TDB
TRADE & DEVELOPMENT BANK
NEWSLETTER

2019 | ISSUE 1

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TDB Newsletter is published by
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DESIGN AND LAYOUT
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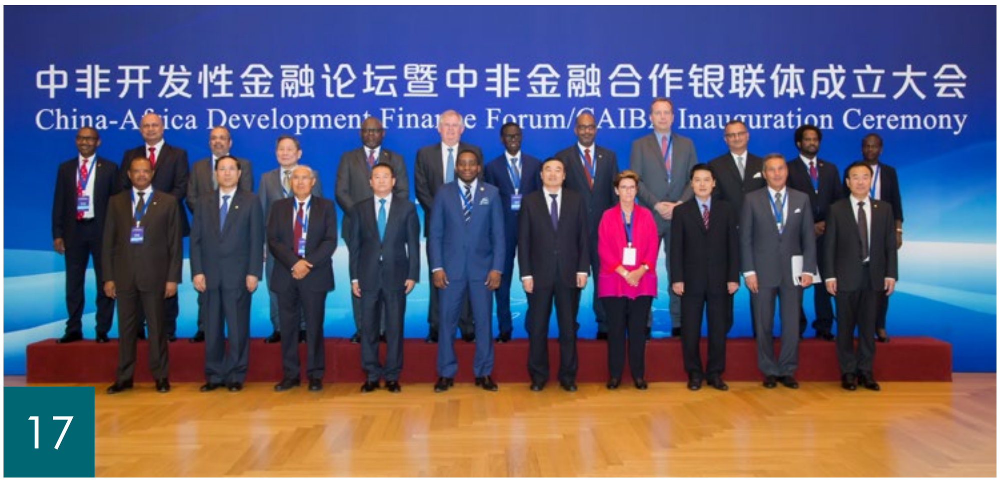
中非开发性金融论坛暨中非金融合作银联体成立大会
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MEET TDB'S NEW COO: DR. FRANNIE LÉAUTIER

TDB is proud to present its new COO and Asset Management Executive Director, Dr. Frannie Léautier, a professional, an academic, and an entrepreneur with long-standing experience at top executive and board of director-levels. For over 25 years, Dr. Léautier has been in the business of leading and transforming organisations in the private, public and not-for-profit spheres, including in advanced and emerging economies around the globe.

Q. With your multi-faceted experience as a development finance professional, an academic and an entrepreneur, broadly-speaking what is your assessment of TDB?

FL: I have been working with the Trade and Development Bank (TDB) under different capacities for close to five years, and perhaps the best way to respond to your question is to engage on what has interested and impressed me at TDB in the various engagements I have had with the Bank.

I first got to know about TDB when I was at the World Bank, as an infrastructure executive and also as a Vice President. This was in the context of examining the role of regional African institutions which we deemed critical to secure Africa's development. At the time we were focused on developing the necessary policies to attract trade and investment to Africa and building successful models for investing in project and infrastructure finance. The work I was leading at the World Bank to develop an infrastructure strategy gave me knowledge about and put me in direct relation with the Bank.

Similarly, when we were developing trade indicators and tracking the progress of trade reforms, we were assessing the differential role of bilateral and multilateral trade agreements. Having a bank like TDB in Africa, that was owned by Member States, yet open to capital investment by non-sovereigns, was critical to domesticate policy reforms and crowd-in investments and trade relations that would underpin the success of reforms undertaken, thereby generating the levels of economic growth necessary for transforming people's lives.

Furthermore, in the period where I was leading the transformation of the African Capacity Building Foundation (ACBF) as its Executive Secretary, I was seeking to increase African stakeholdership to the Foundation. TDB was one of the targeted institutions, given that we shared a similar footprint in Africa, as ACBF covered 54 African countries and therefore had in common all of TDB's Member States.

"Having a bank like TDB in Africa, that (is) owned by Member States, yet open to capital investment by non-sovereigns, (is) critical to domesticate policy reforms and crowd-in investments and trade relations that underpin the success of reforms undertaken, thereby generating the levels of economic growth necessary for transforming people's lives."

In addition, the President of the Development Bank of Southern Africa (DBSA) was the Chair of the Executive Board of ACBF, so when one of the leading talents of DBSA, Mr. Admassu Tadesse, was selected to become President of TDB, I was encouraged to see how we could develop the kind of partnership we were building with African institutions to also include the activities of TDB.

Furthermore, ACBF was headquartered in Harare where TDB has a regional office and we would often bump into each other in meetings and seminars around development issues. So, what struck me at that time was the balance between the commercial and developmental aspects of TDB's work and how the policy environment influences the ability to achieve sustainable outcomes with such an approach. I noted at the time the role of TDB to render commercial funding relevant for development, an approach which predated the current conversations on blended finance and which was, hence, quite prescient.

So naturally, when TDB was looking for an independent non-executive director (NED), I put in my application and was selected as the first independent director at the Bank. I was at the time leading a company I had founded, the Fezembat Group, which was focused on risk management and leadership development and serving on the TDB board as chair of the Remuneration and Nominations Committee – REMCO and Vice Chair of the Board of Directors.

Seeing the Bank introduce world-class risk management procedures and incentive systems to encourage performance was quite rewarding as these were the major aspects driving the managed growth strategy of the Bank, and which became largely responsible for the successive upgrades by ratings agencies.

Of course while at the African Development Bank (AfDB), I got to know TDB from a different perspective – not as an important stakeholder for development as when at the World Bank, nor as a partner for policy reform and transformation as when at ACBF, nor as an entity whose governance was transforming and for which I had oversight of as when I was an NED, but – from the perspective of a shareholder, as AfDB holds both Class A and Class B shares at TDB.

It sort of makes complete sense from a 360 degrees point of view, to now come and lead TDB from the inside as its Chief Operating Officer (COO), a position I could not resist applying for when it was advertised, especially given the chance such a role presented to work hand in hand with Admassu Tadesse, to support his vision for the Bank and see it through complete execution.

Q. Can you tell us more about what TDB is doing in favor of SDGs and Agenda 2063?

FL: The Agenda 2063 is a plan that Africans have come out with to put in place the kind of long-term vision we need for the next fifty years and support the design and execution of policy and investment programs that would transform Africa.

It took Denmark 200 years to get to where it is as an advanced economy with good governance and a superior quality of life. In the case of South Korea, it took 60 years to reconstruct itself and become an innovative nation. Likewise, it has taken China 50 years to eradicate poverty and become a leading global economy.

So it makes sense for African countries to seek a long-term vision for transformation. The Sustainable Development Goals are fully consistent and embedded within Agenda 2063, which also helps Africa achieve its own goals while contributing to the achievement of global goals.

TDB contributes directly and indirectly to both sets of goals. Investments in renewable energy help meet energy access goals while respecting environmental sustainability and climate-related policies. The Lake Turkana investment in wind energy is a good example, as are the many small-scale hydro-power generation projects supported by TDB. Investments in agribusiness contribute to food security and hence the elimination of famine.

TDB investments have generated over a million jobs, and hence contributed directly to the increase in income and reduction of inequality, as many of those jobs went to women and young people.

Trade finance supports the integration of African economies, creating larger markets, and helping countries integrate into the global economy. Exporting soybean to China from South Sudan is one example which generated export revenue earnings that can be used to buy medicine, thereby contributing to health outcomes.

In addition to project infrastructure finance and the additional revenues earned by project owners which triggered important developmental impacts including job creation, better social and health services, new schools, and others, direct investments by TDB in hospitals, schools and universities have also made direct contributions to health and education outcomes. For example, a loan of US$ 8.4 million from TDB to Peterhouse School Limited was used to finance the expansion of a school's facilities in Marondera in Zimbabwe, which led to an increase in its girls' intake by 38%.

I am also very keen in investments in the blue economy which is immensely relevant for island economies and the countries with huge coastal zones in the Indian Ocean. TDB has made investments in land reclamation projects to provide opportunities for high-end export earning tourism but at the same time also support social housing for lower income families.

Investments in ports and railway infrastructure as well as airlines speed up integration and lower logistical costs, hence adding tremendous opportunities along a variety of value chains in agriculture and manufacturing. All of these contribute to the SDGs. As a member of International Development Finance Club (IDFC), TDB tracks and reports on many of these indicators, as it also does through its portfolio management activities and environmental and social governance matters.

Q. In addition to fulfilling the functions of Chief Operating Officer, your role also includes being the Executive Director of Asset Management. What are your plans in this regard?

FL: Africa is today the second most important destination for investments. It is a continent that has a lot of capital needs. Comparatively, capital is not earning as much in other global markets as in Africa. The continent presents great opportunities for risk-adjusted earnings with higher multiples than other regions. At the same time, there are growing resources from pensions funds, high net-worth individuals, and other sources of capital that are looking for opportunities. The desire to combine commercial sources with concessionary ones is another area requiring specialized knowledge on how to do it effectively.

TDB has an impressive knowledge of African economies and a track record of investing in commercial terms for development impact. It has been financing itself from its earnings and hence has proven an investment thesis on risk taking for opportunity and return in a variety of African economies.

These conditions make it a ripe organization to manage other people's money and hence asset management is a natural outgrowth that the Bank can pursue. The approach we are taking is to focus on what we know. So we are launching the Trade Fund, which leverages on what we know about originating and financing trade deals and supervising them effectively for development impact, while obtaining solid returns. The plan is to attract others to invest in such funds. We are looking at other opportunities in asset management for impact investors in Africa and elsewhere who would value an asset management service that TDB can provide.

Of course, the launching of the SME platform is another focus which will provide the ability to build a pipeline that would be attractive to investors seeking private placement or exposure to fast growing African SMEs.

We are also seeking to engage impact investors and others who keen on blended finance platform solutions, working in partnership with others.

Raising funds is a challenging task which depends on good governance, track record of results and ability to manage conflicts of interest among other capabilities. Through the experience gained historically and with these recent efforts, TDB can emerge to take on bigger roles in this space. So, my approach is to uncover the inherent successful capabilities of TDB and match them to the capital market opportunities and the investment needs of our member countries, to launch the kinds of management services and platforms that would be most suitable.

Q. Despite operating in a challenging environment, with commodity prices still not recovered, lower FDI inflows and trade flows, TDB has improved its credit rating, delivered solid financial results, and exceeded expectations. What can this be attributed to?

FL: I would say mostly as a result of the successful execution of governance reforms, combined with a world-class risk management department and modern tools for evolving a risk-aware culture. Second, it is as a result of TDB's razor-sharp focus on building internal capabilities in terms of staff skills and incentives for performance. Third, strategy, mostly of having an approach to managing growth by taking intelligent risks and diversifying both the capital base and the portfolio. Fourth, the new coverage model, which allows the Bank to have its eyes on where the needs are visible, ears where the demand can be heard, and nose where the risks and opportunities can be smelled. And of course, one has to recognize the role of leadership, i.e. the ability to consistently deliver results even in challenging environments. This can only come from superior leadership.

Q. On a lighter note, what might someone be surprised to know about you?

FL: Well, maybe that I was the champion of long jump when I was in primary school in Lushoto, Tanzania. I was very athletic and ran regularly, and even held the title of the Fastest Female Student Runner which I won in the Marathon for Namibia's independence when I was a student at the University in Dar es Salaam. I did keep up running along the Charles River when I was in Cambridge Massachusetts but was too busy to register officially for marathons, preferring to run at pace and not in competitions.

As such, I was very proud to be able to engage in the fifteenth anniversary of the Standard Chartered Nairobi Marathon last October, where I got passed by all the fast runners, but still made it to the finish line in good time.

The moral of these illustrations being "always focus on retaining learned skills as you never know when they will come handy, go for the long haul and don't get distracted by shiny objects along the way", and "good returns come to those who build on past knowledge but constantly update their capabilities at each stage of their growth".

TDB is there for the long haul, and I am ready to run the distance, as I take a leap of faith in that Africa will develop. I am focused on managing the weird sensation of when you are in the air before you know what your score will be at the end of along jump. I only know that the next jump will be as good as or better than the last one if I keep fit, avoid injuries, and engage in new jumping opportunities. ■

BADEA Becomes TDB's 13th Institutional Shareholder

Mr. Admassu Tadesse, TDB President and Chief Executive, and H.E. Dr. Sidi Ould Tah, BADEA Director General, elevating the institutions' partnership to new heights (Photo credit: AfDB Group)

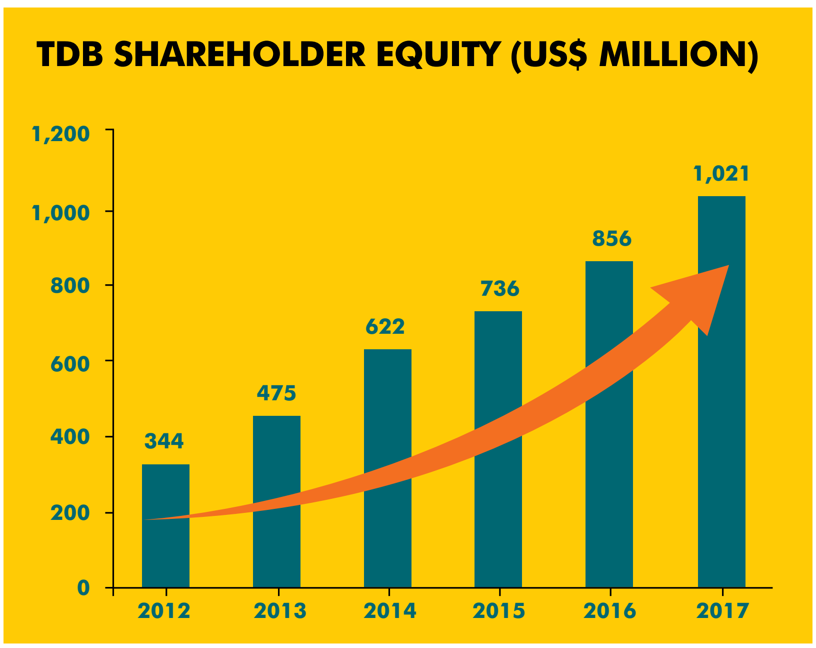
TDB IS HONOURED TO ANNOUNCE that the Arab Bank for Economic Development in Africa (BADEA) has joined TDB as its 13th institutional shareholder, with an investment of US$ 10 million. The Membership and Subscription Agreement was signed on the 8th of November 2018 during the African Development Bank's inaugural Africa Investment Forum.

This investment builds on a four-year partnership with BADEA, during which a total of US$ 55 million in lines of credit were extended by BADEA for the benefit of promoting trade between Arab countries and the Bank's Member States, as well as infrastructure project finance activities throughout the region.

Commenting on the signing, TDB President and Chief Executive, Mr. Admassu Tadesse says that "the Bank is delighted to elevate its existing cooperation with BADEA to a strategic partnership level, and pleased to welcome BADEA to TDB's diverse shareholder community. We are excited by the promise to make a bigger impact in our region together with BADEA."

Dr. Sidi Ould Tah, BADEA's Director General notes that BADEA "is excited to see the partnership between the two institutions, which goes back to only 2015, is now reaching new heights with BADEA's equity investment of US$ 10 million being signed today. We highly value the fruitful cooperation that BADEA and TDB have been able to develop over the last few years as we aspire to achieve a visible development impact in the region's economies."

Mary Kamari, TDB Corporate Affairs and Investor Relations Executive.



Mary Kamari, TDB's Corporate Affairs and Investor Relations Executive, adds that "year after year, we have been successful in raising TDB's total shareholder equity, which in 2017, grew by an additional 19% and broke the one-billion dollar mark to US$ 1.02 billion. 2018 end-of-year results should also be promising".

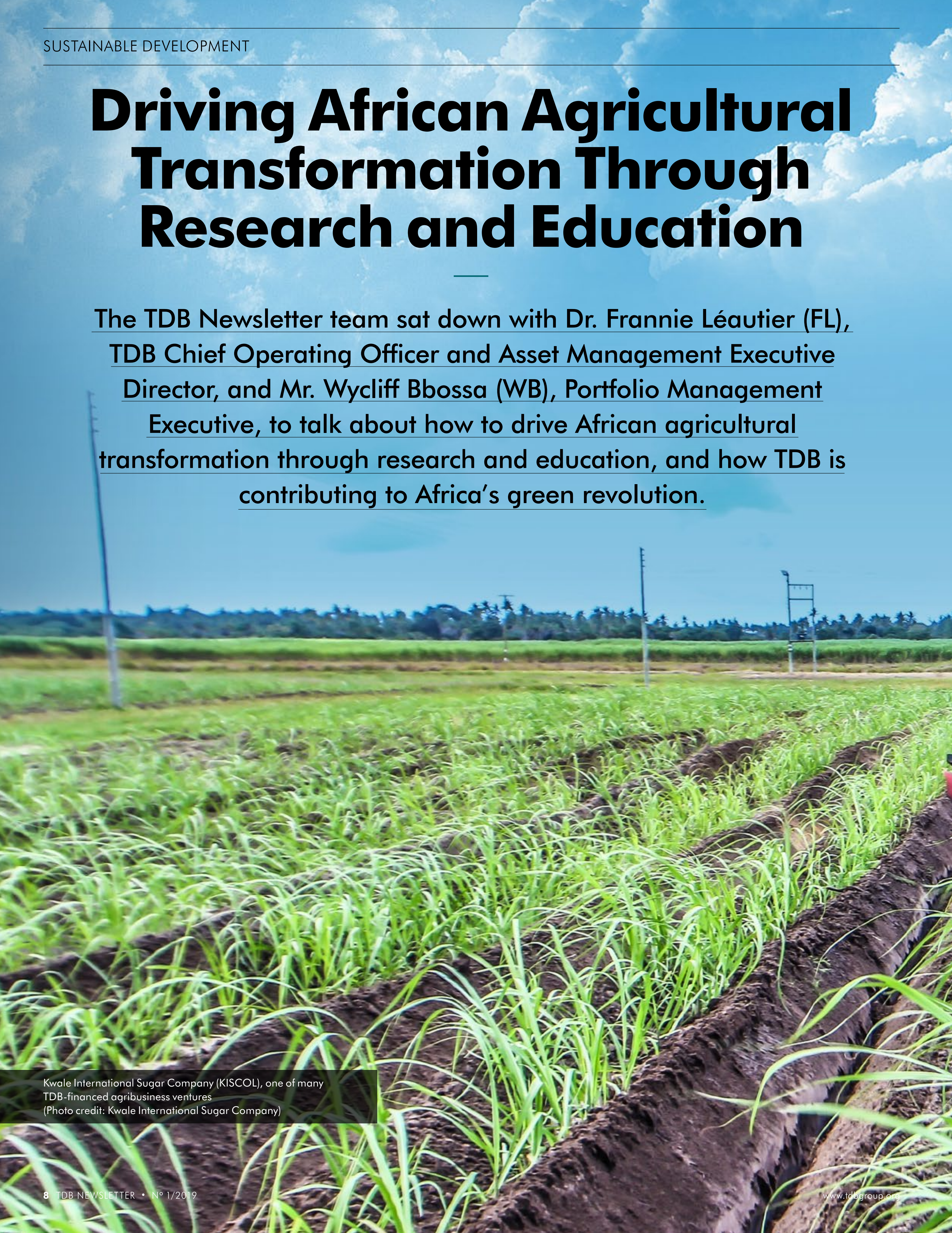
Since early 2013, institutional investors and DFIs have invested more than US$ 153 million in TDB's Class B shares, significantly above capital raising targets. In addition to high returns, Class B shares also offer significant development impact, through TDB's investments in projects and infrastructure, and support for the security and supply of strategic commodities in Member States. TDB plans to further grow its geographic footprint and impact and expects to continue rewarding investors with attractive dividend yields and capital growth.

The Bank's membership comprises 22 Member States from across COMESA, EAC and SADC, 2 non-regional members, China and Belarus, as well as 13 institutional shareholders. In addition to BADEA, the latter includes the African Development Bank, Africa Reinsurance Corporation, Banco Nacional de Investimento (Mozambique), Mauritian Eagle Insurance Company, National Pension Fund (Mauritius), National Social Security Fund (Uganda), OPEC Fund for International Development (OFID), PTA Reinsurance Company, Rwanda Social Security Board, Sacos Group (Seychelles) and Seychelles Pension Fund. ■

"Year after year, we have been successful in raising TDB's total shareholder equity, which in 2017, grew by an additional 19% and broke the one-billion dollar mark to US$ 1.02 billion. 2018 end-of-year results should also be promising."

Driving African Agricultural Transformation Through Research and Education

The TDB Newsletter team sat down with Dr. Frannie Léautier (FL), TDB Chief Operating Officer and Asset Management Executive Director, and Mr. Wycliff Bbossa (WB), Portfolio Management Executive, to talk about how to drive African agricultural transformation through research and education, and how TDB is contributing to Africa's green revolution.



Kwale International Sugar Company (KISCOL), one of many TDB-financed agribusiness ventures
(Photo credit: Kwale International Sugar Company)

Q: Why do you think the nexus between agriculture and research & higher education is so important in Africa, in contrast to other sectors and regions?

FL: Agriculture, research and education are interlinked across the world, but are more important for Africa for various reasons. First, Africa is a continent that has more than 60% of the world's uncultivated arable land, at the same time as we face important interconnected challenges such as food shortages, drought, famine, flooding in certain areas, and lack of productivity and yield growth. We need a green revolution in the same way it happened in Asia and other parts of the world, which will require investment in education and research.

Furthermore, if we look at the impact of climate change, and its implications on agriculture, we're going to have to invent new ways of farming and doing agriculture that can protect us from risks such as for example changing patterns of rain fall or increased drought. Research would enable us to come up with crops and agricultural inputs – fertilizers, seeds, new genetic breeds of crops, livestock, etc. – which would be more resilient to these changes.

Lastly, it is important to recall that the world's first scientific experiments were actually agricultural experiments. Human knowledge and education have grown directly from our interaction with nature and our ability to extract from it for our own purposes such as food, shelter, and clothing. When we look at it, all human needs draw from somewhere in the agricultural value chain. That's why it is important to link agriculture, research, education, and innovation to directly impact the results from agriculture and vice-versa, learn from it.

WB: I totally agree with the way Dr. Léautier looked at it. I will add that agriculture is a common denominator in Africa. If we combine research and education across the region, that would be another way of integrating the region. Food security threats affecting one country are often the same as what is being experienced across borders. When we create synergies through agricultural research and education, we can solve problems across the region. The issue of agricultural productivity and innovation can only be addressed through the combination of research across various countries.

> "The world's first scientific experiments were actually agricultural experiments."

Q: What are global and African DFIs currently doing in this context, and what should they be doing?

FL: In the broader DFI space, there has been investment over many years on agricultural research. One important multicounty agriculturally-focused research network is the Consultative Group on International Agricultural Research (CGIAR), one of the biggest networks which has been funded over multiple years, by the World Bank and lots of other bilaterals and donors. CGIAR has been credited for the green revolution in Asia for example, by looking into the varieties of rice needed to solve food security issues.

There has also been investment in livestock research through for instance the International Livestock Research Institute (ILRI) headquartered in Nairobi, Kenya. ILRI has helped to come up with innovative with ways to influence livestock

productivity while addressing animals in the livestock space.

I am also particularly interested in this following example of the importance of agriculture because of its implications, but cinephiles would also know about this. If we look at the movies which were made about Mars, we'll know that the first product that man could grow in an alien space is the potato.

The International Potato Centre (CPI) headquartered in Lima, Peru, does research on roots and tubers and houses all the varieties of potatoes in the world. It has a bank for potato genomes that is held in Northern Europe from which it will be possible to recreate food in case of a catastrophe on earth. CPI's research on the potato is relevant, not only as it resulted in a solution on how to preserve the earth and its food systems, but also, in important data on the nutritional content of potatoes. It led for example to the discovery of the orange-fleshed sweet potato, which has very high nutritional value, and which has now been grown in various parts of the world, in Uganda and Rwanda for example, and is one of the best foods for young children. Multilateral and bilateral aid agencies, and foundations like the Bill and Melinda Gates Foundation and others have continued to invest in the CIP and the research-to-practice value chains in agriculture.

These are three examples which cover the world but that are also relevant to Africa.

"The Bank's intervention is focused on projects and programmes that supports value addition, outgrower support schemes, research and knowledge sharing, intra-regional trade and job creation."


Dr. Frannie Léautier
TDB Chief Operating Officer and Asset Management Executive Director


Mr. Wycliff Bbossa
TDB Portfolio Management Executive

WB: What do you think about how the Alliance for a Green Revolution in Africa (AGRA) intervenes in this space?

FL: AGRA is an amazing organization and is an opportunity to celebrate the work that the late Kofi Annan has done, namely as AGRA's first founding Chairman. AGRA is really trying to get the green revolution going in Africa. It is worth mentioning the outcome of the last African Green Revolution Forum (AGRF) which was held in Kigali earlier last year. AGRF is the lead annual event that AGRA runs every year, where investment, research and innovation needed in agriculture is discussed and collected. Agnes Kalibata, the President of AGRA and her team did an amazing job in bringing the key issues for a green revolution to the attention of DFIs. There is also the university network known as RUFORUM – an influential network of over 40 African universities. The Regional Universities Forum for Capacity Building in Agriculture (RUFORUM) held an exciting event in Nairobi last year, which featured the latest advances and findings in the agricultural research and policy space. The work of AGRA and RUFORUM is all tied-in together.

Q: More specifically, can you tell us more about what TDB is doing and what it projects to do in research, education and agriculture?

FL: What DFIs do in agriculture is fundamental. This is a sector which is responsible for 60-80% of jobs depending on the country, up to half of exports, and in some countries all exports as is the case for Malawi, for example, which is of course important to food security.

When you look at the role of DFIs, the first part is providing financing to scale-up productivity gains and yields. This is an area TDB us active in as it finances projects aimed at increasing agricultural productivity.

Second is to support trade. If you look at the UAE and Arab countries in general, they are net importers of food. So is China because of population growth. Within Africa, the regions which are more arid are also net importers of food. As such, food imports are key products which need financing and support. TDB directly supports trade finance with focus on important agricultural commodities like sorghum, soy bean and cereals, for example.

Third is the input side. When we look at the agricultural value chain, financing is as well needed not only for the inputs that contribute to raising agricultural productivity such as fertilizers, seeds, and pesticides, but also those markets that need to be developed for the input space to thrive. TDB is hugely engaged in financing in the agricultural input space.

DFIs are also important to support the infrastructure needed for agriculture, rural roads, railways, ports, warehousing to store grains and preserve food, electricity (refrigeration and cold chain for some products like dairy, fresh fruit and vegetables, and fresh cut flowers) as well as agro-processing, and industries around it. There is also of course the insurance side as agricultural products are impacted by all sorts of issues, whether weather-related or other disasters. There are various insurance schemes to help preserve agricultural trade such as the African Risk Capacity (ARC). TDB is active in all of these areas.

So I think insurance, project and infrastructure finance, trade finance, capacity-building and technical assistance, and research are all areas where DFIs have a role to play.

WB: Agriculture is an important sector for the Bank's Member States, accounting for about 30% of their GDP. It is estimated that 75% of the continent's population relies on agriculture. It is against this background that TDB considers agribusiness a priority sector, with a sector risk appetite of 30% across its 22 Member States.

Over the years, TDB has invested heavily in agribusiness. More specifically, cumulative investment in Agribusiness from 2013 to the 30th of June 2018 total US$ 0.77 billion, spread across 10 Member States. Funded projects and programmes include integrated sugar processing plants, integrated tea processing plants, importation of essential inputs and facilities for pre and post-shipment support to agribusiness small enterprise exporters.

The Bank's intervention in this space is focused on projects and programmes that support value addition, outgrower support schemes, research and knowledge sharing, intra-regional trade and employment creation.

"Vocational training is a space where practice happens and for agriculture, this is particularly relevant because results have to go from the lab to the field. Therefore, having people who are able to function in both of these spheres is critical."

TDB has approached the sector by supporting the whole value chain from financing plantations including extension services to processing. If we take sugar plants for example, we would finance both the sugar plantation and the processing plant – which requires processing equipment, and at the same time, creating demand for raw materials which benefits outgrower schemes.

Then of course, there is commodity trade. The Bank would look at both the food and commodity supply chain financing. I can cite the example of the maize procurement in Zambia that TDB did a few years ago, which not only assisted Zambia, but also the region. Likewise, TDB has supported the Reserve Bank of Malawi's Export Development Fund with about US$ 120 million for the procurement and trading of non-traditional crops. Another example is the support we have extended to the trade in strategic crops in Zimbabwe. The Bank has also moved exports across regional borders in the case of famine, as was the case in Malawi and Zambia. All in all, TDB has been very innovative around supporting cross-border trade.

FL: I think we should also say something about commodity exchanges, such as the ones in Addis Ababa or Kigali which are very critical. These exchanges are creating a space where the pricing of commodities provide better income to farmers, as a result of better control over price trajectories.

WB: Very true. Also in Malawi, a commodity exchange is being supported through the Export Development Fund. The Fund's objective is to support the growth of exports for the country through provision of pre and post-shipment finance, performance bonds or guarantees or advisory services for the setup, expansion and modernization of viable export enterprises in the medium and large-scale sectors.

FL: There are 3 components which I really find groundbreaking in the approach TDB takes.

First is on the direct technical assistance and capacity-building that is embedded in our lending and other financial products, whether on the trade side or project infrastructure side. There is a direct value in the R&D that goes either to the companies which are involved or in the extension services. Second, which is indirect support to research, as through what TDB does as a Member of the African Economic Research Consortium (AERC). It must be said that TDB was one of the first commercial entities which joined AERC. AERC takes research from the university to the farm, and as such, the link between R&D, productivity and impact is made through the role TDB plays in supporting entities engaged in agricultural policy research and other areas in that space.

Then, there is the middle space where TDB has invested directly in the R&D space with universities and research centers, including some which are directly engaged in agriculture.

WB: I also wanted to expand on what you said about extension. For example in the case of Kinyara Sugar Works, a processing plant in Uganda, the outgrower extension scheme supported more than 4,000 farmers and this was done largely thanks to the support of TDB funding and a few commercial banks.

Otherwise, TDB also facilitates knowledge exchange between countries in the region.For example, for an agribusiness project in Rwanda where TDB financed the procurement of tea processing machines, related equipment as well the installation of the equipment, the agronomists who implemented the project were from Kenya.

FL: That's an excellent example.

this case, and still be a farmer.

I think policy can play a role in changing that mindset. Saying that one works in agriculture doesn't mean that he or she is uneducated, or low-income. We need to encourage educated young people to integrate in the agricultural space. That is an important policy area.

WB: Another area which I also think is relevant is technology and how it can enhance agriculture. At the policy-level, further linkages could be facilitated between new technologies, the youth it speaks to, and their participation in agriculture. We need to look at how technology can support the agricultural transformation of the continent. That's an area to think broadly about on the policy-level.

> "The fashion industry is a multi-billion dollar industry across Africa and many of its products are born in agriculture."

Q: What needs to be done at the policy-level to fast-track the advancement of higher education and research in general, and in agriculture on the continent?

FL: One of the major policies that needs to shift is this artificial break-down between vocational training and higher or tertiary education. When you look at countries which have been really successful in their agricultural transformation, such as Japan, South Korea, France, Germany or China, one of the things they have been able to do is to have an opening, whereby people can go back and forth between deep research and practice. Vocational training is a space where practice happens and for agriculture, this is particularly relevant because results have to go from the lab to the field. Therefore, having people who are able to function in both of these spheres is critical.

I remember a story told by President Obasanjo which I like to quote when I travel and speak in conferences. He was talking about when he went to the US after his Presidency. He arrived in the US and while filling-out immigration forms, when asked for his occupation, he wrote 'farmer', which prompted the immigration officer to take him aside. While they did let President Obasanjo through, it took much longer than usual. His son who was waiting for him on the other side asked why it had taken him so much time. He replied that it was because he had put the word 'farmer' in the form and as such, the immigration officer could not believe that a farmer from Nigeria could possibly have enough income to stay for 3 weeks in the US. The son advised him that next time, he should write agripreneur, i.e. agriculture entrepreneur. It is all a question of perceptions, the lesson here being that somebody can be highly educated, even a former president in

FL: That's an excellent idea. There are examples of this, such as the mobile-centric micro-insurance scheme for farmers which was created in Tanzania, Equity Bank in Kenya which offers financing to farmers through mobile money, and e-commerce platforms where it is possible to trade agricultural products and save some of the costs that are associated to not knowing what the market price is. There is also iCow in Kenya, a mobile phone agricultural platform through which famers can be supported with knowledge and information to raise productivity of livestock and be connected to relevant stakeholders. For example, it enables farmers to monitor how much food a cow needs and its level of productivity, to look at the health of a cow and more.

So there's a lot of work one can do.

I am struck by one example we were challenged to think about by the African Development Bank (AfDB): bring us examples of going from fertilizer to fashion and the entire value chain involved. The fashion industry is a multi-billion dollar industry across Africa and many of its products are born in agriculture, whether it's leather from the cows, buttons that are made from cow horn or bones, cotton and silk that come directly from agriculture, or new fibers and textiles that are being experimented with like hemp and jute.

> "At the policy-level, further linkages could be facilitated between new technologies, the youth it speaks to, and their participation in agriculture."

The link between agriculture and the fashion industry is very tight. This is a good example of why policy-makers really need to be informed, so that they can help to break barriers between, for instance the ministries of education, agriculture, finance, and technology, and thereby work together to get the agricultural transformation that we need.

Q: The TDB Academy is in the process of being set-up. How will it contribute to the advancement of higher education and research in the region?

WB: TDB is in itself a source of knowledge, by the mere fact that we've worked in this region on issues which are challenging, through financing and innovative products. When thinking about the TDB Academy, we have to think about how to leverage our knowledge, not just to train ourselves internally, but also to train others in the region in these areas, through knowledge-sharing between institutions.

The TDB Academy can serve as a platform through which we can engage with research institutions. For example, Dr. Léautier mentioned AERC. There is so much knowledge within universities and research centers that has been created, which when we work together, can be quickly disseminated across the region. Likewise, the TDB Academy will help tap the knowledge within ourselves which has been created over time and which can be shared across our networks, through trainings, vocational or otherwise, with the right audiences. It is also an opportunity to tackle the challenges that even our clients experience at various levels.

FL: Indeed. I would also like to project into what the future space for TDB Academy could look like. First, let's take a look at the staff of TDB. They are highly educated, come from very diverse backgrounds and are experienced in multiple fields that all congregate in the space of trade finance and project and infrastructure finance. By definition these are multisectoral skill areas, which very few universities are able to put in one space, let alone with people from such diverse backgrounds who are already working together. That is the kind of value that TDB brings: multiple countries, multiple educational systems, multiple skill and practice areas, all working together to get solutions which deliver triple bottom line results.

Secondly, it is important to consider TDB's footprint across our 22 Member States, and the linkages we have with national institutions, for instance central banks, ministries of finance, trade, and other sectoral ministries such as agriculture, industry, and other linked to the portfolios we have in each location. Through the Academy, we can bring ideas the way that Wycleff has described from research that is out there, to practice through the activities that we support and invest in, and so on.

Thirdly, going towards the future, we can organize in punctual times, knowledge-sharing events and activities such as workshops or seminars, or the sharing of articles, working with partners on issues that are relevant to our member countries. If we take, for instance trade and integration, we could look at the barriers to trade in services which are very key to advancing trading across countries. Through the TDB Academy, we could organize seminars on LC confirmations for example, which is one of the issues that we are grappling with. Imagine how much space and opportunities could open up, and how the way we engage in trade could change. Many of the bottlenecks we are facing actually come from mundane day-to-day processes. If we can bring value by unlocking and speeding-up decision processes and decision chains, we will be able to speed-up the practice of trade itself and therefore raise incomes and direct contributions to economic growth.

The last area I will mention is the opening of the possibility on the data space. We are working now on an initiative with the International Trade Centre (ITC) in Geneva to see how we could develop micro data that would help SMEs to trade. The idea was born out of a session we participated in at the recently concluded Nordic-African Business Summit 2018 in Oslo, where I was on the same panel with the Executive Director of ITC, Ms. Arancha González. While this initiative is still on the drawing board, I think this is something that could really add value.

I think there are lots of opportunities we can leverage through the TDB Academy, working with institutions, partners, research centers, universities and other stakeholders.

From left to right: Mr. Lanre Akinola, Nurmura Editor, Dr. Frannie Léautier, TDB COO, Ms. Arancha González, International Trade Centre Executive Director, and Mr. Yaw Nsarkoh, Unilever Executive Vice President Ghana and Nigeria, at the Nordic-African Business Summit 2018 in Oslo

Q: For Dr. Léautier: You recently won an award at the Sixth African Higher Education Week and RUFORUM Biennial Conference, last October in Nairobi, for "your outstanding role in developing and attracting innovative financing to Africa for trade and regional integration, and, institutional and human capital development on the continent". Could you please tell us more about what this award celebrates?

FL: I would like to say that it was humbling to receive this award.

It came in recognition of a number of things that I have done over the years such as attracting financing in areas that would otherwise not have been financed. For example, I can mention the Nelson Mandela African Institution of Science and Technology (NM-AIST), which we launched with Dr. Ngozi Okonjo-Iweala.

Through NM-AIST, we were able to bring for the first time private sector financing into building greenfield R&D and research capacity for universities and tertiary education, in areas which otherwise would not have come. We now have a campus in Abuja, Nigeria, which has already seen a number of cohorts graduated. We also have campuses in Arusha, Tanzania, and in Ouagadougou, Burkina Faso.

Award presented by RUFORUM to Dr. Frannie Léautier in October 2018 in recognition of her outstanding role in developing and attracting innovative financing to Africa for trade and regional integration and institutional and human capital development

This is an example of a pan-African solution to crowd-in private investment through a public private partnership where governments have issued land, the private sector has made direct contributions, and commercial partnerships have allowed education and research to happen.

Such a funding solution has enabled these three campuses to focus on life sciences and agriculture, which has tremendously increased impact and productivity. The one in Ouagadougou got a patent for an innovation on using water in more efficient ways. The Abuja campus came up with different ways to extract value from bamboo. And in Arusha, the campus has won multiple awards and developed many innovations in the life science space including on treating malaria by growing different types of crops in swamp areas while limiting the ability of mosquitos to nest, preserving products like soy beans, and creating nutritive bars from sesame seeds and other products so they do not need refrigeration.

I understand the award came as a result of recognition of these efforts and the impact they have had. ■

SUPPORTING LIVELIHOODS

Via Solar Technology in Uganda

www.depositphotos.com/Stock/Photos

TO CONTINUE ADVANCING SUSTAINABLE growth across its 22 Member States, in July 2018, TDB signed a grant over to Powah Limited in the amount of US$ 25,000 as part of its Corporate Social Responsibility programme for the region, to support the construction of the Powah Hub. The Powah Hub Project is a social enterprise aimed at providing energy and technology solutions to marginalized groups in Uganda.

"The project is in line with TDB's new CSR Policy and Strategy, which is part of a wider sustainability framework to deliver triple bottom line results, and connecting economic, environmental and social impact", said Mary Kamari, TDB's Corporate Affairs and Investor Relations Executive.

Powah Hub is led by Esteeri Kabonero, a young woman entrepreneur promoting sustainable energy and reaching out to youth in the country. By the time the grant was delivered by TDB, 300 school children had already been provided with access to lighting.

More concretely, Powah Hub is a solar run container, a "solar kiosk", which features an information centre, a training centre and a resource centre, designed for off-grid villages.

The information centre is equipped with computers and wireless connectivity, allowing users access to communication channels, information, entertainment and education services.

The training centre offers training education and job creation tools to young members of the community, giving them opportunities to develop skills to enter the job market, for example entrepreneurial skills and training needed in the administration of health services.

Powah Hub is a solar run container, a "solar kiosk", which features an information centre, a training centre and a resource centre, designed for off-grid villages (Photo credit: Powah Hub)

"The project is in line with TDB's new CSR Policy and Strategy, which is part of a wider sustainability framework to deliver triple bottom line results, and connecting economic, environmental and social impact."

To sustain its activities over time and be able to cover running costs such as staff, internet and maintenance, the Hub will also offer energy products for sale including lights, phone chargers, and clean cook stoves.

In addition, Powah Hub is looking to have solar kiosks act as security booths and shops where medical services will also be available, including solar powered diagnostic kits to detect blood pressure, heart rate, temperature, and other vital signs.

In terms of targets, from October 2018 to April 2019, Powah Hub aims to give 2,500 people access to computers and internet, train 100 graduates, and provide energy access tools for business, health and education to 3,100 people,

Access to light remains critical to the empowerment of people, especially students who need light to study at night, and leads to better health and security. Powah Hub utilises solar energy designs to create an ecosystem for income generating activities to benefit entrepreneurs, students and farmers seeking better skills and opportunities to gain employment options and thrive, as well as to enhance the livelihood of the population it serves, some of whom will be employed to run and manage the project. As such, the project contributes to various UN Sustainable Development Goals. ■

Hydromax Ltd.'s Kabalega hydro project, a 9 MW run-of-the-river hydro project co-financed by TDB and AfDB, now supplies electricity to Uganda's national grid, as well as to the town of Hoima's 30,000 people

The Quest for Sustainable Renewable Energy in Uganda

SDGs & Energy Needs in Africa

Despite statistics showing a rise in global access to electricity over the last twenty years, 1.1 billion people globally continue to live without this basic need according to the International Energy Agency (IEA). In Sub-Saharan Africa, the figure is more outstanding. While electrification has surpassed population growth on the continent in 2014, IEA's New Policies Scenario projects that by 2030, 90% of the 675 million people who will still be without electricity will be in Africa.

As a result, more developing countries are embracing energy growth through renewable sources and efficiency. Investing in renewable energy sources such as solar, wind, and thermal, are not only cost-effective in comparison to energy which relies on fossil fuel but are a means to combating rising greenhouse gas emissions harming the environment. In this context, developing infrastructure and upgrading technology to produce clean and affordable energy is a crucial component to achieving the United Nation's Sustainable Development Goals.

By 2040 in Africa, BP projects its energy consumption to grow by 128% and production, by 58%. In terms of energy mix, oil will still dominate consumption although gradually less and less, coal will experience the biggest decline while remaining the 3rd most important source of fuel, natural gas will increase its share and remain the 2nd most important source of fuel. Nuclear will stay marginal, while the share of solar, wind and biofuels will increase 10-fold, surpassing hydroelectricity which will grow marginally to 8% of the total energy consumed in Africa in 2040.

According to the IEA, renewable energy will make up almost half of sub-Saharan Africa's power generation growth by 2040. Economic and social development in the region hinges critically on amending the energy sector. That said, as reported by the International Renewable Energy Agency, an investment of US$ 70 billion is required per annum from 2015 to 2030 to bridge the electricity gap. The renewable sector is indeed growing in Sub-Saharan Africa, with 14 countries having set associated targets and increasing investment substantially, among them Uganda, a country with a burgeoning renewable energy sector.

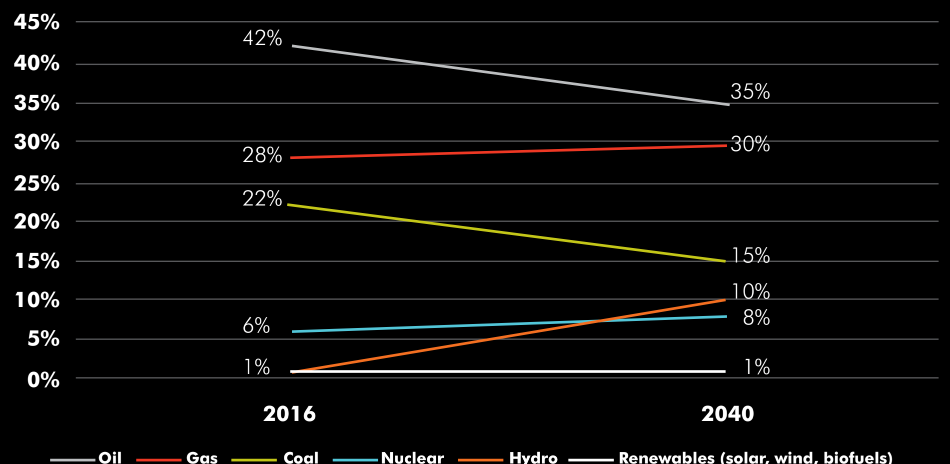
Uganda Energy Generation Capacity

According to USAID's Power Africa with which TDB recently signed an agreement to reduce energy poverty and increase access to energy in Africa (see article on page 18), the current installed generation capacity in Uganda is 947MW, of which 645MW is generated from hydroelectricity, which therefore dominates electricity supply in Uganda. Other sources of energy include solar, cogeneration, diesel, and thermal. About 6.9 million households do not have access to electricity in Uganda.

TDB Mandate Re: Access to Energy

Access to sustainable and reliable electricity is a key deliverable for TDB in its Member States. In both its 2012-2017 and 2018-2022 corporate plans, TDB has continued to seek opportunities to contribute to this essential sustainable development goal (SDG) by providing innovative financing to the energy sector. In Uganda alone, the Bank has delivered three run-of-the-river projects, with a cumulative total generation capacity of 23.4 MW, and investments of close to US$ 40 million. IEA defines run-of-the-river hydropower plants as "plants which harness energy for electricity production mainly from the available flow of the river. These plants may include short-term storage or "pondage", allowing

ENERGY CONSUPTION PROJECTIONS FOR AFRICA



Source: BP Energy Outlook, June 2018

for some hourly or daily flexibility but they usually have substantial seasonal and yearly variations."

The Kabalega Project

TDB's intervention in the energy sector in Uganda dates back to 2009, when the Bank and the African Development Bank (AfDB) co-financed Hydromax Ltd. to implement the 9MW run-of-the-river Kabalega hydro project in the Homa District. The Bank availed a loan facility of US$10 million, while the African Development Bank (AfDB) injected a sum of US$13 million to part-finance the development, construction, and operation of the plant. The project is now complete and supplies electricity to the national grid, Uganda Electricity Transmission Company Limited (UETCL),as well as to the 30,000 population of Hoima town.

The GET Fit Programme

The Government of Uganda has joined forces with African and European financial institutions in order to pursue its energy targets. The GET FiT (Global Energy Transfer Feed-in Tariff), an example of these efforts, is a public private programme managed by KfW in cooperation with the Government of Uganda. Its purpose is to assist East African nations in pursuing a climate resilient low-carbon development path with the long-term objective of achieving growth, poverty reduction, and climate change mitigation.

The EUR 90 million GET FiT programme has supported 17 small and medium-sized renewable energy projects in Uganda, and to date, nine have been completed successfully. The programme was launched in 2013 and is supported by the governments of Germany, Norway, the United Kingdom, and the European Union, through the EU Infrastructure Fund. Upon completion of all projects, 158 MW of new capacity will be achieved. The technology mix includes solar, biofuel, wind and geothermal, and is expected to close by December 2019.

TDB has funded two of the 17 GET FiT beneficiaries, namely the Nkusi Hydropower Project, implemented by PA Technical Services (9.6 MW), and the Waki Project, implemented by Hydromax Nkusi Limited (4.8 MW), both of which are run-of-the-river hydro plants.The GET FiT programme is widely regarded as a successful venture and other African countries are engaging with Uganda's Electricity Regulatory Authority (ERA) with a view to adopt similar programmes in their countries.

The Nkusi Hydropower Project

The Bank availed a term loan of US$13.5 million to the Nkusi Hydropower Project to implement a 6 MW run-of-the-river hydro project, located on the shores of Lake Albert in Uganda. The project, now complete, was delivered under an innovative funding structure involving TDB as lender, and grant funding provided by the Norwegian Agency for Development cooperation-Norad (project development grant) and the KfW GET FiT programme (post implementation grant).

The power station will generate a peak of 9.6 MW of renewable electricity to be fed to the 33kV national grid at Muhorro Trading Centre in Kibaale District. A transmission line for evacuating the generated power will be implemented by the Uganda Rural Electrification Agency (REA) on behalf of the Government of Uganda.

The Nkusi Hydropower Project was officially commissioned on 11th October 2018. The ceremony held at the project site was attended by representatives from TDB, Kfw, the German and Norway Embassy, and Ugandan State Ministers for Energy and Petroleum, as well as various government agencies in the Energy sector in Uganda. ■

Ethiopian Regional Interconnectivity Through Rail

ACCORDING TO THE GLOBAL LAW FIRM NORTON ROSE FULBRIGHT, "the current value of rail projects across Africa is estimated at US$495 billion. This represents a significant investment in a continent where less than 15% of all freight is carried by rail and where urban centres have only just reached the required numbers to make mass inter-city metro transport a viable possibility."

As per its interest in the region's railway renaissance, and its impact on regional trade dynamics and economic development,TDB sponsored the Ethiopia Railway Summit in Addis Ababa this past 17-18 September 2018.

Ethiopia's flagship 759 km rail project connecting the Port of Djibouti to Addis Ababa has cut transit time from 84 to 10 hours only, thereby boosting the attractiveness of the country – already one of the world's fastest growing economies – as a business and investment destination.

With H.E. Dr. Abiy Ahmed Ali in office, the Ethiopian Government is once again renewing its commitment to infrastructure development and industrialization through industrial parks.

In view of further reducing trade logistics costs, more projects are under way and in the pipeline. Some of those discussed at the Summit include: the Addis Ababa Light Rail Transit, a 34 km public transit public transport system for which the first phase has already been completed; the 375 km Awash-Woldiya/ Haragebya Railway Project under construction; the 740km Addis Ababa-Jimma-Dima Railway Project to connect the country to South Sudan (planned); the 976 km Addis Ababa-Mojo-Hawassa-Konso-Moyale Railway Project to connect the country to Kenya (planned); and more.

As reported by the Agence de Presse Africaine, "in his opening remark at the Summit, Ethiopian Railways Corporation (ERC) CEO Dr. Berhanu Beshah, said that Ethiopia had successfully completed East Africa's first Light Rail Transit and the Addis Ababa-Djibouti cross-border electrified standard gauge railway." He further highlighted the country's need to strengthen its capacity in the planning, implementation and maintenance of projects.

The aim of the Summit was to create new opportunities for realizing Ethiopia's vision in railway development by bringing together international railway technology companies and international financial institutions like the Trade and Development Bank.

Given the heavy financing requirements of infrastructure development, the Bank will continue to contribute to infrastructure projects and programmes that promote access to basic services in the areas of power, transport, and ICT. The Bank maintains that infrastructure financing is a key driver for achieving the region's transformational growth. ■

Renewable Energy in Djibouti

AS REPORTED BY USAID'S POWER AFRICA, one of TDB's new partners in the energy sector, Djibouti is endowed with abundant solar, wind, and geothermal natural resources and has the potential to generate more than 300 MW of electric power from renewable energy sources. It currently has an installed capacity of 126 MW, all of which stem from thermal sources.

At the same time, the International Renewable Energy Agency (IRENA) mentions that "the country is still heavily dependent on imported fossil fuels and power, and the existing power infrastructure in Djibouti urgently needs to be modernized and upgraded. Voltage fluctuation, spikes, blackouts, brownouts and other disruptions have significant impacts on industrial, commercial and residential consumers".

TDB was present at Djibouti's first renewable energy conference last September 2018, at the invitation of Djibouti's Ministry of Natural Resources, to assist with discussions on assets and opportunities in the sector, along with more than 150 representatives from governments, civil society, research and the private sector, including financial institutions. ■

Meet **Dr. David Bamlango,**
General Counsel and Senior Executive, Legal Services

David M. Bamlango, General Counsel and Senior Executive, Legal Services of the Eastern and Southern African Trade and Development Bank (TDB) shares his thoughts with the TDB Newsletter team on development finance in Africa.

Q. What was your first impression of TDB?

DB: I was impressed by the fact that a sub-regional multilateral development bank could be as successful as TDB has been. Based on the track record of development finance institutions in Africa, the odds were not on TDB's side.

Q. What do you wish other people knew about what development finance is doing in Africa to achieve maximum impact?

DB: Development finance institutions in Africa have become strong catalysts of financial innovation. In the years after the global financial crisis of 2008, the banking sector in general retreated from risk-taking and found refuge in the most vanilla of financing solutions. And yet, if financial institutions are to be true engines of economic development in Africa, they need to embrace innovative products and deal structures.

The level of economic growth needed to eliminate extreme poverty in Africa requires a very diversified set of financing tools in order to bring into Africa as much financial capital as possible. In Africa, we cannot afford to be timid and risk averse. Thanks to their flexible governance and regulatory regimes and their greater tolerance for risk, African development finance institutions are leading in many areas when it comes to financial structuring. At TDB, we are doing so without jeopardizing the soundness of the Bank's governance and controls, as evidence by the favorable ratings actions by Moody's and Fitch. This is as ever an exciting time to be working in development finance in Africa!

Q. What would you tell someone or an institution who is thinking about investing capital in Africa?

DB: I would tell them this is the time. They would need to do their homework to identify the right country, the right partners, and right investments for them. But ultimately, there are very attractive investment opportunities for all investors, whether they are looking for short-term, medium-term, or long-term opportunities.

"The level of economic growth needed to eliminate extreme poverty in Africa requires a very diversified set of financing tools in order to bring into Africa as much financial capital as possible."

Q. As a participant in Africa's growth story, what sorts of trends do you see as positive? As negative?

DB: On the positive side, we are seeing a lot of improvements in terms of geopolitical risks across the Southern and Eastern African regions. Political risk is subsiding in many countries and many governments are showing commitment to governance reforms and renewed commitment to fighting corruption. However, on the negative side, I would say that a lot is yet to be done in order to entrench the rule of law in many African countries. The rule of law is a necessary ingredient for economic development. It is embodied by an independent judiciary which dispenses justice and enforces contracts impartially without fear or favors.

Q. Describe your biggest obstacles in life and how you mastered them. How did you handle the adversity? Did you enlist help from others? Are you more of a lone-wolf type who wants to take care of it yourself? What keeps you going in the face of disaster?

DB: Coping with the untimely passing of my father was the biggest challenge I've ever had to face. He died when he was 38 years old. When something like that happens, your world is turned upside down. To recover and move forward, I had to depend on God, the Church, family, and friends. I don't think it's possible to overcome those types of challenges and succeed in life alone, without the help of others. What keeps me going in the face of disaster? It's the belief that I'm not alone and that everything will ultimately work out favorably.

Q. Share your biggest epiphanies: the moments of life-defining change that shaped you into the person you are today

DB: I discovered my passion for law and human rights in high school. It was in the early 90s, at a time when my home country, the Democratic Republic of Congo, was experimenting with democratization and multi-party politics for the second time since independence.

Q. Discuss some of the people you've met over the course of your career; is there someone who has influenced your decision to pursue your career path?

DB: When I was in law school in Goma, in eastern DRC, I could have chosen to study international public law. However, my encounter with Professor Makoroka from the National University of Burundi cemented my determination to specialize in business law while maintaining my personal interest in human rights and international public law. I'm very fortunate that my work at TDB today marries my background as an international business lawyer with my academic and personal interests in international public law. International development finance actually sits at the intersection of both worlds, especially when talking about a commercially-minded multilateral development bank such as TDB.

Q. What might someone be surprised to know about you?

DB: That I'm a singer, songwriter, and guitar player. Well, maybe that's not so surprising, considering that I'm Congolese! ■

CAIBA is Established

16 Commercial Banks and African DFIs including TDB join China Development Bank in the creation of the China-Africa Inter Bank Association, the first multilateral cooperation entity of its kind between China and Africa

China-Africa Inter Bank Association (CAIBA) Inauguration Ceremony

In September 5th 2018, **CHINA DEVELOPMENT BANK (CBD),** alongside a select group of 16 commercial banks and African DFIs comprising TDB, jointly established the China-Africa Inter Bank Association (CAIBA) in Beijing, China. In addition to CBD and TDB, the group comprises the likes of Bank Misr, Amalgamated Banks of South Africa, Attijariwafa bank, the United Bank for Africa, RAWBANK, Standard Bank, the West African Development Bank, and more.

CAIBA's long-term goals are to enhance financial cooperation between all member banks to advance partnership in various domains, such as China-Africa infrastructure interconnection, international cooperation, and exchange in the humanities. CAIBA is the first financial multilateral cooperation entity of its kind between China and the continent. It will serve as a key platform to support growth in south-south collaboration, an area where TDB can be a partner of choice for both Asian and African stakeholders.

The historic establishment of CAIBA took place on the side-lines of the Forum on China-Africa Cooperation (FOCAC), which concluded its third summit in Beijing on September 3rd and 4th 2018. There, Chinese President Xi Jinping welcomed a delegation of 53 African leaders for talks and reaffirming China's commitment to Africa andan official partnership between China and African nations for common development.

During the summit, President Xi announced that China would be investing US$ 60 billion in new financing for Africa, outlining areas such as emergency food aid, agricultural development, scholarships, and vocational training programmes. He specified that the figure would include US$ 20 billion in credit lines, US$ 15 billion in grants, US$ 10 billion for development financing, as well as interest-free and concessional loans. It was also announced that a fund has been set-up to support African exports to China.

China Development Bank, together with 16 commercial banks and African DFIs comprising TDB, jointly establish the China-Africa Inter Bank Association (CAIBA).

President Xi also highlighted eight major initiatives for the future China-Africa cooperation, namely industrial promotion, infrastructure connectivity, trade facilitation, green development, capacity building, health care, people-to-people exchanges, as well as peace and security.

TDB was among the few development banks to be invited by the Chinese government as a partner of Chinese policy institutions to FOCAC, where Mr. Admassu Tadesse, President and Chief Executive of TDB, was invited to participate in high level sessions with President Xi.

In addition to having the People's Republic of China, represented by the People's Bank of China, as both a sovereign and institutional shareholder, China Development Bank and Exim Import Bank of China are long term lenders of the Bank, and Bank of China, one of its short term lenders. In addition, the Bank has recently issued its second Asia-focused syndicated loan in the amount of US$ 270 million. ■

USAID's Power Africa and T Increase Access to Energy i

USAID'S POWER AFRICA AND TDB have joined forces in a pledge to reduce energy poverty and increasing access to energy in Africa, and more specifically in TDB's 22 Member States. An MOU was signed to formalize the partnership on the 7th of November 2018 in Johannesburg, during the Africa Investment Forum.

TDB will be the eighteenth development partner to join the Power Africa initiative. The unofficial collaboration between Power Africa and TDB pre-dates this MOU, as the entities have already been coordinating on a power sector financing facility. This new partnership will focus on coordination and collaboration between Power Africa and TDB on power sector financing in TDB's member countries and underscores Power Africa's commitment to partnering with African institutions.

Mr. Admassu Tadesse, President and Chief Executive of TDB, says that "TDB is very pleased to deepen its existing partnership with USAID in further support of the Power Africa Initiative, which resonates strongly with TDB's strategy and mandate. We are proud to count USAID among our growing number of cooperating trade and development finance partners in the US".

Through the agreement, Power Africa and TDB are looking to catalyze sustainable development of power sectors in the region, increase the bankability of power transactions in sub-Saharan Africa, create jobs and explore potential markets in TDB member countries and the US.

More specifically, deeper collaboration is sought in bringing more power projects to financial close, support transmission and distribution line expansion, and increase energy access. In addition to advancing power sector transactions by leveraging financial products, transaction advisory assistance and capacity-building opportunities will be identified in the framework of the MOU.

Power Africa was launched by the US Government in 2013 to leverage PPPs and double access to electricity in sub-Saharan Africa, following which, the Electrify Africa Act was signed into law in 2016, a testament to the US Government's foreign policy interest in the issue.

At the same time, TDB is looking to increase its exposure in the energy sector from 8% to about 20% of its loan book for power sector financing, and to leverage its financial products and lines of credit, including a US$ 50 million Standard Chartered Bank loan facility which is supported by a USAID Development Credit Authority guarantee.

"The MOU with Power Africa highlights TDB's catalytic role in driving critical power sector financing to its 22 Member States, as well as its place in the region as a trusted and effective partner," commented Mary Kamari, TDB Corporate Affairs and Investor Relations Executive. "Given our respective ambitions, TDB's partnership with Power Africa was a natural fit". ■

DB to n Africa

From left to right: Mr. Richard Nelson, Power Africa Deputy Coordinator, Mr. Ramsey Day, USAID Africa Bureau Senior Deputy Assistant Administor, and Mr. Admassu Tadesse, TDB President and Chief Executive, at TDB and USAID's Power Africa signing of an MOU to finance power projects in TDB's Member States (Photo credit: AfDB Group)

TDB Signs a US$ 460 Million Syndicated Term Loan Facility

AS PART OF THE BANK'S CAPITAL LEVERAGING and asset distribution strategy, TDB mobilizes funding in the syndicated loan market with African and global development finance institutions, export credit agencies, commercial banks, debt and pension funds, to support trade and infrastructure expansion in its Member States.

As such, TDB undertakes funding initiatives to raise medium to long-term funding for general corporate purposes with a focus on regionally-focused syndicated loans. This past October 2nd 2018, the Bank signed a US$ 460 million syndicated term loan facility in Port Louis, Mauritius.

For the syndicated facility, TDB partnered with CitiBank, the facility agent, Standard Chartered Bank, the documentation agent, and eight other banks who acted as the bookrunners and initial mandated loan arangers. The inclusion of multiple lenders will enable the lenders to spread their risk and to take part in the financial opportunities that TDB has to offer.

The proceeds of the syndicated facility, which was oversubscribed by over 120%, will be utilized to refinance TDB's US$ 400 million October 2016 syndicated loan facility; for its trade financing and corporate purposes; and to improve the Bank's overall liquidity and efficiency. The facility will be split into two tranches, with a 2-year US$ 200 million bullet loan at 1.20%, and a 3- year US$ 260 million bullet loan at 1.40%.

TDB President and Chief Executive, Mr. Admassu Tadesse, said that, "TDB is delighted with this fruitful and efficient transaction with a diverse group of international banks, who have been reliable commercial funding partners for several years."

Bookrunners and initial mandated lead arrangers included Commerzbank Aktiengesellschaft, Filiale Luxemburg (Commerzbank), Emirates NBD Capital Limited (EMCAP), First Abu Dhabi Bank PJSC (FAB), Industrial and Commercial Bank of China Limited, London Branch (ICBC), Mashreqbankpsc (Mashreq), Mizuho Bank, Ltd. (Mizuho), Sumitomo Mitsui Banking Corporation (SMBC) and MUFG Bank, Ltd. (MUFG). ■

"SCALE-UP, SPEED-UP, AND SYNERGIZE

TDB HAD THE HONOUR TO CO-SPONSOR the African Development Bank's inaugural Africa Investment Forum (AIF) this past 7-9 November 2018 in Johannesburg, together with fellow development finance institutions.

Words which resonated throughout the 3-day Forum and beyond were those of TDB President and Chief Executive, Admassu Tadesse, who said during the Forum's first plenary session, Delivering as One for Africa, "Scale-up, speed-up, and synergize", in reference to what the investor community needs to do in Africa.

Alongside TDB and the African Development Bank, the panel, which was opened by the Premier of Gauteng, featured the leaders of the major African development finance institutions including the Development Bank of Southern Africa, Afreximbank, the Islamic Development Bank, Africa 50, and the Africa Finance Corporation, all of which were deemed as the convenors of the Forum.

In attendance were various African Heads of State, policy-makers, business leaders, and multilateral institutions who took advantage of the AIF platform to forge strategic alliances, fast-track negotiations and close some of the most transformative projects on the continent. As a result, it was reported that 45 deals worth over US$ 32 billion secured investment interest during AIF.

In addition to the Membership and Subscription Agreement TDB signed with the Arab Bank for Economic Development in Africa (BADEA) and its MOU with USAID's Power Africa, several positive transactional engagements took place during the Forum. ■

From left to right: Mallam Samaila Zubairu, Africa Finance Corporation CEO, Dr. Benedict Oramah, African Export-Import Bank President, Alain Ebobisse, Africa50 CEO, Dr. Akinwumi A. Adesina, African Development Bank President, Mr. David Makhura, Premier of Gauteng Province, Mr. Patrick Dlamini, Development Bank of Southern Africa CEO, and Mr. Admassu Tadesse, TDB President and Chief Executive, at the Africa Investment Forum 2018 (Photo credit: AfDB Group)

Jump-Starting African Industrialization through the AfCFTA and African RECs

SINCE THE EMERGENCE OF AFRICAN POST-INDEPENDENCE GROUPING such as the UNECA and the Organisation for African Unity, African states have, together and individually, tested various economic models and production systems with the aim to trigger the sustainable development of their countries, and ultimately, bring prosperity to their peoples.

Mr. Admassu Tadesse, TDB President and Chief Executive, speaks at a high-level session during the Intra-African Trade Fair, on using trade to achieve economic transformation and on what needs to be done to achieve concrete results under the AfCFTA

In their quest, industrialization has always been underlined as a key requirement to meaningful and inclusive economic development. From import-substitution strategies which became popular in the global south and reached its peak when the Non-Aligned Movement was created in the 60s, to the return to comparative advantage theory thereafter, where Africa reverted to its classic position of provider of commodities in the global division of labour, various routes have been examined. However, in a context where most African countries are still highly commodity-dependent – which as defined by UNCTAD includes those countries where more than 60% of total exports come from commodities – and where most are also net food-importing, and half, net fuel-importing, those routes on their own will not work. Commodities could after all work to Africa's advantage. Canada, Australia and Norway for example are all resource-driven economies. There are ways to spin this.

Capital, while important and currently lacking, would be easier to access if regulations would be modernized and the right conditions could be created to enable all types of instruments to be used. Structural adjustment programmes and business climate reforms have certainly helped on a macroeconomic level, but have not been, and are still not enough. To industrialize, borders need to be open to imported inputs as well as technology and knowledge-transfer intensive foreign investment. But is African trade with the rest of the world being liberalized too hastily? Many argue that rich countries are still asking the developing world to over-liberalize while fiercely protecting their own turf. Terms of trade are still unfair.

It is up to Africans to rise together. The past is the past. Africa should now bear the full responsibility of ensuring that its future development goes in the right direction. Nobody will do it the favor.

Regional economic communities, RECs, offer the promise of creating wholes which are greater than the sum of their parts. By uniting, RECs become less vulnerable and have a better shot at improved self-reliance. From UNECA's early recommendation to create regional subgroupings in the 1960s, to the 1980 Lagos Plan of Action which served as a milestone in the regional integration story of the continent, there are now 8 RECs which are recognized by the African Union as the building blocks of the wider African Economic Community, and of the African Continental Free Trade Area – AfCFTA.

AfCFTA negotiations formally began in June 2015 in Sharm El Sheikh, Egypt, almost at the same time as those for the Tripartite Free Trade Agreement between COMESA, EAC and SADC.

Under his chairmanship of the African Union, Rwandese President Paul Kagame was instrumental in fast-tracking African leaders' commitment to the AfCFTA which he succeeded in launching in Kigali last March 2018 during the AU's 10th Extraordinary Session of the Assembly on the AfCFTA. 49 of the AU's 55 Member States have now signed the AfCFTA and 14 have ratified it. 22 ratifications are necessary for the agreement to enter into force.

> To industrialize, borders need to be open to imported inputs as well as technology and knowledge-transfer intensive foreign investment. But is African trade with the rest of the world being liberalized too hastily?

From left to right: Dr. Benedict Oramah, African Export-Import Bank President and Chairman of the Board of Directors, Mr. Tony Elumelu, Heirs Holdings Chairman, and Mr. Admassu Tadesse, TDB President and Chief Executive, during the Intra-African Trade Fair 2018

Kagame's sense of urgency is shared by Egyptian President Abdel Fattah Al-Sisi to whom the AU leadership torch will be passed in February 2019, during the next AU Summit in Addis Ababa. During the Africa 2018 Forum, which took place in Sharm El Sheikh last December 2018, Al-Sisi emphasized the challenge of time in Africa and the need to be in a hurry to apply progress in a speedy way. With Egyptian investments in Africa having increased by US$ 1.2 billion in 2018 and the planned establishment of an investment risk guarantee fund for Egyptian private sector wishing to do business in Africa, Al-Sisi plans to work on improving infrastructure and to focus on development during his chairmanship.

The AfCFTA is poised to become the world's largest economic block since the creation of the WTO, and to be home to almost 1.3 billion people, across 55 member States, with a total combined GDP of US$ 2.3 trillion.

With intra-African trade standing at about 15%, UNECA estimates that "AfCFTA has the potential both to boost intra-African trade by 52.3 per cent by eliminating import duties, and to double this trade if non-tariff barriers are also reduced. "Indeed, with average tariffs of 6.1 per cent, businesses currently face higher tariffs when they export within Africa than when they export outside it." In this context, it is still worth noting that non-extractive exports to outside of Africa stand at 24% of its total, compared to 61% within Africa.

Opportunities are immense in the framework of the AfCFTA and RECs. These can provide Member States with opportunities to come together to create new regional value chains and better connect to global value chains, through regional industrialization and productive integration strategies based on the formation of clusters.

However, not only does this take an integrated and intergenerational conception of development planning, but mostly, it requires impeccable and coordinated political will.

On the FDI side, the investor community seems to think highly about the manufacturing sector, where, according to UNCTAD's World Investment Report 2018, an increasing amount of announced greenfield FDI projects is directed, and which exceeds primary industry numbers.

UNCTAD says that "the impact of the AfCFTA on FDI will mainly be on non-commodity-seeking investment. To the extent that the AfCFTA accelerates economic growth and consumer income on the continent, market-seeking FDI will increase. Reductions in the price of goods and services, as well as the integration of product markets, will stimulate both market-seeking FDI and efficiency-seeking FDI for value chains, but only if non-tariff barriers are adequately addressed."

AfCFTA implementation and intra-African trade were the key focuses the Intra-African Trade Fair 2018 (IATF 2018) which took place in Cairo from 11 to 17 December 2018, and which was organised by Afreximbank and hosted by the Government of Egypt in collaboration with the African Union. TDB had the pleasure to co-sponsor IATF 2018, where Mr. Admassu Tadesse, TDB President and Chief Executive participated in a high-level session on using trade to achieve economic transformation and on what needs to be done to achieve concrete results under the AfCFTA.

Some believe that to fire-up Africa's industry, it should prepare to absorb some of the Chinese light and lower-tech manufacturing. According to some, an estimated 85 million jobs which are expected to become available in the medium-term could go a long way in harnessing the amazing African demographic dividend.

Furthermore, as commodity prices have already bottomed out and are now slowly starting to rise again, it would be worth thinking about what to do when the next bonanza occurs. It is important to be prudent not to fall in the trap of creating social welfare programmes which will be difficult to maintain once prices crash again, as it was notably the case in Venezuela, Brazil, and Argentina for instance. Rather than pursuing neo-extractivist policies, governments and RECs have to start considering immediately and collectively, how to use future receipts from higher commodity prices towards human capital and infrastructure. Likewise, planning on how to raise productivity levels and how to pave the way for the continent's industrialization should begin now. These are the foundations which should be laid if the wish is, in the future, to develop social programmes that last and effectively trigger development that is truly sustainable.

It is crucial for Africans to come together, first as RECs, then as a continent, to plan for deeper integration at all levels: trade, mobility, financial and macroeconomic, infrastructure and productive. It is vital to have the audacity to make effective long-term regional and continental plans, the strategic clarity to enact policies that span over various generations, and spectacular political commitment. Ultimately, Africans must take a leap of faith in themselves. There are no short-cuts. ■

Diversifying Sources of Financing

IN ADDITION TO COLLABORATING WITH LOCAL AND GLOBAL DEVELOPMENT FINANCE INSTITUTIONS, export credit agencies, and pension funds, attracting private sector capital and blended finance to support trade and infrastructure projects remains another key metric to Africa's economic growth.

In order to support forums that generate collaboration from various and diverse funders, TDB sponsored the Bonds, Loans & Sukuk, East Africa, held in Nairobi Kenya on the 2nd of October 2018. The forum was organised in collaboration with Stanbic Bank, CDC, Fitch, S&P Global, and GCR, and aimed to bring together government officials, borrowers, issuers, regulators, and bankers from the region, to discuss developments in East Africa's debt and equity markets.

Discussions during the forum centred around themes surrounding Africa's fintech and capital markets. Due to the region's historical ties and its trading routes with Arab countries, awareness of Islamic Finance has been growing. During the forum, interest about Sukuks - a form of Islamic bond that is structured to generate returns without infringing on Islamic law - was high, due to the scarcity of alternative Islamic Finance instruments and for diversification of investments. ■

US$ 3.9 BILLION

INVESTED IN TRADE AND PROJECT FINANCE

1.1 MILLION

JOBS CREATED

TRANSFORMING AND INTEGRATING THE REGION'S ECONOMIES

By providing different types of financing, TDB fosters **trade**, **regional economic integration** and **sustainable development**, prioritizing projects with cross-border impact.

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