



Stories that Matter | May 2023

Africa

South Africa, Egypt, Nigeria, Kenya, and Morocco Hold Over 50 Percent of Africa's Private Wealth

According to a report by Henley & Partners in partnership with New World Wealth, private wealth in Africa amounts to USD 2.4 trillion, with five cities accounting for over 50 percent of the continent's wealth. These cities include Johannesburg, Cairo, Cape Town, Lagos, and Nairobi, accounting for 56 percent of the continent's high-net-worth individuals (HNWIs). The report states that there are currently 138,000 HNWIs in Africa with investable wealth of USD 1 million or more, 328 centi-millionaires worth USD 100 million or more, and 23 US-dollar billionaires. South Africa is home to at least twice as many HNWIs as any other African country, accounting for 30% of the continent's centi-millionaires. Egypt, on the other hand, accounts for the most billionaires. Dominic Volek, Group Head of Private Clients at Henley & Partners, believes that more African countries will begin to attract HNWIs by providing residence and citizenship through investment opportunities that have the potential to transform their economies. Source: Business Insider

Africa

Africa needs USD 700 Billion of Finance for Green Energy and Metals

According to Standard Bank Group, Africa will need more than USD 700 billion in finance over the next decade to develop renewable power and mines to extract the metals required for the green energy transition. The continent's financial institutions will not be able to provide even half of that, and most of the money will need to come from investors from elsewhere, Kenny Fihla, CEO of Standard Bank's corporate and investment banking unit, said. "Many of the minerals required to build solar panels, lithium batteries, and wind turbines, among others, are found in sub-Saharan Africa," Fihla said. "Our team has also quantified the amount of investment required in that space as in the order of hundreds of billions of dollars." African governments are under pressure to extend power supply to the 600 million people – about half of the continent's population – who currently lack electricity access. At the same time, copper and cobalt deposits in the Democratic Republic of the Congo and Zambia, lithium reserves in Zimbabwe and platinum and manganese seams in South Africa are seen as key to providing the materials needed for everything from solar panels to electric vehicle batteries.

Source: Engineering News

Africa

Africa's Vast Potential Lures U.S. Investors in Search of Returns, Impact

Africa, for years, has struggled to attract the notice of – and money from – American pension funds. But in the past two years, U.S. pension fund trustees and other billion-dollar asset owners appear

more open to investing in some of Africa's 50-plus countries, particularly in infrastructure. Institutional investors are encouraged by a U.S. government-led geopolitical charm offensive in Africa. They are wagering on higher-risk returns amid inflation, Fed rate hikes and uneven portfolio performance at home. And pension funds may one day view Africa as a potential ESG or DEI investment destination, especially those with social impact as a portfolio goal, investors and consultants said. In the past few years, the City of Hartford Pension Commission, the City of Philadelphia's Board of Pensions and Retirement and the Public School Teachers' Pension & Retirement Fund of Chicago have invested USD 5 million, USD 50 million and USD 10 million, respectively, into a USD 900 million vehicle called African Development Partners III.

Source: Pensions & Investments

Democratic Republic of the Congo / Uganda

DRC in Discussions with Uganda Over Use of Crude Pipeline

The Democratic Republic of the Congo (DRC) is discussing with neighbouring Uganda for possible use of the East African country's planned crude oil pipeline to export petroleum, DRC's Ministry of Hydrocarbons (MoH) said. Uganda is developing the USD 3.5 billion 1,445 km East African Crude Oil Pipeline (EACOP), starting from the oil fields in its Albertine rift basin on its western border with DRC to Tanzania's Indian Ocean seaport of Tanga. The pipeline is for transporting Uganda's crude to international markets when the country starts production in 2025. The DRC's MoH recently said in a Twitter statement that its Minister, Didier Budimbu, met Uganda's Energy Minister, Ruth Nankabirwa Ssentamu, with discussions involving access to the pipeline. "Uganda acknowledged the crucial requirement of [the] DRC to access [EACOP] for the transport of crude oil to be produced from the oil exploration blocks located in the Albertine Graben in the [DRC]," the statement read. The DRC and Uganda share the oil-rich basin of Albertine Graben.

Source: Reuters

Ethiopia

Ethiopia Surpasses Uganda, Tanzania for Kenya Investments Abroad

Ethiopia has toppled Tanzania and Uganda as the leading destination of Kenya's investment abroad, buoyed by the expansion of local firms in the giant neighbouring market. Direct investment abroad- referred to as outward direct investment – is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise resident in another economy. As well as the equity that gives rise to control or influence, direct investment also includes investment associated with that relationship, including investment in indirectly influenced or controlled enterprises, investment in fellow enterprises, debt (except selected debt), and reverse investment. The newly released Economic Survey 2023 shows that although Tanzania was the leading destination for Kenya's investment abroad at the start of 2015, the table has since tilted in favour of Addis Ababa.

Source: Nation Africa

Kenya/ Tanzania

Value of Kenya Exports to Tanzania Tops EAC Growth

Kenya's total exports to Tanzania posted the biggest growth among all East Africa Community (EAC) destinations in terms of absolute value last year, underlining the gains of a reset in the relations between the two countries. Data by the newly released Economic Survey 2023 shows that Kenya exported goods worth TZS 1.14 trillion (approx. USD 483 million) to Tanzania last year compared to TZS 911 billion (approx. 386 million) in 2021 – a TZS 236 billion (USD 100 million) jump which was the highest among all other EAC destinations. "Exports to Tanzania grew by 25.9 percent to TZS 1.14 trillion (approx. USD 483 million) in 2022 due to increased exports of iron and non-alloy steel," the survey said. The performance of Kenya-Tanzania trade comes in the wake of improved relations between the pair after years of tiffs that, at one point, resulted in retaliatory measures such as trade bans. Kenya mainly imports cereals, wood, and edible vegetables from Tanzania, and it exports pharmaceutical products, plastics, iron, and steel to the neighbouring State.

Source: The Citizen

Nigeria

Diaspora Nigerians Remitted USD 168 Billion in Eight Years – World Bank Report

According to World Bank reports collated by our correspondents, the Nigerian Diaspora community has remitted USD 168.33 billion to the country in the past eight years. This is as foreign investments inflow into the country fluctuated in the period under review and caused a scarcity of foreign currency which has since led to the free fall of the naira. According to data from the World Bank and Budget Office of the Federation, Nigeria's Diaspora remittances have played a key role in assuaging the impact of foreign exchange scarcity and keeping the country's forex reserve afloat. In 2022, the World Bank stated that remittances flow to sub-Saharan Africa grew by 5.2 percent to USD 53 billion, with Nigeria getting the largest share. The data from the global bank revealed that between 2015 and 2022, a total of USD 168.33 billion was sent home by Nigerians in the Diaspora. A breakdown of the figures showed that in 2015, the Diaspora remittance was USD 21.2 billion; it fell to USD 19.7 billion in 2016; and increased to USD 22 billion in 2017.

Source: The Punch Nigeria

Tanzania

Tanzania Plans Largest Bridge in Africa to Boost Trade

Tanzania plans to construct the first bridge in Africa, spanning 50 kilometres, connecting the mainland to the Zanzibar Islands to facilitate the movement of people and commerce. Geoffrey Kasekenya, the deputy minister of Works and Transport, said as much in Parliament recently. He also mentioned that the negotiations started on 11 March 2023 and are already far along. According to Kasekenya, the prospective investors of M/S China Overseas Engineering Group Company (COVEC), who have expressed interest in helping to build the bridge, met both sides.

He noted that the idea for building the bridge will involve a partnership with the business sector and that both sides in mainland Tanzania and Zanzibar are still working on the meeting's outcome. He was responding to a query from Mwantum Dau Haji (CCM Special Seats), who wanted to know when the bridge's construction would begin. The concept for the bridge initially surfaced in 2020 when Tanzanians living abroad proposed building a sea bridge to connect Unguja Island and Dar es Salaam.

Source: Business Insider