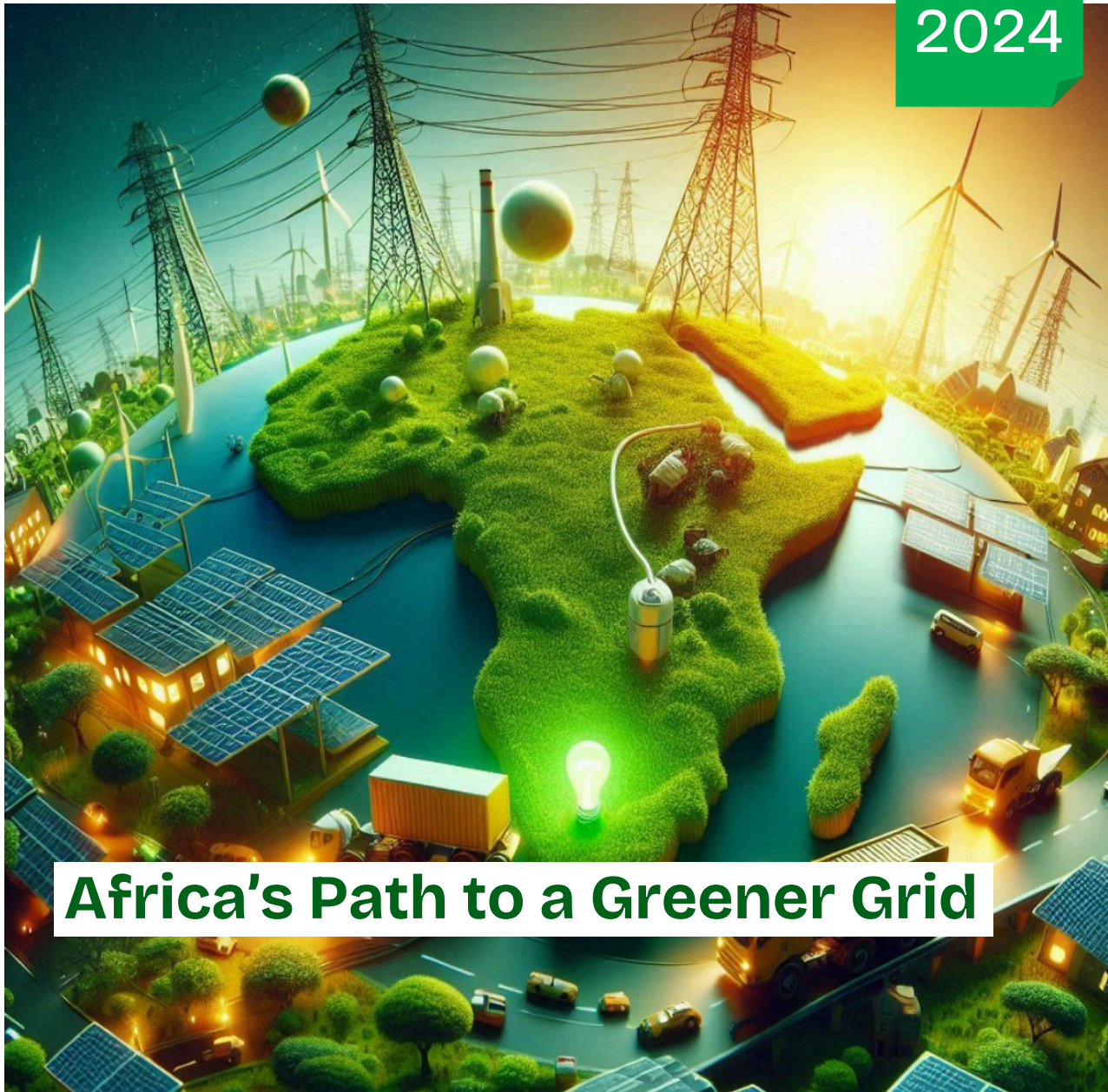


AFRICA INVESTMENT NOTES

Q4
2024



Africa's Path to a Greener Grid

- Crypto, Tax & Data
- Opportunities & Headwinds
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AFRICA INVESTMENT NOTES



**NAVIGATING AFRICA'S GROWTH:
INSIGHTS AND OPPORTUNITIES
FOR 2024 AND BEYOND.**

NAVIGATING AFRICA'S GROWTH: INSIGHTS AND OPPORTUNITIES FOR 2024 AND BEYOND.

As the year draws to a close and the festive season begins, this quarter's note reflects on Africa's progress and challenges in 2024. The continent continues to advance toward energy sustainability, with countries like South Africa and Kenya exploring diverse solutions such as gas-fired plants and nuclear energy. Financial reforms in Morocco and Kenya are reshaping economic landscapes, fostering resilience and innovation.

Emerging opportunities include Ethiopia's first securities exchange and Ecobank's bond raise, while rising interest rates in Nigeria and growing debt burdens across the continent present hurdles. Climate finance and carbon credit initiatives are gaining traction, though gaps in funding remain significant.

As we celebrate the festive season, this note underscores Africa's unwavering pursuit of sustainable growth, setting the stage for transformative opportunities in 2025.



ENERGY HURDLES: AFRICA'S PATH TO A GREENER GRID

- South Africa faces significant challenges in its energy transition, with gas emerging as a key solution. Despite delays and regulatory hurdles, gas-fired power plants are seen as essential for grid stability, especially as renewable energy sources like wind and solar continue to expand.
- While Africa is home to vast renewable energy potential, the continent receives only a small fraction of global renewable energy investments. The Accelerated Partnership for Renewables in Africa (APRA) aims to overcome investment challenges and unlock the continent's renewable energy potential.
- At Standard Bank's Climate Summit, experts emphasized the need for Africa to align its energy transition with economic growth and social equity. Solutions like blended financing and global financial reform were proposed to address challenges like high capital costs and limited investments in renewable energy.
- ACWA Power has invested \$7 billion in large-scale renewable energy projects in countries like Egypt, Morocco, and South Africa, but scaling up in smaller African nations presents significant challenges. Supportive government policies are essential to attract more investment into Africa's renewable energy sector.
- Kenya is moving forward with plans to construct its first nuclear power plant by 2027, with operations expected to begin in 2034. This ambitious project will be part of Kenya's broader strategy to diversify its energy sources and meet growing demand.
- Kenya views nuclear energy as crucial for meeting its rapidly growing power demands, expected to increase 20-fold by 2050. However, Greenpeace has raised concerns about environmental risks and nuclear waste management, urging a focus on renewable energy instead.



CRYPTO, TAX, AND DATA: THE CHANGING FINANCIAL LANDSCAPE IN AFRICA

- Morocco is moving to lift its 2017 ban on crypto assets with a new draft law aimed at regulating their use. The central bank's proposal, supported by the World Bank, is designed to balance user protection with innovation. If adopted, Morocco would join other African countries, including Nigeria and Ghana, in embracing crypto for financial inclusion.
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OPPORTUNITIES AND HEADWINDS

- Global law firm CMS has strengthened its African presence by partnering with Mauritius-based Prism Chambers. This collaboration will focus on sectors like renewables, sustainable finance, and infrastructure, leveraging Mauritius' strategic position to attract investment into Africa and Asia.
- The 2024 Africa Investment Forum Market Days, held in Morocco, highlighted innovative partnerships in sectors like energy, infrastructure, and health-care. The forum's focus on collaboration and sustainable development underscored its role in driving Africa's economic growth.
- Ethiopia is set to launch its first securities exchange, the Ethiopian Securities Exchange (ESX), as part of broader economic reforms. The exchange aims to boost transparency and attract foreign investment, with state-owned enterprises expected to list.
- Ecobank has raised \$400 million through bonds, signaling investor confidence despite challenges like technological shifts and economic uncertainties. The funds will support Ecobank's expansion in consumer banking and digital transformation across 35 countries.
- Russian diamond giant Alrosa has sold its shares in Angola's Catoca and Luele diamond mines to Oman's state-owned Maden International Group. This move, prompted by international sanctions related to the Ukraine conflict, underscores the changing dynamics in Angola's diamond sector.
- The Financial Action Task Force (FATF) has added Algeria, Angola, and Côte d'Ivoire to its grey list for deficiencies in anti-money laundering and counter-terrorism financing measures. These countries will work on improving their financial regulatory frameworks to avoid further sanctions.

- Nigeria's Central Bank has raised interest rates five times in 2024, reaching a record 27.25%, which has significantly increased yields on Treasury bills, commercial papers, and bonds. This has attracted substantial foreign portfolio investments, with inflows totaling \$3.48 billion in the first half of the year, more than triple the previous year's amount. While banks have benefited from the higher rates, small and medium-sized businesses, especially in manufacturing, are struggling with rising borrowing costs and declining consumer demand. The Central Bank is optimistic that inflation will moderate by year-end, but the high rates continue to spark concern about their impact on local businesses.

OPPORTUNITIES AND HEADWINDS

Gains in Carbon Credits, Gaps in Financing

- COP29 has made significant progress in advancing global carbon credit transfers, offering opportunities for African nations with reforestation potential to attract investment. Despite challenges in procedural efficiency, experts urge streamlined processes to capitalize on this opportunity.
- COP29 concluded with a commitment to provide \$300 billion annually by 2035 for climate finance. However, critics argue that this figure falls far short of the \$1.3 trillion needed to address Africa's climate adaptation needs. The lack of clarity on fund mobilization and reliance on loans as climate finance have left many African nations dissatisfied.



Sports and It's Business

PHOTO CREDIT: BACKPAGEPIX

- Ademola Lookman of Nigeria was named the 2024 CAF Player of the Year after a stellar season, including a Europa League final hat-trick and helping Nigeria to a second-place finish in the 2023 Africa Cup of Nations.
- Zambia's Barbra Banda won the Women's Player of the Year, making history as the first Zambian woman to claim the title, following her standout performances at the Paris Olympics and in the US National Women's Soccer League.

AFRICA INVESTMENT NOTES - Q4 2024

- Rwanda is bidding to host a Formula One Grand Prix, bringing the sport back to Africa for the first time since 1993. The race would take place on a new track near Bugesera, designed by former F1 driver Alexander Wurz. With strong backing from F1 CEO Stefano Domenicali, talks have been ongoing for months. The announcement was made during the FIA General Assembly in Kigali, marking a historic moment for motorsport in Africa.

SPORTS AND IT'S BUSINESS

Q4 EVENTS AND HIGHLIGHTS FOR EARLY 2025



PHOTO CREDIT:PUNCH ONLINE

- The 66th ECOWAS summit, chaired by Nigerian President Bola Tinubu, focuses on regional security, trade, and stability. Absent are Mali, Burkina Faso, and Niger, citing disputes over coup-related sanctions. ECOWAS remains West Africa's key political authority amid ongoing crises.
- NIES 2025 will take place from February 24 to 27 at the Abuja International Conference Center, Nigeria, attracting over 7,000 attendees. With the theme "Powering Sustainable Growth: Harnessing Energy for Economic Transformation," the summit will focus on energy access, efficiency, renewable energy, and technology.
- Egyptian President opened the D-8 summit in Cairo, warning of the political and economic impact of Israel's war in Gaza and regional instability. Turkish President Recep Tayyip Erdogan called for unity and recovery in Syria after rebels ousted Bashar Assad, while emphasizing Syria's territorial integrity.

AFRICA INVESTMENT NOTES - Q4 2024

- The Africa Business Convention (ABC) Annual Meeting 2025 will be held on February 25-26 in Lagos, Nigeria. The event gathers business leaders and investors to discuss economic growth, trade, and sustainability in Africa, offering keynotes, networking, and opportunities for business development.

Q4 EVENTS AND HIGHLIGHTS FOR EARLY 2025



LOANS

- The African Development Bank has approved a \$100 million loan to help Rwanda address traffic congestion and improve mobility in Kigali. The funds will be used for infrastructure upgrades, including bus lanes and pedestrian-friendly features, with a focus on creating a safer, low-carbon transport system.

DEBTS

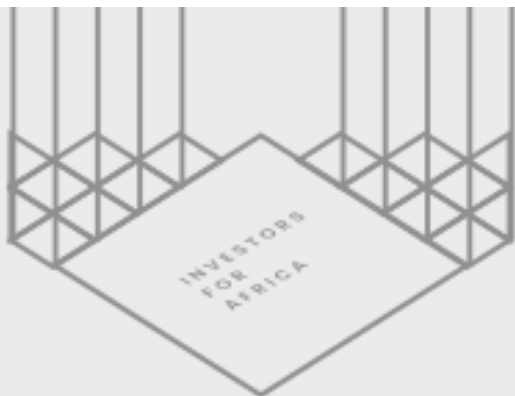
- Somalia is nearing full debt relief after a series of successful negotiations with international bodies like the World Bank and IMF. The country's debt has been reduced from 64% of GDP in 2018 to just 6% today. Somalia is focused on increasing domestic revenue to ensure sustainable economic growth.
- African nations' debt payments have skyrocketed in recent years, consuming larger portions of national budgets. With debt service rising to \$163 billion in 2023, many countries are allocating more funds to debt repayment than to education and healthcare. Experts call for systemic reform in global finance to provide more affordable and accessible financing for African countries.
- South Africa's G20 presidency in 2025 presents an opportunity to address Africa's escalating debt crisis, with the country proposing the creation of a "Cost of Capital Commission." This initiative aims to reduce high borrowing costs and attract investment for developing nations.

ABOUT PEDESTAL AFRICA

Pedestal Africa Limited (Pedestalafrica.com) is a specialized investment promotion firm that works with global investment networks to design, promote and deliver large scale investment programs in Africa.

Founded by senior technocrats with over 75 years combined executive level pedigree in international corporations such as ExxonMobil, British Gas, Petrobras and more, our focus is on energy and infrastructure development particularly in Sub-Saharan Africa. We have expertise in energy, infrastructure projects, international law, investment financing, project design, policy development, business strategy, corporate law, and commercial negotiation.

Our role is typically to assist government or private parties define priorities, convert policy to investment ready programs, and take them to capital markets. Thereafter, we draw linkages with the best available expertise in policy-to-project design, investment targeting and capital raising networks across the globe. We anchor our work with deep understanding of the priorities of the developing economies such as Nigeria.



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