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Tinubu's Nigeria win: a poisoned chalice?
Can Africa reduce the impact of the US dollar?
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Business Intelligence News

Tanzania plans blue economy blueprint

Tanzania will develop a marine spatial plan to guide all economic activities in the Indian Ocean, to profit sustainably from its blue economy:. The plan will encompass small-scale and deep-sea fishing, aquaculture and marine products, seaweed farming, ports and sea transport infrastructure, seafood and fish processing, oil and gas extraction, and beach tourism and water sports. A pre-feasibility study has been concluded, commissioned by The Nature Conservancy and Australia's Commonwealth Scientific and Industrial Research Organisation (CSIRO).

One in eight fall off Africa's rich list

The total of high-net-worth individuals in Africa dropped by 12% from 2012-22, according to the Africa Wealth Report 2023 by Henley & Partners and New World Wealth. Performance was constrained by poor growth in the largest markets: South Africa, Egypt, and Nigeria. However, Africa's millionaire population is expected to rise by 42% over the next decade, reaching around 195,000 by 2032. Mauritius' millionaire population is predicted to grow by 75% over the next decade. Strong growth in high-net-worth individual numbers – of 60% or more – is forecast in Namibia, Rwanda, Zambia, the Seychelles, the Democratic Republic of the Congo, and Morocco.

Business giants say Ugandan law will hinder FDI

A coalition of major global businesses argues that Uganda's anti-homosexuality bill will undermine the country's attractiveness as a place to do business and make it harder to attract foreign direct investment (FDI). Open for Business, a coalition of companies promoting the economic and business case for global LGBTQ+ inclusion, includes Google, Microsoft, MasterCard, HSBC and Facebook owner Meta, among others. Uganda's legislation, which prescribes the death penalty or life imprisonment for some homosexual acts, has passed parliament and awaits approval by President Yoweri Museveni.

French development agency unveils five-year plan

Proparco, the French development agency, has unveiled its new strategy for 2023-2027, which will be funded by additional resources from the French government and European Union. Under the strategy, the agency will focus on infrastructure financing and support for SMEs, micro-businesses and high-impact startups in Africa and elsewhere. Proparco says it will be taking more risk to help projects to succeed, and encouraging investors to bet on innovation in enterprises in fragile environments and emerging sectors.

Business Intelligence Deals

Gemcorp Capital Management has invested $150m in Milele Energy, a clean energy platform that is to be headquartered in Nairobi, Kenya. Milele is focused on the development, acquisition, and optimisation of clean energy assets across sub-Saharan Africa. The seed investment includes funding for the planned acquisition by Milele of a significant stake in Africa's largest wind farm, Kenya's Lake Turkana Wind Power Project, with further plans to make significant expansion in generation capacity from available wind and solar resources. Milele Energy is led by three former GE Africa executives: Erik Granskog, Jay Ireland, and Michele van der Westhuizen. The investment will support Milele Energy's execution of a queue of power infrastructure projects across Africa totalling 500 MW, including renewable technologies and gas-for-baseload plants.

Cash for Kenyan clean energy company

Kenya moves toward a deal with the EU

Kenya and the European Commission have agreed to finalise an Economic Partnership Agreement within two months. President William Ruto met with Commission President Ursula von der Leyen in Brussels, and the parties committed to work towards the establishment of financing instruments to tackle the climate, debt, food and energy crises. The leaders also committed to mobilise investment targeting small and medium enterprises and to explore an agreement for the construction of a green bus rapid transit line in Nairobi.

Mauritius Commercial Bank gains AfDB funds

The African Development Bank (AfDB) has approved $147m in subordinated debt to the Mauritius Commercial Bank (MCB) to enhance its capital base and mobilise loan growth in the renewables, manufacturing, healthcare and other sectors, including SMEs. The debt will take the form of a Basel III Tier 2 compliant bond to be issued by MCB, the first of its type to be issued in the Mauritius capital markets.

Linking Ethiopia and Djibouti in a year

Ethiopia and Djibouti reached an agreement on the completion of a road that links the two countries. The 35km road between Galamo and Moloud will enable the smooth circulation of vehicles and cargo. The agreement ensures that the road will be completed within a year, with appropriate payments being provided to the Ethiopian Construction Works Corporation. The agreement was reached during the visit of Alemu Simie, Ethiopian minister of transport and logistics, to Djibouti.

Business Intelligence News

Standard Bank chief: SVB collapse shows need for regulation

The collapse of Silicon Valley Bank (SVB) in March has sent shockwaves around the global banking system. **Pedro Besugo** *reports on the reaction from senior African bankers.*

It may be necessary to revisit the regulation of smaller banks in the wake of the collapse of Silicon Valley lender SVB, says Sim Tshabalala, chief executive officer of Standard Bank Group.

Speaking at the 2023 African Central Bank Conference in Johannesburg, which was hosted by Standard Bank from 15–16 March, Tshabalala said that it was too early to make definitive pronouncements on the causes of the collapse of the tech-focused SVB and the New York-based Signature Bank, which had many clients involved in crypto.

Narrow focus

But Tshabalala said that SVB's narrow focus on serving venture capital and startup firms made it especially vulnerable to changes in interest rate hikes. It also meant that the institution was not serving the proper social and economic functions that banks typically perform.

"Even though SVB presented itself as doing a new kind of banking that is a more innovative and sophisticated kind of banking, they were doing very old-fashioned banking, and not even very well at that," he said.

While it could be surmised that the regulatory system designed in the wake of the 2008 crisis had proved equal to the task of preventing wider contagion, a lesson from the collapse is that commercial banking must be properly regulated in a manner of mutual respect, understanding and cooperation between businesses and regulators, he said. "Commercial banking cannot function sustainably without close supervision," he argued.

He praised the prompt takeover of the UK division of SVB by HSBC, arguing that it demonstrated that trust and understanding between HSBC and the Bank of England could facilitate prompt action to absorb a potential systemic shock to the banking system.

Lessons from Nigeria?

Also speaking at the conference, Godwin Emefiele, governor of the Central Bank of Nigeria, was less impressed with the regulatory response to the events.

He said that the anti-inflationary measures adopted by central banks around the world had led to tighter market conditions, which had made crises such as the collapse of SVB and Signature Bank more likely.

"We know why banks collapse, so why do we not take the regulatory measures to prevent them from happening?" he said. He argued that the Nigerian banking system has robust regulations in place which give adequate protection to banks in the case of a run on a bank.

"Nigeria is one of the few countries in the world where banks have to keep a specified percentage of monies raised with the CBN. Banks also have to keep a certain level of liquidity and maintain a capital adequacy ratio. In our laws, after tax, 23% of your profits must be kept in a statutory reserve fund to boost your capital adequacy ratio."

He proposed that regulators must adopt similar measures to protect their banks from crises. Following the 2008 crisis, he said, banks in Nigeria came together to form the Asset Management Corporation of Nigeria, to which banks in Nigeria contribute as insurance against crises. "We must make sure we protect depositors, who are the real owners of the banks," he concluded.

South Africa is an attractive destination for a growing number of diverse investors and industries. Widely recognized as Africa's economic center, it boasts sophisticated and respected financial systems and resilient institutions to drive sustainable economic growth, and access to vibrant local and regional markets.

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Inspiring new ways

To reduce reliance on the US dollar Africa should satisfy financing requirements in local currency and enhance financial institutions, argues Standard Chartered's **Mike Price***.*

Can Africa reduce the impact of the US dollar on its emerging markets?

Whenever I meet clients and investors, the one discussion I always end up having, regardless of market conditions, is on currency markets. There are often strong views expressed about why domestic policy direction or the price of key tradable goods or services is leading to one's home currency strengthening or weakening.

The discussion that we don't have often enough, though, is on the over-sized impact the movements of the US dollar can cause upon emerging market countries – and whether there is any way to reduce this over time.

Mark Price is regional head of financial markets for Africa and the Middle East at Standard Chartered.

While policy and trade are usually the main drivers of major currency changes, I often point out that currencies, and their drivers, are relative, not absolute. Therefore any discussion of policy or the external balances of an economy matters, but primarily in relation to the policy or external balances of the economy's major trade partners.

However, when it's the dollar itself that's on the move, the impact is magnified due to the significant proportion of global fuel and food that is priced in dollars. This was highlighted in 2022, with the dollar appreciating significantly against most global currencies. The US Federal Reserve hiked interest rates at a record pace, tackling US inflation that was spiking due to global fuel and food price rises post the Russian invasion of Ukraine.

This "double-whammy" of higher US interest rates and racing global inflation caused a massive headache for central banks everywhere. For most, the unpalatable choice was between hiking interest rates even faster than the US to prop up their currency; and letting the currency depreciate, making the already higher-priced food and fuel even more expensive to import.

A double hit on budgets

Many countries instituted fuel or food subsidies to help reduce the impact on their citizens. But this typically increased budget deficits, driving debt levels higher at a point when funding that debt had suddenly become much more expensive.

As if the situation wasn't difficult enough, most African countries still rely on US-dollar-denominated debt to help finance their economies. United Nations trade body UNCTAD estimates that Africa's external debt stock rapidly grew to $466bn by mid-2022 through bilateral borrowing, syndicated loans, and bonds. As local currencies devalue, dollar debt repayments become more expensive, pushing more countries towards a future potential debt crisis.

Across Africa, this deluge of geopolitical and macroeconomic shocks has weighed heavily on many currencies. For net importers of fuel and food it has led to both the steepest currency depreciations as well as the highest inflation levels. This macro backdrop, combined with governmental policy and central bank missteps, has pushed some currencies to historic lows.

Countries that fared better typically have one of two things in common: either they are net fuel exporters, or they applied quasi or actual capital controls to limit the depreciation of their currency.

But while restricting capital outflows might provide the illusion of control to a hard-pressed Central Bank, it has two major negative implications for the real economy.

One is that it becomes very difficult for importers to access dollars. This leads either to a parallel foreign exchange market forming, or to access to essential imported goods becoming problematic, or both. Hardly anyone had heard about Sri Lanka's financial woes until the country ran out of dollars to buy fuel…

A second is that existing investors who want to extract dividends, or potential future investors, are deterred from investing in that country due to fear of being unable to repatriate capital. This impacts the long-term growth potential of an economy, with insufficient investment capital available to be put to work.

Some may argue that the stronger dollar should be viewed as an opportunity for Africa, as it results in inward investments into the continent being cheaper for US investors, and in dollar-based African exports being comparatively more competitive. However, the rush to emerging markets will not materialise if foreign investors remain nervous about continued local currency depreciation, and its impact on local currency returns once converted back into dollars.

Luckily for most of Africa, the dollar peaked last October and has since dropped in value by over 10%

against most major currencies. This happened even though the US Federal Reserve has continued to hike rates. This has given some much-needed relief to those countries hardest hit, but leads me to ask: is it possible to reduce the impact of future gyrations of the dollar on their economies?

Finance in local currency

One obvious option is to meet much more of their financing needs in local currency. Aside from South Africa and Nigeria, governments have not yet done enough to develop capital markets that would have allowed them to raise more money in their own currencies. Doing so requires both investment in the capital market infrastructure itself and the presence of strong local financial institutions, so that they can

place less reliance on external investors.

Kenya has an ambitious programme to introduce a repo market in 2023, backed by a local Central Securities Depository. This should improve liquidity in the underlying bonds, making it cheaper to issue local currency debt. This initiative should be applauded, and I would like to see other African countries following suit.

But countries also need strong local financial players to help absorb the debt issued. One area for policymakers to consider is improving (or creating) their countries' pension funds and insurance institutions. Africa has some of the lowest pension fund assets to GDP ratios across the globe, similarly for assets held by insurance companies. Policies that lead to greater inflows into such long-term investors create ready buyers of local government debt, to be held against their long-term liabilities.

But not every country has the resources or the scale to achieve this single-handedly. So could a regional or Pan-Africa approach be more effective? The West African Economic Monetary Union (WAEMU) was established to promote economic integration amongst eight West Africa countries. The member states share a common currency, the CFA franc, administered by a single central bank; and they live within a set of fiscal constraints akin to those for the Euro. Being part of the region allows each country to manage its own local debt issuance in CFA, whilst giving each a wider cross-regional pool of African investors to sell into.

The more Africa can do to move up the production value chain across commodities and manufacturing in general, the better

Improving local debt financing capabilities to reduce reliance on dollar external debt will clearly be helpful in managing future dollar fluctuations. However, it doesn't resolve the issues caused by most major fuel and food goods being priced globally in dollars.

So, how can African countries better protect themselves from a rampant dollar in the future?

It's very unlikely that we will see a material shift away from commodities being priced in dollars. This leaves several potential options for African countries to consider implementing.

For those blessed with oil and gas reserves, increasing domestic oil and gas production is one obvious step. But, to maximise the dollars earned on sales they must increase the level of refined product.

Move up the production value chain

However, the need to refine more products onshore in Africa is not just about oil and gas. Selling unrefined commodities such as palm oil and cocoa means that the amount of value captured by the producer is only a small percentage of the final value of the product – typically 10% to 15%. In general, the more Africa can do to move itself up the production value chain across both commodities and manufacturing in general, the better.

But not every country has oil or gas reserves or can afford this level of investment. A regional co-operative model could be developed to share the investment risk and future benefits more broadly across the continent. Africa has a very young population, in need of jobs. Playing a greater role in the production process improves dollar inflows and provides a higher quantity and quality of employment opportunities.

Improving food security also needs to be a priority for those countries that have historically relied heavily upon imported grain. Egypt was particularly exposed when Russia invaded Ukraine, being required to pay massively higher prices in US dollars when the Egyptian pound was depreciating rapidly.

Other things that could help? Increasing the productivity of African arable land – perhaps by producing fertiliser on the continent, rather than importing it. Improving the distribution infrastructure, so that perishable goods survive long enough to reach consumers. Switching to different crops that can be grown and consumed in Africa. All of these will help improve food security and alleviate pressure to source dollars.

So, in summary, Africa is over-exposed to the dollar. Its constituent countries need either to work independently to mitigate that risk, or work collectively to do so. Bouts of dollar strength are cyclical, so there is hopefully time to get initiatives under way before the next one arrives.

Hope is not a strategy. But I do hope that elected officials in Africa have recognised the damage wrought over the last 12 months, and are working on their strategy. ■

Two-thirds of the way into a hugely ambitious project to green the Sahel, even its staunchest proponents admit that far too little progress has been made, with just 4% planted so far. Can countries turn the tide? **Charlie Mitchell** *reports from Senegal.*

Is Africa's Great Green Wall collapsing?

The Great Green Wall should stretch the breadth of Africa – from Senegal on the Atlantic Ocean to Djibouti on the Red Sea.

In the desert scrub of northern Senegal, seven hours' drive from the capital Dakar, a quiet transformation is underway. In a fenced-off 1,000-hectare nature reserve, oryx, tortoises, monkeys and migratory birds have returned after a long absence, to the delight of Senegalese and French researchers. So too has a dizzying array of insects not seen in the dusty Ferlo desert in decades.

A few miles away is a string of community gardens, where women are paid to grow an array of vegetables, including lettuces, aubergines and tomatoes. Come harvest time, they can take them home to feed their families or to the market to turn a profit. That makes a big difference here, where most households subsist on millet and milk.

"It works well, everyone has work here," says Samba Sall, agriculture officer at one garden in Koyli Alpha, a tiny village on the edge of Senegal's Sahel region. Stretching across the width of Africa south of the blistering Sahara desert, the Sahel is one of the world's harshest places.

Local pastoralists from the Peul ethnic group get some benefit too; in especially hot and arid years, when their herds of goats and cows are in danger of starving, the gardens hand over grass stockpiled during more temperate years. Without that olive branch, experts say, some herders would tear down garden fences and send their livestock in.

Around Widou, another low-slung dusty village that elders say was once surrounded by tall trees, saplings planted

Despite the scant progress to date, the project's proponents, inspired above all by its audacity, retain the optimism that has characterised the project from its onset

by volunteers in 2008 are now 10-feet high trees.

These relatively successful, small-scale projects do not stand alone. Rather they are part of Senegal's contribution to perhaps the most audacious environmental project the world has ever seen: a 4,831-mile belt of vegetation, stretching the breadth of Africa from Senegal on the Atlantic Ocean to Djibouti on the Red Sea – to be planted by 2030. This vast project is intended to fight climate change, boost food security, reduce conflict and migration and create millions of local jobs. Its name: the Great Green Wall.

Two-thirds of the way into the project, though, even its staunchest proponents admit that far too little progress has been made, with just 4% planted so far. In northern Senegal, the projects offer hyper-local solutions rather than a silver bullet. Nevertheless, advocates insist the Great Green Wall could still revamp the Sahel's ailing economies and put food on millions of tables.

But with the region now beset by major economic shocks, including the Covid-19 pandemic and the economic impact of Russia's invasion of Ukraine, as well as the worsening impacts of climate change, is their optimism misguided? Fifteen years into the programme, many are starting to wonder whether Africa will ever see its Great Green Wall.

A bold vision

The wall was originally conceived in 2007 by the African Union and regional governments as an ambitious plan to beat back the advance of the Sahara's desert sands – amid fears of widespread desertification in the once-verdant Sahel. But the idea dates all the way back to the 1970s, when successive droughts fuelled calls for a bold solution from newly-independent nations, particularly in West Africa.

Although the project has secured backing from the European Union, the African Union, the World Bank and the African Development Bank, it remains an African-led initiative, with each of the participating countries – Senegal, Mauritania, Burkina Faso, Mali, Nigeria, Niger, Chad, Sudan, Ethiopia, Eritrea and Djibouti – coordinating their own planting projects with the help of NGOs. The first seeds, hardy and drought-resistant acacias in Senegal, were sown in Widou in 2008.

If things were bad in the 1970s, they are even more perilous today. In recent decades overgrazing, poor farming practices and climate change have degraded much of the Sahel's arable land, turning it into miles of red scrubland. In broad swaths the fertile topsoil has disappeared, perhaps for good. Cattle herders go after the few remaining trees to feed their large herds, degrading the landscape even further and threatening agricultural productivity, food security and fragile livelihoods. Indeed, across the region around 80% of land is believed to have been seriously degraded in recent decades.

In sub-Saharan Africa today, an estimated 500m people live on land undergoing desertification. It is particularly rough in the Sahel, where millions in dusty villages are short of food and economic opportunity. In northern Senegal, which is less desperate than hard-to-reach areas in Mali, Chad and Burkina Faso, young men are forced to travel many miles by

donkey cart in search of water.

That is where the Great Green Wall comes in. Originally conceived as a solid belt of vegetation running through 11 countries, but since transformed into a "mosaic" of interlocking agricultural, wildlife and reforestation programmes, the Great Green Wall project hopes to restore 250m acres of degraded land across the impoverished region. If completed, such a network could sequester some 250m metric tons of carbon dioxide from the atmosphere each year, meaningfully fighting climate change in Africa, which is bearing the brunt of a warming globe. It would also create an impressive 10m green jobs, according to its founders.

"The Great Green Wall programme is the key response to the climate crisis," says Georges Bazongo, director of programmes at NGO Tree Aid, which is involved in Great Green Wall projects across the region.

The secondary effects could be even more transformational, advocates say. By lifting millions out of poverty and guaranteeing food security, the project could ease conflict and violence in the Sahel, which has become a locus in the war on terror. It could also stop tens of thousands of men – mostly young – from attempting dangerous crossings to Europe.

Millions of trees would create new microclimates, encouraging rainfall, which could reinvent agriculture in the region. The scheme could boost biodiversity in the Sahel, making the region a hub for scientific research in fields from soil microbiology and anthropology to botany.

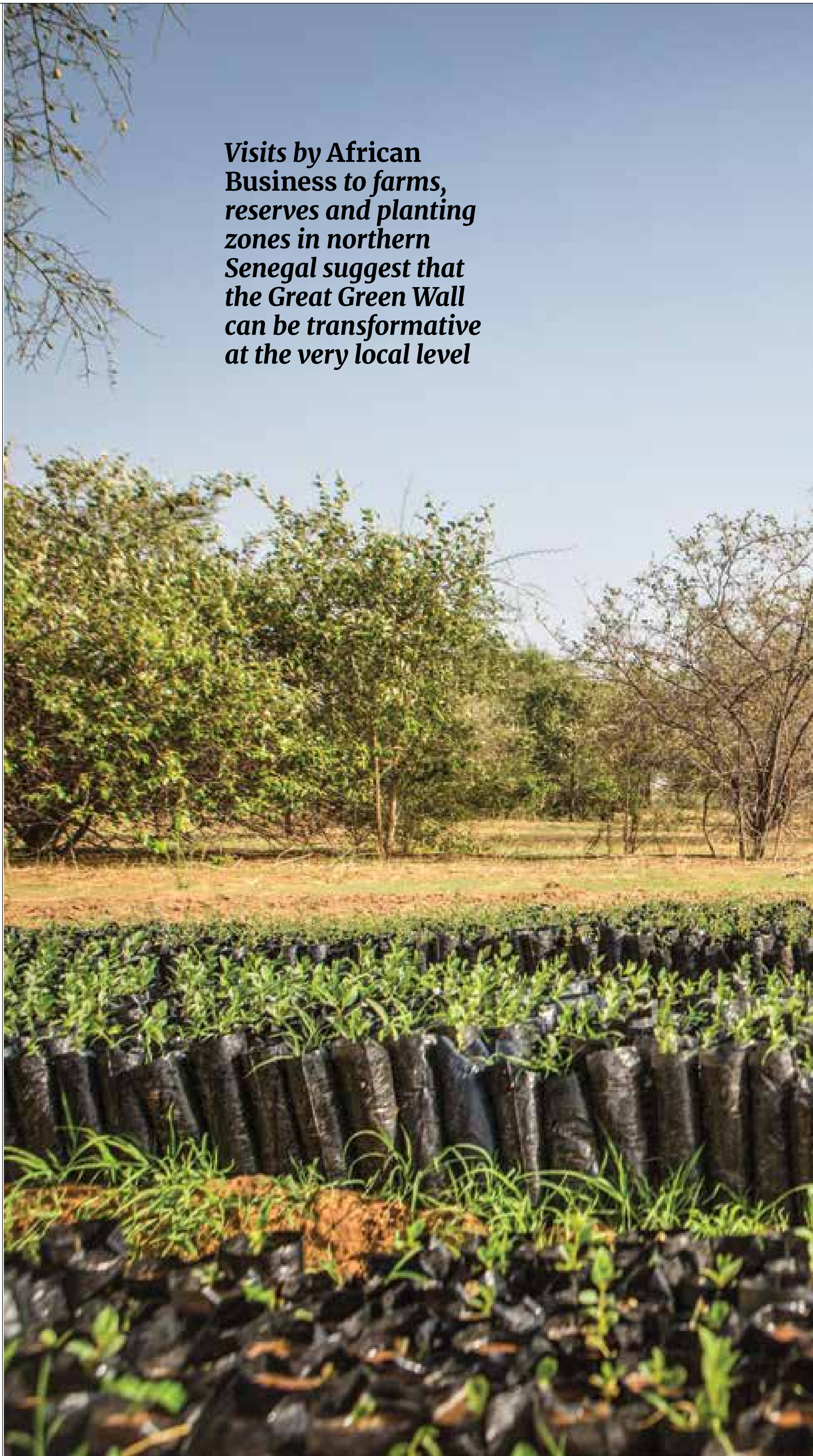
And, by curbing terrorism, creating jobs, increasing food supply and alleviating poverty, the Great Green Wall could be a shot in the arm for weary Sahelian economies, which have seen their growth hit by violent insurgencies, commodity price hikes and global economic shocks. Today the countries of the region, particularly the so-called G5 Sahel countries of Mali, Burkina Faso, Niger, Chad and Mauritania, are seeing poverty worsen – but lack the economic growth and political stability to turn the tide.

Furthermore, Chad, Niger and Mali rank among the world's seven countries most vulnerable to climate change. With the Sahel's population expected to double to 160m people over the next 20 years, countries will need to accelerate growth and prioritise climate adaptation, economists say.

Faltering progress

Everything seems to be in place for the Great Green Wall to succeed: political will from 11 African governments; billions pledged in funding; rising levels of local support; and hundreds of NGOs and volunteers eager to put their names to the world's most ambitious climate project. And yet the programme's progress since 2008 makes for grim reading.

According to a 2021 progress update, just 4% of the Great Green Wall has been completed. In countries riven with conflict and violence, such as Mali and Burkina Faso, where swaths of territory are controlled by militants, the work has not really started. Chad has planted 1.1m saplings, despite reportedly being among the largest recipients of project funding. Senegal, a frontrunner since the start, has reforested more than 90,000 acres, planting an estimated 12m saplings, according to official statistics, but there are



Visits by* African Business *to farms, reserves and planting zones in northern Senegal suggest that the Great Green Wall can be transformative at the very local level

A woman from the Senegalese Women's Association of Koyly Alpha waters seedlings of drought-resistant trees to plant for the Great Green Wall project.

concerns about how many of them have survived in their harsh desert surroundings since 2008, particularly those in areas frequented by nomadic herders.

There are some signs of genuine progress. Migratory birds and mammals are coming back to long-abandoned regions. French and African researchers talk up the potential for tangible scientific advances as a direct result of the Great Green Wall.

Some of the trees being planted offer a lifeline to poor local populations. The Acacia Senegal tree, for instance, can be harvested for gum arabic, a stabiliser used in fizzy drinks, sweets and drugs. The desert date, *Balanites Aegyptiaca*, has many uses, including cooking oil, traditional medicine and cosmetics.

Mauritania has emerged as another leading light in the programme, experts say, while Ethiopia, which started reforestation efforts before many of its peers, had reportedly planted an impressive 5.5bn seedlings in 151,000 hectares of new forest by 2021.

But serious challenges remain, chief among them access to project financing. French president Emmanuel Macron might two years ago have pledged an additional €14bn in multilateral funding, adding to the billions already promised, but NGOs and researchers say that, to date, the money has not arrived.

Without proper funding, the project will be all talk, says Haidar El Ali, the former director of Senegal's Great Green Wall agency. He is exasperated at the project's lack of progress. "The Great Green Wall can't be fast or good because the big organisations don't really help. They do a study, they do a conference, but nothing on the land," he says. "Big organisations are not the solution. The solution is local."

Meanwhile, since each participating nation has its own closely-guarded Great Green Wall budget, overseen by a specialised agency, it is not clear how much has been spent and on what since 2008. According to a 2021 report by the United Nations Food and Agriculture Organisation, countries claimed to have spent just $200m on the Great Green Wall since the project began, a pittance given the scale of its ambition and the billions pledged towards it.

In Senegal's Ferlo desert, poor access to water and scant rainfall mean some projects never get off the ground. Around Widou, Great Green Wall projects use groundwater pumping stations built by the French in the 1950s, before Senegal won independence from France. They are desperately in need of an update. When *African Business* visited, frustrated women sat under the shade of trees, surrounded by parched ground and unable to plant without any water.

Time to step up

Two years ago, in a progress update, ministers and UN officials claimed that the project was responsible for 350,000 new jobs and $90m in revenue. Overall, countries claimed to have planted 4m hectares between 2011 and 2021. But to achieve the 2030 target more than twice that area will need to be restored every year, at an estimated cost of $4.3bn annually.

Fierce proponents of the project say any progress on re-greening the Sahel is cause for celebration. Yet if the project is to meaningfully tackle terrorism, climate change, poverty, hunger and dangerous migration in the coming decade, progress must be stepped up, and fast.

Image © Redux/eyevine

Above: Irrigated farmlands of the Nile region butt up against the Sahara near King Snefru's pyramid from the Old Kingdom.

There is also an economic imperative, with fragile economies across the region in the doldrums having suffered the dual economic hammer blows of Covid-19 and the war in Europe, both of which sent the price of imported food and fuel skyrocketing. The stresses came as the region was already contending with political instability, economic fragility and extreme weather, further impacting some of the world's poorest households.

"Africa's high incidence of food insecurity is rooted in a combination of structural challenges such as fragility, climate change, environmental degradation, high levels of poverty and low agricultural productivity," Ellysar Baroudy, lead natural resources management specialist for the Africa region at the World Bank, told *African Business* in a statement. "The Covid-19 pandemic and the Russia-Ukraine war have added to the vulnerabilities, leading to dire consequences on Africa's food security."

She added: "In some countries, the prices of oil, rice, sugar, wheat, and other processed imports have already risen between 20 and 50%. An increase in the price of fertilisers triggered by the war also threatens the lingering food security crisis. Over 32m people are already in acute food and nutrition insecurity in West Africa and more will be added if no action is taken."

A glance at the state of the Sahelian economies underscores that need. Burkina Faso's economy is largely based on agriculture, although gold exports have proven a useful counterweight. Still, more than 40% of the population lives below the poverty line. That puts the West African country, which has endured two coups since last January, 184th out of 191 countries in the Human Development Index compiled by the United Nations.

Even as the economy started to rebound from the pandemic in 2021, low rainfall led to a 4.1% decline in the all-important agriculture sector. And the World Bank predicts that falling investment in mining, chronic insecurity and the Russia-Ukraine war will continue to slow real GDP growth.

'We need transformative interventions that build the resilience of ecosystems, empower people, and contribute to sustainable economies. The Great Green Wall does this'

Mali, run by a military junta and under sanctions from the Economic Community of West African States (ECOWAS), is faring even worse than its troubled neighbour. Covid-19, poor agricultural performance and political crisis pushed the Malian economy into a recession in 2020. While GDP growth rebounded slightly to 3.1% in 2021, it is expected to have fallen to a disappointing 2.1% in 2022 due to the effects of sanctions. Cotton, cereal and gold output could lift growth in 2023 with strong commodity prices, according to economists, but high food and energy prices could wipe out those gains.

Even Senegal, a bastion of stability in the region, is seeing its economic recovery undermined by the conflict in Ukraine, which is set to hit consumption and investment because of high energy and food prices. Discoveries of impressive oil and gas reserves could offer a boon, but energy projects are not expected to contribute immediately to state coffers.

A perfect storm?

With climate change gathering pace, the embattled Sahel is heading towards a perfect storm. The region has barely contributed to the climate crisis, but it is feeling the effects. In fact the Sahel is thought to have warmed by 1°C since 1970, nearly twice the global average.

So could the Great Green Wall, despite its lack of progress, help the region's hard-up economies, ease the effects of climate change and drag millions out of poverty?

Baroudy is bullish. "We need transformative interventions that build the resilience of ecosystems, empower people, and contribute to sustainable economies. The Great Green Wall provides these solutions and that is why the World Bank has committed to invest $5.6bn between 2020 and 2025," she says. "Through this commitment, around 60 projects will be implemented in a diversity of sectors that together, promote sustainable development: agriculture productivity, climate resilient infrastructure, land restoration, value-chain and local markets, and empowerment to equip farmers, women, and youth with the right skills." The projects, she claims, "will create corridors of growth where jobs are created, activities diversified, and revenue generated".

Visits by *African Business* to farms, reserves and planting zones in northern Senegal support the notion that the Great Green Wall can be transformative at the very local level. But if it is to drag regional economies out of the doldrums, that will not be enough. Instead, meaningful action must be taken on a vast scale to revive the flatlining programme, including the delivery of pledged funds and greater oversight of how the money is spent.

Despite the scant progress to date, the project's proponents, inspired above all by its audacity, retain the optimism that has characterised the project from its onset.

"We need to break the poverty cycle," says Bazongo. "So let us start somewhere and keep this ambition and I am sure that by 2030, maybe we will not reach the targets, but we will start to change things." ■

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A summit in the Gabonese capital in early March saw the launching of the "Libreville Plan", which includes a €100m fund to reward countries for protecting their forests and biodiversity. **Tom Collins** *was there.*

Gabon 'One Forest' summit launches plan to save rainforests

Nestled into the giant Congo Basin rainforest, Gabon is one of the most carbon-positive countries in the world – with more than 88% of its landmass covered in tropical rainforest. It has been hailed in Africa and across the world as a country that has implemented some of the most-forward thinking and effective climate policies. Politicians and business leaders gathered in the capital Libreville in early March for a two-day "One Forest" summit, looking at lessons Gabon can teach the rest of the world on forest management. The summit was hosted by President Ali Bongo Ondimba of Gabon and attended by several other Central African heads of state, as well as President Emmanuel Macron of France. President Macron gave the keynote speech

in a rare address from a Western head of state at an Africa-focused climate conference.

"The Gabonese rainforest captures around one third of the carbon emissions produced by France each year," he said. "In the last 30 years, 220 million hectares of rainforest has disappeared – the equivalent of the Congo Basin rainforest. The objective of this One Forest summit is to mobilise efforts to save these precious rainforests."

Successful conservation

The French president paid tribute to Gabon's leadership in protecting the huge rainforest, something which has not necessarily been done in other countries. He said that a key way to preserve rainforests was to find an economic activity that adds value without cutting down the trees.

Gabon is a good example, he said, as it has managed to set up a thriving timber industry without laying waste to the precious natural resource. In 2010, Gabon implemented a total ban on the export of raw timber, in an effort to encourage local and international companies to set up wood-processing businesses.

At around the same time, it set up the Gabon Special Economic Zone (GSEZ) on the outskirts of Libreville, to attract foreign direct investment (FDI) into the sector. More than 150 companies are now present in the zone, making everything from plywood to veneer and high-end furniture.

The range of companies has had a marked knock-on effect on the rest of the timber value chain. All the timber that comes into the zone, which processes around a third of the country's wood, must come from designated logging sites in Gabon's forest, which are strictly managed.

The government has enforced strict regulations for logging companies working in Gabon, ensuring that all firms must comply with Forest Stewardship Council (FSC) standards by 2025. Gabon currently has around 5.5m hectares of certified forest, almost half of the certified area in the three countries of the Congo Basin.

Wealthy nations must do more

However, President Bongo said that despite Gabon's efforts to preserve the critical rainforests, developed nations have not yet given the country the support and recognition it needs.

"The majority of the tropical rainforests are in developing nations which do not always have the resources to preserve them. But rather than applaud our achievements, the developed world does not seem interested. There is collective reluctance for the developed world to pay for our services to the climate." He added that without financial backing it is hard to make sure that these forests are worth more alive than dead.

One way of driving finance into the country's rainforest is through carbon credits – Gabon captures more than 140m tonnes of carbon annually and emits only 40m, giving it vast potential to sell credits to companies that wish to offset their emissions.

Gabon announced last year that it was looking to issue 187m carbon credits, which would be the largest ever such issuance. However, Bongo says that investors have not yet been forthcoming in putting money on the table, which has become a huge challenge for forest nations issuing carbon credits.

Above: Two endangered silverback mountain gorillas walking in the Ugandan rainforest.

Left: Gabon's President Ali Bongo shakes hands with French President Emmanuel Macron (L) during the One Forest Summit at the Presidential Palace in Libreville.

€100m pledged to fight deforestation

In order to help support Gabon's conservation efforts, the conference adopted the "Libreville Plan", which aims to stop deforestation and thus to be an effective solution in the fight against climate change.

Donors, governments and climate-partners came together to create a €100m ($105m) fund, with France committing €50m, followed by Conservation International with €30m and the Walton Foundation with €20m.

The funds will be available to countries that "want to accelerate their strategy to protect vital carbon and biodiversity reserves through partnerships," said Macron. The fund will be used to reward exemplary countries that have conserved their forests by giving them "biodiversity certificates", the French president said.

He added: "We are betting on the request of a number of companies to buy these certificates: this would be part of their corporate social responsibility policy, and in so doing they will finance territories in the large forest basins that protect their biodiversity and who are also working for the sustainable development of indigenous populations and local communities. This is the same principle as for carbon credits."

Carbon credits in question

Indeed, Macron said that the carbon market has been "adrift in recent years" and it risks becoming a "failing model".

One reason behind the failure is that there is a lack of environmental transparency, and some of the projects that are meant to offset emissions do not sufficiently protect the environment. Another is that the market has become associated with profiteering, with consultants, carbon brokers and project developers making a lot of money off a poorly-understood system.

"This bottom-up voluntary carbon market was created but it will never scale until we figure out a balance and clarity between supply and demand," said M Sanjayan, CEO of Conservation International. "We can create a wonderful biodiversity credit. And we can create nature certificates – but where is the demand? Where are the buyers?"

Ultimately, if investors are not interested in funding monetary instruments that attach value to the preservation of nature, then most of the models will fail. In a stark warning to the audience, Lee White, Gabon's minister of forests, oceans, environment and climate change, said that the loss of the country's rainforest would have disastrous effects.

"The forest here represents a stock of 10 years of carbon emissions," he said. "If we lose this forest we will simply lose the fight against climate change and condemn our children to live in a world that is two, three or four degrees hotter." ■

Interview

Pedro Castro e Silva, Deputy Governor, Banco Nacional de Angola

On the sidelines of the African Central Bank Conference, hosted by Standard Bank Group, **Pedro Besugo** *speaks to Pedro Castro e Silva, deputy governor of Angola's central bank, about the country's prospects.*

'Oil is a volatile commodity… diversification is key'

African Business*: High oil prices have helped Angola through a difficult period, but is economic diversification happening fast enough and will the 2023-27 national development plan help?*

Pedro Castro e Silva: Yes, economic diversification is a very important issue in Angola. Oil really commands our economy because 95% of the value of our exports comes from oil, while 65% of fiscal revenues come from oil. It also accounts for about 40% of our GDP. So oil is a very important commodity for us.

Now, we also recognise that it's a volatile commodity in terms of the price and that's why economic diversification is key for the sustainability of our economy. The government has a programme to diversify the economy. It's mainly focused on agriculture, which only accounts for 6% of our GDP currently. By comparison, in Mozambique, for example, agriculture accounts for 20% of GDP.

So we have to invest more in agriculture. This is also very important for our international reserves. Right now, we spend between $200m and $250m every month to import food. So that's why the gov-

ernment is focused on economic diversification. It has been investing in infrastructure, particularly on three specific programmes – cereals, fisheries and cattle. So, this is how we are pursuing economic diversification in Angola.

The IMF has highlighted the importance of fiscal adjustment and welcomed the commitment to medium-term fiscal and debt targets. How important is it for the government to stick to these?

We have had some luck in terms of the oil price. We will have to see what happens now with the events in the United States of America but after six years of economic contraction, we experienced positive GDP growth last year and we are due to have a similar result this year.

Fiscal consolidation was very important in helping us achieve this. The reforms carried out in the forex sector were also a very important part of this. We have changed a lot there. Previously you needed to get a licence from the central bank if you wanted to invest in the country, to send more than $250,000 abroad, or to import food. That is no longer the case. Now it's up to the financial capability of the person. So we took away the focus from exchange controls and we are now much more focused on anti-money-laundering and counter-terrorist-financing. As long as banks carry out their due diligence function, people are no longer restricted from any foreign exchange transactions they want to make.

'The government is focused on economic diversification. It has been investing in infrastructure, particularly for cereals, fisheries and cattle'

Do you anticipate more turbulence ahead for emerging market currencies, particularly those in Africa?

For oil-exporting countries, the price of oil is very important; it's positively correlated to the value of the currency. Whenever the price of oil goes down, we have less foreign exchange, and this affects the value of the currency.

The same is true for other countries that export commodities, whether food or energy. It will all depend on the international economic environment. So we will have to see what the impact of the war in Europe is. We will have to see what happens now that China is opening up and supply chains are re-established. And also how far the banking issues that have cropped up in the US go.

In terms of the conflict in Ukraine, what do you think will be the effects for Angola and the region as a whole?

On one hand, the war led to high oil prices and that could be seen as a good thing for Angola: but it actually isn't. On the other hand, it also impacted food prices and we are a net importer of food, so that has an impact on our inflation rate.

I think when the conflict is resolved – and right now we can't foresee when that will be – world trade will be re-established; and I don't think it will have a big impact on world prices. So these are the two scenarios that can happen. What it means is that we have to continue to invest in economic diversification so that we are not overly affected by issues outside our borders.

What is the current situation with inflation?

We are on the opposite cycle to most of the world, because inflation in Angola is going down and this has to do with how expectations are formed in Angola. The exchange rate is a very important indicator in terms of expectations in Angola and whenever you have either an appreciation of the currency or currency stability, then expectations are also stable, and then inflation starts to come down.

On the other hand, if you have volatility in the exchange rate or depreciation, it has a big impact on inflation. So, lately we have had an appreciation of the currency and this has had a positive impact in terms of inflation.

When we started with the reforms, the difference between the formal and informal foreign exchange markets was about 150% and inflation was 42%. Now, the difference is below 20% and inflation is down to 11.8%. We have an objective of between 9% and 11% in 2023, so I think we are in a very good position.

Regarding the banking turbulence in America, what can central bank governors in Africa learn?

We can learn a lot of lessons. First of all, no bank is too small to cause financial stability issues. Silicon Valley Bank was not considered a big bank in the US, and for that reason was not subject to the same regulations that applied to the bigger ones. So, perhaps that has to be adjusted.

Another lesson is that Basel II and III have proven to be fairly important regulatory frameworks. The good news is that most banking systems in the world are applying those principles. In the US, however, I don't think that those principles are applied very much, so perhaps that is something to reflect on.

Besides that, I think that these events will also cause regulatory frameworks to be revisited at the Bank for International Settlements level, and we will all have to participate in that process. So even though it's not good news, it might prove useful as a catalyst for the review of the regulatory framework and make the banking sector even more solid in the future.

For us in Angola, the banking system is very solid. The average capital ratios are well above minimum. The channel through which we feel this sort of phenomenon coming from overseas is through the oil price. Already the price seems to be going down rather rapidly and it will be a matter of concern for us if the trend continues but for now we will have to wait and see.

With China coming back into the global economy, do you foresee that having an impact on the oil price, as demand likely increases?

Yes, I think it will be very important. The question now is if it will compensate for what's happening in the US and Europe. Hopefully this banking crisis will not turn into a financial or economic crisis, as others did in the past. ■

South Africa will host its fifth South Africa Investment Conference (SAIC) on 13 April in Johannesburg. A few days later, in Cape Town, the AfCFTA Secretariat will be holding its Business Forum, presenting investors with an exciting range of opportunies.

South Africa on investment super drive

The final leg of South Africa's five-year investment drive, scheduled to be held at the Sandton Convention Centre in mid-April is expected to meet the target of raising over R1.2 trillion ($70bn) set by President Cyril Ramaphosa in 2018.

The fifth South Africa Investment Conference (SAIC) is the single most ambitious investment undertaking in democratic South Africa. It has involved some of the country's biggest corporations as well as very strong interest from around the world including the Gulf Cooperation Council's members in the Middle East, Canada, Belgium, Turkey, China, Germany and the Czech Republic, among other nations.

In addition, thoughts are increasingly turning to what could prove to be a massive market and source of investment in the near future – the continent itself – as the African Continental Free Trade Agreement (AfCFTA) kicks into gear.

One week after the investment conference the AfCFTA Secretariat and the Government of South Africa are hosting in Cape Town the AfCFTA Business Forum – billed as the biggest such event on the continent. This will underline the emphasis that South Africa places on the AfCFTA.

The focus will be the private sector and areas of interest will include agro-processing, automotive, pharmaceuticals, transportation and logistics, and digital trade – precisely the sectors favoured by investors over the past four editions of the South African Investment Conference.

"The AfCFTA presents us with the best opportunity possible to attract investment,

when paired with South Africa's status as the most industrialised nation in Africa," commented Sithembile Ntombela, the Acting CEO of Brand South Africa. "This opportunity puts us in an advantageous position as a preferred investment hub."

Last year's SAIC raised R367bn ($21bn) of new investment commitments, "bringing our five-year investment target firmly into sight," says InvestSA, which was the main organising body of the conferences. "Since the first investment conference in 2018, South Africa has attracted R1.4 trillion ($78bn) in commitments."

The sectors range from infrastructure development, healthcare, real estate, logistics, agri processing, foods and beverages, automotive to creative and artistic industries.

Other very promising areas of investment include electricity generation, as part of the country's aim to increase capacity to 6,800 MW over the medium term within the Renewable Energy Independent Power Producer Procurement Programme and the Just Transition to Green Energy.

The Covid pandemic and the subsequent lockdowns wreaked havoc, especially among SMEs. This was exarcebated by the energy crisis as well as other external global shocks.

Nevertheless the country has proved resilient thanks to a sound financial backbone, including the continent's biggest banks and most liquid stockmarket, a highly skilled and educated workforce and astute management in its mining, automotive, pharmaceutical and agri-processing sectors.

The right note

The groundswell of opinion is that the worst is past and South Africa is once again ready to start its climb and over the next few years regain its place as Africa's most successful economy. During last year's conference, Ramaphosa admitted "I am not here to pretend that these challenges are not real," referring to the many shortcomings, but pledged to do his best to solve the issues.

This realistic acknowledgement of the multitude of problems, instead of glossing over them, struck the right note with investors and this year's commitments are expected to go over the initial target of R1.2 trillion.

South Africa is considered Africa's most developed and sophisticated economy and its commitment to continue the development and expansion of its ITC and electronics sector should place it in a favourable position to benefit from the ever evolving technological revolution.

Its well-developed and diverse tourism, hospitality and conferencing sectors should see a substantial revival as the world begins to travel once more. The hard and soft infrastructure is still world-class, hence why many multinationals use it as a gateway to the rest of the continent.

The investment drive has become a key component of the Economic Reconstruction and Recovery Plan announced in 2020. Many of the projects, especially in the infrastructure and power generation sectors, will not only stimulate growth but more importantly spread growth into some of the most marginalised areas of the country creating sustainable industries with high employment potential.

Just transition to green energy

South Africa's treasure trove of natural resources, including gold, iron ore, platinum, manganese, chromium, copper, uranium, titanium and coal, makes it one of the world's most valuable sources of essential industrial inputs. However, the failure of the country's energy supply to keep pace with the rapidly growing demand has prevented the full exploitation of its potential.

But even its power woes create opportunities and a plan is underway, backed financially by a number of developed countries from Europe and the Americas as well as the African Development Bank, to transition to greener energy.

Norwegian group Scatec pledged to invest R16bn ($900m) in a solar power plant based in the Northern Cape. InvestSA says "Scatec will also channel part of its pledge into the production of biogas, photovoltaic generation capacity and lithium battery technology – technologies which are likely to dominate SA's energy generation landscape."

In addition to renewable sources such as wind, solar and biomass for power generation, the government has set great store on hydrogen to help decarbonise the economy. The Hydrogen Society Roadmap is a coordinating framework to facilitate the integration of hydrogen related technologies in various sectors of the economy.

Gearing up for growth

Despite serious headwinds, the IMF believes that inflation peaked in 2022 and that the road to full recovery has started.

Demand for commodities and mineral inputs is expected to increase. Major pledges towards mineral beneficiation include R12bn ($670m) from Implats, R11bn from African Rainbow Minerals, R10bn from Anglo American and R9bn from platinum miner Sidibelo. The automotive industry, one of South Africa's most crucial manufacturing hubs has also made substantial pledges.

These include Ford, R16bn ($900m); Tshwane Automotive, R2bn; Africa Auto Group, R550m; BMW, R800m; Volkswagen, R350m; Daimler Trucks & Buses Southern Africa, R190m; Wheel Assemblers, R180m; Fromex Industries, R102m.

InvestSA says the investment drive in the automotive industry "is a catalyst for smaller industry players – predominantly black-owned – to announce ventures within the automotive supply chains, from tyres, to batteries, to components and assembly facilities".

Vodacom, the country's telecoms giant, has pledged R50bn ($2.8bn) on its fixed and mobile networks over a five year period. Planned reforms in this sector should see the entry of more players.

During the 2022 investment conference President Ramaphosa seemed particularly pleased with the injection of investment in the country's creative arts.

"Our creative industries have been given a major boost by multimillion rand investments in film and television production by the world's largest media companies like Warner Media and Netflix. After nearly 15 years in the making, the eThekwini Film Studio in KwaZulu-Natal will soon become a reality following a R7.5bn ($420m) investment from Videovision Entertainment." Netflix pledged R929m with Warner coming in with R350 million.

Ramaphosa summed up one of the main aims of the investment drive when he said: "Over the last five years, some R32bn has been invested in nearly 800 black industrialists and entrepreneurs through funding initiatives within the Department of Trade, Industry and Competition, with close to 120,000 jobs either saved or created."

The positive response to the fifth edition of the SAIC is a clear indication that the country's biggest and most innovative enterprises have renewed their faith in the potential of one of Africa, and the world's, most extraordinary countries. The country is gearing itself up for many more pledges around investments, including around the intra-African trade opportunity. ■

More information on the SAIC can be found at www.sainvestmentconference.co.za

Opposite: President Ramaphosa onstage at SAIC. Right: Sithembile Ntombela, Acting CEO, Brand South Africa.

Business

Millions of Africans are exploring work opportunities in the global gig economy, but it remains to be seen whether the benefits of flexibility will be joined by increased wages and better conditions, writes **Will McBain**.

Can workers win in Africa's gig economy?

At just 19 years old, Sheikh Sarr took matters into his own hands after graduating from school in The Gambia last year. Instead of risking joining the ranks of unemployed university graduates, he enrolled in a computer programming course at the Indian Institute of Hardware Technology in the capital city of Banjul. With impressive speed and determination, Sarr learned the fundamentals of five programming languages and completed an online coding boot camp in less than 10 months. Now, he's eager to leverage his skills by setting up profiles on Fiverr and Upwork, two of the top online marketplaces for freelance work, and joining Africa's thriving gig economy.

"I know the market is hot and the world needs programmers, so for now this is the best way for me to be creative and earn good money," says Sarr, who pays the equivalent of $18 monthly for unlimited broadband between 7pm and 7am, so that he can learn to code through the night.

Growth of the gig economy in Africa

The global health crisis served as an impetus for a growing multitude of Africans exploring digital job opportunities, driven by the quest for novel avenues to secure work. A host of local and global platforms emerged, paving the way for chauffeurs, voice actors, housekeeping staff, and technology professionals to discover short-term, flexible "gig" occupations. Although an upsurge in workforce numbers led to suppressed earnings, pivotal African markets have experienced growth in the number of their citizens pursuing platform-based livelihoods.

A study conducted by the Kenya Private Sector Alliance (KEPSA) estimated that 5% of Kenya's adult population, amounting to 1.2m people, now participate in some form of the gig economy, which can include businesses on Facebook and Instagram.

The Online Labour Observatory (OLI), a joint effort between the International Labour Organization and the Oxford Internet Institute at the University of Oxford, reveals that Kenya currently represents 0.9% of the worldwide online freelance workforce. According to OLI, this global workforce has exceeded 19 million active users on several of the world's largest platforms, and there were over 163 million registered freelancer profile accounts in 2020 alone.

For Kenyans, writing and translation services are the most common online occupations, while software development and technology dominate in Nigeria. Africa's most populous nation is sub-Saharan Africa's second-biggest contributor to a market expected to reach $455bn this year, according to Statista, a market research firm.

'Positive and negative implications'

"The shift towards remote work during the pandemic has led to an increase in demand for certain types of online work, particularly in the tech industry," says Fabian Stephany, a research lecturer in AI & Work at the Oxford Internet Institute. "Many employers are realising that they can hire freelancers from other parts of the world at lower wages, and are taking advantage of this potential arbitrage. However, this trend is not limited to the Global South, and is happening across the globe. It's important to note that this trend has both positive and negative implications for workers, and needs to be carefully monitored and regulated to ensure that workers are treated fairly and have access to decent working conditions, and opportunities for career development," says Stephany.

As the African gig economy expands, it encounters a myriad of impediments that obstruct its development. A principal challenge is the considerable entry barrier for numerous Africans, stemming from constrained access to reliable internet, electricity, and financial resources. Potential clients may also show reluctance to engage with African gig workers due to ingrained biases and stereotypes, causing some Africans to set up accounts using virtual private networks to mask their locations, and risk having their accounts suspended.

On the supply side, African gig workers grapple with concerns including depressed earnings, the absence of benefits and job security, and insufficient safeguards against occupational hazards, says Grace Natabaalo, who researches African platform economies at the advisory firm Caribou Digital.

Unpredictable power outages and load shedding further disrupt work routines, complicating adherence to deadlines. Governmental policies and regulations may display inconsistencies and ambiguity, generating instability and uncertainty for gig workers, analysts say.

"Tax authorities across Africa are trying to expand their base by targeting individuals engaged in online work, including freelancers and influencers," says Natabaalo. "The challenge lies in finding ways to effectively capture income from these new forms of work within the tax system and also consider addressing the lack of social protections, such as health insurance. Governments could include gig workers in social protection schemes or health insurance plans. However, whether the resources and planning are available to achieve this remains uncertain," Natabaalo told *African Business*.

Right: A chronic lack of employment opportunities for youth in Kenya following completion of undergraduate programmes has led many to seek opportunities online, such as assisting with research, tutelage and even writing academic papers for students in Europe, Asia and the US

Business

Left: A young engineer connects his laptop to the internet

In response to the expanding gig economy in Africa, governments are implementing initiatives to capitalise on its potential. Kenya's Ajira Digital Clubs initiative aims to equip young individuals with digital skills and connect them to online job opportunities. And as the gig economy grows, policymakers are focusing on addressing the challenges faced by the vast informal sector, promoting upskilling through gig work to enhance the overall skill set and employability of the workforce.

Africa's gig economy forms an increasing slice of the continent's vast informal sector, notes Stephany, yet it stands apart from the rest due to its organisation by prominent global entities, such as multinational corporations from Silicon Valley, and its firm grounding in digital technology.

Although exact figures remain elusive, the consensus is that there is a pronounced disparity between high-skilled professions, such as programming and graphic design, and lower-skilled gig work. The majority of gig jobs do not provide substantial learning prospects or lucrative wages, with merely a small fraction (estimated by analysts at around 5-10%) comprising work where workers can command higher remuneration based on their advanced skill sets.

Opportunities for women

Despite uncertain career trajectories for a significant portion of Africa's gig labour force, and the risk to jobs from the rise of AI tools like ChatGPT – capable of executing technological tasks with increasing proficiency – the gig economy has unlocked numerous avenues to financial autonomy for African women, says Olayinka David-West, professor of information systems at the Lagos Business School.

Working on online gig platforms can offer African women the opportunity to earn a higher income, especially if they are able to work with foreign clients and earn in foreign currency. This can be particularly beneficial in countries with unstable currencies or where the cost of living is high. Additionally, many women who work in traditional jobs may face limitations in terms of earning potential or job opportunities, so online gig work can provide an alternative path to financial independence and empowerment. One third of Kenya's writing and translation gig workers are women, while in Nigeria, 23% of professionals online are women, according to the Online Labour Observatory.

Working on online gig platforms can offer African women the opportunity to earn a higher income, especially if they are able to work with foreign clients

The lack of available jobs for university graduates is ramping up the number of female gig workers, says David-West, as Nigeria's unemployment rate shot past 30% in 2022, according to Statista.

"These individuals need to find ways to make a living and many gig workers, particularly in ride-hailing platforms, hold university degrees and those with less education often turn to jobs like dispatch riders. The primary challenge is whether the economy can create enough work opportunities to accommodate the expanding labour force, and if they can't, then more workers will look to the platform economy, says David-West, who is helping implement the Fairwork project in Nigeria by evaluating working conditions in the Nigerian gig economy.

Empowered by online platforms like Upwork and Fiverr – which have more than 20 million freelancers advertising on their sites – young women are embracing financial independence by developing new skills and seizing work opportunities. Leveraging e-commerce and social commerce, they gain control over their income without the constraints of significant capital or physical stores, says Natabaalo. Yet limited access to capital remains a challenge, often constraining the growth of their businesses and gig work.

"Many young women may lack negotiating power or financial resources to demand higher wages, resulting in low pay or no work. However, generating income independently is empowering, and developing new skills can increase work opportunities," Natabaalo says.

Anastestia Onyekaba's success story

For Anastestia Onyekaba, a chemical engineering graduate from Lagos, it was through creating digital birthday cards that she discovered her passion for graphic design. With a depressed jobs market in Nigeria, she created an Upwork profile during the Covid lockdowns. Her mother struggled to understand Onyekaba's non-traditional career path but after witnessing her dedication, she became supportive and bought her a high-powered laptop.

Overcoming early challenges including low pay and clients exploiting her inexperience, Onyekaba gained confidence, her rates increased, and she then started attracting higher-paying clients including one from Japan who wrote her a glowing review.

"This was what just blew up my profile," says Onyekaba. "After that, people started to trust my applications, but it wasn't all rosy in the beginning, because clients were trying to take advantage of a starter designer who could offer a very little price."

Facing Nigeria's unreliable infrastructure, including internet connectivity, payment challenges and power supply issues, Onyekaba moved to Dubai for a more conducive freelance environment, just before the UAE implemented a visa ban on Nigerians. Her rates increased to $50 per hour, and she now has four repeat clients from the US and UK, as well as a steady stream of gig requests falling into her inbox from clients from around the world.

"There's no end to the learning, and research. But right now I am young and I have the energy to save up and dabble into investments from the money I earn from Upwork, which can propel me to even greater financial freedom in the long run," says Onyekaba. ■

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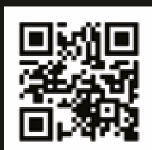

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New technology is revolutionising language learning and translation, broadening education and business opportunities for hundreds of millions of African language speakers, writes **Will McBain**.

AI tools open up a world of African languages

South African events worker Zanele Mkhize struggled for years to maintain her children's Zulu language fluency. They were born to an English father in Oxford, UK, and educated at a Church of England primary school. Annual three-week visits to Johannesburg enabled them to engage with local speakers, but their spoken proficiency waned over time, particularly during their teenage years.

Then one of her children signed up to Duolingo – a popular edtech language learning platform – after it began offering Zulu language tools last year. Now an adult, he has continued learning Zulu at his own pace, reinforcing his cultural bonds.

"I don't think they could ever lose their ability to understand Zulu, because I spoke it to them in their early years. Yet their reading, writing and speaking was not as good, as they always spoke and studied in English growing up," says Mkhize. "My son was really excited when Duolingo made Zulu available last year, as it's easier to learn that way than to be arched over a textbook when you have a busy life."

In a matter of months, Duolingo has attracted over 30,000 Zulu learners to its platform, making it the second African language offered on its app. Swahili, added five years ago, now has over 477,000 subscribers.

In more good news for African language learners, Xhosa for English speakers will be released in December this year, bolstering the offering for Duolingo's 50 million users. Duolingo provides free access with ads. An ad-free version costs UK subscribers around £6 ($7.40) per month. In South Africa, leading local telco Vodacom enables its 45 million customers to use Duolingo for free, eliminating data charges when using the app.

The language learning platform generates revenue from advertising, subscription fees, and exam fees. It accumulated $369.5m in revenue in 2022, according to market research firm Statista – a 47% increase over the previous year. A report by Research and Markets forecasts that the online global language learning market will grow 20.3% by 2029, to reach a market size of $31.81bn.

By incorporating African languages, analysts say Duolingo fosters linguistic diversity, while expanding its subscriber base and ramping up profits.

"The historical impact of colonialism on African languages has led to a delay in the development of tools and resources for local languages," says Vukosi Marivate, associate professor of computer science at the University of Pretoria in South Africa. "There is a growing demand for tools that support local languages, as populations increasingly recognise the importance of preserving their linguistic heritage. Organisations like Duolingo see the potential in developing resources for widely spoken languages such as Swahili and Zulu, making it economically viable to invest in their development. Simultaneously, people

are becoming more intentional about teaching their children local languages, despite the challenges in finding resources for them," Marivate says.

Creating the Zulu course on Duolingo involved tackling an array of distinct challenges. The firm's learning specialists collaborated with course contributors from Nal'ibali, a South African literacy organisation, to devise methods for teaching unique aspects of Zulu. This partnership was crucial to deal with Zulu's three basic click consonants, its sixteen noun classes and the way that Zulu words are structured by combining smaller components.

Advertising potential

As more people speak and learn African languages, advertisers are likely to shift gears. In Africa, numerous online businesses could be losing potential customers – particularly in rural areas – who prefer using their native languages, or who find English and French interfaces on mobile devices too complex. The report *Can't Read, Won't Buy* by research firm Common Sense Advisory revealed that 40% of respondents wouldn't make a purchase in a language other than their mother tongue.

With Africa's population set to double by 2050, its immense market potential should attract investors and marketing professionals with a heightened awareness of the need to understand and engage with local languages, according to Mukindi Lambani, CEO of the edtech startup Ambani Africa. This firm utilises augmented reality (AR), animation, and gamification to teach young students seven African languages, while also offering access to online tutors.

Online businesses could be losing customers who prefer using their native languages

"Language learning companies in Africa are diversifying their approaches, targeting early childhood development, adult learning, and corporate institutions, with an overarching goal to empower individuals to learn a variety of subjects in their native languages," says Lambani.

Africa's online learning platform industry is projected to reach $380m this year, according to Statista, and revenue is expected to grow 12.10% annually to 2027, encouraging a raft of market entrants.

"Despite digital under-representation of African languages, the market has room for numerous players, each playing a crucial role in laying a robust foundation for language learning and cultural appreciation. This dynamic landscape is set to revolutionise the way businesses engage with African audiences, creating a more inclusive and vibrant future," Lambani says.

The unique approach of Ambani Africa blends physical books with AR technology, creating an immersive learning experience for children. When paired with a smartphone camera, characters are designed to leap off the pages, engaging users and guiding them through a range of interactive educational tasks.

Adding artificial intelligence

The rapid advancement of AI tools has led to Silicon Valley giants investing in African languages. In recent years, major technology companies have recognised their value, driven by the increasing demand for localised content and services. Google actively supports Natural Language Processing (NLP) research for African languages. NLP platforms enable computers to understand, interpret, and generate human language, aiming to make online content more accessible and inclusive.

Twelve African languages are available on the Google Translate app on iOS and Android, including Hausa, Yoruba and Igbo, three of West Africa's most spoken languages. The web browser firm Mozilla has recently incorporated Ghana's Twi language into its open-source linguistic repository, Common Voice, which collects input from real-life language speakers. This initiative aims to improve speech recognition technology and to promote a broader range of local languages on the internet, challenging the dominance of European languages as the main – or sole – online communication method.

"With the emergence of grassroots AI organisations like AfricaNLP and Masakhane, this has also made it more accessible for the big tech giants to access researchers in those communities and build even better tools over time," says Marivate.

As more people speak some of Africa's 2,000 living languages – roughly a third of all languages spoken in the world – and efforts to preserve this rich heritage in the digital age continue, the potential for monetising these languages and related products is on the rise. Progress in AI tools, which are now capable of handling extensive datasets and enabling software to interact in different languages, has unleashed new market possibilities.

The open source movement Ghana NLP offers smartphone keyboards designed to facilitate writing in African languages. In parallel, Kenyan startup Abantu AI has created a ChatGPT3-based speech-to-text tool for language learning, customer service, and translation.

Mymanu Clik S, developed by Ghanaian-British entrepreneur Danny Manu, harnesses NLP and AI technologies to enable real-time translation through earbuds. When paired with a smartphone, these earbuds use sophisticated algorithms to process spoken languages, fostering efficient cross-lingual communication. With Yoruba and Swahili support planned for this spring, the device aims to accommodate the African continent's expanding trade with Europe and Asia.

During the coronavirus pandemic many companies turned to AI translation tools to communicate with business partners, due to travel restrictions. "Soon, a person in Ghana or Nigeria can receive a voice note from a partner in Germany or China, and the recipient will hear it in their own language, eliminating the need for a personal translator," says Danny Manu.

"AI and what we can now do with language is a game changer. If you want to learn any language using online tools, you should be able to do that. And if you want to have a business partner in China you should be able to get a move on and get your business done," Manu says. ■

Bola Ahmed Tinubu emerged the winner in February's presidential election, but the manner of his victory may complicate an already huge series of governance challenges, reports **Dulue Mbachu** *in Lagos.*

Fallout of Nigeria's disputed vote may hobble Tinubu

Nigeria's 2023 presidential election was swiftly concluded by early March, but its contentious aftermath appears set to linger, muddying the new president's ability to focus on urgent challenges in Africa's largest economy. The first major problem facing President-elect Bola Ahmed Tinubu of the ruling All Progressives Congress (APC) is that of the election's legitimacy. Elected by just 8.8m out of 93.4m registered voters, Tinubu was backed by the smallest number of the electorate in any election since Nigeria ended military rule in 1999. A majority of the voters in two-thirds of Nigeria's 36 states didn't support him. He won in only 12 states, the same number as his two closest opponents, Atiku Abubakar of the main opposition Peoples Democratic Party (PDP) and Peter Obi of the Labour Party (LP).

Tinubu's mandate is further undermined by the fact that the opposition has not yet accepted the result and has questioned the role of the Independent National Electoral Commission (INEC).

Right: Presidential candidate Bola Tinubu of the All Progressives Congress gestures to supporters after casting his vote in the presidential elections in Lagos.

Peter Obi is pressing ahead with a legal challenge to the outcome of the election, with his lawyers likely to base their case on Section 50(2) of Nigeria's 2022 Electoral Act, which states that results should be transmitted according to a procedure determined by the commission – that is, electronically – something that Obi claims failed to happen. "This singular act has given room for suspicion of human interference and manipulation of the results," said Auwal Rafsanjani, chairman of the Transition Monitoring Group coalition of election observers, while presenting the group's assessment of the 25 February elections.

One of the biggest challenges will be sticking with Buhari's belated decision to end a hugely expensive fuel subsidy, just after he leaves office

Foreign observers joined the criticism, with the US-based National Democratic Institute and the International Republican Institute saying the vote "fell far short" of the expectations of citizens. "Moreover, voters' trust in the process has been considerably shaken by INEC's lack of transparency," they added in a statement.

In March the Labour Party's chief spokesperson, Dr Yunusa Tanko, said that Obi had officially filed his petition to the presidential elections tribunal in Abuja, challenging INEC's electoral process. Nigeria's election commission agreed to hand over thousands of documents to the opposition's legal team, saying it has nothing to hide.

A busy economic in-tray

Given the limited margin of victory, it was initially feared that Tinubu could be short of the political capital needed to push through difficult decisions necessary to revive a flagging economy, when he takes office from President Muhammadu Buhari on 29 May. But with the ruling party also securing its parliamentary majority at the polls, the new government will be able to implement its legislative agenda. The APC further strengthened control of the machinery of governance in the March gubernatorial elections, in which the ruling party won 15 states compared to seven for the opposition Peoples Democratic Party and one for Obi's Labour Party.

With the IMF projecting growth of just 3.2% this year, there is plenty of work needed to encourage an economic expansion. One of the biggest of the looming challenges will be sticking with Buhari's belated decision to end a hugely expensive fuel subsidy, a sign of Nigeria's enduring failure to refine its own oil and gas output and a policy which has long enriched a murky network of cross-border smugglers.

Buhari avoided reform during his eight years in power but reports say he has set implementation for June, just after he is scheduled to leave office. If implemented, the subsidy repeal will free up funds urgently needed for infrastructure development, to speed up diversification of the economy and to reduce over-dependence on oil and gas exports.

But its immediate impact will be to further stoke inflation, now running at more than 21%, and increase hardship for ordinary Nigerians. Nigeria's central bank raised its benchmark lending rate by 50 basis points to 18% in March as it continues to tighten policy to rein in inflation.

The last time a Nigerian government attempted to end the subsidy, under former President Goodluck Jonathan in 2012, it provoked nationwide protests led by the opposition and civic groups as well as strikes by labour unions that ended only when the decision was rolled back.

With funding for the 2023 budget only guaranteed for the first half of the year, President Tinubu will likely face a financing crunch from his first day in office, given an empty treasury and Buhari's legacy debt of N77 trillion ($167bn). Downgrades by credit-

rating agencies have led to higher costs of raising funds from the international financial markets, and the servicing of existing domestic debt already accounts for a large chunk of government revenue.

Tinubu may be forced to lean heavily on the Nigerian Central Bank for funding, further worsening the nation's credit. Tinubu will have to decide whether to re-establish reportedly strained relations with powerful CBN governor Godwin Emefiele, whose future has been the subject of intense speculation, or expend political capital on the push for a replacement. Emefiele's position may have been weakened by the botched replacement of old banknotes, which the Supreme Court has ruled are still valid.

Above: A group of people in Abuja protest the outcome of the 2023 presidential elections and the emergence of Bola Tinubu as the president-elect.

Pinning hopes on oil

A clear lifeline for Tinubu's government would be a substantial boost in oil exports. State oil company NNPC has expressed optimism about restoring output, which in September hit a 32-year low of less than a million barrels per day.

For more than two years Nigeria has been unable to meet its OPEC quota, as a combination of unrest and crude theft in the oil-producing Niger Delta region took a heavy toll. But NNPC chief executive officer Mele Kyari has estimated that the country may meet its OPEC production target of 1.8m barrels per day by May. That could result in a significant improvement in finances, and additional foreign-exchange income could help ease downward pressure on the value of the naira. Tinubu's government could also benefit from the planned opening of the 650,000 barrels per day Dangote Refinery and Petrochemicals Plant in Lagos later this year. That would go a long way to ensuring that Nigeria has enough refining capacity to meet domestic needs and end costly imports that guzzled at least $10bn last year.

State oil company chief executive officer Mele Kyari estimates that the country may meet its OPEC production target of 1.8m barrels per day by May

Security and devolution

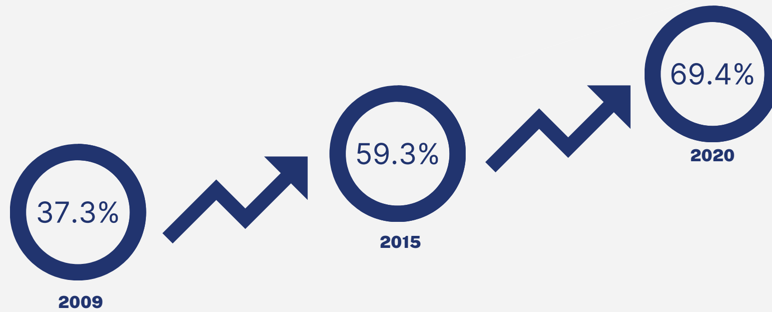
Tinubu will also be greeted with a raft of security challenges in a deeply divided nation. He will need to develop strategies for dealing with Boko Haram's ongoing jihadist insurgency, and with the grazing conflict that has pitted farmers against herders in large swathes of the country, as well as dealing with the thorny issue of Biafran separatism.

Having achieved power, Tinubu might opt for gestures that distance him from Buhari and appeal to a broader support base. One of those might be freeing Nnamdi Kanu, a Biafran separatist leader who was seized from Kenya by Nigerian agents in 2021 and is still held despite a court of appeal acquitting him – though the court later stayed its ruling to free him.

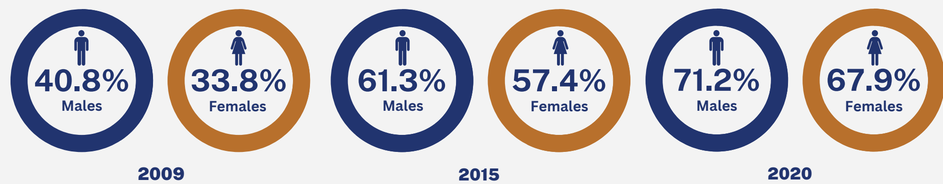
Devolution could also help to distance Tinubu from his predecessor. Earlier in his political career Tinubu supported the devolution of more powers to the country's regions, a goal which was sidelined while he forged an alliance with Buhari and other devolution-sceptical northerners. If Tinubu does decide to revisit devolution, it might win him new friends across the south and the middle of the country, and enable him to begin building a broader support base than the limited following that ushered him to power. ■

A Snap Shot of Zambia's Financial Inclusion Journey

Overall level of Financial Inclusion NATIONAL %



Male & Female Financial Inclusion



Financial inclusion is access to, and informed usage of a broad range of quality and affordable financial products and services that meet the needs of individuals and businesses. It includes formal and informal financial inclusion. Formal financial inclusion is access to, and usage of financial products and services provided by institutions that are formally regulated. Informal financial inclusion is access to, and usage of financial products and services provided by financial service providers that are not formally regulated.

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Uganda sees value addition for its agricultural products as a route to prosperity. Its coffee has been synonymous with the Robusta variety for decades – but a new thrust to cultivate and actively promote highly-prized Arabica coffee could make Ugandan coffee a high-end export. **Jamila Versi** *visits high-altitude coffee farms for this report.*

Uganda's high-end coffee seeks markets local and global

High up on the slopes of Uganda's Mount Elgon, in the Bulambuli region of Uganda, lies Kikobero. The small village is home to Kikobero Coffee, one of the country's new specialty coffee companies, trying to stake its claim to be among the world's highest-quality beverage providers.

Martin Nangoli, the founder, invites us to his mother's house. It is here, he says, that the foreign business partners he invited for lunch a few years earlier first tried his mother's coffee and remarked on its uniqueness.

Nangoli and other smallholder farmers cultivate the much-prized Arabica variety, which thrives at altitudes above 1,500 metres. Although Uganda is believed to have originated the Robusta variety of coffee – now widespread throughout the world – it is Arabica, with its smoothness and rich, full flavour that fetches the best prices in the world's quality coffee markets; and single-origin Arabica the more so.

After sharing a warm meal of *matoke* plantain, chicken and avocados, Nangoli shows us the coffee trees that "are older than my father" lining the garden. In the Masira sub-country where Kikobero is located, coffee cultivation has a long history as part of a mixed garden farming tradition; but Nangoli says it took a trip to the United Kingdom, following the visit by his overseas partners, to open his eyes to the full revenue -earning potential of the crop.

He shared his discovery with his community and today, the export of coffee beans forms around 90% of the village income, with less than 10% coming from other fruits, vegetables, and animal products.

With the revenue gained from the coffee, Nangoli has set up two schools in the area, a remarkable feat for a location so far from the larger town of Mbale. The plant itself has become an important part of the children's education.

A lesson in the field

The village chief, Peter Masaba, shows us two coffee trees near the school. One of these trees has deliberately not been fed with fertiliser, and it is weak. Another gets fed regularly and is blooming brightly. This shows the children not only what happens when you do not take care of the tree, but also what happens when you do not adequately feed the mind.

The children are learning from a young age how to plant and take care of seedlings, something that

will help them if they pursue agricultural schooling later on.

Kikobero is one of a growing number of co-ops that have discovered the value of cultivating Arabica coffee at higher altitudes. This has brought a sizeable new cohort of farmers to the country's traditional coffee cultivation of Robusta at lower levels.

The seedlings have been provided for free by the Uganda Coffee Development Authority (UCDA). Formed in 1991, the agency has been actively working to "improve the marketing of coffee in order to optimise foreign exchange earnings for the country and payments to the farmers".

Uganda is still largely an agricultural country. Coffee, forming around 22% of its total agricultural exports, is its most important cash crop and 1.9m households in Uganda depend on coffee directly or indirectly.

Dramatic rise

There has been a dramatic rise in Uganda's coffee export revenues. The country exported 6.26m bags, holding 60 kg each and earning $862.28m in 2022 – compared to $559.16m in the previous year. This was the highest figure ever achieved in any one year, and has sharpened ambitions to raise the bar even further. The plan is to increase production to 20m bags by 2030, with projected earnings of around $2.5bn.

Dr Emmanuel Iyamulemye, the managing director of the UCDA, says that adding value to Ugandan coffee – either by exporting roasted beans or by converting them to instant coffee – is vital in promoting the Ugandan brand around the world. But Uganda has struggled to promote its value-added coffee to Western markets, due to high tariffs and fees slapped on value-added coffee.

Focus on Africa

Last year Uganda stepped out of the International Coffee Organization (ICO), which Uganda's President Yoweri Museveni called "a slave organisation". The government cited "restrictions on exporting processed coffee" and "unfair tariffs" as two of their seven reasons for leaving the ICO.

Iyamulemye believes the African Continental Free Trade Agreement (AfCFTA) – and specifically the Inter-African Coffee Organisation – have remarkable potential to expand the markets for Ugandan coffee. He says "We are currently looking at trading products internally with 0% tariffs."

The UCDA is specifically looking to trade in Northern African countries, such as Egypt, Morocco, and Algeria.

Highest elevation

Milly Drijaru is a quality controller who has been a part of Endiro Coffee since it was founded by Gloria Katusiime in 2011. Endiro is a complete tree-to-cup operation and employs 518 Ugandan women. It has recently made a deal with US grocery chain Trader Joe's to stock its coffee all over the US Midwest.

Uganda has struggled to promote its value-added coffee to Western markets, due to high tariffs and fees slapped on it

Opposite: Coffee farner Janette and project manager Agnes Kemigisha.

Above top: Farmer Martin shows his seedlings; and below, women coffee farmers in the village of Bukujju, 60 km from Kampala. Photos: Jamila Versi.

Endiro profits go towards the fight against child vulnerability. Drijaru and farmer Alice explain to me how vital it is that the women are employed directly: since land in Uganda is traditionally owned by men, "women would be working in the farms all day... but the men would spend it on drink. Now the woman takes care of it, she uses it for her children, and she keeps the money."

Although coffee growing has been a Ugandan tradition for a long time, it has been regarded merely as a cash crop for the use of others and local consumption is limited. Endiro Coffee is trying to change this trend and appeal to the growing middle class by opening specialty coffee shops all over the country.

You Fil 'Dis Mocha

Endiro prepares own-brand lattes, flat whites and other varieties with names such as "You Fil 'Dis Mocha" and "Flava In 'Da Caramel and Vanilla Latte". It has also recently signed a collaboration agreement with Shell petroleum, which will begin selling Endiro coffees at service stations.

Similarly, Mountain Harvest Coffee, which works with 36 groups of smallholder farmers on Mount Elgon, is targeting an expanded domestic market. During a visit to one of the smallholder farms, Kenneth Barigye, managing director at Mountain Harvest, asks his farmers how many of them drink coffee. Almost all hands shoot up in the air. "Good, good", Barigye says, "an improvement."

Mountain Harvest Coffee is keen to expand locally and into other African nations, and aims to do this by producing and introducing instant coffee to more areas. Recently, their barista, Ibra Kiganda, won the title of Africa's Best Barista in the February 2023 African Barista Championship.

Local farmers working with Mountain Coffee are loaned crops rather than money. Farmer Janette proudly showed us her thriving farm where, aside from coffee, she is growing avocados, macadamia nuts, bananas and jackfruit – as well as building an impressive new house.

The organisation collaborates with neighbouring agricultural universities, and together with the UCDA invites 20 bright students into six-month managerial training courses, after which a number are selected to join the organisation.

One of these is Agnes Kemigisha who, at 25, has now been working for Mountain Harvest for a year as a project manager, coordinating between different smallholder groups. She is extremely happy about her job, she says, and believes agriculture is the future of the youth.

Later this year, the G25 African Coffee Summit will be held in Kampala. While the coffee businesses are working hard, not only for their revenue but to ensure good livelihoods for their farmers and villages, Ugandan coffee has only just begun taking the world by storm. ■

In its quest to expand and add value to its agricultural products, Uganda sees a route to prosperity. **Jamila Versi** *visits a jackfruit food processing company that supplies the global meat-substitute market.*

Uganda jacks up meat-substitute exports

Good business, explains Uganda's President Yoweri Museveni as he sits under a large mahogany tree addressing a group of journalists on a sponsored visit from the United Kingdom and the United States, "requires four factors of production – land, labour, capital and entrepreneurship. The UK has capital and entrepreneurship, we have land and labour." He is speaking amid reports of the UK experiencing an unexpected shortage of fresh vegetables, attributed to inclement weather in Southern Europe and North Africa and to supply-chain disruptions. Museveni argues that produce from Uganda could have been used to stock up shelves.

The pitch for UK business is part of the government's campaign to increase awareness of its agricultural output and boost exports to Western markets. A new initiative by the government, entitled the Presidential Advisory Committee on Exports and Industrial Development (PACEID), was launched a year ago. Composed of and led by the private sector, PACEID is keen to transform and upgrade Uganda's export potential. The committee running the body has set an ambitious target of raising revenue from fruit and vegetables from the current $45m to $197m by 2027.

Promoting food safety

One company determined to push Ugandan produce far and wide and help increase revenue from this source is Zahra. Set up in 2018, it is a food processing company operating out of the capital Kampala.

Zahra promotes itself as one of few companies in Uganda to be certified under the International Organization for Standardization (ISO) Food Safety Management System. Zahra processes a range of fresh and dried fruits, nuts, teas, herbs and spices.

Below: Three of the Zahra team: operations supervisor Paul Ayoka; CEO Quresh Fidahusein; and quality controller Musoke Yekoyada.

Opposite, top: Jackfruit farmer Kintu Mwanje; and, below, weighing jackfruits. Photos: Jamila Versi.

The company is making a transition to sell all its products under the brand name "Blossomz". Dried pineapples and mangos have begun to grace the shelves of supermarkets in Kenya and Uganda, and Zahra has an exclusive deal with Uganda Airlines to supply nuts and other snack products. But perhaps Zahra's most innovative product is dried jackfruit.

While the sale and export of jackfruit itself is not unusual, at present most jackfruit is exported cans. With a shelf-life of 18 months, a kilo of dried jackfruit can yield 8 kilos of jackfruit "meat". Jackfruit is currently mainly exported to the Netherlands.

Enormous, spiky-skinned fruits

Mature jackfruit trees are common in Uganda and can produce between 200 to 500 of the enormous, spiky-skinned fruits – each weighing between 10 kg and 25 kg – a year. The trees grow in most farmsteads and home gardens, with each plot sustaining three or four trees.

Zahra sends team leaders all over the country to meet smallholders, collect the fruits, and use an app to log and weigh the jackfruits before bringing them back to the base. There they undergo quality assurance and are processed, packaged and prepared for export.

The fibrous flesh of the jackfruit has a meat-like texture. It easily absorbs flavours – making it an ideal meat substitute, says the company.

Jackfruit has seen a global rise as an alternative to tofu and other meat substitutes. It grows naturally, and its production requires no deforestation. The abundant jackfruit in Uganda had little commercial exposure until companies like Zahra began to adapt it for international trade, bringing extra income to farmers and rural households.

An unusual problem

An unusual problem can, however, cause supply problems. The fruit itself has an almost mythological significance in Uganda – and in some places is regarded as something never to be sold. Some see the fruit as food insurance – "even if you can't make money, you can always eat your jackfruit" the saying goes. You should always have enough to offer your neighbours some.

Tradition around jackfruit is so strong that Zahra has found, several times, that collected jackfruits have been destroyed by angry farmers.

Nonetheless, Zahra is persistent. The firm has a 39% female workforce, and founder Quresh Fidahusein says that the company is in discussions about setting up some operations in refugee camps. Uganda hosts over 1.5m refugees, and the new project would give the refugees an opportunity to make sustainable wages and engage in the local economy.

Zahra's ambition is to promote its Blossomz brand not only in East African supermarkets – where it already holds a niche – but to expand its footprint in the global market, through products such as vegan samosas, meatballs, and "Rolex" chapati wraps- one of Uganda's favourite snacks.

Jackfruit has seen a global rise as an alternative to other meat substitutes. Its production requires no deforestation

Not flying off the shelves

However, Zahra, in common with other fresh foods producers, has a major headache ahead. Some international supermarket chains, such as the Dutch Albert Hejn, have stated they will no longer stock products transported by air freight from June 2023.

This poses huge problems for a landlocked country such as Uganda, despite its negligible contribution to global climate change.

Another challenge Zahra faces is endemic poor infrastructure, high transportation costs, and uncertain regulations. PACEID is working to tackle these issues by setting specific export targets, developing market intelligence and commercial strategies, and ensuring that producers comply with technical and phytosanitary requirements of trade partners.

Rigorous safety checks are carried out not only at production sites but also at the airport, which has been revamping its storage facilities and quality assurance checks. Any produce failing to meet the regulations leads to a ban of the producer.

Economic stability is vital

The performance of companies like Zahra and the development of high-value specialty coffees (*see previous article*) could lead to a multiplier effect and add considerable value to Uganda's agriculture sector – which in turn could increase the size of the middle class in the country.

Middle-class-supported trade is seen as a stabilising force, not only within the country but also in terms of regional and international trade.

Asked about how regional instabilities in Eastern Congo could impact the AfCTA deals, Museveni responds that "The middle class is the stabilising class," and argues that its absence has fed instability. Heightened trade would ensure a heightened middle class, creating more stability, he says.

In addition, the AfCTA is seen as a vital tool both when it comes to tackling regional insecurities and forging the future of Africa. "Africa was shattered. You have to get glue and assemble each piece. The best tool to glue shattered glass is the AfCTA. Trade is the best way to do it," says Odrek Rabwogo, presidential advisor and head of the PACEID committee.

Agriculture is at the heart of Uganda's economy, he says, and protecting rivers and land will prove critical to its future.

But the country faces difficult choices. With commercial oil production expected to begin in 2025, Uganda faces trade-offs between its traditional reverence for the land and the development of oil infrastructure, including the Uganda-Tanzania oil pipeline. Environmentalists will be closely watching the impact on the fertile agricultural lands that continue to provide a vital revenue stream. ■

The Financial Action Task Force's decision to remove Rabat from its anti-money laundering and counter-terrorist financing grey list after a number of reforms is good news for the government and investors, argues **Harry Clynch**.

Morocco's grey list exit boosts hope of financial revival

In 2020, a major police investigation revealed an elaborate money laundering scheme in which Moroccan drug dealers played a major role. The authorities found that the proceeds of Moroccan hash were being laundered, through the purchase of gold, into Dubai. Because the large-scale organised crime groups received illicit payments for the drug in small denomination cash notes, which are practically unusable for large purchases, the groups purchased gold bullion and exported the commodity to Dubai. Upon arrival, customs officials treated the shipment as entirely legitimate. Once in Dubai, the gold could then be sold, and the proceeds stashed away in bank accounts. This raised serious question marks over the compliance practices of financial institutions both in the Gulf and in North Africa.

It was in this context of growing fears that Moroccan banks were failing to implement anti-money laundering (AML) and counter-terrorist financing (CFT) regulations effectively that the Financial Action Task Force (FATF), a global money laundering watchdog, placed Morocco on its "grey list" in early 2021. The FATF reported Rabat's failure to comply with the watchdog's regulations and suggested the country's financial intelligence units were too weak to fight financial crime.

The move was a major blow to Morocco's reputation as an investment hub, with the country being placed in the same category as Yemen and Syria, denting foreign investment. While figures specific to Morocco are not yet available, Pakistani think-tank Tabadlab last year estimated that Islamabad's place on the FATF grey list has cost it $38bn in economic activity since 2018. Given the increased monitoring that countries on the grey list are subject to, the move also increased compliance costs for Morocco's banks by obliging them to undertake more rigorous AML processes. Placement on the grey list can also impact a country's ability to raise capital on sovereign debt markets by implying higher risk for foreign investors.

However, after a series of political and regulatory reforms undertaken by the Moroccan government, the FATF has now removed the country from the grey list, announcing in late February that Morocco is "no longer subject to increased monitoring by the FATF". The watchdog said that Morocco had "strengthened the effectiveness of its AML/CFT regime," by "improving its international cooperation mechanisms, strengthening AML/CFT supervision, [and] strengthening transparency of legal persons". Reforms of the country's police force also mean that Morocco is now better placed to confiscate the proceeds of crime and conduct successful money laundering operations.

Moroccan economy set to benefit

What could this move mean for Morocco and the Moroccan economy?

The move is likely to improve Rabat's reputation significantly among foreign investors and to lower its risk profile, in turn encouraging more investors to commit capital to Morocco. The Moroccan government has stated that the FATF decision "will strengthen Morocco's image and its positioning in negotiations with international financial institutions, as well as the confidence of foreign investors in the national economy".

The move will strengthen Morocco's image and its positioning in negotiations

Above: Casablanca Stock Exchange

Left: Casablanca, Place des Nations Unies

Foreign direct investment (FDI) into Morocco slightly declined between 2021 and 2022, partly in light of the FATF decision, but a lower risk profile could also allow Morocco to regain ground in terms of attracting more foreign direct investment (FDI). The potential economic significance of the move was immediately felt on the Casablanca Stock Exchange, where the main index strengthened by 1.6% following the FATF's announcement.

This is particularly important in the context of sovereign debt. Morocco has announced plans to issue a dollar-denominated bond, mandating global investment banks BNP Paribas, Citi, Deutsche Bank, and JP Morgan to run the process of issuing its first bond for two years. An improved reputation on international markets could drive up demand for this bond, raising the amount of capital that Morocco can raise and lowering borrowing costs.

The deputy managing director of the IMF, Kenji Okamura, visited Morocco earlier this month and emphasised that "the Fund has been actively engaged with Morocco, including through four successive Precautionary and Liquidity Line (PLL) arrangements," in a sign of how Morocco's relationship with international financial institutions is improving in light of its financial reforms.

Good news for Morocco's credit ratings

It has been suggested that Morocco's credit rating, with international agencies such as Fitch Ratings, could also be upgraded in light of the FATF's decision. In their last report in November 2022, Fitch outlined that Morocco's credit fundamentals are supported by several factors but are also set against "weak development and governance indicators". Fitch also noted that they did "not expect Morocco to tap international markets due to less favourable external funding conditions," both for Morocco and emerging markets generally. However, both of these conditions may be set to change, with the FATF publicly announcing the progress made on strengthening AML and CFT controls and Morocco having increasingly favourable access to capital markets as a result.

There are still economic challenges for Morocco to grapple with. For one, the country is facing its worst drought in three decades, dampening Morocco's agricultural exports and driving up domestic inflation, with prices rising at an historic high of 8.2% in January 2023.

However, the reforms the government has made to Morocco's compliance, AML, and CFT processes will certainly help to make the economy more resilient. By strengthening Morocco's reputation on international markets and improving Rabat's ability to raise cheaper capital, the country may be better equipped to navigate economic volatility. ■

Africa is at the centre of sustainable transitions, says ECA's Antonio Pedro

On the eve of the 55th Session of the UN Economic Commission for Africa (ECA) in Addis Ababa, the organisation's Acting Executive Secretary shared his views on fostering the development of a green minerals value chain in Africa and how to accelerate development on the continent. Interview by **Omar Ben Yedder**.

Africa is on the cusp of a new epoch.

The continent has long been the source of mineral resources that have proven extremely useful for other economies. Unfortunately, that model, characterised by raw materials shipped out of the continent and the host countries completely shut out of the value chain meant that only a small fraction of the benefits accrued to them, even as they often had to shell out precious foreign exchange to buy the very goods produced from the raw materials under their feet or over their heads.

With a new energy paradigm in sight and Africa once again in possession of the critical minerals that will power it, leaders on the continent are determined that things will be done very differently.

Antonio Pedro, Acting Executive Secretary of the Economic Commission for Africa (ECA), is convinced that such a path is within reach. "We are in the era of sustainable transitions and Africa is in the centre of these solutions," he tells *African Business* in an exclusive interview shortly before the Conference of African Ministers of Finance, Planning and Economic Development of the ECA in Addis Ababa (*see following article*).

New energy paradigm

The ECA has embraced the possibilities that this new energy paradigm, specifically in transport, holds for Africa. In partnership with other multilateral development agencies, notably the financiers – that is the African Development Bank, African Export-Import Bank, BADEA and African Finance Corporation – he says they have stepped up their efforts to put the Democratic Republic of Congo and Zambia at the centre of the battery and electric vehicle production value chain.

The DRC's proven reserves of cobalt and copper place it in very good stead to reap a sizable share of an industry predicted to be worth $7.7 trillion by 2025 and an astounding $46 trillion by 2050.

Pedro says these efforts are in keeping with the conviction that drives the ECA. Indeed, as far back as 2007 he states, the institution has been instrumental in efforts to reform and improve the African extractives sector.

> **"Africa has the potential to capture significantly more than what it does by just exporting raw materials. It is a travesty that it doesn't,"**

"It was clear, even then, that securing the future of the African extractives industry required the emergence of African resource companies," he says. "That year, we organised the Big Table on 'Managing Africa's natural resources for growth and poverty reduction', which brought together ministers of finance in Africa, along with their counterparts in the Organization for Economic Cooperation and Development to engage on how Africa's natural resources could be managed for growth and poverty reduction.

"The conclusion from that summit was that the existing mineral regimes were not really serving Africa well and there was a need to take another look at them."

In response, ECA put together the International Study Group (ISG) on Africa's Mineral Regimes, which produced the seminal report *Minerals for Africa's Development,* assessing the nature of the industry.

"It recognised the need to review how the industry was configured, operating as enclaves with no links to the local economies," Pedro recalls. The report informed the formulation of the Africa Mining Vision, which would be subsequently adopted by the African Union in February 2009.

"Africa has the potential to capture significantly more than what it does by just exporting raw materials. It is a travesty that it doesn't," he observes.

It is these enduring lessons that continue to animate the ECA's mission in the DRC and a subject matter you can tell fascinates the Acting Executive Secretary of the ECA. Armed with the results of a study which showed that battery production in the country would involve lower costs and emissions than in other production centres around the world, the ECA is engaging with local and international partners to move the DRC up the value chain.

Practical steps

But the vision requires practical steps and the ECA is working on those as well. Among these are the creation of a battery council; a special purpose vehicle to ensure that ordinary citizens are not left out; and a centre of excellence in battery production to develop local capacity, research and development and manpower.

Gratifyingly, neighbouring countries have also pronounced themselves keen on this vision. At a summit in 2021, the president of Zambia – a country also rich in

minerals – and Morocco's trade minister – Morocco being one of the most important car manufacturers in Africa – both of whom were present, expressed interest. Since then, Zambia has gone ahead to sign a cooperation agreement with the DRC and will be covered in a feasibility report expected by the fourth quarter of 2023.

With 70% of global production of cobalt and a global market valuation of $1.3 trillion as of 2022, the industry in DRC could potentially be transformational not only for the region but the entire continent. The DRC's ministry of finance estimates that it could increase its revenues by a factor of 25 if it is able to produce battery parts, as opposed to exporting the raw metals.

Local production of batteries will come with other benefits too. It will mean the continent would better able to harness power from solar, wind and other renewables, all of which require batteries to store and distribute the power, another opportunity that the transboundary economic zones would seek to capitalise on.

It will also mean that Africa can power the estimated 2m trucks needed to transport goods under the Africa Continental Free Trade Area with its own locally manufactured batteries.

Opportunity for investors

For investors, this should be too good an opportunity to pass up. And while the usual issues of governance and rule of law do need to be addressed, Pedro points out that it hasn't stopped investment in the extractive industry in the past, and so should not stand in the way now that the purpose is to foster local production and value addition.

In any case, the ECA is confident that special economic zones, such as the one to be built on 2000 hectares of land in Katanga, can insulate investors and encourage them to commit to the plan.

"This is something we have to take very seriously and that is why we have insisted on creating all these structures. And we will be actively involved in these institutions so that we can continue to provide support to the country" Pedro emphasises. The models for production are likely to be joint ventures between state and private sector players, with owners of the technology likely retaining majority shares.

The important thing, he stresses, is for value to be created on the continent. "It is possible," he asserts, "for an Africa-wide value chain to be created, with the poles for the production of electric vehicles being Morocco, Algeria and Egypt in the north; Ethiopia and Kenya in the East; South Africa in the South; and Senegal in the West."

Clear strategy is needed

Still in pursuit of this vision, the ECA is working with the AU, the African Development Bank and other stakeholders to develop an African Green Minerals Strategy to guide and direct how the continent utilises its minerals in this new era.

"We need to have a clear strategy, so we don't miss this opportunity," Pedro says. The AU is leading this process and will incorporate it into its own commodity strategy. Africa's private sector must also play a role in building this industry. "Our own captains of industry also need to invest in the battery and electric vehicle value chain. We are engaging with them to let them know the magnitude of opportunities. They have already moved into cement, fertiliser and other areas. This is the next opportunity"

Despite the tantalising opportunities and the risks if not taken, Pedro is cautious about employing heavy-ndonesia tried to do so with nickel and had to reverse course after only a few months. Better, he argues, to let the numbers, the evidence, make the point for local production and allow a sunset period within which local capacity can be built.

There has already been some vertical integration between mining and technology firms, which bodes well for accruing the skills and technology that will be required. In the end, he says, it will be impossible to resist the (financial) logic: "A time will come when exporting raw materials will become very expensive because of the carbon targets and borders in the EU, for example. So when you factor that in, the question will be why don't you produce here because your emissions profile will be much better than anyone else's. So that is the kind of industrial policy we are looking at - one that is smart and evidence-based."

Developing carbon markets

A similarly smart and knowledge-based approach should guide Africa's efforts in the carbon trading markets. Which is why the ECA brought various players together for the Africa Business Forum under the theme "Making carbon markets work for Africa" on the sidelines of the AU Summit in February.

"We wanted to use the platform to raise awareness about the opportunities and share knowledge about how to develop carbon markets in Africa," Pedro explains. It also offered the opportunity to highlight some success stories with a view to "whetting the appetite" of players. He says that the conference was a success by all these measures. The ECA now intends to work closely with countries that have expressed interest and support them through what is a rather complicated process.

A partnership between the African Carbon Market Initiative and the Rockefeller Foundation has yielded a platform for trading carbon locally, while the Congo Basin Climate Commission is also developing fundamental rules for the nascent industry. "Trust and credibility are critical to this, and we need to invest in that from the get go," he says.

At Cop27 in Egypt, ECA presented some projects that combined climate action, nature conservation and livelihood improvement to demonstrate the potential. These co-benefits, he says, will make them extremely valuable.

"Our own captains of industry also need to invest in the battery and electric vehicle value chain. We are engaging with them to let them know the magnitude of opportunities"

"Some of the things the companies are doing can be converted into carbon credits that will generate income that can be invested in more social welfare programmes. We are very happy about that and we now have a number of activities to undertake for the next couple of years," he says. He is also heartened by the Great Blue Wall initiative, also launched at Cop27 which he says includes projects that can be monetised for carbon credits because of the effects they have on the blue economy, conservation efforts and livelihoods.

More broadly, the ECA is intent on recalibrating its approach to meet the moment that we are in. Pedro, who took over as acting Executive Secretary in September 2022, says the organisation will focus on sustainable financing and economic governance, industrialisation and economic diversification with particular focus on the opportunities of the African Continental Free Trade Area (AfCFTA)and climate action, energy transition and associated issues. Organisationally, it will strengthen its horizontal integration between the head office, divisions and its five sub-regional offices as well as the vertical integration with member states and UN country teams.

Reforming the global financial architecture

The ECA has been at the centre of the solutions being put forward to support African economies in the face of the recent massive global shocks. On the back of this, the ECA has set itself a grand objective to lead some of the conversations around the global financial architecture.

"We are certainly continuing with the work on the reform of the global financial architecture, engaging relevant parties on the Special Drawing Rights and how we can democratise that space and improve efficiency. Africa is not at the table, despite our size. There is an argument that the current system was designed to respond to the aftermath of the second World War and it has to be reformed to respond to the global shifts that have occurred since then," he stresses.

Pedro said that he would engage with ministers at the 55th session of the ECA about the need to push for these reforms, including the Secretary-General's proposal for a $500bn stimulus to finance SDGs. But he will also put forward suggestions on how to accelerate sustainable industrialisation, economic diversification and inclusive growth that 'leaves no one behind', as the UN tagline goes. Africa's natural resources can facilitate these transformations.

The ECA will continue to support such approaches, including with tech-led solutions that enable countries and investors to target their investments better. "Part of what we want to do is to help our countries with better growth diagnostic studies, trade decision support models, GIS enabled hotspot analysis of economic opportunities [GIS is a multi-layered mapping system], to name a few.

This, he says, is what is needed to complete all the other efforts the ECA is making – evidence-based decision making. The overarching purpose is to make Africa a globally attractive investment destination through a mix of internal improvements and global reforms. "We deserve more than we have now," Pedro says. "If we put forward a narrative that is credible, we will have a seat at the table. Right now, we are not there and that is not fair".

The focus at this year's ECA Conference of Ministers was on renewing focus and action on reducing poverty, inequality and other factors that leave the African population continuously vulnerable to crisis. **Kwame Ofori Appiah** reports from Addis Ababa.

ECA Conference of Ministers calls for urgent actions to return Africa to growth

Ministers and leaders at this year's Conference of African Ministers of Finance, Planning and Economic Development of the Economic Commission for Africa (ECA) called for urgent action to return Africa to growth and to ensure that it is able to meet the Sustainable Development Goals by 2030, as well as the African Union's Agenda 2063. The conference, which was held in the Ethiopian capital, Addis Ababa, in March, deliberated on the theme "Fostering recovery and transformation in Africa to reduce inequalities and vulnerabilities".

Speakers noted that while Africa had seen some positive development in the previous decade, the Covid-19 pandemic, as well as global supply shocks and the war in Ukraine have steadily wiped the gains that it had made, pushing millions back into poverty, disrupted several economies and placing at least eight African countries in debt distress.

In his opening address, Antonio Pedro, Acting Executive Secretary of the ECA observed that "nearly 695m people in Africa face the risk of falling into poverty," adding that "those who are hardest hit are the ones who recover slowest". The situation has been further worsened by inflation, which according to Hanan Morsy, Deputy Executive Secretary of the ECA, rose to an average of 12.3% on the continent, well above the global average of 6.7%.

While these crises have affected econ-

Below: The family photo of African Ministers of Finance, Planning and Economic Development alongside ECA officals at this year's ECA Conference of Ministers in Addis Ababa.

omies all over the world, African countries have been hardest hit because of systemic weaknesses in the structure of their economies. Africa's vulnerability, it was observed, is owed in large part to its dependence on primary commodities, which leave it exposed when demand slows or prices crash, both of which happened when the pandemic slowed global economic activity to a near standstill.

Albert M. Muchanga, Commissioner for Trade and Industry of the African Union Commission pointed out that Africa's reliance on primary exports has resulted in a situation where "although we are the richest region in the world in terms of endowment of natural resources, we are the poorest when it comes to measures of income and wealth".

Worse still, exporting goods in their primary state means that African countries need to spend critical foreign exchange to import finished goods produced out of those same raw materials they had exported. Muchanga said that in 2021, 39 African countries were net importers of food. In the same year, $ 5.7bn worth of refined petroleum products were exported from the continent, while $44bn worth of the same products made their way into the continent.

With revenues decreasing and social spending increasing due to the health emergency of Covid-19, among others, many African countries resorted to borrowing to fill the resulting gap. Dr Mohamed Ibn Chambas, African Union High Representative for Silencing the Guns, who delivered the 2023 Adebayo Adedeji Memorial Lecture on the first day of the two-day conference, bemoaned Africa's relapse into debt vulnerability.

"The total African debt that was forgiven under debt relief initiatives was in the region of $300bn. In 2023, as we speak, we are in debt to the tune of more than $600bn and once again we are asking for debt relief," he said. Before the pandemic, government debt-to-GDP ratio in the continent was estimated at 57.1%. As of 2022, the figure was 64.5%.

The debt crisis is even more pronounced for African countries due to the risk premium that they are forced to pay when they borrow from the international markets. Despite the fact that countries on the continent are less likely to default than those from other continents, lenders generally charge higher rates of interest when extending facilities to African countries.

Winnie Byanyima, Executive Director of the Joint United Nations Programme on HIV/AIDS, pointed that even before the series of global crises, African countries were compelled to borrow at 8%, while countries in other regions and which have higher incomes, typically pay rates as low as 1%. This, she said, is eroding the ability of African countries to achieve the SDGs, as some countries have to "choose between repaying debts and investing in health and education".

From left to right: Hanan Morsy, Deputy Executive Secretary of the ECA, addresses the conference; ECA Acting Executive Secretary Antonio Pedro leads the opening session; a general view of the meeting hall.

"African countries used to spend an average of 5% of revenue to service debt; now it is 17% for external debts alone. That means there is very little fiscal space to invest in health, education and on climate to protect our people," Mohammed Mait, Egypt's Minister of Finance observed. The looming debt crisis, according to Muchanga, "undermines all the growth achievements of the past 23 years".

In addition to these crises, Africa also remains most vulnerable to climate change, although it has historically contributed the least to the emissions that are causing it. Already, extreme weather events in Madagascar, Malawi, Mozambique and other countries are providing an indication of the scale of the problem. Changing weather events have also affected agricultural output.

Africa, it was noted, needs to drastically scale up its adaptation and resilience measures in order to protect lives and secure livelihoods. The African Development Bank notes that financing available to the continent falls far short of the $ 1.4 trillion needed to implement Nationally Determined Contributions by African countries. "There are billions of dollars of climate funds, but Africa can only access 3%," the bank's Vice President for Finance and Chief Financial Officer, Hassatou Diop N'Sele told the conference, adding that it is necessary to implement measures that will enable African countries to access these funds.

Forging a response in an era of polycrises

These crises, according to Pedro, emphasised the need for "measures to reduce economic vulnerability, reduce inequality, foster inclusive growth and accelerate poverty reduction". Ministers agreed that there was a need to restructure the continent's economy, reduce vulnerability, reduce inequality, foster inclusive growth and accelerate poverty reduction. These are critical for meeting the SDGs and the objectives of Agenda 2063. They will also reduce the continent's exposure to global shocks.

For a continent with about 60% of the arable land in the world, it is unacceptable, for example, that it would face food poverty on account of a crisis halfway around the world. Efforts to promote growth must focus, above all, on the most vulnerable so as to prevent inequality from further worsening. The achievement of these broad goals will depend on specific measures, some of which were outlined and discussed by ministers at the conference.

African countries were called on to focus on diversifying their economies to reduce dependence on the export of primary goods. Efforts must be made to boost local production and light manufacturing.

"We need an integrated, coherent and as complete as possible toolkit to support Africa's structural transformation and a

supportive ecosystem for transformational change. This must be intergenerational," urged Pedro.

He cited the example of Africa's mineral resources, the potential of which has only been partly exploited. As the world moves towards new energy sources, much of which are available in Africa, the continent has an opportunity to build its industrial capacity based on these resources, rather than exporting them to be processed in other parts of the world, he argued, adding that "a just energy transition remains an imperative for the continent and universal access to electricity and sustained industrialisation are essential for Africa's economic transformation".

Fiscal reforms will also be essential to achievement of the continent's economic goals. "At the domestic level, we need to pursue inclusive macro-economic policies that include targeted and efficient spending to address the issues of poverty and inequality as well as better, efficient spending on health, education and other social issues," urged Morsy. She pointed to land taxation as a way to boost domestic resource mobilisation, which many countries are struggling with. Currently, only fifteen African countries have any form of land taxation, which she said also comes with useful redistributive effects.

The continent should also be given a boost by reforms to the global financial architecture, which hands an inherent disadvantage to poorer countries by the very nature of its operation. "We cannot recover unless we also have access to financing the way others have in times of crisis," stressed Byanyima.

"We need to tackle the issue of reforming SDR allocation itself to make it more rules-based and analytical and less political and discretionary. It must be linked to not only IMF country quota, but to liquidity needs and vulnerabilities as well," said Morsy.

In addition to this, however, African countries must also ensure they have systems that can provide the data that credit agencies rely on. Often, she explained, the lack of data compromises the quality of their assessments and African countries must take the responsibility to ensure that the data is available.

The African Continental Free Trade Area also offers tremendous opportunities for increased regional trade, industrialisation, diversification and job creation especially for women and the youth. African countries must therefore take the necessary steps to ensure its success. Claudine Uwera, Rwanda's Minister in Charge of Economic Planning pointed out that "Covid-19 has demonstrated the importance of developing regional value chains that are closer to home and enable trade between regional players to mitigate supply chain disruptions or essential commodities and products".

From left to right: Ministerial delegates during a session; Albert M. Muchanga, Commissioner for Trade and Industry of the African Union Commission, addresses the conference; ECA Acting Executive Secretary Antonio Pedro talks to participants.

Speakers at the conference stressed the need for green financing to be made available for the continent and for Africa to harness the advantages that would come with it. Jean-Paul Adam, Director of the Technology and Climate Change Division at the ECA explained that "investing in nature-based sequestration can provide up to 30% of the world's sequestration needs. At $ 120 per tonne of carbon, up to $ 82bn per year can be mobilized from nature-based carbon credits in Africa."

According to Pedro, "innovative and scalable solutions are imperative and must be developed for Africans by African countries. Investing in the green sectors in Africa has significant benefits. Green and blue bonds, debt for climate investments swaps in carbon credits offer unique opportunities to raise the resources necessary for development on the continent".

For the success of these measures, governance on the continent also needs to be drastically improved. "Governance is central to the development and transformation of the continent. To fix the continent, we must first and foremost, fix the governance challenges," Chambas said in his lecture.

He added that governance institutions must be inclusive and participatory, while elections must be transparent, credible, acceptable to and reflect the will of the people. He lamented the return of military interventions on the continent and called for term limits to be respected to deepen democratic legitimacy.

"We must accelerate the ideals of Pan Africanism and break the barriers that separate us and make us weak, individually and collectively. A united Africa is our best chance to weather the storms and create a prosperous Africa for the future," he emphasised, calling on leaders to keep their side of the bargain in the social contract that binds governments and the governed.

Momentum must be sustained

In spite of the challenges and the many tasks that have to be completed to rebuild the continent, speakers were convinced that Africa has a bright future of ahead of it if it can make the right choices.

Muchanga called for concerted efforts, saying "we need to make continuous efforts. Once momentum is established, it must be sustained. Any slippage can lead to serious setbacks and these must be avoided".

Closing the conference, Pedro called for a joint action and a renewed focus on solutions. "We have the mandate to deliver on the promise of shared prosperity to the people of Africa. We were reminded during the deliberations that sustainable solutions must be delivered and that strengthened collaborations are key to delivering a transformed Africa. We must rise to challenge and ensure that the next century belongs to Africa." ■

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Welcome to Africa's fastest growing economy

This report was produced with the support of the Ministry of Tourism of Senegal. The editorial content was conducted independently of the state, unless otherwise specified.

Interview: Macky Sall, President of the Republic of Senegal

What lies ahead for Senegal? Immediately, how can it best weather the storms of Covid, war in Europe and banking instability? **Omar Ben Yedder** *(below inset left)* spoke with Macky Sall, President of the Republic of Senegal.

'Africa no longer needs aid but positive partnerships!'

Our interview with the President of Senegal, Macky Sall, ran into a few unexpected delays. First, he had a cold; then he held an impromptu reception for the national under-20 football team that had just returned from Egypt, having just been crowned champions of Africa. In the space of 13 short months, Senegal's soccer players have won the Africa Cup of Nations, the CAF Beach Soccer Africa Cup, the Champions League, and now the under-20 Africa Cup of Nations. The success on the soccer field has been attributed to minute planning and plenty of effort. Just as for their football teams, these are heady times for Senegal's 17m people. The country is Africa's fastest-growing economy. The dynamism of the capital city, Dakar, is palpable and reminiscent of many African capital cities a few years back, at the height of the Africa Rising narrative.

Throughout other meetings and conversations in Senegal, numerous issues were raised. The elections next year did not seem to be the President's priority – even if the issue of a third mandate will need to be addressed. For now at least, the President wants to focus on the job at hand, even if running for a third mandate is constitutionally allowed. We'll find out later in the year.

Like most countries today, Senegal is not immune to the rising cost of living. A priority for the country is to produce more of what it consumes. As in many African countries, the youth issue – providing them with jobs and ensuring that they can contribute positively to the economy – is also central. The general consensus among those we spoke to was that Senegal was on a positive path of growth and transformation. It is definitely one of the brighter lights in Africa.

Senegal is also systemically important to the region. It is an important actor in Francophone Africa, alongside Niger and Côte d'Ivoire. Diplomatically, militarily and politically it provides stability.

Many countries in the Sahel, as the President acknowledges in this interview, are in a precarious state. The success of a country like Senegal is critical in providing hope not just for the country's youth but regionally. Double-digit growth rates will help raise the tide for all. As it seeks to become a regional industrial hub, Senegal can become a driver of economic growth for all its neighbours.

Much noise has been made about the recent oil and gas finds. Senegal is expected to be Africa's fastest-growing economy over the next two years at least; it is easy to assume that this is due to these discoveries. But revenues from the new fields will start trickling in at the end of this year at the earliest, and even then the proceeds will at first go to pay off the massive investments needed to develop the fields.

Growth is in fact more diversified. Foreign direct investment is a contributing factor, but more important has been the massive investment in infrastructure, a rising middle class and a growing private sector. Some of these projects can be credited to Macky Sall's predecessor, Abdoulaye Wade.

President Sall is emphatic that the private sector will have to play a much bigger role, and that is what the current administration is trying to achieve: to create a conducive environment and promote some key sectors, especially agriculture and local industry. As he tells us in this interview, the state has an outsized role in that emerging phase. This is why Sall called for a review of how the global financial architecture works. It is currently skewed in favour of the richer countries, which can effectively print money. When a shock, or multiple external shocks, take place – as we have seen with Covid and the conflict in Ukraine – smaller countries are hamstrung. Sall has had a busy year following his time as Chair of the African Union. In July 2022 he went to see Russian president Vladimir Putin to present Africa's position, given the continent's greater susceptibility to disruptions in the supply of fertilisers and grains. He was also particularly vocal on the issue of international credit rating agencies unfairly penalising the continent and countries such as his. He has said that the global finance architecture is not fit for pur-

Senegal President Macky Sall addresses supporters at Léopold Sédar Senghor airport when the Sengal football team landed from Cameroon after winning the Africa Cup of Nations.

> ‘Africa has a great awareness of itself, of what it represents and of what it wants to be. All this is clear in the heads of the leaders and the heads of Africans’

pose, especially when it comes to emerging markets and Africa having a seat at the decision-making table. However, he thinks that progress has been made across all these issues. He acknowledges the support of many, including French president Emmanuel Macron, who he sees as often being first to support African initiatives in the global arena.

With regard to the future of his country, he is cautiously upbeat. The oil and gas industry can be the trigger for a whole ecosystem of new industries and jobs – even if, in the short term, it will not provide a windfall for the state. Following his year as Chair of the African Union, Sall also believes that Africa must be more aware of itself and its possibilities.

African Business: ***The current global context is challenging. If Senegal seems to be doing well, what are the challenges that you see as the most pressing?***

Macky Sall: In Africa, we are experiencing a challenge: to revitalise the economies due to a lack of capacity since the mechanisms we advocated for are yet to be implemented. These mechanisms included, for example, a reallocation of SDRs [Special Drawing Rights] to replenish our economies and stimulate sectors.

Over the past year, both oil and food prices have risen. This fuels inflation in all countries and governments have been forced to subsidise [essential goods], leading to a loss of revenue and greater deficits.

Despite this unfavourable environment, Senegal has quickly resumed its pre-crisis growth targets. From 1.5% in 2020, growth reached 6% in 2022, and we are expecting 10% in 2023.

We expect our oil and gas investments to come on-stream in the fourth quarter of this year, and this is in addition to our efforts to intensify activity in agriculture and industry.

Indeed, the World Bank predicts that Senegal will be the best-performing economy in Africa in 2023 and 2024. Does this mean more infrastructure and investment for your government?

First of all, it simply means that the economy will be robust. It will generate more income and, naturally, more investment. We must avoid falling into a trap of thinking that these new oil and gas discoveries will transform our fortunes overnight. We need to continue working as we have always done. These new resources will strengthen the productive and social sectors. By productive sectors, I refer, in particular, to agriculture and animal husbandry, which we must modernise and intensify. I also mention fishing; we must strengthen aquaculture and forestry. Of course, continuously, we must also work to enhance social safety nets.

The oil resources will not be as significant as you suggest during the first four or five years. During this period, the share going to the state will not be substantial because most of the original investments need to be repaid.

The most important aspect of the oil find is the business activity that it brings to the country, especially in terms of the services sector. This will then benefit other sectors too.

In terms of the oil resources we have a framework in place, voted in by parliament, that will safeguard it – avoiding mistakes made in the past by other countries. A certain percentage will be allocated to FONSIS [the sovereign wealth fund] and we will not be able to mortgage future earnings for current spending needs.

In other areas, we are enhancing our ports and logistics facilities, because the country cannot rely on a mono-industry but needs to succeed because of the whole ecosystem.

You mentioned SDRs. Are you asking for more aid from G20 countries and international organisations for African countries?

I would not say more aid, but more positive partnerships. This is what we say to our partners in the North: during the Covid crisis, they were able to develop, on their own, mechanisms to cushion the shock, which is commendable. These resilience schemes were financed with hundreds of billions of dollars or euros. But the economies of the South cannot do this because our central banks do not have the same resources.

SDRs were mobilised, but even then sub-Saharan Africa's share was $23bn of a total of $650bn. Senegal received $450m. It's something, but very little given our needs.

There is talk of a new allocation of SDRs to the tune of $100bn, to all developing countries, not just Africa. Using leverage, this could potentially unlock $400bn at low interest rates, around 0.5%.

This would give countries the resources to really breathe and get things moving again. Several large countries had committed themselves to this, notably the Europeans and China, but this is now stuck in the American Congress.

Progress on these issues is too slow. We continue to plead to the world to give us the tools to re-energise our economies. It would be good for all of humanity. And this is our state of mind today in Africa: to build win-win partnerships based on mutual interests.

There is a lot of talk of African sovereign funds having over-borrowed. Are you comfortable with your current budget deficit and debt levels?

We follow the WAEMU [West African Economic and Monetary Union] convergence criteria: debt must be less than 70% of GDP – which seems low when the big countries have passed the 100% debt mark. My wish is to raise this debt ceiling within the Union. Why not to 90% of GDP? This would give more budgetary space.

Our level of development is such that the state does everything, and provides many public goods: water, electricity... We cannot have such a scheme and put a cap on the indebtedness of states.

As regards the budget, the framework provides for a 3% deficit, which again gives very little room for manoeuvre to finance social innovations, schools, universities and roads – not to mention defence and security. My opinion is that this stringent framework is too much

Opposite: Secretary of State Antony Blinken and President Joe Biden listen as Senegal's President Macky Sall speaks during the US-Africa Summit Leaders Session.

Below: Russian President Vladimir Putin (R) shakes hands with Senegalese President Macky Sall during a meeting at the Kremlin in Moscow.

to ask from our countries. Following the Covid crisis, we are discussing all these debt-related metrics: should Africa respect the Maastricht criteria decided by the European Union at the time of the euro's creation?

Should the German deficit at the time [following reunification] become a global standard?

Even if we have to control deficits, I am not against certain flexibility, particularly in terms of debt.

This brings us to financing for development: what resources and what mechanisms [do we have at our disposal]? I have also engaged in a lot of discussions with the OECD on the need to reform the rules [and non-tariff barriers] to allow greater trade between the North and the South.

We need to obtain longer maturities on export credits, with less expensive guarantees; this raises the rating issue because it depends on the perception of risk and, therefore, the value of the requested insurance. Everything is connected! This is a dialogue that we must have, always in the spirit of a win-win partnership. We all have something to gain from this OECD reform, so that our countries can access longer terms with fewer guarantees.

But aren't you concerned about the debt levels of some other African countries? Many are at the edge of the precipice…

Some debt levels are indeed high with regard to the targets we just mentioned. And some countries are having issues servicing their debts. They need to be supported. It is the IMF's mission to deal with this kind of crisis, which can happen to any country; we must support them and help them to carry out the necessary reforms, but I do not see how a country can develop without taking on debt.

Of course, we must control that debt, which must be used wisely, for productive investments, and not to cover operational costs. I believe that, overall, the amount of African debt can be described as appropriate. It is not excessive.

You say that the public sector plays an oversized role in Senegal…

Everywhere in Africa – it is not specific to Senegal. Due to the state of development, we have yet to reach a level where the private sector can take over.

Some European countries have gone a year without a recognised government. In Africa, this is unthinkable. The state essentially oversees the biggest infrastructure projects and pays a large proportion of salaries; and many of the larger contracts are also those of the state. The private sector can take over but only once we have built the basic infrastructure – roads, railroads and ports.

'I have engaged in a lot of discussions with the OECD on the need to reform the rules to allow greater trade between the North and the South'

When you compare the Senegal of 2012 to the Senegal of today, how do you see its development?

In all objectivity, it's beyond comparison, whatever metric you want to compare. In terms of economic capacity, the economy and [government] budgets have tripled, from 2,400bn CFA francs ($4bn) to 6,500bn CFA francs ($11bn) in ten years.

Regarding infrastructure, it is incomparable. Look at what we have built in terms of highways, roads, and universities; in agriculture, production has been multiplied by two, sometimes by three for certain crops. The economy is much more powerful, and we have progressed in all sectors, including water and electricity.

We have made progress; but there is still much more to achieve the objectives we have set ourselves. We still have plenty of development work ahead of us.

As Chair of the African Union, you tried to address several issues, including the food crisis in relation to fertilisers and the import of grains. Have you seen any progress since the outbreak of the war in Ukraine?

We obtained some favourable developments. I went to Sochi in June 2022 to report on these concerns – and in July agreements with the United Nations, Turkey, Russia and Ukraine have allowed the export of grain from the Black Sea, and we have seen some order restored to the international market.

Since December, we have been developing a common strategy to import from the United States, a country that has seven years' worth of [grain] reserves. It can therefore supply the market to avoid price hikes driven by speculators. Gradually, the obstacles that hindered maritime trade have been lifted.

In 2023, we will have fewer problems at this level; and already, prices have fallen compared to 2022, so we can move forward. In addition, we are working with the European Union, France, and Germany to facilitate trade. These are all efforts to find alternatives, in the short term, in the grain and fertiliser markets.

In the medium term, it is a matter of developing African agriculture capabilities so that we are food secure. At the Dakar 2 summit on food security that we hosted with the African Development Bank in January, the AfDB was able to mobilise more than $36bn in investments in agricultural programmes for the next five years. This is something very fundamental and very new to give Africa the capacity to ensure its food self-sufficiency.

So you are confident in the capacities of the agricultural sector in Senegal?

Yes, it is already changing. Mechanisation and the use of technology is on the rise. Our objective of food sovereignty means that we are reinjecting resources into our agricultural program, amounting to 1,600bn CFA francs ($2.6bn) over three years. We have never invested so much in agriculture. This translates into more land being cultivated, greater mechanisation, better use of seeds, more fertilisers. In short, more productivity and production, not to mention our efforts to move up the value chain: processing and marketing.

This logic is more or less the same everywhere in Africa. Depending on the agro-ecological context, everyone is aware that we can only move forward with agriculture and agricultural processing.

Senegal operates in a somewhat turbulent neighbourhood, with an increasingly fragile Sahel. How do you deal with this?

As Africans, we favour wisdom in our actions. And wisdom requires that

the neighbourhood be treated with significant consideration. As chair of the African Union, I visited Mali and Chad, two countries in transition.

As far as possible, we are trying to accomplish these transitions in conformity with regional and sub-regional institutions. These African countries aren't going anywhere, and they need our support and understanding. Ultimately, [a positive outcome] depends on them – but I am in favour of accompanying these transitions so that they come to a successful conclusion.

Do you fear the spread of jihadism?

Terrorism spares no country. Admittedly, we have suffered very few actions in Senegal, but we should not rest on our laurels. The spread is unavoidable, insofar as jihadism operates within a cultural, religious, and social continuum. We work daily to control our environment and territory.

Does the continent seem united in its objectives? It appears to be more fragmented than in past times…

Africa has a great awareness of itself, of what it represents and of what it wants to be. All this is clear in the heads of the leaders and the heads of Africans, whatever the level of representation. We had the will to speak with one voice. This was the case before my presidency, and it will still be valid after.

We also realise that we must work more together on African issues and conflicts, to elaborate solutions. Of course, Africa is vast: 30m square kilometres, more than China, the United States and the EU combined. The continent is diverse, from Arab Africa to Southern Africa… there is a lot of cultural, ethnic, and religious diversity and political systems too. Added to this are the colonial legacies. All this has to be made coherent. Therefore, Africans should be proud of the efforts undertaken to preserve this joint organisation called the African Union, that tries, despite the crises and tensions, to carry the voice of Africa on the essential questions.

That is why we must pay attention to what we are doing. We must refuse the view that Africa is doing nothing, that Africa is not moving forward, that there are too many problems in Africa. This view does not correspond to reality. If you aggregate the efforts being made in each African country, you will see that much work is being done on the continent today, including work on infrastructure, universities, investments… Africans must have confidence in themselves, their leaders and their actions; it is up to them to build their continent.

On their side, Western countries, China and Russia are putting pressure on African countries to take sides in their divisions. How should African leaders react?

The world is in a permanent state

'We must refuse the view that Africa is doing nothing, that Africa is not moving forward, that there are too many problems. This view does not correspond to reality'

President Macky Sall passes over the chairmanship of the African Union to Comoros President Azali Assoumani (centre).

of competition, so it is normal that everyone tries to have more influence. It is up to Africans to make choices. In Senegal, we partner with everyone. We have traditional friendships with the Western bloc. I have always assumed that. Since independence, we have maintained diplomacy based on shared values and opened our horizons. That is why we are open to China and the rest of Asia, Russia, Turkey – without denying our old friendships with the Western bloc. But, of course, we try to make the most of our partnerships in this challenging world. We do not enter into a Manichean logic of blocs against blocs. In this global kaleidoscope, Africa must play its role; the continent has weight and resources and must count in the concert of nations. We wish to make this contribution without being in the wake of any particular group.

You are deemed close to French President Emmanuel Macron. But the African street, the African youth, seem to be increasingly suspicious of France. Is it wrong?

Let's tell it like it is: in African struggles, President Macron has always been on our side and has often been among the first leaders to speak out for Africa. Another matter is whether the African street, the youth, has a different perception. The reality is, as I have described to you with the process of the African Union entering the G20 and on other issues such as vaccines and the reform of the UN Security Council: we are working closely and responsibly with President Macron without being subservient to him. If we disagree, we express it very clearly. The French President supports Africa's progress; I experience this daily in my dealings with him.

To conclude, let's go back to my first question: the significant challenges facing Senegal in the coming years. What are they: reducing inequalities, training young people, or investing in infrastructure? I will first mention the issue of demography, which we must control. Then we must give a perspective to youth regarding employability, which implies providing training. This means changing the paradigms of the education system. Given the massive number coming on to the job market each year, the current system cannot function or provide employment opportunities for young people.

Therefore we need to develop vocational training further, and orient ourselves even more towards the professions of the future, those of the digital economy, coding, science, technical skills and innovation. These new-economy jobs will allow us to create many jobs. Then, to absorb these flows, we must develop the infrastructure, roads, and schools and continue the construction efforts. This requires vast resources.

And we must develop the concept of entrepreneurship, so that everyone is trained to develop their activity. We can help them with financing and accompany them, rather than making them believe that the state can provide work to everyone. The state will do its part, but alternatives are needed. These will come from the private sector, which must be developed; that is why we want an open economy. And there are also important sectors such as modernised agriculture and livestock. The significant challenge is centred around creating these jobs.

Would you say you're on the right path?

Absolutely, without a doubt! ■

CREATING THEIR OWN TRENDS

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Economy

Senegal has a thriving private sector with around 300,000 small and medium enterprises – and exciting opportunities from oil and gas discoveries. **Tom Collins** gives us an overview of its economy and prospects.

Senegal's dynamic economy turbocharged by oil and gas growth

Driving from Senegal's Blaise Diagne International Airport to the capital city of Dakar, you see that the government has laid out an eye-catching feast for investors and visitors to marvel at. On the 50km journey, a host of large infrastructure projects stand tall and proud in the West African sun as symbols of the government's vision for the country. The airport itself was built for $575m by two Turkish Companies, Limak and Summa, which won a 25-year contract with the Senegalese state to manage the facility in 2016. Moving closer towards Dakar, the new city of Diamniadio shoots up on either side of the motorway with a state-of-the-art stadium, conference centre and arena – all built by the Turkish company Summa.

The motorway itself was built by Eiffage, a French construction company, which won a concession agreement with the government to build a toll road between the airport and Dakar. Next to the motorway is a rail route that also links the city with the airport, built by French companies Engie and Thales Group for $2bn.

The drive shows the great diversity of partners that have chosen to invest in Senegal, a feat which analysts attribute to diversified and sustained growth in the francophone African country over the last two decades.

"If you look at the last 15 years, maybe since the financial crisis, what is unique and maybe slightly unu-

Photo: © Sylvain Cherkaoui

sual is that Senegal has had balanced growth," says Mark Bohlund, Senior Credit Research Analyst at REDD Intelligence, an emerging market research group. "There has been a general growth dynamic. The services sector is strong. The agricultural sector has been fairly strong, which contrasts with other sub-Saharan African countries where the agricultural sector is weak and in a state of decline. And now with oil production coming on line, Senegal is expected to have the highest growth rates in Africa."

Investment credentials

Indeed, added to a solid economic base, two oil and gas projects are expected to turbocharge growth to 8.0% in 2023 and 10.5% in 2024, the highest growth rates in Africa, according to the World Bank.

In 2014, more than 1bn barrels of oil and 120 trillion cubic feet of natural gas were discovered in the Atlantic Ocean. The huge hydrocarbon finds led to a flurry of investment by oil and gas companies including British oil major BP and US operator Kosmos Energy, which pumped $4.8bn into the development of the Greater Tortue Ahmeyim (GTA) liquid natural gas (LNG) project – boasting 15 trillion cubic feet of recoverable gas reserves – set to come online in 2024.

Australian petroleum company Woodside Energy is also developing the Sangomar Field, 100km south of the capital city of Dakar, which has the capacity to produce 100,000 barrels of oil a day and is set to come online later this year.

On top of the huge hydrocarbon-projects, DP World made its largest-yet investment in Africa yet in 2020 by committing $1.3bn to the development of a deep-water port 50km south of Dakar. All these projects have seen foreign direct investment (FDI) increase dramatically from $409m in 2015 to $2.23bn in 2021, according to UNCTAD data.

As well as solid and diversified growth, most investors are bullish on Senegal due to its relatively stable politics, good governance, skilled but low-cost workforce and geographical position as a strategic gateway to West Africa.

"Senegal for us is a positive story," says Martjin Proos, director of the Emerging Africa Infrastructure Fund (EAIF). "Historically it is a politically stable country. We think it is well managed. They have good public private partnership (PPP) frameworks and that allows the private sector to come in, in a variety of sectors. For us it is therefore an interesting country for infrastructure projects."

The fund, which is backed by UK, Dutch, Swedish and Swiss governments, has invested $70m in Senegal to date across various sectors and Proos says that there is "a lot more to come in the pipeline".

Scaling Senegalese companies

Senegal has a thriving private sector with around 300,000 small and medium enterprises (SMEs) spread across the country of 17 million people. The makeup of the economy has remained broadly the same over the last few decades with around 50% of GDP from services, 25% from industry and 15% from agriculture. Financial institutions make up a large portion of the services sector, with 26 banks based in Senegal, as well as telecommunications firms and real estate.

Above: The 120 MW Malicounda power plant, built under a public-private partnership (PPP), inaugurated by President Macky Sall.

Left: Dakar's changing skyline including the new Train Express Régional terminal that connects the capital with the new international airport

Government initiatives and regulatory interventions over the last decade have given rise to impressive growth in the private sector. President Macky Sall's flagship programme, the Emerging Senegal Plan (PSE), was put in place to maintain Senegal's annual growth rate above 7%. The plan includes 27 major investment projects and 17 reforms with a focus on transport infrastructure and services, energy infrastructure and service, agriculture and agro-food, water and sanitation, education and training and health nutrition.

Several organisations have also been specially created to boost the economy. These include APIX, a public body to help Senegal attract foreign investment; and the Agency for the Development and Registration of SMEs (ADEPME). During Sall's time in office, Senegal has jumped on the World Bank's Ease of Doing Business Scale from 178th out of 190 countries in 2013 to 123rd in 2019.

However, analysts say there are several areas ripe for improvement to unleash the full force of Senegal's private sector. For SMEs, the main problem is finance.

Despite the presence of 26 banks, it remains hard for SMEs to access finance in the country, says Ibrahima Fall of consultancy Invest Africa, as the lenders are incredibly risk-averse and have not figured out an effective way to finance small businesses. The businesses themselves also have poor accounting and structuring methods which makes them hard to lend to.

At the other end of the scale, home-grown Senegalese companies are yet to emerge as pan-African champions like companies from other countries such as Nigeria, South Africa and Egypt. There are a host of large companies and conglomerates in Senegal, including cement producer Soccocim, food company Sedima, and drinks company Soboa, but many are yet to enter the next growth phase and become billion-dollar enterprises.

Fall says there are two main reasons: hesitancy to scale outside home markets and hesitancy to take on equity investment to turbocharge growth. He attributes this to the fact that most of Senegal's large companies are old-school, family-owned companies that prefer to keep management and strategy closer to home.

"They don't want to open up to private equity," he says. "They reject it right away and say they don't want to lose control. But if you want to go from a family business to a mega-company you have to be open to investors." To illustrate the point, there were no Senegalese companies in the *African Business* 2022 list of the 250 largest companies in Africa. The firms are also hesitant to scale in the wider region, despite being part of an economic union that is home to over 100 million people.

Senegal has missed an important growth opportunity in this regard, argues Bohlund. The country should be aiming to dominate the region with Senegalese companies and as a manufacturing hub. It could follow the path of other African countries such as Kenya, which set up car assembly plants and became a leading exporter of cars to the East African region. The opportunity is there for Senegal to seize. ■

Economy

Will Macky Sall's ambitious plans pay off?

Senegal's President Macky Sall has pitched his legacy on ambitious projects and the transformative potential of the oil and gas sector. **Leo Komminoth** looks at whether this gamble can succeed.

Walking the pristine streets of Diamniadio, a recently-minted city situated a mere 30km outside of the hustling capital of Senegal, Dakar, one is struck by a sense of amazement.

This metropolis, touted as the flagship project of Senegal's president, Macky Sall, who was inaugurated in 2012 with a grandiose vision to revolutionise his country, flaunts a sparkling airport, opulent hotels, a modern convention centre, and a colossal football stadium, inaugurated just a few weeks after Senegal's national football team won the Africa Cup of Nations for the first time in 2022. But amid the towering edifices and buildings in progress, it is the prominent billboards displaying Sall's portrait and the phrase "This is my legacy for the future generation" that catch the eye.

The slogan raises a burning question – will Sall's ambitious initiatives truly deliver on this promise? At present it is unclear whether he will run for office again in 2024 – he has recently argued that the constitution allows him to run for a third term, although the opposition contest this interpretation.

But if he steps down next year he will leave the country in the midst of vast transformational projects that he has undertaken over the past 12 years.

Sall's international aura

Since taking office in 2012, Sall has pursued an international strategy aimed at positioning Senegal as a leading destination for foreign investment. With gas exports set to begin in late 2023, Sall aims to use the revenues to drive growth in other sectors of the economy.

As well as boosting the country's GDP growth – projected at 8% and 10.5% in 2023 and 2024 respectively

The German chancellor, Olaf Scholz (R), attends the opening of a solar plant alongside President Sall and energy minister Sophie Gladima in May 2022.

– the energy sector is also intended to boost employment through youth training programmes.

In the past decade, foreign direct investment in Senegal has skyrocketed, from $272m in 2010 to $2.23bn in 2021, a 720% increase that reflects international interest in the country's prospects *(see chart)*.

The "Plan for an Emerging Senegal", Sall's policy road map to make the country a middle-income economy by 2035, was initially launched in 2014 and has received support from international organisations such as the OECD and the African Development. Sall's biggest achievement is surely that he has put Senegal on the radar of foreign investors.

Over the course of his presidency, the country has forged important partnerships with a diverse range of actors. Among these is China, which has now surpassed France as Senegal's primary bilateral trade partner. In addition, Senegal has established crucial investment partnerships with a variety of key players, including Morocco, Saudi Arabia, and several Gulf states, as well as with the European Union.

Domestic popularity

While Sall's international profile has grown, his domestic popularity has followed a different trajectory.

On 15 March, about 5,000 Senegalese gathered in Dakar for a three-day protest to show support for aspiring presidential candidate Ousmane Sonko and express their opposition to a third Sall presidential term.

This happened exactly one year after the country experienced mass protests leading to the worst episode of violence in years.

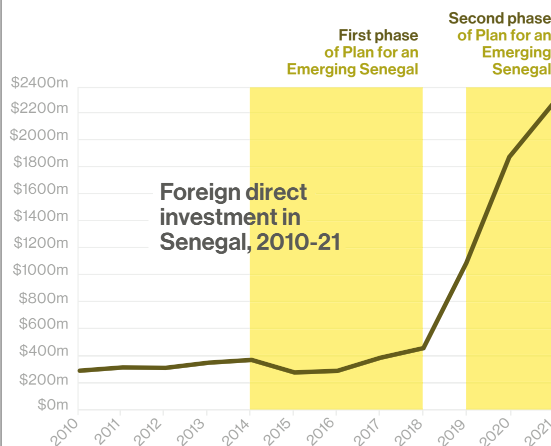
But the fact that the opposition was able to challenge the incumbent party in the 2022 legislative election is a positive sign for Senegal's democracy, which is considered one of the strongest in Africa, with a history of successful democratic transitions.

Sall's Benno Bokk Yakaar ("United by Hope") coalition won a slim majority of only one seat in the National Assembly after former Dakar mayor Pape Diop joined forces with the ruling party.

Nevertheless, Senegal remains politically divided, with critics arguing that Sall's economic and social policies have not met the immediate needs of the population, despite his focus on market-oriented and internationalist strategies.

Criticism of Sall's policies has undoubtedly been exacerbated by the various crises he has faced in his second term of office, which began in 2019. These include a food crisis triggered by the Ukraine war – at the outbreak of the conflict Senegal imported 66% of its wheat from Russia and Ukraine.

In June 2022, Sall negotiated directly with Vladimir Putin to ease the blockade of Ukrainian ports and enable the export of grain, acting in his capacity as the rotating chair of the African Union.



Source: World Bank

Debt issues

Although Sall's efforts to attract foreign capital may have long-term benefits for Senegal, there are concerns about his high-spending economic policy. The country's debt-to-GDP ratio has risen significantly in recent years, reaching 73% in 2021, up from 31.6% in 2015, according to the Central Bank of West African States.

While the government argues that the expenditure is necessary to finance infrastructure and energy needs, debt growth could result in balance of payment problems. Projects such as Diamniadio and subsidies to the oil and gas sector – which nearly quadrupled last year – may weigh on government spending and contribute to this debt burden.

Despite some uncertainties, the government maintains a positive outlook on the prospects of Senegal and Sall is not alone in his optimism, as credit rating agencies have also expressed confidence in the country's future. Moody's, for example, revised Senegal's outlook from negative to stable last year.

This shift was based on the agency's belief that there was an "increased likelihood" that the government's debt burden will stabilise and, barring any major unforeseen events, should begin to decrease in the years ahead.

Balancing megaprojects and public needs

Is Sall's ambitious vision for Senegal in touch with the reality on the ground? That is the question raised by Sina Schlimmer, a researcher at the French Institute of International Relations (IFRI), who visited Diamniadio. While the development was designed to relieve Dakar's traffic congestion and improve living standards for the capital's poorest residents, the transfer of ministries and international agencies to the new city has made Dakar a "bedroom" for public officials who work in Diamniadio, she argues.

Even the newly built toll road, managed by French engineering firm Eiffage, has "created an economic divide between those who could afford [tolls] and others who have to endure long hours in traffic jams," the Senegalese economist Ndongo Sylla told Al-Jazeera last year.

The start of Senegal's oil and gas industry is also raising concerns about inflated expectations and the need for cautious management. The Natural Resource Governance Institute has warned of the dangers of over-optimism and unrealistic demands for financial returns from the sector, which could lead to later discontent if hopes go unrealised.

Forecasts about the potential contribution of energy exports to Senegal's GDP hinge on a variety of factors, including unpredictable oil and gas prices. In addition, the world's shift towards renewable energy sources may pose challenges to the economic viability of hydrocarbon extraction.

Future priorities

In the meantime, Senegal still has an opportunity to capitalise on its resource-extraction strategy. However, good management of resource revenues will be crucial, argues the Natural Resource Governance Institute (NRGI).

To achieve this, Senegal should prioritise transparency, strengthen macroeconomic policies for oil and gas revenue management, and improve the governance of both its intergenerational fund and the national oil company, Petrosen, says the NRGI. By taking these measures, Senegal can maximise the benefits of its oil and gas industry while avoiding the pitfalls of over-optimism and unsustainable practices. ■

Interview: Ousseyni Kane, Director General BOS PSE

The government's Plan for an Emerging Senegal (PES) targets middle-income status for Senegal within a short horizon, and the Operational Monitoring Office is leading forward its implementation. Its Director General describes the role of his office and what the PES has accomplished so far.

Senegal's plan to achieve middle-income status records big successes

African Business: ***What are the functions of the Operational Monitoring Office of the Plan for an Emerging Senegal (BOS PSE)?***
The mission of the Operational Monitoring Office (BOS) is the coordination, monitoring, resolution of bottlenecks and evaluation of the performance achieved in the Plan for an Emerging Senegal (PES), which aims to make Senegal an emerging market economy in the near future.

The BOS is the control tower for strategic actions. Its information and decision-making tools are examined each week by the Council of Ministers. It also evaluates the real impact of public policies on the beneficiary populations.

The BOS acts as a consultancy and support agency for all state structures in the implementation of their flagship actions, as well as providing assistance to the private sector.

Dakar Arena, one of the major infrastructure projects built under the Plan for an Emerging Senegal.

Ousseyni Kane: ***President Macky Sall set up the PES in 2014. How successful has it been so far?***
The first 10-year implementation phase of the PES is based on two Priority Action Plans, namely PAP I (2014-18) and PAP II (2019-23).

The first operational phase saw sustained growth of 6% on average per year, driven by the tertiary sector, followed by the secondary and primary sectors. This growth made it possible to reduce Senegal's poverty rate by 5%, from 42.8% in 2011 to 37.8% in 2018. As a result, Senegal has the lowest poverty rate in the countries of the West African Economic and Monetary Union (WAEMU).

Over the 2019-22 period, average annual growth was 4.4%. The exploitation of oil in 2023 should make it possible to achieve a much higher level of growth in the future.

This first decade has clearly demonstrated that the PES is a success. Nearly 10 years on, it is undeniable that Senegal presents a very different picture to the one it did in 2014.

Two key factors underly the success of the PES. It brings a focus to projects and reforms that avoids dispersion of efforts. It also monitors success in all sectors of the economy – including energy, infrastructure, services, mining and agriculture, and social areas – and makes different actors accountable for achieving it.

The figures speak for themselves. The country has seen:

- a quadrupling of the installed electrical capacity (1787 MW in 2022);
- achievement of a rural electrification rate of 55% vs 24% in 2012;
- the completion of Dakar's Regional Express Train project (38 km);
- the completion of 233km of motorway;
- the commissioning of Blaise Diagne International Airport, which welcomed 2.6m passengers in 2022;
- the delivery of phase 1 (Saint-Louis, Matam, Ourossogui, Kolda and Ziguinchor) of the Secondary Airports Renovation Programme;
- the construction of four regional hospitals (Touba, Kaffrine, Kédougou and Sédhiou);
- the production of 2.4m tonnes of phosphates (+ 118% compared to 2012);
- the tripling of rice production (469,649 tonnes of paddy in 2012 vs 1,409,120 in 2022);
- the creation of four special economic zones (SEZs).

At the macroeconomic level, these achievements are reflected in:

- average GDP growth of 6.6% recorded over the period 2014-18.
- GDP growth of 4.8% in 2022, despite Covid-19 and the Russia-Ukraine crisis.

What have been the main challenges and difficulties encountered?
One of the major challenges is the slow implementation of reforms. The implementation of the first 10-year phase has focused on priorities. In this respect, there have been undeniable successes in strategic sectors such as energy, health, agriculture, social affairs, etc.

However, a number of strategic reforms have not been implemented in an optimal manner. We have seen major progress, notably in the World Bank's Doing Business Index and measures to strengthen the private sector. But some components have not made the progress desired due to the international situation and administrative holdups.

This is why the BOS has begun to structure its flagship Modernisation of the Public Service reform to give a new impetus to the implementation of the state's priority actions. Without a strong, modern, digitalised administration that is focused on priorities our path towards middle-income status will be slowed down.

How exactly does the BOS influence government processes?

The PES monitoring and coordination mechanism allows us to trace the progress of projects and the execution of reforms with a focus on the risks and critical problems that jeopardise their implementation. It also makes it possible to structure and evaluate the impacts of flagship actions through vigorous mobilisation of the relevant ministries and project managers. This mechanism, with more than 60 people behind it, enables the BOS to interact on a daily basis with the actors involved in the implementation of these priority actions, to both challenge these activities and support them.

Has the public sector been modernised by the PES?

The establishment of a special monitoring and coordination mechanism reflects a new departure in the management of strategic projects and reforms and is thus part of the process of improving the performance of the public authorities.

The objective is to ensure a qualitative leap in the effectiveness of public investments through not only better structuring projects and reforms but also making sure they are implemented within the timeframe and budget allocated, in order to achieve the desired outcomes.

Significant progress has been made in this area, even though we recognise while the need to go much further. We have launched the Modernisation of the Public Service project in conjunction with the Ministry of Public Service and all the actors concerned. This flagship reform aims to promote productivity gains in the public administration, which are essential for building an attractive and competitive business environment.

How has the PES influenced food security in the country?

The agricultural sector is one of the priorities of the PES, with flagship projects focusing on food sovereignty.

Recent crises such as the Covid pandemic and the Russia-Ukraine conflict have shown the relevance of this strategy, which is based on improving agricultural productivity and local supply chains, increasing production and supporting research and innovation.

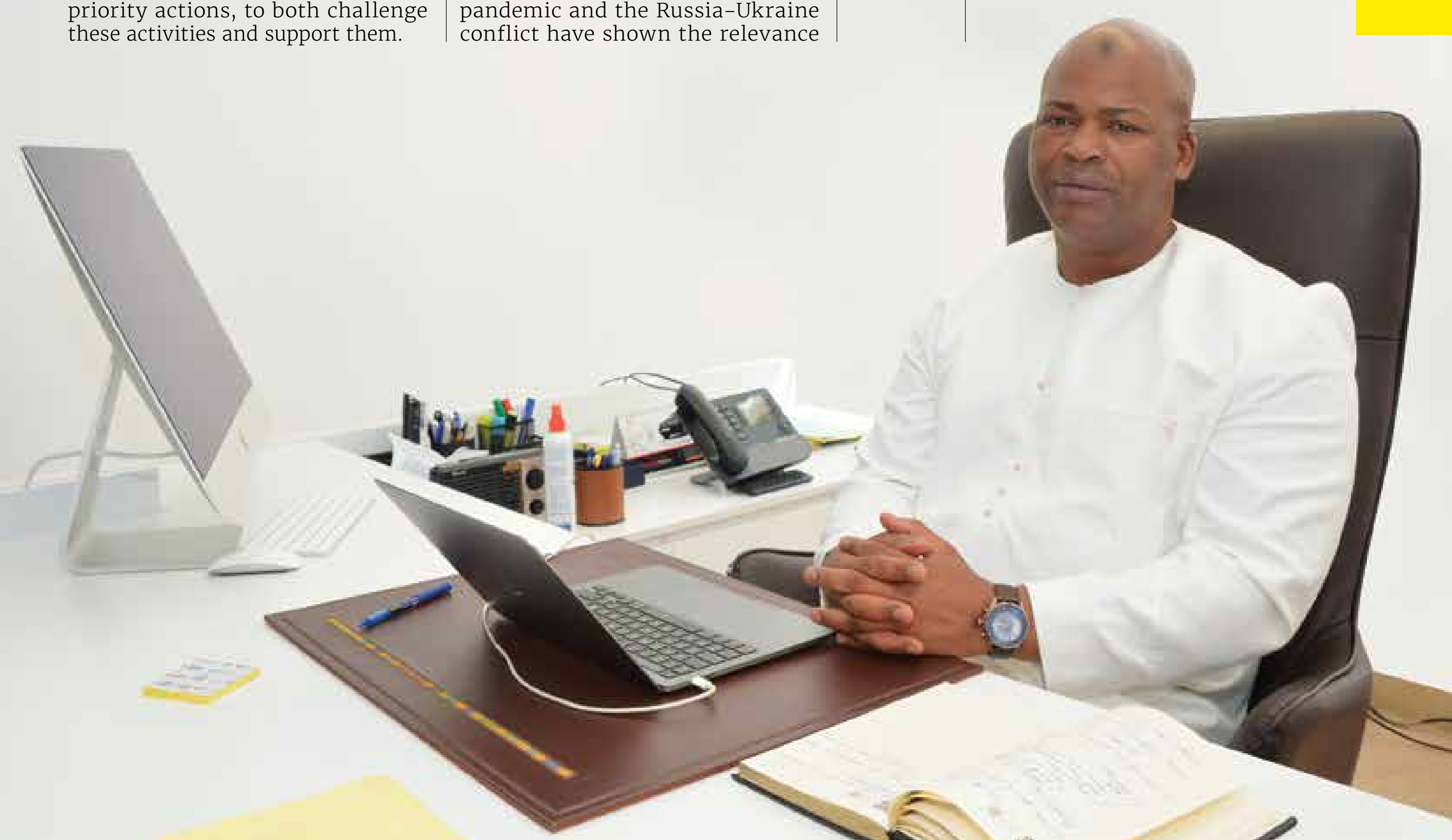
Significant progress has been made thanks to major public and private investments (since 2012), including:

- a tripling of rice production;
- a 65% increase in millet production;
- a tenfold increase in potato production;
- a doubling of onion production;
- a 42% increase in milk production.

The increase in the budget for the agricultural programme to CFA66bn ($109m) reflects the political will to create the basis for sustainable development of the agricultural sector, in particular through:

- increasing cultivated areas;
- hydro-agricultural development;
- provision of (subsidised) seeds and fertilisers
- mechanisation of agriculture;
- financing.

In addition, there is the import-substitution strategy, the aim of which is to reduce our dependence on imports through the development of local production. ■



Interview: Ismaëla Madior Fall, Minister of Justice of Senegal.

A functional judiciary is at the centre of any functioning, and prosperous, state. In this interview, Professor Ismaëla Madior Fall, Minister of Justice, talks to **Mame Fatou Faty** about the country's plans to modernise the judicial system as well as the much-debated introduction of technologies such as electronic bracelets and digitisation.

The guarantor of a liberal democracy that is the pride of the Senegalese

African Business***: Justice is essential in a vibrant democracy. Is this the case in Senegal?***
Senegal has a proud history [in terms of our judiciary]. Since independence, we have opted to have an independent judiciary, a judicial authority, with the necessary infrastructures to support it – that is courthouses, courts. Very early on, justice played its part in the construction of the state, democracy and the rule of law.

Senegal is fortunate to have men of justice with an excellent reputation. We have many magistrates of great value. Our jurists have proven themselves in international courts. The late Judge Keba Mbaye sat on the International Court of Justice. Senegalese magistrates drafted the texts governing the United Nations courts and the criminal courts of Rwanda and have sat on them. Not to mention our clerks and lawyers. We have one of the best bar associations in French-speaking countries. Overall, Senegal is a country that can be proud of its judiciary and its justice system.

The justice system seems to be at the mercy of the authorities and it has been accused of being used as a tool to muzzle political opponents. How do you answer these claims?
First of all, we must avoid reducing justice to a few cases. It is not because there have been two or three politicians who have had problems with the Senegalese justice system that we must base all our assumptions on these three cases. That is, cases where politicians are involved.

Justice is first and foremost constitutional. There is the administrative justice, which judges all the acts of the administration, the decrees of the president of the republic, the acts of local authorities. And commercial justice for citizens who conduct business. And family justice, which is the case of divorces. And social justice to defend the rights of workers.

Now, to talk about these cases, a citizen who does politics is not above the law. When you are accused of rape or defamation, there is the principle of equality before the law. Legal cases follow their course regardless of your status. There is no impunity because you are a politician, whichever party you are with.

But the justice system is singled out?
But it's normal for the justice system to be singled out. I read a recent survey that took place in a European country where only 30% of the public were satisfied with the justice system! Justice is often criticised because it is not understood, because its language is technical and complicated, because it is complex and slow, because it is expensive and unpredictable. When we are happy with the decision of the judiciary, we applaud it; otherwise we criticise it. I often say to magistrates that whatever you do you will be criticised, do your job properly and ignore the criticism.

But trust in the judiciary is very important. And citizen's confidence in justice must be reinforced. We have to prove to the citizen that he or she can trust the justice system of their country.

The ministry has a limited budget. The prisons are full. The courts are overwhelmed. How do you overcome these challenges?
It must be said that Senegal benefited from the proper supporting infrastructures very early on, notably the courthouse and the courts. But it must be remembered that these infrastructures are old because most of them date from the colonial period, as do the prisons, such as those in Saint Louis and Dakar.

Since independence, Senegal has hardly built any prisons. Previous leaders did not see this as a priority. It is only the current administration who has decided to properly modernise the judicial infrastructure. Today, there is a programme – the Programme Modernisations des Infrastructures Judicaires (PROMIJE) – with a budget of 250 billion CFA ($420m) over 10 years. This involves the construction of modern courthouses in all regions of the country, to international standards.

Then, there is a prison construction programme; about ten prisons will be renovated. The prison in Fatick is almost 90% finished; the one in Diamniadio will be completed before the end of the year.

We are also building specific infrastructure dedicated to house children who have issues with the law. It has now become the Directorate of Judicial Protection. The ambition of the head of state is to modernise the

functioning of justice by introducing digitalisation. He wants an E-justice system, with much less paperwork, where most of the procedures are done through digital means. We have a programme to digitise the criminal records where each Senegalese can get hold of his or her "extract" without having to go anywhere.

We have introduced electronic bracelets to avoid overcrowding our prisons. The Senegalese will be able to continue to work and live their lives while remaining at the disposal of justice. These are important steps forward.

Is there strong opposition to wearing the bracelet?
I am not aware of any such strong opposition.

Is it a priority?
Yes, it is a priority. I know that people like it. When you tell someone they can go to prison or wear an electronic bracelet, they choose the bracelet. That for me means there is no strong opposition. It is not imposed on anyone. You are free to choose. Choosing freedom with an electronic bracelet is better than going to prison. I think that this electronic bracelet cannot be contested.

The ambition of the head of state is to modernise the functioning of justice by introducing digitalisation. He wants an E-justice system, with much less paperwork

Peace, security and the rule of law are the most important considerations for any investor. How do you reassure investors?
Senegal has a solid reputation. The wealth of Senegal is its men and women. We are, by the grace of God, a stable country where there is no civil war, no military coup, no mass political violence. We are a country known for its political stability and democracy. We have been holding multi-party elections for 60 years.

The judiciary is still standing. If there are troublemakers, they are arrested and tried. In a democracy, in a state governed by the rule of law, the law remains in force. The Senegalese people are sovereign.

You are the guarantor of a liberal democracy that is the pride of the Senegalese and an example for the whole of Africa. What are you doing to consolidate it?
We try to continue to stay on the path we have been on. We are not inventing anything new. Our democracy and our judicial system are a legacy that we have had since independence. Our country has opted for the rule of law. We are in the process of consolidation and modernisation; that is the key word.

The President of the Republic does not want modernisation to be just a slogan. We need to modernise the texts that govern the organisation of justice; this is why we have created a new judicial map.

In Senegal, there are two fundamental rules that express modernisation. One is the criminal procedure: from now on it is forbidden to charge an individual without the presence of his lawyer.

Secondly, during the investigation, citizens who are in trouble with the law do not go to prison if they choose the electronic bracelet; this helps to relieve [pressure on] the prisons. ■

Interview **Dr. Sidi Ould Tah**

BADEA: the Arab Bank for Economic Development at work in Senegal

The Arab Bank for Economic Development in Africa – BADEA – was established in 1974 and has been operational in Senegal since 1975. Here its Director General, **Dr. Sidi Ould Tah**, discusses its work.

What should average citizens know about BADEA, your Bank?
BADEA is a multilateral development bank owned by 18 Arab States. I have been simply honoured to be entrusted by its Board of Governors to be its Director General. With nearly fifty years of existence, there is much to be known about BADEA – as documented through annual reports available online.

The Bank's mission is to promote economic and social development in Africa and foster cooperation between the continent and the Arab countries through investments and trade. BADEA provides financing to both the public and private sectors in four main areas: infrastructure; private sector development and trade financing; agricultural value-chains; and SMEs, with a particular emphasis on women and youth entrepreneurship.

Our interventions align with national development priorities – and with Governments' commitment to the UN Global Agenda 2030 and to the African Union Agenda 2063. In Senegal, BADEA's operations align with the Plan for an Emerging Senegal (PSE).

Examples of co-financed and completed projects in Senegal include the following: the Dalal Jamm National Hospital Centre; the Joal-Samba Dia-Djiffère road; the Linguère-Matam road; and the drinking water supply facilities in the Saloum Delta region and the Lower Casamance Islands, to name a few.

How is BADEA engaged in Senegal; in which sectors are you involved?
Senegal has been a great partner to BADEA for the last 48 years, and our partnership is growing – as evidenced by the number of operations and the amount of total commitments. BADEA has been operational in Senegal since 1975 and holds one of the largest and best-performing project portfolios in the region at both the ECOWAS (Economic Community of West African States) and UEMOA (West African Economic and Monetary Union) levels.

As of March 2023, BADEA commitments to Senegal amounted to nearly $700m, earmarked for 95 operations. Financed public sector projects include 28 infrastructure projects – ranging from transport, drinking water supply and sanitation facilities to health, urban and rural development including agriculture.

BADEA financed numerous feasibility studies which resulted in bankable projects that BADEA considered later for financing. Under its institutional support window, BADEA has contributed to the capacity building for public servants in key ministries.

BADEA has been known more for public sector financing; does the Bank finance the Senegalese private sector?
Indeed, BADEA financed directly and exclusively the public sector, via the government, in Senegal and in other African countries – up to 2015.

It is important, however, to underscore that although our financing has gone to government, its impact on the private sector has been self-revealing. Transport, energy, health and education projects, for instance, have substantially contributed to the private sector development.

When BADEA extended its operations to the private sector in 2015 it was more about lines of credits to local and regional banks for them to serve the private entities including SMEs.

Today BADEA uses a certain number of instruments, while developing others to finance both greenfield and brownfield projects as well as trade operations.

Left: H.E. Ms Oulimata Sarr, Ministry of Economy, Planning and Cooperation of Senegal and H.E. Sidi Ould Tah, BADEA Director General, signing a $65m (39.3bn FCFA) loan agreement to finance the Dakar-Tivaouane-Saint-Louis Highway Project.

S&P Global assigned an AA/A-1+ rating with a stable outlook on 5 October 2022, and Moody's reaffirmed BADEA's notation of Aa2 with a positive outlook on 8 March 2023: what do these global ratings mean for you and your partners such as the Government of Senegal?
By design these ratings express independent and informed opinions on creditworthiness of the rated entity. Such informed opinions send a strong signal to the financial markets about the likelihood of defaulting on debt obligations. S&P Global and Moody' Investors rating for BADEA provide us with confidence that the Bank can go on the market to raise more funds to finance development in the continent with little worries from investors (lenders) about their reimbursement.

Such comfort is extended to actual and prospective partners – even though some of them trusted BADEA from their due diligence way before we had credit ratings with global agencies. A better rating provides an opportunity for BADEA to raise more funds at competitive interest rates in the international market, to finance more projects from both the public and private sectors and to expand its development impact.

Looking at your portfolio, there seems to be a strong emphasis on infrastructure, water and sanitation. Is this specific to Senegal, and why is it that you have been involved in those areas more than others?
Overall, infrastructure has dominated BADEA's project portfolios around the continent, and Senegal is not an exception.

By the way, this is the case for most development financial institutions (DFIs) for an evident reason. In fact, infrastructure projects are powerful enablers of economic and social development.

The deficit in infrastructure around the continent is huge and the related financing gap is estimated at $130bn to $165bn per year. With this, infrastructure will remain at the top of priorities for many DFIs, BADEA included.

As of 1 March 2022 the largest portion of BADEA funding to Senegal was allocated to transport infrastructure.

This represents about 25%. Water and sanitation projects come second with about 18%, and this is specific to Senegal.

Please note that each country defines their development priorities and determines which financial institutions to work with on each priority.

Senegal is looking at great economic projections over the next few years, and this will accelerate even more with the onset of oil and gas production this year. Is this a country where you see your activities growing over the coming years, and if so, how?
BADEA is encouraged by Senegal's great economic prospects and does not envision any foreseeable reasons to scale down its operations in Senegal. Submissions from both public and private sectors are likely to keep an upward trend.

As Director General, you were honoured last year for BADEA services to Senegal and the West African Economic Community. The country is obviously important strategically for BADEA as it grows its balance sheet?
I was indeed honoured by His Excellency Macky Sall, President of the Republic of Senegal, for BADEA's contribution to his country and the West Africa Economic Community.

Senegal has been a great partner to BADEA for the last 48 years, and our partnership is growing as evidenced by the number of operations and the amount of total commitments. BADEA has been operational in Senegal since 1975 and holds one of the largest and best performing project portfolios in the region at both the ECOWAS and the UEMOA levels.

BADEA is one of the members of the Arab Coordination Group, which comprises 10 regional, and international organisations: the Abu Dhabi Fund for Development; the Arab Bank for Economic Development in Africa; the Arab Fund for Economic and Social Development; the Arab Gulf Programme for Development; the Arab Monetary Fund; the Islamic Development Bank (IsDB); the Kuwait Fund for Arab Economic Development; the OPEC Fund for International Development; the Qatar Development Fund; and the Saudi Fund for Development.

The Arab Coordination Group invested around $6,652m over the period of 1975 to 2022. ■

Interview: Souleymane Ndiaye, Director General SAPCO

Souleymane Ndiaye is a civil design engineer by training. Prior to being nominated as Director General of the Company for the Promotion and Development of Coasts and Tourist Zones of Senegal (SAPCO) he led the rehabilitation project of the Ousmane Masseck Ndiaye International Airport in Saint Louis. He tells *African Business* why tourism is central to the country's growth plans.

Tourism is at the heart of economic development

African Business***: Senegal's tourism section faces many challenges. How is SAPCO dealing with them?***
As soon as I took office last October, I wanted to have an exhaustive audit of the situation. I visited various tourist sites, holding working sessions with players across the entire value chain – hotel owners, artisans, the territorial authorities, police and judiciary, as well as the mayors.

This allowed me to obtain a fairly clear reading of the current challenges and draw up a roadmap in line with the government's *Plan for an Emerging Senegal*.

Tourism is the second largest foreign exchange earner for Senegal. This sector must be able to constitute a real lever for growth and economic and social development. To paraphrase what the President has said, we want to make tourism, like air transport, a driver of development for the people of this country, and a driver of jobs.

SAPCO is at the centre of this. We occupy a strategic position in achieving the development and promotion of our coastline as well as entire tourism ecosystem of the country.

We also feel, given our work, that we can contribute in helping support other sectors such as such as agriculture, fishing and handicrafts, so it's strategically important.

We are involved in the establishment and development of hotels, restaurants, shopping centres, residences, and the building of all the necessary infrastructure. This will also undeniably contribute to the creation of stable and sustainable jobs for the benefit of the local population.

In view of your background, does your appointment show a desire to bring a different approach to the management of tourism projects?
As part of the country's post-Covid revival strategy, the President has given firm instructions to develop emerging tourist areas, such as Pointe-Saréne, Mbodiène, Joal Finio, the Saloum and Lower Casamance islands, and to revitalise the hospitality sector and boost employment.

My experience as a design engineer in civil engineering will certainly help me. Thus, six months after I took office, many things have been moving forward – for example, the Akon City project is now underway.

Other projects also underway, include the construction of the Saly International Ophthalmological Centre in Saly Portudal with a capacity of 45,000 patients per year, for which work was launched on 4 March 2023 and which should be delivered before the end of this year.

What about the development projects for the new tourist interest zones?
SAPCO has begun the planning and development of three integrated tourist zones. The aim is to have six new tourist zones by 2035.

These new projects will strongly contribute to increasing Senegal's hotel capacity, diversifying our tourist offering, bringing in new investors and improved safeguarding of the coastline through preservation of the environment.

The tourist resort project at Pointe-Saréne, with the delivery and opening of the first phase of the 524-room Riu Baobab hotel, is the first initiative undertaken under this framework.

The project covers an area of 110 hectares and should eventually increase the number of hotels rooms in Senegal by at least 1,600 units. The roads and various networks serving the entire site are now 98% complete.

Other hotel projects such as the second phase of the Riu hotel, which will have a capacity of 500 rooms, will start in 2023. This is in addition to the construction of 45 top-of-the-range villas by the SABLUX group.

In the vicinity of Pointe-Saréne, we are building the seaside resort of Mbodiéne on a 504-hectare plot of land, opposite a 4km-long beach strip. This resort, based on an integrated and sustainable approach that encompasses seaside activities, culture and ecotourism, will have a total of 6,000 beds and will include hotels, top-of-the-range residences, modern sports facilities and leisure activities.

Development has started with the launch of work on the Akon City and African village projects, covering a total area of 55 hectares. These two projects, led by the internationally renowned Senegalese singer Alioune Badara Thiam (aka Akon), are posi-

To paraphrase what the President has said, we want to make tourism, like air transport, a driver of development for the people of this country, and a driver of jobs

Interview: Souleymane Ndiaye, Director General SAPCO

tioned together as a green, futuristic, sustainable, technologically advanced and eco-responsible city.

The Sunrise Hotels & Resorts Group has also positioned itself to develop an ambitious 100-hectare tourism project, divided into four phases of 25 hectares. This project will increase our capacity by 1,400 hotel rooms, 460 villas, 550 chalets and various leisure facilities.

We have also carried out feasibility studies for the development of integrated tourist zones in the Saloum Delta and in Kaffountine-Abéné. In these two areas, land tenure is being secured and the emphasis is on their ecotourism potential as well as a sustainable approach focused on the preservation of the natural site and value creation.

Following the completion of related studies and of beach restoration work, we have begun to upgrade infrastructure at Saly Portudal. This year, 350 solar-powered street lamps have been installed, in addition to the laying of 17,500 square metres of paving.

On Cap Skirring, upgrading work is also continuing with the opening of access corridors to the beach and their development.

Finally, it is important to note that SAPCO is working on the Grande-Côte and the South-East zone to identify and acquire land suitable for tourist infrastructure. To this end, it has acquired 500 hectares in Tchep and has identified land in Potou and in the south-east towards Niokolo Koba.

Does SAPCO have the technical and financial means to carry out all these ambitious projects?

SAPCO generally carries out projects based on the expected revenues allocated to it in the investment budget of the state.

However, the plan is to reduce our dependence on the state's resources. We feel that is the right way to go and this is why we are thinking of new models and alternative sources of financing.

We're looking at public-private partnerships as well as having projects that are financed entirely by private capital. We're assessing these options and we will submit our recommendations to the bodies responsible for validating SAPCO's development strategy.

On the technical level, in addition to internal resources, SAPCO relies on the expertise of professional firms for the elaboration of development studies for its projects.

What about the diversification of the types of tourism on offer?

Diversifying our tourist offering goes beyond creating integrated tourist zones. It is an essential facet of SAPCO's objective of establishing an attractive and sustainable tourism sector. The effects of climate change, particularly coastal erosion, have shown we cannot limit ourselves to the classic seaside tourist resorts that we have known for decades.

This is why, across the country, SAPCO is structuring different products around ecotourism, culture, nature, and ensuring that they remain anchored in the local specificities that characterise the "tourist map" of Senegal. This dimension has been taken into account in the upgrading work involved in the Saly Green City project for example.

In Saly Portudal, we have recently launched the construction of the Saly International Ophthalmological Centre, which will contribute to the promotion and development of medical tourism. The implementation of complementary components, such as the Convention Centre, will also be studied, so that Saly's seaside attractions can be enriched by business tourism.

Top: Phase 1 of the RUI Baobab at Pointe-Saréne.

Bottom: Followers of the Senegalese Mouride brotherhood arrive at the Massalikoul Djinane Mosque.

There is also religious tourism, which can be exploited to a greater extent, given the rich history and sociology of religions in various parts of Senegal.

This is more than opportune, as Senegal has known several great and charismatic figures of Islam as well as Christianity. It boasts holy pilgrimage sites, both Muslim and Catholic, such as the Magal of the Holy City of Touba, the Gamou of Tivaouane, the Pilgrimage of Popenguine, with imposing religious buildings and mausoleums to visit. To support this particular type of activity, within SAPCO we have a religious tourism coordinator.

What are the main arguments to invest in tourism in Senegal?

In addition to its 3,000 hours of sunshine per year, its 500km of beaches and its proximity to markets such as Europe and the Americas, we see Senegal as a gateway to Africa. Its diverse landscape and offering, coupled with its political stability make it a very attractive destination, for tourists and investors.

Senegal is indeed a model of democracy and good governance for the whole continent. We have been included in the "Club of the Most Beautiful Bays in the World" and for investors you have a dynamic economy with a government that is supportive of investors.

The vision set out in the Plan for an Emerging Senegal has at its centre a conducive business environment. Investors benefit from tax breaks, with no distinction between nationals and foreigners, not to mention the existence of guarantees and protection of property rights.

All these possibilities offered by the Senegalese market are bolstered by a well developed transport sector including the TER Express Train airport link, the BRT public transport system, the national motorway network, cross-border bridges, air transport provided by Senegal Airways, the Senegalese Airport Rehabilitation Programme known as PRAS and maritime transport with the Dakar Autonomous Port and the new Port of Ndayane.

Investing in tourism development projects in Senegal is therefore more than a winning bet, in a country with strong economic potential and poised to become one of Africa's largest producers and exporters of gas and oil. ■

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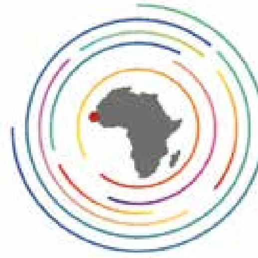

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ONIX DATA CENTRES SETS UP IN SENEGAL

ONIX, a leader in the construction and operation of data centres, has just signed a contract with the La Colombe group for the construction of the first CLS carrier neutral data centre in Senegal.

With the start of operations scheduled for the first quarter of 2024, this new data centre is being built in Almadies on a surface area of 600 m², at the landing station of the 2AFRICA submarine cable. This exceptional location will enable ONIX to provide its customers with high-speed services with almost zero latency.

Equipped with the latest security, cooling, power supply and redundancy technologies to meet Uptime tier 3 certification, this centre will ensure maximum energy efficiency by using mainly renewable energy.

This infrastructure will support African digitalisation and digital sovereignty by providing secure data storage solutions. With its first data centre in Accra, Ghana, ONIX's vision is to establish a pan-African digital platform that will provide broadband connectivity services to banks and financial institutions, businesses and public institutions.

Senegal will play a very important role in the development of data centres in West Africa thanks to its high quality electricity network and connectivity options. Through this project, estimated at more than 4 billion CFA francs, ONIX Datacenter is proud to participate in the development of the Senegalese economy by creating direct and indirect jobs, but also in its positioning as a digital hub in the sub-region.

With AIIM as its main financial partner, highly qualified human resources and the best of technology, ONIX is positioned as a leader in the segment in Africa.

www.onixdc.com

Launch of the 'Ñu Dem Ndar' programme to promote tourism throughout Senegal

In March the Ministry of Tourism held an event to launch its campaign to promote Senegal's diverse touristic offering and build local capacity in the sector. It took place in the St-Louis region, which is well-known for its beauty. In this article we report what took place at the conference and focus on the touristic sites of St-Louis.

Senegal's Ministry of Tourism and Leisure held in March a series of events linked to its "*Ñu Dem Ndar*" campaign – which means "Let's go to Ndar", the Wolof name for the old town of Saint-Louis. This is part of an effort to promote the country's rich heritage in tourism not only to outside visitors but also to the locals. The campaign was launched to help promote the diverse offering in the country, to build local capacity in the tourism sector, as well as showcasing, in this case, the beautiful natural sites and local products of the Saint-Louis region.

Within the Plan for an Emerging Senegal (PSE), which provides the framework of the policies for an emerging Senegal by 2035, the Ministry has the ambition to develop a tourism sector that is competitive, ethical and that will contribute to the country's sustainable development.

As part of this series of events, the Ministry hosted discussions focusing on gender-related issues. The first panel looked at "The role of women in the tourism value chain" whilst the second focused on "Women and digitalisation in the tourism sector".

One of the panellists, Mrs Marie Caroline Camara, co-manager of a hotel complex in Saint-Louis, noted that more than half of the hotel establishments operating in the city of Saint-Louis are managed by women. She added that women are also well represented in the restaurant sector, as well as associated industries such as arts and crafts. "Tourism is not only hotels and food. Arts and crafts are also important for the promotion of the tourism sector, and these are often industries where women play an important role," she argued..

Amdy Sène, Technical Adviser at the Ministry of Tourism, reiterated this important point arguing that women occupy an important place in the field of tourism, and have always done. However, he added, there needs to be a deliberate effort to ensure they are given positions of responsibility, in line with Sustainable Development Goal 5, which calls for "the full and effective participation of women and their equal access to leadership positions at all levels of decision-making in political, economic and public life".

Flagship programmes

Within the PSE framework, the Ministry of Tourism has been entrusted with two flagship programmes: the development of integrated tourist zones and the micro-tourism programme. More specifically, this involves the development of ecotourism projects in several sites including Saint-Louis, and the development of cultural and destination tourism around the historical sites of Saint-Louis and Gorée island, two cities steeped in history.

Ismaïla Dione, Director of the Regulation at the Ministry of Tourism, underlined the importance of embracing technology, and that digitalisation has become a necessity in the tourism sector. This is at every stage of the experience, he explained, from booking, paying, and digitising your offering to make it appealing to a world that is increasingly connected through their devices. But this also relates to simplifying all the administrative procedures.

"One of the main projects that we have is of having all our paperwork digitised. This will also speed up the processing of files and requests and provide a seamless experience." Dione added that in the digital age, digitalisation also contributes to enhancing quality and performance.

In the same vein, the Director of the Reference Centre for Tourism Professions in Saint-Louis, El Hadji Malick Mbaye, underlined the importance and the relevance of digital technology in the tourism sector, while welcoming the steps being taken to complete the digital transition. According to Mbaye, it is important to reinforce the use of technologies within educational and training programme, especially in the field of coding and communication, to provide students with tools for economic empowerment.

The Director of Tourism Promotion, Mohamadou Manel Fall, concluded by providing encouragement to the young women students, saying they should believe that they can reach the top of their professions. He cited his own organisation, the Directorate of Tourism Promotion, where women represent almost 92% of the staff.

As to the theme of digitalisation, he announced the launch of a Hack-

athon planned for the end of the year to detect and reward the best digital products and innovations in the field of tourism.

Tour of Saint-Louis

The second part of the programme was more practical. It involved taking a group that included the Ministry and its various agencies, alongside students from the UGB Academy, to visit different spots on the island of Saint-Louis, from north to south.

It included stops at Regional Documentation Centre of Senegal (CRDS, formerly Ifan), a photography museum, its famous Mosque with its two minarets designed in a mix of Gothic and North African style, and the Langue de Barbarie, a thin sandy peninsula not far from the Mauritanian shoreline at the northern end of the island. Other activities included processions of horse-drawn carriages, and in the evening guests were treated to the parade of Signares and the traditional show of "False Lions" before musical entertainment on the boat *Bou el Mogdad*.

Tthe Ministry of Tourism has been entrusted with two flagship programmes: the development of integrated tourist zones and the micro-tourism programme

The third and final day of the programme was a free day to allow the delegation to visit other unmissable tourist sites such as the bird reserve, le Parc des oiseaux de Djoudj, and the Gueumbeul Reserve. This particular programme in the region of St-Louis was designed to hear first-hand from the local actors in the tourism sector and to understand their needs and concerns, in order to work together to deliver a better overall offer.

Following the positive response, Fall announced more "proximity marketing campaigns" in other regions of Senegal over the coming months. ■

Below: The steam crane on the quay at Saint-Louis (called Ndar in Wolof).

Interview **Ngueto Yambaye** Managing Director, FAGACE

FAGACE: A force for solutions in the African financial ecosystem

The African Guarantee and Economic Cooperation Fund (FAGACE) is strengthening its central role in supporting member states such as Senegal as they face major financing challenges. **Ngueto Yambaye,** its director general since July 2020, fills us in on its reforms and their success.

Could you give us an overview of the Fund and its activities?

FAGACE, a pioneer in the field of bank guarantees in Africa, is an international financial institution that specialises in the promotion of public and private investments. For more than 45 years, it has been working for the economic and social development of its 14 member states facilitating access and financing small and medium enterprises (SMEs).

To date, thanks to the guarantee of bank loans, its interventions have made it possible to mobilise more than CFA3,000bn ($4.9bn) for the benefit of the economies of its member states.

Senegal in particular has benefited from sponsorship of around CFA310bn ($503m) in support of 68 projects in strategic sectors of the economy such as industry, agro-industry, energy, infrastructure, telecommunications, transport, mining, insurance, etc.

What are the new ambitions and main strategic orientations of FAGACE, 45 years after its launch?

Today, FAGACE is embarking on a new era of transformation in order to be more in line with developments in the financial market and fulfil the expectations of member states' economies.

From the moment I was appointed as managing director, my priority was to set up a new Strategic Plan for 2021-25 in order to bring in structural changes and to increase the Fund's performance and outreach.

The objectives of the Strategic Plan are:

- to modernise the Fund;
- to strengthen the effectiveness of its governance;
- to increase its interventions;
- to mobilise resources;
- to intensify cooperation with partner banks and institutions to facilitate access to investments and to increase credits as much as possible.

To this end, we have developed a close partnership with the governments and institutions of the member states according to our vision and to support investment and financing. One of our goals is to achieve sustainable growth and employment by supporting both public and private sector projects.

In addition, to make its new offer clearer, the Fund has refocused on guaranteeing structural projects in its member states with distribution of products mainly through banks' management and intermediary companies.

Another important innovation has been the creation of the FAGACE Institute. Aware of its role as a catalyst for the financial integration of the economies of its member states, the Fund intends to provide its members states, project holders, banks and institutions with its recognised expertise in assistance and setting up projects, business plans and negotiating with financial partners, as well as in technical support for arranging and closing financing.

The FAGACE Institute will provide a forum for reflection on major economic monetary, financial and social issues, as well as on the main challenges facing companies and how those challenges must be overtaken.

This think-tank draws on the experience and expertise of FAGACE specialists along with experts and consultants from the world of international finance and has a goal of being a support and an added value to its various partners.

What is the impact of the Strategic Plan?

These new measures have resulted in:

- an "AA-" financial rating for FAGACE by GCR Ratings, a subsidiary of Moody's, for the year 2022;
- an "A+" rating from the Association of African Development Finance Institutions (AADFI) for the year 2022;
- the creation of an independent Assessment Board composed of the central banks of the four currency areas to which member states belong;
- the strengthening of governance, with three independent directors on the Board of Directors;
- operational excellence in compliance with the most demanding prudential standards;
- strong and controlled growth;
- profitable results for more than five years and financial statements that comply with IFRS accounting standards;
- increased intervention;
- more states close to joining;
- reforms in line with similar international organisations.

How does FAGACE position itself as a development institution in Africa?

As a guarantor, the Fund acts as an accelerator of business development and a tool for financing African economies. Emphasis is also placed on guaranteeing specific financing lines adapted to each sector to facilitate the mobilisation of adequate resources to

finance economies.

FAGACE member countries face a number of obstacles, of which access to finance is the most important. The costs associated with financing are very high and are compounded by the need for significant collateral.

In this respect, the Fund has developed a specific approach that has significant socio-economic benefits, broken down into four main points:

- support for national development programmes through the accompaniment of structuring projects;
- the development and improvement of access to credit for businesses, which has enabled the promotion of entrepreneurship and the financing of numerous projects guaranteed by the Fund;
- mentoring and strengthening of human skills by the FAGACE Institute;
- the mobilisation of private capital to finance the economy.

'FAGACE continues to strengthen its leading role in supporting member states such as Senegal, which are facing major financing challenges to the modernising of their economies'

What would you say in conclusion?
To conclude, I would like to reaffirm, in view of the positive transformations recorded in recent years, that FAGACE continues to strengthen its leading role in supporting member states such as Senegal, which are facing major financing challenges to the modernising of their economies.

In this context, FAGACE is the right institution to support countries in the realisation of development strategies, for both structural projects and SMEs. There are five reasons for this:

- FAGACE has a significant guarantee capacity capable of supporting ambitious development strategies requiring substantial financial resources and long-term financing.
- The Fund has a solid track record and business expertise with a strong network of financial and technical partners extending beyond national borders, developed over 45 years of activity.
- The Fund enjoys total independence and is anchored at the highest level of the member states, enabling it to support the development programmes of the member countries.
- FAGACE's ambitions, its key role and the transformations it has undertaken confirm its place as a force for solutions in the African financial ecosystem.
- Finally, in line with its international vocation, FAGACE is continuing to expand. It is strengthening financial structure with a capital of CFA500bn ($817m) and opening the door to the entry of new African countries and multilateral institutions. ■

Profile: Petrosen

‘Our ambition is to become an oil and gas giant’

With operations expected to come onstream at the end of this year at the gigantic Grand Tortue-Ahmeyim oil and gas project and its neighbouring field, Sangomar, the Senegalese petroleum company Petrosen, 99% owned by the state, is reaffirming its ambition to make the country a future hydrocarbon giant. Report by **Théo du Couëdic**.

The wait is nearly over. Phase 1 of the gigantic Grand-Tortue Ahmeyim (GTA) oil and gas project and its neighbouring field, Sangomar, run respectively by the British oil major BP and the Australian company Woodside, should come onstream by the end of the year. The government's ambition is, through the Société des pétroles du Sénégal (Petrosen), to turn the country into a future hydrocarbon giant, with export revenues approaching 900bn CFA francs ($1.5bn) over the period 2023-2025, according to national forecasts.

A little over forty years after its creation, Petrosen is now in the big league. Created in 1981, the company was initially responsible for promoting the Senegalese sedimentary basin. In 1998, the company started to cover the upstream oil value chain and sign international agreements.

This resulted in the discovery of considerable oil and gas reserves of world-class assets between 2014 and 2016 in the south of the country, and in offshore reserves in the north that are divided between Mauritania and Senegal. In the aftermath of these discoveries, in November 2019, to

adequately respond to this new oil and gas windfall, the government extensively revamped the national company, creating two subsidiaries overseen by Adama Diallo, Petrosen's general manager.

At a national level guidelines have been put in place for how oil and gas proceeds will be used, bolstered by a law passed by parliament which is intended to avoid the country's wealth being squandered.

New operating structure

In the new operating structure, one subsidiary looks after exploration and production (E&P). It is overseen by Thierny Seydou Ly, who worked for Total for several years in Paris, Nigeria, Gabon and Angola.

The second subsidiary, Petrosen Trading & Services (T&S), specialises in the supply of petroleum products to the market, as well as in distribution activities. It is headed by Manar Sall, a former Exxon and OiLibya executive with 30 years of experience in the industry.

"The simplest way to ensure that natural resources benefit the people as much as possible is for the distribution to be managed by a national company which, unlike a private company, is not necessarily intended to maximise profit," says Sall.

In 2022, Petrosen took a majority stake in Société Africaine de Raffinage, and now holds 93.5% of the refinery. Refining capacity recently increased from 1.2m to 1.5m tonnes per year and the plan is to start processing crude oil from the Sangomar field. It is estimated that the country needs to refine 3m tonnes per year to meet domestic demand.

Petrosen also owns 51% of the Senegalese Gas Network (RGS). As for the oil and gas fields, Petrosen owns 20% of the Senegalese part of GTA and 18% of Sangomar.

The national company will also hold some of the offshore Yakaar-Teranga gas fields, where the final investment decision is expected to be made by early 2024.

The bulk of its production is expected to be for local consumption, including electricity generation – the government hopes to achieve universal access to electricity by 2025; it stands at 65% today.

"We will cover the whole value chain, from upstream to downstream. It is not unreasonable to say that we have an ambition to be globally competitive and become an important player in the oil and gas sector," says Petrosen's Sall.

'The bulk of its production is expected to be for local consumption, including electricity generation – the government hopes to achieve universal access to electricity by 2025'

Above: Artist's impression of the Grand-Tortue Ahmeyim oil and gas project when finished.

Opposite: the offshore Yakaar-Teranga gas project.

Numerous projects in the upstream

Since its creation at the end of 2019, Petrosen T&S, according to Sall, is slowly but surely moving forward in the field of petroleum product distribution. The 58-year-old general manager aims to cover the territory with 120 to 130 Petrosen-branded stations within four or five years "so that the Senegalese do not have to travel more than 20 km to find gasoline". Eleven stations, six on land and five at sea, have already been launched. Sall's long-term objective is to overtake the sector leader TotalEnergies – which has a network of more than 170 service stations – as well as Vivo Energy, OLA Energy and Oryx Energies. Since last year, Petrosen's downstream subsidiary has launched a mobile application that allows users to buy or transfer fuel using a QR code in more than 200 partner service stations.

Petrosen T&S is also expected to start distributing butane gas within the next few months to democratise its access while fighting deforestation, which is partly linked to wood-fired cooking. "Today, people cannot access butane gas cylinders in remote areas; the price becomes a constraint because of the transport costs. Therefore, we will invest in gas filling centres so that the prices are the same in Dakar and other major cities," explains Sall.

Another large-scale project is the creation in February of the subsidiary Senegal Fertilizer Company (Sefco), which is responsible for building a urea fertiliser production unit with a capacity of 1.2m tonnes per year. This industrial site will be based at the port of Ndayane, south of Dakar. The investment, estimated at $1.45bn, will make it one of the most expensive projects in the country's history, behind the Sangomar and GTA oil and gas fields – which cost around $5bn. The plant, expected to come on stream by the end of 2027, is designed to reduce fertiliser imports, lower the trade deficit and improve agricultural productivity.

Petrosen T&S turnover has risen from 56.8bn CFA francs in 2021 to 525bn CFA francs in 2022 ($860m) – and 90% of it is from trading. "We ensure and secure the country's supply of petroleum products, in addition to the Société Africaine de Raffinage (SAR) production," explains Petrosen's Sall. In 2022, SAR was undergoing maintenance, which slightly inflated the turnover of Petrosen T&S, which should stabilise "at 300-350bn CFA francs in 2023."

For its part, Petrosen E&P continues its exploration activities. "We also continue our promotional activities to sign contracts with new oil companies. We have thirty blocks with high potential and available data, and only eight are under contract," explains Thierno Seydou Ly. The state could own up to 30% of these deposits, according to the hydrocarbon code passed in 2019.

The 40-year-old is looking ahead to the next five to ten years. "At the national level, we want to reinvest oil and gas resources in the education and health sectors, in infrastructure, but also to ensure cheaper, abundant and environmentally-friendly electricity production, using gas, which is less damaging than oil.

"In short, we intend to make the oil and gas sector a driver of the country's industrialisation to achieve emergence."

What about continental ambitions? "Our goal is for Petrosen to become a leader in Africa and even beyond," says Thierno Seydou Ly. "I am confident that the future will be rosy". ■

Logistics

Senegal is to get a new deep-water port 50km south of Dakar. What are the conditions for its success? **Tom Collins** reports.

Senegal's logistics sector set to take off

Below: the existing port of Dakar.

In downtown Dakar, huge shipping vessels navigate the rocky peninsula of the capital city to dock in the West African country's main port. Long queues of lorries stretch out from the Port Autonome de Dakar as logistics companies move the containers from the port to processing hubs, where the goods are sent onwards to their final destination in Senegal or further afield. The port was initially built by the French

in 1862, when Dakar was little more than a trading post used by European merchants with a military garrison to protect their trading interests. In 1960 the port was expanded and turned into the Port Autonome de Dakar under one of Senegal's very first development agendas as an independent country.

The port is still a key cog in Senegal's logistics sector – it processed around 22m tonnes of cargo in 2021 – but its position in the capital city puts a limit on capacity, which is at odds with the ambitions of policymakers in the West African country. In 2022, Dubai's giant port operator, DP World, began construction of a $1.13bn deep-water port 50km south of Dakar. The project is DP World's largest-ever investment in Africa and it should put Senegal on the map as a serious logistics player on the continent.

"The port will have a huge impact on Senegal's logistics sector, enabling trade and driving growth over time," says Richard Charlton, Head of Infrastructure Equity for Africa and Pakistan at British International Investment (BII), which is putting $300m into the new port. "We did some analysis when we were thinking about making the investment," he recalls, "and found that by 2035 the port is forecast to enable the trade equivalent of 80% of GDP. As a result, 48% of the Senegalese population will benefit from it and it will support 2.3m jobs. And then we come onto the inland countries and we believe there is a significant part of Mali's population that will benefit."

Punching below its weight

At the moment, Senegal's logistics capacity – broadly, the number of containers that can pass through the port each year – is currently well below that of other major terminals in Africa. The top ten ports in Africa are Tangier (Morocco), Durban (South Africa), Port Said (Egypt), Port Elizabeth (South Africa, Mombasa (Kenya), Casablanca (Morocco), Djibouti (Djibouti), Lomé (Togo), Abidjan (Côte d'Ivoire) and Tema (Ghana).

In 2021 Dakar's cargo capacity, measured in standard containers, or twenty-foot equivalent units (TEU), was around 750,000 – compared to Tangier's 7m. In West Africa, both Ghana and Côte d'Ivoire could handle around 1m TEU in 2020 – well above Senegal's current capacity.

Mohamed Diop, regional director of Africa Atlantic for France's logistics giant Bolloré, says that the arrival of the new port should herald a new dawn for Senegal's logistics sector.

'Updating the logistics infrastructure is key to enabling and supporting the impressive growth that will likely happen as a result of the oil and gas projects'

"We welcome the new port initiative because it will contribute to the modernisation of the sector and at the same time it will accelerate the transformation of ports and logistics," he tells *African Business*.

"Practices at the Port Autonome de Dakar have become outdated: the new port will have more space, less congestion, more competitiveness and connectivity," he says.

"Updating the logistics infrastructure is key to enabling and supporting the impressive growth that will likely happen as a result of the oil and gas projects. We, at Bolloré, will be here to support all partners in that growth."

Diop believes that Bolloré will see a dramatic uptick in business with the arrival of the new port. The firm, which had its Africa arm acquired by the MSC Group in December, works with public and private clients in Senegal to help modernize and transform logistics operations.

He adds that other large infrastructure projects have also given rise to substantial growth in the sector. "Big projects like the oil and gas projects and also those associated with the Emerging Senegal Plan (PSE) have given rise to a logistics boom in the country."

Opportunities and headwinds

To make the most of existing and planned ports, Senegal must capture trade from hinterland West African countries like Mali and Burkina Faso. If the country is able to position itself as the best port to process goods from within the region, it will be able to guarantee a heavy flow of traffic through its ports.

This means that it must stay competitive to compete with Abidjan, Accra and Lomé: three heavyweight ports that are accessible to Mali and Burkina Faso, a market of 50m people combined. However, the link with hinterland countries can also lead to a downturn in trade if instability disrupts the markets.

When the Economic Community of West African States (ECOWAS) imposed sanctions on Mali in January 2022 it cut off all exports through Senegal's port of Dakar. This led to a huge downtown of trade at the port until sanctions were lifted more than six months later in July last year.

"It was a difficult period," says Diop. "More than 70% of Mali's exports go through Dakar and that was blocked. Many of our clients export cotton from Mali to the world via Senegal and therefore we had to find solutions to the shutdown in the normal route."

Productivity depends on economy

Indeed, the growth of Senegal's logistics sector will very much depend on the vitality of the local and regional economy. It stopped growing, for example, when the Covid-19 pandemic led to global closure of ports and logistics.

"What goes through the port, to some extent, depends on the development of the Senegalese economy," says Charlton from BII. "But from our forecasts we think there should be good growth. And the new port has the capacity to match the expanding economy because it itself can be expanded in the years to come. You're not hitting a brick wall of physical and geographic constraints like the old port." ■

Interview: Diène Farba Sarr, Minister, Delegate General for the Urban Poles

Diamdiadio is a new city developed to ease population pressure on Dakar and designed to become an industrial hub 30km from the capital, connected by road and rail links. Strategically located near the new international airport and close to the "Port du Futur" of Ndayane, it is one of numerous urban centres being developed as part of the Plan for an Emerging Senegal framework. Here *Tom Collins* interviews **Diène Farba Sarr** *(opposite)*, Minister, Delegate General for the Urban Poles of Diamniadio and Lac Rose.

New urban clusters to ease congestion and drive growth

***African Business*: We're seeing rapid urbanisation, similar to many cities in Africa. What is the role of the DGPU (Délégation Générale à la Promotion des Pôles Urbains) exactly?**
The General Delegation for the Promotion of the Urban Poles of Diamniadio and Lac Rose (DGPU) is an administration attached to the presidency that was launched in 2014. Its mission is to assist the government in defining the policy for the development and promotion of the urban centres – what we call "poles" – of Diamniadio and the Lac Rose and to coordinate its implementation.

You can say that the DGPU is a public developer, in charge of creating two new cities that will relieve Dakar and allow the development of productive new urban centres, that will also help develop industry and create jobs. We are ensuring great connectivity, and their proximity to Dakar make them very attractive. We want these clusters to be engines of growth.

Did you have a specific approach to urban planning?
Unlike Dakar, which has tried to define spaces for different activities – administrative, industrial and residential areas – we decided from the outset to create new towns on the basis of functional and social needs. The 1,644 hectares have been divided into 4 autonomous districts, which function as cities within the city of Diamniadio.

In the first district you have the Abdou Diouf Conference Centre, which was opened during the Francophonie conference in November 2014. You will also find the Diamniadio Exhibition Centre, the Ousmane Tanor Dieng Ministerial Sphere and the United Nations House. The objective is to help reposition Dakar as a centre for MICE [Meetings, Incentives, Conferences and Exhibitions], for events-related business tourism. And since then we have hosted many international events there.

In the second district are the Amadou-Mahtar M'Bow University, which will eventually welcome 30,000 students. So here you will find research and training centres, to help develop the knowledge economy. Alongside the university, we have the second ministerial sphere of Diamniadio, the Abdoulaye Wade Stadium and other facilities under construction.

The third district is the industrial hub, with the APROSI international

The iconic United Nations House, with the newly-completed Ousmane Tanor Dieng Ministerial Sphere in the foreground.

industrial park and the Market of National Interest – which allows the storage and distribution of all the horticultural production of the Dakar and Thies regions, and the distribution of meat and fish products to the markets of Dakar and the regions.

This is where the new facility of the Institut Pasteur de Dakar is being built. The state-of-the-art site includes a manufacturing platform for the production of vaccines against epidemics, a high-volume production site for yellow-fever vaccines and a training site for the production of next-generation vaccines.

Finally, the fourth district is designed to be the business district. It will house the major banks and insurance companies and will also have major schools and sports facilities.

We are using an integrated approach and want things to be accessible – so that workers do not have to commute far and can find all the necessary amenities within close reach. Mobility has been thought through: priority is given to public transport.

This planned development approach of Diamniadio is a major innovation. Urban planning has never been thought of this way in Senegal.

How do you rate success so far?

The aim of the Diamniadio urban centre was to relieve congestion in the capital. Dakar is located on a peninsula and the city has developed very rapidly over the last 20 years.

The city centre (the Plateau) covers about 500 hectares and concentrates most of the economic and administrative activities. To the north of the Plateau, a residential area has developed with the Medina and Grand Dakar districts. And finally, in the eastern part, there is a large, poorly developed, under-equipped and highly-populated suburb.

This organisation of space into specific zones obliges the population to commute from their homes to their workplaces, which leads to enormous congestion on the roads. Over the last 15 years, the losses to the Senegalese economy caused by traffic jams have amounted to several billion CFA francs [hundreds of millions of dollars] and solutions had to be found.

The State of Senegal first developed a new transport policy and undertook major infrastructure and development works to improve the mobility of people and goods. Shortly after the election of President Macky Sall, it was decided to launch a major development programme in Diamniadio. Thus, part of the government administrative offices have been relocated to Diamniadio, with 15 ministries already present there. The United Nations House will open its doors this year. As mentioned, there is a zone to develop industrial and logistical activities, commercial, leisure and retail parks, not to mention the building of 45,000 homes for a planned population of 350,000.

I can humbly say that I feel this project is currently a real success. Most of the infrastructure and public facilities are already operational. Investor interest is real and the number of requests for land to develop projects is such that we cannot satisfy all requests. A rigorous selection of projects is made by the DGPU to approve these. This is why it must be said very clearly, to take advantage of opportunities in Diamniadio, it cannot wait, it is happening now.

What is the current occupancy rate? What is the response from investors?

If you count the number of projects that have been approved since the beginning of the development and what has been delivered, you can only be satisfied with the work accomplished. We frequently go on missions abroad to meet investors. Turks, French, Moroccans, Egyptians, Spaniards, and of course Senegalese businesses have asked to develop projects here.

The pace is satisfactory, but given the objectives in this second phase of development of the project 2019-2025, we need a large influx of private capital to take over from public investment. The DGPU is looking for partnerships to accelerate some projects, especially as we are to host the Youth Olympic Games in 2026.

These are all challenges to be taken up and we are confident because the interest of investors is real. We are looking for partners to help develop the hotel industry, real estate, retail, leisure and we call upon those in industry, logistics and ICT to come and see for themselves the opportunity that we have made available.

And le Lac Rose? What is the plan there?

The Lac Rose Pole is the second project that the DGPU has to carry out. The Pink Lake is known for its exceptional location. Our desire is to make Lac Rose the new tourist destination of Greater Dakar, with the development of infrastructures to welcome high-end tourism.

The Lac Rose project must however ensure that the existing fragile ecosystems are preserved, notably that of the lake, the living dunes of the northern coastline and the agricultural heritage. The project will also preserve the existing traditional villages, which the project will help regenerate with the construction of transport links and basic facilities.

The DGPU's urban development plan foresees the creation of two centres: Retba West which is centred around tourism and Retba South is more residential. Space has been earmarked for a reforestation project, and there will be an animal park, an equestrian centre, a golf course, an area for the development of craft activities and agro-industrial sectors for the processing of horticultural products. Around these numerous projects, mixed real estate will also be developed to eventually accommodate a population of 130,000.

Le Lac Rose will complement its twin, the new city of Diamniadio, and the idea is also to stimulate the development of the territories in the Dakar-Thies-Mbour triangle.

What impact do you expect these new cities to have on the economy?

Diamniadio is what you can call a “smart city”. To this end, a project has been set up and financed by the French public treasury to provide Diamniadio with high-capacity fibre optical fibre infrastructure throughout. We want to attract those who are involved in tech and innovation by offering them first-class facilities.

The Diamniadio and Lac Rose Poles will also spearhead the energy transition, with the development of green energies and the creation of a platform to make the transition to electric vehicles. All this will have a positive impact on our economy.

It's a game-changer on all fronts. We want these poles to be locomotives that drive economic growth. ■

Profile: Paps Logistique

Senegalese transport and logistics firm Paps Logistique has ambitious plans to cover all of Francophone Africa, where last mile-services have traditionally been lacking, reports **Théo du Couëdic.**

‘Our ambition is to create a leading logistics platform in French-speaking Africa’

Founded in 2016 by young entrepreneurs Bamba Lo and Rokhaya Sy, the transport and logistics company Paps Logistique made 4.6m deliveries in Senegal and Côte d’Ivoire last year. Having recently entered the Beninese market, and with a foothold in Guinea-Bissau, the startup specialising in last-mile delivery intends to eventually cover all of Francophone Africa.

Originally an on-demand delivery app that put customers in touch with delivery drivers for the express delivery of parcels, the startup soon began offering technology-based transport and logistics services for businesses. Paps is now positioned in several logistics segments, such as warehousing, inventory management, domestic, sub-regional and international transport (by air, land and sea), and last-mile delivery.

This, says, Franco-Senegalese entrepreneur Lo, is a model that can easily be replicated in the sub-region, although the worldwide shockwaves caused by the bankruptcy of the tech-focused Silicon Valley bank SVB have put a temporary hold on expansion.

“We will wait for a more favourable time before embarking on our accelerated development plans,” says Lo. Speaking in his office at the company’s new headquarters in Dakar, he tells *African Business* that the company nevertheless intends to consolidate in Côte d’Ivoire and Benin, two markets it entered in 2022 and early 2023 respectively. Eventually, however, the group’s ambitions are much bigger, with the aim to provide “a logistics infrastructure platform across all of French-speaking Africa”.

Going that last mile

What explains the success of this Senegalese startup, which now em-

Left: Bamba Lo Bamba. Opposite top: ***in a distribution warehouse; Opposite bottom:*** **Bamba Lo Bamba with co-founder Rokhaya Sy.**

ploys around 150 people? Although the West African coast has long been connected to the world, through international multinationals such as Bolloré, CMA CGM and Maersk, the logistics part for the end customer (storage, transport, last-mile delivery) has long been the preserve of the informal sector, which is extremely fractured.

The two co-founders of Paps saw the potential of this last-mile market, which they estimate to be worth \$3bn in West Africa. They set out to structure and digitise the various segments of the value chain and to provide a seamless standardised solution from the port to the end customer.

"Paps is a true trailblazer; the company is becoming more and more established in the logistics value chain," says Stanislas Faye, who runs the investment programme for the telephone operator Sonatel, one of Paps's biggest clients.

"They have an Uber-like approach and are involved at the smallest detail. They train young people on scooters in an academy. They provide vehicles for clients such as NGOs or banks. They deliver products and parcels. they deal with administration and customs, and they are also involved in freight. They allow us to deliver stocks of SIM cards, modems and solar kits to rural areas," he says.

"Their model is easily replicable in the sub-region, because it's often the same multinationals that we find, with the same needs in terms of logistics."

In January 2022, the startup raised \$4.5m in a fundraising round with venture capital firm 4DX Ventures and Orange. "This money has allowed us to accelerate our customer acquisition, which has led us to recruit in the marketing and sales departments," says Lo. "We have also continued our IT development.

Paps now claims "between 500 and 1,000 customers", including e-commerce companies, the media, banks, etc. It currently relies on a fleet of 600 partner vehicles, including trucks, minivans and scooters.

The company currently operates four warehouses in Senegal, two in Côte d'Ivoire and one in Benin. In the long-term, Paps intends to cover the West African Economic and Monetary Union (WAEMU) area, to enable its customers to sell and deliver their products within a very short time.

"Tomorrow, our ambition is to enable our Beninese customers to sell their products in Senegal and

> 'They have an Uber-like approach and are involved at the smallest detail. They train young people on scooters in an academy. They provide vehicles for clients such as NGOs or banks'

Côte d'Ivoire, and so on. For example, we are working on plans to expand the Senegalese watch brand Mathydy to Côte d'Ivoire and Benin. We store their products, prepare their orders, do the packaging, deliver and collect the revenue, which we pass on through our system," says Lo.

Between 2021 and 2022, Lo and Sy say they more than doubled their turnover.

Overcoming the informal sector

Since April 2022, Paps has also been the official representative of the US delivery company United Parcel Service (UPS) in Senegal and Guinea-Bissau – in effect providing them with a ready-made network of more than 200 countries. "If you want to send a parcel to Japan, for example, you interact through us and UPS takes over from there," says Lo. "It's seamless."

For Faye, Paps' rapid rise is due to its ability to offer a reliable service and a high level of service delivery: "It is their professionalism that has enabled them to establish themselves in the logistics and last-mile delivery market. In West Africa, the delivery service has traditionally been very patchy and the fragmentation and lack of structure was holding it back. It's still the case in many countries."

Faye has observed a formalisation of the market through the appearance of new players, such as Logidoo (a digital logistics platform), Buur Logistics (a Senegalese transport and logistics startup) and Gamma Logistics (a heavy goods vehicle transport platform).

Paps also faces competition from international players such as DHL and FedEX, with whom the startup also collaborates. This increased competition has led to all the companies sharpening up their offering.

However, "the informal sector remains our number one competitor," says Lo.

Still some distance to go

Startups in Senegal benefit from assistance and favourable incentives. Last year, ADEPME, the country's agency for the development and support of SMEs, financed Paps Logistique to the equivalent of over \$100,000. When it was starting out, the company also benefited from preferential lending rates from the DER, the state-backed support programme for startups.

However, for Lo, it is too early to call their business a success-story as it is far from reaching their objectives.

"We are here to build a logistics infrastructure that does not yet exist in French-speaking Africa, a logistics value chain that is still mostly informal," he says. "We have achieved at best 20% of what we want to do.

"Looking ahead, in 10 years, the company will be 17 years old. By then, our ambition is that we will be able to offer last-mile delivery services throughout Francophone African countries, as well as having made acquisitions in North, South and East Africa to further grow our business. We will also have integrated our technology with international sites such as Amazon and Alibaba."

Lo is a man in a hurry. That delivery timer is ticking. ■

Senegal's tech sector is one of the most advanced in West Africa. **Tom Collins** reports on measures to ensure its continued growth.

Senegal's tech sector grows rapidly but finance remains a problem

Mathias Léopoldie and Charles Talbot, co-founders of the Julaya brand, with Édouard Mendy of Chelsea Football Club and the Senegal national team.

Senegal's tech sector serves one of the region's largest and most dynamic economies. Although tech-enabled solutions are not quite as widespread as in some Anglophone African countries, Senegalese citizens can now send money, order a cab and buy groceries on their phones.

The government has taken a proactive and accommodative approach to the sector, introducing a Startup Act in 2019. Last year, Senegalese startups raised $151m, according to a report by Africa: The Big Deal – compared to just $11m in 2017, this is a sign that the scene is rapidly developing. However, founders say that a lack of funding in the local marketplace remains a perennial issue, driven by Francophone Africa's wider isolation from heavyweight tech investors and big ticket sizes.

Ride hailing-apps

A good measure of the growth in Senegal's tech sector is the recent influx of ride-hailing apps. Only a few years ago, it was impossible to order a ride from your telephone and commuters would have to haggle with the ubiquitous yellow cabs to catch a

ride. The market now includes Paris-based Heetch, Russian firm Yango, and Algerian ride-hailing app Yassir. Malick Diagne, Heetch's country manager, tells *African Business* that there is huge space for growth in the market and the firm has outgrown growth expectations since it launched in Senegal in early 2022.

"We actually had to change our target," he says. "When we first entered, our numbers were very small in terms of projection. We underestimated demand in the market. In June last year, we realised that what we predicted was small and we actually added to our budget."

Startups in francophone African countries have a difficult time securing big ticket sizes compared to anglophone equivalents launched in January 2022 and it took only two months, because it is in the same monetary union'

Although he declines to reveal the number of rides Heetch processes a day – valuable information for competitors in a closely-contested market – he says that Senegal's youthful and tech-savvy population has provided ample space for all players to grow in the market.

Diagne can reveal, however, that the number of Heetch drivers has doubled since last June – a sign of solid growth in a market that has been slow to internalise the global ride-hailing revolution.

Indeed, in 2019 the idea that Uber was knocking on Senegal's door was widely reported; but in 2022 the company told reporters that it had "no immediate plans" in the country. Whatever the reason, no Senegalese equivalent emerged and the government decided to open up the industry to other international players.

Government interventions

Senegal's government introducing the Startup Act in 2019 was a concrete sign that the current administration has taken the tech sector seriously. The Act aims to improve the regulatory environment for tech firms by creating a legal framework for the registration and labelling of Senegalese startups.

It also created a resource centre dedicated to tech-companies, and a package of incentive measures like low taxation for startups, access to mentorship, free training and other growth measures. A $50m fund called the Délégation Générale à l'Entreprenariat Rapide des Femmes et des Jeunes (DER) has also been established to catalyse entrepreneurship among women and young people in the country.

Matt Sellar is CEO of Mbay Mobility, a startup that is introducing electric vehicles (EVs) to the market. He says that it is relatively easy to set up a company in Senegal and the government has introduced a few key measures to help entrepreneurs.

He is attempting to replace Senegal's taxis with climate-friendly alternatives. The firm will start with a business-to-business model, selling EVs directly to logistics companies that can buy the vehicles outright. It will then target individual taxi-owners by setting up partnerships with banks to lend money to drivers to purchase the vehicles.

The key selling point for drivers is that they will save $33 each day on fuel costs – a total of $12,000 a year, according to the company's calculations. Sellar hopes to scale up in the local market and then roll out the EVs across other markets such as Côte d'Ivoire and Ghana, with a combined total market value of $29bn.

Senegal was the obvious choice

Indeed, as Francophone markets grow in maturity its startups are beginning to scale across borders. Mathias Léopoldie, co-founder of Julaya, a startup that processes payments for African businesses, says that Senegal was the obvious choice for expansion after growing in Côte d'Ivoire.

"We launched in January 2022 and it was very easy: it took only two months, because it is in the same monetary union," he says. "In terms of tech, it's much more developed than Côte d'Ivoire, with mobile money and companies like Wave featuring regularly in people's lives. There's also more competition between startups in Senegal than in Côte d'Ivoire.

"And the government has provided useful inputs like the DER." As a result, Léopoldie says that Senegal has already come to represent around 40% of Julaya's portfolio in just one year, compared to five years of operations in Abidjan. Some of its big partners include Casamançaise, a leading water company and Senecor, a big exporter of African hair products.

Mbay promises a clean, robust and smart mobility network to replace the old polluting taxis.

Ecosystem problems

The downside of the Senegalese market, however, is that margins are smaller, Léopoldie says.

The agricultural prowess of Côte d'Ivoire means that it is one of the few African countries with a positive trade balance, which has a positive knock-on effect throughout its economy. Senegal, on the other hand, has relatively low domestic production, which weighs on the economy by increasing the need for imports.

But the main problem for home-grown startups in Senegal, especially in the early stages, is the lack of finance.

Sellar of Mbay Mobility says that there is a distinct lack of local angel groups that can provide early-stage ventures with the capital needed to get them off the ground.

He adds that suggested solutions to the problem, such as the Club des Investisseurs Sénégalais – a private-sector body that was created in 2018 to make transformative investments in the local economy – have not yet lived up to the hype, making very few investments since it was created

In terms of fundraising, startups in francophone African countries have a difficult time securing big ticket sizes compared to anglophone equivalents. "The number one reason is the language barrier," says Léopoldie.

"When you say 'Senegal' to a US investor they will not know what you are talking about. This is a big problem in terms of finance." The World Bank and other institutions are helping to create new instruments and funds to channel more investment into start-ups throughout francophone Africa. There is traction, given the size of the opportunity, but with peers Ghana, Nigeria, Kenya or South Africa all highly active, much work remains to get the word out. ■

Interview **Coura Sène,** WAEMU Regional Director, Wave

'West Africa is experiencing a revolution in the mobile money sector'

Coura Sène is the regional director of the American startup Wave. In its five years, this application has become Senegal's largest mobile money operator – with some 12 trillion transactions by 2022. *African Business* met the 46-year-old, who embodies the country's success on the West African tech scene.

Coura Sène is usually media shy, so when she agreed to be interviewed we jumped at the opportunity. Wave is a success story in digital payments. We meet Sène at its West African headquarters, a building in the shape of a rocket that seems to be hurtling towards the sky. Five years after its arrival on the Senegalese market, Wave has dethroned the incumbent operator Orange Money – operated by the French telecommunications group Orange – and pushed the latter to lower its transaction rates by nearly 80%.

Wave, an app-based payment solution, raised $200m back in September 2021. It has now expanded into three other countries of the West African Economic and Monetary Union (WAEMU) – Côte d'Ivoire, Burkina Faso and Mali – as well as Uganda and The Gambia. But it is its operation in Senegal that acted as a catalyst to its regional growth and provided the blueprint for its current business model. As Sène, who is seen as one of Africa's emerging stars amongst the fintech community, outlines in this interview, the country is on its way to become an increasingly cashless society, thanks to the promising future of mobile money.

African Business: ***Wave was initially based in East Africa, a leading area in mobile money. Why are you interested in the West African market?***

Coura Sène: The two co-founders of Wave, Drew Durbin and Lincoln Quirk, are Americans. They first created Sendwave in 2011, as a mobile application that allows the East African diaspora based in the US, Canada or England to send money to their loved ones instantly, using technology, at a lower cost.

When they moved to Senegal, they wanted to do the same thing: facilitate international money transfers. But they couldn't find partners to set up this service. At the same time, they realised that an inclusive mobile money service, similar to what M-Pesa was doing in Kenya, was missing in West Africa. This is what drove them to move into this niche.

Today, at least 75% of Senegalese adults have a Wave account that they use daily or monthly, which is just over six million users. As we have enhanced our product and extended our reach, this has led to greater competition and actually more choice for the customer. We have seen how the competition has lowered its transaction prices and revised its interface. Today at Wave we have more than ten million users in the six countries where we operate – Senegal, Côte d'Ivoire, Burkina Faso, Mali, Uganda and Gambia. And these numbers are constantly growing.

You've become the market leader in under five years. To what do you attribute this success?

We have a simple offering: affordable mobile financial services, tailored to individuals' and businesses' needs. Our services allow people to send and receive money, pay bills and securely make purchases.

We started our activities in February 2018 in Senegal, in partnership with the Nigeria-based bank UBA, and then with a second partner bank, Ecobank. Last April, we got a direct licence from the BCEAO [the central bank of the WAEMU countries], which allows us to operate without intermediaries. We would now like to extend this licence to the other countries of the WAEMU.

But, to answer your question more specifically: when we entered the Senegalese market we sought to understand the needs of customers in terms of digital financial services, which allowed us to design the most inclusive financial product existing in the mobile money environment. We designed a simplified customer journey – and the technology we use allows us to be effective in terms of customer service and handling complaints, all of which helps build trust.

We've also created a product that allows us to be extremely competitive from a cost perspective. Deposits and withdrawals are free. The fee for money transfers is only 1%. Our priority is to make a product that is affordable and that is tailored to a wide range of customers, those in rural communities as well as the urban centres, the more educated as well as the less-educated groups, the young and technology-savvy as well as those that are not. In short, we wanted to increase financial inclusion and make banking services easy to access for all.

You deploy agents in the field to convince merchants, whether formal or informal, of the advantages of mobile money. How does this work exactly?

We have teams of young people who go out into the field to explain to customers how to use Wave. They go out to market with vendors, artisans, and informal shopkeepers to describe the product. Today, many everyday products and services can be purchased via a QR code.

In Senegal, less than 25% of the population is banked. How do mobile money services like Wave enable better financial inclusion?

According to BCEAO figures, Senegal's broader bancarisation rate has risen from 39.6% in 2020 to 42.4% in 2021, thanks to mobile money services like

Wave. I want to point out that the number of banked people is constantly rising. The number within the traditional banking sector has tended to stagnate for the past twenty years.

You should know that in Senegal some people are not even registered [with an identity card], which means they are excluded from everything. Others have no regular income and, therefore, cannot have a bank account. Mobile money applications make it possible to incorporate them within the system.

Peanut sellers or cab drivers can now track their transactions and, better, estimate their turnover. In itself, our job is to digitise the informal. This benefits everyone, including the government, which can collect taxes on digital transactions.

How many transactions did you process last year in the Senegalese market?
In 2022, the application recorded 12 billion transactions in Senegal. We are present in the informal and formal markets, such as the retail sectors. In 2021, we signed a partnership with the French supermarket group Auchan, which has about 40 points of sale in the country. For them, Wave has been instrumental in reducing the proportion of cash payments, which is something they were also wanting to achieve. Our arrival on the market has allowed us to develop mobile money transactions significantly.

How do you plan to continue to develop?
In the short term, we are working on diversifying our financial products. We started with bill payments. Before, paying your water or electricity bill was a real headache: you had to wait in line for hours at your local utility branch. You can now do it from your phone.

Today, we would also like to develop in the transport sector. Customers will soon be able to pay for their TER [rail] tickets via Wave, for example. I believe mobile payment has an essential role to play in urban mobility, one of Dakar's major issues.

We are also continuing to develop in the retail sector, and we would like to move up the value chain all the way to the suppliers. We want to make the African market more dynamic by digitising payments as much as possible. Our competitor is cash. Its use is harmful to everyone, whether it is for small informal players or the state.

What's next? In the next five or ten years?
We would like to move towards second-generation products, such as savings or access to credit, financial products that are not available to the unbanked. For example, a fish seller at the market needs to grow her business and buy supplies. How can we give her access to financing?

Recently, we partnered with the Délégation Générale à l'Entrepreneuriat Rapide des Femmes et des Jeunes (DER/FJ). The beneficiaries were able to receive funding via the Wave application. We want to grow these types of initiatives.

Do you plan to collaborate more with banks in the future?
We can serve as an intermediary for banks to distribute loans, because they are the ones who are currently authorised to grant loans. Tomorrow, we can also be the channel for the distribution of bonds and securities issued by the state, which is a way of saving money – today, most of the population does not have access to them.

> 'Tomorrow, we can also be the channel for the distribution of bonds and securities issued by the state, which is a way of saving money'

So the idea is not to replace the banks in the long run?
On the contrary, the banks see us as complementary. They operate within a strict regulatory framework. Our vision is to be an intermediary, enabling them to reach the unbanked.

Some people believe that your model is not profitable. How do you respond to the sceptics?
Like any new business, there is an investment plan – meaning that we lose money when we start our activities. But we were able to convince the BCEAO to grant us an e-money licence, because our model is viable. Today, Wave employs 850 people in Senegal, with a network of 13,000 agents; all this we have built in five years.

West Africa is currently experiencing a revolution in the mobile money sector. Our long-term vision is that our customers will favour our products over cash. ■

Interview: Sahid Yallou, CEO, Ecobank Senegal

Senegal is about to enter a new phase of economic development with oil and gas developments. **Leo Komminoth** asks **Sahid Yallou,** Managing Director of Ecobank Senegal, what else lies in store.

'We are committed to play our part in Senegal's growth'

African Business: ***It's been an interesting month for the banking sector globally. How is the region being impacted by the current banking crisis and how are you reacting at Ecobank Senegal?***
Sahid Yallou: Very clearly, the current situation cannot leave anyone indifferent. The whole world is affected and in particular the financial sector. Internationally, we have seen how a medium-sized bank like Silicon Valley Bank can really threaten the whole system. As far as the WAEMU [West African Economic and Monetary Union] is concerned, the Central Bank's objective is to bring inflation down to 3%, which has required an increase in interest rates to contain inflation. As a result, borrowing rates will increase. As a financial institution, we are striving to maintain prudent management of our resources to deal with this environment and to continue to serve our customers effectively.

You were part of a landmark transaction alongside the World Bank's private sector arm, the IFC. Can you tell us more about the €242m loan to the cement producer Sococim Industries and its importance to Ecobank Senegal?
Beyond the economic aspect, this transaction has very interesting environmental components. About 70% of the energy used will be of alternative origin, therefore less polluting; and this should reduce carbon dioxide emissions by more than 300,000 tonnes by 2030. In every transaction we finance, due3 diligence is carried out by our credit teams to ensure that the environmental and social risk is measured. This approach has been a tradition at Ecobank for many years and our credit policy is very clear on environmental and social impact.

This is therefore a transaction that has a positive impact on the country's environment and ecosystem, and is beneficial to the economy in general, with knock-on effects across the whole value chain, as well as on the country's production capacity and economic growth.

Cement sales are crucial for the development of infrastructure – especially for housing, in a country with a young, dynamic, and growing population. This transaction will therefore strengthen Sococim's production capacity, while guaranteeing access to the raw materials necessary for this production.

The IMF predicts growth of around 8% in 2023 and 10% in 2024 for Senegal – the highest in Africa. How do you see this period of strong economic growth?
What is important to note is that for several years, apart from the Covid blip, Senegal has been consistently experiencing strong economic growth – a yearly average of 6% since 2014. Now, this growth is driven by, among other things, the emergence of a new industrial sector: oil and gas. As these projects come onstream they will have a significant impact on the country's growth.

Basically, a new economy will emerge around this sector, as Senegal has until now been a net importer of oil and gas products.

The emergence of this new sector could lead to the creation of new small and medium enterprises (SMEs). To this end, a law has been passed and promulgated to encourage local content, obliging multinationals to allocate part of each contract and budget to local companies. We are therefore actively working to support these SMEs in their transformation, meeting the operational and capex requirements they may need due to this increased demand.

This requires a significant intervention in terms of financing to support their growth and development, and we as a bank are happy to see this increased business. The ripple effects of this transformation will affect all sectors, as cheaper energy will enhance the country's competitiveness, which in turn will attract more investors – especially those in

‘What is important is that, apart from the Covid blip, Senegal has been consistently experiencing strong economic growth – an average of 6% since 2014’

the industrial sector. So we are hopeful and positive about the outlook.

In terms of banking, we have seen the emergence of a dynamic fintech sector in Senegal, with new actors such as Wave. What’s your position as an incumbent actor in this sector and do you have links with these new financial players?

We are convinced that we can create value by partnering with fintech enterprises, which, let’s face it, are much more agile and innovative than us. We are very committed to the fintech community and work closely with them. As a testament to this policy, we have for a few years held a competition – the Ecobank Fintech Challenge.

The idea is to identify and partner with fintechs that are ready to scale and provide them with support and access to collaborate with us in all 33 markets in which we operate in Africa. We help them manoeuvre the regulatory environment and help them grow their business. So we see it as a mutually beneficial collaboration and work closely with them.

There is quite a large number of bank operators in Senegal. Do you think there is a need for consolidation of the banking sector? After all, big banks are the ones that can finance large infrastructure projects, for example.

I believe in competition and I think it’s healthy. If the banks are capable of offering a good service and are playing a valuable role in society, then that is a good thing. The banks are all regulated and it is the regulator who sets the rules.

Now, when we look at the wider landscape, banks don’t have the capital strength of the bigger banking groups. But fundamentally, we think that if the rules are respected, if the regulations are respected, competition is good.

How do you see the rest of the year?

The year 2023 has started quite well for us. We continue to implement our five-year plan and we see this year as full of opportunities, but also as a year where we have to be careful. We need to be wary of the global macro environment.

As for Senegal, the country is about to enter a new phase of economic development and we are looking forward to it. We are aware of the importance of our role, as financiers, in contributing to the wider economy and supporting businesses and our retail customers, and we are determined to play our part. ■

Senegal's President Macky Sall says Africa must learn to feed itself, and even feed the world. **Jack Thompson** examines the challenges and opportunities on the way to that goal.

Agriculture in Senegal: from subsistence to business

"We have to make farming sexy again," says Ndeye Yacine Barry, policy innovation researcher at development agency Akademiya2063. "We need to make it a business and not a poor sector where farmers cannot even afford to feed themselves."

This sums up the paradoxes facing Senegalese agriculture. Over half of the population work in farming, yet the country is critically dependent on imports for food security. In a rice-mad country, where the average Senegalese eats more than a large wrestler's body weight (100kg) of the grain each year, less than half is produced domestically and the nation is the second largest rice importer in sub-Saharan Africa.

A wake-up call

The conflict in Ukraine, meanwhile, has sharpened focus on this over-reliance on imports, doubling food import and fertiliser prices overnight, emptying foreign reserves of currency while threatening food security and production in one fell swoop.

"It has been a wake-up call that we have to reduce our imports," says

Below: Farmers work in a melon field in Djilakh, 80km south of Dakar, Senegal.

Opposite: The Interstate School of Sciences and Veterinary Medicine (EISMV) in Dakar trains students of 21 different nationalities.

Yacine Barry. The question of imports was central at the Dakar 2 Summit for food sovereignty in January. Senegal's President Macky Sall signalled a new era of African food production at the summit, standing in front of 34 heads of state to announce: "Africa must learn to feed itself, and even feed the world."

This is the vision underpinning Sall's agricultural policies and the description of the sector as the motor of the economy. But it is a long road to walk, and the sector faces myriad challenges.

The aim is simple; produce more. But this is less than straightforward when the majority of Senegal's rural population of 9m are subsistence farmers, producing enough food for their family and selling a modest amount on the market. This is not an efficient model when it comes to feeding a nation.

"Most of our farmers follow a traditional model. They work on small plots with no inputs, and we don't progress," says general director of Senegal's La Banque Agricole, Malick Ndiaye. "They are not producing for the market."

"We know how to grow more intensively. We know how to get higher yields, but our problem lies in getting the population to adopt these practices," explains Ndiaye.

Underlying this problem, however, is potential. Unlike in the global north, where productivity gains have reached the point of diminishing returns, Senegal's have yet to be made.

Senegal Emergent

It will be no easy task achieving a coalescence between the dominant family farming model, agribusiness and rural entrepreneurship, but this is what Sall's flagship "Senegal Emergent" policy reform has set out to do.

Intensification is central to the policy portfolio, from subsidising fertiliser and modern seeds required for farmers to increase production, to promoting mechanisation to operate more efficiently. Expanding irrigation capacity to accelerate rice production is a key area of investment and recent progress shows the intent.

The government's "rice offensive" has seen production triple between 2011 and 2020, but it is still struggling to keep up with the appetites of the fast-growing population, set to double in the next two decades. However, there is plenty of capacity to exploit.

Senegal boasts the fertile deltas of the Senegal river, which borders Mauritania in the north, and the Gambia river in the southern region of Casamance. These are well suited to rice production, but only one-third of the possible area has been irrigated and farmers still lack access to machinery to make their harvests efficient. Meanwhile, these are areas that are vulnerable to the changing climate as rising sea levels cause salinisation of the deltas, threatening rice productivity.

The government's 'rice offensive' has seen production triple, but it is still struggling to keep up with the appetites of the population

Photo above: © Sylvain Cherkaoui

Drought is another key concern, with 95 per cent of agricultural production dependent on the annual three-month rainy period, made ever more irregular by climate change.

Managing risk

Farming has always been a risky business, subject to the whims of the weather: but risk is exacerbated by climate change – and this is stifling investment in the sector, according to Ndiaye. "Farming is a risky industry, so the question is: how do we mitigate this risk, to make it more attractive for investors?" he asks.

That is what the Banque Agricole has been working on, in conjunction with the government and the World Bank: to guarantee investments and loans against major shocks. "The state is developing an insurance for banks like us investing in agriculture. This will guarantee a part of portfolios each year against the risk of drought and the loss of yield," explains Ndiaye.

"This insurance partnership is the first of its kind in Africa and will help to de-risk the sector, making it a more attractive sector for investment," he says. This access to finance is a fundamental lever for increasing output, according to the Banque Agricole general director. "If the state wants to increase its production to address food insecurity, it needs to expand its land base, increase access to inputs and grow yields. All this requires money," explains Ndiaye.

One area of immense potential is the horticultural industry. This has undergone rapid growth over the last five years, increasing production by 30 per cent.

"Senegal has access to export markets, suitable land, lots of sun and certainly the technical capacity to grow tomatoes, courgettes, melons, and green beans," says Ndiaye. "Unlike cereals and a lot of agricultural goods, these are products with added value."

Processing: the missing middle of African agriculture

Meanwhile, government investment has been flowing into agro-processing capacity, a key component of the "Senegal Emergent" project. The lack of processing capacity to turn raw agricultural goods into consumable food has hurt the Senegalese nation for decades.

Senegal's import bill and food prices continue to soar because it tends to export raw agricultural materials and import the processed final products, missing out on the lucrative middle part. For example, out of the 82,000 tonnes of cashews exported in 2021, only 5 per cent were processed in Senegal.

To plug this leak of jobs, currency and capital out of the nation, the state has financed five regional agro-industrial hubs, termed *Agropoles*. These will act as incubators for the processing industry, providing infrastructure, training and logistics for the sector. "When we export raw material, we export our labour," says *Agropole* project manager, Moustapha Lo, estimating that weak agricultural value chains see Senegal missing out on billions of dollars every year.

"The central objective [of the *Agropoles*] is to process our agricultural production here and create value in our supply chains, create jobs and reduce our balance of payments," says Lo. But it all comes back to production, as Lo highlights: "To succeed, we first need to reinforce our agricultural output."

"Without a good primary material to work with, there can be no processing."

When it comes to foreign invest-

ment, there are currently few incentives to process in Senegal.

Returning more value to the continent

Swedish entrepreneur Linnea Falkinger has learned this as founder of a start-up that processes waste cashew apples into alternative meat, Cashewmeetly. "People love the product, but right now the biggest obstacle is scaling up production," she explains.

"Every day people ask me: why don't you just buy the apples and do the processing somewhere in Europe where you have control? It's going to be so much easier and faster," admits Falkinger. She is building a processing factory in Zuiginchor in the southern region of Casamance – but has suffered construction delays and other difficulties. Falkinger is, however, determined to break out of this model.

She places the narrative of returning more value to the continent at the centre of her marketing strategy: "I say no, that is not what I want, because I want to take this difficult road to open up the market for the African people, the farmers and to move everything back local."As Falkinger suggests, it will be no mean feat to shift from subsistence to business, and it will take serious political will and investment for agriculture to become the driving force of the nation. But if the current trajectory is anything to go by, Senegal is on the right path. ■

Senegal takes on the alternative meat market with cashew apples

You may recognise the iconic cashew nut, one of West Africa's most famous crops, but less well known is the cashew apple, the bulbous conjoined twin from which the nut protrudes. While the nut is exported all around the world, the less glamorous apple is largely left to rot – 90 per cent of the 36.9 million tonnes goes back into the ground.

But two women are changing perceptions and are transforming this waste fruit into meat alternatives, playing into the booming demand for fake meat in Europe and North America, worth over $7.9 billion in 2022.

Latifa Diédhiou *(below)*, co-founder of Nutrivie, a Senegalese start-up developing a cashew meat, believes that the cashew apple is the future of plant-based meats. "The cashew apple is unique," she says. "The texture and colour are just like meat, with a neutral taste, which for adding meaty flavours is perfect."

"But each year [cashew] producers suffer because they have no use for it," explains Diédhiou, who inadvertently struck gold when she met farmers in the cashew-producing region of Casamance who were desperate to put the abundant fruit to good use. "The farmers kept asking me, 'how do we find a solution for these cashew apples?'" recalls Diédhiou. She collaborated with researchers at l'Institut agro Montpellier in France and discovered that its fibrous texture, neutral taste and colour were well suited to meat substitutes – and launched the start-up in 2020.

Investors have also spotted this potential, awarding Diédhiou's Nutrivie $15,000 as part of an accelerator scheme for businesses promoting gender equality and climate change action, run by environmental NGO AICCRA. This process opened the door to further investment from the women-led venture capital firm, We Capital.

"It's a win-win," says AICCRA's investment specialist Ena Derenoncourt. "It's a very innovative product that is giving value to local products and reducing waste... I see her scaling, developing her marketing strategy and getting all of the required certifications to export internationally."

The lucrative export market was at the front of the mind of Swedish entrepreneur Linnéa Falkinger when she tasted what she thought was a meat stew with Senegalese friends in Casamance. "I was so surprised when they told me it was a cashew apple," recounts Falkinger. "You don't have this nasty taste that you can get with other meat alternatives." The Swede has been working with a women-led cooperative to develop the product and launch her brand, Cashewmeetly, onto the international scene. Her desire to build factories and processing capacity within Africa sits in stark contrast to the traditional export model where foreign companies benefit from Africa's primary materials, process them outside of the continent and African countries import the final product: "95 per cent of the cashew nuts grown in Africa are exported and processed in a different country, and only 5 per cent of the jobs stay local," she says.

"Starting this brand was my way to open the highway to the international market for Africa but to create a business model that keeps jobs local and reinvests in the country's future," says Falkinger.

She hopes to provide 500 jobs, mainly for women, by building her factory in Ziguinchor, in Casamance. But this comes with complications and highlights bigger challenges facing the Senegalese government's ambition to revolutionise its processing capacity. "The market is ready for cashew meat, but the biggest challenge is scaling up the production locally," says Falkinger, outlining construction delays and other difficulties as consistent obstacles.

"People love the product, but the struggle we currently have is that we have a much bigger demand than supply," she explains.

Beyond the immense potential of cashew apples to tap into the meatless-meat gold rush, these start-ups underline how Senegal is a source of creativity and innovation, from unique product development to action on climate change. What else could the nation contribute, given the chance?

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Finance

The Women's Investment Club is the first investment fund dedicated to supporting women entrepreneurs in West Africa. To date, its members have invested $3m in seven small and medium-sized Senegalese businesses, which has helped create 400 jobs, reports **Théo du Couëdic.**

'An investment fund by women and for women'

"In Senegal, women are born entrepreneurs, but only 3.5% have access to bank credit. So we decided to pool our savings to create leverage, focusing on small and medium enterprises." These are the words of Thiaba Camara Sy, a former director at Deloitte Senegal and co-founder of the Women's Investment Club (WIC).

Camara Sy explains that WIC's slogan clearly describes it: it is an initiative "by women and for women". The project was initiated in 2016 following several exchanges among women leaders, including a lunch with then IMF managing director Christine Lagarde. The small group also wanted to evolve from just meeting annually to celebrate International Women's Day. "We were asking ourselves, what more can we do, in terms of concrete steps, beyond giving each other flowers and chocolates once a year?"

They could do a lot more, and they did. Today WIC has its investment fund, Dakar-based WIC Capital, managed by Evelyne Dioh Simpa, a financier who worked for Société Générale, the French bank with a considerable presence in West Africa, and for the Sovereign Strategic Investment Fund, Senegal's sovereign wealth fund.

Sustainable, replicable and scalable

To date WIC Capital has, alongside co-investors, invested $3m in seven small and medium-sized Senegalese companies, creating 400 jobs, with a goal of a further 3,600 jobs as these companies grow. It has a clear investment strategy and an understanding that it must be there to provide support – and must also ensure that the whole model is sustainable, replicable and scalable.

The WIC Impact Academy offers training sessions and coaching.

"Our view is that we look at exiting after six years. We are here to help create, and then grow, regional champions," explains Camara Sy, who chairs the investment fund's board of directors. WIC Capital is also very clear in terms of investment criteria. "Women must lead the projects, and those projects must be profitable, create jobs and impact the value chain," she specifies.

The companies supported by the Women's Investment Club include E-Cover, which is recycling tyres to make material for sports products and industrial surfaces; Sarayaa, a ready-to-wear clothing company; Kwely, a B2B e-commerce platform; Arbre de vie, an agri-business; and Mburu, a pastry chain.

Providing mentorship and support is central to WIC and the investment fund. As Camara Sy likes to emphasise, it's important for any entrepreneur to have a support network, and it's just as critical for women entrepreneurs, who often face greater obstacles. WIC therefore creates that nurturing environment that she hopes will breed success. "The Women's Investment Club is not only an investment fund, but it is also an academy, with training sessions and coaching," explains Camara Sy.

Small but far-reaching

WIC has created a model to bring tangible benefits. In many ways, it wants its members to be engaged and to find value in what WIC has to offer. And so it is run like a member's club. Initially, members are asked to contribute 5m CFA francs ($8,000). They must then contribute 100,000 CFA francs monthly ($165).

There are only 97 members, but the club is far-reaching. It counts among them Aminata Niane, former director of the Senegalese investment board, Apix; Fatimatou Zahra Diop, former secretary general of the Central Bank of West African States (BCEAO); and, until recently, Ouminata Sarr, now Senegal's minister of economy, planning and cooperation.

"We put all our Rolodex at the service of WIC, and together we have a very substantial and influential network," says Camara Sy.

Last year WIC made headlines by meeting Melinda Gates, who was visiting Senegal and is a longstanding advocate and supporter of initiatives that help empower women and women entrepreneurs. Currently, WIC is planning to launch a second $20m investment fund, which is expected to close by the end of this year.

WIC is also looking to expand its geographical reach. In recent years Camara Sy has travelled to Guinea, Mali, Benin and the Democratic Republic of Congo, countries where WIC branches are being developed. The Ivorian version of WIC has been operational since November 2018.

"The challenge right now is to set up a common governance structure while maintaining the independence of local subsidiaries and taking into account the legislation of each country," explains Ouma Sani, director of the Women's Investment Club Senegal. According to Sani, "Women entrepreneurs make the country's economic and social fabric more dynamic. The money they earn benefits the whole community. Helping them develop economically is helping the entire country." ■

Creative sector

Senegal film industry aims for blockbuster impact

Despite a multitude of art films showcased annually in global festivals, the Senegalese film industry is commercially limited. But with an increasing number of cinemas and new streaming platforms, there is mainstream potential, writes **Leo Komminoth**.

In the bustling city of Ouagadougou, Burkina Faso, a recently erected statue of Ousmane Sembène towered over the crowds visiting the Pan-African Film and Television Festival in early March. The statue, unveiled to mark the centenary of Sembène's birth, portrays the legendary Senegalese filmmaker in his trademark cap, smoking his pipe with a contemplative gaze.

Sembène's legacy looms large over African cinema. His unique style of using social realist narratives in his films, which he learned at the renowned Gorky Film Studio in Moscow, has influenced generations of Senegalese filmmakers, who today tour the most prestigious film festivals worldwide. Among these are Alain Gomis, whose film *Félicité* won the Silver Bear Grand Jury Prize at the Berlin Film Festival in 2017, and Mati Diop whose film *Atlantics* won the Grand Prix at the Cannes Film Festival in 2019, when it was the first film directed by a black woman to be presented at the competition.

But despite international acclaim, the Senegalese film industry has not managed to reach the commercial heights of other countries.

Unlike Nigeria's Nollywood, which is now the world's second-largest film industry after Hollywood, valued at $6.4bn in 2022, Senegalese films struggle to find an audience at home and generate poor revenues through ticket sales.

According to a 2016 study by the Organisation internationale de la Francophonie, the Senegalese audiovisual sector's turnover amounted to $32.8m, of which approximately $13m comes from TV ads. As such its contribution to the larger economy is still very limited.

Why is it that Senegal, with a longstanding tradition of iconic filmmakers like Sembène, and a plethora of films presented in festivals worldwide

Reporters work next to a statue of Senegalese director Ousmane Sembene on the place des Cineastes in Ouagadougou during the Panafrican Film and Television Festival of Ouagadougou.

every year, still struggles to establish a thriving cinema industry?

Pleasing a local audience

Most Senegalese movies that receive attention at international film festivals are auteur-led art films that are co-productions with Western countries. These mostly uncommercial films do not appeal to the average Senegalese viewer.

"Today, we have movies co-financed mostly with Western production companies, who want a certain style of movie-making, which is not the style that the average Senegalese would necessarily consume," says Toumani Sangaré, a film director and producer. To achieve greater local success, filmmakers must create more mainstream Hollywood-style movies that resonate with a wider regional audience.

"As with anywhere else in the world, the local audience is more likely to pay for mainstream, heavily produced movies than national productions. They feel like they get more value for their money," says Sangaré, who opened a film school in Dakar last year.

In Francophone Africa there have already been some promising examples of locally-produced movies that have become popular hits. *Les Trois Lascars*, a Burkinabé comedy film directed by Boubacar Diallo, attracted over 50,000 viewers upon its release in 2021, a relative success considering there are just 20-25 movie theatres in the region.

Sangaré's own mini-series, *Taxi Tigui*, which tells the story of a taxi driver in Bamako, was also a success back in 2016, and relied solely on Malian production companies.

To replicate this model, Sangaré says, "we must find new financing mechanisms, which usually involve national and international private actors, to produce those mainstream movies at the scale of the ones we export to international film festivals every year."

But local and foreign investors may argue that no films are worth producing unless they are widely distributed. Despite representing a potential market of approximately 140m, the small number of cinemas in West Africa's Francophone countries makes it hard to imagine a profitable industry.

A revival of cinemas?

Senegal's film industry experienced a "golden era" in the 1970s, when nearly 37 cinemas operated in the capital city of Dakar alone.

This period also gave birth to Senegalese movies that have now become classics such as *Touki Bouki* by Djibril Diop Mambéty, which received festival acclaims in Cannes and Moscow, and was made with a $30,000 budget obtained in part from the government.

But the economic realities of the 1980s took a toll on the country's

French-Senegalese director Leila Sy (R) on the set of *Banlieusard 2* in the forest of Bandia near Sindia, in the Thiès region of Senegal. *Banlieusard 2* is scheduled for release on Netflix later this year.

creative industries. "In the 1980s, the IMF asked African states to make budget cuts and the first industry that was impacted was culture and cinema in particular," says Sangaré.

The decline of the cinema industry removed a key space for public gathering and cultural expression. It also changed the role of the state within the industry. Today, the Senegalese government mostly helps to finance small-scale projects, which usually do well internationally, through a dedicated fund – the Film and Audiovisual Industry Promotion Fund (FOPICA). During the Covid-19 pandemic it mobilised $500,000 to support production companies, filmmakers, and audio-visual technicians.

In recent years there has been a resurgence of interest in cinema in Senegal. In 2016, French mass media holding company Vivendi launched a network of cinemas called Canal Olympia throughout Africa, including one in Dakar. In October last year, Pathé opened a modern multiplex in Dakar with seven state-of-the-art cinemas and a capacity of over 1,400 cinemagoers. Nearby, an upscale shopping centre, the Sea Plaza, started screening the latest American movie-offerings about five years ago.

"We can feel the effervescence around the return of cinemas, as well as the desire of private players to be part of this dynamic," says Sangaré.

The next step is for Senegalese directors to take the place of American and French blockbusters. Six American and five French films top the billboard at the Pathé at the time of writing. Only one Senegalese production makes it there: *Mère-Bi* ("Mother-Bi"), a documentary film about the Senegalese journalist and writer Annette Mbaye d'Erneville, directed by her filmmaker son Ousmane William Mbaye.

Streaming platforms to boost local productions

TV series are another potential source of revenues for Senegalese producers. Ibou Gueye, the CEO of Senegalese production company EvenProd, told the French newspaper *Le Monde* that producers usually keep between 60 and 70% of the revenue generated by advertising.

There is a significant shift towards on-demand series and films. With over 5m subscribers on its YouTube channel, Marodi TV is the biggest player in the Senegalese on-demand space. Its extensive catalogue of local programming has proved popular with audiences at home and within the broader Francophone African market. The platforms says that foreign television stations are its third source of revenue, after Senegalese channels and YouTube.

Keewu Productions, established in 2014, released the first Senegalese series to appear on Netflix, four years ago. The crime-drama *Sakho & Mangane,* set in Dakar, managed to reach a British audience after being acquired by Channel 4 for its on-demand platform All 4.

But the most influential player, in both on-demand and production, is the French Canal+, owned by the French family-owned conglomerate Bolloré. This year, Canal+ launched the Digital Factory in Dakar, a digital creation centre made up of graphic designers, creators, and community managers from across the continent, who work together to produce content for African audiences.

This new set-up and business model is likely to encourage the production of local films that will reach a local audience, without having to rely on foreign funding. With an estimated 14.7m internet users, representing a penetration rate of around 80%, the progress of streaming platforms continues, supporting a new wave of films financed exclusively by local production companies. ■

Tourism: 72 hours in Dakar

Dakar is a bustling and vibrant metropolis. Being at the westernmost point of Africa, the city is blessed with a warm ocean-influenced climate that remains pleasant throughout the year, This makes it a perfect destination for tourists seeking sun, sand, and sea. Apart from its natural beauty, Dakar is also becoming a hub for digital nomads.

With a fast-growing economy and a supportive community of tech startups (see "Senegal's tech sector grows rapidly..."), the city has become an attractive destination for remote workers who crave the perfect balance between work and play.

Galleries, shops and markets

If you're looking for artefacts, visit the **Village artisanal du Marché Soumbedioune**, where you will find a diverse range of artisanal goods. It's our favourite market, more authentic and sophisticated than the others in Dakar.

Dakar's art scene is not limited to its markets, however. The city, which last December hosted Chanel's renowned *Metiers d'Arts* event that focuses on craftmanship, is also home to a thriving gallery scene, with notable names such as **Galerie Cécile Fakhoury**, which was the first to display the work of Senegalese artist Cheikh Ndiaye. Other important galleries include **Oh Gallery** and **Selebe Yoon** – which means "the crossroad" and which has organised many artist residencies – showcasing the best of contemporary African art. From sculptures and paintings to mixed media installations, Dakar's art galleries offer a kaleidoscope of artistic expression that is not to be missed.

If you feel like a bit of shopping, try **Sandaga**. Run by a charming and dynamic Senegalese lady, you'll find some unique fashion pieces there. **F-Koncept**, a mix between a clothing concept store and coffee-shop, located not far from the beautiful Cathédrale de Notre-Dame des Victoires ("Cathedral of Our Lady of Victories") also comes recommended.

Find the city's best designers

Dakar has established itself as a centre for African architectural thinking, and there are many studios worth visiting. One such studio is **Studio Quatorzerohuit**, led by designers Bibi Seck and Omar Sow – brother of Senegalese business tycoon Yérim Sow. The studio boasts a modern design gallery which showcases furniture, as well as an incredible shop.

Where to eat, where to stay, where to shop, what to visit: our correspondents advise.

Exploring the diversity of Dakar

Left: The artist Vydia Tamby at Studio Quatorzerohuit. Opposite from top to bottom: La Fourchette Restaurant, the hotel Terrou-bi and sea food at La Mer restaurant.

Raw Material Company is a cultural centre and intellectual hub and hosts residencies and numerous classes, overseen by renowned artistic director Koyo Kouoh. **Weaving Art Objects** (or WAO), led by the pioneer in Senegalese textiles Aïssa Dione, offers a glimpse of Senegalese furniture and textile designs. The concept store is a must-visit for those interested in exploring the beautiful hand-craft work of Dione. The **French Institute** is also worth a visit. A haven of peace, it has a small restaurant, hosts numerous events and has a shop where you can buy vinyl records – look hard enough and you'll find real collectors' items.

Enjoy lunch by the sea

Senegal, unsurprisingly, is known for its fish. **Le Lagon 1**, a Dakar institution situated in the Plateau district is a great spot for seafood lovers. As you meander through its kitsch décor, look out for the plaques of all the famous guests who have dined there. For a breathtaking view and sumptuous food you must try **Oceanium** – which is known for its diving centre.

For those who prefer a more authentic experience, **le Bazoff** is the perfect place to enjoy typical African cuisine, with great dishes from Senegal and West and Central Africa.

Escape to the Gorée and Ngor Islands

Dakar can sometimes be overwhelming with its crowded streets and busy markets, especially on weekdays when, as in many capitals, peak-time traffic can be brutal. But two nearby islands, Gorée Island and Ngor Island, offer a perfect escape for an afternoon. **Gorée Island**, a UNESCO World Heritage Centre, is an emotional journey with its famous Maison des Esclaves ("House of Slaves"), which serves as a museum and memorial to the victims of the Atlantic slave trade. Visitors can explore the grim slave-quarters and elegant houses of the slave traders, while the "Door of No Return" serves as a reminder of human exploitation and a sanctuary for reconciliation.

Meanwhile, **Ngor Island** is a small yet beautiful island, steeped in culture, with ornate doors and intricate mosaic work on the houses and narrow alleys lined with beautiful trees and flowers. It is also one of the best spots in Dakar to go diving or try out surfing.

Photo: © Sylvain Cherkaoui

Celebrating African heritage

Dakar is a city steeped in history and culture, and its museums are the perfect place to explore the region's diverse heritage. The **Théodore-Monod Museum** boasts an impressive collection of West African artefacts, ranging from ancient weapons and musical instruments to sprawling tapestries and intricate carvings.

The **Museum of Black Civilisations** is another must-see museum in Dakar. Its well-curated exhibits include displays of anthropological, socio-cultural, and fine arts, showcasing the richness and complexity of African culture.

Photo: ©Sylvain Cherkaoui

Senegal has always been committed to preserving and sharing Africa's cultural heritage with the world.

Downtime

Dakar has plenty of spots where you can unwind with a refreshing drink and stunning views.

Le Phare, aptly named for its proximity to the lighthouse, offers the perfect spot to catch the sunset. The live music on weekends adds to the already enchanting ambiance.

Photo: © Sylvain Cherkaoui

For wine enthusiasts, **La Cave** is a must-visit. Boasting the city's best wine and champagne collection, this cosy bar is mostly frequented by locals. Looking for a chic and sophisticated dinner setting? **Beluga** is the place to be right now. Note that you will need to book a table in advance.

Another institution is **La Fourchette**. Its elegant decor and top-notch cuisine make it a great choice for an evening out.

For a more informal setting, **La Mer** à **Table** offers a picturesque waterfront view perfect for sundowners. On Sunday afternoons, there is generally live music including iconic bands such as Orchestra Baobab.

Where to stay

Dakar offers a variety of accommodation options, from grand five-star hotels to intimate boutique lodgings. One such is the charming boutique hotel **le Djollof**, an oasis in the heart of the city. Its rooftop terrace, which offers sweeping views of the sea, a perfect spot to enjoy breakfast.

There are three major 5-star hotels in the capital. The **Pullman Teranga**, situated in the heart of the business district, has great views of the Dakar Bay. There is the **Terrou-bi** which has got fantastic facilities, as well as the **Radisson Blu**.

Others, more affordable but well-located and pleasant, are the **Ibis** and **Novotel**, both part of the Accor group.

For a unique and tranquil experience, the **Nyéléni Maison Sahel** is a must-visit. This stunningly-decorated house is filled with art and surrounded by a peaceful garden where guests can enjoy a copious breakfast.

Quick escapes and further afield

If you want to get out of Dakar, an hour's drive away, just past Popenguine, is a fantastic beachfront restaurant, **Echo-cotier**, very popular with the *Dakarois*.

Further out, four or five hours' drive away to the north is the stunning city of **Saint Louis**, historically and culturally rich and home to one of the best universities in West Africa. You do need two days in Saint Louis to really get the best out of it.

Siné Saloum, south of Dakar (and a little north of The Gambia) has a host of eco-lodges on a mangrove – a paradise for those into activities around nature.

Touba, inland, is a very important city and the religious capital of the country. It has beautiful mosques, but not all are open to the public. ■

Zimbabwe

Zimbabwe would like to reset relations with international lenders but a lack of political and economic reforms are a significant stumbling block, writes **Farai Shawn Matiashe**.

Reform scepticism proves block to Zimbabwe debt settlement

African Development Bank (AfDB) president Akinwumi Adesina became the latest top official to call on the government of Zimbabwe to respect human rights and put in place measures to facilitate free and credible elections at a debt restructuring meeting in Harare on 23 February.

"The governance working group would allow us to tackle and make measurable progress on critical issues of freedom of speech, human rights protection, and implementation of laws in line with the constitution, as well as the implementation of the Motlanthe commission of inquiry [see below] and compensation of victims," Adesina told delegates.

"And we must show progress on the Zimbabwe Democracy and Economic Recovery Act (ZIDERA) [see below]. All of which should make for peaceful, free, and fair elections. They will also remove headwinds on our path to arrears clearance and debt resolution."

The Harare meeting, which was Zimbabwe's second structured dialogue platform meeting on arrears and debt clearance, was facilitated by former Mozambican President Joaquim Chissano, and attended by Zimbabwe's President Emmerson Mnangagwa, finance minister Mthuli Ncube, officials from the AfDB and ambassadors from lender countries. It followed an initial meeting held in early December.

As of September 2022, Zimbabwe owed more than $14bn in external debt, including money owed to lenders including the International Monetary Fund (IMF), the Paris Club of creditors, the World Bank, AfDB and the European Investment Bank. The government has no access to new lines of credit.

Effect of sanctions

In his address, Adesina also argued that Western sanctions had played a role in creating Zimbabwe's debt accumulation and arrears. Zimbabwe has been subject to US sanctions since the passing of the ZIDERA by Congress in 2001. It came in the aftermath of Zimbabwe's chaotic Land Reform Programme, which saw white farmers – until then the owners of much of the country's most valuable agricultural land – dispossessed without compensation by Robert Mugabe's government.

The stated aim of the act was to "support the people of Zimbabwe in their struggle to effect peaceful, democratic change, achieve broad-based and equitable economic growth, and restore the rule of law". Critics say that Mnangagwa, who ascended to power through a military coup which ousted Mugabe in 2017, has failed to improve the human rights situation or to implement political and economic reforms – the basic requirements for sanctions to be lifted by the US.

In 2018 at least six demonstrators were shot dead in Harare by the military during a protest over delays in the announcement of results in that year's presidential election, while a dozen people were shot and killed by law enforcement agents across the country in January 2019 following unrest over fuel price hikes.

A commission of inquiry led by former interim South African President Kgalema Motlanthe into the 2018 fatal shootings has reported to the government, but its recommendations are yet to be implemented.

Restoring rule of law is crucial

Stevenson Dhlamini, an economist and a senior lecturer at the National University of Science and Technology of Zimbabwe in Bulawayo, says that the absence of the rule of law is continuing to weigh on a resolution to debt talks and the prospect of attracting new sources of investment.

> *'The prevalence of the rule of law is pertinent to the country's honouring of the democratic privileges of its citizens'*

"The prevalence of the rule of law is pertinent to the country's honouring of the democratic privileges of its citizens and also good for attracting FDI. They are invaluable for the overall transformation of the country's economy and the attainment of the Sustainable Development Goals."

President Mnangagwa has been pushing for re-engagement with Western countries and the US, but widespread scepticism remains over his government record. Jee-A van der Linde, an economist at Oxford Economics Africa, says Zimbabwe is keen to reach a settlement to prove to investors that things are changing.

"Zimbabwe will be eager to draw a line under the long-running dispute and will hope it goes some way to normalise relations with the international community, especially with those countries whose citizens will benefit from the settlement, and, perhaps more importantly, with international finance institutions."

Compensation for white farmers

The compensation of white farmers for the loss of land has been one of the key initiatives that Mnangagwa believes will help with the rapprochement.

In 2020, the government agreed to pay $3.5bn over 20 years in compensation to local white farmers, while foreign white farmers were allowed to apply to get the land back.

On the sidelines of the Harare meeting, finance minister Ncube said the country now intends to make the compensation payments over a period of 10 years, with the money raised through treasury bills. The hope is that a workable compensation deal for white farmers will allow for progress to be made with lenders on the debt talks.

Mnangagwa said his government is committed to a plan to clear to clear $6bn in debt arrears in order to gain access to international loans. But given the ailing state of the economy – the IMF expects growth of just 2.8% this year – economists are sceptical that the cash-strapped government will be able to make rapid progress on its arrears at the same time as sustaining social spending and paying off the white farmers.

"The truth is the government does not have such resources and it may be the case in the coming 10 years," says Victor Bhoroma, an economist based in Harare. "Ideally, debt repayment needs to be structured over a number of years so that the government can also provide public services such as basic health care, decent education, good roads and clean water, which may be a priority now."

Costly deal

Dhlamini says that while compensation for white farmers will send a signal that the government respects property rights, the cost of the deal is likely to worsen the debt situation. Instead of taking on more debt, the government must intensify its taxation drive to support future expenditure, he argues.

Van der Linde agrees that raising new money on the international debt markets will be out of reach for the foreseeable future. "It is incomprehensible that the government intends to tap into international debt markets at a time when global financial conditions have tightened considerably and when there are so many other pressing economic issues in Zimbabwe," he says.

"Reworking the doings of the controversial 'land reform' process is long overdue, but Zimbabwe simply cannot afford to take on more credit."

Dhlamini says that while it is still early to judge the likely success of the debt restructuring meeting, it is apparent it has set a tone that is indicative of a commitment to transform Zimbabwe's debt landscape. "However, if Zimbabwe does not address the fundamental macroeconomic imbalances, all the efforts to restructure debt will be impotent." ■

Review

The combination of capitalism and democracy needs to be defended in the face of pressure from autocratic states, believes Financial Times *columnist Martin Wolf. It's odd that he argues this while ignoring Africa, says* **Stephen Williams**.

Capitalism and democracy: relationship breakdown?

THE CRISIS OF DEMOCRATIC CAPITALISM

By Martin Wolf
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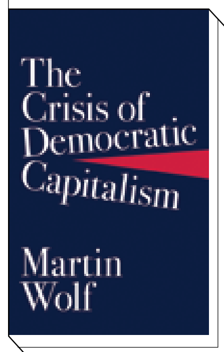


Martin Wolf is rightly considered one of Britain's most accomplished economic analysts. He is the chief economic commentator on London's *Financial Times* – where his regular columns, displaying a perceptive and rigorous analysis of global economic and political developments, have won him a loyal readership.

This, his latest book, is a timely examination of a pertinent and worrying trend. Perhaps 10 or 20 years ago it was commonly accepted that democracy and capitalism were together the desirable and nearly inevitable destination of a new world order.

But geopolitical developments blew the idea – which some equated to Western hegemony – out of the water. Wolf writes: "Liberal democracy is under growing external pressure. The most important sources of such pressure are today's autocratic states, especially China, but also revanchist Russia (as shown dramatically by its invasion of Ukraine), North Korea and Iran. It is essential, in response, to strengthen alliances among liberal democracies across the world."

Wolf's focus on China is notable. China observed and learned from the Soviet Union. The country liberalised its economic model at the same time as the Communist Party of China ruthlessly strengthened its political control.

That created what Wolf describes as "something paradoxical: Communist capitalism". Wolf describes China as developing "a stunningly effective blend of a dynamic market economy with a totalitarian state". In March, Xi Jinping achieved an unprecedented third five-year term as China's president, paving the way for him to become leader for life. Just days after this historic coronation, Beijing announced that it had secured an agreement between Saudi Arabia and Iran that brought two former Middle East adversaries into a development pact. This extraordinary diplomatic event illustrates China's growing influence in global affairs, at the expense of US clout.

Later, in arguing that China is a far greater threat to the West's hegemony than the Soviet Union was or Russia is, Wolf quotes the Harvard analyst Graham Allison, who writes: "The time has come to recognise China as a full-spectrum peer competitor of the US."

Be that as it may, Wolf outlines the West's strengths and China's weaknesses. He notes that China's real output per head is still less than a third of that of the US and that it is far easier to play catch-up – as China is doing – than to take the lead – as China aspires to do.

There is another argument for the survival of democratic capitalism: as Wolf asserts, that combination provides the best places to live. For the most part democratic-capitalist countries remain "strikingly rich and honest," he writes. And he concurs with two of the leading sceptics of democracy, Christopher Achen and Larry Bartels, who made the point in their book *Democracy for Realists: Why elections do not produce responsive government* that "an independent judiciary, freedom of speech and assembly, and other features of democratic institutions and culture are undoubtedly important."

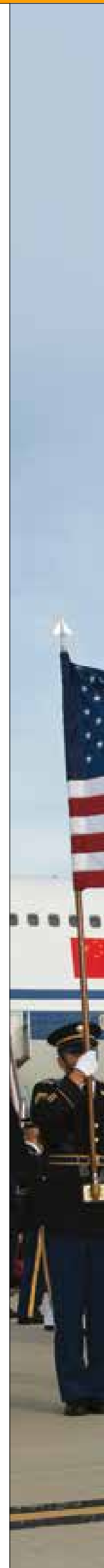
By contrast, Wolf rails against the alternatives to democracies; both demagogic authoritarianism, in which would-be autocrats and their enablers erode liberal democracy from within – a clear reference to the US presidency of Donald Trump; and bureaucratic authoritarianism, in which a self-selecting mandarin elite controls all power, as in China.

Democracy's tenuous partnership with capitalism is, of course, central to how the future could play out. Wolf examines the history of capitalism in depth, and analyses the reason that the great hopes for globalisation, which was expected to stimulate growth and prosperity, have been disappointed.

Globalisation and its discontents?

Wolf concludes that the most likely explanation for this stagnation is that liberalisation "ran out of steam" by the early 2000s. Instead, the trend since has been of a global deglobalisation, he argues.

He writes: "The last global trade liberalisation was the Uruguay Round, completed in the mid 1990s. "The only significant liberalising event since then has



been the accession of China to the WTO in 2001. After that a series of important attempts – the Doha Round of multilateral trade negotiations, the Trans-Pacific Partnership (TPP – rejected by Donald Trump in early 2017), and the Transatlantic Trade and Investment Partnership (TTIP, between the US and EU) failed, were rejected, or languished."

While that points to the conclusion that capitalism has hit something of a buffer, reports of its demise are surely premature. Market economies are still extant, but as Wolf concludes in his chapter on democratic capitalism, their survival is not inevitable: "The history of modern representative systems of democracy is brief, that of a global capitalist economy is not so much older."

Indeed, liberal democracy and global capitalism need to be saved together, he suggests. This fine book, well argued and elegantly written; provides some perceptive analysis on what needs to happen.

A blind spot

But the author does seem to have a blind spot, and that blind spot is Africa. The continent barely gets a mention. In fact, in the book's index the only reference to Africa is a global demographic profile in which we learn that just under three quarters of the increase in the share that the developing countries have of the world's population was in sub-Saharan Africa. The population of sub-Saharan Africa rose from 30% of that of all high-income countries together in 1960, to 89% in 2018 – from 230 million to 1.1 billion.

'The history of modern representative systems of democracy is brief, that of a global capitalist economy is not so much older'

Wolf passes over the Africa Continental Free Trade Agreement (AfCFTA) when he lists the global trade liberalisation events since the Uruguay Round of the mid 1990s. That is a remarkable omission, and perhaps illustrates the unfortunate fact that Africa is still frequently marginalised, misunderstood or ignored by many of the West's economic thinkers. The home for nearly 1.5bn people – over 16% of the world's population – the source of key resources and a dynamic and expanding business class; surely Africa has many lessons to impart on the future relationship between capitalism and democracy. ■

China's President Xi Jinping and US Vice President Joe Biden stand during the playing of the United States national anthem at Joint Base Andrews in September 2015.

Editor's View

New research reveals a huge and growing role for China in the international financial system. **David Thomas** *examines the implications for Africa.*

China: a new lender of last resort

Above: China National Offshore Oil Corporation has invested in Uganda's Kingfisher oil field, one of many Chinese resource interests on the continent.

African countries are grappling with the complex issue of how to rearrange their debts in light of the severe global economic downturn. The double whammy of Covid-19 and the Russia-Ukraine war has undermined the fiscal standing of nations across the continent, forcing talks with lenders, emergency bailouts and, in the most alarming cases, debt default.

For the majority of nations in a tight jam, seeking talks with lenders will almost certainly lead to a common destination: China. Over the last twenty years, Beijing and its network of state-owned banks have lent hundreds of billions of dollars to African governments. But what happens when countries can no longer afford to pay?

A major new report from AidData, a research project at William & Mary university in Williamsburg, Virginia, that tracks Chinese spending across its global Belt and Road Initiative (BRI), offers an answer. The report, compiled with researchers from the World Bank, the Harvard Kennedy School and the Kiel Institute for the World Economy, reveals a large and rising number of Chinese bailouts to countries in distress over the past 15 years, creating what it says is a "new system of international rescue lending" in which China acts as a "lender of last resort".

The research found that $170bn has been extended by the People's Bank of China (PBOC), the Chinese central bank, to the central banks of countries in financial or macroeconomic distress, often in the form of short-term "swap lines" with maturities extended repeatedly. Researchers also found more than 70 rescue loans from Chinese state-owned entities to 13 emerging and developing markets, worth $70bn.

In total, 22 debtor countries have received $240bn in Chinese rescue lending since 2000, more than $185bn of which was extended between 2016 and 2021. Almost all Chinese rescue loans have gone to low- and middle-income BRI countries with significant debts outstanding to Chinese banks: African recipients include Kenya, Tanzania, South Sudan, Sudan, Egypt, Angola and Nigeria.

The researchers conclude that China has developed a system of "Bailouts on the Belt and Road" that helps recipient countries avoid default, and services their BRI debts, at least in the short run. They compare China's role as an "international crisis manager" to that of the US Treasury during the Latin American debt crisis or the European Stability Mechanism's role in averting, delaying or resolving defaults.

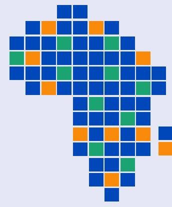
So what are the implications for African borrowers? Many, particularly those who feel ill-served by the traditional multilateral lending system and excluded by US Federal Reserve liquidity support for advanced economies, will be relieved by the extension of Chinese rescue lending and encouraged by the existence of an alternative lender of last resort. Evidently the Chinese are not keen for lending partners in default.

Still, Chinese rescue lending isn't cheap. The US Federal Reserve usually charges margins of around 25 basis points over the LIBOR reference rate. The PBOC swap lines show interest rates at margins between 200 and 400 basis points above the reference rate. The typical rescue loan by Chinese banks requires interest rates of 5%, considerably higher than the average IMF interest rate of around 2% for non-concessional lending over the past 10 years. Bailouts today could lead to more debt down the road.

Out of sight, out of mind?

The authors also argue that the support is "less institutionalised, less transparent, and more piecemeal," foreshadowing "a deeper shift towards a more multipolar and fragmented international financial architecture". Some African governments might see that as a negative US-centric interpretation, given the origin of the research.

Regardless, countries would do well to ponder the implications of a growing Chinese role that is largely out of sight – researchers say the implication is that the full extent of debt distress in emerging markets is unknown. While the bailouts currently pale in comparison to US and IMF lending, the researchers say that China's activity mirrors that of the US rise to global financial dominance between the 1930s and the post-war years. The implications will extend far beyond this debt crisis. ■



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