



## Stories that Matter | August

The Stories that Matter consists of the most significant stories across Africa that impact countries on a regional and a global level. Below are August's most impactful stories across Africa.

### Africa

#### Islamic Banking to Offer Alternative Financial Solutions in Africa

Africa is emerging for Islamic finance and a new destination for Islamic financial institutions, something that analysts say will open up a new avenue for foreign direct investment. AlHuda Centre of Islamic Banking and Economics (CIBE), CEO Muhammad Mughal was speaking at the inaugural ceremony of the African Islamic Banking and Takaful Summit saying that Tanzania's Islamic banking and Takaful market is promising. He said that Islamic banking and finance are the ultimate financial solution due to its viability and sustainability. The system, he said, has multi-fold benefits which concentrate on balanced wealth distribution. He also shed light on the need for Islamic banking and financial services. "Several new Islamic financial institutions are ready to start their operations in the market. Various Islamic window operations are also going to start their operations for the development of the economy to strengthen the growth of the market and to uplift the living standards of the public in the region," he said. According to him, a number of banks are also coming into the markets with stand-alone branches for Islamic banking operation. Source: The Citizen

### Africa

#### IFC Provided a Record USD 9.4 Billion Financing in Africa in the 2022 Fiscal Year

The International Finance Corporation (IFC) provided record financing in Africa over the 2022 fiscal year, making USD 9.4 billion in investments between 1 July 2021 and 30 June 2022 across 36 countries, the largest ever annual commitment for the continent. The funding helped to develop regional pharmaceutical manufacturing, increase intra-Africa trade, expand access to climate financing and strengthen food security among many other pressing development needs. The investments include USD 3 billion in trade financing unlocking intra-Africa trade for thousands of small businesses, USD 2.1 billion supporting the continent's green transition – from increasing access to climate finance to funding renewable energy projects – and USD 861.7 million that is supporting increased digital connectivity. The IFC also provided USD 603 million in agriculture financing, helping to strengthen food security during a turbulent global economic period. "While the effects of the COVID-19 crisis persist, new challenges are also looming, including from rising global inflation," said Sérgio Pimenta, IFC vice president for Africa. Source: ESI Africa

### Africa

#### China to Eliminate Customs Duties on Imports from African Countries

China's Ministry of Finance has announced the elimination of

customs duties for 98 percent of products imported from 16 developing countries, including Mozambique, from the start of September. According to a statement, the Customs Tariff Commission of the State Council has decided to “grant zero-tariff treatment on 98 percent of taxable items originating in 16 least-developed countries”. Most of the countries covered are located on the African continent. They include Togo, Eritrea, Central African Republic, Guinea, Rwanda, Sudan, Chad and Djibouti, where in 2017 China opened their first military base abroad. In Asia, the list includes Cambodia and Bangladesh, as well as Laos and Nepal, two countries with which China borders. The order, signed on 22 July, underlines that the ‘zero tariff’ statute covers 8,786 imported products. Effective from 1 September, the policy will help share market opportunities with those countries, push for common development, and promote the building of a community with a shared future for mankind, the statement said. Source: Club of Mozambique

East Africa

EAC, Equity Bank USD 13 Billion Deal to Promote Trade, Integration

Regional lender Equity Bank is seeking to piggyback on the protocols of the East African Community (EAC) to implement its ambitious Africa Resilience and Recovery Plan which targets small businesses in East Africa. The bank has signed a memorandum of understanding (MoU) with the EAC, on the sidelines of the 21st Ordinary Heads of State Summit, to help fast-track the plan. Equity Group CEO James Mwangi and EAC secretary general Peter Mathuki said the MoU is a vehicle for financial support and development financing using the infrastructure of the Common Market. It targets farmers, manufacturers, energy and social services providers and aims to stimulate intra-continental trade, something the bloc says is pursuing. Equity Bank is making available a part of its USD13-billion balance sheet for the region’s entrepreneurs while development financiers International Finance Corporation, African Development Bank and European lenders are to bring in more for lending. Mr Mwangi said at the signing ceremony in Arusha that the USD 2 billion is already available for borrowers. Of the money available for lending, food and agriculture will take 30 percent and manufacturing 15 percent. Source: The Standard

Algeria

Eni, Sonatrach Unveil Several Discoveries in Algeria Desert

Italian major Eni and Algerian state oil company Sonatrach have announced the discovery of significant oil and gas reserves in the Sif Fatima II concession, located in the Berkine North Basin in the Algerian desert. The Rhourde Oulad Djemaa Ouest-1 (RODW-1) exploration well – the third of five wells set to be drilled by Eni and Sonatrach in the concession – is part of a wider campaign aimed at accelerating upstream activities in the north African country to meet growing demand both domestically and in Europe. The well produced 1,300 barrels of oil per day (bpd) and two million standard cubic feet of

associated gas per day during the production test. The proximity of the RODW-1 discovery to previous discoveries and existing facilities in the basin, including the Zemlet el Arbi, which was made by Eni and Sonatrach in March 2022, will enable Eni and Sonatrach to fast-track development whilst reducing associated expenses. Source: Energy, Capital & Power

#### Ghana

#### PPA Renegotiations Could Eventually Save Ghana more than USD 13 Billion

The government in Ghana is currently renegotiating some of its power purchase agreements (PPAs) and if successful, will save the country upwards of USD 13 billion. The government says the savings would accrue over the lifespan of the renegotiated agreements, the Minister of Finance, Ken Ofori-Atta, told parliament. The Minister of Finance was delivering the mid-year budget review recently and indicated that the affected projects were Karpower, Cenpower, Early Power, Twin City Energy (formerly Amandi), AKSA Energy and Cenit. Ofori-Atta said the renegotiations and the savings were some of the strategies adopted by the government to reduce costs and improve the energy situation of the country. “The raft of sanctions imposed on Russia are tightening supply conditions for energy products. In response, the government is closely monitoring the stock of products at all depots. The timely intervention of the Bank of Ghana, through the Special Forex Auction mechanism, is also expected to sustain the continuous supply of petroleum products in Ghana,” he said. Source: ESI Africa

#### Morocco

#### UNDP Allocates USD 1 Billion To African Startup Hubs

The Regional Bureau for Africa of the United Nations Development Program (UNDP) recently launched its Timbuktoo initiative that aims to boost African entrepreneurship and startup ecosystems for regional development. The USD 1 billion initiative was launched in Lagos, Nigeria on August 17, and will be funded by public and private capital over ten years. UNDP Africa noted earlier in a statement that the organisation is engaging with a network of private and public actors to establish eight Timbuktoo hubs in Casablanca, Cairo, Accra, Nairobi, Cape Town, Lagos, Dakar, and Kigali. The hubs are set to become operational in 2023. Quoting the organisers, South African newspaper Business Day wrote that each hub is set to focus on a priority sector such as agritech, fintech, healthtech, tradetech, and tourism-related tech. Meanwhile, each hub is expected to host both a “venture builder” and a venture fund. Source: Morocco World News

#### Kenya/ Ethiopia

#### Ethiopia to Become Kenya Power’s Second Biggest Source of Electricity

Ethiopia will become Kenya’s second biggest source of hydropower from November under a deal by Kenya Power to buy 600 megawatts (MW) from East Africa’s most populous nation. This follows a recently-signed 27-year power purchase

agreement, that will run until 2047 as Kenya turns towards cheaper sources of electricity. The new deal which is expected to edge out the expensive power from the national grid promises to increase the capacity charges – the money paid to thermal power generators when Kenya Power does not buy power from them. But the lower tariffs will help the state-owned utility further lower bills on households and businesses, helping ease the pain on the cost of living and boost Kenya's attractiveness to manufacturers. "The agreed tariff is competitive and will see Kenyans enjoy power at a lower cost. [The] EEP will be the second largest power supplier to KPLC aside from the KenGen Hydros Eastern Cascade at 600 MW," Kenya Power acting managing director Geoffrey Muli said. Source: Business Daily

#### Nigeria

#### Federal Government Woos Investors to Developing 42 Billion Barrels Bitumen Reserves

With a global market estimated at USD 110 billion, the Federal Government has called on investors to explore the development of the nation's 42 billion barrels of bitumen reserves. Speaking at a virtual clarification session, organised by the Ministry of Mines and Steel Development in collaboration with PwC Nigeria, the Director-General of the Nigerian Geological Survey Agency, Dr. Abdulrasaq Garbar, who provided geoscientific data and other information to guide potential investors, said the country holds the sixth largest reserves of bitumen in the world. He said the mineral remained unexploited for years, thereby creating massive opportunity for domestic production of Bitumen in lieu of the country's Bitumen importation. Source: The Guardian.

#### Reports

#### Financing for Sustainable Development Report 2022

Developing countries still have to regain lost ground from the COVID-19 pandemic. The pandemic has put more countries at risk of debt distress, constrained their fiscal space and hampered economic growth. The war in Ukraine has exacerbated all these challenges. In this context, the 2022 Financing for Sustainable Development Report identifies a "great finance divide" – the inability of poorer countries to raise sufficient resources and borrow affordably for investment. Click here to download the report.

#### African Continental Free Trade Area: Leveraging Trade and Foreign Direct Investment to Boost Growth and Reduce Poverty

The establishment of the African Continental Free Trade Area promises to turn Africa into a modern, industrialised, cohesive, and influential player on the global stage. A modern Africa one that is no longer depleting her mineral wealth to export to foreign markets, but instead industrialising her economies, incubating the entrepreneurial zeal of her burgeoning youth population, and giving her people a chance to live a better life. Click here to download the report.

### Railways in Developing Countries: A Global Review

As a green mode of transportation, railways have an important role to play in decarbonising transport through shifting transport from more polluting modes of transport such as road and air. Railways can enable economic growth, which in turn generates increasing transport demand, while keeping greenhouse gas (GHG) emissions low. However, in many parts of the world, railways have lost traffic and market share to air and road transport modes.

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

### Venture Capital in Africa Report

2021 was a great year to be a founder in Africa's innovation ecosystem. A record-breaking year by volume and value, venture capitalists put more money to work in Africa in 2021 than the preceding seven years combined. USD 5.2 billion was raised from 604 unique companies in 2021, and the data shows an industry that has achieved, and is poised for, tremendous growth. Progressive legislation remains paramount to cradle and incentivise entrepreneurship in Africa.

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