nine weeks.

Self-generated power

For smaller operators, there are also emerging opportunities to supply South Africa's lucrative mining industry directly, effectively by-passing Eskom.

The energy-intensive sector, which has had to cut production because of power shortages, is calling for permission to source electricity directly for mines.

Mines and energy minister, Gwede Mantashe, responded in February telling the Investing in African Mining Indaba conference that the industry would now be allowed to self-generate electricity for its own use.

At the same event, Anglo American chief executive Mark Cutifani, welcomed the move and highlighted the impact rolling power blackouts have had on South Africa's strategic mining sector and its economy overall.

He said self-generated power by the industry could help supplement Eskom's own constrained capacity.

> "There are pilot projects in the pipeline already, including our large-scale solar PV project for the Mogalakwena PGMS"
>
> **MARK CUTIFANI, ANGLO AMERICAN CHIEF EXECUTIVE**

Yet it comes at a time when the industry is likewise facing critical environmental challenges too, which has fuelled an interest in non-traditional power sources, notably renewables.

"There are several pilot projects in the pipeline already, including our large-scale solar PV [photovoltaic] project for the Mogalakwena PGMs [platinum group metals] mine, and our role in helping develop the 100MW Kathu Solar Park in the Northern Cape," he told delegates at the event.

Similarly, Cutifani said that more energy is now needed to produce the same amount of copper compared to decades earlier because of declining grades, meaning more rock needs to be processed.

Changing with the times

It highlights a trend that could spell change for traditional thermal-based generating set (genset) providers, which still provide vast amounts of reliable power to mines across Africa.

Another big South African miner, Gold Fields, has wanted to build a solar plant at its South Deep gold mine outside Johannesburg for several years.

But building large solar parks can be a long, drawn-out process, which suggests the door remains open for thermal genset suppliers to deliver a near-instant impact in terms of new and immediate energy for the mines.

Moreover, traditional gensets remain the number one choice for emergency back-up power, not only in energy-hungry businesses, but also among householders.

Indeed, Gold Fields says its solar project at South Deep, would provide only a fifth of the mine's annual power needs over 20 years. One of the world's deepest gold mines, it needs huge amounts of electricity for cooling and ventilation.

Local players such as Elegen, which provides generators using OEM engines from the likes of Cummins, Perkins and Volvo, are alert to the opportunity.

International players are also seeking to square off the myriad challenges, from South Africa's need for more power as soon as possible to the tricky environmental issues. It brings with it a raft of innovation.

Inmesol recently released its streamlined eco-friendly gensets, delivering diesel-based power, with climate mitigation measures and energy-saving enhancements.

Its new C-Genset comes with an eye-catching cylindrical canopy, which it says is lighter and more compact than the traditional rectangular box-shaped plant.

As the energy sector continues its transition in the face of climate change, expect more innovation to come – and quickly too in response to the call for self-generation among South Africa's mines. ■

By Martin Clark

BOOT solution for short- and medium-term projects

Abdou Poulho Sow, sales director, West and Central Africa, Altaaqa Global Energy Services talks to *African Review* about the merits of using the Build-Own-Operate-Transfer (BOOT) model for short- and medium-term power projects.

Altaaqa Global Energy Services has introduced Build-Own-Operate-Transfer (BOOT) model to short- and medium-term power projects after noticing a gap in the energy market.

BOOT is traditionally used in the IPP space for longer term contracts, with rental normally being the primary option available for short-term and medium-term projects. Going the rental route means that the temporary power plants are demobilised or equipment is returned to the power provider's yard at the end of a contract.

Clients are then faced with the limited prospect of signing a new contract at a higher price if they choose to hire the plant or equipment again in the future.

Last year, Altaaqa Global started offering its clients an alternative solution to the rental model, proposing BOOT for short- and medium-term projects, which allows for the transfer of ownership of the power plant asset at the end of the contract, requiring no upfront or balloon payment.

Impressively, Altaaqa Global now has several power plants on the BOOT model in place across West Africa, Latin America and Eurasia and hopes more public and private off-takers will take advantage of this unique offering.

"Since we started proposing BOOT in 2019, it has gained the attention of our existing clients and new customers too, which is very encouraging for us. Being a pioneering offering in the context of short- and medium-term contracts, we see that there are still more people that we need to educate about BOOT and its potential benefits to their business operations," said Abdou Poulho Sow, sales director – West and Central Africa.

He said in West and Central Africa, it is highly important for mining, manufacturing and industrial applications due to the fact it reduces financial and technical risks and eliminates the need to make upfront payments.

"In the African context, BOOT will make a real difference," Sow continued. "A company will be able to see that they can duplicate the BOOT model in other countries where they have plants and other mines.

"For example, once the customer owns the plant at the end of the contract, they could then either keep the power plant as back-up to maintenance, for peaking requirements, future growth or, more importantly, transfer it to other mine sites at minimum cost to the mine owner.

Image Credit: Altaaqa Global Energy Services

Abdou Poulho Sow.

"They will understand that this can be implemented in a wide range of territories and applications, helping them to progress and grow their core business, while we take care of their energy needs in all aspects – 24 hours, seven days a week."

Benefits

There are many benefits of the BOOT model for clients with short- or medium-term projects. Namely, Altaaqa Global can assume the financial and technical risks associated with a power project. They are able to confidently offer this because they are a company with a strong financial performance and support from their parent company Zahid Group, and because their in-house team of plant engineers and technicians are highly trained and qualified to operate multi-megawatt power plants running on a variety of fuels.

Through the BOOT model, Altaaqa Global will finance, design, build, own, operate and maintain the power plant, while the client pays for the cost of energy and Altaaqa Global's services at regular intervals.

Altaaqa Global's power plants comprise state-of-the-art and cost-efficient power generation technologies that dramatically lower the total cost of ownership.

"In the long run, our customers are saving significant sums of money in fuel thanks to the latest technologies that make up our plants. Whether it be gas, diesel oil or heavy fuel oil, the efficiency rate is around 44 per cent, which is very good compared to the industry in general," said Sow.

From an operations and maintenance (O&M) perspective, Altaaqa Global's plants are run and maintained by highly trained engineers and technicians to ensure efficiency and reliability.

"O&M is an integral part of our offering, and it is what makes our BOOT proposition unique. It is a fully integrated solution that responds to our clients' needs from all aspects – financial, technical and operational," Sow said.

He continued, "We have seen some customers who have had to replace very expensive equipment in less than six months or a year due to the fact they face power and voltage variation, which has a negative impact on the daily operations of their equipment. With our solutions, they have this assurance of 100 per cent power availability."

Long-term partnership

Clients, also looking for a longer term solution, can continue their partnership with Altaaqa Global even as the contract expires, should they require technical training or O&M support.

"The BOOT model provides us an opportunity to have a continuous relationship between our clients after a contract ends. We can continue training their staff, or operating, monitoring and servicing the power plant installation. We may also offer spare parts assistance or a complete overhaul. Overall, it is a flexible solution, helping their economic development – it's a win-win situation," said Poulho Sow.

New mining customers from West and Central Africa are already keen to implement these BOOT solutions following discussions with the Altaaqa Global Energy Services team during Investing in African Mining Indaba in Cape Town last month.

"These projects are going to be up and running in six months to a year's time. We have the opportunity to offer them a unique solution, which gives them peace of mind and is going to make a real difference to what they are used to." ■

Unlocking growth from SA's wind power potential

South Africa's challenged energy sector is moving from coal-fired to clean energy sources over the next 10 years, with wind power playing a significant part in this important transition, boosting the job market in the process.

SA's energy sector is poised to unlock economic growth and deliver thousands of new jobs, many of which will be created in the wind sector. Pictured: Noupoort Wind Farm.

Transitioning from its coal-powered energy base to a much cleaner, greener future where renewables play a much greater role, is the aim set out in the South African Government's 2019 Integrated Resource Plan (IRP). And even while Stage 6, 4 and 2 power cuts have been costing the economy dear since December, setting sail for a greener economy through the IRP, not only maps out the energy mix for the next 10 years and envisions the nation's electricity production capacity rising significantly by 2030, but also outlines increased allocations for renewables. Wind power leads the field with a projected future target contribution of 18 per cent from hydro-energy's eight per cent and solar's six. (Perhaps, with a renewable future, power cuts will, one day, become a distant memory).

Back to the recent past, however, and referring to the fourth quarter of 2019 in the IRP, Minister of Mineral and Energy Resources, Gwede Mantashe, said renewable energy presents an opportunity to produce distributed power closer to where demand is and to provide off-grid electricity to remote areas adding, "The IRP underscores SA's continued commitment to invest in renewable energy. A share of the new electricity generation capacity will come from renewables, including wind, thus, providing an opportunity for investment."

> "The IRP underscores SA's commitment to invest in renewable energy"
>
> **GWEDE MANTASHE, MINISTER OF MINERAL AND ENERGY RESOURCES**

For the South African Wind Energy Association (SAWEA), the IRP presents a positive apportionment for wind as the country attempts to reduce its carbon emissions and alleviate overall power shortages. The SAWEA's CEO, Ntombifuthi Ntuli, said with the 18 per cent of the total capacity allocation, the wind industry views the commitment to 1.6GW per annum as a positive step by the government, "as this allocation will allow Original Equipment Manufacturers and first-tier suppliers to commit to local manufacturing of certain components, which contributes directly to job creation".

And that's another positive factor about the government's aims, as a move to build the new renewables' sector will bring growth opportunities for the economy, even as the country embarks on massive decommissioning of old coal-fired power plants as they reach the end of their typical lifespans during this next decade to 2030. Ntuli said the 14.4GW of new generation capacity is expected to attract more than R300bn (US$20bn) in investments, create jobs across the industry value chain and, crucially for many, deliver cheap electricity, with the investments flowing into a number of industries, including construction, manufacturing, transportation and warehousing, as well as finance and professional services.

The overall picture shows that harnessing the power of wind is set to achieve much more for the nation than simply improving energy security, with an emphasis on the development of new skills right across the wind sector, which will more than likely be exportable across the region to establish new projects in other wind energy hotspots.

Wind's manufacturing potential

The consistent annual 1.6GW, as allocated in the 2019 IRP, is set to give local manufacturing a major boost, with an opportunity to localise more components, including wind turbine blades. Currently, only the steel towers, concrete towers and tower internals are manufactured in SA. In fact, during the industry's three-year delay in signing Power Purchase Agreements, together with delays in the release of the 2019 IRP, local manufacturers were heavily impacted, with one local wind tower company managing to keep operating by exporting its towers, while the other SA tower maker was forced to close. However, the remaining facility is already producing 150 steel wind towers a year, and even though it does have the ability to make more, in order to meet local content requirements for this magnitude of annual procurement, an additional wind tower facility will need to be established. In addition, market certainty offered through the IRP may well make the local manufacturing of blades and nacelle assembly a major possibility in the country. A successful localisation programme, however, depends on a consistent project pipeline without the delays that have plagued the sector in the past.

Image Credit: SAWEA

SA is transitioning from its coal-powered energy base to a much cleaner, greener landscape, where renewables like wind will play a much greater role.

But it does look like SA's energy transition is poised to unlock economic growth and deliver thousands of much needed new jobs, although thousands of jobs needed for the next round of wind farms to be built still await a ministerial determination for the go-ahead.

According to the SAWEA, 12 wind farms are currently being constructed across the country delivering thousands of jobs to local communities, as well as high levels of local content, which is in line with Minister Mantashe's stated imperative that the renewable energy sector, wind stakeholders included, increases its local content efforts. Perdekraal East Wind Farm, in the Western Cape, for example, is currently under construction and providing local employment to community members of Ceres, Nduli, Bella Vista and Prince Alfred Hamlet; it is just one of the projects helping drive the local sector. Indeed, construction project manager for Perdekraal East Wind Farm, Glenn Hobson, said that the farm's obligation for local content exceeds 48 per cent of the total project value.

During the IRP period to 2030, an average of 17 new wind farms will be built each year, with local manufacturing set to boost economic growth and job creation. And with the additional tower making capacity and facilities awaiting the government's next bid round, as part of the Renewable Energy Independent Power Producers Procurement Programme (REI4P), the manufacturing sector, according to Ntuli, is "poised to create jobs". The SAWEA says the annual capacity of 1.6GW per annum translates to a need to make 640 individual towers and 1,920 turbine blades, each year.

When one considers that the existing local tower manufacturing facility in Atlantis, on the Cape's West Coast, currently producing those 150 towers, has created 340 direct jobs and 200 indirect jobs, this means making 640 towers locally will, potentially, create 1,360 direct jobs and about 800 indirect jobs. ■

By Tim Guest

2019 sees continued strong performance at Volvo CE

Volvo Construction Equipment (Volvo CE) reported a strong performance in 2019, delivering another record set of annual financial results and growing market share in the world's largest construction market, China. For the full year, the company saw sales rise 5 per cent, despite a slight sales dip in the fourth quarter.

Net sales by market area SEK M	Fourth quarter 2019	Fourth quarter 2018	Full year 2019	Full year 2018
Europe	6,791	6,729	30,300	27,291
North America	3,300	3,836	17,404	15,575
South America	617	605	2,532	2,304
Asia	7,930	7,571	33,932	33,781
Africa and Oceana	1,078	1,581	4,437	5,287
Total	19,716	20,323	88,606	84,238

Image Credit: Volvo CE

Table 1: Volvo Construction Equipment, net sales by market area, in millions of Swedish Krona.

In the fourth quarter of 2019, overall net sales decreased by 3 per cent to SEK 19,716mn (US$2mn).

In the Africa and Oceana markets. For the full year in 2019, this market area produced SEK 4,437mn (US$460,220) Operating income amounted to SEK 1,931mn (US$197,000), corresponding to an operating margin of 9.8 per cent compared to 10.6 per cent in last quarter of 2018). Earnings were positively impacted by currency movements, to the value of SEK 113mn (US$11,7mn).

For the full year, net sales increased by 5 per cent, to SEK 88,606mn (US$9.1mn). Adjusted operating income increased to SEK 11,910mn (US$1.2mn) from SEK 11,306mn (US$1.1mn) the previous year, corresponding to an operating margin of 13.4 per cent.

"2019 was another year of good performance on several levels," says Melker Jernberg, president of Volvo CE. "We gained market share in the larger equipment category in North America and in Europe saw good developments in sales, operating income and cash flow. Asia has had its challenges, but in China we see encouraging market share growth in large excavators and wheel loaders, which is good to see."

Demand in Europe improved during the fourth quarter, and was up 6 per cent by the end of November, helped by continued growth in Germany, Italy, France and Russia. North America was also up by 6 per cent over the same period in 2018, helped by greater demand for larger equipment, while South America saw a gain of 17 per cent, driven mostly from growth in Brazil. Excluding China, Asian markets were down by 11 per cent compared to last year. The Chinese market itself continued to grow, and was up 8 per cent, with increased demand for both excavators and wheel loaders.

ATIAK-LAROPI ROAD IN UGANDA TO BE REVAMPED

STRABAG International has signed a 54 million-euros (US$59mn) contract to upgrade Atiak-Laropi Road (66km) to paved standard in Uganda, according to the company's firm website.

The works on the 66km stretch of road is situated 400km north of Kampala, the capital. It is part of a regional, national and international route connecting the remote North-Western region of Uganda and South Sudan to Kampala via the northern regional capital of Gulu.

The road begins in Atiak, at a junction off the Gulu-Atiak-Nimule Road, which runs in a north westerly direction throught to Adjumani town, ending at Umi, the ferry landing site on the River Nile.

The existing gravel road will be upgraded to an asphalt-covered road and will be widened up to seven metres carriageway, with two metres shoulders. Drainage works and pipe culverts will be carried out, including a ferry pier on the Nile bank.

SLOW ECONOMY DEMANDS QUALITY IN READYMIX

With South Africa's construction sector in the doldrums, it is vital that material suppliers get smarter. AfriSam's Jukskei readymix plant is doing just that, says operations manager Kevin Naidoo.

"Readymix is a high-speed game," Naidoo says. "The poor state of the market, and the continuous entry of new players, only adds more pressure for us to be faster and better."

He highlights that quality remains a critical factor for readymix in the construction sector, as lives depend on concrete performing as expected. This means that systems and technology should always be advancing to harness productivity while prioritising control.

Digital communication technology is among the tools that are embraced by the group. In one such application, variances in plant performance can be communicated directly to managers' mobile phones, he says.

The state of the sector is reflected in the output from the Jukskei plant in Midrand, located in Gauteng's urban economy.

"Despite the weaker demand, our standards remain high," Naidoo says. "Customers rely on that from us."

The increased risk of using readymix concrete suppliers without the necessary quality controls, he says, leads customers to always come back to AfriSam. All the company's 40 readymix operations nationwide are certified for the ISO 9001 quality standard. They are also fully accredited members of the Southern Africa Ready-Mix Association (SARMA).

"This gives our customers the confidence they need in the quality of our systems and our products," he says. "They know that our affiliations demand rigorous auditing – both internal and external – of our operations. This is vital in managing the considerable risks inherent in their projects, especially in infrastructure and large building projects."

BRIEFS

AfDB approves financing for Rwanda plant

Image Credit: Adobe Stock

The Ruzizi IV hydropower plant will supply 287MW of electricity.

The board of directors of African Development Bank Group has approved an eight million euros grant drawn from the European Union's Africa Investment Platform (EU-AIP) to support the preparation of the Ruzizi IV Hydropower Project. The plant will be situated on the Ruzizi River between Rwanda and the Democratic Republic of Congo and will supply electricity to the DRC, Burundi and Rwanda. When completed, Ruzizi IV is projected to produce 287 MW of electricity.

Work on East African highway starts

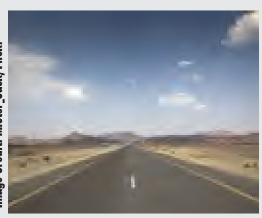


Image Credit: Mister_Jack/Flickr

The Mombasa-Mtwapa dual carriageway tenders are being advertised.

The Kenya National Highway Authority (KeNHA) has put out tenders for the construction of part of the 460km East African Coastal Corridor development project, according to The EastAfrican newspaper. The tenders advertised for two phases of the 13.5km Mombasa-Mtwapa (A7) road. "The Kenya and Tanzania governments have finalised all their requirements to pave way for the construction of the coastal highway," Gabriel Negatu, East Africa director general of AfDB.

Image Credit: Smith Power Equipment

Backhoe loader versus compact excavator

Tom Bloom, director for Construction Equipment at Smith Power Equipment, explains why these two construction machines will exist together in the future.

The backhoe loader, better known as the TLB in our local circles, has always been deemed the trusted 'pick and shovel' of the local construction industry, and continues to dig its way onto local sites. However, in line with global trends, the compact excavator is continuously digging for a sizeable share of the market as the move towards compact solutions on African sites continues to gain pace.

Backhoe loaders can perform not only trenching, lifting, excavating and loading jobs, but they can also travel at higher speeds in a wide range of applications. On the other hand, mini excavators are compact and lightweight to minimise track marks and top ground damage, especially in sensitive working areas.

In terms of jobsite size, TLBs can travel easily across a jobsite to complete more than one task, and an extended line of work tools improves versatility. Meanwhile, mini excavators can fit through small gates and around crowded sites to complete jobs in tight spaces, such as occupied parking lots and indoor projects.

With manoeuvrability in mind, the mini excavator is more versatile in a lot of digging situations, but keep in mind that with a mini excavator comes a trailer and/or a truck to move it. The backhoe loader can be driven between sites.

> "The compact excavator sector is the only market currently showing growth opportunities"

The future of TLBs and excavators

While the TLB still offers an array of benefits and still continues to earn a spot in operators' fleets, there is general consensus that the compact excavator is fast growing as a tool of preference on South African sites.

Customers are benefiting from the versatility of small excavators on sites and increased productivity. To give an idea, mid-sized units such as the 8-tonne (Kubota KX080) are taking trenching work away from the tried-and-tested TLB, and we believe that it is only a matter of time before the compact excavator becomes the prime tool of choice considering the comparative production speeds.

While the TLB continues to hold a sizeable share of the market, the next big thing may be the compact excavators. The market is growing significantly, accounting for a whopping 100,000 units a year globally. In South Africa, the market is still approximately 130-140 units strong, with model ranges varying in size and capacity. We believe the compact excavator sector is the only market currently showing growth opportunities although the total volume is not the biggest in the compact machinery sector.

There are application opportunities in plumbing, electrical and telecommunication, as well as in the specialised agricultural sector. At Smith Power, as demonstrated by our focus on compact machines in for many years, believe that the future is compact supplying both compact excavators and TLBs to the market. However, we do not necessarily believe that the compact excavator will entirely replace the TLB. The two solutions will co-exist together. It just depends on what you are doing, where you are doing it and how much space you have. ■

For more information about Smith Power Equipment, visit www.smithpower.co.za

BOBCAT A-SAC SYSTEM FOR MINI-EXCAVATORS WIN INNOVATION AWARD

The Bobcat Advanced Selectable Auxiliary Control (A-SAC) System developed for the company's R-Series mini-excavators from 2-4 tonne has won a 'Technical Innovation Award' from the jury for the Samoter Innovation Awards 2020. The award was presented at a ceremony that took place on 23 January during the Samoter B2Press dinner, at the Hotel Due Torri in Verona in Italy.

The Innovation Awards are part of the activities accompanying the Samoter 2020 exhibition, which will take place in Verona from 20-25 March. The A-SAC System will be exhibited on the indoor Bobcat stand as well as in the outside demonstration area at the show and is one of many new developments from Bobcat being presented at this edition of the triennial Samoter international fair.

Bobcat introduced the company's original Selectable Auxiliary Control (SAC) system with the launch of the R-Series mini-excavators in 2018. The SAC system is a unique solution developed by Bobcat that enables operators to customise control patterns of auxiliary hydraulic circuits on Bobcat excavators, depending on their set-up preferences for using hydraulic attachments.

A-SAC system has been developed for R-Series mini-excavators.

Image Credit: Bobcat

As shown in the pictures, the SAC system is operated by using the push buttons conveniently located on top of each of the joysticks in the excavators. Used in combination with the SAC switch on the control panel, the operator can select one of seven pre-set control pattern combinations that allow them to keep their hands on the joysticks when carrying out their work. This leads to higher productivity and saves time and money that would otherwise be lost through having to get used to new working modes or machine customisation.

"We developed the A-SAC system to further enhance the original SAC functionality by allowing the operator to adjust the speed of each function. Using the A-SAC system, the operator can easily customize the settings for up to seven different attachments or applications. This improves performance and precision when using specific attachments," explains Robert Husar, the product line manager for mini-excavators at Bobcat, commenting on this OEM industry unique functionality for compact equipment.

The A-SAC system will be available as an optional feature for current and future Bobcat R-series excavators and is also retrofittable on all Bobcat R-Series excavators from 2-4 tonne.

For sorting grapple operations, for example, the operator can choose to have tilt (AUX4) and rotate (AUX2) functions combined on the left hand joystick, with the opening/closing function (AUX1) remaining independent on the right hand joystick. With the A-SAC system, the operator can adjust the speed of each of these functions individually to suit particular jobs or their skill levels. When moving on to a different job with the same attachment, the operator can easily switch to a different setting that they will have predefined with the A-SAC system.

Taking performance and innovation to new levels, the R-Series mini-excavators from 2-4 tonne comprise five compact excavator models – the E26, E27z, E27, E34 and E35z – offering a best-in-class mix of excellent visibility, high digging forces, superb stability and smooth controllability of working functions complemented by low weights for easy transportation. Excellent machine fit and finish plus their ground-breaking design features make the Bobcat R-Series unique to the market.

CONCOR URGES QUICKER CONSTRUCTION RECOVERY

Concor's new group CEO Lucas Tseki is confident South Africa's construction sector is turning the corner, provided there is no further delay in the adjudication and awarding of large infrastructure contracts by government agencies.

"Concor has weathered one of the industry's worst downturns and emerged with a robust balance sheet to capitalise on our current and future opportunities," said Tseki. He says the government needs to send the right message by speedily awarding contracts.

"As Concor, we are battle-hardened by the past few years and ready to embrace the prospects of 2020 and beyond," he said. "For my part, I am ready to listen, to learn and to lead."

The black-owned infrastructure and building construction company, previously Murray & Roberts Construction, is leveraging over a century of experience to become the leading player in its segment.

Tseki acknowledges there are many challenges lying ahead for the construction sector. Not least of these is the rebuilding of trust between major stakeholders including contractors, government, banks, developers and labour.

"The pressures of a low growth economy have strained relationships between the players in the industry," he continued. "We must now generate a more collaborative approach that prioritises continuity and sustainability in how we deliver and maintain the nation's infrastructure."

He emphasises that SA's future growth relies on sound investment in quality construction projects. Given the poor economy, innovative funding and contractual solutions will be needed to pursue infrastructural developments.

AFRISAM URBAN QUARRY AND PLANT DEFINE GOOD NEIGHBOURLINESS

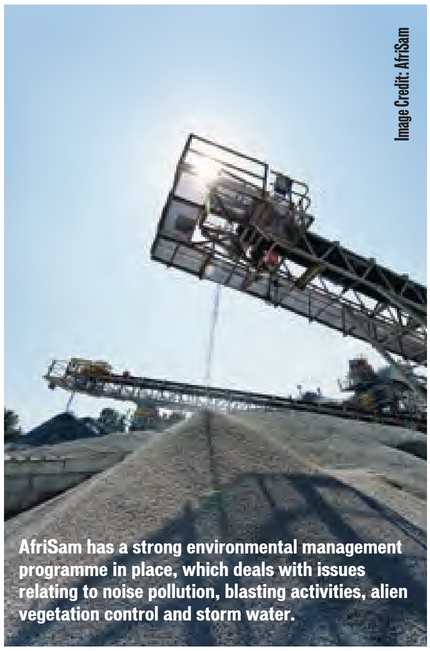
Increasingly hemmed in by urban development, AfriSam's Jukskei quarry and readymix plant have been applying ever more stringent controls and standards to remain a friendly neighbour.

When the Jukskei quarry began operation some seven decades ago, its location was decidedly rural. However, the surrounding area of Midrand developed rapidly, and in the last 10 to 20 years in particular, various neighbours have closed in around the Jukskei aggregate and readymix operation.

"Today, we are surrounded by residential, commercial and industrial developments," said Zielas Du Preez, regional manager for AfriSam's Gauteng Aggregates Operations. "This process, alongside the changes in environmental regulations, means that we are constantly improving the way we work."

Noise, dust, blasting and water quality are among the most important areas of focus. To minimise the impact on surrounding areas, noise monitoring is regularly conducted.

Measuring points around the operation feedback information on how noise is being dissipated. The data populates an annual survey against which performance can be checked.



AfriSam has a strong environmental management programme in place, which deals with issues relating to noise pollution, blasting activities, alien vegetation control and storm water.

With the crushing of blasted granite into various aggregate products, and the constant movement of trucks and other equipment, dust is inevitable. A number of strategies to control dust are applied, Du Preez says. These range from sprays inside the high speed crushers, activated on start-up, to water spray systems along the roadways to suppress air-borne dust.

This success is measured with the monthly analysis of Dust Fallout Buckets, strategically placed in numerous positions around the operation. The collection and analysis of these buckets are performed by an independent consulting group.

Monitoring of water quality is also critical, both upstream and downstream of the pit. This is done at seven sample points, ensuring that any seepage from the quarry is not negatively affecting water quality.

Controlling blasts in the quarry leverages the latest technologies to keep noise, vibration and other impacts low. He notes that electronic blasting has revolutionised the quest for more effective and better controlled blasts.

"Using electronic blasting technology and blast planning software, we can simulate each blast within optimal parameters," he says. "We keep air blast, vibration and fly rock to a minimum, while still achieving our required fragmentation for the crushers."

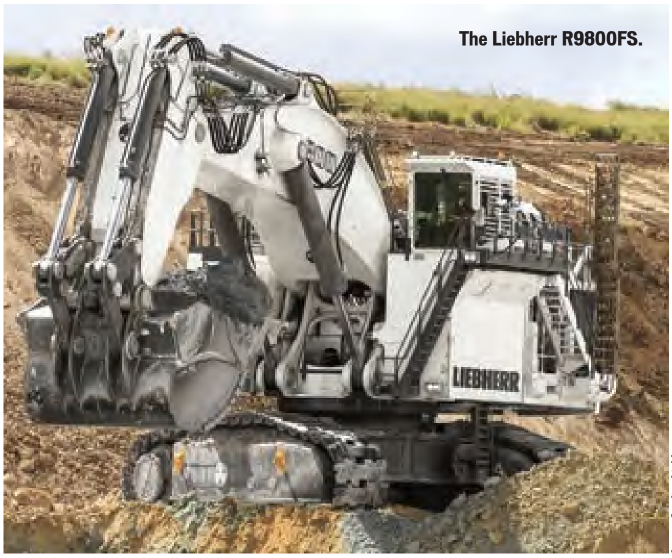
The Liebherr R9800FS arrives in Botswana

CEO of Kanu Equipment Stephen Smithyman talks to *African Review* about the arrival of the Liebherr R9800FS – one of the world's largest mining excavators – in Botswana and what this means to the mining side of the business.

Congratulations Stephen on the successful delivery of the Liebherr R9800FS in Botswana. How significant is this for your mining business in the country and deepening relations with Liebherr for years to come?
This is very significant for Kanu Equipment as the R9800FS is the first Liebherr machine of this size to be delivered in Botswana.
Liebherr has around 15 of these machines operating globally and this is the first one to be sold by a Liebherr authorised dealership. As a strategic partner to Liebherr, we are committed to delivering a world class service and support for this machine in Botswana. We truly appreciate and are humbled by the investment that has been granted to making this happen.

You recently built a brand new office and warehouse in Botswana, what will these premises mainly be used for?
The new premises is a vast upgrade in comparison with where we were before. We took the strategic decision to relocate not only to improve on our turnaround times and service delivery but to increase our capacity to hold larger and more machines as well as a wider range of spare parts.

Why is there so much hype around this particular excavator in diamond mining? What are the main features that are so sought-after in Botswana?
The Liebherr R9800FS is one of the largest mining excavators in the world, affording Debswana the exceptional advantage of increasing their production and productivity. They will now be in a prime position to reduce the cost per tonne of diamonds mined thanks to faster turnover rates, not to mention fuel efficiency.



The Liebherr R9800FS.

Image Credit: Liebherr

Is Debswana Diamond Company still a major customer for Kanu Equipment? Is it still supplying them for any large projects?
Debswana is a major customer for Kanu Equipment. We pride ourselves on our ability to meet their requirements and are passionate about developing the relationship further to become an entrenched extension to their operations. We understand that a machine is only as good as the support that we can offer and we are investing a lot with Liebherr to ensure that this machine is fully supported and that it exceeds all of Debswana's expectations.

> "We are investing a lot with Liebherr to ensure this machine is fully supported and it exceeds all of Debswana's expectations"

Are there any projects or other mining customers you are working with that you can speak about in Botswana or any other countries?
We work with a variety of major mines across Africa and we support a number of mines in Botswana. Our positioning statement remains 'Experience the Support' which is in line with our vision to reduce the cost per tonne and increase productivity for the benefit of all mining operations in the countries where we operate.

Are there any other markets Kanu Equipment is looking at in 2020 to expand its footprint across Africa? Could you tell us which markets it is already present?
The major mining operations we support are in Botswana, Namibia, Zimbabwe, Ghana, Côte d'Ivoire, Sierra Leone, Tanzania and the DRC.
We are continually looking for more opportunities but it really depends on where our major OEMs (such as Liebherr and Bell) would like us to operate and where we can contribute to our customer base.

What other sectors does Kanu Equipment support in Africa?
Besides mining and earthmoving, we also operate in construction, road construction, agriculture and forestry across Africa where we represent other major suppliers.

Does Kanu Equipment's business outlook for 2020 look positive?
Yes very positive, we are experiencing strong growth in Southern and East Africa and it appears that West Africa and Central Africa should recover quite strongly this year.

What challenges do you foresee ahead?
We have been operating successfully across the African continent for eight years now, despite numerous political upheavals and environmental challenges. I believe that we are a strong and resilient team and will continue to navigate the tough terrains we operate in as we are united in our quest "to become the most supportive dealership on the African Continent".

What has been the key to Kanu Equipment and Liebherr's successful partnership in Africa?
The world's best mining excavator is only as good as the service and support that it is backed by.
Our motto 'Experience the Support' is a promise to ourselves, our OEMs and our customers that we continue to do everything in our power to ensure that our machines never stop running. ■

Paving the way

Conexpo-Con/Agg 2020, North America's largest construction trade show, taking place on 10-14 March in Las Vegas, unveils the newest industry-leading innovations.

WIRTGEN - W 250 FI AND W 220FI

Image Credit: Wirtgen

Cold milling machine specialist **Wirtgen** is rounding out its new generation of large milling machines at the Conexpo-Con/Agg 2020. The W 250 Fi and W 220 Fi will make their world premiere at the show. The two W 210 Fi and W 207 Fi large milling machines will make their North American debut as well as the W 380 CRi cold recycler, which will be exhibited as a recycling train.

Vögele, which is part of the Wirtgen Group, will be unveiling its software-based application WITOS Paving Docu for the first time in North America. This innovative solution was designed specifically for contractors that want to capture and analyze more data that just the paving temperature – but don't need the full scope of WITOS Paving Plus, which includes process optimisation with integrated pre-planning.

Other brands under Wirtgen Group, include **Hamm**, the specialist for asphalt and soil compaction, which will unveil its new HP 180i pneumatic tired roller, the DV+ 90i VV-S tandem roller and the H 20i C P remote-controlled compactor with padfoot drum, new thrust shield, and impressive gradeability. **Kleemann**, the specialist for mobile crushing and screening plants, will showcase the MOBICAT MC 120 Z PRO jaw crusher and the MOBISCREEN MS 952 EVO mobile screening plant.

Wirtgen Group is at Silver Lot 1 – booth S5419

TEREX FINLAY - I-120RS IMPACT CRUSHER

Image Credit: Terex Finlay

The three machines that will be on display at the show are: I-120RS impact crusher, the 883+ (triple shaft) heavy duty screener and the TF-75L low level feeder.

The I-12ORS is a new generation impact crusher with advanced technological design gives that improved material flow and production capabilities in quarrying, mining, demolition and recycling applications.

Incorporating the Terex® CR038 impact chamber with direct drive and advanced electronic control system, the machine provides operators with high material reduction ratios and produces a consistent product shape.

A key component of the machine is the on-board innovative quick detach 3.66m x 1.53m (12' x 5') two deck screen. For applications not requiring re-circulation of materials for further processing or stockpiling the complete screening and recirculating system can be quickly detached from the machine. The high productivity, ease of maintenance and operation makes the machine an ideal solution for large scale producers and contract crushing operators.

The Terex Finlay 883+ (triple shaft) mobile heavy duty screener features a triple shaft screenbox that is ideal for working in dry and sticky applications including quarry, mining, sand, gravel, construction and demolition debris and recycling applications. The triple-shaft design of this new screenbox employs an oval motion stroke to generate an aggressive screening action, reducing plugging and blinding over the screen decks to ultimately provide a quality product with high tonnage output. The Terex Finlay TF-75L low level feeder has been designed to maximise productivity, enhance efficiency and reduce on site operational costs in a wide range of applications and feed material types. The large 7m3 (9.2yds3) hopper with a feed in height of 1,900mm and width of 3,500mm enables low level feeding directly from excavators, grab cranes, and wheel loaders. For onsite safety and quick set, the hopper is fitted as standard with hydraulically folding sides.

Depending on the application, there are a number of grid and hopper extension options and for particularly abrasive materials a steel apron feeder option is also available. Tracked mobility and the ability to feed material from all three sides enable the TF-75L to be easily incorporated into open and closed circuit static and mobile crushing and screening circuits.

Terex Finlay is at Silver Lot 1 – booth S5118

Image Credit: Potain

POTAIN: MRH 175 TOWER CRANE

Potain has announced the new MRH 175 tower crane, a new hydraulic luffing jib crane that will make its debut at Conexpo-Con/Agg. It is one of two Potain cranes that will be on display at the Manitowoc booth during the show, where the company plans to showcase the latest in lifting technology for two of the busiest sectors in the built environment: high-rise construction and homebuilding. The other crane on show will be the Hup M 28-22 that was introduced in 2019 and is making its North American debut, complete with a new transport axle for the regional market. Both models feature designs that give users capabilities not available with other cranes.

The Potain cranes will be at the Manitowoc booth, F6144, in the festival lot

Image Credit: Volvo CE

VOLVO CE: EC300E

More than 30 Volvo machines will be featured at Conexpo-Con/Agg. Melker Jernberg, president of Volvo CE, said, “Our presence at ConExpo is set to be our best yet – with a fully immersive technology experience to highlight the changing face of construction.”

Visitors will be able to get hands on experience operating Volvo CE’s electric compact machines, the L25H loader and ECR25 excavator, as well as see the EC950F crawler excavator in action, Volvo CE’s largest excavator, and the powerful R100E rigid hauler – both offering strength and stability for quarrying, mining and mass excavation.

The EC300E hybrid excavator will be on display, featuring industry-first hydraulic hybrid Volvo technology. In road machinery, Volvo will debut the 8 ft class P5110B tracked and P5170B wheeled pavers, which benefit from simple controls and proven technology.

Volvo CE will be at the outdoor Festival Grounds, booth F3432

Image Credit: Metso

METSO NORDTRACK PRODUCT RANGE

The Metso Nordtrack product range will be introduced at Conexpo-Con/Agg for general contractors. There are 19 mobile machines for a variety of applications, such as recycling, demolition, and the processing of sand and gravel. It consists of jaw crushers, impact crushers, screens and conveyors. “Metso has traditionally been exceptionally strong in the most demanding aggregates applications, such as hard rock. Our new Metso Nordtrack range complements our offering to better address the needs of small and midsized companies and general contractors looking for the right combination of productivity, availability and dependability at an attractive price point,” says Renaud Lapointe, SVP, business and product management of aggregates equipment at Metso.

Other Metso innovations on display at the trade show will include: the Lokotrack ST4.10, new mobile screen for quarries and construction sites and the MX cone crusher series, including the new MX3 and track-mounted LT4MX.

See Metso at booth C31531

Barrick Gold back in business in Tanzania

Canadian miner Barrick Gold has signed a historic deal with Tanzania allowing the Tanzanian government to have a stake in three of its gold mines following a long-term tax dispute.

In October, they agreed to a US$300mn settlement over outstanding tax and a removal of an exports ban on concentrates while pledging to future sharing of the economic benefits from the North Mara, Bulyanhulu and Buzwagi mines.

CEO Mark Bristow said the joint venture will give the government "full visibility of and participation in operating decisions".

The pioneering move now sets in motion a template for the company's future negotiations with host countries as well as the industry at large.

Speaking at the signing ceremony, alongside Tanzanian President Dr John Magufuli, Bristow was applauded when he said, "Many people said your criticism will chase away investors ... what it's done is challenge the mining industry and all of us to embark on something where we win together or lose together."

The Tanzanian government resolve their long-term tax dispute with Barrick Gold with agreed pledges to economic benefits.

The agreement ratified the creation of Twiga Minerals Corporation, the management company jointly owned by the government and Barrick, that will oversee the management of Barrick's local operations, which are now owned 84 per cent by Barrick and 16 per cent by the government. The deal provides for a 50/50 sharing in the economic benefits generated by the mining operations after the recoupment of capital investments.

Prof Palamagamba Kabudi, chairman of the negotiation team, also minister for Foreign Affairs, thanked Barrick chairman Prof John Thornton for his assistance throughout negotiations.

"He is a honest guy, who admitted that the existing deal between Barrick and government were not fair. We agreed to establish a new company," said Prof Kabudi. "We also agreed to share economic benefits as well as undiluted shares which means even if the investor increases capital we will continue to own 16 per cent."

Dr Magufuli praised the team's handling of negotiations and said, "Many Tanzanians might not be aware of your efforts. The sacrifice you put to defend national interests will be rewarded by God."

Barrick also announced it will partner with the University of Dar es Salaam and commit up to US$10mn in funding over a 10-year period for training and skills development in the mining industry, and will also commit up to US$40mn to upgrade the road between Bulyanhulu and Mwanza as well as constructing a housing compound and related infrastructure.

"Since taking over the operatorship, we have been engaging with local communities to restore the mines' social license to operate and we are cooperating closely with the authorities to address the environmental issues at North Mara. In addition, we are working on a local supplier strategy as well as a community development plan to create sustainable economic opportunities for the people around our mines," Bristow added.

Innovations taking mining to the next level

The 25th edition of Investing in African Mining Indaba returned to Cape Town in spectacular fashion with top representatives from the public and private sphere feeling positive about developments in the industry.

Forty African countries were represented at the Investing in African Mining Indaba event in Cape Town last month to promote their mining sectors to a global audience of investors, suppliers and other major stakeholders.

Their high-profile participation included a president, a prime minister, two premiers, three state secretaries, ten ambassadors and 38 ministers.

Over the years, the Investing in Africa Mining Indaba has become the platform of choice from which country and mining ministry leaders highlight those aspects of reform, policy, opportunity and innovation that speak of risk mitigation to attract investor interest and position their country favourably on the continental mining map.

On the opening day of the event the President of Sierra Leone, His Excellency Julius Maada Bio, delivered a keynote address highlighting the country's fiscal reforms, legal and regulatory issues, infrastructure and technology as well as the future mining labour force. He spoke of how Sierra Leone plans to strengthen public financial management systems and multilateral institutions to make the economy more resilient through diversification.

South Africa's Minster of Mineral Resources and Energy, Gwede Mantashe, who opened this, the 26th edition of the Investing in African Mining Indaba, used the opportunity to address a topical issue in the mining space, namely the self-generation of power by mining companies. He said that the government recognises that private power, particularly for self-generation, is essential to close the energy gap and will now allow mining companies to set up their own projects. He also spoke of a potential government move to establish a new state-owned energy utility to 'back-up' Eskom.

President of Sierra Leone Julius Maada Bio delivering his keynote speech at the mining show.

"By this time next year, we hope we can say we have a site for energy generation outside of Eskom. We want people to sell energy through transmission. We want to take the pressure off of Eskom," he said.

Mantashe added that government is committed to working with investors to enhance both policy and regulatory certainty.

The Democratic Republic of Congo's Prime Minister Sylvestre Llunga Ilunkamba and Mines Minister Willy Kitobo Samsoni represented the DRC at the event.

Prime Minister Sylvestre Llunga Ilunkamba called on all stakeholders to respect the changes made to the country's mining code back in 2018, as resource nationalism continues to be a dominant talking point across the African mining industry.

> "We want people to sell energy through transmission. We want to take the pressure off of Eskom"
>
> **GWEDE MANTASHE, MINISTER OF MINERAL RESOURCES AND ENERGY**

Exhibitors included Altaaqa Global Energy Services, Aggreko, Caterpillar, Kanu Equipment, Liebherr, Komatsu, Worley, Sasol, SRK Consulting, Seequent, Vivo Energy BVI Finance, (see chief executive Elise Donavan on the role of international finance centres, page 50), and Wärtsilä to name a few.

Highlights

Seequent, a multinational geoscience company, announced during Investing in African Mining Indaba its partnership with OreControl Blasting Consultants, the Denver-based developer of OrePro 3D software.

OrePro 3D software allows geologists to model the movement of ore during blasting in order to delineate ore and waste more accurately for efficient downstream handling. The software's use of 3D modelling and visualisation techniques revolutionises how geologists determine ore boundaries and select dig directions, yielding significant improvements over traditional 2D methods.

OrePro 3D easily embeds in a mine's ore control process with seamless data integration with up-stream and down-stream systems, and intuitive workflows. The software contains a tool showing the financial impact for the mine of different mining scenarios.

Seequent's GM Mining & Minerals, Nick Fogarty, said, "Mining companies continue to look for ways to improve their operating efficiency. By reducing ore loss and dilution, more valuable rock can be sent to the processing plant. OrePro 3D has already been adopted by many large mining companies who are using the solution to improve yields and operating efficiency, which in turn reduces the operation's environmental impact."

Seequent also manages the Uganda Geoscience Data Portal, which is supported by an international consortium to improve the geoscience understanding of the Jinja and Mbarara regions in Uganda to stimulate sustainable socio-economic investment.

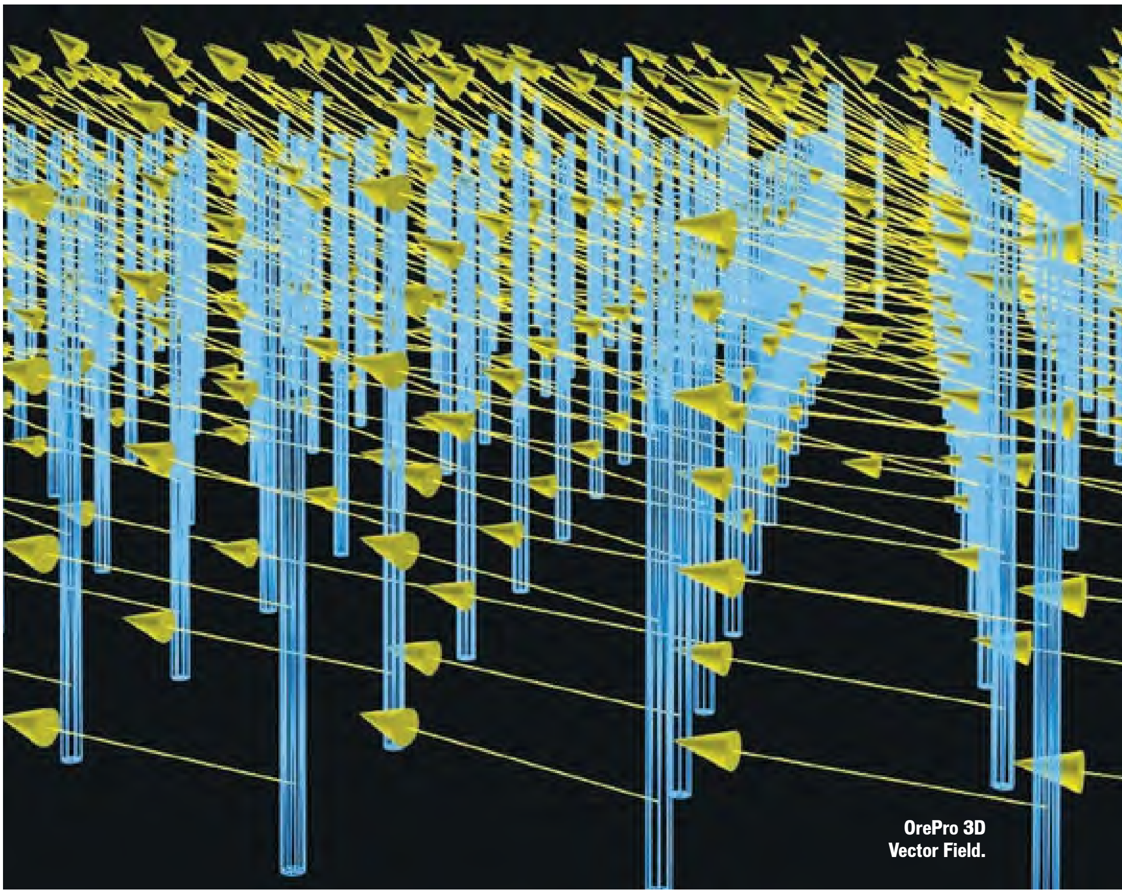
Dion Blair, global sales and channel director, Seequent, told *African Review*, "We looked at how we can enable the Ugandan government to maximise what they might want to do next, but without being capital intensive and giving ownership over its own data."

AECI Mining launched 'Good Chemistry' at the mining show under the umbrella of the new AECI Mining pillar involving companies AEL (explosives) and Senmin (chemicals) providing a three-way partnership with customers to offer solutions that meet their business challenges.

"The integration of these offerings is a reinvention of who we are, what we do, and how we do it. The objective is to grow the AECI Mining Pillar into a holistic provider of choice to the mining industry across all our chosen markets," said Edwin Ludick, managing director of AEL and chairman of AECI Mining.

The combined offering of the AECI Mining: Explosives and Chemical is available in Africa, Australia, Chile, Indonesia, Europe, North and South America. Through the application of these products and services, energy is used correctly at the source and rock is blasted in such a way that it enables enhanced efficiencies across the mining value chain, reducing operating costs while improving productivity and output.

Image Credit: Seequent



OrePro 3D Vector Field.

"This is a significant differentiator in an operational space traditionally restricted by silo mentalities. Our unique offering is made possible by means of four enablers, namely Differentiated Products, Adaptive Delivery Systems and Services, Predictive Software and Mining Optimisation," explained Ludick.

As Africa's leader in mining, AECI Mining: Chemicals develops, manufactures, supplies and supports a wide range of reagents for ore beneficiation processes that involve flotation technologies, as well as solutions for solid-liquid separation and tailings management.

In addition to operating the largest mining chemicals manufacturing facility on a single site in the southern hemisphere, AECI Mining: Chemicals offers a full service model. In case of long-term contracts, the company sets up a reagent plant on site that is supported by a metallurgical team 24/7.

"This is particularly important as ore grades vary during processing and therefore chemical adjustments are necessary to maximise output and reduce waste. The business also handles logistics, make-up equipment and storage," added Ludick.

Aggreko impressed industry players at Investing in African Mining Indaba with its latest off-grid power solution for Resolute Mining at the Syama gold mine in southern Mali. It is the world's largest off-grid hybrid power system.

Aggreko already is providing a 28MW diesel power plant on site, augmenting the existing power station for a few years.

This new power supply agreement with Resolute sees Aggreko developing a solar hybrid (thermal and battery included) modular power station for the next 16 years.

Once installed, Aggreko will operate and maintain a 40MW thermal power plant and a 10MW battery storage system, with a further 20MW of solar power planned in 2023.

Four Wärtsilä Modular Block enclosures with one medium-speed Wärtsilä 32 engine in each, will provide 40MW of the energy to the off-grid gold mine, replacing the existing diesel generators currently powering the mine. The Modular Block order was placed by Aggreko in November 2019.

The scalability of the Wärtsilä Modular Block solution enables the mine to add additional power capacity if needed to support the future growth.

"The Wärtsilä Modular Block supports our technology investment strategy and when included as part of a hybrid solution, has enabled us to offer Resolute an extremely cost-

> "Aggreko is the right partner to support our power ambitions at Syama"
>
> **RESOLUTE'S MANAGING DIRECTOR AND CEO JOHN WELBORN**

effective solution for 16 years," said Stephane Le Corre, strategy and development director at Aggreko in a press statement.

The hybrid solution will reduce Syama's power costs by an estimated 40 per cent. Once all the renewable power sources are fully installed it will also reduce carbon emissions by approximately 20 per cent. By using a rental option, Syama were able to de-risk the investment into greener energy due to not having to invest capital into the power solution.

At the signing of the agreement last year, Resolute's managing director and CEO, John Welborn said, "Aggreko is the right partner to support our power ambitions at Syama. I am delighted work has commenced and that we will deliver the power cost savings we have promised at Syama. A key component of our cost reduction strategies at Syama is the provision of lower cost power. We can now look forward to significantly lower energy costs, in line with our Life-of-Mine DFS expectations, as we focus on maximising the efficiencies of our new automated underground mine. Together, these initiatives will allow us to deliver lower unit costs as well as providing an environmentally friendly, capital efficient expandable power solution for Syama."

Investment Battlefield

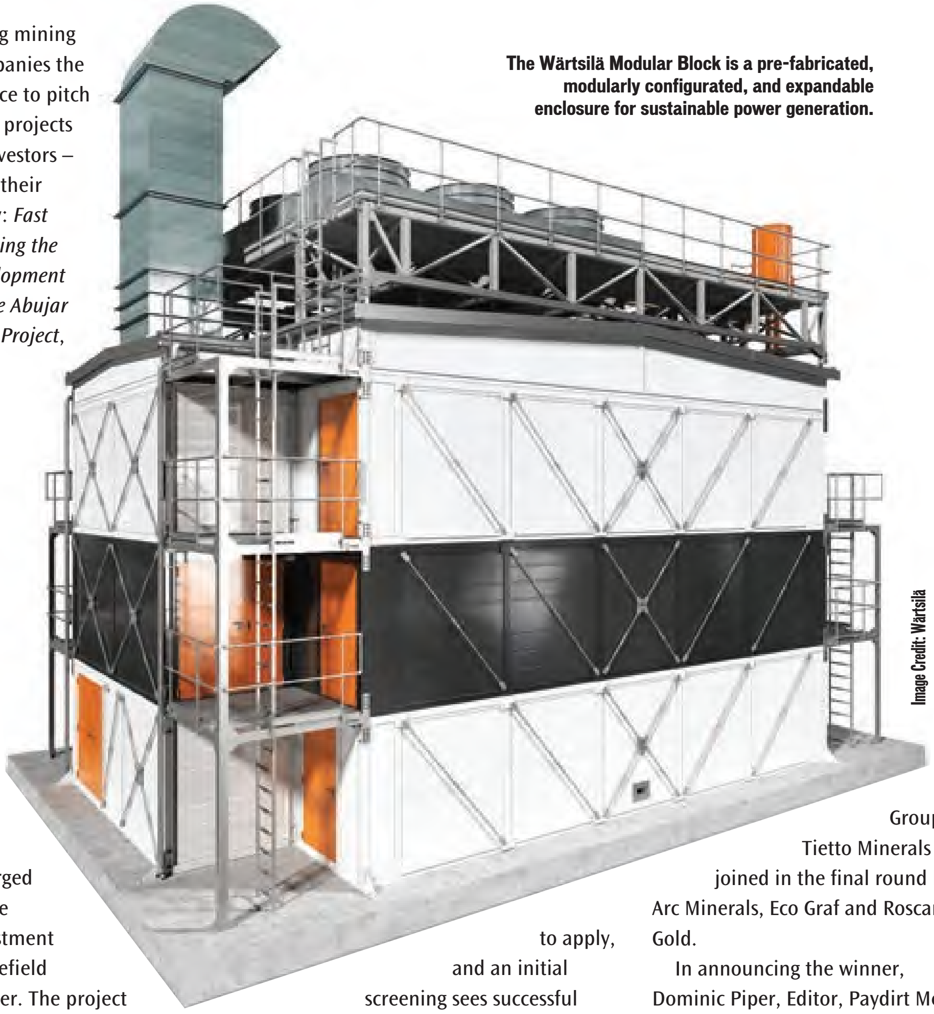
Mark Strizek, managing director of Tietto Minerals, impressed the judges at Investment Battlefield – an annual event during the show giving mining companies the chance to pitch their projects to investors – with their entry: *Fast tracking the development of the Abujar Gold Project*, and emerged as the Investment Battlefield winner. The project is located 30km from the major regional city of Daloa in central western Côte d'Ivoire and the current resource stands at 45.5Mt @ 1.5g/t Au for 2.15Moz of contained gold.

Any emerging mining company with projects in Africa with a market cap of US$50mn or below is eligible to apply, and an initial screening sees successful applicants grouped according to commodity and lifecycle stage. From this point they are invited to pitch their project to the investor judges.

Each year, judges are selected from prominent investment organisations such as Investec Asset Management, Public Investment Corporation and Eurasian Resource Group.

Tietto Minerals was joined in the final round by Arc Minerals, Eco Graf and Roscan Gold.

In announcing the winner, Dominic Piper, Editor, Paydirt Media spoke of the key features of Tietto Minerals' pitch and said they had taken three things into consideration in their final selection: the strength of fundamentals of the commodity; the quality of the asset; and the quality of the team itself in realising shareholder value. ■



The Wärtsilä Modular Block is a pre-fabricated, modularly configurated, and expandable enclosure for sustainable power generation.

Image Credit: Wärtsilä

Advertiser's Index


Image Credit: Balkrishna Industries

BKT: A global business empire of Indian origin

Global leaders through Innovation

Many businesses around the world become successful by identifying a market trend and selling accordingly. But only a handful of companies make it and dare to go beyond and create an unprecedented niche for themselves. They become pioneers and go on to build, along with a strong company, a robust business culture that lasts for generations.

With over 25 accomplished years of global leading presence in the off-highway tyres segment of world business, Balkrishna Industries (BKT) is undoubtedly one such company.

Back in the early 1990s when the other tyre companies in India were busy producing highway tyres mostly for mass use, the leaders at BKT foresaw a unique opportunity in international business and initiated production in the off-highway segment. BKT's products, owing to their state-of-the-art make and unmatched performance, found immediate recognition in world markets, and there began an unending story of BKT's triumph and innovation.

Today BKT is present in 160 countries across five continents around the world. It is the preferred supplier to international OEMs in industrial, construction and agricultural tyre segments. It has grown since it began in 1988 into a diversified industrial conglomerate exporting its expansive range of off-highway solutions to the world.

Customer Tim Morrisey, quarry manager of Mountain View Quarries, said, "When the going gets tough, it's important that the fleet of Komastu HD465, HD605 and CAT 775F are up to the task of meeting our demanding production schedule. That is why we rely on BKT tyres. They have been proven to provide better levels of grip than some of the more well-known brands and helps my team stay safe and provide high levels of utilisation for our moving equipment. And I am able to keep production costs efficient and under control and ensure the safety of my team as well."

Another customer Marty Bezbatchenko, president of Tyres International (Stow, OH), said, "We have represented BKT products since 2002 and during our long association find BKT an excellent supplier. BKT manufactures quality products and is constantly developing new products for every agriculture and off-road application. BKT provides an extensive range of products that reaches all the off-highway categories and provides technical support as needed in meeting customers' requirements. In addition to the quality and range of products, BKT's management team is accessible and supportive in growing our BKT business. It is a great relationship."

Creating a green industry

Ever since its inception, BKT has been very conscious about protecting the environment. Today, BKT's efforts to reduce its carbon footprint have been recognised by the businesses they deal with and even the government of India, where it operates.

Adding to that, Arvind Poddar, chairman and managing director of BKT says, "We keep our plants pollution free, for example for mixing of carbon black powder, we have an highly sophisticated Auto Carbon Charging unit, which eliminated manual loading – thus minimising air pollution.

"We have windmills set up in Jaisalmer, Rajasthan for generating green power which fulfil almost 40 per cent of all our energy needs in the northern manufacturing units," added Poddar.

Energy conservation is at the top of the agenda at BKT. As mentioned, a sizable part of its energy requirement is fulfilled through non conventional and renewable energy sources, where BKT has invested heavily.

BKT's Bhuj Plant – a greenfield project

The manufacturing plant at Bhuj, Gujarat, India is the fourth manufacturing unit set up by BKT in India. The project complex comprises of around 300 acres of land in the Gujarat region, just a few kilometres away from the Mundra port, offering logistical benefits in transporting raw materials, which are mainly imported, and the export of containerised tyres.

The site foresees a large warehouse and a specific area of about 15 acres dedicated exclusively to research and development. The testing facility at the plant is equipped with indoor and outdoor testing areas for the products, and there is a special testing track constructed to provide for test runs and field tests for the tyres.

Rajiv Poddar, executive director BKT, says, "We have invested more than USD$375mn in this plant. This is a huge plant spread across 300 acres and with the most modern machinery ever used in production in India. The plant will enhance our total capacity by 75 per cent."

But its business remit is only part of the story. The real advantage is the social relevance of the plant. BKT has established a completely self-sustaining village around the 300 acres plant site, where its employees and their families are living with facilities and requirements of modern living. Vital amenities such as schools, hospitals, and fire stations to name a few.

What's more beautiful is that these facilities serve the neighbouring communities which have never had access to these opportunities.

Environmentally also, in sync with BKT's green initiatives, the entire area is self-sustaining, it has its own water treatment plant, a rain water harvesting system, and has eco- friendly living embedded in its culture.

For BKT, the Bhuj plant means an extraordinary 75 per cent increase in production, which will add around 120 thousand tonnes per year in addition to its 180 thousand tonnes obtained from the other three plants.

"There are plans being made to modify the Bhuj plant and extend its production capacity to the level of 2,80,000 metric tonnes," added Mr Rajiv Poddar, executive director at BKT. This is made possible by the use of the most advanced machinery to date in the industry and R&D by the BKT engineers.

This greenfield project focuses on developing a wide range of BKT's Radial and Bias tyres. "This facility will also produce Ultra large and Giant OTR tyres up to 51" rim diameter," said Dilip Vaidya, president and head of technology at BKT. ■

Elise Donovan.

Investing in Africa: The role of international finance centres

Elise Donovan, chief executive of BVI Finance, talks on the benefits of international financial centres to facilitate trade and business.

The hundreds of global investors who arrived in Cape Town for the Investing in African Mining Indaba conference are proof that investing in the world's second-largest continent has never been more popular.

Representatives from 94 countries were at the event, alongside thousands of senior industry delegates and more than 900 government representatives. But while emerging markets, such as those in Africa, represent an attractive proposition to foreign investors there are often a number of factors to consider before investing.

Opportunity

The creation of the world's largest free trade bloc in 2018 – the African Continental Free Trade Agreement (AfCFTA) – agreed upon by 54 of the continent's 55 countries, showed the desire to drive the economies of Africa forward. With a collective GDP of US$3.2 trillion, the opportunities for investment are endless and the United Nations Economic Commission for Africa estimates the trade agreement will boost intra-African trade by 52 per cent by 2022.

While the AfCFTA will undoubtedly help stimulate the different economies of Africa, international support and investment can also assist regional integration efforts; leading to larger markets, fewer barriers and greater economies of scale, ultimately leading to greater returns on investment.

Protection

Despite this undoubted potential, political and macroeconomic uncertainty can deter investors from following through on their desire to commit funds to a region. To this end, investors often require reassurance that their money will be safe and not at risk from a sudden shift in the political or economic climate.

One of the simplest ways to help reduce the potential risks around investing into Africa is the use of international finance centres (IFCs) to act as independent hubs to facilitate trade and business. Matthew Gilbert, head of Maples and Calder's British Virgin Islands team in the Maples Group's London office, attended Mining Indaba and estimates that almost a third of all international investment flows through IFCs.

"Problems include unfamiliar courts and judges and lengthy legal processes. Investors fear political interference in private property rights and dispute resolution. Potential problems include unpredictable changes in the law, asset appropriation and politically motivated disputes. The platforms provided by IFCs mitigate these problems."

Gilbert adds that the UN has noted inter-developing country investment as a specialty of the British Virgin Islands (BVI) and names Nigeria, Ghana, South Africa, Uganda and Madagascar as nations that have all seen the benefits of investment via BVI structures.

Trusted structures

Greg Boyd, partner at law firm Harneys, also attended Mining Indaba and reasons that the strength of the BVI's legal system is an additional plus point for international investors. "BVI law is based on English common law but it has also cherry picked legislative provisions from many jurisdictions to produce more modern, flexible and user friendly corporate laws than may exist in many other jurisdictions," he says.

"Its dedicated commercial court and respected, independent judges have shorter waiting lists than their counterparts in the UK or US and a broader scope of available relief to offer when it comes to compliance (or lack thereof) with a BVI company's constitutive documents as compared with the usual relief available for contractual breaches. Investors are more protected when corporate and court risk can be mitigated. By providing investor neutrality, modern corporate laws and reduced risk, the likelihood of a project completing successfully increases."

Jeffrey Kirk, managing partner of law firm Appleby's BVI operation, was also present in Cape Town last month and says private equity investment has overtaken bank funding as the real driver of growth in Africa. "Limited partnerships have become the preferred structure for investment funds and are often used as a vehicle for private equity funds and joint ventures; allowing investors who do not wish to play an active role in managing the fund to limit their liability," he explains. "The Limited Partnership Act, launched in the BVI in February 2018, incorporates the best features of different structures and represents an innovative, user-friendly system for international investors."

International neutrality

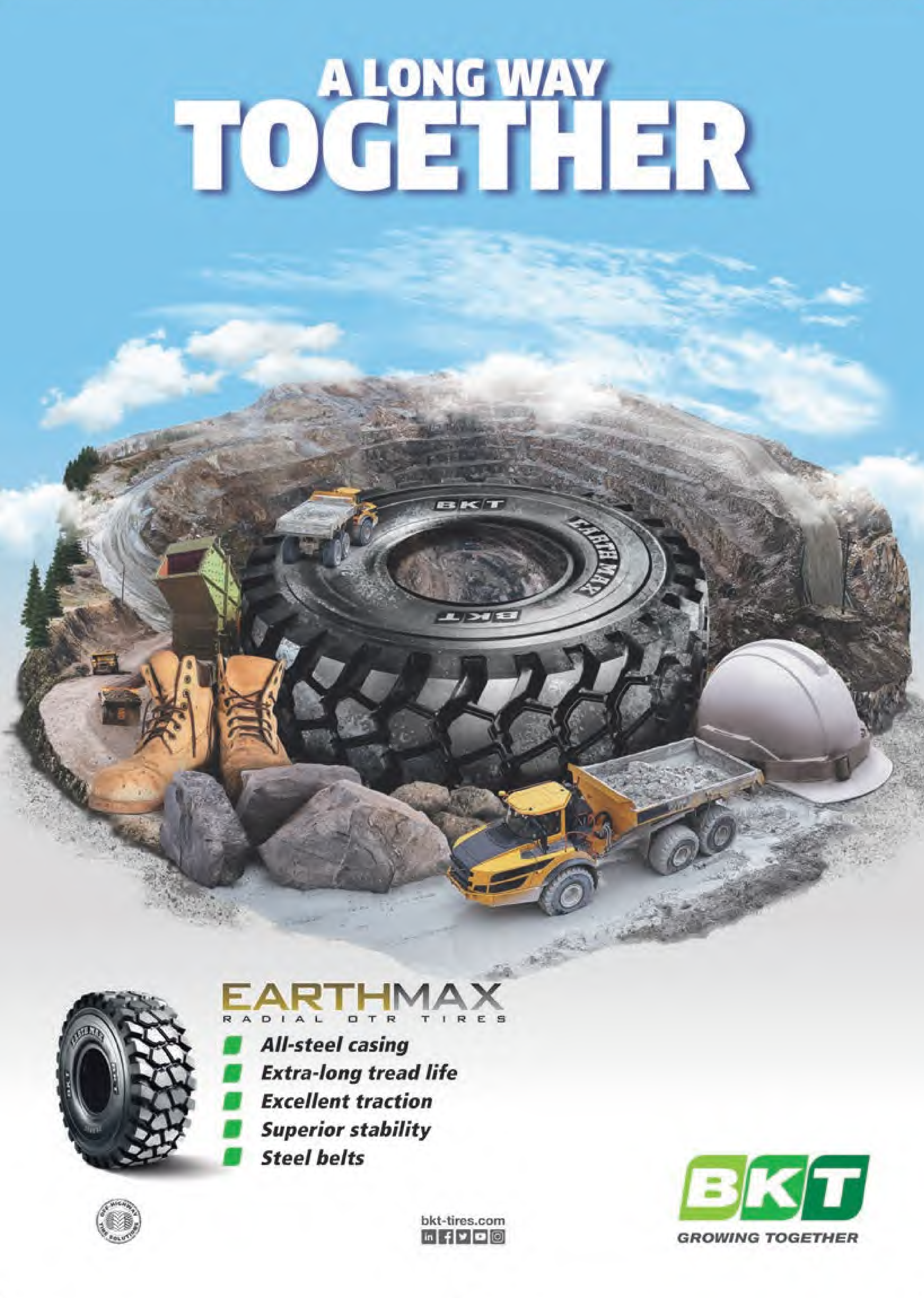
As well as offering increased security, the BVI also provides an impartial hub for investors coming together on a project from a number of countries. Gilbert adds, "IFCs, like the BVI, provide a neutral location for funds to be pooled from multiple investors and collectively invested in developing countries. Pooling investment like this reduces the risk for private investors looking to make investments in higher risk areas, as those with responsibility for investing have a duty to balance risk and diversify."

Facilitation of development finance

Providing an effective environment for shareholder protection may seem like a modest objective, but a report commissioned by BVI Finance from the Overseas Development Institute – an independent, non-profit global think tank – estimates that IFCs, like the BVI, galvanised additional finance to developing countries worth US$1.6 trillion between 2007 and 2014, boosting their GDP by US$400bn and tax revenues by US$100bn during that period.

With South Africa often the gateway for investment into Africa, thanks in part to its proliferation of financial and legal firms, the possibilities for investors across Africa are endless, from telecommunications in Kenya, to commodities and resources in Zambia.

As with any business opportunity, investors should carry out proper due diligence and be cognisant of the potential risks involved, but with regard to investing in Africa, interested stakeholders should not let certain challenges become insurmountable obstacles. Using international financial centres, such as the BVI, mitigates the risk of investing across borders and provides all parties concerned with the protection and confidence needed to ensure harmonious, successful investment into the region. ■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