New Ethiopia PM takes on Somali strongman

Abiy Ahmed, Ethiopian PM

- **Old Mutual** The giant must dance
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Africa must stop bleeding cash to criminals says Nigeria's **Ngozi Okonjo-Iweala**

Face to face with corruption

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EDITORIAL

BY **PATRICK SMITH**

Africa's place in the world

South Africa's review of its foreign policy promised by international relations minister Lindiwe Sisulu is well timed. The wintry global diplomacy scene could use some South African sunlight. International institutions and cooperation are under the heaviest fire for half a century, and Africa's continental institutions are searching for new ideas and resources.

Governments in Africa, for the most part, are concentrating on fighting economic and political fires. Africa's other leading powers, such as Algeria, Egypt, Ethiopia, Kenya and Nigeria, look far from achieving the critical mass that led to the foundation of the AU almost two decades ago.

Sisulu said that on the centenary year of Nelson Mandela's birth, the country has "a responsibility to regain the stature that he left for us". She wants to put Africa at the heart of South Africa's strategy. This will be put to the test quickly, as South Africa has been elected to the UN Security Council for a two-year term starting in 2019. South Africa's obvious partner in continental projects, as suggested by our West Africa editor Eromo Egbejule last month, is Ghana, whose President Nana Akufo-Addo is using his country's 'Beyond Aid' campaign to assert a more independent African economic and political strategy.

To that end, it would be timely to extend Pretoria's review to a continent-wide recalibration to address the fast-changing world order. Although the broad outlines of global power are evident – the US is radically re-ordering its foreign commitments, China, India, Japan and Russia are expanding theirs – a group of medium powers including Brazil, Iran, Saudi Arabia and Turkey are staking out important claims in the international system.

As this is written from Paris, it is worth noting that European policy in Africa, obsessed by security and migration concerns, has yet to break out of its post-colonial hangover. The US is proving rather less predictable than Europe. President Donald Trump promised to cut the state department budget by a third and increase the Pentagon's funding by about 10%.

Yet the much predicted US-China clash over Africa policy has failed to happen, bar a little rhetorical sparring. That could be worse for Africa than a Beijing-Washington confrontation, argues veteran China watcher Chris Alden.

Less amenable to diplomacy is the spiky rivalry in the Horn of Africa between Saudi Arabia, Egypt and the United Arab Emirates on one pole, and Qatar and Turkey on the other. Iran, its hands full in Syria and Iraq, remains Saudi Arabia's most serious regional rival. For African policy-makers, the problem is that these countries have decided to pursue their geopolitical rivalries on the soil of Somalia, Somaliland, Ethiopia and Eritrea. Their chosen policy tools are containers of arms and petrodollars, for the most part. Those working for a renaissance in African diplomacy could not pick a better region than the Horn in which to start. ●

> **The Horn of Africa would be a good place to start the renaissance in African diplomacy**

editorial@theafricareport.com

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LETTERS

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OPEN FOR DEMOCRACY?

As President Emmerson Mnangagwa settles into his stride, promising Zimbabwe has a new way of doing business and is committed to free and fair elections, his actions must speak louder than his words ['Interview: Emmerson Mnangagwa', TAR100, May 2018]. To his credit, Mnangagwa has secured over $7bn worth of FDI commitments in less than six months, but whether promises of mega-deals in key areas like agriculture and mining will turn into reality is yet to be seen. 'Open for business' is the new politics, but if Mnangagwa hopes to win over the US government and have ZDERA repealed, he needs to be far more transparent on the role ex-servicemen play within his government and in the election process [...] If Mnangagwa and his allies are sincere on turning the page, may peaceful polls be a sign they are open to the business of building a more democratic and economically stable Zimbabwe.

Tendai Marima, Freelance journalist and researcher, Zimbabwe

CHINA-AFRICA CHANGE

As Stephen Chan keenly observed, ['China/Africa: New departures', TAR99 Apr 2018] Africa's growing debts to China are gradually changing the nature of the China-Africa relationship. Consequently, Africa's ability to defend against Chinese quests for its strategic resources has been mitigated. China's non-interference principle has been evolving in recent years due to China's enhanced economic and personnel presences across the globe. Although China did not actively intervene in the political transition of Zimbabwe in 2017, the inaction was conditioned on the relatively peaceful and smooth nature of the transition and the lack of negative impact over Chinese assets on the ground. Such a policy is destined to change when the volatile domestic politics of African countries bring less benevolent outcomes.

Yun Sun, Director, China Program, Stimson Center, US

SOMETHING IN THE WATER

'There's something in the water' is often said about a place that produces an unusually high amount of talent. I was fascinated with Eromo Egbejule's piece on J-town (Jos) ['Music: Legends of J-Town', TAR97 Feb 2018]. It reminded me of similar Ghanaian stories – Takoradi and highlife, gospel and Kumasi, hip-life and Tema, etc. It's unclear where the magic water runs in Ghana today, but the new wave clearly resides on the internet. The pervasive DIY (bedroom-studios) ethos means young artists can create at a moment's notice without having to set foot in big studios [...] while new media outlets such as SoundCloud and YouTube allow for easy distribution of their work. The new wave in Ghana – artists like Darkovibes, Kwesi Arthur, Worlasi, Amaarae, King Promise, B4bonah – has been buoyed by these online channels [...]. Recently, I asked Ghanaian producer Julian 'Juls' Nicco-Annan if the internet is where he first connected with Nigerian artist 'Mr Eazi'. His response? A resounding "Yes." Pour me water then. Let's toast to the internet.

M.anifest,
Award-winning rapper and songwriter

BUSINESS AND POVERTY

Your article ['Cameroon: What business wants', TAR99 Apr 2018] rightly exposes the common barriers to any business development not only in Cameroon but in many other African countries. [...] The question remains: if Cameroon refrains from stimulating flexible investment policies and encouraging a revolution in financial support for SME stakeholders, how will it fight inequality and abject poverty? Creating employment opportunities is the first step it must take to help uplift the living standards of the people.

Kokil K. Shah, Kenya

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The bridge Lekki-Ikoyi Link in Lagos.

Standard Bank

STANDARD BANK PIONEERS GAME-CHANGING AFRICAN TRADE GATHERING

Broadly inclusive pan-African initiative to drive African growth

Standard Bank is escalating its highly successful trans-regional trade and business conferences into a broadly inclusive pan-African initiative aimed at driving collective growth across the continent.

Announcing that this year's Trans Regional Conference is to be held in Lagos from 1 - 4 July, **Standard Bank** will invite clients from across the continent to participate alongside key government officials, legislators, and representatives of regional growth and development bodies.

Standard Bank has hosted two previous conferences in 2016: in Accra focusing on West Africa, and in Nairobi focusing on East Africa. These separate gatherings brought together clients and key **Standard Bank** trade experts and client relationship managers from the countries in each of these regions.

"***Our previous conferences showed us the scale of the opportunity for growing intra-African trade, especially the potential for cross-border trade, to change the growth trajectory of the continent,***" said Zweli Manyathi, Chief Executive PBB at **Standard Bank**.

In addition to providing critical insight into how best to help clients leverage Africa's full cross-border potential, "***we also realized that increasing trade was a pan-African, and not just a regional opportunity, for the continent***," he added.

Standard Bank's broad and established footprint across the continent, as a universal financial organisation, its sector expertise and networked global capital market presence, including high level access to the Chinese banking system, means that, "***gatherings of this nature can assemble, identify and unlock key intra-African trade and business opportunities – on a scale wide enough to transform Africa's growth and development trajectory***," said Manyathi.

On average, regional trade accounts for about 50% of most regions' trade flows. In Asia - the world's fastest growing region - regional trade accounts for up to 70% of some countries' trade flows. Since intra-regional trade in Africa currently accounts for only 12% of trade flows, **Standard Bank** has identified the rapid promotion of continental trade as a key priority in achieving the kind of growth that will transform the lives of ordinary Africans.

If the continent can increase trade between African countries to the global average - that is from 12% to 50% - the continent will be far less reliant on global trade and investment for its own growth. This will also mean that, for the first time in history Africa will be able to set and drive its own investment and growth agenda – independently.

By pioneering the dialogue across Africa's broad trade, corporate and commercial ecosystem, facilitating partnerships for business development and boosting intra-Africa trade, **Standard Bank** hopes to build the foundations of sustainable long-term intra-African trade growth in sub-Saharan Africa.

"***An additional feature of this year's conference will be a focus on leveraging Africa's special relationship with China,***" added Manyathi. The Industrial and Commercial Bank of China, the world's largest bank, holds a 20% shareholding in **Standard Bank**, Africa's largest bank.

This critical institutional relationship has resulted in various initiatives across the continent - from Renminbi trading, to Africa-China business centers, and landmark deals – that collectively constitute **Standard Bank**'s Africa-China trading corridor.

Driving Africa's growth means not only connecting **Standard Bank** clients to opportunities in Africa but also increasing general trade between African countries. "***Supporting the growth of Africa's broader cross-border trade ecosystem is critical to driving sustained growth, employment and the future prosperity of Africa's people***" concluded Manyathi.

www.standardbank.co.za

To respond to this month's Question, visit **www.theafricareport.com**. You can also find The Africa Report on Facebook and on Twitter **@theafricareport**. Comments, suggestions and queries can also be sent to: The Editor, The Africa Report, 57bis Rue d'Auteuil, Paris 75016, France or **editorial@theafricareport.com**

In 2015 the UN proclaimed the International Decade for People of African Descent, to a resounding silence from the continent. African governments want to tap into diaspora remittances and skills, but are they walking the talk?

Has Africa woken up to the full potential of its diaspora?

KWESI AWUAH ABABIO

Director of diaspora relations, Office of the President, Ghana

Yes The African diaspora's footprints are found in the nation-building and private sector projects of almost all the continent's 54 countries. As such, the diaspora's potential in African countries can hardly be a matter of debate [...]. Recognition of diaspora's potential is seen primarily in what such ministries, sub-ministries and special offices prioritise in their diaspora-relations work. In Morocco, for example, the ministry for diaspora is engaging in projects that emphasise the transfer of skills and competencies, with the aim of mobilising skills and investments of Moroccans abroad in support of development projects. In Ghana there exists a special office within the presidency dedicated to furthering diaspora engagement with the same goals. At the policy level, Ghana, through the ministry of foreign affairs and regional integration, has funded the diaspora engagement policy for Ghana. When the document is finalised, it will acknowledge the importance of the Ghanaian diaspora to the development discourse. These and many other examples across the continent make it apparent that Africa has woken up to the full potential of its diaspora, particularly in the diaspora's pivotal role in accelerating development.

KAMIL OLUFOWOBI

Founder and CEO, Most Influential 100 Company

No Africa is not wide awake to the full potential of its diaspora. We hear daily from across the world about the violation of the civil liberties and human rights of people of African descent. Since 2015, when the United Nations declared the International Decade for People of African Descent, no country in Africa or even the African Union has announced its commitment to support policies related to the decade's themes. Africa should stand up for its diaspora, who will in turn stand with it to uplift the continent and its people. At the Most Influential People of African Descent, a global civil society organisation working with influencers worldwide, our goal is to partner with the African Union and African governments to utilise their soft power in diplomatic relations and bilateral trade agreements to persuade governments with African diaspora populations to implement activities around the themes of access to justice for the diaspora victims of human rights violations. According to the World Bank, the African diaspora sends more than $40bn to Africa, and the United States census records Africans as one of the most educated immigrant groups in the US. These stats and many more are too important for Africa to continue ignoring.

YOUR VIEWS:

No. Political leaders in Africa are doing next to nothing to promote using the [diaspora's] potential [...] Until the current crop of 'old guard' neocolonial politicians are replaced with new leaders who are more 'conscious' and better qualified, there will be no change.

Muhammad Rashied

Until we start a conscious effort to conscript those descended from our ancestors [who were] stolen from us [...] we cannot be said to have discovered the full potential. Every black person everywhere has a part to play in lifting Africa up.

@Ekow_bk

While Africa hasn't fully tapped the diaspora's potential, it has awoken to it. A few African presidents have flown out to meet their diasporas, and there are national and AU-level organisations popping up to engage with them. I think the future is bright for dispora-state ties.

@ke_splosion

No. Given the tragic circumstances under which the diaspora left, they should have had automatic right of return, like Israel has for Jews. But we are still ridden with colonial divisions [...]. A Togolese Ewe is still an 'alien' in Ghana's Eweland. In fact, Israel has the blueprint on how to attract diasporas and gain from their skills, investment and culture.

@Kudugo_Ayoka

KENYA

Three's a crowd

On 9 March, Kenya's President Uhuru Kenyatta shook hands with opposition leader Raila Odinga, half a year after the troubled Kenyan general elections. Odinga had boycotted the second round after the Supreme Court threw out the results of the first round due to problems in the vote's organisation. Odinga and his allies in the National Super Alliance launched a civil disobedience campaign that was quickly abandoned. The handshake has now redefined the political landscape, with Odinga trying to stymie the rise of deputy president William Ruto.

Odinga's gambit is that he could back a series of constitutional reforms that would allow him to cut off Ruto at the pass. The reforms, based on a nine-point agenda agreed between Kenyatta and Odinga, includes a "three-tier system that retains the current counties, creates regional or provincial governments and retains the national government with a very clear formula for revenue sharing," says Odinga. He says his major goal is greater devolution that would address the weaknesses of the constitutional reforms of 2010. The agenda for reform also includes reintroducing the role of prime minister so as to have a dual-executive system.

Ruto is not at all keen on the reforms. "If there is going to be a suggestion on arranging or rearranging of devolution, it cannot be creating another layer of government", he declared at the fifth annual devolution conference on 26 April. "Those supporting the change are only interested in positions at the expense of improving lives of Kenyans," he argued, as Odinga tried to manoeuvre into the role of future prime minister. President Kenyatta is showing that the road to reform will be a rocky one. On 19 May, he said that Odinga's proposals "won't solve the problems we have".

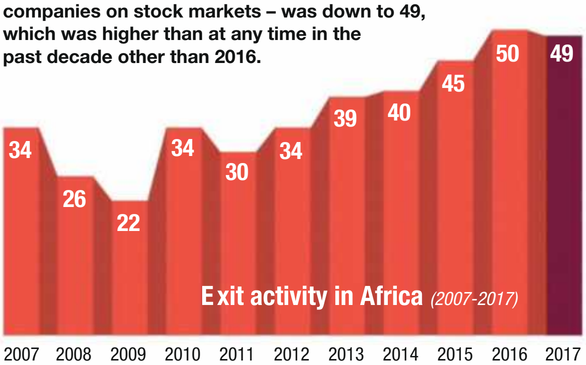
Ruto has his eyes firmly set on the next round of presidential elections in 2022 and is busy making new friends. Kilifi governor Amason Kingi, an ally of Odinga's, is building bridges with Ruto. Kingi is finishing his second and last term as governor and does not see much room for promotion on Odinga's side. In May, Kingi was photographed distributing food with Ruto. Capitalising on the situation, Kingi is now trying to set up a party with members of parliament from the Coast. That could hurt Odinga's electoral chances and shift the political chessboard in the years to come.

Odinga (left) and Ruto (right) make light of an uncomfortable situation

THE STAR A1

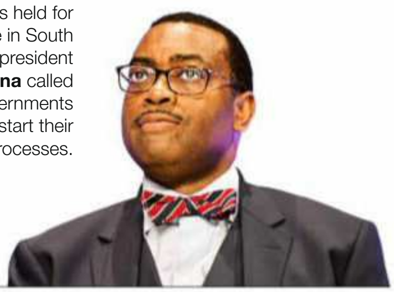
PRIVATE EQUITY LOOKING FOR THE EXIT

A new report from the analysts at EY and the African Venture Capital Association shows that activity in the private-equity sector has remained strong in spite of last year's worries about economic growth in economic powerhouses Nigeria and South Africa. The number of exits in 2017 – when private-equity investors, for example, sell off their stakes to other firms or list companies on stock markets – was down to 49, which was higher than at any time in the past decade other than 2016.



SOURCE: EY, AVCA

"No country develops by exporting raw commodities"



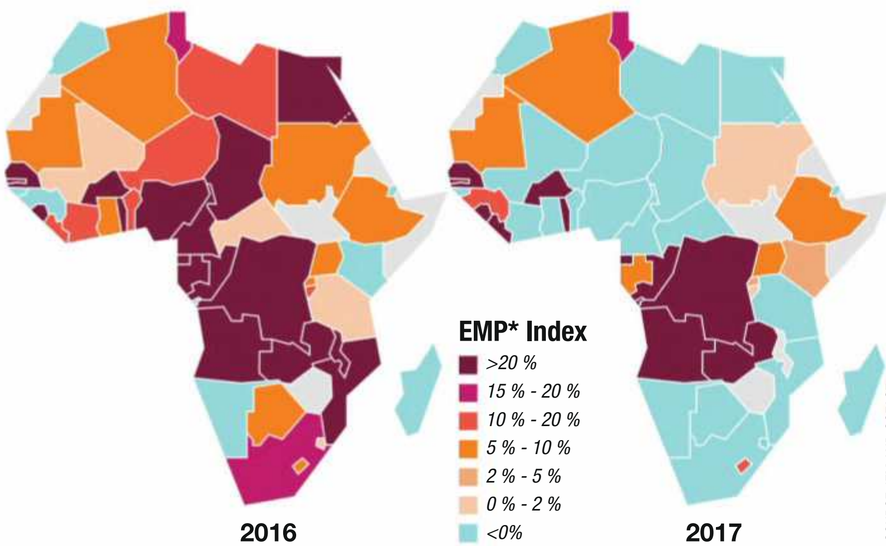
At annual meetings held for the first time in South Korea, AfDB president **Akinwumi Adesina** called on African governments to kickstart their industrialisation processes.

ERIC LARRAYADIEU/AFRICA CEO FORUM/JA

PICTURE OF THE MONTH In Burundi, a man shows his support for President Pierre Nkurunziza ahead of the 17 May constitutional referendum. 70% of people voted for changes that allow the president another 16 years in power

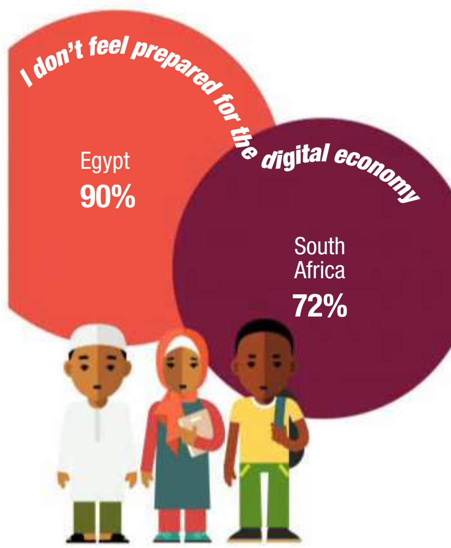
STR/AFP

CURRENCIES PRESSURE LIFTED



SOURCE: IFM AND COFACE

Data from the International Monetary Fund shows that pressure on many currencies in Africa has lifted. The Exchange Market Pressure* Index, which measures fluctuations in the exchange rate, the country's main interest rate and its international reserves, shows that most economies reached sounder footings in 2017. However, international reserves are low in several countries, with French insurer COFACE warning of continuing potential for trouble.



TECH
TRAINING TROUBLE

A YouGov survey of 504 South African 18-24 year olds and 507 Egyptians from the same cohort shows that the vast majority of young people do not feel prepared for the jobs of the future.

SOURCE: VODAFONE/YOUGOV

RODGER BOSCH/AFP

PAT IN POLITICS

17 February 1951 Born in Beaufort, Western Cape

1994 As a member of parliament for the Pan Africanist Congress (PAC), named chair of parliament's transport committee

2003 Left the PAC to found the Independent Democrats (ID)

2010 The ID becomes a part of the Democratic Alliance opposition party

1 June 2011 Became mayor of Cape Town

SPOTLIGHT

Patricia de Lille

The fate of the Cape Town mayor is in the hands of the courts as she fights for her political life after corruption claims. Some say this is evidence of a wider rift in the Democratic Alliance party

DEPENDING ON who you speak to, mayor Patricia de Lille either helped to transform Cape Town into a leading tourist and business destination or she mismanaged the city with rampant cronyism. Both views were on offer outside the Western Cape High Court during May hearings, with pro- and anti-De Lille campaigners out in force. "She is being victimised," one tells *The Africa Report*, while another argues she is "clinging to power".

The embattled De Lille has come a long way from the dusty rural streets of Beaufort West in the Western Cape. It is there that her parents taught her to fight the apartheid state and always speak truth to power. "My integrity and my name are things I worked very hard for," she tells *The Africa Report*.

She has spent more than 40 years in politics, from being a union organiser to a firebrand member of parliament for the Pan Africanist Congress. She later formed her own political party, the Independent Democrats, before, in 2010, merging it with the Democratic Alliance (DA). A year later she won the jewel in the opposition party's crown: Cape Town. In 2016, she helped the DA win 66.61% and 154 municipal seats, giving it an outright majority for the first time since the party took over the reins from the governing African National Congress (ANC) in 2006.

But, in May, the relationship between the DA and De Lille soured, and it attempted to fire her as mayor. The DA cited evidence of corruption and triggered the party's expulsion clause when she told a local radio station she intended to resign from the party as soon as she had cleared her name. De Lille then headed to court.

Her fate will be decided over the next weeks, and the struggle to dislodge her speaks volumes about

"They [Chinese investors] are busy asset-stripping the resources of the country"

Nelson Chamisa, leader of the opposition MDC party in Zimbabwe, criticises China during his presidential election campaign.

"The conditions for a public health emergency of international concern have not been met"

Robert Steffen, chairman of the WHO's emergency committee, said the more than a dozen cases of Ebola in the DRC in May could be contained.

the political street fight in the Cape and the ability of the DA to deal with confident senior black leaders.

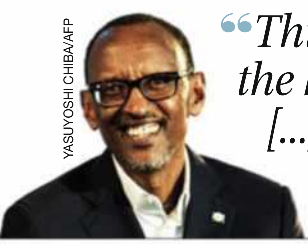
The DA's competitors are thrilled. "This is organised chaos by [DA leader] Mmusi [Maimane]. He's sowing division in the city. The administration belongs to the people," says the ANC's Xolani Sotashe, leader of the opposition in Cape Town. "De Lille has support across the political spectrum and people trust her," says the Economic Freedom Fighters' Western Cape leader, Bernard Joseph.

In a bid to limit the damage, the DA deployed Maimane across the country. "People say the caucus in Cape Town is fighting, as if we only govern in Cape Town. The party is bigger than ever […] and we govern in more places than ever," Maimane told media.

Several insiders say the party is facing an internal revolt, with senior black leaders outraged at how the DA is dealing with De Lille. The DA leadership has fundamentally changed from being a white liberal party to a more racially representative party, and now has several senior black officials, including Western Cape leader Bonginkosi Madikizela, Free State leader Patricia Kopane, Gauteng leader John Moodey and KwaZulu-Natal leader Zwakele Mncwango.

Part of the DA's current problems come from the speed with which it has attempted to change, and its tactic of picking up disgruntled politicians from the ANC. "They were troublemakers in the ANC and now the DA has to deal with them", says one party insider who asks for anonymity. With the 2019 elections around the corner and a water crisis in Cape Town to boot, time is running out for the DA to get its house in order.

Crystal Orderson in Cape Town



YASUYOSHI CHIBA/AFP

"This should not have been the kind of ending of an era. […] Blame the owners!"

Paul Kagame lamented coach Arsene Wenger's departure from the Arsenal football club.

Good times

LAEÏLA ADJOVI

The Franco-Beninese BBC journalist was the winner of Senegal's Grand Prix Léopold-Sédar-Senghor for her series of photos, called 'Malaïka Dotou Sankofa', about Africa's place in the world.

VINCENT BOLLORE

The French billionaire, whose eponymous company is involved in transport and logistics projects, was questioned by French police in May over allegations of influence peddling and corruption in West Africa.

MOHAMED SALAH

The Egypt and Liverpool attacker picked up the Professional Footballers' Association's 'Fans' Player of the Year' trophy with 89% of the votes. The striker now targets the Golden Boot at the World Cup in Russia.

JOSÉ FILOMENO DOS SANTOS

The son of Angola's ex-president was charged with fraud in March relating to the illegal transfer of \$500m to a London bank account while he was head of the sovereign wealth fund.

MAKOMA LEKALAKALA

With her fellow activist Liz McDaid, Lekalakala won the Goldman Environmental Prize for a legal challenge that stopped the South African government's suspicious \$76bn dollar nuclear deal with Russia.

DINO MELAYE

The Nigerian senator for Kogi West faces a barrage of legal problems. Famous for appearing in a music video and attracting media attention, Melaye has been charged with kidnapping and other crimes.

Bad times

ALL RIGHTS RESERVED; PHIL NOBLE/REUTERS; GOLDMAN ENVIRONMENTAL PRIZE

ERIC PIERMONT/AFP; ALL RIGHTS RESERVED

1 CHINA/RUSSIA

$9bn The size of a failed deal between Russian and Chinese state-owned companies – CEFC China Energy and PJSC Rosneft Oil Company – that would have seen the two Asian powers cooperating more on oil projects. The deal was also an attempt to bolster diplomatic ties between the two countries.

Deal, or no deal? Trump with South Korea's President Moon Jae-In

KEVIN LAMARQUE/REUTERS

2 UNITED STATES

Make the world great again

With legal worries at home, the administration of US President Donald Trump has turned its attention to a series of international crises. The bluster of Trump and his senior officials has made for an unpredictable and combustible mix.

In May, Trump pulled out of the international agreement to ensure Iran does not develop nuclear weapons, saying it was a bad deal for Washington. US secretary of state Mike Pompeo then followed up with a promise to "crush" Iran if it does not stop supporting regimes in the Middle East that the US opposes.

Trump supporters were already chanting that he should get a Nobel prize for his peace efforts in North Korea, but the success of a June summit between Trump and North Korea's President Kim Jung-un seemed uncertain at best after different US officials threatened North Korea with Libya's fate.

Meanwhile, in Israel, Washington's decision to move its embassy to the contested city of Jerusalem sparked a round of violence between Israeli security forces and Palestinian civilians. The go-it-alone approach of the US is reshaping global politics. What reverberations this will have on the world in the years to come remains unclear.

3 IRAQ A new day for Sadr

Fifty-four out of 349 seats in Iraq's parliament may not seem like much, but they made Shia cleric Muqtada Al-Sadr the most powerful politician in Iraq. That power is being tested as he tries to form an "inclusive" government. The country's Kurdish and Sunni minority does not trust Sadr, who led the strongest militia opposed to the United States invasion of Iraq. Sadr has promised a government that will put Iraq first and respond to the everyday demands of Iraqis, including better security and improved public services.

4 ITALY

Bedfellows from across the spectrum

Markets and migrant groups were both unsettled by the news, in May, of a new Italian government coalition including the anti-establishment Movimento 5 Stelle and the far-right Lega Nord. Neither party trusts the European Union (EU) and both are inexperienced at running government at a national level. They will not like the second act, either: with the proposed prime minister Giuseppe Conte stepping down after having his eurosceptic choice of finance minister Paolo Savona vetoed by the Italian president Sergio Matarella, there is a real risk that Italy will head back to the polls for another election. And this time, the issue of Italy's relationship to the EU will be front and centre. Matarella has asked for IMF economist Carlo 'Mr Scissors' Cotarella to attempt to form a government in the meantime.

5 KEYWORD

"London's markets are enabling the Kremlin's efforts"

CHRIS MCANDREW/UK PARLIAMENT

Tom Tugendhat, a member of parliament for the governing Conservatives, says that the UK is not doing enough to curb inflows of dirty Russian money

CALENDAR

OIL & GAS COUNCIL AFRICA ASSEMBLY
5-6 June
PARIS | **FRANCE**
oilandgascouncil.com

AFRICA RAIL
12-13 June
JOHANNESBURG | **SOUTH AFRICA**
terrapinn.com/exhibition/africa-rail

EAST AFRICA OIL & GAS SUMMIT
14-15 June
NAIROBI | **KENYA**
africa-energy.com

ZAMBIA INTERNATIONAL MINING & ENERGY CONFERENCE
21-22 June
LUSAKA | **ZAMBIA**
ametrade.org/zimeczambia/

FORUM DES DIASPORAS AFRICAINES
22 June
PARIS | **FRANCE**
France's President Emmanuel Macron wants to facilitate North-South cooperation.
forumdesdiasporas.com

FESTIVAL MAWAZINE
22-30 June
RABAT | **MOROCCO**
From Arab classical music to rock and rap, stars from every musical firmament descend on the kingdom.
festivalmawazine.ma/

AFRICA'S BIG SEVEN & SAITEX
24-26 June
JOHANNESBURG | **SOUTH AFRICA**
Africa's largest food and drinks trade expo this year includes climate change and business training for smallholder farmers.
africabig7.com

AFRICA TRADE & INVESTMENT GLOBAL SUMMIT (ATIGS)
24-26 June
WASHINGTON DC | **US**
atigs2018.com

NATIONAL ARTS FESTIVAL
28 June – 8 July
GRAHAMSTOWN | **SOUTH AFRICA**
The Eastern Cape's vibrant, politically engaged multi-arts festival, including the Standard Bank arts prizes.
nationalartsfestival.co.za

AFRICA WRITES
29 June – 2 July
LONDON | **UK**
Somali-British poet Warsan Shire headlines this year's literary festival.
africawrites.org

INTERNATIONAL DAY OF THE AFRICAN CHILD
16 June
GLOBAL
In memory of the 1976 killings of Soweto school children protesting against a law making Afrikaans obligatory in schools.

CLUB ABLC/ MEDEF 2018
18 June
PARIS | **FRANCE**
Annual conference of the African Business Lawyers' Club (ABLC), in association with Medef International.
ablcassociation.com

AFRICA ENERGY FORUM
19-22 June
MAURITIUS
The global investment meeting for Africa's power, energy, infrastructure and industrial sectors celebrates its 20th year.
africa-energy-forum.com


Egypt have pharaonic ambitions
FABRICE COFFRINI/AFP

FIFA WORLD CUP 2018
14 June – 15 July **RUSSIA**

Five African teams – Senegal, Egypt, Morocco, Nigeria and Tunisia – will be shouldering the hopes and dreams of an entire continent during this crucial international competition. They will play 27 other teams with the goal of being the first African team to make it to the semi-finals. Nigeria will face their biggest challenge when they take on Lionel Messi's Argentina in the groups stage. It will be the fifth time the Super Eagles play the two-time World Cup champions, who remain unbeaten. Morocco's Atlas Lions, who caused a major upset when they knocked out regional favourites Côte d'Ivoire at the 2017 Africa Cup of Nations to secure a spot at this tournament, face the herculean task of beating European heavyweights Spain and Portugal to qualify for the knockout stage. Other top African teams Algeria, Cameroon and Ghana will also miss out on this quadriennal showpiece event.
fifa.com/worldcup/

Bright Simons
Founder, mPedigree, Ghana

Ghana beyond rhetoric

On the same weekend that *Black Panther* became the first movie by a black director to cross the $1bn box office mark, Ghana's President Nana Akufo-Addo was on TV promising to free his country from aid, which could make him, perhaps, the first African leader to do so.

There are a lot of firsts milling about here. Ghana was, after, all the first sub-Saharan African colony to throw off the yoke of colonialism, and the first to produce a PhD. It was the first to chair the United Nations (UN) General Assembly, and the first to produce a black UN secretary general, etc.

It would be apt if Ghana could usher Africa into the post-aid era. At the April Commonwealth Heads of Government Meeting in London, the Ghanaian leadership was pushing this theme at every opportunity. But this goal is not that ambitious – not if aid is seen in the way it has been framed in the post-aid narrative in Ghana today: charity money dished out to the country by richer, usually Western, countries out of pity or condescension. The euphemism for this kind of handout is 'grants'.

If aid is really about grants, then Ghana has been 'beyond aid' for more than half a decade. Grants received over the course of 2017 by the state amounted to roughly $300m – less than 0.8% of gross domestic product (GDP) and just 3% of the government's total revenue during the same year.

For further perspective, take the current International Monetary Fund (IMF) arrangement. It involves loans, not grants. But these loans are 'concessionary', meaning that the interest rate and other terms are so lenient that one has to distinguish between these types of loans and the sort that Ghana takes out on the commercial market. To qualify for these lenient terms, however, Ghana has to consent to intrusive IMF tutoring on fiscal and monetary policy. If Ghana remains a well behaved pupil for a three-to-four-year period, it gets a total of $918m. The impact per year on the government's budget is about 2.3%.

Curiously, this amount is less than what the country lost in store supplies alone at public sector organisations in 2012. In short, if Ghana simply introduced superior supply chain and inventory management, it could rid itself of the need for IMF money and all grants.

So why would the government of Ghana and its visionary-sounding president set the bar so low by pledging the country to go "beyond aid", when aid in this sense is already a steadily shrinking insignificance in the financial scheme of things? To fully understand this situation, one must take another look at the IMF programme and do the same to all the World Bank, European Union and related initiatives that continue to clog the attention of senior officials in countries like Ghana.

Ghana did not need the IMF just because of an extra 2.3% in government revenue. Ghana continues to need the IMF and the World Bank and similar institutions for credibility. The country has become rather enthralled by the opportunities available on the international debt market and has been borrowing aggressively.

Ghana doesn't need the IMF for an extra 2.3% in revenue. It needs it for credibility

At the time of writing this article, the government was commencing a roadshow to borrow three times the amount of money it will be receiving from the IMF over four years, except that it aims to collect all this money within a few weeks with zero intrusion into its affairs by the lenders. Of course, it will likely settle for an interest rate far higher than it would pay the Bretton Woods institutions and about four times higher than what more creditworthy countries pay in similar circumstances. In a recent domestic issue, the government agreed to pay a whopping 19.75% for the equivalent of $1.1bn in local currency.

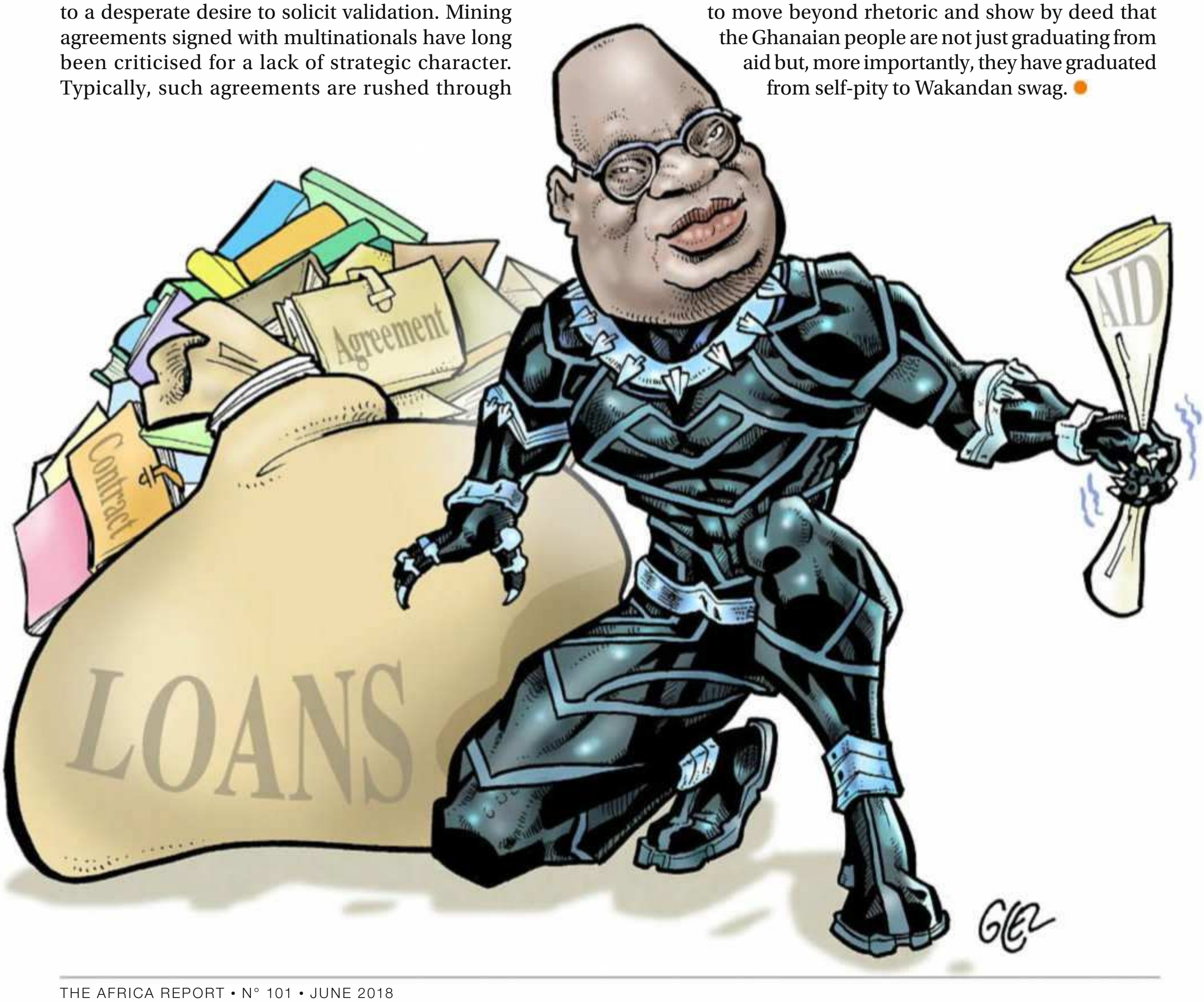
Ghana's fiscal managers worry about their credibility when they go out in search of these deals, which the government has grown increasingly dependent upon to finance everything from free secondary education to teachers' salaries. Money folks worry about the country's capacity to pay it back.

Currently, the public debt stock is about 72% of GDP. This is high for Africa – the debt levels for Nigeria, Kenya and Côte d'Ivoire are roughly 22%, 58% and 49%, respectively – but it is moderate in global terms: the US, Britain and Japan have debt levels of 105%, 89% and 200% respectively. The real mess is in how much countries spend to service their debts. Whilst Britain spends 8% of tax revenue to service its public debt, Indonesia about 12% and the US about 14%, Ghana spends a whopping 42%. Being in the good books of the IMF and World Bank is thus Ghana's way of signalling to international lenders that we are not dangerous.

It is not only in the matter of borrowing on international markets that Ghana needs validation. A recent controversy over a military agreement with the US showed that the country has, at least since the late 1990s, been signing raw drafts of these agreements with one-sided clauses that most countries insist on modifying when they sign. Evidently, Ghana is almost desperate to assure the US of what a non-fussy ally it can be.

Agreements with international companies – such as the now infamous contract with South Korean conglomerate STX to build 200,000 houses for the security services for $10bn – usually suffer from the same lack of scrutiny on the Ghanaian side due to a desperate desire to solicit validation. Mining agreements signed with multinationals have long been criticised for a lack of strategic character. Typically, such agreements are rushed through Ghana's piteously pliant parliament whilst more critical domestic legislation, such as a 2013 bill to modernise the country's regulation of limited liability companies and improve the corporate climate, languish for years, sometimes even decades. A case in point is the jinxed 'right to information' bill now entering its third decade of waiting.

In light of the above, 'Ghana beyond aid' is not merely, or really, about the amount of financial resources Ghana receives as tokens of charity; it is about a culture of self-respect – a mindset shift towards greater national self-actualisation. Above all, it is about a Ghana whose leadership and political elite take upon themselves the long overdue task of committing all the country's energies, talents and resources to proving themselves primarily to the people they serve. The feats that this true domestic validation should include are transforming the quality of health and educational institutions; modernising infrastructure; promoting services-driven industrialisation and an eco-friendly green revolution; and developing a law enforcement system that genuinely treats all citizens fairly. But the greatest feat of all would be the commitment to move beyond rhetoric and show by deed that the Ghanaian people are not just graduating from aid but, more importantly, they have graduated from self-pity to Wakandan swag.



CÔTE D'IVOIRE

Challenges to overcome

An idle young population that is uneducated and unemployed not only compromises economic development but can be instrumentalised to become a source of instability, illegal immigration and terrorism.




Youth and education

Compared to an ageing European population, Africa's hopes for its future lie in its young people. Over 60 % of Africa's population is under the age of 25 and this segment is set to increase even more by 2050. In Côte d'Ivoire, 40 % of the population is under 15 years of age. The future must therefore be built with them, with real prospects for education and training and well paid and productive jobs.

In his welcome address at the African Union-European Union Summit on 29 November 2017 in Abidjan, President Alassane Ouattara stressed the importance of making strong commitments in favour of the continent's youth, stating that the challenges to be met were great and the gap between the hopes that the country places in its youth and the opportunities available to them has yet to be closed.

He said that access to education is difficult, there are not enough schools and the quality of training needs to improve, in line with the real needs of the economy. This is true of primary school (in 2015, the primary school enrolment rate was 63 %), middle school and high school. Technical and vocational training covers less than 10 % of the workforce and something has to be done to improve its image and status.

The country has already undertaken bold and ambitious reforms, with significant investment in the education system, but that now need to be taken further. Pride of place must be given to new Information and Communication Technologies to ensure the country is up to speed with the new knowledge economy.

Côte d'Ivoire's ambition is to be the region's new technology hub. Many youth-led initiatives in this area are true accelerators of independence. According to the Ministry of New Information and Communication Technologies, the country has more than eight million internet subscribers and nearly 25 million mobile subscribers.

KEY DATES

- **22 September 2015**, President Alassane Ouattara makes school compulsory for all children between the ages of 6 and 16. Over five million children entered schools at the start of the school year.
- **2015**, 93.6 %: the enrolment rate of children aged between 6 and 16. In 2007, it was under 75 %.
- **Since 2012**, over 700 billion CFA francs have been allocated to education (modernisation and building of schools, recruitment and training of teaching staff).
- **Since 2011**, over 15,000 teachers have been recruited, more than 30,000 classrooms renovated and around 300 schools built.

CÔTE D'IVOIRE'S UNIVERSITIES

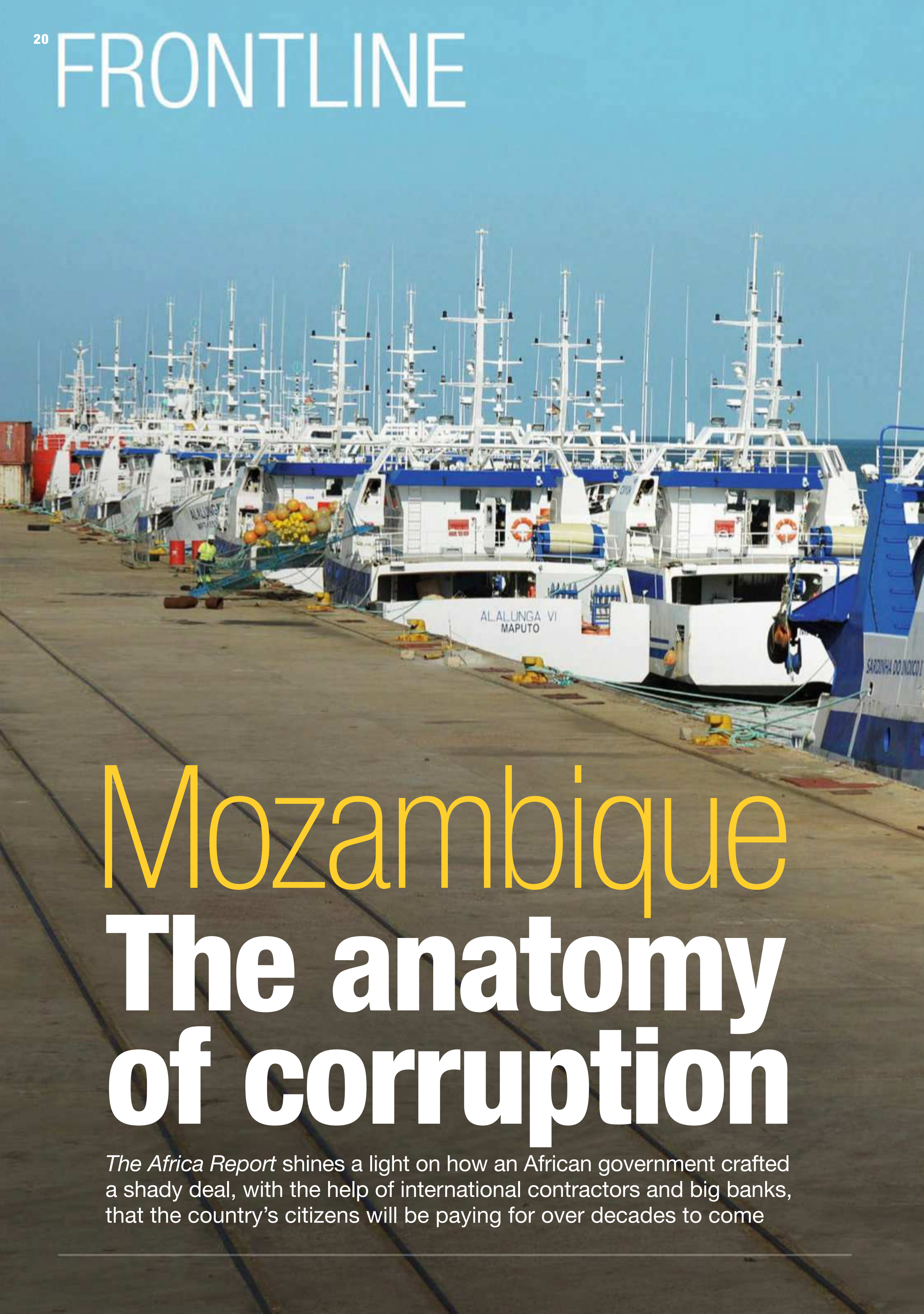
The Félix Houphouët Boigny University in Abidjan reopened its doors in September 2012 after months of renovation work. The country's five public universities, which had been closed for almost two years, have been completely renovated.

Located in the centre of Cocody, one of Abidjan's residential districts, Félix Houphouët Boigny University saw its lecture halls, amphitheatres and student residences, spread across its 200-hectare campus, receive a complete makeover. Having concluded numerous exchange agreements with prestigious international institutions, the university is gradually regaining its reputation as a centre of excellence in French-speaking Africa, especially due to the range and quality of its courses. Currently, Félix Houphouët Boigny University is preparing some 60,000 students for 209 degrees ranging from undergraduate to doctorate degrees under the guidance of the 1,700 or so lecturers and research professors who dispense their knowledge.

Equal opportunities

In 1988 Dominique Ouattara founded the Children of Africa Foundation which, for twenty years, has been fighting the same battle – to ensure that every child has a basic education,

- Children remain one of the First Lady's main priorities and she is personally and internationally engaged in the fight against child labour.
- On 16 March President Ouattara officially opened the Dominique Ouattara Mother and Child Hospital in Bingerville (a suburb of Abidjan), a unique 16,300 m² general hospital and surgical unit built on 49,000 m² with a 130-bed capacity and latest generation equipment and furbishing.



Mozambique
The anatomy of corruption

The Africa Report shines a light on how an African government crafted a shady deal, with the help of international contractors and big banks, that the country's citizens will be paying for over decades to come

The fishing fleet that cost Mozambique $2bn, docked in Maputo in May 2016

GRANT LEE NEUENBURG/REUTERS

By **Cate Reid**

The ‘Africa rising’ moment was at its apogee. Celebrating the theme with a conference in Maputo on 29-30 May 2014, the International Monetary Fund (IMF) flew in Christine Lagarde, its managing director. Sitting alongside representatives of Mozambique’s government, Lagarde declared: “The overall outlook for the continent is optimistic.”

Mozambique, she said, nodding towards her hosts, “epitomises this positive spirit”. She spoke of its rapid growth, its steps to reduce poverty and ●●●

CHARLY TRIBALLEAU/AFP

Presidents stand to attention as Privinvest's Iskandar Safa talks trawlers at the CMN shipyard

●●● its sound economic management". Less than two years later, relations between the IMF and Mozambique had crashed and Lagarde was accusing the government of "concealing corruption".

As Lagarde was speaking in Maputo in 2014, the Mozambican government, with a couple of investment banks and an Abu Dhabi-based shipbuilder, was working on a tuna fisheries and maritime security scheme that has saddled the country with a crushing $2bn debt. This became known as the 'tuna bond' scandal. International investigators have concluded that the deals were overpriced by at least $800m and that $1.2bn has not been properly accounted for.

The Africa Report is taking an in-depth look at the Mozambique case because it highlights the crucial elements that are needed to make corrupt schemes like this work all over the African continent and beyond. The billions of dollars in loans in Mozambique could not have been accessed without greedy politicians in positions of authority, weak government institutions, ineffectual international financial bodies, banks willing to turn a blind eye in return for big profits and contractors crafting projects that focus more on commissions than creating functional companies, amongst others.

With French logistics billionaire Vincent Bolloré the subject of investigations in France for his business activities in Africa, the IMF battling with the Zambian government about the disclosure of its opaque debts, and the Italian trial against oil majors Shell and Eni for their dealings with the OPL 245 project in Nigeria due to restart in June, it is crucial for investigators, the IMF and reforming governments to understand the anatomy of corrupt deals (see box) in order to protect future generations from the mistakes of current leaders motivated by personal profit.

THE GUEBUZA GIVEAWAY

Back in Mozambique, the tuna bond scheme has triggered the country's worst financial crisis since independence in 1975 and the breakdown of public health and education services. To date, no politician or state official has been held accountable, let alone prosecuted for what amounts to a gargantuan heist from the *povo*.

It all happened on President Armando Guebuza's watch. One of Mozambique's richest men when he took office in 2005, Guebuza claimed credit for an economic boom fired by strong international commodity prices and the prospects of Mozambique starting exports from its world-class gas reserves.

For years, foreign investors have enjoyed huge tax breaks and other perks in Mozambique in exchange for allowing officials from the ruling *Frente de Libertação de Moçambique* (Frelimo) party to benefit from their deals, says Mozambican economist Roberto Tibana: "By 2013, they were having difficulties in collecting enough revenue. The concessions negotiated with international investors had been too much of a giveaway."

The trade-off failed, says Tibana: "The political elite were lobbying for not taxing those investors because they were their associates. This philosophy of tax breaks was a cover for political corruption."

Loans and lies: timeline of the Mozambique bond scandal

2013 | 2014 | 2015 | 2016 | 2017 | 2018

September 2013
Mozambique asks Credit Suisse and Russia's VTB Capital to arrange an $850m bond.

5 September 2013
Ematum company registered. Safa announces $200m placed by Mozambique with CMN for 30 vessels to be built over two years.

24 October 2014
Nyusi wins elections, replacing Guebuza who launched Ematum. Appoints new finance minister Maleiane in January 2015.

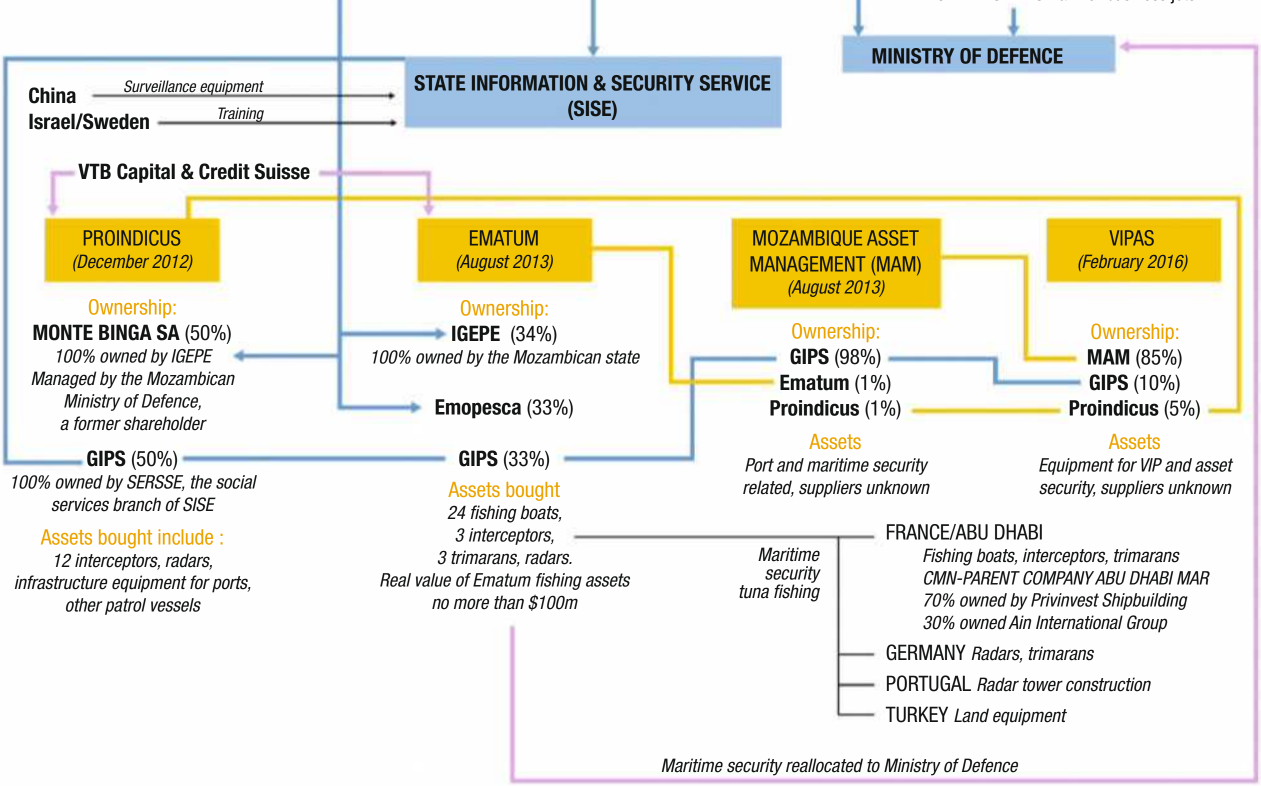
15 March 2016
Standard & Poor's downgrades Mozambique to CC; triggers a clause to declare the debt in the Ematum restructure.

15-16 April 2016
Maleiane states there are no secret loans. IMF announces Mozambique has <$1bn of hidden debt and suspends disbursements.

24 June 2017
Kroll audit documents secret loans, how security services controlled information and the high fees paid to institutions arranging them.

20 March 2018
Mozambique tells creditors that it can't service the debt, asks them to accept lower interest rates and write off half the arrears.

Who's who in the secret loans saga



Unbeknown to the IMF's Lagarde, as she sat beside Mozambique's finance minister, Manuel Chang, at the Africa Rising conference, the government had just borrowed another $535m in secrecy, for a military shipbuilding project that would never come to fruition. It was the third in a series of state-guaranteed security loans that the government had attempted to keep hidden, distorting the country's real level of debt. It was the most serious case of misreporting that the IMF had come across in Africa.

The IMF already knew about the first loan: $850m borrowed in 2013 for Ematum – a state tuna-fishing company bizarrely owned by the secret services and already known to be a front for a maritime security operation. It had come to light in September 2013, when the syndicated loan was sold on the international bond market. The same month, Guebuza and France's President François Hollande visited a shipyard in Cherbourg where the fishing vessels were to be built.

Mozambique and the contractor, Privinvest, owned by Franco-Lebanese billionaire Iskandar Safa, said little about the deal. In France, the contract was a good-news story, saving hundreds of jobs at Privinvest's CMN shipyard. Ministers in Maputo struggled to explain what it was all about. No surprise, as the deal had been signed without prior approval from parliament, violating Mozambican law.

BLINDNESS BEGGARING BELIEF

Strangely, the banks involved – Credit Suisse and Russia's VTB Capital – showed scant interest in the risks. It would have been easy for them to discover that the companies had no revenue and no contracts to generate income, and that the loans were not legally authorised in Mozambique, says Tim Jones, a policy officer at the London-based Jubilee Debt Campaign: "And they [the banks] were paying the money straight to the supplier rather than into Mozambique. All of these things are massive warning lights [...]. Either they didn't ask basic questions or they ignored the answers they got."

Jones is particularly critical of the IMF waving through the government's bid to sanitise the deal's illegality: "They [the IMF] knew about the Ematum bond. They didn't ask where the money had gone." The IMF had raised no objections when the government changed the law to accommodate an illegal sovereign guarantee on the loans. By law, finance minister Chang was allowed to guarantee up to $6m without parliamentary approval; he had guaranteed $850m.

What the IMF did not take into account – though it had been privately warned by a senior Frelimo figure and individuals with data from the banks – was that there was a second loan, this time for a maritime security project called Proindicus.

Also contracted from Credit Suisse and VTB in 2013, the loan was sold to private creditors rather than on the bond markets and totalled $622m. The third loan, contracted in April 2014 from VTB alone, was for Mozambique Asset Management (MAM) – a company that was supposed to maintain the Ematum and Proindicus vessels, and build ships.

All ultimately owned by the security services, the *Serviço de Informaçãos e Segurança do Estado* (SISE), none of the companies had a remotely credible business plan and none has turned a profit. So doomed to failure were the security projects and so clumsy a front was the tuna story, the logical conclusion is that the venture aimed to finance commissions rather than real businesses. The state was left to pay the companies' enormous debts, rapidly leading to a sovereign default in 2017.

Mozambique's once-promising economy imploded: its currency, the metical, lost more than 150% of its value at eye-watering speed; foreign reserves plunged to $1.7bn; growth slumped and investors fled. The crisis threatened the gas sector's development, upon which the government was relying to repay the loans.

Publisher of the independent newspaper *Jornal @Verdade*, Erik Charas tells *The Africa Report* that the tighter the budget, the worse the government gets: "They don't see any need to invest in health and education, when that can be done by donors. Last year, they even spent more on Ematum: M70m [$1.2m], when they could not find the M25m needed for critical equipment in the public hospitals."

SPOTTING THE LOAN PUSHERS

The IMF has yet to issue a mea culpa on its failure to call out the scandal in time. A staffer, who wishes to remain anonymous, tells *The Africa Report*: "They failed in one of the core functions of the IMF, which is surveillance. They were cheated by a very small country."

Despite the misreporting of the Ematum loan, the source adds that the IMF allowed the government to brush the scandal under the carpet. Had the IMF demanded that government come clean over Ematum instead of accepting that the deal was a front for defence spending, the third secret deal with MAM for another $535m may never have happened.

For several critical months, the IMF continued to accept government denials about additional borrowing. Even when finance minister Adriano Maleiane, who had replaced Chang, took months to sign a letter in December 2015 stating that the sovereign guarantees did not go beyond those already declared, the IMF did not sound the alarms.

Nigel Morgan, who runs local business intelligence company Rhula and knew of the additional loans, says: "The IMF didn't get it. They dropped the ball. They didn't take the message about the hidden loans. And they paid a big price for it."

For those watching the politics in Maputo, the loans concocted under Guebuza's presidency were the most extreme of a succession of scandalous deals. As Guebuza's term was coming to an end in 2015, he tried to cling on by changing the constitution. When that failed, he tried to buy influence across factions and parties. "People were paid who didn't even know where the money came from," says a Frelimo activist in Maputo. "Now, they all feel implicated."

Hungry for cash and with little understanding of the capital markets, Guebuza was a willing partner for companies looking for easy profits. But although his government contracted the secret loans, the banks have their own responsibilities under national and international law.

The feasibility studies for Ematum and Proindicus were deemed worthless by industry experts. It is unclear whether there was a feasibility study for MAM. Yet the banks paid all the money – minus their fees of almost $200m – directly to the contractor before any equipment or services were delivered.

"Who's really culpable on all of this is the banks who went along with it," says Rhula's Morgan. "I think it was a matter of quick sell, and then we'll make a lot of money."

Joe Hanlon, an academic at the London School of Economics and author of several books on Mozambique, goes further in his analysis of the banks' role in the scandal: "It is loan pushing. This happens when the banks have too much capital and push developing countries to take loans they do not need and cannot repay. It was outrageous and clearly the liability of Credit Suisse." The banks involved are under investigation for predatory lending by the British and the US regulators.

Credit Suisse told *The Africa Report* that it attributed the failure of the security and fishing companies to the fall in oil and gas prices, which delayed new investment into the national economy. It strongly denied that it had misled investors over the tuna bonds: "The Ematum loan participation notes were marketed only to the most sophisticated institutional investors [...] and explicity disclaimed any reliance on Credit Suisse and undertook to conduct their own due diligence protocols."

> *"[Given the choice] we would do just the same again"*

Armando Guebuza, Mozambique's former president, testifying to a parliamentary commission in November 2016.

ANTONIO SILVA/EPA/MAXPPP

The government destroyed a promising economy, consigning millions more to poverty

The moment of truth came at the end of March 2016, when the government admitted it could not pay the tuna bonds and restructured them into a new instrument, the Mozam bond. Just before that, ratings agency Standard & Poor's had downgraded Mozambique's debt to a CC – this is junk rating, indicating a high risk of default.

Stephen Bailey-Smith, a senior economist at Global Evolution, which bought converted Mozam bonds, says the debt repackaging finally demystified the tuna bonds: "Investors assumed this was effectively sovereign debt. I don't think anyone in their right mind thought they were taking a risk solely linked to a tuna-fishing company. Remember, at the time, people were jumping up and down about how Mozambique would be the next big thing, one of the largest gas producers in world, and people wanted

JOSE FERREIRA/4SEE-REA

to get in early. With limited other opportunities, the bonds provided a way in."

Following the downgrade, the government changed tactics. After finance minister Maleiane and central bank governor Ernesto Gove repeatedly denied the existence of the secret loans to the IMF, prime minister Agostinho do Rosário flew to Washington DC, where he apologised to Lagarde. After that the World Bank, the IMF and other financial institutions suspended disbursements to Mozambique.

RENT SEEKERS

Mozambique needs to protect its offshore gas projects and its coastline, but what could have been a productive venture ended up as a rent-seeking operation, according to an investigation by Kroll, a business intelligence firm. Experts describe much of the equipment purchased as a bad fit for Mozambique. The fishing vessels, which on paper cost $22m but were found by Kroll to be worth around $2m, require a major refit if they are to ever to catch tuna efficiently. Kroll stopped short of concluding that the tuna project was simply a racket, but its findings are devastating.

Privinvest, the Abu Dhabi-based shipbuilder, has come under fire from civic activists for the failures of the tuna-fishing and maritime security companies Proindicus, Ematum and MAM, and the massive debts they have accumulated. In response to questions from *The Africa Report*, Privinvest denies all responsibility for those financial failings. It says the Kroll audit lays much of the blame on the companies' shortcomings: "... delays and failures to commence operations appear to have been the result of management failings on the part of the Mozambique Companies."

> *"We see a country ... clearly concealing corruption"*

Christine Lagarde, the IMF director, extols the benefits of hindsight while suspending Mozambique in May 2016.

SOEREN STACHE/ZUMA PRESS/ZUMA/REA

One of the reasons why the security and fishing companies haven't succeeded is the lack of a trained personnel; a comprehensive training programme was part of the Privinvest contract. Again Privinvest quotes the Kroll audit and blames the local companies: "the shortage of properly trained crew is a result of inaction and failures by management of the Mozambique Companies to perform their duties."

EMATUM EXPLODES

Rear Admiral (retired) Chris Parry of the UK's Royal Navy explains that building an effective maritime security operation from scratch requires years, if not decades, of support from experienced operators. Of Proindicus, which took out security loans, Parry says: "No maritime security professional would want to be involved in such a shabby scheme. I don't believe I have ever seen such a flimsy case for that scale of loan. Credit Suisse clearly did not do their homework."

Ole Stage is a Danish consultant with many years' experience of working in Mozambique. He sounded an alarm when he discovered that his Danish pension fund, MP Pension, held Kr42m ($6.7m) of Ematum bonds. The fund investigated the matter and "the implicit conclusion was that the bonds shouldn't have been bought," says Stage. "I had experienced the collapse of the state companies in Mozambique, how they went bankrupt, how they didn't work." As Stage feared, Ematum lost millions of dollars then stopped operating after barely six months of fishing in 2015.

With the company in disarray, staff on strike over non-payment of salaries, the financial director suing Ematum for unfair dismissal and Ematum's boats rusting in Maputo port, it fell to the government to pay bondholders. It paid two tranches in September 2015 and March 2016 then defaulted on the restructured bond in January 2017. MAM defaulted on its loan repayment the previous May. The government is likely to continue defaulting until at least 2023, according to the IMF.

Yvette Babb, formerly with JP Morgan bank and now a senior portfolio manager at NN Investment Partners, says the tuna bond saga has left investors more aware of the risks, asking themselves: "Are they doing another Mozambique?"

In Mozambique, the damage has been done and the government is still dragging its heels. In January 2015, Guebuza grudgingly handed over power to Filipe Nyusi, who was defence minister at the time of the Ematum loans and whose signature is on several key documents relating to Proindicus. Nyusi was not one of the architects of the scheme but is reluctant to hold those responsible to account.

Nyusi has stopped short of admitting wrongdoing by Frelimo and refuses to come clean about where the money went. He has changed the head of the SISE twice. He also removed the chief executive of all the state-run companies involved, Antonio Carlos do Rosário, from his role as a senior SISE official.

But finance minister Maleiane remains, despite having lied to the IMF, as does his deputy, Isaltina Lucas. Also, a senior finance official was identified in Kroll's report as 'Person D', who received a highly questionable $100,000 payment from Ematum and was deeply involved in the loan approval process.

Attorney general Beatriz Buchili, who Nyusi can remove at will, has her hands tied. Frelimo does not want prosecutions in the run-up to the 2019 elections, so all she can do is shift the responsibility for filling in the 'information gaps' in Kroll's audit. She claims she can do little without cooperation from the other countries involved in the deals (see chart, page 23).

BUCK STOPS WITH MAPUTO

Whilst many parties benefited from the deal and may have an interest in obscuring the truth, UK high commissioner to Mozambique Joanna Kuenssberg says that ultimate responsibility rests with the Mozambican government. "There are questions for the banks to answer, and they are being investigated by multiple jurisdictions. But I think avoiding the issue of the Mozambican leadership at the time taking certain decisions and running the risks that they ran – and didn't really care about – still the buck has to stop here. But there is no sign that the buck is stopping anywhere."

She says that government efforts to duck responsibility for filling the information gaps, rather than just admitting they do not intend to do so, will delay any resolution. She adds: "It's that smokescreen that creates confusion rather than clarity, which doesn't help anyone, least of all the poor Mozambicans whose interests are being ignored."

With such gaping holes in the audit coupled with strong indications of misuse of funds, the IMF says it will not fully re-engage with Mozambique. But as the government tries to muddle through, this creates doubts and problems.

Evaristo Madime, who heads Mozambique's American Chamber of Commerce, says that without IMF support "business will continue to be hard". Functionally broke, the state is not paying its bills – leaving companies in turn unable to pay suppliers and

Kenya is rightly proud of its new train, but at what cost to the taxpayers?

LI BAISHUN/XINHUA-REA

Mozambique's implosion and Africa's aftershock

THIS MONTH'S FRONTLINE INVESTIGATION explains how a group of politicians, spies, bankers and businesspeople in Mozambique colluded to rack up over $2bn of debt, devastating the country's budget and deterring bona fide investors. After a spurt of enthusiasm for stopping the $70bn of illicit financial flows leaving Africa each year, the momentum has dwindled. Leaders such as South Africa's Cyril Ramaphosa and Ghana's Nana Akufo-Addo call for tougher action on trade mispricing, the biggest source of capital flight from Africa. But many of their peers in Europe, the US and Africa are missing in action or complicit in the abuses.

Many eyewateringly expensive contracts get approved with little scrutiny. The Kenyan government has defended its new standard gauge railway, which cost about four times more than originally planned, prompting many to ask if the price was being padded to accommodate kickbacks. The opposition did not have control of parliament, so calls for deeper digging into the $3.4bn China-backed project were not answered.

In March, another Southern African state, Zambia, was descending into its own financial abyss. The ruling party in Lusaka, like its counterpart in Maputo, has been on a shopping spree financed by commercial lenders who now demand repayment. Civic groups say much of the money was spent on grotesquely overpriced procurement deals such as a fleet of the most expensive fire engines in the world.

Bankers insist that Zambia owes about $13bn to foreign lenders with another $6bn in the pipeline on top of at least $7bn of domestic debt. The government claims the real number is well under half that. Most importantly, the government cannot service the debts without inflicting horrendous cuts on its already beleaguered health and education services.

P.S.

creditors. The government's heavy domestic borrowing to plug its widening budget deficit has also made credit too expensive for the private sector. Many companies face closure as credit dries up and revenue falls. "If IMF support does not come, I think we will need concrete signs on the oil and gas business. But it seems that the process is always being delayed. There is no clear timing. This makes business difficult," Madime says.

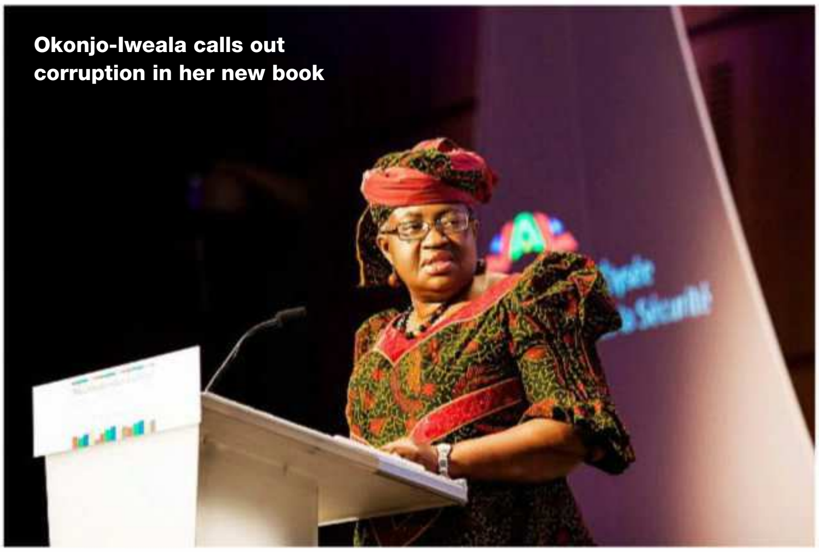
CURRENCY OF TRUST

Kuenssberg agrees: "Mozambican companies cannot afford the credit at rates available because there is no international confidence in Mozambique. So formally clearing up the situation between the IMF and Mozambique, and the donors and Mozambique, would be the best possible signal – even if it didn't come with money. It's about credibility rather than just cash."

But this looks a distant possibility. With such low investor confidence and the economy hanging by a thread, the tough times will continue, at least until the gas starts to come online in five years or so. The recovery should take at least a decade. Far from trying to bring clarity in order to move on, Nyusi's government, like Guebuza's, is suppressing information. In the current climate, few are hopeful for a resolution anytime soon.

Members of the regime regularly threaten its critics, who are sometimes attacked or even killed. Academic José Macuane, who was abducted and shot in the legs in May 2016 after criticising the government on a local talk show, says the issue of the hidden debt is particularly sensitive. Earlier this year, local paper *Canal de Moçambique* published evidence of Nyusi having signed documents authorising Proindicus's loans, apparently prompting threatening messages to circulate on social media. "Whenever there is any comment about the debt, messages go around. People feel threatened. It conveys the view that debt is still very sensitive for some people," Macuane says.

Startlingly absent from the Kroll audit is Guebuza himself. And this, the biggest of all scandals in Mozambique, begins and ends with President Armando Guebuza's responsibility to protect the wellbeing of his people. But in the chaos of spies running tuna fleets, pre-fabricated gunships rusting in containers, donor strikes and IMF soul-searching, Guebuza remains just out of reach.



Okonjo-Iweala calls out corruption in her new book

CAMILLE MILLERAND

Problems with Privinvest

The Nigerian former finance minister Ngozi Okonjo-Iweala recounts her face-off with the shipbuilder

One July day in 2014 Ngozi Okonjo-Iweala received a call from President Goodluck Jonathan asking her to come to Aso Rock immediately for a meeting with Chief of Naval Staff Admiral Usman Jibrin, a presidential adviser and two representatives of a shipbuilding company based in Abu Dhabi.

When she arrived the meeting was already under way and Admiral Jibrin explained the problem to her: "He had boats, ships to be repaired and a dockyard that wasn't working." This meant the navy was unable to patrol and protect Nigeria's coastal waters.

The proposal from the shipbuilding company looked attractive to the admiral: the company, known as Privinvest, would take over the naval dockyard and then re-equip and refurbish it. New vessels could be built and old ones could be serviced and rebuilt.

Okonjo-Iweala butted in, as she recounts in her new book, *Fighting Corruption Is Dangerous*: "When I asked about how large this investment needed to be, how it would be made, where the resources would come from, what types of revenue streams would be needed to underpin cost recovery and how long the agreement would be for, the company representatives looked baffled and irritated."

They responded that Privinvest was a major shipbuilder and would find banks willing to syndicate some $2bn of loans, which would be borrowed in the name of their company but would be guaranteed by the Nigerian government. Amazingly, they had brought no business plan with them to the meeting.

DODGING RISKS

Okonjo-Iweala came back sharply, asking how they expected an investment proposal that left Nigeria taking all the risks to be taken seriously. She told them a $2bn guarantee would have to be approved by the national assembly.

Despite this, Jibrin wanted to continue negotiations. A plan for a joint venture between the company and Nigeria's navy foundered when Privinvest again insisted the government must guarantee the borrowings of the joint venture to the tune of $1.8bn.

It was the right conclusion, writes Okonjo-Iweala: "The reality of what we had saved the government by rejecting the Privinvest proposal was made clear [...] after I learned of the problems faced by Mozambique [...] through a contract with none other than Privinvest."

Asked to comment about Okonjo-Iweala's account of Privinvest's dealings in Nigeria, a company representative told *The Africa Report*: "We disagree with a number of the purported facts in that book, see no criticism and the relevant agreement precludes us from discussing this project further." **P.S.**

NIGERIA

Lagos: The taxman cometh

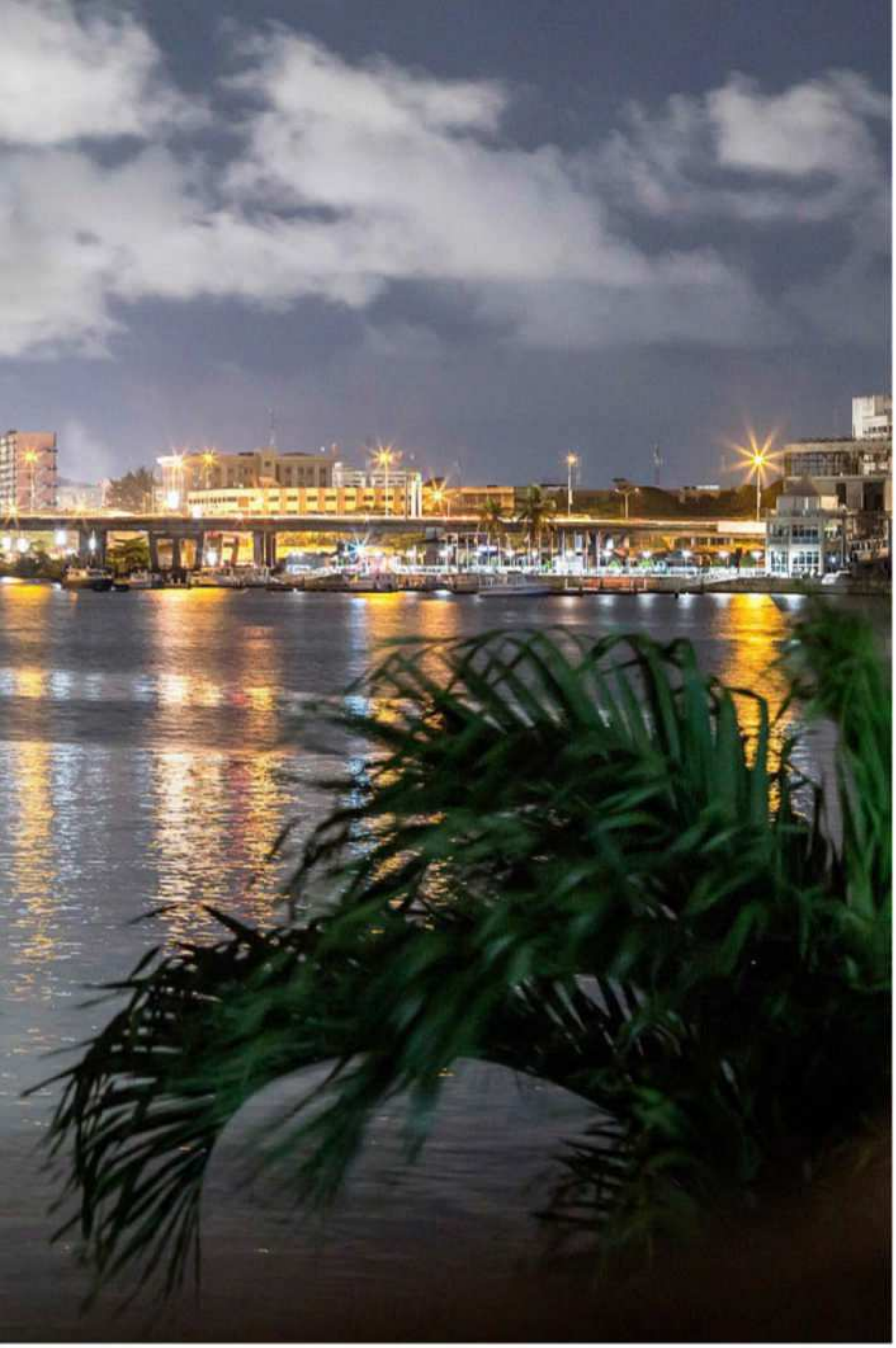
To be a genuine global metropolis, Nigeria's economic hub needs to start finding well-heeled sources of tax revenue and roll out more public services for everyone

By **Ayodeji Rotinwa** in Lagos

The city state of Lagos dwarfs not only other states but even neighbouring countries. With a population not far under that of Côte d'Ivoire (estimates run from about 18 million to 21 million people, against Côte d'Ivoire's 24.8 million), Lagos's gross domestic product of $136bn in 2017 towers over Côte d'Ivoire's $38bn. With that activity has come a tremendous rise in tax revenue – which in Nigeria is called 'internally generated revenue.' This hit N503.7bn ($1.4bn) in Lagos in 2017. But if Lagos is to become the global megacity that politicians dream of, there is much to be done in terms of raising more revenue and providing services to Lagos' richest and poorest residents and everyone in between.

With rapid urbanisation and population growth, the need for public services has never been greater for sub-Saharan Africa's biggest city. Experts predict the population of the city could double by 2050. Already, each year, neighbourhoods flood due to blocked sewers. The light-rail project to decongest Lagos's infamous traffic jams was announced in 2003 and is yet to be completed. The Lagos-Ibadan Expressway repairs are advancing at a crawl.

Meanwhile, the city's ambitions continue to grow. Lagos State governor Akinwunmi Ambode wants the city to compete with metropolises like



SVEN TORFINN/PANOS-REA

Singapore, Dubai and Miami as tourism destinations: "So when you see us reclaim 50ha of land at the Oworonshoki end of our lagoon; when you see us clear a whole stretch at the Badagry and Epe Marina; when we insist that our prime waterfront must not be taken over by shanties and slums; when you see us embark on some ambitious road, flyover and modern bus terminal constructions; we are preparing the grounds for a major source of employment and prosperity."

WIDENING THE TAX BASE

But who pays for the city's development? And who benefits from it? Lagos and its officials have won plaudits for their efforts over the past decades to generate cash by widening the tax base – by taxing previously informal enterprises like transport operators, for instance. All businesses are at different points on the spectrum of formal to informal, depending on their labour practices, how much the government regulates their sectors and how well they follow the law on various issues, but especially taxation.

While small and informal businesses are certainly paying more tax, there is concern that they are now being seen as an easy target, compared to more argumentative and well resourced sections of society. Worse still, the other side of the bargain of paying tax – benefiting from services in return – is not being fulfilled as it should be, with public services increasingly seen as a cash cow to be milked rather than a social contract to be honoured.

Barring traffic, the danfos (minibuses) driven by Tunde Akintunde and hundreds others like him arrive at Lagos bus stops every 10 to 15 minutes to ferry 75% of all commuters across a city that is heavily dependent on road transportation. In Akintunde's bus are the architects, bankers, engineers, entrepreneurs and goods and service providers that make the economy tick. The state government boasts that those people are a 'booster stage' in Lagos's drive to reach megacity heights.

DRIVERS HAND IT OVER

Before Akintunde is allowed to call passengers into the bus in Mushin, an inner city suburb in Lagos, he is taxed N600. When his bus is filled with passengers, he is taxed a further N1,300. Along his route at different bus stops, he is taxed between N500 and N600 at each stop. There are four stops on his route. Akintunde makes an average of N15,000, which he shares with a conductor. Every month, he pays 27% of his personal income to the National Union of Road Transport Workers (NURTW), who in turn remit it to the state.

"Whatever amount they tell us is what we pay, we don't have an option," Akintunde tells me, at the bus park he rides out of. There is an endless row of yellow and black buses waiting for passengers, and countless conductors yelling in all directions for them to come in. Transporters and other economic operators regularly accuse agents of the state and the NURTW of using force to ensure they get their money.

Akintunde has been a danfo driver for 20 years, but he does not see that he gets much benefit from what he has to pay to the state and his union. "The money we have paid in the past 20 years has done nothing for us. You cannot access any loans. A driver [cannot] get assistance for car repairs. We are being bullied," he says. "When they come to collect the money, it is painful. But there's nothing we can do. They have taken it away, but we are living by God's grace."

New developments are surging into place in Lagos, with whole new cities like Eko Atlantic being added. But something is being left behind. "Development is not


GEORGE OSODI/PANOS-REA

about high-rise buildings and flyover bridges," argues Gbenga Komolafe, general secretary of the Federation of Informal Workers' Organizations of Nigeria. He argues that development should also be about people and "how their basic needs are taken care of".

Moving business along the spectrum from informal to formal is one of the great developmental challenges. Workers like Akintunde are gradually brought into the formal net through road taxes, personal income taxes and local government levies; the first two are critical sources of Lagos's revenue.

BULLYING TACTICS

According to the National Bureau of Statistics, the Lagos informal sector employs 5.58 million people, some two-thirds of the state's working population. Nationally, the value of the sector is said to be worth N38.7trn, going by a 2016 estimate.

"Most people are in the informal sector because they don't have a choice," Komolafe says. There are few formal jobs and the government does not have the capacity to regulate actors at all levels and in all sectors of the economy.

Like a bloodhound, the taxman has sniffed out the value of the informal sector. According to a 2017 report – 'Lagos' Informal Sector: Taxation & Contribution to the Economy' – by BudgIT, a non-profit that advocates transparency and accountability in government, the contribution of the informal sector to Lagos' tax base is about 40%.

The state collects this revenue via an opaque, inefficient, imbalanced system of oftentimes repetitive taxes, charges and levies at the local government level, according to Atiku Samuel, BudgIT's head of research. "Income is not the determinant of how much tax you pay, rather people are blackmailed into paying," says Samuel. "If they don't pay, their operations are stopped." He argues that the principles of progressive taxation are yet to be implemented in Lagos.

40%

Contribution of the informal sector to Lagos State's tax base, through an unequal and opaque collection system

SOURCE: BUDGIT, 2017

According to an insider who works on the revenue collection team of one of the biggest local councils in Lagos, informal sector taxpayers are disproportionately taxed for a number of reasons. "You have area officers who collect money in a certain area and then are transferred someplace else but still go back to the same area to collect the same charge," says the source. "There's no database. You can't tell who has paid, who hasn't paid."

The local council source attributes the strong-arm tactics often used on informal sector workers to the low calibre of officials appointed. He says: "There are a lot of people that are not skilled. They do not have communication skills. They are not educated. So when it comes to tax paying, they come with aggression instead of explaining."

Samuel argues that this aggressiveness is a case of the state bullying uninformed workers. In contrast, he says: "Local government officers will not walk into a private company, harassing its workers, asking for different taxes."

The Lagos State government is making things even more difficult for small-time operators. In the past year alone, it demolished three major markets in the city, some without any warning. Market women and men lost goods valued at millions of naira that had been in their stalls.

So why the assault on the informal sector? "In Lagos, if you are in government and you discover that a sector is recovering almost N2bn in tax, it's either you maintain it or you try to capture that market," says BudgIT's Samuel. "They may argue that [the new initiatives] are to solve societal problems, but it is more like building a monopoly system."

This more predatory approach is damaging the social contract – a dangerous road to go down in a city already under severe migratory pressure as youths from poorer rural areas head to seek their fortune in the big smoke.

FRIENDS IN HIGH PLACES

Examples of informal workers crushed by corrupt government deals are not hard to find. In 2008, the state introduced the bus rapid transit system that operates in physically segregated lanes as an alternative to informal-sector transportation. There was no open bidding process to allow contractors to send in proposals for chosen routes. The state simply empowered a company to run the system. The lucky one was Primero Transport Services, a company run by Fola Tinubu, a relative of a former governor of the state, Bola Tinubu. Bola Tinubu was a mentor to the governor at the time, Babatunde Fashola, who had served as his chief of staff.

EKO ATLANTIC

Two worlds: Danfo drivers and market traders are harassed daily by a tax system as chaotic as the Lagos traffic (left), while it will be plain sailing for the rich when the luxurious Marina at West Point is completed (above)

Companies say there were similar issues with a waste collection contract. Private sector operators who had been doing the job previously sued Lagos State in April of this year over the awarding of a deal to Visionscape, a firm that claims it operates waste collection in Mumbai, Dubai and Johannesburg. *Premium Times*, a Nigerian daily newspaper, found that there were no records of Visionscape managing waste in those cities.

On the board of directors of VisionScape is Adeniyi Makanjuola. Adeniyi's father, Remi Makanjuola, is the wealthy former chairman of the Lagos State Security Trust Fund. An investigation by the Sahara Reporters media group says the elder Makanjuola oversaw the use of a security apparatus purchased with public money for private use – specifically his company Caverton Helicopters.

Another example is found in the destruction of one of the city markets. When the stalls and kiosks were demolished in Tejuosho, Yaba, a new block of 'modern' shops suddenly sprung up. It was built by private developers who ask for rental rates beyond the means of the average market woman. According to a market leader speaking anonymously to the *Daily Trust* newspaper: "What we learnt was that the so-called developers, which have secured approval from government, wanted to rebuild the whole market, which was why they demolished the lock-up shops." Some of the new buildings are now being used by richer tenants, from banks to pharmacies.

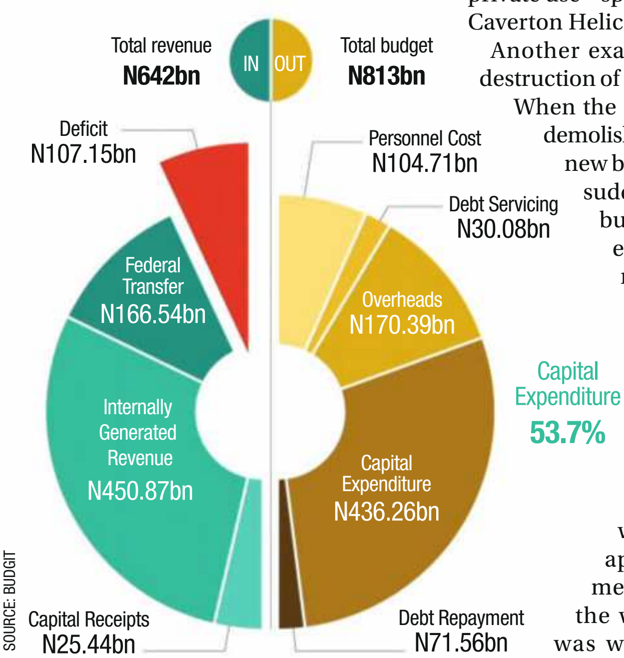
This is Lagos's megacity development at its worst. Public commentator and human rights lawyer Ayo Sogunro tweeted in February: "It seems Lagos State has finally lost its identity as a government and fully morphed into a corporate board of directors [...]. Lagos is now fully invested in maximising profit from market gaps [rather] than in providing functional public services and utilities."

That is probably a stretch. Certainly, the Lagos State government may contain elements who are in it for themselves. But there is also a real need for cash that may be driving some of the more toxic ways in which the state government goes about its task. There is one obvious alternative to further taxing the informal sector: to look up.

Tax expert Adedamola Jaiyeoba says that Lagos loses a lot of money by not taxing the rich significantly. According to a report by AfrAsia Bank and New World Wealth, Lagos is the fourth wealthiest city in Africa. It is home to $120bn worth of wealth, four US-dollar billionaires and 360 multimillionaires. Jaiyeoba also argues that the Central Bank of Nigeria's introduction of the Bank Verification Number system for accounts across the country could be better leveraged by Lagos to track non-compliance and suspend accounts.

There are already some moves to tax the rich: a new progressive land-use charge law launched this year has property owners howling. That may just be what the city needs.

Lagos State budget summary



ETHIOPIA

The Somali strongman

How Abiy handles his relationship with Abdi Iley, the powerful leader of Ethiopia's Somali Region, has implications for the country's fragile system of ethnic federalism

Somali Regional State (SRS), Ethiopia's second-largest region and home to its third most populous ethnic group, is at a crossroads. The secessionist Ogaden National Liberation Front (ONLF) had been almost entirely defeated, but SRS is still, in the eyes of many Ethiopians, a byword for violence and lawlessness. "From the centre, Somali Region is seen as a wilderness," says Fekadu Adugna, an academic at Addis Ababa University (AAU).

Last year, SRS's long-standing tensions with the neighbouring region of Oromia, home to Ethiopia's largest ethnic group, the Oromo, erupted on an unprecedented scale. Amidst fighting between regional security forces, hundreds lost their lives and approximately one million civilians fled their homes. In the SRS capital of Jijiga, thousands of Oromos were herded into trucks by police and removed from the city. Many have not returned. Somalis, meanwhile, flooded back the other way.

Dealing with the legacy of the violence will be one of the most sensitive – and urgent – tasks for Ethiopia's new prime minister, Abiy Ahmed, who was sworn in on 2 April and is the ruling Ethiopian People's Revolutionary Democratic Front (EPRDF)'s first Oromo leader in its 30-year history. At the heart of this task is his relationship with SRS president Abdi Mohamed Omar – known as Abdi Iley, 'the one-eyed'. Abdi is one of the most powerful Somali leaders in the Horn of Africa. Over the past decade, he has acquired an authority unprecedented in the region's recent history.

HOT-FOOTING IT TO JIJIGA

Both men hail from traditionally marginalised regions with secessionist histories, and both represent constituencies eyeing greater power at the centre. But last year's violence fuelled mutual mistrust, especially a suspicion among Oromos that Abdi is too close to the Tigrayan People's Liberation Front (TPLF), which dominated Ethiopian politics, as well as the security apparatus, for much of the past three decades. Some in Oromia and elsewhere hope that the decline of the TPLF heralded by Abiy's appointment might spell the end of Abdi, too.

Prime Minister Abiy's decision to visit the SRS capital, Jijiga, on 7 April, as his first official trip, was thus symbolic. It was a bid to calm nerves in a region anxious once again about its fate in the hands of distant authorities in Addis Ababa, and fearful of what an Oromo prime minister might mean for Somalis. On a stage in Jijiga, Abiy and Abdi, who is said to have been deeply unhappy about the latter's appointment, shook hands and promised peace between the two regions.

Bringing change to SRS will be Abiy's "litmus test", says Abdifatah Mohamud Hassan, former vice-president of the region, now in exile in Addis Ababa. "It is the epicentre of all the problems in the country". The region is unique but in some respects it is Ethiopia in miniature: a Gordian knot of poverty, authoritarianism, corruption, and ethnic and clan rivalries.

D.K. THOMPSON

Left: Jijiga, with Abdi Iley's 2013 statue of warlord Sayyid Hassan Above: Abiy Ahmed (second left) visited Abdi (third left) just days after becoming prime minister

Understanding SRS's future means taking a look at its past. For this, the central statue in Jijiga offers some clues. Unveiled in 2013 by Abdi, it depicts Sayyid Mohammed Abdullah Hassan, a turn-of-the-century warlord, poet and cleric known to the British as the 'Mad Mullah' and to Somalis as the father of Somali nationalism. Hassan resisted not only the invading British and Italians but also the then Ethiopian empire. The monument is a reminder that, more than a century later, SRS remains a land of conflicting loyalties.

Successive regimes in Addis Ababa have sought to incorporate SRS, or 'the Ogaden' as it is still widely known, into the Ethiopian state, with mixed fortunes. Before the neighbouring country of Somalia's government collapsed in 1991, Mogadishu had claimed the region as part of 'Greater Somalia,' and a bloody war was fought between the two neighbours between 1977 and 1978. The separatist ONLF insurgency emerged from the ashes of Somalia's defeat. By the late 1990s, it was waging all-out-war against the EPRDF, a multiethnic coalition that seized power in Addis Ababa in 1991.

32.8%

of the population of Somali Regional State lived well below the poverty line in 2016, according to a briefing by UNICEF, though locals report improved economic development

SOURCE: UNICEF

But a counterinsurgency campaign launched after a deadly ONLF attack on a Chinese oil exploration camp in 2007 brought a measure of stability. "People used not to be able to travel because of war," says Mohammed Ali, a 24 year-old school administrator. "But now you can go anywhere." Ermias Gebreselassie, a lecturer in journalism at Jijiga University, which opened in 2007, says that when he arrived in the region 10 years ago it was "almost a war zone". He recalls "bombings everywhere" and an environment that was "very, very hostile. You couldn't move around at night without being harassed by the police."

DIASPORA RETURNEES

Today locals also point to belated signs of economic development. Between 1994 and 2007, SRS had the country's lowest economic outcomes and experienced the fewest improvements. Even today, its school enrolment rates are the lowest in the country. But now members of the Somali diaspora, such as Hafsa Mohamed, a US-Canadian who runs a local non-governmental organisation (NGO), are beginning to return home. There are now three airports, better hospitals and paved roads. A better-educated, younger generation is increasingly taking up posts in regional offices.

Until relatively recently, the region had almost no government. Clan rivalries and endless meddling by the authorities in Addis Ababa ensured the region churned through nine presidents from three different political parties in the two decades after its creation. Such was the political paralysis that, in the early 2000s, a chain was drawn across the entrance to the administration compound in Jijiga to keep vagrants from squatting in the buildings.

Now the administration is centred on an imposing palace overlooking the city, surrounded by freshly manicured gardens. "There's been an improvement in the past five or six years," says Hallelujah Lulie, a political analyst in Addis Ababa. "They've started building a state structure modelled on highland Ethiopia."

Abdi Iley has been key to this. A member of the Ogadeni clan, the largest in SRS, Abdi was regional security chief from 2005, and, unlike many of his predecessors, was prepared to work with the Ethiopian state while at the same time championing Somali nationalism. This had the effect of neutralising the ONLF while winning him a following among his fellow Ogadenis. "After Abdi came to power, he removed the bandits from the region," says Abdo Hilow Hassan, a lecturer in journalism at Jijiga University. "And it has been at peace."

But it is an uneasy sort of peace. The counterinsurgency campaign of the late 2000s was effective but also brutal. A June 2008 report by the NGO Human Rights Watch found that the Ethiopian National Defence Force and the ONLF committed war crimes in the Somali Region between mid-2007 and early 2008.

Abdi, aided by the federal authorities, established a special police force known as the Liyu, who continued to report to him directly even after he became president in 2010. Members of the 40,000-strong outfit have been implicated in extrajudicial killings, torture, rape and violence against civilians. "It's a state within a state," says Abdiwasa Bade, an academic at AAU. "They [the Liyu] will only listen to Abdi Iley."

The Ethiopian government's approach has been likened, by government officials and outside observers alike, to Vladimir Putin's counterinsurgency strategy in Chechnya: handing a local strongman resources, state power and unprecedented autonomy in exchange for stability.

ABDI'S FIEFDOM

The price of stability is extreme authoritarianism. When, in 2015, anti-government protests erupted across Oromia and Amhara, SRS was quiet. Locals in Jijiga laugh at the idea of protests against Abdi's rule – though there have been sporadic demonstrations in parts of the region dominated by non-Ogadeni clans since April. Abdi's critics refer to the region as a 'fiefdom' in which all power is concentrated in the hands of the president and his family.

"For the last 10 years, people have not been safe," says a local teacher, who claims he was arrested and beaten twice, and who asked not to be named. "There is collective punishment. If one person speaks out, the whole family will be arrested and punished." He continues: "Why is the federal government quiet about these things? [...] I feel like it's two different countries: you can be safe in Addis Ababa, but you are not safe here."

Many of these dynamics coalesced in last year's conflict with Oromia. The border between the two regions has been contested– often bloodily – since the introduction of ethnic federalism in 1995. Members of both regions have a history of seizing land and resources from each other, often with the backing of local politicians. Last year, violence took on a worrying new dimension, as regional security forces engaged in open warfare. Each side blamed the other for the dramatic upsurge in bloodshed. Oromos pinned the blame squarely on Abdi and the Liyu. Many pointed to the SRS president's close links with generals in the federal military, and argued that the failure of the federal authorities to intervene was evidence of political involvement at the upper-echelons of government.

Even outside Oromia, many argue the conflict was deliberately engineered to weaken the region's new leaders, notably Abiy and Oromia president Lemma Megersa, who were then clamouring for more power. As for Abdi, his economic clout is underpinned by the flows of contraband commerce that run through his region. Some people say he acted in order to halt efforts by Oromo authorities to disrupt the smuggling routes he and his allies rely on. When violence escalated and Addis Ababa stayed mostly silent, it seemed a blind eye had been turned once again to Abdi's excesses.

97%

of Oromos displaced in the 2017 conflict in Somali Regional State say they do not want to return to their old communities, according to a survey by the Oromia State government

SOURCE: OROMIA REGIONAL STATE

But leaders in Oromia also share part of the blame, not least since atrocities went unpunished on both sides. Indeed, for many ordinary Somalis, the little attention paid to victims on their side, of whom there were also many thousands, merely highlights their relative invisibility in Ethiopian public life. "I feel like the Oromo narrative is quite dominant," says Hafsa, the returnee who last year met with Somali women who had been brutally attacked and sexually assaulted by Oromo men. "Somalis are often criminalised in this particular conflict. It seemed like only Oromos were victims, even though both sides had victims."

Abiy's subsequent election and the rise of his Oromo faction to pre-eminence within the multiethnic EPRDF sparked fears of a backlash against Somalis. "People worried he would punish us," says Abdo, the Jijiga University lecturer, though he adds that such anxieties have been largely quelled since the prime minister's visit to the region. But how long will the truce last?

FEDERAL CONUNDRUM

Abiy's room for manoeuvre is limited. Any attempt to tame Abdi's autonomy will likely be met with stiff resistance. His power to remove elected regional officials is limited. Efforts to reform or even disband the Liyu security force would face similar constitutional hurdles, and in any case would be politically difficult without tackling the special police that operate in other regions at the same time. Moreover, reforming the federal security apparatus in SRS will depend largely on the extent to which the new prime minister manages to assert his control over the entire military hierarchy.

Even more vexing, though, is the age-old challenge of turning SRS into a fully paid-up member of the Ethiopian federal state. On one level, this may mean doing away with the second-tier status of the Somali People's Democratic Party within the EPRDF. Unlike the coalition's four main constituent parties, the Somali faction is merely an 'affiliated' grouping, a legacy of deep-seated prejudices against Ethiopia's nomadic populations. One consequence of this is that Somalis remain woefully underrepresented in the federal government: Abiy's cabinet has only two Somali ministers.

That might change as Ethiopian Somalis slowly become more assertive. "If we continue like this, one day we will lead Ethiopia," says Abdo, the Jijiga University lecturer. "We've had a Tigrayan, a Southerner and an Oromo prime minister. Why can't we have a Somali prime minister one day?"

Tom Gardner in Jijiga

INTERVIEW

Ngozi Okonjo-Iweala

Former finance minister, Nigeria

Politicisation trivialises corruption

Okonjo-Iweala talks to *The Africa Report* about taxation, debt, the challenges of public office, and the content of her latest book, *Fighting Corruption is Dangerous*

Serving two terms as a finance minister in Nigeria could give you the compulsion, as well as the raw material, to write about grand corruption. It might also open the author up to charges of naïveté at best and complicity at worst.

The task suits Ngozi Okonjo-Iweala, a tough-minded former managing director of the World Bank and one of Africa's longest-serving finance ministers. Believing that attack is the best defence, she fights her corner relentlessly after serving four years as coordinating minister of the economy under President Goodluck Jonathan's administration, with its recurring scandals of missing oil money and fraudulent arms contracts.

Yet Okonjo-Iweala's latest book, *Fighting Corruption is Dangerous*, is far more important for its analysis of how international and local corrupt networks function and how to stop them than for any defence of Jonathan's administration. When they turn to tackling malfeasance, too many policy-makers are distracted by partisan imperatives, the former finance minister argues.

"The discussion on corruption has become very politicised," she says. "It's now a weapon with which you beat your opponents." At the same time, she says, there is not enough focus on how corrupt networks operate and how institutions can fight them.

"Politicisation trivialises corruption because it directs attention away from the real fight into attention-getting headlines," says Okonjo-Iweala. "We have to build independent, strong institutions that have the authority to investigate and start a prosecution."

> **"We must build independent, strong institutions that have the authority to investigate"**

Africa's staunch anti-corruption czars – Kenya's John Githongo, Nigeria's Nuhu Ribadu, Sierra Leone's Abdul Tejan-Cole and South Africa's Thuli Madonsela – all came under pressure such as death threats, often from members of the government they were meant to be working with. More constitutional protections are necessary to strengthen such commissions. Today, the chair of Nigeria's Economic and Financial Crimes Commission, Ibrahim Magu, is the focus of a battle of wills between the presidency and the Senate, which refuses to confirm his appointment.

Recognising the power of national vested interests, Okonjo-Iweala concedes that there could be a role for a continental African anti-corruption court with the power to scrutinise procurement and resource deals. "I think an African court where you'd have truly independent judges outside the country could be a good dispute-resolution mechanism and would show more transparency." This court could be asked to rule on citizens' complaints that the commercial terms of certain deals were against the public interest. It might also be a deterrent to the co-option of state officials by powerful companies: "People know that they could be taken to this court [...] and that would be a good thing."

FIXED ON FINANCE

13 June 1954 Born in Delta State

1981 Earned a doctorate in economics from the Massachusetts Institute of Technology

July 2003 Became finance minister for the first time

June 2006 Briefly named foreign affairs minister

August 2011 Goodluck Jonathan appoints her coordinating minister for the economy

CRISIS MANAGEMENT

Her coordinating minister title notwithstanding, much of Okonjo-Iweala's work was as much about leading a reform team, improving financial management systems, conducting crisis management and fending off vested interests targeting the treasury as it was about a traditional finance minister's duties.

In Nigeria, the finance minister has little practical control over the government's main revenue source: oil and gas exports. According to Okonjo-Iweala, finance ministers have no right to intervene in the affairs of the giant, state-owned Nigerian National Petroleum Corporation (NNPC). That is the preserve of the special relationship between the president and the oil minister – often the same person – together with the managing director of the NNPC, who is usually a


YURI GRIPAS/REUTERS

technocrat. With oil and gas revenue running at more than $100bn per year, the state oil company is politically dominant.

It is also opaque. All efforts to reform the NNPC's labyrinthine and opaque system of awarding oil blocks, managing crude oil sales and running one of the largest 'social subsidy' programmes in the world, sometimes topping $10bn a year, have been stymied or delayed. The descriptor 'social subsidy' is in inverted commas because in reality it was a huge subsidy for corporate interests.

Although Okonjo-Iweala heaps praise on the 'Beyond Aid' campaign launched by Ghana's President Nana Akufo-Addo for focusing on the need to mobilise local resources, she forecasts a long uphill march. "I feel very good about the sentiment. You know that aid will not just go away. [...] We still have 18 countries in Africa whose budget is 40% dependent on aid. Hopefully, this will fade."

One way to move the dial, she says, is a massive revenue-raising campaign by governments, particularly in resource-rich countries. After Nigeria rebased its national income, almost doubling it to $400bn, its tax revenue figured as just 6% of gross domestic product (GDP), compared to an average of around 25% in Asia and South America. She smilingly concedes that many governments are chary about the political fallout of a helter-skelter drive for tax revenue but says the logic is inescapable if people want better public services (see page 27).

DEBT WARNING

But this veteran finance minister reserves her loudest warnings for mounting debts in Africa. She fears the gains from the World Bank and International Monetary Fund (IMF) debt-reduction schemes could be squandered. A decade ago, those schemes meant Africa's debts dropped to an average of about 25% of GDP. "Now, according to the IMF figures, that figure is about 45% moving towards 50%. For most countries, the safe area is around 40%. Some countries are already in debt distress," she says.

Is Africa at risk of heading back to the bad old days of the 1980s, when crippling debt forced governments to impose swingeing adjustment programmes in exchange for emergency funding from the IMF? Okonja-Iweala argues: "Not yet. But we're heading there if we don't watch out – if people keep going for eurobonds at the kinds of yields they're getting [...]."

And she has a parting shot for China's financial institutions, which stepped up lending hugely to Africa over the past decade: "The Chinese may have to take a haircut. In my time, the only [Chinese] loans we took were concessional. I said this is our policy [...] it's 3% or below. I was able to negotiate and get the funding. So you have to be strong and the Chinese will listen if you make your case." Rushing off to her next meeting, Okonjo-Iweala left an impression that she would rather relish getting back into the negotiator's chair.

Interview by **Patrick Smith**

MIGRATION

Brexit brings hard choices

The "hostile environment" and Windrush scandals that have hit the headlines just as Britain draws up a new immigration policy could take the wind out of its sails

Kehinde's immigration problems started when she applied for indefinite leave to remain in Britain in 2016. "They said there was a problem with my tax, which I wasn't aware of," says the 37-year-old Nigerian from Ibadan. Despite rectifying the problem with the UK's tax authorities, Kehinde was labelled 'undesirable' under paragraph 322(5) of the Home Office's immigration rules – which advises refusal for reasons ranging from bad character to being a terrorist. Her request was denied and her passport confiscated.

Kehinde went to the UK in 2007 to study for a master's in food quality and safety management, and was earning £39,000 ($52,700) a year until the Home Office told her employers she no longer had the right to work. Now with large debts and medical problems, she is waiting to hear whether she will be granted an appeal.

At least a thousand other highly skilled migrants like Kehinde are going through a similar ordeal. These are the trickle-down effects of Britain's so-called "hostile environment" policy on immigration.

CLASH OF INTERESTS

These problems have come at at a bad time for Britain. Presenting the country as 'Global Britain,' a champion of free trade that is still open for business, the government wants to negotiate trade deals with countries such as India, Australia and Nigeria to ease Britain's exit from the European Union (EU). But in exchange, these countries want the loosening of visa restrictions for their citizens – something many who voted for Brexit want to avoid. This clash between the goals of controlling migration and benefiting from free and open markets is defining much of the UK's current politics, with people like Kehinde caught in the crossfire.

3 million

EU citizens living in the UK will get a new form of 'settled status' in the draft Brexit deal – a gargantuan administrative task for the Home Office

The "hostile environment" policy was the brainchild of Conservative Prime Minister Theresa May in her prior role as home secretary. In 2012, as the Conservatives faced the widespread defection of its supporters to the far-right, populist UK Independence Party (UKIP), she declared: "The aim is to create, here in Britain, a really hostile environment for illegal immigrants." The policy has turned employers, landlords, university lecturers and medical staff into unwilling internal border guards, liable for prosecution if they employ or let a flat to somebody with an irregular immigration status.

Far from calming the rhetoric over immigration, the EU referendum in 2016, which set Britain on course to leave the union (Brexit), unleashed the latent racism at the heart of a section of the UK population. The UN's special rapporteur on racism and xenophobia, Tendayi Achiume, said that the Brexit vote had led to more "explicit racial, ethnic and religious intolerance".

Some of those who have suffered most from the "hostile environment" policy are people from Britain's former colonies suddenly required to prove, after decades of living and working in Britain, that they have the right to be there. In April, *The Guardian* newspaper documented the plight of children of the 'Windrush generation,' so-called after the *Empire Windrush* ship that arrived in London in 1948, carrying Jamaicans who had answered Britain's call to its then-colonies to help it rebuild after the Second World War. Some of those who came to Britain as children were threatened with deportation because they could not prove when they arrived. It later emerged that the Home Office destroyed an archive of landing cards that could have acted as proof in some cases.

The issue came to a head just as May welcomed heads of state for the Commonwealth Heads of Government Meeting on 16 April. Having rebuffed a formal diplomatic request from Caribbean leaders to discuss the issue, May was shamed in the House of Commons and forced to issue a hasty apology and promise compensation. The ensuing scandal also cost the head of one of May's staunch allies, home secretary Amber Rudd.

Although the case of Caribbean immigrants hit the headlines, Commonwealth citizens who came to Britain before 1973, when a new and more restrictive immigration act came into force, also include large numbers from India, Pakistan, and several African countries including Ghana, Kenya, Nigeria and South Africa. "It's not just about the Windrush," says David Lammy, a member of parliament (MP) for the opposition Labour party

The Windrush scandal brought Londoners out onto the streets with a host of grievances

BRAIS G. ROUCO/SOPA IMAGES/LIGHTROCKET VIA GETTY IMAGES who coordinated a letter to the Prime Minister signed by 140 MPs over the issue. "When we think of Windrush, we think of people who came here from the Caribbean to work, particularly on the Underground and in the National Health Service. But, of course, there were many, many African people who came just a little bit later. [...] Many of them are caught up in a similar nightmare."

LEGAL, BUT NO ENTRY

New data released in early May by the British Office for National Statistics, showed that at the time of the 2011 census there were 599,078 people living in England and Wales who had been born in a Commonwealth country before 1971. Of these, 21,053, or 3.5%, did not have a passport and may face trouble if they cannot prove when they entered the UK.

Satbir Singh, chief executive of the Joint Council for the Welfare of Immigrants, a campaign group, said he has met people from Ghana and Kenya who came to the UK legally before 1973 and who had subsequently travelled abroad and been prevented from re-entering the UK. They have then had to go through the "excruciating process" of proving who they are.

"I really hope African nations will be robust about the rights of their brothers and sisters"

Labour MP David Lammy says African countries must not forget the Windrush scandal when Britain asks for trade talks.

Jo Wilding, an immigration barrister at Garden Court Chambers and lecturer at the University of Brighton, says Britain's immigration policy "has a much, much wider effect on people who are not here illegally." She says it is easy for people with the right to remain to fall foul of the law because of a small administrative error. The UK is the only country in the EU that has no statutory time limit on immigration detention. The Labour Party has pledged to end indefinite detention should it win the next general election, which must take place by 2022. Yet, key figures within the party appear divided on how much of the "hostile environment" the party would dismantle.

For decades, the status of Britain's relationships with Europe and with its Commonwealth partners have been inversely linked. The more restrictive Immigration Act that came into force on 1 January 1973 coincided with Britain's joining the European Economic Area, which promised free movement of workers for its member states. Syed Kamall, a Conservative Member of the European Parliament, supported Brexit in the hope it would lead to a fairer immigration policy. He says immigration should be skills-based, which would not only be fairer but dispel some of the hatred directed towards immigrants: "Then you can change the narrative so it's no longer about numbers. People will say, 'Oh yes, we do need immigration because we haven't got enough nurses and doctors [...]. But what I'm really keen on is that we no longer have a racist immigration policy where we give preference to white Europeans over non-white non-Europeans."

ROW BACK ON HOSTILITY

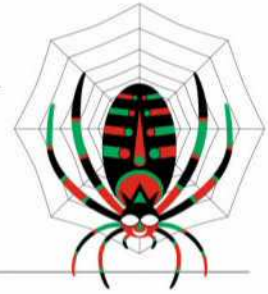
Singh says there is a real chance that "Britain going out into the world and sailing the HMS Brexit might have to row back some of the hostility that it has heaped upon foreigners in order to get favourable trade deals." Labour MP Lammy adds: "I really hope that African nations will be robust, that when Britain comes to strike trade deals they will be robust about the way in which their brothers and sisters are being treated in this country, about the rights of their brothers and sisters."

The UK is yet to set out its post-Brexit immigration strategy. A long-awaited white paper on the issue is now expected by July, though that means it will not include evidence from a study by the Migration Advisory Committee into the effects of immigration on the British economy. Yet, given Prime Minister May's commitment to reducing net migration, any drastic loosening of immigration policy or rowing back on the "hostile environment" are unlikely.

Gemma Ware in London

ANANSI

Prison politics and the beautiful game



It will surely not just be Anansi that was struck by the use of the words 'Arsenal' and 'Rwanda' in the same sentence (see page 13). On a football-mad continent, the Gunners have many admirers. And it was perhaps inevitable, given President Paul Kagame's obsession with Arsenal, that he would want to nudge the East African country closer to the north London club.

With Rwanda set to become the official tourism partner of Arsenal, visitors to the Emirates stadium and the many millions of fans who watch on television will see the 'Visit Rwanda' logo fluttering on the sleeves of the members of their team. Were Kagame to nudge himself closer still, he might be able to exert some of Rwanda's legendary discipline onto Arsenal's often spineless squad.

Before fans throw up their hands in horror at the idea of these talented young millionaires being forced to endure the military drilling that keeps Rwanda's army on its toes, one should recall the story of how Côte d'Ivoire managed to qualify for the 2006 World Cup.

In 2000, the players of the national squad delivered a shockingly bad performance at the Africa Cup of Nations tournament. The generals behind the then recent coup in Côte d'Ivoire had the bright idea of teaching the team a lesson. Upon its return, the squad's plane was diverted to a military base in Yamoussoukro, the country's capital. The players spent the following few days detained in a camp, doing exercise and waking up at dawn. "I sent you to this camp because I wanted you to think about what you had done," military ruler Robert Guéï told the Ivorian players. "Consider this a first warning."

"How awful," cry the liberals; "Let them cry," say fans of Les Éléphants. Over the next few years, the team played sensational football, winning its qualifying matches for the World Cup, with Didier Drogba and the team bursting onto the global stage in Germany's stadiums. It was the first time Côte d'Ivoire had ever played in a World Cup. And some of the players admitted that the camp experience was positive, if not actually enjoyable.

Anansi accepts that this scenario is unlikely to happen in the UK. The British police occasionally warn Rwandan dissidents that they may be in danger due to their activism against the opposition-unfriendly government in Kigali. So they would take a dim view of footballers being thrown in jail for a fortnight… wouldn't they?

Nigerian Gunners, meanwhile, are outraged that Kagame stole a march on another great Arsenal fan, Aliko Dangote, who has at various points promised or hinted that he wanted to buy the club. This would be a no-brainer. If Dangote then floated shares in Arsenal on the Lagos Stock Exchange, patriotic and Arsenal-crazed Nigerians would drive prices to sky-high levels. That would help trading volumes and liquidity on the bourse to boot. And, of course, it would inject some Nigerian hustle into the staid boardrooms of north London. A triple win.

After a few days in a military training camp Les Éléphants played sensational football. Some of the players even admitted the camp was a positive experience

In the UK, football is considered uncouth relative to rugby – a thug's sport played by gentlemen. But not much in the way of good manners was on display during a recent sports television show in South Africa. During a post-match discussion between former rugby pros, Ashwin Willemse walked off the set in protest. While it is unclear what Nick Mallett and Naas Botha, two white players, said to spark the matter, Willemse, a black player, said: "I'm not going to be patronised by two individuals who played under apartheid, a segregated era, and want to come and undermine."

Rugby in South Africa has struggled to shed its image as a white bastion. For all the warm glow generated by the Rugby World Cup win during Nelson Mandela's presidency, the realities are far more backward.

Here is a modest proposal: put all the rugby players in South Africa, of all races, into a military training camp. Keep them there are long as it takes. By the end, it will be all hugs, no tears, guaranteed.

Zimbabwe

Opposition supporters experience a new emotion: hope

JEKESAI NJIKIZANA/AFP

The great game-changer

Elections due to be held before August will show if the ruling party and security services can turn a new page on the repression of the past, fight off a challenge from an invigorated opposition and win over international donors and investors waiting to take part in the revival of the economy

By **Frank Chikowore** and **Patrick Smith** in Harare

First the security men, maybe ten of them, dark suits, translucent earpieces and eagle-eyed, case the joint. One raises a hand in a thumbs up gesture. Andrew, the proprietor of this upscale bar and restaurant on the outskirts of Harare, looks relaxed.

Minutes later, a delegation arrives, a mixture of suits and designer jeans. In their midst is General Constantino Chiwenga, the man whose public warning last November to President Robert Mugabe to stop a purge of the ruling party triggered the ousting of the veteran leader.

Six months later Chiwenga is vice-president, having traded his khaki uniform for a well-cut suit. Now he is throwing himself into politics after a lifetime in the military. Would he mind talking to a team of journalists from *The Africa Report*? "Draw up a chair," he gestures.

The conversation moves swiftly from a comparison between Zimbabwe's and Malaysia's nonagenarian leaders to the significance of the ending of presidential terms limits in China. Under the old political system disrupting the vice-president's evening would have been a court martial offence. But it says much about the new climate as generals such as Chiwenga and foreign minister Sibusiso Moyo (see page 50) move into civilian politics. Are they serious about a commitment to free elections?

SUSPENSION OF BELIEF

Or are they the power behind President Emmerson Mnangagwa's throne? And are they starting a new condominium between the generals and the politicians, as opposition activists claim? There is much in Zimbabwe's current political interlude that requires a suspension of disbelief.

"I just know that the Zimbabwe African National Union-Patriotic Front (ZANU-PF) will win the elections," insists a government insider. "What I don't know is how they will do it."

A dapper businessman in the Explorer's Club bar at the Meikles Hotel raises his eyebrows about the subject of elections: "Do you really think these generals who risked their lives getting rid of Mugabe last November will give up power after elections?"

Others are hedging their bets as the opposition Movement for Democratic Change (MDC) Alliance campaign gathers momentum (see page 48). A veteran investment banker draws a graph on a whiteboard indicating likely scenarios. Towards the bottom of the graph, meaning the least likely, is the 'military ZANU-PF' option, meaning the ruling party wins elections at any cost and damns the consequences.

He assigns more probability to 'Clean ZANU', an internationally accepted victory for the ruling party, but slightly less weight for a straight electoral victory by the opposition MDC Alliance. His most likely scenario is now a power-sharing arrangement between ZANU-PF and the MDC Alliance. Some are convinced that talks on such a deal are already under way, though both sides assiduously deny it.

From the start of the military's 'Operation Restore Legacy', which replaced Mugabe with Mnangagwa, the bargain was credible elections in exchange for the normalisation of economic and diplomatic relations. That is the link between Mnangagwa's twin mantras: "The voice of the people is the voice of God" and "Zimbabwe is open for business".

The commercial side of the equation is working. Investors of varying degrees of credibility are promising to launch billions of dollars of mining, energy and infrastructure projects. Britain, which for years marshalled opposition to Mugabe's government, has turned 180 degrees and become an international cheerleader for the new regime.

After Britain's foreign minister, Boris Johnson, promised diplomatic and economic backing, Zimbabwe reapplied to join the Commonwealth and invited a flotilla of European and US organisations to monitor elections due by the end of August. Britain's Commonwealth Development Corporation and Standard Chartered Bank announced a $100m loan facility for Zimbabwean companies in May.

$100m

Amount the UK plans to lend Zimbabwean companies in its first direct commercial loan to the country's private sector for more than 20 years

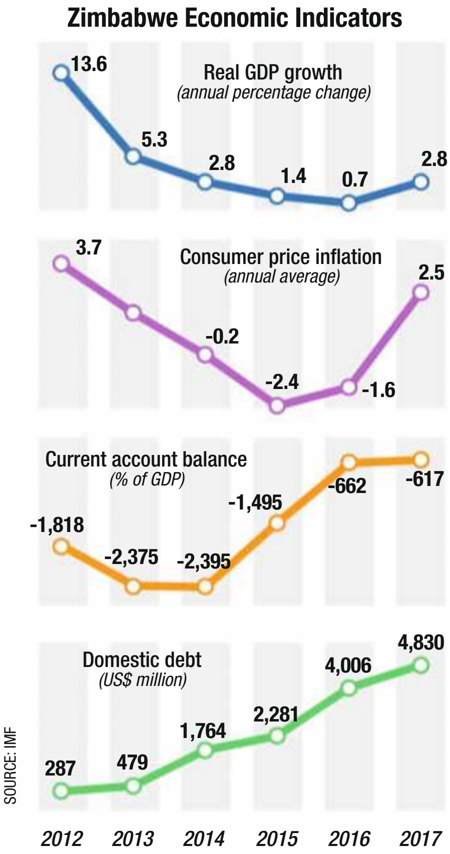
SOURCE: FT

ACROSS THE BORDER

South African bankers are reassessing business in their northern neighbour. Caleb Dengu, managing director of CDF Trust investment advisers, reports a surge of new projects over the past six months. "Some are in mining, some in energy and infrastructure. One of the biggest is a $300m modernisation of the Beitbridge border post between Zimbabwe and South Africa."

It is a public-private partnership deal, says Dengu. His consortium has got an 18-year concession to run the border post, one of the busiest in Africa. Each year some $24bn worth of goods passes through the Beitbridge border.

The biggest deal, worth hundreds of millions, on Dengu's drawing board is another concession project, with the China Railway Group, to build a 32km



Mnangagwa tells trade fair visitors in Bulawayo that Zimbabwe is "open for business"

SHAUN JUSA/XINHUA-REA

Black smallholder tobacco farmers are the backbone of Zimbabwe's agriculture

CHAD EHLERS/GETTY IMAGES

line from Chitungwiza to Harare with a loop to the international airport. He is also advising on solar power systems for some of the new mining projects.

Politics is still blocking many of these projects, says Dengu. A government with full legitimacy is needed to get international backing and take tough decisions on currency and foreign exchange. None of the options are good, he warns.

WHO FOOTS THE BILL?

Under the present combination of US dollar and Zimbabwean bond notes – which now trade for a discount of up to 50% in their dollar value – there is a chronic shortage of foreign exchange. Private companies have also been crowded out of the credit market.

But a massive devaluation of the Zimbabwe bond note as a route to re-establishing a national currency could be ruinous, says Dengu: "Depositors had already lost billions when we abandoned the Zimbabwe dollar."

He favours joining the rand currency zone as the least disruptive and commercially most logical strategy. Alongside the currency change, most businesses predict a wholesale restructuring of the public sector.

Finance minister Patrick Chinamasa's 2018 budget, finally passed in March, aims to cut the budget deficit to $767m, or 3.5% of gross domestic product, compared with at least $1.7bn and 9.6% last year. That ambitious goal is premised on boosting state revenue by 17% and pegging all increases in state spending at 4%.

There are no signs that cuts of that level are being made. In May, the government promised to raise civil servants' salaries by 15%, a not too subtle piece of electioneering. This followed a confrontation with health workers over pay and conditions. At one point, vice-president Chiwenga tried to sack 10,000 striking nurses.

Across the board, there is agreement that the economy needs far-reaching structural reforms. The debate is over who pays for it. Some local economists are arguing for a return to tough International Monetary Fund-backed structural adjustment programmes. Most predict sharp cuts to the 500,000-strong public sector workforce, whichever party wins the elections.

To date, the government has been financing its twin deficits – budget and trade – by creating electronic money. In a thriving economy, increases in money supply should be in line with economic growth. Bankers estimate that last year Zimbabwe's economy grew by 3.7% and the money supply grew by 43% ($2.5bn).

To finance this system, the government has been monetising its debt. That is, it borrows to pay the spending it cannot finance through revenue. And when its debts mature, it repays them by borrowing more, creating more electronic money.

MONETARY UNION

All this amounts to a national Ponzi scheme according to Tendai Biti, a former finance minister and an economic adviser to the MDC. "They've been creating money supply through the use of bond notes, which are not backed by the Real-Time Gross Settlement system and capital inflows. So the most common form of money in Zimbabwe is bank transfers or a card."

Without tough counter-measures, a new crisis is brewing, argues Biti. "When payday comes, the government credits the accounts of the civil servants but without any value. The domestic debt is now almost as big as the sovereign debt."

Biti calls for a return to cash budgeting, which presages a tough restructuring of the state: "We can't spend what we don't have." And he argues that talk of resuscitating the Zimbabwe dollar is impractical in the short term: "We are going to have to maintain the multiple currency regime. Whether it's going to be the Southern African Development Community or the Common Market for Eastern and Southern Africa, our future is joining a monetary union."

For all that, Biti is optimistic, citing the country's well educated workforce, resourceful entrepreneurs and the value of its gold, diamond, nickel and lithium reserves. There is a serious prospect of growing a $100bn economy over the next five years, he says. Economic policy is evidently going to be a key part in the remainder of the election campaign.

Yet, in a rare moment of consensus, Biti, Chinamasa and the International Monetary Fund agree that if Zimbabwe's elections are credible and the government starts making structural reforms, the upsurge of international interest could trigger the financing, investment and debt relief needed to rebuild the national economy and return the country to regional stardom.

ELECTIONS

Walking her way to power

Sekai Nzenza's local roots and activism provided fuel for her political campaign

Women have not fared well amid the recent seismic shifts in Zimbabwe's politics. Section 17 of the new Constitution stipulates that "both genders are equally represented in all institutions and agencies of government at every level." But neither the ruling ZANU-PF or the MDC opposition leadership comes close to meeting that provision.

There are more female MPs due to a quota system. But women are still heavily under-represented in local government, state-owned enterprises and other executive positions. Both the main parties have seen top women activists embroiled in messy disputes, often pushed out by male rivals.

One of the successful contenders for the parliamentary elections is Dr Sekai Nzenza, a former director of the World Vision development group. Talking to *The Africa Report*, she described how biases operate against women at both the local and national level. And how they can be overcome.

CULTURE FUND ZIMBABWE

Sekai Nzenza applied her development experience to her local community

After a globetrotting professional career, Nzenza returned to her village in Chikomba East a decade ago, mainly to look after her sick mother. Putting her experience in rural development to use, she started raising money for boreholes, community halls and gardens. She took out ZANU-PF membership but had no plans to vie for the seat.

The sitting MP, Edgar Mbwembwe, a former minister of tourism, was close to the Mugabes and backed by party HQ. Raising more funds and her profile, Nzenza extended her small-scale projects across the constituency.

DOOR TO DOOR CAMPAIGN

"A group of women came to me complaining that Chikomba East has never had a woman MP since Independence and was losing out," Nzenza says. "They urged me to stand in the ZANU-PF primaries. When I explained I had no money for campaigning, they said all we needed was walking shoes and we would launch a comprehensive door-to-door campaign."

After she bought 30 pairs of shoes for them, the campaign took off, run by women but appealing to all voters who wanted faster development in Chikomba. Up against the better-funded campaigns of incumbent Mbwembwe and evangelist Alexander Chisango, as well as five other male contenders, Nzenza won with over 3,000 votes in the primaries at Chikomba East.

Nzenza's local roots and activism sealed the deal in what is a safe ZANU-PF seat: "I also represented new blood at a time of big change in the party."

Others, such as ZANU chairwoman Oppah Muchinguri, fell foul of those changes, losing her consituency in the first round of the primaries. The weakening of the party's HQ over constituencies looks set to produce more surprises this year.

Patrick Smith in Harare

DOING BUSINESS IN ZIMBABWE

As Zimbabwe continues to present exciting investment opportunities for both the local and international business community, we pride ourselves in producing a Guide that acts as a useful navigational tool premised on highlighting pertinent aspects of the investment climate, the business opportunities in Zimbabwe, as well as the key economic sectors and the regulatory aspects for consideration within the Zimbabwean investment framework.

In 2018, there has been a significant shift in mind-set by the government and associated regulatory authorities in terms of both attracting business and facilitation of the ease of doing business in Zimbabwe. As a result, we are observing a raft of ongoing policy and regulatory changes, all premised on attracting capital in order to operate in a diverse and vibrant economic environment abundant with opportunity.

Mr Lloyd Manokore

This article aims to highlight key investment considerations when engaging in business transactions in Zimbabwe.

In order to be accorded with investor protection of the laws of Zimbabwe, foreign investors are required to obtain an investment license.

Zimbabwe has a comprehensive exchange control legal framework and prior exchange control approval is required to be sought from the External Loans and Exchange Control Review Committee who is responsible for making decisions on all applications relating to the inflow and outflow of funds. There has been a concerted effort by Reserve Bank of Zimbabwe to increase the threshold of corporate loan value without need for prior approval.

The critical role of PPPs in the provision of public infrastructure and services has been recognized by the Zimbabwean Government, with a view to implementing rehabilitation of the existing infrastructure in Zimbabwe. Contractors and investors may enter into various arrangements with the Government on commercially agreed terms, and investors enjoy Government support in the form of exemptions from Tax, including VAT exemption or zero-rating, and an exemption against withholding tax in relation to the repatriation of revenues, or any dividends or distributions to be made to lenders.

In March 2018, the indigenisation and economic empowerment laws were amended significantly, with the effect that indigenisation would only apply to those businesses involved in the "Designated Extractive Sectors" and the "Reserved Sectors" of the economy. Accordingly, any person is permitted to freely invest in and acquire ownership or control of any businesses in Zimbabwe, which are not in these specified sectors.

The end of 2016 saw the heralding of Special Economic Zones ("SEZs") legislation, bringing Zimbabwe in line with multiple jurisdictions across the continent who have implemented SEZs. The Draft Special Economic Zones Regulations which provide a general regulatory framework for the operation and licensing of SEZs in Zimbabwe, are still to undergo a comprehensive stakeholder consultative process before they can be finalised and passed into a legal instrument.

SHAUN JUSA/XINHUA-REA

Nelson Chamisa, then acting president of the MDC, at Morgan Tsvangirai's funeral

POLITICS

The opposition scents victory

With the youthful Nelson Chamisa as its flagbearer, can the opposition Movement for Democratic Change finally live up to its name in elections planned for July?

All of Zimbabwe's presidential contenders have fallen in love with Mutare. Hard against the border with Mozambique and flanked by the stately Bvumba Mountains to the south, Mutare is the capital of Manicaland Province and the country's fourth-largest city. Manicaland is the nearest thing to a bellwether province in Zimbabwe.

For two decades, voters in Manicaland have oscillated between the opposition Movement for Democratic Change (MDC) Alliance – a coalition of six opposition parties – and the ruling Zimbabwe African National Union-Patriotic Front (ZANU-PF). That is why Nelson Chamisa, presidential candidate for the MDC, picked Mutare for one of his first big rallies in January, long before the election date was fixed. MDC red shirts paraded through the city in their thousands, corralling supporters, pushing their message of change and youthful exuberance.

Five months later, President Emmerson Mnangagwa chose Mutare's Sakubva stadium to launch his party's manifesto. On 19 May, the ground was vibrating as DJ Fantan warmed up the crowd. It seemed more like a rock concert than a political rally ahead of Mnangagwa's grand entrance.

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Number of political parties registered as of late April, up from 112 on 15 March, according to ZEC chair Priscilla Chigumba

SOURCE: ZEC, ZIMFACT

The event was a heavily choreographed show of strength by ZANU-PF as yellow shirts flooded the stadium. Chamisa and his red brigade will doubtless return to Mutare in the coming weeks.

These set-piece rallies are defining Zimbabwe's most open election campaign since independence. Rallies are the MDC's main tactic, as the party lacks cash for the mega-posters that ZANU-PF has plastered across the country, glossy pamphlets and air time on the mostly state-owned radio and TV stations.

Each week from Thursday to Sunday, Chamisa and allies hit the road holding rallies across the country to boost his profile and to convince voters that this time the opposition can win. The numbers are growing, and the excitement is building.

It is the great chance for the opposition, Chamisa tells *The Africa Report*: "The mood on the ground is right, the opportunity is right for us and the age group is right for us." At 40, Chamisa is 35 years younger than Mnangagwa, something he makes much of during rallies. "You can't allow the young in Zimbabwe to be led by the old," he adds.

CITIZENS AS STAKEHOLDERS

But Chamisa has to tread carefully, given the reverence for the elderly in Zimbabwean culture: "Being in the majority, we want to protect the old, who are in the minority." On this and much else, Chamisa covers the political landscape, trying to ensure that no stray votes fall between the cracks. "We want citizens to be treated as stakeholders, we need to move from the suspicion and the mistrust between the government and the people [...] We need a sharing state, a progressive state, a development state," he says. Even

ZANU-PF's giant posters of President Emmerson Mnangagwa emblazon buildings in Harare

in interviews, Chamisa rarely breaks out of his campaigning cadences.

According to the MDC strategists, it works. They talk of generational consensus, that a country of overwhelmingly young voters must have young leaders. Much more than half the expected six million registered voters will be under 40, and most were born after the epic liberation war.

NEW CURRENCY

With his fluent evangelical-style delivery, Chamisa exudes youthful energy and a can-do optimism – one that draws criticism that he relies on wish-list politics and policy-free populism. At London's Chatham House in May, Chamisa was asked to show three ways in which his policies differed from ZANU-PF's.

"We will have a new currency [...] immediately after the elections," he shot back without offering any details. His second point hit home harder: "Corruption is the key issue that we have to deal with. We want to ensure that those who looted the state are appropriately reprimanded." Occasionally, he switches into a quasi-Donald Trump mode: "There are going to be deals that benefit the people of Zimbabwe and benefit foreign investors, so that's a win-win. The future is inclusive, but the future is regional."

Shrewdly, Chamisa wooed two more experienced oppositionists – Tendai Biti and Welshman Ncube, former ministers of finance and industry, respectively – back into the fold to give his front bench more policy heft.

Entering parliament at 24, Chamisa was the country's youngest member of parliament (MP) and was also its youngest minister when he took on the information and communications technology portfolio in a power-sharing government in 2009.

And he proved himself a tough operator within the MDC when founding leader Morgan Tsvangirai was dying of cancer this year. Chamisa fought off a challenge from then MDC vice-president Thoko Khupe and succeeded Tsvangirai with the backing of most of the MDC rank and file. Khupe took her supporters out of the party and is locked in a court battle with Chamisa over the use of the party name. Then the well-regarded Harare MP Jessie Majome was pushed out in the MDC's primaries and will now stand as an independent. That leaves the MDC, like ZANU-PF, without any prominent women on its top team (see page 46).

Evidently, the MDC's focus is overwhelmingly on hauling in votes and protecting them from fraud. Chamisa wants a full disclosure about the company that prints the ballot papers, unfettered access to the biometric voters' register and for the military to withdraw from any role in the election – "demilitarising the village". He calls those elements deal-breakers.

Together with other opposition groups, the MDC has laid down 10 demands that the government will have to meet if the elections are to be judged free and fair. Says Chamisa: "There has to be equal access to the public media by all political players. [...] We want benchmarks on the international observers around their deployment to the rural areas so they are not just confined to the urban areas. [...] People are being deprived of food aid on account of them being supporters of the opposition. That must stop."

To date, Chamisa says, there has been no meeting with the government on these demands: "Well, Mnangagwa is almost like a shut book.[...] He does not believe in the building of a nation through dialogue. [...] He's still pursuing what Mr Mugabe was doing: being condescending, not respecting other voices."

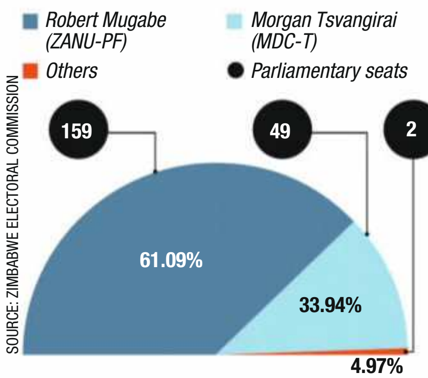
POWER IN NUMBERS

Chamisa has much more time for former ZANU-PF comrades such as sacked vice-president Joice Mujuru and Dumiso Dabengwa, a close ally of the late Joshua Nkomo. On the campaign trail in her home base of Mashonaland Central, Mujuru, who leads the People's Rainbow Coalition, says she backs the idea of a broad opposition alliance: "There is power in numbers. [...] We are phoning each other, and we are talking with the hope of having a stronger opposition."

But there is no sign of a deal about a joint presidential candidate. For now, the opposition parties want to find a way to cooperate in parliamentary constituencies to ensure the defeat of the maximum number of ZANU-PF MPs. Then they might be able to agree to combine opposition forces if the presidential election goes to a second round.

Mujuru, who was pushed out of ZANU-PF due to claims she was trying to topple Mugabe, tells *The Africa Report* that that those allegations are false. "I met Mugabe after he was deposed by the military. I told him I did not plan to topple him. When he was expelled [from power], I prayed that he

Zimbabwe 2013 General Election results



would see who really wanted to topple him and it's now there in the open for everyone to see."

Although Mujuru's coalition could do well in Mashonaland Central Province, it is unlikely to break through in many other provinces. But the combined weight of her group plus that of the National Patriotic Front, widely seen as a cypher for ousted President Mugabe and his wife Grace, could take hundreds of thousands of votes from ZANU-PF in the ruling party's strongholds in the three Mashonaland provinces and beyond.

Mujuru's and Mugabe's teams are also trying to capitalise on the frustration of long-standing ZANU-PF MPs who lost out in the party primaries. Asked to define a core characteristic of free elections in Zimbabwe, a democracy activist says: "The outcome must be unpredictable." That criteria, at least, is on the way to being met.

Patrick Smith in Harare

INTERVIEW

Sibusiso Moyo

Foreign minister, Zimbabwe

ALEXANDER SHCHERBAK/TASS VIA GETTY IMAGES

We're going to respect the will of the people

The foreign minister in the ZANU-PF government outlines the prospects and preparations for free and fair elections

TAR: One of your colleagues has described the upcoming elections as a foreign policy tool. What are the political implications of that view?

SIBUSISO MOYO: That question implies that we need to hold elections to satisfy others. That is not the case. They are an opportunity for our people to choose how they wish to be governed and the direction they wish their country to take, [...] to choose between competing visions of different political organisations. As the party in government, we are presenting at least a credible domestic and foreign policy to the electorate.

On what criteria do you want these elections to be judged?

The most important issue is to satisfy the people of Zimbabwe. As you have seen, all parties are able to campaign freely and they are able to gather freely without disturbance. [...] In previous elections the area of contestation had been the voters' roll. And the introduction of the biometric voter registration system [...][should] eliminate that area of contestation.

The printing of the ballot papers, all these procedural aspects are being handled by the independent Zimbabwe Electoral Commission. That is a constitutional body mandated to run elections effectively and to be in compliance with the law. I would say that the ability of the people to express their will freely is the other part. There's not been any inter-party conflicts or violence at all. A third point is that the parties must campaign freely. Then, finally, these elections must be done in terms of the Zimbabwean constitution. So, to us, those are the measures that mean elections are credible.

Some ruling party politicians have recently said the military would never hand over to an opposition party. As a general, do you think the Defence Force Commander Philip Sibanda should come out publicly to contradict this?

The President has said that the will of the people shall prevail and that in the unlikely event of him being voted out he will step down. We have heard the vice-president [General Constantino Chiwenga] saying the same. [...] I hear you when you say it could be helpful for the Commander of the Defence Forces to give a statement, but what we're trying to do is also to disentangle the military from even having any role in these elections. A lot of observers who have come through to observe the pre-election period have had the opportunity to go and meet the Commander of the Defence Forces, who categorically told them we're going to respect the will of the people.

> "We are trying to disentangle the military from even having any role in these elections"

There has been unprecedented political change in Southern Africa over the past year. What lessons do you draw from that?

What is encouraging is that change is happening within the liberation parties themselves. They're renewing themselves and adapting to the changed conditions. Like we saw in Zimbabwe, lack of change in leadership can lead to atrophy both at the level of the party and the country. All countries and indeed parties need constant introspection and renewal, we believe. I would like to say that it is important to unlearn the mistakes that we have learned. And it is encouraging to see this process occurring across Southern Africa.

Interview by **P.S.** in Harare

AGRICULTURE

A commanding performance

A programme focused on maize in 2016 has delivered rapid results, but critics want to know more about the unclear terms of 'Command Agriculture' before passing judgement


SVEN TORFINN/PANOS-REA

Tobacco grown on land leased back to the former white farmer by its new owner after land reform

Thanks to good weather and a new scheme to finance maize farmers, production is booming. The government has studied the success of contract farming in the tobacco sector (see TAR99, April 2018) and is using some of those principles to boost maize production through a series of opaque deals that involve finance from local companies. In 2016, then vice-president Emmerson Mnangagwa launched the so-called Command Agriculture programme to provide farmers with loans for inputs that must be repaid with a fixed share of maize production.

The government is claiming responsibility for the 2.2m tonnes of maize due to be produced in the 2017/2018 season, but favourable weather has also played its part. After two years of drought caused by the El Niño weather pattern, national maize production had dropped to just 512,000tn in 2016/2017. For the maize-focused Command Agriculture programme, the government says it borrowed more than $500m from local companies after finding that commercial banks were asking for double-digit interest rates. Members of the opposition are crying foul, saying that the government never sought or received parliamentary approval for the maize deals. Former finance minister Tendai Biti told local media last year: "Command Agriculture is a parallel, illegitimate process."

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The number of farmers contracted by China's Tianze, a subsidiary of China Tobacco International, to grow tobacco in Zimbabwe

SOURCE: TIANZE

A company named Sakunda has been behind much of the recent agriculture financing. It has ties to the giant commodity trader Trafigura, to whom it sold its petrol stations in 2014. Sakunda seems to have good relations with the ruling party and is involved in many sectors of the economy. Kuda Tagwirei is the public face of Sakunda and is Mnangagwa's nephew. In June, Sakunda said it would work with the government on programmes to finance maize production on 1m hectares of land over the next five years. The country currently has about 1.9m hectares of land under maize cultivation.

The government is now turning its attention to livestock and other areas. In February, Mnangagwa's government launched the $300m Command Livestock programme to increase levels of beef production, which plummeted after an outbreak of foot and mouth disease in cattle more than a decade ago.

BIG FISH TO FRY

The fish market is also booming, with fish farmers like Nyasha Mukwena of Marondera District producing tonnes of bream and tilapia in ponds. "I left my baking profession to start this fish farming project in 2017. I started with only two ponds but now I have 18 ponds capable of producing 150,000 bream and 150,000 tilapia in three months," says Mukwena. He adds that fish farming is not labour-intensive, as he is operating with a workforce of just four people. "I only need a lot more people when I am harvesting the fish. Refrigeration is of great importance when harvesting, so I am in the process of importing refrigerated vans so that the fish would always be fresh when they get to the consumers." To support fish farming, the government, through the department of national parks and wildlife, is breeding hundreds of thousands of fingerlings in provincial dams.

Mnangagwa's government is more conciliatory than its predecessor, but says it will not backtrack on land reform, which has weakened the influence of large, white-owned commercial farms and strengthened the network of black smallholders. Mnangagwa's goal is to make the country and the agriculture sector more attractive to both local and international investors. Farmers need better roads and access to markets, and some state-owned companies in the sector are performing poorly. In May, Singaporean agribusiness Wilmar announced its interest in taking over the parastatal Cotton Company of Zimbabwe. Cotton production reached a peak more than a decade ago then dropped off dramatically.

Going forward, the government's finances – it has billions of dollars in debt and is in arrears to international financing institutions – will be a major constraint on this new agricultural fervour. The system is also yet to be tested by a season of poor weather, and policy-makers in Harare have not revealed if there are safeguards in place to protect farmers from price drops and bad harvests.

Frank Chikowore in Harare and **Honoré Banda**

INVESTMENT

The wealth of a nation

Whoever will be guiding Zimbabwe's fledgling post-Mugabe economy after July has plenty to work with, while investors, too, will be eyeing the opportunities

Zimbabwe's abundant natural resources have the potential to revolutionise the lives of its people. Estimated at over $30bn, the southern African nation's untapped mineral wealth is vast, ranging from gold, platinum – the world's second-largest reserves after South Africa – and large deposits of diamonds, lithium, nickel and coal. Mining made up almost 60% of the country's export earnings in 2017, and the Chamber of Mines says mineral revenue is projected to hit $2.5bn in 2018, up from $2.3bn last year.

Zimbabwe also sits on the largest proven reserves of coal-bed methane in the sub-region. In May this year the government announced plans to ink a $700m deal with an investor to develop a site, and two similar projects are in the pipeline. Agriculture also holds promise. Though not without controversy (see page 51), President Emmerson Mnangagwa's Command Agriculture scheme and an increase in export incentives have begun to transform the sector, on which thousands of smallholder farmers depend.

The cotton sub-sector is beginning to reflect these policy changes. According to the USDA Foreign Agricultural Service, cotton lint production in Zimbabwe is expected to increase by 62% in the 2017/2018 market year. And the food processing industry is already attracting inward investment as a result of the lucrative export market in the Southern Africa region, Europe and the Far East. Last month, Indonesian firm Shine Africa Brilliant said it was ready to invest $1m, in partnership with local companies, to build a noodle manufacturing plant. From mining and agriculture to manufacturing and tourism, we take a look at the different sectors that hold promise for Zimbabwe's economic rebirth. ●

Oheneba Ama Nti Osei

ENERGY

Gokwe North Thermal Power Station (Sengwa)

The Gokwe North Thermal Power Station is a proposed 1,400MW coal-fired power plant near the Sengwa coal field in north central Zimbabwe, which has an estimated 538m tonnes of coal reserves. Potential investors are currently conducting pre-feasibility studies for the project, estimated to cost about $3.6bn. On completion, the plant is expected to increase the country's electricity generation capacity and reduce energy imports.

TOURISM

Victoria Falls

Zimbabwe is home to numerous tourist attractions, from natural landmarks to man-made historical sites. These include the world-famous Victoria Falls, Lake Kariba, the Great Zimbabwe National Monument (capital of the Queen of Sheba) and the Matobo Hills cultural landscape. These sites have created investment opportunities in tourism that are often complementary, at times contradictory: hospitality and food service industries, safaris and organised trips, big-game hunting or the production of wildlife documentaries.

AGRICULTURE

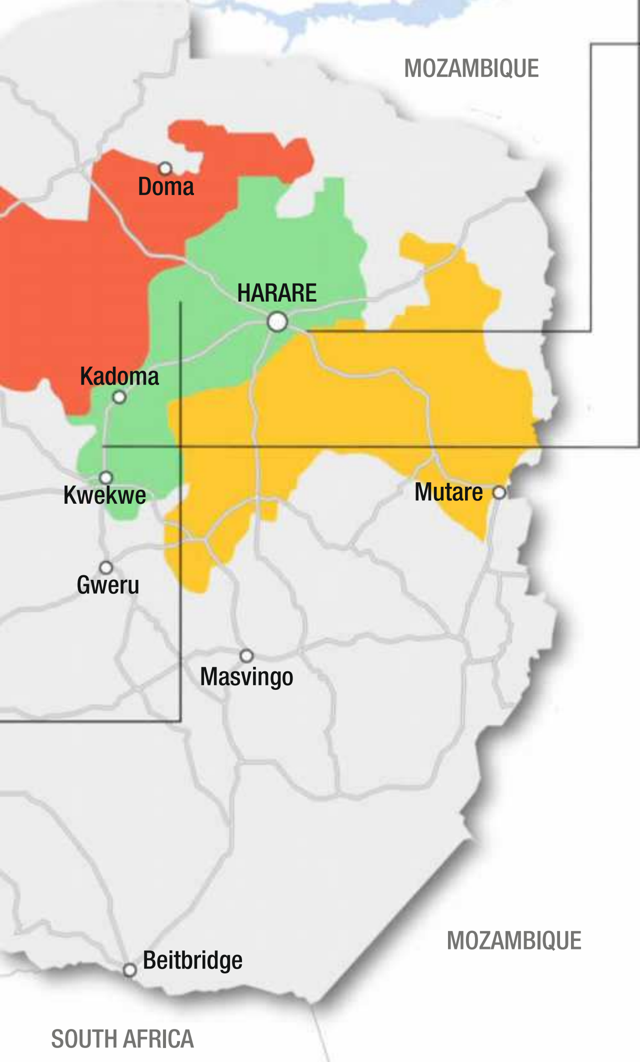
Tobacco

Tobacco, representing about 15% of total export earnings, is the mainstay of Zimbabwe's economy and one of the main sources of foreign currency income. The country is the largest grower of tobacco in Africa, and the sixth largest grower in the world, with the flavour-rich Virginia flue-cured variety making up 95% of the crop. The country must, however, confront the impact of health-related anti-smoking legislation around the world.

ZIMBABWE'S TOP 8 MINERALS

	Mineral	Estimated resource (tonnes)
1	**Gold**	13m
2	**Platinium**	2.8bn
3	**Coal**	26bn
4	**Nickel**	4.5m
5	**Diamond**	16.5m
6	**Iron ore**	30bn
7	**Copper**	5.2m
8	**Coalbed methane** (CBM)	The biggest known reserves in southern Africa. Exploration work in progress.

SOURCE: MINISTRY OF MINES AND MINING DEVELOPMENT



INDUSTRY 1

Sable Chemical Industries

Zimbabwe's sole manufacturer of ammonium nitrate (AN), Sable Chemical Industries, is aiming to produce over 240,000 tonnes of fertiliser per year from coalbed methane (CBM) in order to meet the annual local demand for AN fertiliser in the country. The Kwekwe-based company has begun feasibility studies for the project, which will include the production of 330,000 tonnes of ammonia, 200,000 tonnes of ammonium nitrate and 400,000 tonnes of urea per year. An estimated $900m worth of capital is required to fully launch the project and to purchase the necessary equipment and materials.

INDUSTRY 2

IDCZ and Sunway City Industrial Park

Sunway City, a wholly owned subsidiary of the Industrial Development Corporation of Zimbabwe (IDCZ), is using its 1,592 hectares of land to develop a world-class integrated residential, commercial, industrial, institutional and recreational park, known as the Sunway City Industrial Park. IDCZ is searching for potential financial partners to help pay for the construction of four incomplete factory shells: two textile factories, one technology building and a storage warehouse. The cost of completion is estimated at $14m. Well located and close to air, road and rail transport, the park will boost Zimbabwe's economic growth and has been designated as a Special Economic Zone.

ZIMBABWE FDI INFLOWS *($m)*

SOURCE: UNCTAD

AARON UFUMELI/EPA/MAXPPP

MINING

Platinum has promise and lithium looms large

Harare has to balance attracting more investment with making Zimbabwe benefit as developments in the automotive industry focus interest on lithium

President Emmerson Mnangagwa desperately wants to show that he can turn the economy around and is looking for quick wins from the mining sector, which had been spooked by his predecessor's indigenisation plans. Mnangagwa does not want to completely liberalise the sector, and the government still insists on majority local ownership for platinum and diamond mining projects. A new mining bill now making its way through parliament proposes to force mining companies to list on the local stock exchange, though foreign minister Sibusiso Moyo told an audience at Chatham House in London on 25 April that the clause would be taken out.

Platinum is the main focus for miners, and in March, Cyprus-based Karo Resources signed a deal with a promise of $4.2bn in investment in the Mhondoro-Ngezi region. A lot of platinum goes into catalytic converters and other devices to reduce emissions on petrol-powered cars. Analysts predict that demand for platinum will drop as car makers pour more money into hybrid and electric cars. Globally, the electric car sector is booming, boosting the demand for lithium, a key component in batteries. Four Zimbabwean lithium projects are getting underway this year.

Currently, only Bikita Minerals produces lithium, and it has an estimated 11m tonnes in its mines, which have been producing for the past five decades. Australian miner Prospect Resources leads the lithium rush with the rapid development of its flagship $55m Arcadia project near Harare. Exploration work has confirmed that the Arcadia deposit is the world's sixth-largest Joint Ore Reserves Committee-compliant pegmatite resource, with 43.2m tonnes at a grade of 1.4% of lithium oxide in the pegmatite rock.

$2.5bn

Zimbabwe's projected mineral revenue in 2018, up from $2.3bn last year, largely due to higher production from gold and platinum miners

SOURCE: CHAMBER OF MINES

Drilling at Arcadia commenced in the second half of 2016. The mine and chemical plant construction are due to be completed over a 14-month period. Lithium concentrate production is expected in the third quarter of 2019.

Bikita Minerals is currently the only lithium producer, but will be joined by four others this year

Significant progress has also been made at Premier African Minerals' Zulu lithium and tantalum project near Bulawayo, Zimbabwe's second-largest city. Premier says the project potentially has the largest undeveloped lithium-bearing pegmatite deposit in Zimbabwe, with a potential exploration target of around 120m-160m tonnes.

LITHIUM PROCESSING

In another development, Canadian miner Chimata Gold is working with local partner Jambata Limited on the Kamativi lithium tailings project in Matabeleland North. Their next step is to define the scope of the deposits and their economic viability. They want to set up a processing plant by 2019 that will treat 400tn/hr. And, finally, another Australian company, Latitude Consolidated, announced this year that it is acquiring a majority interest in the highly prospective Mbeta lithium deposit – which has not yet been fully explored – in Gwanda.

Figures from government-run Minerals Marketing Corporation of Zimbabwe show that Zimbabwe produced 52,127tn of petalite – a lithium ore – in 2016, valued at $12.6m, compared to 42,672tn in 2017 worth $10.4m.

Campaigners warn that the new government does not seem to be doing much better than Robert Mugabe's government in managing Zimbabwe's natural resources. Centre for Natural Resource Governance director Farai Maguwu tells *The Africa Report*: "There is no transparency at all in all the mining deals. Investors are nocturnally selected, which causes me to believe the country is not benefiting from the deals, despite lithium being a high-value mineral now." He adds: "Mining is creating poverty. The country is mining primarily for export, and when you export raw materials, they fetch very little prices."

Tonderayi Mukeredzi in Harare

KEYWORD

Characters in Zimbabwe's next chapter

With a new leader and high-stake elections planned for the middle of the year, here is a look at some of the faces likely to make an impact in the year ahead

GRANT MCKINLAY

Lance Mambondiani
Blossoming banker

The 44-year-old lawyer became the acting chief executive officer of Econet Wireless-owned Steward Bank after the financial institution parted ways with former CEO Kwanele Ngwenya. Mambondiani is not new in the financial services sector, having worked for various financial institutions both locally and internationally. Locally, he directed TN Asset Management and Kingdom Private Bank. Internationally, Mambondiani had stints with Barclays in the UK, UBS in Switzerland, Ulster Bank in Ireland and Investec in South Africa. Mambondiani has been critical of Zimbabwe's indigenisation laws, which have been reviewed by the new administration. Steward is growing and made $8.5m in profit last year before rolling out new point-of-sale devices for small businesses this year.

Jah Prayzah
Military rhythms

Born Mukudzeyi Mukombe, the musician serendipitously released an album titled *Kutonga Kwaro* a few weeks before the mid-November coup that ended Mugabe's rule. The album, whose title song is now President Emmerson Mnangagwa's campaign song, is rich with political lyrics that dramatise the events leading to Mugabe's resignation. Jah Prayzah, whose band performs in full military regalia, has become a favourite amongst the ruling elite and collaborated with superstar US artist Jason Derulo.

Beatrice Mtetwa
Dogged defender

Mtetwa, who was born in Swaziland, was a prosecutor until 1989, when she went into private practice specialising in human rights law. Since then, the fearless lawyer has been involved with several high-profile cases. She has won local and international awards for defending journalists and activists, despite being targeted by the authorities. Businessman Strive Masiyiwa revealed in April that he had turned to Mtetwa for help when the Mugabe regime sought to put pressure on him and his companies.

Vimbai Musvaburi
Rally of the returnee

Touched by the plight of fellow citizens back home, Vimbai Musvaburi resigned from her nursing job in neighbouring South Africa to pursue a career in politics in Zimbabwe. When former President Mugabe was toppled by the military in the bloodless coup of November 2017, Musvaburi became famous for pulling down Mugabe's portrait at one of the country's top hotels a few hours before he tendered his resignation. Now, Vimbai has set her eyes on the Bulawayo South constituency, where she has put her name forward to contest the parliamentary seat in elections due in a few months' time.

COURTESY OF VIMBAISHE MUSVABURI FOR MP CAMPAIGN

Evan Mawarire
Powerful pastor

REKA NYARI

Pastor Evan Mawarire shot to fame after he used social media to call for popular protests that resulted in Zimbabweans going on strike for two consecutive days in what came to be known as the 'Zimbabwe national shutdown'. Brandishing the Zimbabwe flag round his neck and carrying a bible, Mawarire took his campaign to the United Nations General Assembly, where he led protests against former president Robert Mugabe. Mawarire was later charged with "attempting to subvert a constitutionally elected government" following a series of protests and social media outbursts but the charges were dropped on technical grounds. Mawarire is running to be a municipal councillor in Harare as an independent candidate.

INSURANCE

Pan-African players

Insurance companies have been slower than banks to develop continental ambitions. Executives from two South African big-hitters, Sanlam and Old Mutual, tell *The Africa Report* about their existing African footprints and plans for expansion

By **Marcia Klein** in Cape Town

Two large South African insurers have their eyes on the continental market: giant Sanlam is making moves in francophone and North African markets, while Old Mutual is splitting up its operations so that its emerging-markets entity can focus on growth opportunities in South Africa and the rest of the continent. South Africa is the continent's strongest insurance market, and thus offers a strong base for African expansion, especially as the economy looks somewhat brighter under a new leadership.

Sanlam has a major head start in the race against Old Mutual. It now operates in 33 other African countries, and its rest-of-Africa operations accounted for 13% of the group's profits in 2017. For its part, Old Mutual has been slower to grow on the continent, with some investors arguing that its US and UK operations do not fit well with its emerging-markets portfolio. Old Mutual has a presence in 13 other African countries and its rest-of-Africa units represented just 3% of its profits in 2017.

Both firms are now making major moves to strengthen their positions in the highly competitive South African market and to get footholds in economies that are set to grow quickly.

The split of the London-listed insurance group Old Mutual into

$1bn

Sanlam acquired full ownership of Morocco's Saham Finances in a $1bn deal in March

SOURCE: SANLAM

ANDY B

Old Mutual's 'Mutual Building' in Cape Town, a rock-solid landmark

its African and other interests, which is due to be completed in June with a listing on the Johannesburg Stock Exchange, comes at a good time. Old Mutual moved its primary listing from Johannesburg to London in 1999 in the hope of attracting more investment. After winding down some international investments that did not complement its portfolio well, Old Mutual is looking at Africa with a new perspective.

BIG TALK, CAUTIOUS ACTION

Not quite the prodigal son, Old Mutual "is looking forward to its homecoming to Africa," Jonas Mushosho, chief executive for Old Mutual Rest of Africa, tells *The Africa Report*. Its strategy is to become "the premium African financial services group in 17 countries", which currently include South Africa, Botswana, Malawi, Namibia, South Sudan, Tanzania, Zimbabwe, Ghana, Kenya, Nigeria, Rwanda, Swaziland and Uganda. It offers savings, investment, insurance, banking and wealth management services.

But its strategy, currently, appears to be cautious consolidation without much talk of aggressive organic or acquisitive growth: "As a stand-alone public company headquartered in Africa, we will be focused on Africa and are well positioned in key sub-Saharan African geographies across multiple lines of business to make the most of the continent's growth potential," says Mushosho, pointing to the reach of the group compared to South African peers.

Old Mutual has a long way to go to catch up with rival Sanlam after the latter's recent $1bn deal to take over Moroccan insurance group Saham. Junior Ngulube, the chief executive of Sanlam Emerging Markets, tells *The Africa Report* that Saham "has a pan-African vision similar to ours, but started in the north." Its footprint in Maghreb should give Old Mutual pause for thought: Morocco is the second-largest insurance market in Africa after South Africa. The combination of Sanlam and Saham "gives us a unique position to operate in all language regions on the continent," says Ngulube. Sanlam mainly offers life and general insurance, as well as retail credit and asset management, while Saham is also strong in health and third-party administration.

Sanlam operates in Africa through partners in almost every country. "We know about financial services, but our partners know about specific countries," Ngulube says. This has enabled it to be among the top three market leaders for life insurance in eight African countries and for general insurance in 11 African countries.

MULTINATIONAL PARTNERS

Sanlam's geographic footprint is large, with the biggest gaps in parts of North, East and Central Africa. Ngulube says Sanlam Emerging Markets is still interested in Egypt and Ethiopia, though regulations currently prevent it from pursuing the latter. "Our geographic footprint is pretty much complete," Ngulube says. "The next phase is to ensure we have strong, leading businesses in every country. Secondly, at this point, we don't have all our products in every country. We need to make sure we expand our product offering and coverage over the continent."

A key strategy is to be a partner to multinationals, several of which are already signed up. "If you are a multinational in 20 countries and we are in 33, you would be covered in all the countries you operate in by talking to Sanlam," he says. "We are looking at the needs of their employees on the ground [...] specific employee benefit needs like travel, health, emergency evacuation and corporate solutions."

Sanlam Emerging Markets also provides solutions for other international insurers who have clients in Africa but are not in Africa themselves. Sanlam started to grow its Africa footprint with the 2005 acquisition of African Life, and notable expansion activities since then include a partnership with Nigerian bank FBN, bancassurance deals in Morocco with *Banque du Maroc* and asset management in Kenya following the acquisition of PineBridge East Africa in 2017. It also has the leading life insurance market share in Tanzania and Rwanda. In addition, in 2016, Old Mutual and the Nigeria Sovereign Investment Authority laid the groundwork for two joint funds that seek to raise a combined $700m to invest in agriculture and real-estate projects.

Performances range across its various investments, but currently Botswana, Namibia and Morocco are doing quite well. "Per capita incomes and disposable incomes are quite decent, and this reflects in the [insurance] penetration. Looking at our portfolio, they contribute quite significantly. Other economies may not be growing fast or may not have high levels of income per capita, but if we have appropriate product for these markets, we see strong growth, like in the life business in Nigeria." Sanlam also signed a deal with Tanzanian firm Maxcom Africa in May to accept payments via mobile-money platforms for insurance premiums.

At the recent African CEO Forum in Abidjan, Sanlam won African company of the year, while the boss of Saham, Nadia Fettah, was named the chief executive of the year. These are testament to Sanlam's successes on the continent, Ngulube concludes.

Old Mutual's strategy, similarly, is to build a pan-African, regionally differentiated brand. Rest-of-Africa chief executive Mushosho says the company is the market leader in the Southern African Development Community (SADC). In East Africa, it is focusing on its existing businesses while its approach in West Africa "is to grow the business by leveraging relationships with strategic partners, such as bancassurance."

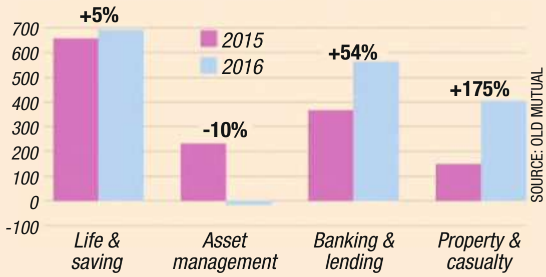
EAST AFRICAN GROWTH

Mushosho says the group continues "to see a great deal of opportunity, especially considering the underdeveloped insurance sector in Africa." Among the group's priorities is getting East Africa right. It is spending "much time and energy optimising" its 2015, $155.5m investment in UAP, an insurance company headquartered in Kenya. The UAP deal represented about half of the funds Old Mutual had set aside for big African investments several years ago.

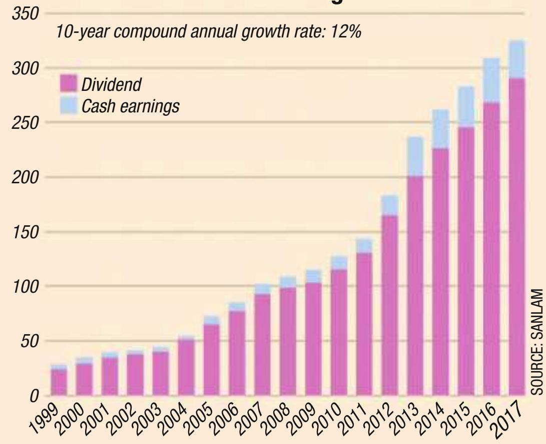
In West Africa, it is concentrating on growing its operations in Nigeria and Ghana "in a way that optimises the use of capital, leveraging our bancassurance partnerships"

Old Mutual's pre-tax adjusted operating profit by line of business, rest of Africa

R1,655m (2015: R1,407m), up 18%



Sanlam dividend growth



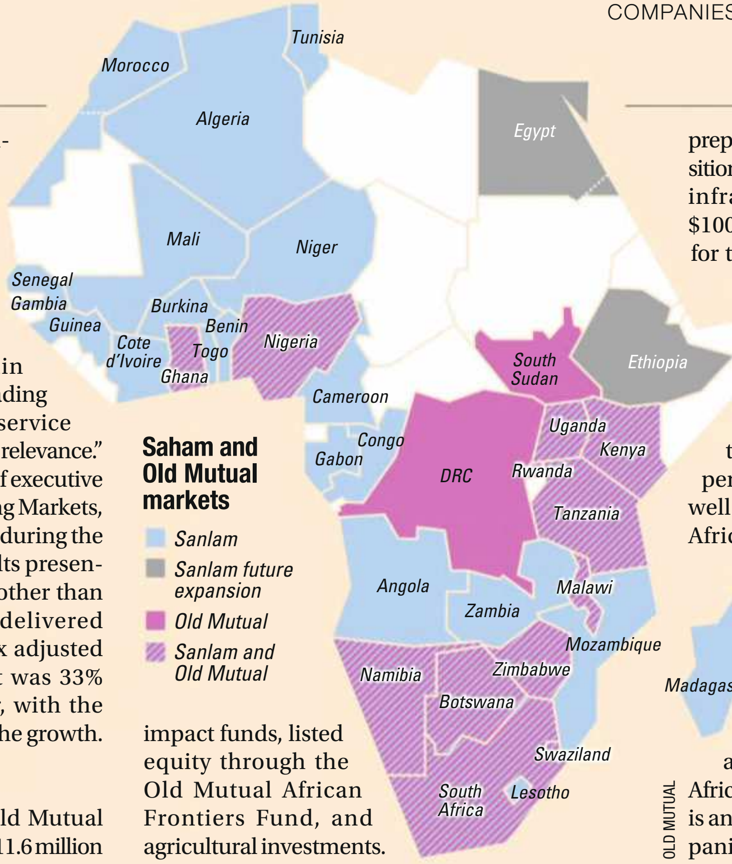
"Our geographic footprint is pretty much complete"

Junior Ngulube, chief executive of Sanlam Emerging Markets, on the insurer's large presence in Africa, which it now wishes to consolidate

JACQUES TORREGANO/CEO FORUM/JA

in a difficult economic environment. Mushosho says Old Mutual's strategy for SADC countries is to "exploit pockets of growth as and when they arise, and we will continue to maintain the strength of our leading businesses through service excellence and product relevance."

Peter Moyo, the chief executive of Old Mutual Emerging Markets, said little about Africa during the group's financial results presentation in mid-March other than that its operations delivered an impressive pre-tax adjusted operating profit that was 33% above the prior year, with the SADC region driving the growth.



SOURCE: SANLAM, OLD MUTUAL

PRIVATE EQUITY

As of August 2017, Old Mutual Emerging Markets had 11.6 million customers, up from 10.9 million at the end of 2016, with six million in South Africa and 4.9 million in the rest of Africa – something it will no doubt build on as it homes in on Africa with its separate listing.

But the group's activity in Africa is not limited to insurance. Through Old Mutual Investment Group the firm has more than R61bn ($4.7bn) in investment across the continent, split between infrastructure, private equity and impact funds, listed equity through the Old Mutual African Frontiers Fund, and agricultural investments. In May, Old Mutual Private Equity acquired a 50% stake in Medhold Group, a prominent supplier of medical devices across Southern Africa.

Paul Boynton, chief executive of Old Mutual Alternative Investments, told media that the outlook for investment in Africa in 2018 is good: "Infrastructure is Africa's most urgent developmental necessity and thus most promising investment opportunity for those prepared to take a longer-term position," he said, continuing: "African infrastructure needs around $100bn in investment annually for the next decade, 600 million people in sub-Saharan Africa still lack access to power, three quarters of roads are still unpaved, whilst moving goods through African ports is three to four times more expensive than in Europe. Large well-structured, well-managed African infrastructure projects provide steady, reliable returns over the longer term and will continue to attract the attention of investors."

Randolph Oosthuizen, an analyst for the Old Mutual African Frontiers Fund, said there is an interesting pipeline of companies coming to the market in Egypt, where the government is also planning to sell down some of its ownership.

The South African government, in its new budget announced in February, increased the allowable investment limit for pension funds to the rest of Africa from 5% to 10%. While investors have not rushed to fill their allocations, this should lead to increased investment on the continent, and Sanlam and Old Mutual stand to benefit from it.

ENERGY

Power pitfalls

Debts by utilities are a major challenge to expanding grid-based electrification on the continent. In East Africa, several investors have learnt this the hard way

TANESCO

As Symbion Power awaits arbitration in a case against Tanzania at the International Chamber of Commerce, a gloomy view of Africa is shaping up among investors like Paul Hinks, Symbion's chief executive, who told a February conference in Kampala: "I wouldn't say I am really excited for Africa [...]. The ability to get projects off the ground is getting more and more difficult." But Hinks was not always this pessimistic.

As young man, in 1980, he started his career at a Zimbabwean utility and worked on projects in 16 countries across Africa over a period of four decades. He then emerged as one of the most ardent proponents of electrification in Africa – so much so that when then US president Barack Obama announced his ambitious Power Africa Initiative in June 2013, he stood at Symbion Power's thermal plant in the Ubungo suburb of Dar es Salaam. And in March the following year, Hinks testified in Congress, appealing for bipartisan support for the initiative, which he called "a long-term game-changer for the people of Africa."

DOUBLE-DIGIT DEBTS

But even for the Afro-optimist he was then, this outlook masked a surging undercurrent of payment risk, driven by insolvent state utilities. Within three years of Symbion Power launching operations in Tanzania in 2011, for example, the company was owed \$70m. And by June 2016, Tanzania under President John Magufuli was turning into Symbion Power's worst nightmare: the government cancelled a 15-year power purchase agreement for the 120MW Ubungo plant while a highly anticipated licence for another 600MW plant in the southern region of Mtwara never panned out.

"In Tanzania we have been supplying power for about six years; for those six years we were never in the black. We were always in the red, at one stage we were \$85m in the red," Hinks said. "And then two years ago, the government stopped paying us completely, so we had of course to file arbitration," he said, referring to the case at the Paris-based court in which the company is seeking to be paid \$561m.

Symbion is not alone in its Tanzanian misery. Globeleq and PanAfrican Energy often fire off protest letters over arrears for natural gas supplies to the country's thermal power plants. In Africa, such payment risk is ranked as the highest cause for concern for investors, according to the African Trade Insurance Agency (ATI).

"The need to mitigate off-taker payment risks remains one of the key impediments to projects reaching financial closure," John Lentaigne, ATI's chief underwriting officer tells *The Africa Report*. "The picture is, however, nuanced, with some of our member countries demonstrating an improved risk profile in the power sector, whilst in others it is more evidently deteriorating," Lentaigne adds.

In sub-Saharan Africa, 609 million people do not have access to electricity, a 2017 World Bank report shows. Of the 20 countries with the largest electricity access deficits in the world, 16 are African, the report says, citing the weak financial state of the utilities as one of the biggest challenges to expanding grid-based electrification. Governments often want utilities to charge low rates, hurting their bottom lines. The World Bank also estimates that the continent needs to create generation capacity of 7,000MW per year and invest in transmission systems to bridge the electricity gap.

609
million people in sub-Saharan Africa do not have access to electricity

SOURCE: WORLD BANK

Despite weak energy infrastructure and a growing demand in many countries, private investment and involvement in African energy remains modest because of the lack of long-term financing, political and regulatory uncertainty and weak utilities, said a March joint statement by the European Investment Bank, Munich Re and ATI. Insurers, they said, have historically been limited in their capacity to cover such risks.

INSURANCE STEPS UP

Hence, the three entities offered \$1bn in reinsurance capacity to target sustainable energy projects in Africa. A risk-sharing platform, the African Energy Guarantee Facility, will offer insurance against sovereign or sub-sovereign non-payment and political risk

Launched in April, the Kinyerezi II power plant in Tanzania will inject 240MW into the grid, but the country has fallen foul of other investors after failing to pay its bills

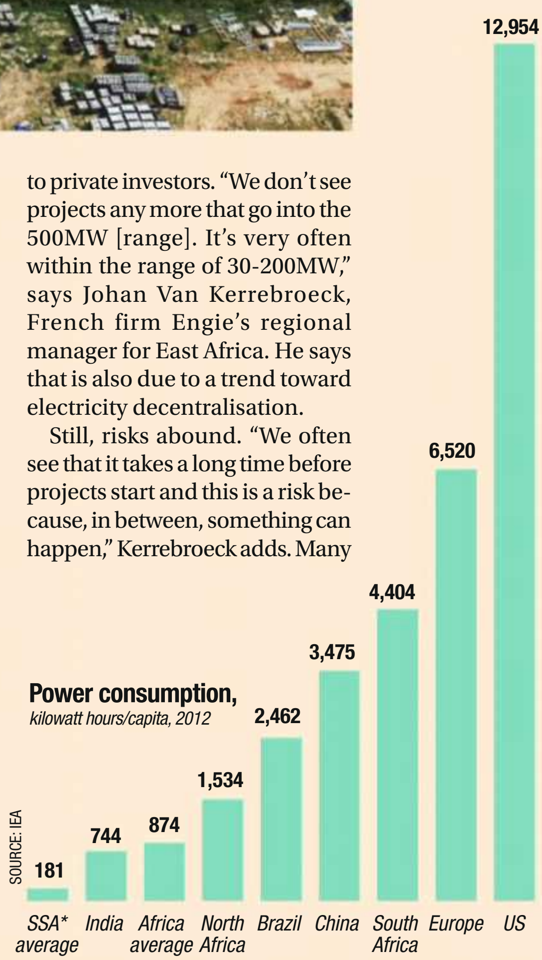
insurance covering expropriation and currency inconvertibility.

This could help move projects, like that of Moshi Shaban. Since 1996, the Tanzanian national has been pursuing a fish-processing project on the shores of Lake Tanganyika. Frustrated by the lack of power, Shaban decided to invest in a 5MW dam to supply the region of about 60,000 people. He undertook a feasibility study in 2014, but has been forced to shift timelines after delays in getting permits. "Since the beginning of the feasibility study [there have been] numerous changes, delays and rescheduling," Shaban tells *The Africa Report*.

Shaban says investors have been hard to come by to inject part of the $6.3m required. Despite the prospect of 24% return on equity, access to foreign investment is difficult and Tanzania's commercial banks seek very high lending rates.

Financing limitations also make large-scale projects less attractive to private investors. "We don't see projects any more that go into the 500MW [range]. It's very often within the range of 30-200MW," says Johan Van Kerrebroeck, French firm Engie's regional manager for East Africa. He says that is also due to a trend toward electricity decentralisation.

Still, risks abound. "We often see that it takes a long time before projects start and this is a risk because, in between, something can happen," Kerrebroeck adds. Many projects also face land-owner risk, as "it isn't always that clear on how the land can be used for infrastructure projects. Even if you go deep into your corporate social responsibility strategy, engage everybody and use professional consultants to help out, still there's a risk that, sooner or later, you will face a problem which is unexpected and hard to tackle," he says. One way Engie mitigates such risks is teaming up with local partners. The idea is to "start small and build up as you understand the environment," Kerrebroeck concludes.



UMEME'S TROUBLES

East Africa offers many examples of the problems associated with improving energy provision. Uganda's Umeme is regularly cited as one of the best power concessions in Africa and the 2016 World Bank study on making power affordable listed Uganda and the Seychelles as only two countries in sub-Saharan Africa with a financially viable electricity sector because utilities fully recover their cost of supply.

But that narrative of success is quickly falling apart. For the past 13 of its 25-year concession since 2005, Umeme claims to have made investments in the grid to the tune of $500m. This was to cut technical losses, the kind that result from poor distribution systems. Those losses still stand at 17%. A recent review by the ministry of energy put overall losses at 38%, higher than pre-concession levels of 28%. Asserting that the losses should have been "wiped out" by Umeme's investments, President Yoweri Museveni came out against the extension of Umeme's concession this year.

Other institutions highlight key problems in project development. "Currency is the elephant in the room," according to Loyiso Jiya, the Development Bank of Southern Africa's principal deal originator for energy projects. "We struggle with currency shortfall cover. We are aware that the African Development Bank is coming up with an instrument to deal with that, but at the moment it's a challenge," he says. ●

Joseph Burite in Kampala

INTERVIEW

Yinka Sanni

Chief executive, Stanbic IBTC, Nigeria

We will facilitate business with China

The Nigerian bank is leveraging the Chinese stake in its parent company to be the go-to bank for business with the Asian country with its Africa China Banking Centre

The timing could not have been better. A month after Yinka Sanni, chief executive of Stanbic IBTC, and his colleagues announced that the bank was set to launch its Africa China Banking Centre, the governor of Nigeria's central bank and his Chinese counterpart announced that the two countries had finalised a deal on a bilateral currency swap first agreed by presidents Muhammadu Buhari and Xi Jinping on the former's visit to China in 2016.

To execute the deal, in which the two countries will directly exchange RMB15bn ($2.4bn) or N750bn ($2.1bn), the Central Bank of Nigeria appointed four Nigerian financial institutions as settlement banks for the transaction. Stanbic IBTC made the cut, having met the criteria that reportedly included having an operating office in China. Stanbic IBTC is affiliated with the Industrial and Commercial Bank of China (ICBC), which owns a stake in its parent, South Africa's Standard Bank Group (SBG). That likely made it a shoo-in for the deal, positioning the bank to earn a decent slice of the $30bn in annual bilateral trade volume.

PIVOTAL ROLE

Sanni tells *The Africa Report* that the Africa China Banking Centre is key to Stanbic's strategy: "It is important to note that ICBC, which is the largest bank in the world, owns approximately 20% of SBG, our parent. SBG, through Stanbic Africa Holdings Limited, owns 53.07% of Stanbic IBTC Holdings PLC. The Africa China Banking Centre will leverage on our parental affiliation to provide financial solutions and facilitate business between Nigeria and China. We see our role in this regard as pivotal. This will help us tap into the increasing Chinese business opportunities in Nigeria, as well as achieve our objective of being an end-to-end financial solutions provider."

With the gap between Nigeria's Tier 1 banks and the rest of the pack widening in the past few years, the opportunity for Stanbic, which is classed as a Tier 2 bank, to capitalise on the lucrative Nigeria-China trade may prove vital for Sanni as he continues the execution of the group's full-service banking strategy.

An accomplished banker with more than two decades of experience, all spent at Stanbic IBTC, Sanni embodies the corporate culture of the bank's brand, which places a premium on developing talent from within. Sanni says: "As a service business, Stanbic IBTC recognises that our people are our brand, upon which the integrity and consistency of our customer experience rests."

Sanni's career sums up Stanbic's practice of developing

key talent by rotating people to subsidiaries at different stages of their professional development. He served as the pioneer chief executive of the group's pension and asset management subsidiaries before returning to the bank as head of corporate and investment banking. He was then appointed joint deputy managing director with Sola David-Borha before being made substantive chief executive of the bank after the group adopted a holding company structure in 2012. Last year, he was elevated to chief executive of the holding company and is now responsible for the group's nine subsidiaries, which include stockbroking, capital market and insurance, among others.

He will have to lean on his experience to steer the group as the economy returns to growth following the most severe recession in a generation. Based on the bank's performance in 2017, Sanni is off to a good start. The group's financial results showed that Stanbic IBTC Holdings sustained its growth trajectory, which recovered in 2016 following a dip in the previous year during the recession. Net profit for the group rose by 69% in 2017, an increase of 19% over the 2016 figure. This was achieved despite a 5% increase in the value of loans issued.

Sanni says this was partly due to the improved returns from investments in government securities, into which the bank channelled more of its excess liquidity in the preceding fiscal year. Going into 2018, Nigeria's bank managers do not want to lend too much too quickly despite the economy showing signs of improvement. This approach is a likely effect of the expansion of bad loans in the banking sector over the past 24 months. Stanbic saw its non-performing loan ratio rise from 6% in 2016 to 8% last year. Its forecast for 2018 anticipates a decline to 5%, and Sanni is confident that the bank will achieve this. "We intend to maintain our credit discipline by responsibly growing our loan book within already identified sectors during the year, while we continue to work on recovering our impaired assets," says Sanni. The sectors targeted include agriculture, which is the focus of various support programmes from Nigeria's central bank, oil and gas, and the manufacturing sector.

REACHING OUT FOR RETAIL

Stanbic also aims to improve its business in the trade and the retail sectors. It is focusing on "personal and banking customers within an ecosystem" – such as customers in cooperative groups and employee associations, where opportunities for interest on loans and transaction fees are relatively more secure and substantial.

The bank's retail performance in 2017 was significantly worse than the previous year. It recorded a decline of more than 900% to post a net loss of N16.5bn, down from the N1.6bn recorded in 2016. With the bank's overarching strategy hinged on retail banking, Sanni and his team have their work cut out to reverse the losses and lay the foundations for a long-term, viable retail banking business.

On the corporate and investment banking side, where Stanbic has a strong history, income grew by more than 200% from N14.9bn

"Our objective is to be an end-to-end financial solutions provider"

in 2016 to N45.7bn. The bank is also acclaimed as being the leading source through which investors funnelled capital into Nigeria's economy in 2017, importing 36%, or $4.4bn, of investor funds into the country, ahead of the likes of Citibank and Standard Chartered.

Sanni expects the bank to sustain its performance in the coming year: "With the country coming out of recession, we have seen businesses' performance improve, but we still remain cautious with regard to our lending appetite." ●

Charles Idem in Lagos

A STANBIC MAN

1987
Graduated with a bachelor's degree in agricultural economics from University of Nigeria, Nsukka

1990
Started out at Stanbic IBTC

1996
Appointed managing director of Stanbic IBTC Asset Management

2012
Became chief executive officer of Stanbic IBTC Bank

19 January 2017
Named chief executive of Stanbic IBTC Holdings

APPOINTMENTS

Olakunle Alake

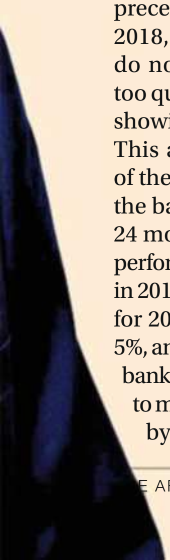
In April, the chief operating officer of Nigeria's **Dangote Industries** was promoted to the group's **managing director.** He has been with the company since 1997 and will play an influential role as it prepares to operate its huge new oil refinery.

Boitumelo Mosako

Also in April, the **Development Bank of Southern Africa** chose finance specialist Mosako as its new **chief financial officer**. She previously served as the executive director of South Africa's Triumph Venture Capital.

Jean-Claude Tshipama

The telecoms specialist was named **Eutelsat Communications'** new **chief executive for broadband in Africa**. He brings his experience as a member of Equity Bank's board of directors and skills from his role as president of French cable channel Canal+ in the Democratic Republic of Congo.



PHILIPPE TURPIN/PHOTONONSTOP

Industrial policy in action at Busan's busy port – the fifth largest in the world

AFDB

Busan or bust

At its annual meeting in South Korea the Africa Development Bank took the decision to bump up its capital, averting a potential rating downgrade

A giant black ship laden with 10,000 containers waits patiently. A gaggle of officials from various African finance ministries stare up as unloading cranes whir overhead. If you wanted to pick a spot to praise the virtues of industrial policy, the quayside of the world's fifth-largest port, Busan, is as good a place as any.

South Korea was the backdrop to a tense meeting of the African Development Bank (AfDB) in May. The governors of the bank – 60% of whom are the central bank governors and finance ministers of African countries – had to agree to begin consultations over a general capital increase.

If they did not, ratings agencies would ask questions about the AfDB's current AAA rating. The problem for the Bank is that it is near the outer limits of how much it is allowed to lend, given how much capital it currently has (see graph). There has been a huge ramping up in loan approvals and disbursements under the current AfDB president, Akinwumi Adesina, who was elected to the position in 2015.

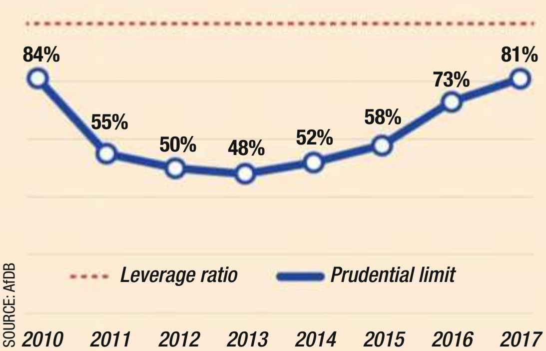
African shareholders are keen to increase the bank's capital base to allow it to better meet the large funding needs of the continent. The AfDB estimates that the roads, railways, ports and power stations required by the continent each year cost at least $120bn.

But shareholders from Europe and the United States have raised questions about the bank's governance. They point to loans announced without board consultation, a painful staff restructuring and concerns over nepotism. After record disbursements in 2016, "the governors panicked", says one insider. As a result, the AfDB governors capped loan approvals in 2017 and 2018.

Not all governors agree on this, however. For many, there is a clear and urgent need to get more money into the continent. "Imagine you get off the plane in 30 years, and your kid says: 'Grandma, where were you when we were trying to get Africa right?'", asked Ghana's finance minister Ken Ofori-Atta at a closed meeting of the AfDB governors where the capital increase was discussed.

The markets seem to have a rosy view of the bank's finances. A recent three-year $2bn global benchmark bond launched by the AfDB was oversubscribed with a coupon of 2.625%.

Protecting debt holders



SOURCE: AfDB

PICKING WINNERS

The AfDB's new spending agenda takes a different tack to the more orthodox approach of the past. With South Korea as a convenient backdrop, the case for greater state involvement in development was made repeatedly by those in attendance at the annual meeting in Busan. In particular, delegates discussed the ability of the state to channel resources to specific types of companies. "We want to nurture a new class of African industrialist," said Pierre Guislain, the AfDB vice-president for the private sector, infrastructure and industrialisation.

"I know there is a concern about picking winners," said Adesina, "but we aren't going to pick losers." He gave the example of Ethiopia, which has grown fast over the past decade by using the state to focus scant resources on big infrastructure and industrialisation projects, such as large hydroelectric dams, railways and special economic zones.

But the South Korean-born president of the World Bank, Jim Yong Kim, who attended the meetings and endorsed Adesina's reform efforts, nevertheless took issue with overemphasising the role of industrial policy in South Korea's success. Education, he said, was and is key: "We are in the middle of a fundamental rethink about what the jobs of the future will look like. You have got to prepare your population to compete."

FORUM FOR INVESTORS

Regardless of whether African countries decide to spend on subsidising industry or on education, however, they will need money. The AfDB hopes this will come in part from a new platform to connect investors – such as local and international pension funds – the Africa Investment Forum. The first forum is due to be held in Johannesburg on 7-9 November.

Ultimately, the bank will need its own financial firepower. There are plans to securitise the AfDB's balance sheet, in part prompted by the lack of lending headroom of recent years. But a capital increase is needed, "because the funding gap in Africa is huge", said Hassatou Diop N'Sele, the AfDB vice-president for finance.

In the end, there was only a solitary vote against the AfDB capital increase, and this came from the US. A council of AfDB governors will meet in October, and Adesina is said to want to complete the process in a year. Experts say it should take longer than that. If the AfDB can stick to Adesina's timetable, the capital raising would conveniently be finished just ahead of his re-election campaign, should he choose to run again. ●

Nicholas Norbrook in Busan

HANNIBAL

Darkest before the dawn

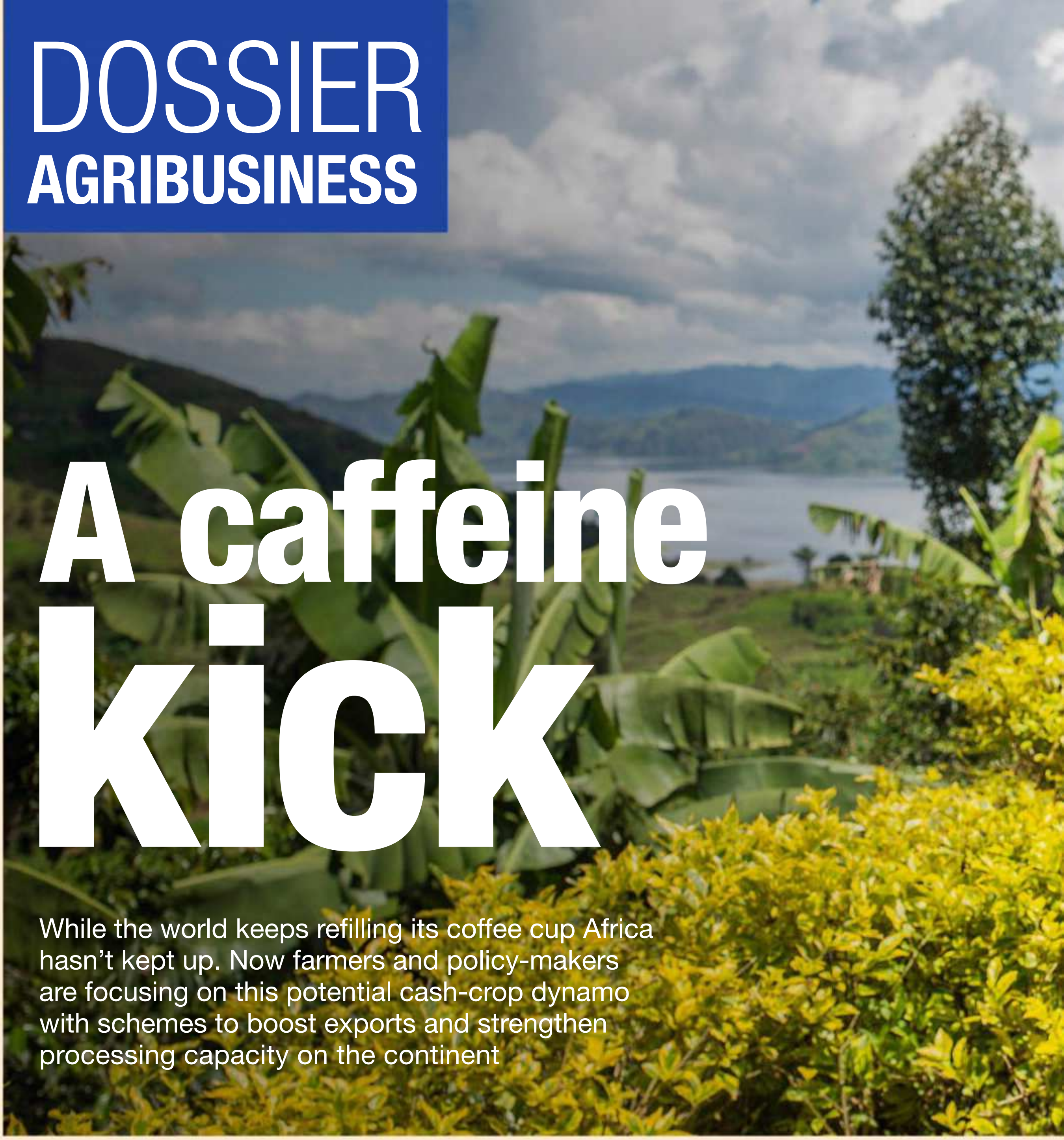
In the end, the ratings agencies left it unchanged at BB+, the first rung down from investment grade: "South Africa's economic growth remains tentative," said Standards & Poor's. And the country's debt is still rising. Now comes the hard part of President Cyril Ramaphosa's 'new dawn' – the bit where it is darkest. Political battles are still being fought. The divisions being thrown up by a potential trial of Jacob Zuma are bringing rancour to the job of uniting the ANC. And the hardest part is draining the swamp of the parastatals, where the worst of the corruption of the Zuma era resided. The ratings agencies are worried in particular about nasty surprises – including unbudgeted support for parastatals that might be discovered down the line. Can the redoutable Pravin Gordhan, now minister in charge of parastatals, fix the rot?

Team trouble

One of those parastatals, South African Airways (SAA), became emblematic of the Zuma-era mismanagement. Board chair Dudu Myeni, who had close ties to Zuma, led it into a series of scandals. She was eventually sacked amidst debt owed to local banks of R13.8bn ($1.1bn) and a string of operational difficulties. So it might be surprising to learn that Kenya Airways is keen to enter into a partnership with SAA. As the third- and second-largest airlines by number of passengers in Africa, respectively, they are seeking to gang up against the number one, Ethiopian Airlines. But given Kenya Airlines' own mismanagement, perhaps they will be perfect for each other.

Manufacturing mismanagement

Mismanagement in Kenya is not confined to the airlines. Manufacturing companies are now the largest single group responsible for Standard Chartered Bank's problematic loans, making up 13% of the lender's dud credit. This is partly down to government not paying contractors. "Generally companies that rely on the government and counties for payment have really struggled in non-performing loans," chief executive Lamin Manjang told investors. But it is also a sector-wide problem of poor management decisions, such as using working capital for capital expenditure. Is it back to school time for Kenya's industrial class? ●



A caffeine kick

While the world keeps refilling its coffee cup Africa hasn't kept up. Now farmers and policy-makers are focusing on this potential cash-crop dynamo with schemes to boost exports and strengthen processing capacity on the continent

By **Joseph Burite** in Kampala

The feeder route from the hard-surface road to Lake Nyabihoko in Uganda's Western Region district of Ntungamo is unsparingly bumpy over several kilometers. Charles Barugahare has been operating commuter services here, in the form of a Japanese pick-up truck ferrying passengers to and from the area's main trading centre, for 20 years. It is usually easy finding a spot to grab during the journey. But in days between May and August, passengers often have to compete with loads of coffee bags heading to mills for processing, a first stop on their path to international markets.

For a greater part of his life, the cargo in his truck was the closest association Barugahare had with coffee, despite it being a common cash crop in the area. Recently though, seeking to diversify his income stream from cattle rearing and a liquor store and tempted by government planting supplies, the father-of-three planted four acres of robusta coffee. "These are the things left for us to do now," Barugahare says at his hilltop house overlooking a lake. "It's not much. It's just for a start," he adds while gazing at his plantation.

3.2%

Expected rise in coffee output across the continent in the 2017/2018 season

SOURCE: ICO

In his small way, Barugahare is contributing to African countries' plans to raise coffee production, which is on course to reach about 16 million 60kg bags this season. If more farmers turn to the crop, the continent could

JIRO OSE/REDUX-REA

raise production by an estimated three million 60kg bags annually, industry officials estimate. Most of the continent's production is by smallholder farmers rather than big industrial plantations.

NEW LEGISLATION

To achieve that target, Africa's two main producers, Ethiopia and Uganda, are focusing on abandoned coffee farms for rehabilitation. Farmers in Kenya are planting new varieties and expanding in new areas, especially towards the west, to reduce the risk of pests and diseases, explains Ishak Lukenge, chairman of the Africa Fine Coffees Association (AFCA). The Ugandan government is also fast-tracking new legislation that seeks to improve farm operations, organise farmers and improve quality so as to increase profit margins and access to market.

The success of initiatives aimed at increasing production will likely revive the continent's medium- and long-term export prospects to match or even surpass levels attained in 1990, Lukenge says. With production that stagnated for more than 20 years, Africa's share of global output decreased from 36.6% in 1990 to an estimated 10.8% in 2016. Its share of the total value of global coffee exports fell from 21% in 1990 to 9.4% in 2016. This took place as global demand increased by more than 50%, from 100 million bags to 159 million bags predicted for the year 2017/2018, according to the International Coffee Organization. In 2017/2018, output in Africa is expected to rise 3.2% to 17.66 million bags.

The Ugandan government is promoting coffee growing in the Western Region, known for its Arabica beans

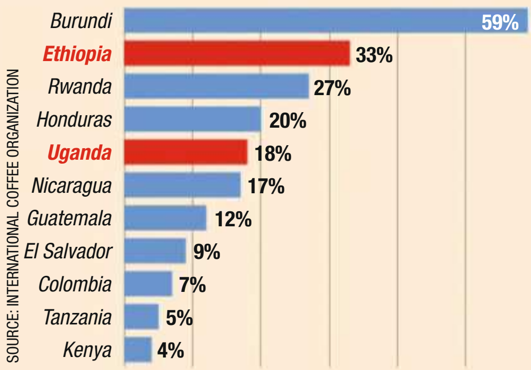
Still, Africa's producers, which amount to around seven million households, are largely missing out on opportunities brought by global growth in demand that resulted from increased consumption in emerging economies, José Sette, ICO executive director told media in February.

Actors in the African sector want to boost coffee drinking at home. "At AFCA, what we have realised is that we need to promote more coffee consumption within the African region," says Lukenge. "We have to add value here and trade within the African region, not Europe." So far, though, there is little evidence of change on the ground, and most of the roasting, blending and packaging is still done outside the continent.

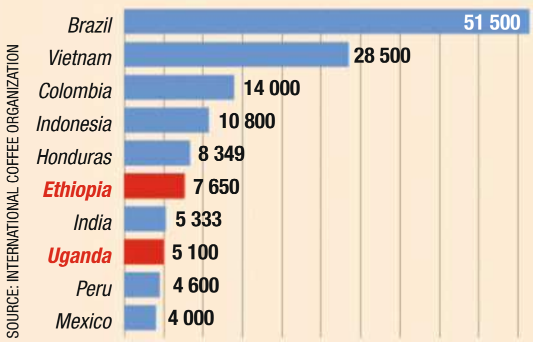
Private-equity firm The Abraaj Group is betting big that there is untapped demand for coffee on the continent. It purchased Kenya's Java House coffee chain last year and the company announced in May that it has major expansion plans on the continent.

As of 2016/2017, Africa's coffee consumption stood at 11 million bags, with annual growth averaging 1.9% since 2013/2014, according to ICO data. Ethiopia, the largest African coffee consumer, drinks about half of the 7.65 million bags it produces. Sudan follows with 700,000 bags per annum, and South Africa rounds off the top three consumers at 500,000 bags. Nigeria, Africa's second-largest economy, consumes all of its negligible production. With its large population, it is seen as a potential market that producers like Kenya are looking to tap. A growing youth market could mean Africa will soon be consuming 40 million bags of coffee a year, the AFCA's Lukenge estimates.

Average share of coffee exports in total export earnings



Coffee production worldwide in 2017, by country
(in 1,000 60kg bags)



CLIMATE CHALLENGES

Africa's production hinges on a favourable climate, a factor that already poses threats. In Ethiopia, growers have reported delayed harvests as climate change interfered with bean ripening.

Output targets have also been derailed in Tanzania by seasonal unpredicability, forcing the East African country to revise its strategic plan, says Primus Kimaryo, acting director general of Tanzania coffee board. Tanzania's coffee production dropped to 780,000 bags in 2016/2017 from 1.03 million bags in 2015/2016. It is forecast to fall further to 716,000 bags in 2017/2018. This makes it very difficult for farmers to meet the government's target of 1.6 million bags by 2021.

Structural limitations in some regions also constrain the sector. "Export processes, which include pricing, logistics, finance, risk management and transport, are a real challenge for East Africa," says coffee trader Phil Schluter. "It's the reason why coffee sometimes takes four-to-five months to leave the region and realistic shipping times are four-to-five months after harvest, whereas in Central America [they are] about half that or less," he says.

Uganda's farmers have their own obstacles. "The only disadvantage we have is the [price of] freight," says the AFCA's Lukenge. "We are landlocked. From Kampala to Mombasa costs about $110 per tonne. When you go to Ethiopia, from Addis to Djibouti, it is $30 per tonne. So we have that disadvantage of being away from the sea."

11

million 60kg bags of coffee are consumed annually in Africa, with the youth market likely to push it up to 40 million in the next few years

SOURCE: AFCA

AN AWFUL LOT OF COFFEE

Across the continent, smallholder farmers would benefit if governments rolled out more extension services and other policies that focused on all links in the production-to-export chain. Schluter says farmers like Barugahare stand to earn higher prices if they improve the post-harvest handling of beans. They could triple from an average of $0.91 per pound currently to $2.3-$3 per pound, Schluter argues. Schluter also sees potential for an 86% increase in African yields if proper varieties and agronomy are applied. Along with post-harvest processing, "this is where money should be spent by African producers," he says.

Indeed, Uganda is starting to reap the benefits of such improvements. In 2013, the government deployed the army to conduct agricultural extension services, which saw soldiers offer improved coffee seedlings and agronomy advice. Production had long stagnated at 3.6 million bags and then the country increased output to 4.96 million bags in 2015/2016 and 5.1 million in 2016/2017. Policy-makers hope the country will lead the charge for a revival of Africa's output, targeting a harvest of 20 million bags by 2030 – a surge that could spur the continent to levels closer to industry leaders Brazil and Vietnam.

But Brazil remains king and its expected record harvest this year is already causing jitters as prices are likely to fall. There are bound to be bumps in the road for African coffee growers who want a bigger stake in a highly competitive field against strong agricultural powerhouses. And falling prices will test those farmers' commitment to coffee in the next few years. ●

“The development of the African meat industry creates wealth and is a key factor in its food supply strategy”

IECSA
Internacional de Equipos Científicos, S.A.

AN INTERVIEW WITH

RAPHAËL ORTEGA COSTE

MANAGING DIRECTOR IECSA

> What is unsatisfactory about the current meat market in Africa?

The emergence of an African middle class is changing the region’s eating habits and greatly increasing imports of raw and processed meat products from South America and Europe.

However, the corresponding foreign exchange outflows do not always guarantee access to quality products as long as there are not enough standards and strict controls at the borders. Therefore, the development, of an industrialized regional meat industry will deliver concrete social and economic answers in return for a reasonable investment.

> What are the advantages?

The most important is human because it provides the African consumers with a certified and larger protein offer produced in their own region. There is also a strong impact with the breeders, who currently offer their animals in poorly organized local markets or even sell live animals across the borders of their countries. The later entails travelling long distances which takes a heavy toll on the animals and eventually spread diseases.

The creation of skilled jobs is not limited to the scope of work available at the slaughterhouse, since the processing of by-products contributes to the development of leather crafts and the marketing of proteins for poultry and fish farming, as well as industrial fats.

The second advantage is financial. The gradual replacement of imports by domestic production will have an impact on the region’s balance of payments. The commercialisation of frozen meat will be facilitated by integrated economic zones like the CEMAC as well as to other African countries, or the Middle East, which is close enough so as to reduce logistic costs compared to transatlantic flows of similar products.

Last, but not least, we cannot exclude the animal welfare factor. As it is, there is a real dearth of veterinary checks in the region which is exacerbated by the transhumance phenomenon and illegal sales. A weakened and stressed animal loses some of its value compared to a healthy one. This is why the meat industry Actors have a common interest in imposing and enforcing standards that promote animal welfare. Modern slaughterhouses take this factor into account from the initial design phase.

> What do you offer?

IECSA is a Spanish engineering company and a subsidiary of France’s SFEH Group. It develops turnkey EPC agro-industrial projects. Our team of engineers provides our customers with a responsible commitment and effective assistance from the design through to the completion of the project.

IECSA has a real know-how in the meat sector and is supported, in particular, by its Argentinian subsidiary which relies on the finest experts and benchmarks of the South-American continent.

> Can you give us some examples of your projects in Africa?

Having completed a modern slaughterhouse in Angola, our company is currently building a 20,000 ton industrial unit in Moundou (Republic of Chad) that will handle cattle and small ruminants. It is an important project for multiple reasons. Chad has a highly regarded large national cattle herd that the government intends to make the most of. Our project is located close to the borders with Cameroon, Nigeria and CAR. The main objective is to satisfy Chadian demand and to export frozen meat to countries in the region.

Our project also considers a transfer of Know How and specific skills training components. Trainers from France and Argentina will live on site during several months to support the Chadian professionals and provide them with assistance in operations and management.

This project is part of the National Development Plan designed and steered by the President of the Republic, Mr. Idriss Deby. Chad is addressing animal resource development in a pragmatic and realistic way. We hope that other countries will follow this example.

DIFCOM/DF- PHOTOS : DR.

The future industrial unit in Moundou (Republic of Chad).

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ETHIOPIA

The quest for fertile ground

In order to boost the livelihoods of Ethiopia's smallholder farmers, the government is getting serious about launching the local production of fertiliser

One of Abiy Ahmed's first moves as Ethiopia's new prime minister was to put a fertiliser plant awarded to a military-industrial conglomerate on notice in late April. The state-owned Metals and Engineering Corporation (METEC) took on the $400m Yayu project six years ago, but it is still less than half complete.

The announcement signalled several things, not least the shortcomings of METEC, which is run by the Ethiopian army. It was also an indication of the high priority attached to fertiliser production by the new administration, and a reminder of the challenges facing a country that has one of Africa's largest populations of smallholder farmers and an agricultural sector that accounts for almost 40% of national income. Ethiopia urgently needs to both consume and produce more fertiliser. The troubled history of the Yayu plant is merely the tip of the iceberg.

Many of the national headline agricultural statistics are encouraging. Cereal production tripled between 2000 and 2014. Productivity is rising too. Average yields for all crops are increasing, which in large part reflects more efficient fertiliser use – even more so since the introduction of a national soil map in 2014.

"Ethiopia has made tremendous improvements in terms of productivity," says Aweke Mulualem Gelaw, director of soil health and fertility in the government's Agricultural Transformation Agency (ATA), "and mainly because of fertiliser." Improved seed quality and agricultural extension services are other significant priorities of the government's agricultural programmes.

Ethiopia now vies with Nigeria as sub-Saharan Africa (excluding South Africa)'s largest fertiliser market, according to the International Fertiliser Association. Demand for fertiliser is growing at around 18% per year. In 2018, the country will import more than 1m tonnes, up from around 200,000tn in 2010. The government aims for all smallholder farmers to use fertiliser by 2025.

1m

Ethiopia will import 1m tonnes of fertiliser in 2018, up from 200,000 in 2010

SOURCE: MINISTRY OF AGRICULTURE

More Ethiopian farmers can afford to use the input because fertiliser prices are lower in Ethiopia than elsewhere in the region. According to a 2013 study by Shahidur Rashid, Nigussie Tefera, Nicholas Minot and Gezahegn Ayele, fertiliser in Ethiopia was 15% cheaper than in neighbouring Kenya. Revealingly, this has been achieved without resorting to the sort of direct subsidy programmes found in Kenya and many other African countries.

IMPORT MONOPOLY

The Ethiopian government instead runs a state-controlled and fantastically complex supply chain that includes a vast import monopoly and distribution via farmers' cooperatives, whose profit margins are strictly limited. The government argues that the import monopoly drives down wholesale costs. It

Fertiliser use has shot up, and with it productivity

EDWIN REMSBERG/GETTY IMAGES

also says it is reducing costs with its ambitious road-building programme and the early 2018 launch of a new railway from Djibouti to Addis Ababa, the Ethiopian capital.

But the fertiliser network is under strain. Despite the lack of direct subsidies, fertiliser promotion has involved implicit fiscal costs of around $40m per year since 2008, according to the 2013 study. Meanwhile, as demand rises, pressures are ratcheting up. The government this year spent nearly $600m procuring fertiliser from abroad, according to Seifu Assefa, head of the input marketing directorate in the agriculture ministry. This represents an increase of 26% year-on-year, mainly due to the rapid expansion of consumption.

At a time of acute foreign currency shortage, fertiliser is one of the country's top imports. Ethiopia's trade deficit quadrupled to $14bn in 2016 from $3.19bn a decade earlier. Two weeks into office, Prime Minister Abiy told local business leaders the foreign-currency crisis could last up to 20 years.

In 2008, with the country crippled by food and fuel price shocks, the government ran out of money to import fertiliser until it managed to secure a $250m loan from the World Bank. That cycle is recurring. Last year, the price of urea – the most popular fertiliser with Ethiopian farmers – was on average $257 per tonne; this year it reached $320, in large part due to a 15% devaluation of the Ethiopian birr in October 2017. The government scaled up the import monopoly in an effort to mitigate a spike in wholesale costs last year and since then it has been procuring fertiliser directly from manufacturers at a fixed price on a three-year contract.

The need to boost local production is becoming increasingly urgent. "It is time to produce instead of wasting money on these big transaction costs," says Shahidur Rashid, a senior research fellow at the International Food Policy Research Institute (IFPRI). With the timeline of the Yayu plant uncertain, the government's hopes are now pinned on a deal signed in 2016 with Morocco's *Office Chérifien des Phosphates* (OCP), the world's largest phosphate exporter, to build a $3.7bn plant near the eastern town of Dire Dawa.

The plant, which represents one of the largest ever investments in Ethiopia, is expected to produce 2.5m tonnes of fertiliser in its first phase by 2022. Construction has not yet started. A second phase could see a further $1.3bn invested to increase production to 3.8m tonnes three years later, making it one of the largest fertiliser facilities in the world. OCP is also among the companies that could be considered to take over the Yayu project, should Abiy's administration decide to terminate the METEC contract.

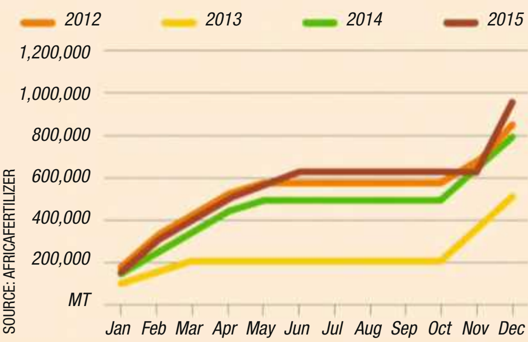
2.5m

The future Dire Dawa plant to be built by Morocco's OCP at a cost of $3.7bn is expected to produce 2.5m tonnes of fertiliser a year by 2022

SOURCE: OCP

Ethiopia fertilizer monthly cumulative imports

(2012-2015)



SOURCE: AFRICAFERTILIZER

Imports are not the only part of the supply chain in trouble. Many experts worry that the model of distribution via small, often fragile cooperatives is unsustainable. At the moment, profit margins are determined by regional agricultural bureaux, and some are kept dangerously low. Many cooperatives store fertiliser in ramshackle facilities that are little more than wooden huts, sometimes many kilometres away from farmers in the area. "They cannot continue this way, relying on primary cooperatives with very limited capacity," says the IFPRI's Shahidur. "That is not a sustainable model, especially as wages start to go up."

RADICAL CHANGE

The ATA is now tentatively rolling out a system of private-sector distribution, based on a model for introducing competition in seed distribution launched in 2015. The first trials of the system, called 'direct input marketing', are planned for July of this year. For the time being, this pilot project will coexist with cooperatives, and price markups will continue to be regulated.

Some are calling for more radical change. Mandefro Nigussie, director of the Ethiopian Institute for Agricultural Research, argues that distribution should be carried out by commercial agro-dealers, in line with those commonly found in much of Asia. "We would like fertiliser to be sold at the village level, along with soap and all other items," he says. The current process, he argues, is too long and complex, adding unnecessary costs: "The more you simplify the process, the more farmers will be able to take up fertiliser."

Shahidur agrees, saying that the progressive expansion of state control over the fertiliser market since the original liberalisation of the early 1990s should be unwound. "If you look at the growth of the fertiliser market, they've done a good job. But the question is: when are they going to let the private sector participate in this?" ●

Tom Gardner in Addis Ababa

INTERVIEW

Shekhar Anantharaman

Group chief operating officer, Olam

Commodity trading will probably never revive

Climate instability and changes in agricultural markets are pushing Singapore's Olam to change its strategy in Africa and across the globe

Nimble agribusinesses must be constantly on the lookout for threats on the horizon. Chief operating officer Shekhar Anantharaman is part of the hard kernel of leaders at Singaporean agribusiness Olam who have been there for decades. Growing up with the company, he and his colleagues take strategic and long-term views of how the agricultural market is changing.

That does not always please the capital markets. In 2012, Muddy Waters Research, run by US short-seller Carson Block, started to take aim at Olam's accounting practices, with Block telling an investors' conference that Olam had "reacted to the 2008 [financial] crisis by deciding to take huge leverage and invest in illiquid positions". That certainly proved a tumultuous period. Singapore's sovereign wealth fund, Temasek, stepped in to take a larger shareholding. Japan's Mitsubishi also took an equity stake and is now Olam's second-largest shareholder.

THEY WOULDN'T LISTEN

"Despite [our] being at pains to explain our strategy", says Shekhar, Olam's short-term investors preferred businesses whose balance sheets were asset-heavy and leaning on short-term debt. But Olam has had the last laugh. In 2017, profits were up 65% to more than $550m. Part of this, says Shekhar, is down to the turnaround from some under-performing units, such as the dairy business – "a big drag in both 2015 and 2016" – as well as a spate of divestments that Olam made to rationalise its portfolio after a long acquisition drive.

However, the primary reason for the big jump in profitability is that those investments made from 2009 onwards, which had so concerned the short-sellers, are now starting to come good. "These investments are bearing fruit, and we believe that will continue," Shekar says.

The strategic turn has been upstream and midstream, a strategy that was "populated year after year, across multiple crops and geographies on a very deliberate basis between 2009 and 2015," says Shekhar, "with a big chunk of investment – almost $1bn of investments – every year."

That decision was triggered by a few realisations. First, that margins in the commodity trading segment were going down and "will probably never revive". So, just leaning on the traditional trading strengths of financing, information and reach is not a viable long-term strategy for Olam.

Secondly, there were significant changes going on in the climate that hit agriculture-related businesses hard. "This may sound frivolous, but the fact that climate change is real has taken governments, corporates and even civil society a lot of time to connect with," says Shekhar. "The writing was on the wall 20 years ago."

CROP-LEVEL VIEW

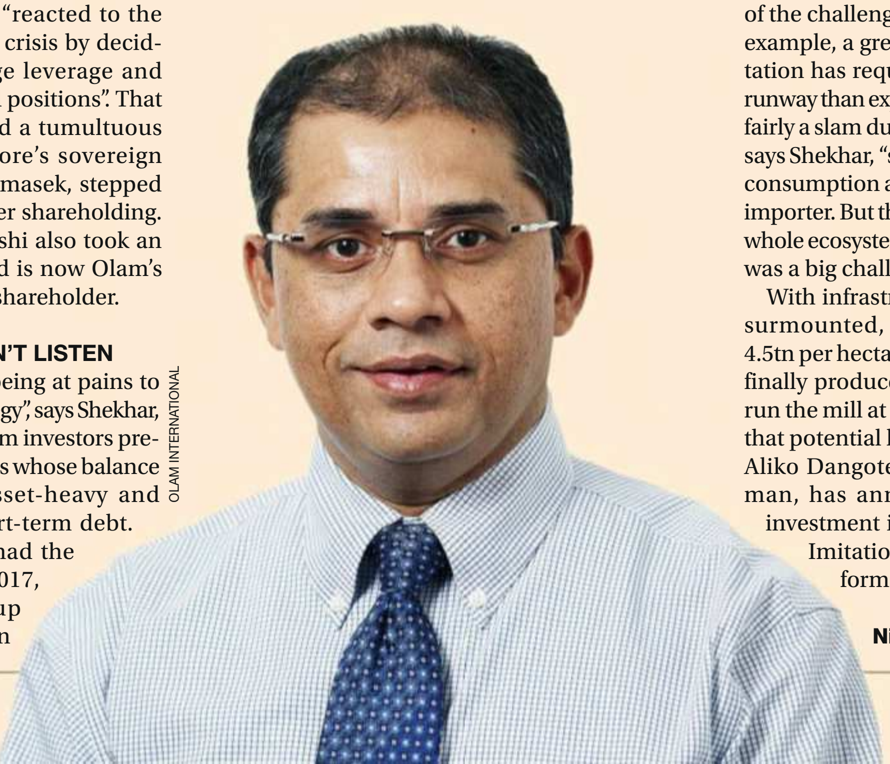
Staying as a simple trader would therefore expose the company to more volatility. Getting closer to suppliers – and even farming in some cases – could help Olam manage the instability. Shekhar explains: "That made us start looking at yields and cost comparisons for each crop to see what the long-term bets are going to be."

Olam has underestimated some of the challenges. In Nigeria, for example, a greenfield rice plantation has required much more runway than expected. "It seemed fairly a slam dunk economically", says Shekhar, "so much domestic consumption and still such a big importer. But the ability to get the whole ecosystem going in Nigeria was a big challenge."

With infrastructure problems surmounted, yields are up to 4.5tn per hectare and the project finally produces enough rice to run the mill at full capacity. And that potential has been noticed: Aliko Dangote, Africa's richest man, has announced a $1bn investment in rice in Nigeria.

Imitation is the sincerest form of compliment.

Interview by
Nicholas Norbrook



OLAM INTERNATIONAL

Kenyan artist Jacque Njeri imagines the Maasai in space in her 'MaaSci' series of digital collages

Black Panther
Beyond the hype

The Marvel comics juggernaut is a planetary success, and has been praised for breaking the stereotypes of blackness on cinema screens. What will it do for African filmmakers heroically telling their own stories about the continent?

By **Nanjala Nyabola**
in Nairobi

MAA-SCI @ JACQUE NJERI

Most of the cinemas in Nairobi's central business district are gone. The Odeon went first, slowly devoured by residents' increasing unease about moving through the downtown area. The Cameo held on a little bit longer, diversifying its business model to screen pornography during the day and religious movies on weekend mornings, sparing only weekend afternoons for international blockbusters. Kenya and Nairobi cinemas were the last to give over entirely to a church, as the others have done. Today, the massive speakers that once blared the words of Hollywood blockbusters browbeat attendees and passers-by with a reminder that life is fleeting and judgement for sinners will be harsh.

Only the 20th Century IMAX remains. Before Nairobi's social life moved behind the high walls and electronic turnstiles of the innumerable shopping malls littering the city's suburbs, 20th Century was the upmarket cinema. In its time it was state-of-the-art and the first IMAX screen in East Africa. Today, the burgundy seats are worn and dull, and the concession stand is a little worse for wear, but 20th Century chugs along, mainly serving Nairobi residents from working-class neighbourhoods who have been skipped by the mall-building frenzy.

Eventually, I don't get to see *Black Panther* at the 20th Century. A week after its release, the Disney/Marvel juggernaut that made history as the best-performing film by a black director and the third best-performing film of all time is still hot and each of the six screenings on that unremarkable Sunday are sold out. The next available screening is on the following Tuesday at 8.30am, and I find myself wondering when was the last time that a cinema in Nairobi sold out like this.

PURITY MYTHOLOGY

Black Panther is easily the most popular movie screened in Nairobi in recent years. This speaks as much about the links between Nairobi's urban culture and global popular culture as about the film's intrinsic appeal. If something is popular somewhere there's probably a Nairobi sub-culture for it, whether it is skateboarding, manga comics, crocheting or Bitcoin mining. The film is part of the Marvel franchise, and the studio invested in social media promotion and creating a distinct subset of fans out of an already cult-like fandom.

The promotional material clearly framed the story as a return to purity mythology, leaning heavily on a version of Africa that resonated with but did not quite resemble the real thing. As such, many people feel that *Black Panther*'s cinematic victory is also a victory for Africa. This, goes the argument, was a triumph of representation of black people, and especially dark-skinned black women, who almost never have pride of place in mainstream films except as slaves (*12 Years a Slave*) or servants (*The Help*, *The Butler*). That three of the film's leads – Danai Gurira, Lupita Nyong'o and Daniel Kaluuya – have their roots on the continent (Zimbabwe, Kenya and Uganda respectively) is only icing on the cake. As Kenyan cultural commentator Njoki Ngumi pointed out at a public forum on the film: "*Black Panther* invites Africa to participate in its spectacle."

AFRICAN-AMERICAN ANGLE

For Nairobi's film audiences, this invitation throws up some complications. Despite the lines snaking down the stairs at the 20th Century, neither the nearly eight million people on Facebook nor the one million on Twitter were the primary audience for *Black Panther*. The invitation is inadvertent – almost accidental. *Black Panther* is a movie for African-American filmgoers, claiming their piece of the franchise as well as of cinematic history. With *Black Panther*, a predominantly African-American cast demands to be seen, and the consuming audience underscores that these images are what they want to see. In the film, Africa is suggested heavily but never mentioned directly – it's not an invitation between equals.

In Nairobi, the complication of *Black Panther* came to a head at the four-day Nairobi Film Festival (NFF), held at the suburban Prestige Mall Cinemax about a month after the juggernaut opened. The festival is a deliberately intimate project of Sheba Hirst and Mbithi Masya. Masya is one third of the massively successful afro-electric pop group Just A Band, and the film festival is the next stage of a fascinating artistic journey. He premiered his first feature-length film, *Kati Kati* – a parable about shame and judgement linked overtly to key Kenyan political moments – at the first NFF in 2017 to rapturous reception.

"Film and music have really impacted my life," Masya says. "I don't see it as entertainment. There's a lot of enrichment that can be found in the arts."

Those who saw *Kati Kati* loved it, but compared to *Black Panther* its audience of 7,000 people over the two weeks it screened is small. Even the most popular films at the NFF had lower viewership as films were only screened once, which helps to keep costs down. The festival is held over Easter Weekend, when millions of Nairobi residents leave the city. Generally attendance is steady but relatively low, even though the quality and diversity of films on show is breathtaking.

During the festival, several members of Kenya's filmmaking family took to Twitter to express their frustration. "How many people even knew that there was a Nairobi Film Festival?" asked one director, as part of a longer rant over people failing to support local film. A member of the crew of *Supa Modo*, a film that was screened at the NFF, went on an even longer diatribe, chastising audiences for showing up en masse for *Black Panther* and barely looking over to this little Kenyan film that had already

Foods of Wakanda

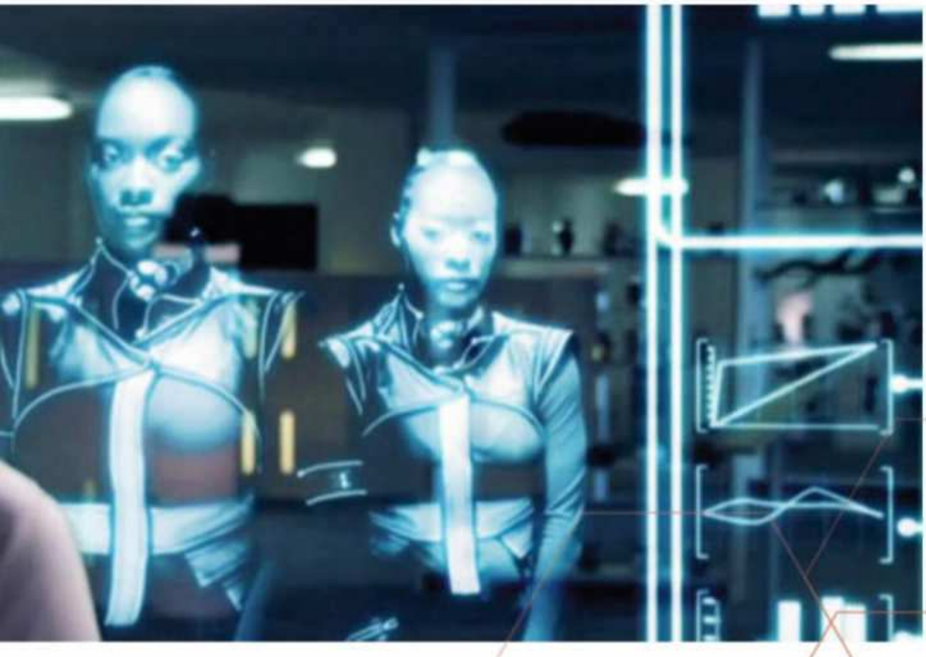
Inspired by *Black Panther*, food writer and blogger Ozoz Sokoh lets her imagination run riot in the Wakandan kitchen

Wakandan cuisine is an interesting mélange of rich, vibrant stews, porridges and pottages. Aromatic, pungent, full of smoke and umami, the flavours are complex – sweet, spicy, bitter and sour. There are foods for healing and restoration after a challenge or battle, and foods for rejuvenation and comfort for feasts and celebrations. Wood, clay and stone are prized in kitchen utensils and the Wakandan pantry is evergreen. Or ever-purple as the case might be, reinforcing the royal palate. Drawing on its culinary diversity and regional cultural food exchange, most communities have gardens and farms where fruit and vegetables, herbs and roots are grown.

Food is seasoned with herbs and spices from the northern slopes of the Jabari mountain tribe. Thyme, rosemary, scent leaf, cilantro, cardamom, cinnamon, oregano, ginger and garlic are common flavours in the rich stews, and roots and barks are blended for food and tonics to revitalise, refresh and reawaken. Mountain goats provide excellent milk from which gut-friendly fermented products are made, like buttermilk, kefir, yogurt and cheeses.

Coconut oil and ghee from goats, cows and sheep are the principal cooking oils. The Border tribe rear sheep providing premium meat as well as other dairy products. Here, leafy greens, roots, tubers, plantains and bananas are staples. If Wakanda had a national meat, it would be Border lamb, cooked in home kitchens and on street grills coated in a nutty spice rub, like Nigerian beef suya.

The southern Alkama fields, where both rice and fonio thrive, have long been a source of contention between Wakanda and neighbouring Niganda. Subjected to both drought and floods in the past, they are now the bread basket of Wakanda, providing nutritious grains. Rice dishes are often spiced and cooked as pilaf or jollof, as has been done since the beginning of time. Fonio is one of the fastest-growing grains in the millet family and likely the oldest African



PUMZI/WANURI KAHIO

Wanuri Kahiu's film *Pumzi* was branded 'Afrofuturism', but the director rejects the label

won audience awards at film festivals such as the Berlinale.

"He hadn't seen the numbers before he went on that rant," says Likarion Wainaina, the director of *Supa Modo*, "and in a way it was a little unfair because people did come out and see *Supa Modo*, just not on that first day".

It's easy to read *Supa Modo* against *Black Panther*. The former is a touching story about a young girl, Jo, in a Kenyan village who must tap into her imagination and lean on the support of her mother, older sister and a motley cast of villagers to navigate some overwhelming news. 'Supa Modo' is a slang term that loosely translates as 'super hero', but whereas Jo's heroine is low-fi, low-budget and defined mostly by her humanity, *Black Panther*'s T'Challa has every high-tech luxury and even the supernatural at his disposal. In the Africa of *Black Panther*, superheroes are born of secret minerals, advanced technology and the metaphysical. In Jo's Africa, superheroes are forged from love.

"*Supa Modo* is not a superhero film," says Wainaina, although oblique references to other superhero films permeate the story. Like T'Challa or Clark Kent, Jo's *Supa Modo* has the heart for and intention of saving her whole village, but she doesn't have the budget or the magic.

UNDERWHELMED

In some ways, this is a metaphor for the David and Goliath contest between the two films. *Supa Modo* has a nearly non-existent budget for marketing, barely received any support from the Kenyan government and was supported primarily by One Fine Day and Ginger Ink Films, social projects of European and North American filmmakers. Between them, the two initiatives have produced nearly all the Kenyan films that have managed to gain overseas success.

It makes sense, therefore, that frustrated filmmakers would be quick to compare the success of *Black Panther* with the struggle to get the numbers out for *Supa Modo*. But *Kati Kati* director Masya argues that the brute comparison of numbers obscures a complicated story. "There were more muted reactions to [*Black Panther*] than outright positive reactions," he says. "There was more social media hype than enthusiasm ●●●

ZOZO SHOKO

Purple Cabbage Wraps

Separate and wash the leaves of a purple cabbage. Leave to drain. Prepare fonio jollof and pan fry minced meat with spices. Grate carrots and slice a red bell pepper and cucumber into ribbons. Take a purple cabbage leaf and fill a third with fonio jollof. Follow with mince, and the assortment of vegetables. Sprinkle a handful of herbs over the salad and drizzle homemade peanut sauce, to taste. Top with toasted sesame seeds. Fold the cabbage leaf and eat it like a taco.

grain, used in everything from porridge to pottage. As it is super nutritious – rich in amino acids, methionine and cystine – Wakandans want to popularise fonio to aid food security beyond the country's borders. In its West African birthplace, the Dogon of Mali believe it is 'the seed of the universe', from which the whole universe sprang. Meals of these cereals and grains provide sustenance before battle.

The River tribe make their home along Wakanda's major rivers and to the east, on the banks of Lake Victoria. Freshwater fish like perch and shrimp are dried and used as umami seasoning in broths and soups, and also eaten fresh. Quite often they are simply grilled or fire-cooked. Celebratory feasts feature huge, vibrant platters of roasted fish surrounded by rainbows of seasonal vegetables. ●

ONE FINE DAY FILMS

We can be heroes: Kenyan low-budget film *Supa Modo* proved the power of imagination

for the film itself." He thinks that people saw the film because it was a sensation but left a little underwhelmed because its representations of Africa were simplistic and flat. It may never show in the United States but, after a relatively slow start, *Supa Modo* is still on screens in Nairobi and Mombasa four weeks after the film festival, primarily because of audience demand.

Not all Kenya's filmmakers saw *Black Panther* as competition. Masya loved the film – he saw it in the cinema twice – but part of that was because he had been steeped in the Marvel lore long before the film was announced. Knowing that the comic superhero was a product of a racialised US in the 1960s, he was better prepared for the simplistic representations of Africa, and of blackness more broadly. "They did relatively well considering the problematic source material," he says. "A film is not a PhD thesis – it is an art piece, and an art piece always has a point of view. What this film does is it fixes the base for more complex storytelling in future iterations."

BLACK WITHOUT BORDERS

Wanuri Kahiu, director of the short science-fiction film *Pumzi* and of *Rafiki*, the first Kenyan film to feature in the official selection of the Cannes Film Festival, agrees. Like Masya, she thinks *Black Panther* did something important for the black filmmaking world simply by demanding that blackness be seen on an equal footing as whiteness.

"It had conversations I had never heard in cinema before," Kahiu says. "It had an expression of African-ness in it that, even though a little schizophrenic, was important. I loved the creation of a pan-African Africa!" Kahiu believes that *Black Panther* has opened up space for black filmmaking all over the world by amplifying the possibility of the black superhero.

It is interesting though, that pan-African ideology – the concept of a unified Africa stretching across and even beyond the continental territory – was also developed in the diaspora by thinkers like W.E.B. Du Bois and Marcus Garvey. Like *Black Panther*, it arose in the absence of a primary connection with the source material – an idea designed to fill a void in the political imagination of the millions who were violently sold into slavery.

Afrofuturism is a recent idea that has developed along similar lines. It makes both Kahiu and Masya bristle. "I don't like the label," says Masya, "because it's a big label applied to anything that sees Africa in a modern light. To me, with that label, black people are always the other." Kahiu adds: "Afrofuturism should have its roots in Africa. But right now it doesn't have enough links to the roots, legends or spirituality of Africa. Yet if you think about our creation myths for example, Africa has always been this thing that 'Afrofuturism' claims is new."

This is consistent with her reading of *Black Panther* as primarily aimed at Western audiences: "Afrofuturism was initially conceptualised as a way for the black diaspora to re-imagine themselves into a future they had largely been written out of. But when we cast everything that shows Africa as other than a place where people are sad, hungry or in need of help as 'Afrofuturism,' what does that say about what we imagine Africa to be?"

Instead, Kahiu prefers to label films like hers and Masya's as "afro bubble gum" – "fun, fierce and frivolous African content that glorifies joy and hope. We laugh and celebrate life and connectedness."

Kahiu also loved *Black Panther*, even while she recognises that there were some issues in the film. She found the accents disorienting, although she points out that part of what makes Winston Duke's M'Baku so captivating as a character is that he uses a real accent that could exist on the continent rather than Hollywood's stereotypical

Letitia Wright as genius inventor Shuri in *Black Panther* fells an army of stereotypes

MARVEL

"African" accent. "That generic accent that makes Africans sound submissive and simple," she says, singling out Chadwick Boseman and Forest Whitaker as culprits. "While M'Baku's accent is unapologetic, brave and just so himself."

Unapologetic, brave and herself is something Kahiu aspires to in all of her films, even while facing struggles that the makers of *Black Panther* could never imagine. At the time of writing, *Rafiki*, a tender lesbian love story set in one of Nairobi's suburbs during a campaign rally, was banned by the Kenya Film Classification Board. "Only perverts and sexual deviants would want to see a film that has been banned," said Ezekiel Mutua, chief of the Board and self-appointed moral policeman, never mind that the film was set to debut at Cannes just over a week later.

HIDDEN STRUGGLES

Yet the same board ruled that *Black Panther*'s hyper-realistic portrayals of violence were acceptable even for children. Kahiu maintains that *Rafiki* is a film about hope that happens to feature lesbians; Mutua says it is un-Kenyan.

In an ideal world, the space that Wainaina, Masya and Kahiu believe *Black Panther* opened up would have cleared a path for films like *Rafiki*, telling African stories on their own terms. In reality, for every inch gained by the triumph of the film, another is lost due to both lack of resources and institutions that don't want Kenyan audiences imagining anything disruptive. The movie profited vastly from its affiliation with Africa and the return to purity fantasy but has so far had little impact on the material possibilities available to African filmmakers. And because *Black Panther* primarily faced a Western audience, the stories of the struggles behind getting these films made and then seen often go unnoticed.

Still, *Black Panther* got Kenyans to head back to the cinema in droves, and the subsequent conversation on supporting our own the same way we supported this Western film is arguably propelling *Supa Modo*'s success. Cinemas become churches because those who own them believe people no longer pay money to watch films in the cinema. Because of this interconnected success, film is once again a hot topic in Nairobi, reminding cinema owners that there is still an audience and a hunger for films in the city, and opening up a small space that local films like *Supa Modo* are sneaking through.

Fantasy playlist

Instead of showcasing the continent's rich and diverse sounds, *Black Panther: The Album* features largely American musicians. So we have hand-picked a few African artists who we feel would have made Wakanda proud

Baloji

The Congolese-Belgian rapper is consistent in his celebration of rhumba, funk and electro sounds coupled with singing and a live band. And he is as an art director in his own right the visuals would no doubt have been excellent.

Black Coffee

Black Coffee has been one of the continent's most successful artists over the past couple of years. The record producer and DJ has won several international awards, including the BET Award for Best International Act: Africa in 2016 and the Best Deep House DJ award at the 2017 DJ Awards. His polished deep house, which is typically percussion-driven with minimal vocals, would have brought some exciting flavour to an at-times bland overall sound on the existing album.

Blinky Bill

Bill "Blinky" Sellanga has been an important figure on the Kenyan music scene since he emerged as part of the four-member Just A Band a decade ago. Since going solo a couple of years ago, he has carved out his own brand of alternative music and a bold identity centred on Afrofuturism. His music fuses a host of genres in an authentic way, while steering clear of the commercial pop sound that many of his peers have adopted. Equally adept as a vocalist and producer, he could have made a smart addition to this album.

Jah Prayzah

Jah Prayzah's insistence on wearing military regalia during his performances has not only helped him stand out on stage; it has also afforded him a distinct identity in the competitive African music scene. His music is perhaps best categorised under the Zimbabwean fusion genre known as jiti, a style popularised by Oliver Mtukudzi. Prayzah's is a more pop-influenced sound than that of his illustrious compatriot, thus providing a fusion of styles.

Sho Madjozi

South African musician Sho Madjozi blows audiences away with her genre-bending fusion of hip hop, dance and multilingual, traditionalist musical authenticity. Starting out as spoken word artist MayaThePoet, she burst onto the scene in 2017 when she featured on Okmalumkoolkat's album. Rapping in Xitsonga, she brings pride to the Tsonga people she represents.

Shingai Darangwa and **Rufaro Samanga** in Johannesburg

BEHIND THE SCENES

Ayọ̀bámi Adébáyọ̀

The Nigerian author burst onto the literary scene with *Stay With Me*, which has been shortlisted for a slew of prizes and translated into 13 languages

What other career options would you have considered besides being a writer?
I wanted to be a psychologist once – that's what I might pursue as an alternative to a writing career.

What are your favourite Yoruba novels?
I read Akinwunmi Isola's *O Leku* as a teenager and still haven't forgotten it.

In what city or town do you feel most at home and why?
Ilé-Ifẹ̀, I grew up there, it's familiar, quiet and peaceful.

What is your most treasured childhood belonging?
A stack of notebooks filled with my first poems and stories.

What is your favourite scene in *Black Panther*?
I love the scene where T'Challa tries out bodysuits in Shuri's lab.

What books are currently on your reading table?
Ponti by Sharlene Teo, *How to Get Filthy Rich in Rising Asia* by Mohsin Hamid, and *Leaving the Yellow House* by Saul Bellow.

Describe your next novel in a phrase.
I wish I could.

TOMIWA-AJAYI

What is your favourite music album of all time?
I'm terrible at picking favourites but I do go back to Asa's *Beautiful Imperfection* often.

Which do you prefer, highlife, juju or fuji music?
Juju over everything. ●

Interview by **Dami Ajayi**

Moviegoers in traditional wear

CHRISTOPHER ALUKA BERRY/REUTERS

TRENDHUNTER
HEIGHTENED HISTORY

On the day *Black Panther* opened in Rosebank, Johannesburg, moviegoers dressed in traditional outfits poured in and out of the cinema in a modern exodus, singing as they went. That the film's costumes were inspired by Sotho, Zulu and Xhosa clothing and the main characters spoke Xhosa aided its course on the continent. Indeed, *Black Panther* became a catalyst for conversations about how the African youth have returned to their traditional clothing.

In all its glory, the film carries the narrative that the continent will not have advanced much in the future – a view from outside that does not reflect how designers and architects are already reinterpreting African heritage. Ninevites, a company that makes mats from mohair, reimagines familiar patterns that existed many centuries before its founder, Nkuli Mlangeni, was born. MaXhosa, the clothing line owned by Laduma, transposes Xhosa-inspired motifs to knitwear.

The architecture in *Black Panther* was striking but no more innovative than the work of architects like David Adjaye, Francis Kéré, Kunlé Adeyemi, Ilze Wolff and many others, whose designs not only overturn the expected design style of African architecture but take into account that practicality is primordial, here more than anywhere else.

Even in popular culture, one can trace trends that are both returning to something and advancing it. Ghanaian rap duo FOKN Bois draped African cloths over their shoulders in their video for the song 'Broken Languages'. That this should be seen in hip hop music is remarkable.

In all the talk about what is ground-breaking about *Black Panther* and how this has been magnified, it would be a mistake to think of it as the moment in which it completely captures African trends. This is not a new history. It is an old history that has been heightened, and one that continues to be in the various trends that young Africans are embracing. ●

Lidudumalingani in Johannesburg

TRAVEL CAMEROON

MICHEL WEYLAND

Limbe's festival flavour

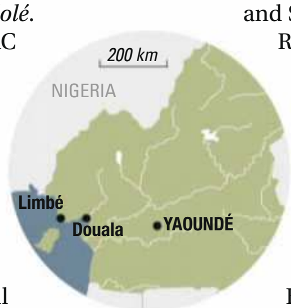
Limbe, in the South West Region, hosts its Festival of Arts and Culture (FESTAC) each April, bringing music, sports and carousing to the popular seaside getaway

A crowd of travellers make their way from Mile 1 to the community field in Limbe. Drumbeats blend with trumpet horns as groups in their colourful regalia march and dance. Culture spews onto the streets, fluttering in the air like a perfume potpourri. This jollification goes on all week, with groups from across the country and even neighbouring Nigeria, Benin and Togo taking part in this carnival.

The community field, normally a ground for footballers, has become a culture hub harbouring hundreds of people who have congregated to share and celebrate. The field is hedged by what looks like a long, stretching hut slashed into labelled compartments where the different ethnic groups showcase their culture: song, dance, artefacts, paintings, traditional dresses. The stage has been set for concerts and performances that take place over the course of the week. Snack vendors stride about looking for potential buyers, while ice-cream machines attract little children like giant magnets.

There are plenty of other eating opportunities for hungry festivaliers nearby. On Sappa Road, leading towards Down Beach, is a new pizza restaurant, Big Bite, while Neptune serves chicken, beef or goat meat, and local vegetables like *okonghobong* and *ndolé*.

It is the last day of FESTAC and the closing festivities include sports events. We head to Down Beach to watch the canoe race, which, for the first time, includes women competitors. The winner is Mondoli. Earlier in the day, there was a coastal marathon from Idenau to here. Someone is talking about famed crooner Mr. Leo's performance last night and the comedy show a few days before. Later we gather on the streets near the beach to watch the wrestling match that ends the festivities of the week.



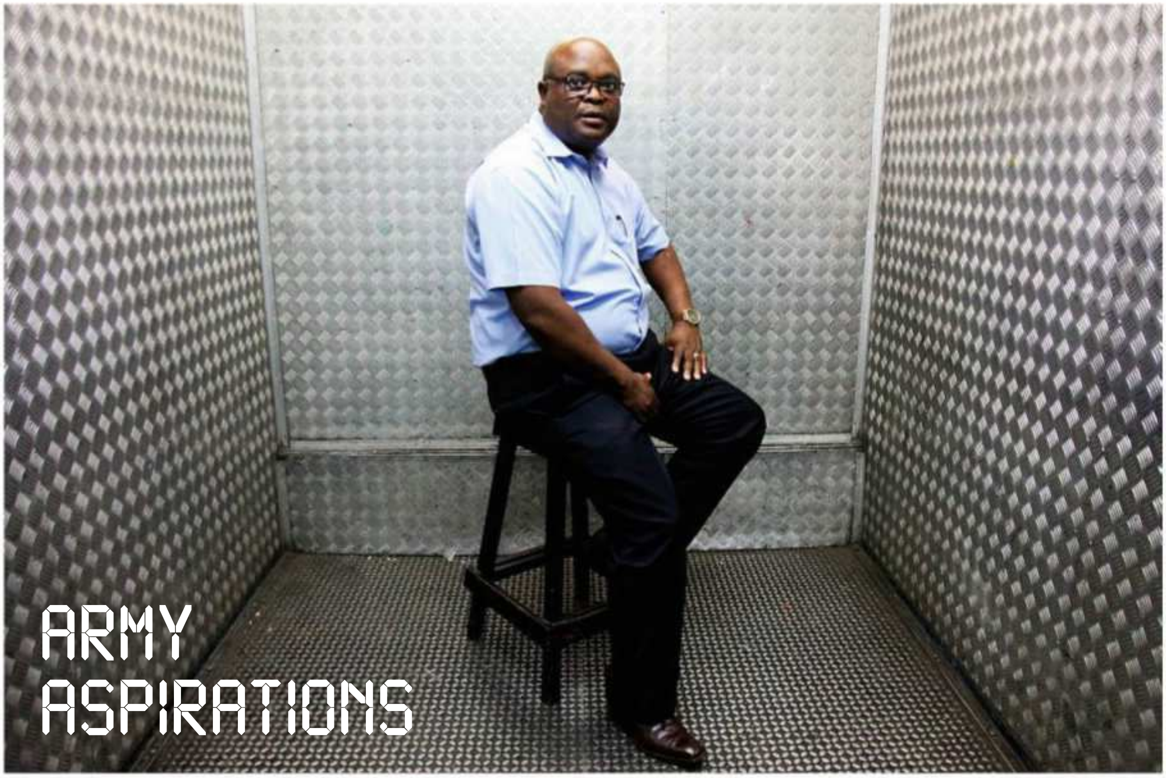
People also go to Down Beach to eat roasted fish and other seafood with side dishes of *bobolo*, *miondo* or plantain. Just by Down Beach is a seaside restaurant called Mars that delivers *suya*, little sticks of paradise. The Bota Road leads to the Botanic Garden, a green village for various plants tagged with little badges carrying their scientific names and dates of origin. The Park Hotel Miramar is situated in the garden and beside it is the Wildlife Centre, housing pythons and primates with names like Jacob and Susan. Further down Bota Road is a string of black sand beaches where locals and tourists go for rest and relaxation, with hotels like Savoy Palmz, Fini Hotel and The Seme New Beach Hotel.

Bars in Limbe are scattered everywhere. Bars that run from morning until night, bars that run night until morning. Small roadside bars, big bougie bars, snack bars. Limbe by night is a cocktail of music spilling off bars into the streets. Groggy men and women, boys and girls clink glasses and dance on and offbeat. Tonight, we are drinking. Tonight, we are dancing.

Howard Meh-Buh in Limbe

DAY IN THE LIFE

EXTRAORDINARY STORIES OF ORDINARY PEOPLE



NHLANHLA PHILLIPS/AFRICAN NEWS AGENCY/ANA

Among the first intake of black men to train at the Army Gymnasium in Heidelberg, Joseph Mohoaduba made a decision he now regrets

When I was growing up Mogogelo, a small village in Hammanskraal, South Africa, I wanted to be a doctor because there was no doctor or nurse at all in the village. Whenever there was an emergency we had to ferry people to the hospital. And remember, in the village it was all gravel road. People died being transported to Jubilee Hospital, which was about 20 kilometres away.

The odds were stacked against me. Up until today there's no doctor who's come out of there. Most of the people in my village are either policemen or teachers. I wanted to be different. I completed my matric in 1989, then I joined the army in 1990. In those days, black people were trained separately to white people. I was part of the first group of black guys who were sent to the Army Gymnasium in Heidelberg, which was reopened in 1993. Before it was only white people who could train in the gymnasium. It was a year's course and after I finished my training I went back to my unit. I didn't stay for long because we had the MK [Unkhonto we Sizwe, the paramilitary wing of the African National Congress] guys being integrated into the army. So basically all senior positions were now reserved for the MK guys only. And because of that a group of many aspirant officers decided to quit the army. And I was one of them. I had to leave because that basically meant that there was no future for us.

I then joined Independent Newspapers in 1994 as a driver. I enjoyed driving and within the first six months I did 50 front page stories with a journalist. Then the guy who was in charge of transport attempted suicide. He was hospitalised for six months, came back to work but died after another two or three months. Having acted as supervisor I applied for the permanent position and the job was given to me. Then when the guy who was in charge of the facilities in this building was due for retirement I was asked to apply for that job. I was like, "I have no formal training in senior management", and they told me the business would make sure I get that training. That was in 1998. I've been the services manager since then, which basically means that I run the municipality in the building.

I like working with people, and I enjoy this job. But my biggest regret is that I didn't stay in the army. I'm still angry with myself because I think I would have done very well in the army. Instead of using my brain to think, I actually used my heart. Because all those people who joined from MK were either fired or died after a few years. So those opportunities opened up again and I could have done very well. I could have been a minister of defence. I was willing to study, I was more than willing to go for it. If I get an opportunity to go back, I will. And with what I've learned in a private company and the discipline I've developed as a person, I think my contribution would be high.

Interview by **Shingai Darangwa**