



Stories That Matter | January 2022

Africa

Continent an Investment Hotspot as Fintech Goes Mainstream
Having secured about USD 31 billion in funding in the third quarter of 2021 alone, the world's more than 26,000 fintech companies have together pulled the industry out of the niche sector and into the mainstream, and Africa isn't missing out on this growth. According to Dominique Collett, Rand Merchant Investment's senior investment executive and head of AlphaCode, investment into the African fintech sector increased to about USD 2 billion in 2021, in comparison to USD 500 million in 2020. The continent remains a hotbed for fintech investors and it seems Africa's huge unbanked population will continue to pique the interest of investors looking to plough money into emerging markets.

The coronavirus pandemic had a lot to do with the global shift in consumer behaviour towards fintech platforms. According to Collett, about 30% of banking consumers use banking apps and about 64% are using one or more fintech platforms. These numbers are expected to continue growing as more money is expected to be invested on the continent, opening opportunities for innovation to solve other problems hindering the financial industry in Africa. – Source: Moneyweb

Africa

AFC Raises USD 400 Million in Syndicated Loan for Critical Infrastructure in Africa

Africa Finance Corporation, Africa's leading infrastructure solutions provider, has raised USD 400 million in a new syndicated loan to support the post-pandemic recovery through critical development of infrastructure.

The three-year facility – the first from AFC since 2018 – was increased from an initial target of USD 300 million as strong interest from investors led to the offering being 2.5 times oversubscribed. The proceeds will facilitate upcoming infrastructure projects that address the continent's developmental challenges.

"The transaction demonstrates the confidence of banking partners, both old and new, in AFC's strong credit risk profile and broadening global appeal in the capital markets," said Banji Fehintola, Senior Director & Treasurer at AFC. "This loan will be instrumental in working towards plugging the infrastructure gap we are facing on this continent, especially following the damaging effects of the Covid-19 pandemic. – Source: Business Wire

Africa

How New Pan-African Payment System Will Boost AfCFTA Implementation

The Pan-African Payments and Settlement System (PAPSS) launched on Thursday, 13 January in Ghana, leaders say, will provide African traders a faster and safer mode of payment,

among other things. The new system allows a buyer in one African country to make a payment in his or her national currency and a seller in another country receives payment in his or her own national currency, effectively eliminating the need for third party currencies such as the United States dollar to complete trade within the continent.

Its virtual launch, held under the theme 'Connecting Payments, Accelerating Africa's trade', came following a "successful pilot" in six countries – The Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone. Payment infrastructure always existed but on the national and sub-regional levels, they lacked crucial ingredients such as interoperability. The system has been piloted and tested and "proved to work," using African currencies, said Mike Ogbalu, the CEO of PAPSS. – Source: The New Times

East Africa

EABC Calls for Review of Region's Rules of Origin

East Africa's private sector wants a review of the region's rules of origin in order to maximise its gains from the implementation of the African Continental Free Trade Area (AfCFTA). Traders, under the East African Business Council (EABC), say that the existing rules, which have not been reviewed since 2015, have denied a number of products duty-free access to the East African Community (EAC) markets. The current rules of origin deny edible oil, cement and newly introduced fruits duty-free access, among other products. The EAC rules of origin set the criteria to distinguish between goods that are produced within the EAC customs territory and are eligible for community preferential tariff treatment, and those produced outside the bloc, which attract import duties specified in the Common External Tariff (CET). The main intention of the review is to make EAC rules of origin facilitate trade and attract more investments into the region. However, there has been an outcry from the business community that some areas in the rules need to be reviewed to respond to the environment, especially the coming into effect of the AfCFTA. – Source: The EastAfrican

Angola

Angola Raises USD 1.6 Billion from Privatisation Programme

Angola raised AOA 850 billion (approx. USD1.6-billion) with the sale of 73 assets under the country's Privatisation Programme, Angolan Secretary of State for Finance and Treasury Ottonil dos Santos said on Wednesday, 19 January. During an assessment session, dos Santos said Angola is expected to privatise 15 assets, of which 11 are industrial units and two are financial institutions, during the first quarter of 2022.

Started in mid-2019, the Privatisation Programme essentially aims to strengthen the country's private sector, making it more efficient and competitive, said dos Santos. The programme is in line with the country's 2018-2022 National Development Programme and falls within the scope of the Public Finance Reform, with a view to promoting macroeconomic stability, increasing the productivity of the national economy and achieving a more equitable distribution of national income. – Source: Xinhua

Botswana – Ghana – Mauritius

Botswana, Ghana, Mauritius Removed from European Union List

Of High-Risk Third Countries

The Financial Action Task Force (FATF) welcomed significant progress made by Botswana, Ghana and Mauritius in improving their anti-money laundering / combatting the financing of terrorism (AML/CFT) regimes and noted that Botswana, Ghana and Mauritius have established the legal and regulatory framework to meet the commitments in their action plans regarding the strategic deficiencies that the FATF had identified.

The European Commission's analysis concludes that The Bahamas, Botswana, Ghana, Iraq and Mauritius no longer have strategic deficiencies in their AML/CFT regimes considering the available information. These countries have strengthened the effectiveness of their AML/CFT regimes. These measures are sufficiently comprehensive and meet the necessary requirements to consider that strategic deficiencies identified under article 9 of the Directive (EU) 2015/849 have been removed. – Source: European Commission

Kenya

How Kenya Will Benefit from Global Cross-Border Tax Deal
Countries across the globe are signing up for the Organisation for Economic Co-operation and Development (OECD) initiative that requires tax authorities of participating countries to automatically exchange tax-related information on financial assets held in foreign countries. The initiative is dubbed Common Reporting Standards (CRS). Accessibility of such tax information is a valuable tool that authorities around the world are using to curb cross-border tax evasion. Kenya has not been left behind.

The passage of the 2021 Finance Act saw Kenya bring forth a raft of initiatives aimed at launching tax information exchange with other CRS-participating jurisdictions. This will help the Kenya Revenue Authority (KRA) in curbing revenue leakages. This measure is in line with the current global drive to increase transparency for purposes of combatting tax evasion among other crimes. The Act introduced a mandatory requirement for financial institutions to conduct due diligence for purposes of identifying foreign accounts. The identified accounts will be reported to the KRA. Subsequently, the KRA will exchange this information with the tax authorities of the participating jurisdictions. – Source:

Business Daily

Report

Global Risks Report 2022, 17th Edition

The Global Risks Report series tracks global risks perceptions among risk experts and world leaders in business, government, and civil society. It examines risks across five categories: economic, environmental, geopolitical, societal, and technological. Every year the report also analyses key risks to explore further in deep-dive chapters—these could be risks that feature prominently on our survey, those for which warning signs are beginning to surface, or potential blind spots in risk perceptions.

The 17th edition of the Global Risks Report identifies tensions that will result from diverging trajectories and approaches within and between countries and then examines the risks that could arise from such tensions. This year's report also highlights the

implications of these risks for individuals, governments and businesses.

[Click here to download the report.](#)

Report

Renewable Energy Market Analysis: Africa and its Regions

Africa is extraordinarily diverse, and no single approach will advance its energy future. But efforts must be made to build modern, resilient and sustainable energy systems across the continent to avoid trapping economies and societies in increasingly obsolete energy systems that burden them with stranded assets and limited economic prospects. This report from the International Renewable Energy Agency developed in collaboration with the African Development Bank demonstrates that an integrated policy framework built around energy transition has the potential to bring a new wave of investments to Africa, facilitating an economic growth projection of 6.4% by 2050. The continent has enormous potential: Africa has vast resource potential in wind, solar, hydro, and geothermal energy and falling costs are increasingly bringing renewables within reach.

[Click here to download the report.](#)

White Paper

Attracting Investment and Accelerating Fourth Industrial Revolution Adoption in Africa

Digital transformation seems to be the one catalyst that can accelerate the region's digital transformation seems to be the one catalyst that can accelerate the region's response. According to this paper by the World Economic Forum Africa Regional Action Group, USD 1.2 billion and the growing start-up scene in Africa is testament to the value that can be unlocked through wide-scale digital transformation in the region. This paper serves to stimulate a more considered approach by policy-makers and investors to accelerate the rate of the region's digital transformation and spur investments in a manner that aligns with its environmental, social and governance (ESG) aspirations.

[Click here to download the white paper.](#)