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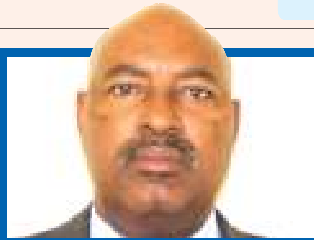
NATIONAL

STAMICO outlines game plan for 2019 page 2



WORLD

White House close to announcing new World Bank chief page 12

Halotel, TTCL play catch up as 'big 3' extend dominance

MOBILE MARKET SHARE Vodacom, Tigo and Airtel continue to lead the pack, as newcomer Halotel posts rapid growth. Meanwhile, state-run TTCL is making some progress in gaining more customers, despite trailing far behind the industry leaders

By Financial Times Reporter

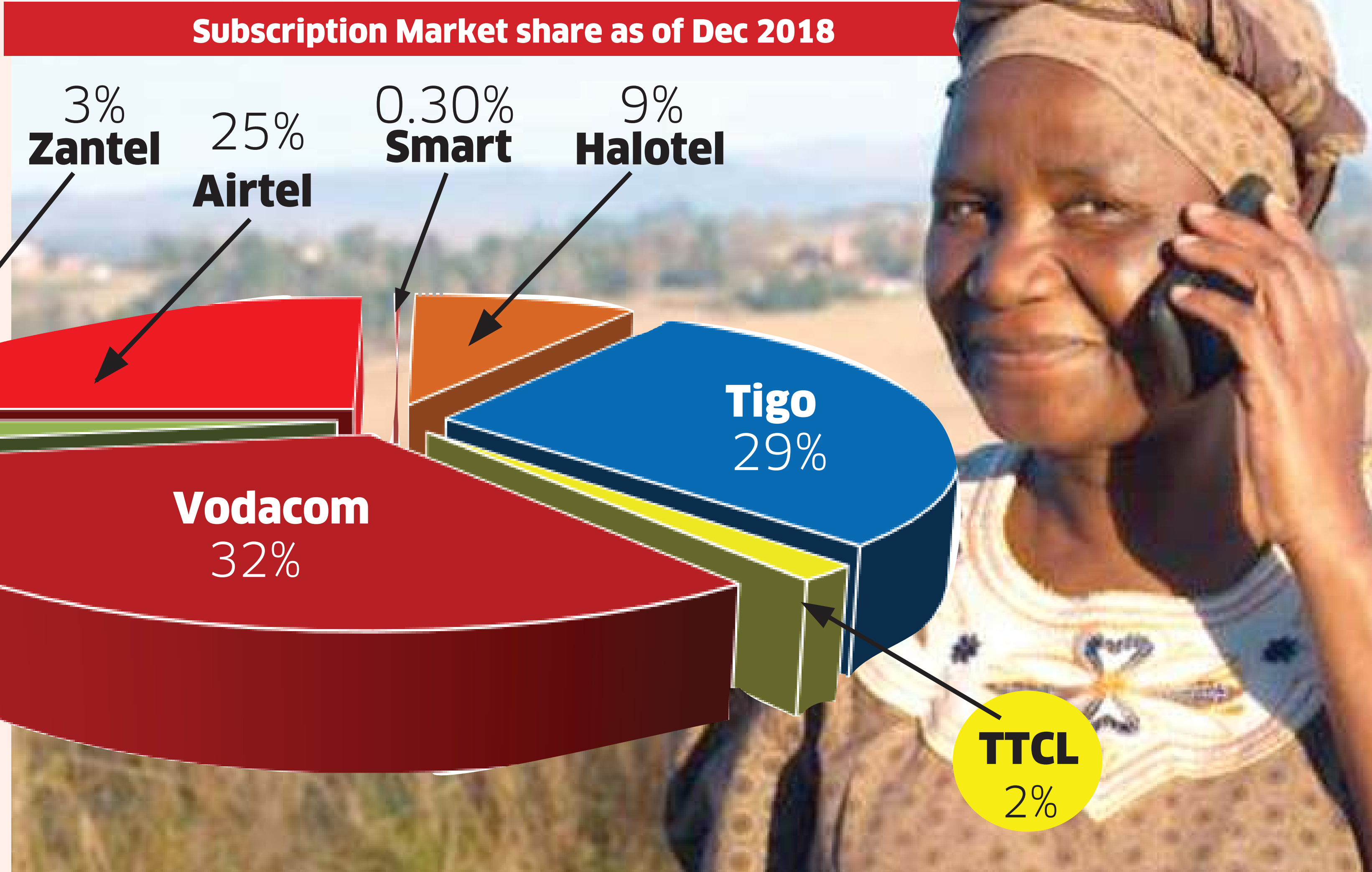
THE three biggest mobile network operators in Tanzania - Vodacom, Tigo and Airtel - control 86 per cent of the industry as they continue to extend their dominance in the country's lucrative telecoms sector, according to new data from communications watchdog TCRA.

This leaves four relatively smaller players - Halotel, Zantel, TTCL and Smart - fighting amongst each other for the remaining 14 per cent of the market share.

According to the Tanzania Communications Regulatory Authority (TCRA), Vodacom Tanzania ended 2018 with a market share of 32 per cent of total voice telecom subscriptions, unchanged from a year ago.

Vodacom was followed closely

Continues on page 4



World in Brief

Oil prices edge up on US sanctions against Venezuela

Oil prices crept up yesterday after Washington imposed sanctions on Venezuelan state-owned oil firm PDVSA in a step set to severely curb the OPEC member's crude exports to the United States.

Despite the move, which comes as the US government looks to pile pressure on sitting President Nicolas Maduro to step down, traders said ample global oil supply and an economic slowdown especially in China were keeping crude prices in check.

IMF cuts forecast for global economy

While global growth in 2018 remained close to post-crisis highs, the global expansion is weakening and at a rate that is somewhat faster than expected. This update of the World Economic Outlook (WEO) projects global growth at 3.5 per cent in 2019 and 3.6 per cent in 2020, 0.2 and 0.1 percentage point below last October's projections.

The downward revisions are modest; however, the IMF believes the risks to more significant downward corrections are rising. While financial markets in advanced economies appeared to be decoupled from trade tensions for much of 2018, the two have become intertwined more recently, tightening financial conditions and escalating the risks to global growth.

Uganda, Tanzania sign deal to set crude oil pipeline project in motion

KAMPALA

IN an intergovernmental ministerial committee meeting held last week, the governments of Uganda and Tanzania agreed to sign the Host Government Agreement (HGA) for the East Africa crude oil pipeline by the end of June this year, following prolonged and ongoing negotiations between ministers from both countries.

The HGA will detail the rights and obligations of each party — which include Uganda, Tanzania, and joint venture partners, Cnooc, Total E&P, and Tullow Oil.

The HGA is also a precursor to other key agreements, such as shareholders and transportation that will be negotiated with joint venture partners before reaching a final investment by the end of the year.

The meeting did not address issues of revenue sharing, taxation, or local content policy for jobs to be created by the pipeline.

The 1,400-kilometre pipeline is projected to take 36 months to construct following the signing of the HGA, during which 5,000 to 10,000 direct and indirect jobs are expected to be created.

The crude oil pipeline will extend from Hoima, Uganda to the port of Tanga, Tanzania on the Indian Ocean.

With an overall projected cost of $3.5 billion, only 20 per cent of the pipeline's total length will be in Uganda, and this portion is expected to cost $700 million.

This means that that the bulk of the pipeline (80 per cent) will be in Tanzania, thus likely to give a big boost to the country's economy.

Uganda and Tanzania are expected to fund between 30 to 45 per cent of capital expense through their re-

FINANCIL **DEPENDENCE**

TANESCO cuts debts, now operates without government financial bailouts

By Peter Nyanje

THE Tanzania Electricity Supply Company (TANESCO) says it has been running its activities without subventions from the government for the past two years owing to improved financial stability.

According to TANESCO executive director Dr Tito Mwinuka, earlier they used to receive an average of 200 billion/- annually from the government to finance their operations.

TANESCO has traditionally relied on government financial bailouts or subsidy due to crippling debts and the fact that it has been selling every unit of electricity at a loss.

Dr Mwinuka did not give details on the current state of TANESCO's payment arrears, but the government announced in Parliament in May last year that the power utility's debts stood at a whopping 938 billion shillings.

A huge mountain of historical debts has undermined TANESCO's ability to invest in new projects and operate at a profit.

"But for the past two years we have not received a single cent from the government, and still we have been able to run our operations without many problems," Dr Mwinuka said in a meeting with media editors in Arusha recently.

He attributed the achievements to a strong spirit of team work now being exercised by TANESCO workers countrywide.

Dr Mwinuka noted that in one year they received 400 billion/- from the state, and in the following year they received 358bn/-, but all that is now history.

"Our team work is paying off," he said, adding that over the past two years the public power utility firm has also managed to arrest escalating debts.

Without giving figures, Dr Mwinuka said: "We have reached a point where the debts are no longer increasing. In fact, we have started to reduce them and our target is to make sure that by 2026 we do away with all debts."

He explained that the aim is to start making profits and giving dividends to the government, saying this is now possible judging by the way TANESCO is

Continues on page 4

TANESCO executive director, Dr Tito Mwinuka (left) gestures as he explains to a section of editors achievements by the power utility firm. He is flanked by senior manager projects, Engineer Emmanuel manirabona (middle) and engineer Raymond Hosea, Tanesco's deputy executive director responsible for distribution and customer affairs. PHOTO – FINANCIAL TIMES CORRESPONDENT.

BusinessWeek

NEWSKIOSK

Majaliwa orders full payment to cashew nuts farmers by February 5

PRIME Minister Kassim Majaliwa has ordered the Ministry of Agriculture to ensure that they conclude the ongoing cashew nuts verification exercise -- and pay bona fide farmers their dues by February 5.

Majaliwa gave the directive through the Cereals and Other Produce Board of Tanzania yesterday when he spoke to cashew nut stakeholders in Mtwara Region.

On November 12, 2018, President John Magufuli had said that his government would purchase all cashew nut stocks from farmers at a flat price of Sh3,300 per kilogramme, doing so through the Tanzania Agricultural Development Bank (TADB).

The decision was reached after the government issued a four-day ultimatum to traders to buy cashew nuts. This was after cashew farmers had rejected prices offered by dealers, which were very much lower than the previous harvest season's prices.

In following up on the government's goal of ensuring that all cashew nuts are bought and paid for, Majaliwa arrived in Mtwara yesterday to check on the farmers' verification processes by meeting with regional and district commissioners, as well as cooperative union leaders in cashew growing regions. In the event, the premier received a report on cashew farmers' payments, and the movement of the crop from farmers to warehouses.

Govt. halts issuing new hunting permits to defaulting firms

THE government has announced that it will not issue new hunting permits to tourist hunting firms that failed to settle payments with villages in their areas of activities.

Constantine Kanyasu, the Deputy Minister for Natural Resources and Tourism, said in the northern tourist city of Arusha that no hunting permits will be renewed for firms that defied the regulation.

Kanyasu was reacting after residents of 23 villages in Longido district had complained that some hunting firms breached their contracts by failing to settle their dues with local authorities.

Speaking during a joint meeting with the minister, representatives of the 23 villages claimed that about 143,000 U.S. dollars was owed to them by a hunting firm which conducted hunting activities in their areas but has not been paying the villages their stipulated dues.

A total of 47 firms have been granted hunting licences in various parts of the country and they are supposed to pay 25 percent of their earnings from tourist hunting to the surrounding villages.

WFP appeals for donor support in refugee operations in Tanzania

THE World Food Programme (WFP) has appealed to international donors to support its refugee operations Tanzania.

"In 2019, WFP is facing a shortfall of 40 million U.S. dollars in its refugee operations in Tanzania," said Michael Dunford, the WFP Representative for Tanzania.

Tanzania currently hosts 285,078 refugees in three camps in northwest Tanzania. This number fluctuates depending on emergencies in neighboring countries and repatriation from the camps.

Dunford said donor contributions to WFP Tanzania came in both the form of cash and in-kind commodities.

"Cash contributions enable WFP to procure some of the food commodities locally, which helps boost agriculture in the country," said Dunford.

Apart from buying directly from Tanzania, said Dunford, WFP also contributed to the Tanzanian economy by using local companies for the handling, storage and transportation of food for refugees.

Tanzania arrests 198 foreigners in crackdown on illegal fishing

AT least 198 foreigners have been arrested in connection with illegal fishing in Lake Tanganyika since Tanzanian authorities launched a massive crackdown on illegal fishing in the lake, said an official.

Emmanuel Maganga, Kigoma regional commissioner, said that 284 Tanzanians were also arrested and 11,529 illegal fishing nets were seized during the ongoing crackdown that was launched in November last year.

He said authorities were making arrangements to prosecute the suspects in courts, adding that apart from illegal fishing, the suspects will also be charged with catching undersized fish.

Maganga said the impounded fishing nets included beach seine, drift nets, monofilaments and fishing solar lights.

Launching the crackdown in November last year, Luhaga Mpina, the Minister for Livestock and Fisheries, said the crackdown should go in tandem with the arrest of local government officials and fisheries officers who protected syndicates of people involved in illegal fishing.

"The government's position is to make sure that illegal fishing is put to an end not only in Lake Tanganyika but also in all lakes in this country," said Mpina.

NEWSMAKERS

"I paid a courtesy call on my friend President Magufuli this morning (Monday, January 28). We compared notes on regional issues," RAILA ODINGA, KENYAN OPPOSITION LEADER.

"In 2019, WFP is facing a shortfall of 40 million U.S. dollars in its refugee operations in Tanzania," MICHAEL DUNFORD, WORLD FOOD PROGRAMME REPRESENTATIVE FOR TANZANIA.

"When I joined CRDB, my intention was to head a leading bank that is conveniently everywhere. Profits are an outcome of the foundation that has been built overtime...As a result, after creating the team, we embarked on reinvesting the earned profits, DR CHARLES KIMEI, FORMER MANAGING DIRECTOR OF CRDB BANK PLC.

"We were able to complete all cases that were on our targets, especially those which do not exceed 10 years, many of which were delayed by existence of specific environments," DR ELIEZER FELESHI, THE PRINCIPAL JUDGE.

STAMICO outlines game plan for 2019

By Financial Times Reporter

THE State Mining Corporation (STAMICO) says its main focus in 2019 will be on looking for viable business opportunities, continually improving the state-owned firm's balance sheets, and meeting its shareholders' and customers' expectations.

"These goals can only be attained through continued teamwork, hard work and dedication while keeping our priorities right," said Eng Sylvester Damian Ghuliku, STAMICO's acting managing director, in his New Year message.

He added: "Our philosophy is to strive to be an agent for change through innovative solutions, while we continue to develop good relationships with surrounding communities by fulfilling our corporate social responsibilities through projects."

He said the corporation is looking forward into 2019 while positioning itself to increase its capacity to generate revenue.

"This optimism is fuelled by financial projections indicating that in 2019, the prices of most metals are expected to be higher on average than the previous year," Ghuliku said.

Eng Sylvester Damian Ghuliku, STAMICO's acting managing director.

Looking back to 2018, he said the past year was vibrant because of some positive and significant developments in the corporation's projects despite unstable global market conditions.

"Our gold mine, STAMIGOLD Biharamulo, successfully bounced back to positive and cost-effective operations after experiencing a very challenging and unfavourable environment in 2017," he explained.

He said during 2018, STAMICO also successfully re-operationalized mining operations in its Kabulo coal project, using a new mining contractor to start producing 18,200 tons of coal per month to meet market demands for coal fuel.

At the same time, STAMICO successfully rehabilitated a coal crusher at its Kiwira Coal Mine using own resources, with the aim of increasing its capacity to meet customer demands for different types of coal products, said Ghuliku.

He added that STAMICO has reached in the final stages of negotiations with the most responsive bidder towards starting implementation of gold tailings processing at its brownfield project at Buhemba Gold Mine.

"We have successfully appraised our greenfield projects, Ubena Zomozi and Chigongwe Stone Aggregate, towards their operationalization with the intention of supplying aggregate to mega-infrastructure projects currently undergoing in Tanzania," he stated.

However, the STAMICO chief executive officer said 2018 was not favourable in terms of securing drilling contracts and consultancy services, attributing this mainly to slow market conditions and low metal prices.

Still, STAMICO managed to acquire a brand-new air rotary multi-purpose rig worth $1.3 million (about 3 billion/-) that has increased its potential to offer drilling contract services to small and large-scale miners using Rotary Air Blasting (RAB), Air Core (AC) and Reverse Circulation (RC) drilling methods.

Mining operations at its Tanzanite joint venture project in the Mirerani area were kept at a minimum to allow time to address all identified shortfalls for more sustainable implementation of the project for the national benefit, Ghuliku said.

He said STAMICO has signed memorandums of understanding (MoUs) with some potential investors who are technically and financially capable of implementing a number of projects planned for year 2019.

January 23 - January 24

The Tanzania Women Judges Association will hold its 9th Biennial Conference from in Zanzibar. The theme of the conference is: "Gender Based Violence & Industrialization: Laws and Policies."

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UNWTO Activities at FITUR 2019

- Inauguration of a tourism innovation hub
- The final stage of the 1st UNWTO Tourism Startup Competition
- The 10th Edition of The Tourism Investment and Business Forum for Africa
- Understanding the success of Asian Tourism

These will be among the activities led by the World Tourism Organization (UNWTO) during the 39th edition of the International Tourism Trade Fair in Madrid (FITUR), which starts today in Madrid and ends on January 27.

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Trade Update on January 28

Petra Diamonds Limited will announce performance results for its forthcoming H1 FY 2019.

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January 29

The 14th sitting of the National Assembly kicks off in Dodoma.

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January 29

4th Extra Ordinary Meeting of the Sectoral Council of Ministers of Health to consider the East Africa Cross Border Health Services Pilot Program.

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Saudi Arabia Trade Delegation to Visit Tanzania

A Saudi Arabian Business Delegation will arrive in Dar es Salaam on January 30 for a two-day business visit. The delegation includes companies from the Building & Construction, Solar & Energy, Food & Beverage, Plastics & Packaging, Gas, Interiors & Furnishing, IT & Data management, Agricultural and Automotive sector.

The aim of this B2B Trade Mission is to promote bilateral trade, enhance regional and international trade and explore investment opportunities between the two countries.

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January 31

The day Agriculture minister Japhet Hasunga says all cashew nut farmers in the southern regions of Lindi and Mtwara will have been paid for their produce sold to the government.

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East African Community Heads of State Summit

Date: 01/02/2019

Venue: AICC, Arusha

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February 1

The fourth Annual General Meeting of Swala Oil & Gas (Tanzania) Plc.

Venue: Julius Nyerere International Conference Centre

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February 11

Mining company Acacia will release its 2018 preliminary results and 2019 guidance at 07:00 GMT and a presentation and webcast will be held for analysts and investors at 12.00 GMT on the same day.

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Africa Business: Health Forum 2019

Date: February 12

Venue: Hyatt Regency Addis Ababa

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32nd Ordinary Summit of the African Union

The 32nd Ordinary Session of the Assembly of Heads of State and Government of the African Union (AU) started yesterday and ends on February 15, 2019, under the theme "Refugees, Returnees and Internally Displaced Persons: Towards Durable Solutions to Forced Displacement in Africa".

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February 20

Samsung is expected to unveil its foldable phone. This will be its 10th anniversary Galaxy phone, widely expected to be called the Galaxy S10.

Ex-South Africa president Zuma linked to new bribes scandal

PRETORIA

JACOB Zuma, who quit as South African president last year after being implicated in a string of scandals, is facing fresh allegations that he took bribes from services company Bosasa to shield it from prosecution and advance its business interests.

Angelo Agrizzi, Bosasa's chief operating officer from 1999 to 2016, on Monday told a judicial inquiry that's probing graft during Zuma's rule how the company agreed to pay 300,000 rand ($22,000) a month to his charitable foundation in return for protection from prosecution. Bosasa Chief Executive Officer Gavin Watson gave the money to Dudu Myeni, the foundation's chairwoman, according to Agrizzi. The former COO said he counted the cash and was present when several payments were made.

"Surely if it's for a foundation you would do an electronic funds transfer," Agrizzi said. "Why would you want it in cash. I don't think the foundation got anything."

Zuma, 76, is already on trial for taking bribes from arms dealers in the late 1990s and has been accused of allowing members of the Gupta family, who were in business with his son, to influence government contracts and cabinet appointments. Zuma, his son and the Guptas deny any wrongdoing.

Besides Zuma, a number of senior ruling African National Congress officials have been implicated in taking bribes, The ANC, now headed by President Cyril Ramaphosa, could further damage its reputation ahead of elections in May. The ANC, now headed by President Cyril Ramaphosa, has said individuals who engaged in wrongdoing acted in their personal capacity and has called on them to testify.

Bosasa, now named African Global Operations, made headlines late last year when it emerged that it had donated 500,000 rand to Ramaphosa's campaign to win control of the ANC. Ramaphosa initially denied any knowledge of the donation and then said he had inadvertently given incorrect information to parliament about it and undertook to repay the money.

In his testimony, Agrizzi said Myeni, who served as chairwoman of South African Airways from 2012 to 2017, would often ask Watson to arrange functions for Zuma and his family, events that cost about 3.5 million rand a year.He alleged that Watson and Bosasa executive Joe Gumede told him they visited Zuma at his rural home in the eastern KwaZulu-Natal province and handed him 300,000 rand in a bag because they were worried that Myeni wasn't turning over the full monthly payments -- a concern the then-president said was unfounded.

Zuma then arranged a meeting between members of the police's Hawks investigative unit and Gumede to discuss allegations that Bosasa, which supplied catering, security and other services, used illicit methods to secure government contracts, Agrizzi said.

How smallholder farmers in rural areas benefit from WFP programmes

In January this year, the World Food Programme (WFP) signed an agreement to procure 36,000 metric tons of maize from the National Food Reserve Agency (NFRA). Financial Times Staff Writer sought the WFP Representative for Tanzania, MICHAEL DUNFORD (pictured), to explain progress made in the purchase of the maize and other issues related to the UN organization's operations in Tanzania. Excerpts…

QUESTION: In January this year WFP signed an agreement to procure 36,000 metric tonnes of maize from the National Food Reserve Agency (NFRA). What progress has WFP made in this exercise?

ANSWER: I n 2018, WFP purchased over 160,000 metric tons of food commodities in Tanzania, injecting US$ 60 million into the local economy for procurement and supply chain services using the Tanzania corridor. This is up from US$ 28 million in 2017.

In 2019, based on expected food requirements for WFP operations in the region, the organization plans to purchase at least 100,000 metric tons of food commodities from Tanzania. Depending on supply, demand and price, this could increase significantly.

Q: What challenges WFP is facing in buying the maize?

A: WFP buys maize in Tanzania in three different ways:

a) From traders
b) From smallholder farmers
c) From NFRA

The main challenges include the following:

- Bagging capacity is limited and usually bagging is done manually which usually take long time to deliver.
- Maize is stored in 100 kg bags which has to be re-bagged in 50 kg bags for utilization in WFP projects
- Maize is mainly produced in the south whereas WFP projects, whether refugee food assistance in Tanzania or neighbouring countries are in the north which involves high transport costs for delivery. This also minimizes the benefit to farmers as the final price has to be competitive.
- Most of the smallholder farmers are not well-organized as their organizations do not have the capacity to meet WFP volume demand.
- Due to uncertainty in the market, traders are reluctant to maintain large stocks. Due to this, often they start collecting maize from farmers once they receive the order, which delays the delivery time.

Q: When do you expect to complete the buying of maize?

A: WFP has signed a contract to purchase 36,000 tonnes in January from NFRA – this will be completed in the next 30 days. Operations are going on at a good pace.

Q: And how is the food situation in refugee camps in Tanzania?

A: Tanzania currently hosts 285,078 refugees in three camps in northwest Tanzania. This number fluctuates depending on emergencies in neighbouring countries and repatriation from the camps.

WFP food assistance is the main source of food for refugees. WFP provides a food basket of cereals, SuperCereal (fortified blended food), pulses, vegetable oil and salt to each refugee based on a minimum recommended requirement of 2,100 kilocalories per day. In 2017, however, WFP reduced the food ration to as low as 60 per cent of the minimum kcal requirement due to funding shortages. Rations returned to 100 per cent only in October 2018 through the support of donors.

WFP calls on donors, including China to support its refugee operation so that it can continue to provide a 100 per cent of the minimum food requirement of refugees.

In 2019, WFP is facing a shortfall of US$ 40 million in its refugee operation.

WFP food assistance in the camps also includes a Supplementary Feeding Programme to provide additional nutrition support to pregnant and lactating women, children under five years, people with HIV/AIDS and hospital in-patients. In addition, hot meals are served to newly arriving refugees at transit and reception centres, and high energy biscuits provided to those in transit.

Donor contributions to WFP Tanzania come in both the form of cash and in-kind commodities. Cash contributions enable WFP to procure some of the food commodities locally, which helps boost agriculture in the country. Apart from buying from directly from Tanzania, WFP also contributes to the Tanzanian economy by using local companies for the handling, storage and transportation of food for refugees.

Q: What other operations that WFP is undertaking in Tanzania?

A: WFP support to smallholder farmers (SHF)

- Since 2017, approximately 53,000 smallholder farmers, of which 44 per cent were women, have benefitted from WFP's programmes.
- The programs include training on good agronomic practices and post-harvest technologies, linking farmer's organizations with financial service provider, quality input providers and markets.
- WFP has also developed a digital application for real-time data capture with a total of 23,000 farmers already registered.
- Smallholder farmers can market their commodities to a broader range of buyers, including WFP.

WFP support to national economy

- Since 2010, WFP supported the national economy by injecting over $330 million in the form of food purchased in Tanzania and supply chain services using the Tanzania corridor for the neighbouring countries including Uganda, Malawi, DRC, South Sudan, Burundi and Rwanda.
- Since 2017, as part of its country strategy, WFP started promoting the Tanzania corridor which entails the use of Dar es Salaam port and local purchase of maize for the humanitarian operations in the region.
- In 2017, WFP brought 5 vessels carrying bulk food to Dar port which were followed by several commercial shipments.

WFP support to Tanzania Railways Corporation

- In 2017 and 2018, WFP transported 37,000 tons of food through Tanzania Railway Corporation (TRC) at a total value of US$ 2.5 million.
- In order to enhance the Railways capacity, WFP is proposing to rehabilitate 40 wagons that are currently out of service at a value of US$ 600,000.

Opening of Lake Victoria Corridor

- In July 2018, WFP opened the Lake Victoria corridor for transportation of goods from Tanzania to Uganda and South Sudan. A train loaded in Dar es Salaam can be loaded on the ferry in Mwanza which then rolls out at port bell for delivery of food at the destination in Kampala. 25 block trains have already crossed successfully since the opening of the corridor.
- Opening of this corridor brings significant economic benefits for Tanzania and for the region as follows:

o New market for Tanzania Railways
o Support to Marine Services. The increased demand from the commercial sector has necessitated the Marine Service to expand their capacity as they are introducing another ferry with five times the capacity of the current one.
o Enhanced coordination between Uganda Railways and TRC

WFP support to NFRA

- Since 2010, WFP purchased over 225,000 tons from NFRA at a value of US$ 60 million. This includes 67,000 tons in 2018.
- This helped the NFRA rotate their stocks while also generating revenue to purchase more food.
- In December 2018, WFP conducted an assessment of NFRA's commodity tracking business process with the aim to develop a digital commodity tracking system capable of providing real-time information to the national authorities for decision making on food availability. WFP is seeking funding to roll this out.
- Through WFP's Purchase for Progress (P4P) pilot initiative between 2009 and 2013, WFP and NFRA strengthened their programmatic relationship. A key achievement of this initiative was the adoption of the smallholder (SHF) procurement model by the Ministry of Agriculture in the NFRA annual procurement plan.
- Previously, WFP assisted the NFRA in the development of its Operational Manual and training of its warehouse staff in stock management.

TANESCO at centre of efforts to spread power supply across Africa

***CROSS-CHECK FIGURES MARKED IN RED PALE MWISHONI MWISHONI

By Peter Nyanje, Arusha

VARIOUS power projects implemented by TANESCO are slowly placing Tanzania well within continental power trade plans.

The state-owned power utility firm is currently undertaking the Kenya-Tanzania Power Interconnection Project (KTPIP) which enables the two countries to exchange electricity easily.

The project involves construction of a 400kV transmission line from Singida to Isinya in Kenya through Babati, Arusha and Namanga.

Kenya will also extend this transmission line to Ethiopia while Tanzania extends the same to Zambia, thus connecting East Africa to the Southern Africa Power Pool (SAPP). The project is part of a grand plan to have a 400kV transmission line traversing across Africa from Cairo in Egypt to South Africa.

"This means that Tanzania can sell or buy electricity from any country connected to this transmission line. In case of shortages we can buy from our colleagues and if we have a power surplus we can sell to them," explained Emmanuel Manirabona, TANESCO's senior manager projects.

Speaking to journalists at Nanja village where the contractor undertaking the Babati-Isanya section of the project has established his camp, project coordinator Peter Kigadya said it adds to other plans being implemented by the power utility firm to strengthen power generation, transmission and distribution in the country and beyond.

"This section of the project is financed through a loan obtained from the Africa Development Bank and JICA. The project entails construction of a 510-kilometre transmission line from Singida to Isinya, and five 400kV substations. Because part of this project is being undertaken in Kenya, we are working together with our counterparts from there, KETRACO," Kigadya explained.

He said the project aims to increase and improve power supply in the country, as well as strengthen the institutional capacity of the East African Power Pool (EAPP) for regional power trade.

"The project will contribute to, one, improving power supply in both countries and the East Africa region in general; and two, reducing operational costs of energy production," he elaborated. He also said the project will help both countries to displace high-cost thermal energy production with cheaper hydropower, hence reducing greenhouse gas emissions. According to Kigadya, the interconnection starts at Isinya station, about 40 kilometres south of Nairobi, to Arusha. From Arusha, the line will connect with Singida through Babati.

"We are doing this as part of the Energy Sector Development Plan, which will enable interconnection with national power grids in Kenya in the north and Zambia in the south. This will enable Tanzania to import significant amounts of cheap hydroelectricity in the short to medium-term from Ethiopia through the planned Ethiopia–Kenya interconnector, or from the Southern Africa Power Pool through the Zambia power connector," he said.

He noted that in 2016, the Power System Master Plan (PSMP) considered six interconnection projects including the 400kV interconnector to Kenya which is currently being implemented and scheduled for operation in 2020.

Another one is the Tanzania–Zambia interconnection project currently on schedule for implementation starting financial year 2019 to enter into operation in 2022. There is also a 200MW Masaka (Uganda)–Mwanza (Tanzania) interconnector; an interconnection with Mozambique; the Tanzania–Rwanda and Burundi interconnection through a 63MW hydropower plant project at the Rusumo border; and a 340MW hydropower plant project at the Songwe border involving both Tanzania and Malawi, which would enable the national power grids of the two countries to be connected in 2021.

This means that when the Stiegler's Gorge hydropower project comes into operation in three years' time and Tanzania finds itself with abundant power reserves, it can sell the same to any neighbouring country through these interconnections. Tanzania can also produce more power from other sources such as natural gas, geothermal and wind, and sell to needy countries.

"The Kenya–Tanzania interconnection project plays an important role in promoting regional integration through power trade... the power interconnection project is a win-win solution for both Kenya and Tanzania," said Kigadya.

He said the 510km project has been divided into several lots with contractors conducting the work simultaneously to make sure that the entire project is completed by 2022/23. In addition to the transmission line, the project also entails the building of modern sub-stations to ensure standardization and effectiveness of power transmission between the two countries.

"This project costs $258.82 million being a loan from AfDB and JICA," he said. Elaborating, he said lot number one of the project will involve construction of a 150km, 400kV double-circuit overhead transmission line between Singida and Babati, a work contracted to the Indian firm, Kalpataru Power Transmission Limited (KPTL) at a cost of $34.84 million and 17.982 billion/-.

National

TANESCO cuts debts, now operates without government financial bailouts

From page 1

now operating.

"Whenever I discuss things with my fellow employees, I do tell them that I would like to see TANESCO operating profitably and efficiently. That is where we are now heading," he said.

The fact that the TANESCO debt has become stagnant is a clear indication that the company is in a good position to eventually clear it through good plans and efficient operations, he added.

The government is currently carrying out a total of 22 big electrification projects meant to improve power generation, transmission and distribution across the country. Dr Mwinuka described this as being unprecedented as all 22 projects are being implemented concurrently.

The projects, spearheaded by the mega Stiegler's Gorge hydropower project, are geared towards - among other things - ensuring that the country not only produces enough electricity to sustain its needs, but also surplus power which can be exported to neighbouring countries.

The Stiegler's Gorge project, awarded to the Egyptian-based Arab Contractors firm at a cost of $3.6 billion, is designed to produce 2,100MW of electricity.

Dr Mwinuka cited another project as the extension of the Kinyerezi natural gas-to-electricity project whose implementation has reached 82 per cent.

He said construction of a 400kV power transmission line between Singida and Isinya in Kenya, through Babati-Arusha-Namanga, has also started as part of flagship projects being undertaken by the power utility firm.

Feasibility studies for another 400kV transmission line from Rufiji-Chalinze-Dodoma are underway. According to Dr Mwinuka, this 504km project is expected to be completed by 2021.

A feasibility study for production of 200MW gas-fired electricity in Mtwara has also been completed with the project expected to be finalised in 2020, while the government is currently analysing tenders for another 600MW coal-to-electricity project with results to be announced in due course.

There is also the Ruhudji hydroelectricity project which aims at producing 358MW. The project, whose completion has been lined up for 2023, will have its feasibility study review completed later this year.

Furthermore, a 222MW hydropower project at Rumakali is expected to be completed in 2023, with its feasibility study review expected to be ready later this year.

Said Dr Mwinuka: "TANESCO operations have improved tremendously and it is our intention to improve further so as to enable the country to realise its industrialization goals as well as attract more investors. We want to make sure that electricity availability and reliability is no longer a challenge towards meeting these targets."

TANESCO has traditionally relied on government financial bailouts or subsidy due to crippling debts and the fact that it has been selling every unit of electricity at a loss.

Although Dr Mwinuka did not give details on the current state of TANESCO's payment arrears, the government announced in parliament in May last year that the power utility's debts stood at a whopping 938 billion/-.

A huge mountain of historical debts has undermined TANESCO's ability to invest in new projects and operate at a profit.

Some of technicians from Bouygues Energy and Service readies to put concrete when building a foundation for a 400kV electric tower near Nanja village in Arusha recently. The company is part of three companies entrusted by TANESCO to construct a 500km power transmission line from Singida to Isinya in Kenya. The project assured large and small manufacturers of reliable power supply. PHOTO – FINANCIAL TIMES CORRESPONDENT.

Govt urged to review SADC policy as safeguard to local manufacturers

By Peter Nyanje, Arusha

THE government has been urged to talk with its Southern Africa Development Community (SADC) peers to review the policy which introduced zero import tariffs.

The proposal was issued here by the chief executive officer of Lodhia Steel Industries Limited, Sailesh Pandit, who argued that the policy hurts local manufacturers.

He said the policy has become outdated as development levels in the region have changed tremendously since it was introduced.

"I believe the policy was introduced with the good intention of assisting countries with low manufacturing capacities at that time. But things have changed and Tanzania can now compete with other countries as far as manufacturing is concerned," Pandit said.

He noted that many local manufacturing firms have been struggling in the market because of having to compete with goods imported from within the SADC region at zero import tariffs.

"We have a lot of factories and our manufacturing capacity has improved... continuing with this policy hurts local manufacturers as they cannot compete with imported goods," he asserted. Last year marked 10 years since the launch of the SADC Free Trade Area in August 2008, following the removal of customs duty on 85 per cent of tariff lines after an eight-year phased programme of tariffs provided under the SADC Protocol on Trade.

That process continued until around 2012 when most member states removed duties on 98 per cent of tariff lines. Intra-SADC trade between those years, 2000 and 2012, increased substantially and more than quadrupled.

The system was introduced to assist the member states to address supply side constraints, stagnant levels of intra-SADC trade, and the less than optimum performance of the SADC Free Trade Area.

The percentage share of intra-SADC trade in relation to the region's total trade with the world, however, remained at roughly 16 per cent for the same period.

This increased between 2013 and 2017 and has stayed consistently above 20 per cent, averaging at 21.6 per cent. That increased share of intra-regional trade may however be largely due to a sharp decline during that period of exports of major commodities from the region to the rest of the world, amid generally subdued global economic activity.

According to Pandit, many local manufacturers have not managed to break into SADC market due to historical reasons. He noted that when the policy was introduced, Tanzania was among countries whose exports to SADC countries were very low in number, and the situation has not been reversed much.

"It is good that our government focuses on an industrial economy. This means manufacturing firms should be assisted to enable the government achieve this policy. But if we (manufacturers) are boggled down by imports, there is no way industries are going to flourish in the country," he said.

He noted that promoting manufacturing firms in the country would help to alleviate unemployment problems as well as increasing production, which would translate into more tax revenue for the government.

"It will be better if tax exemptions are offered to local manufacturers and not imported goods," he said.

He noted for instance that if steel factories in the country are given needed support, they could produce materials for the construction of the Standard Gauge Railway (SGR).

"Lodhia produces world quality steel and if we are given the opportunity, we can produce what is needed for construction of the Stiegler's Gorge hydropower dam as well as high-rise buildings in urban centres," he said.

Pandit's remarks come at a time when the SADC secretariat is facilitating the development of a protocol on industry as a stand-alone legal instrument to support industrialisation. The Protocol on Industry intends to enhance the level of industrial development both nationally and regionally, facilitate the pursuit of unified goals, and lend cohesion to member states' industrialization policies and strategies.

Further, the Protocol on Industry will give a legal effect to the SADC Industrialization Strategy and Roadmap for 2015-2063, and enhance the SADC secretariat's mandate to coordinate and provide oversight to the implementation of regional industrial development measures.

SADC executive secretary Dr Stergomena Lawrence Tax said recently that the secretariat is assisting member states to improve their industrial competitiveness through the identification of capacity gaps in implementing the industrialization policy and developing regional programmes to improve their competitiveness.

Dr Tax added that as private sector engagement is critical to SADC's industrialization, the secretariat in collaboration with the private sector is developing a plan of action that will lead to the establishment of a SADC Business Council, which will among other thing strengthen SADC's private sector engagement.

Lodhia Group of companies operates three types of factories in Arusha and Dar es Salaam, namely steel manufacturing, gypsum and piping. It employs 1,300 people in total in its three factories in Arusha which are capable of producing 400 tonnes of steel in a day, Pandit explained. = He also thanked TANESCO for improving power supply to the company's factories, thus helping them to improve their operations. He said in the past, the factories used to experience serious power cuts and low voltage, but in recent years things have improved.

According to TANESCO's senior manager projects, Emmanuel Manirabona, this is the outcome of the Tanzania Energy Assessment and Expansion Development Project (TEDAP) which has facilitated construction of transmission lines and improvement of sub-stations in Dar es Salaam, Arusha and Kilimanjaro regions.

Uganda, Tanzania edge closer to constructing oil pipeline

From page 1

spective national oil companies, Uganda National Oil Company and the Tanzania Petroleum Development Corporation (TPDC).

Landlocked Uganda announced in April 2016 its decision to build the major pipeline to export its oil through Tanzania, despite intense lobbying for the project by Kenya.

Uganda had initially planned to send the pipeline through Kenya, which wanted a joint facility for oil from its own fields that are under development.

But the pipeline was instead routed further south through Tanzania, with concerns about possible attacks by Somalia's al-Shabab terrorists in Kenya said to be a factor.

The group has attacked targets in Kenya close to where the pipeline would have passed.

The discovered oil reserves in Uganda are estimated at some 6.5 billion barrels, and the country expects to start production in the next few years.

Kenya, which has also struck oil, had aggressively pushed for the pipeline to pass through its territory.

Uganda had initially signed such a deal with Kenya, but Total later questioned the plan over security concerns.

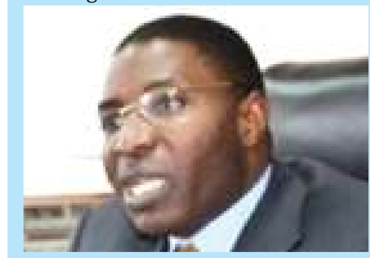
Ugandan government officials said that the cost was also a factor in choosing Tanzania for the massive project.

Reports also suggest that Uganda backed the Tanzanian route because Tanga port is already fully operational, while Kenya's Lamu port is still being built.

When completed, it will be East Africa's first major oil pipeline.

Meanwhile, Kenya said it would build its own pipeline from Lokichar, in the north-east, to Lamu after missing on the Ugandan pipeline deal.

Meanwhile, minister for Energy, Dr Medard Kalemani (pictured) has announced that the government has already compensated 292 people who are supposed to vacate an areas earmarked for construction of crude oil holding tanks at Chongoleani in Tanga.



Halotel, TTCL play catch up as 'big 3' extend dominance

From page 1

by Tigo Tanzania, which increased its market share to 29 per cent from 28 per cent previously.

But among the 'big three,' Airtel Tanzania was only top mobile operator to shed its market share, which shrunk from 27 per cent in 2017 to 25 per cent in 2018.

The government announced this month that India's Bharti Airtel has agreed to give part of its stake in Airtel Tanzania to the state, raising the nation's holding in the mobile phone operator to 49 per cent from 40 per cent.

The announcement followed talks at State House in Dar es Salaam between President John Magufuli and Bharti Airtel Chairman Sunil Mittal to resolve a longstanding dispute over ownership of the Tanzanian mobile operator.

"We have in principle agreed to move forward with a new arrangement of shareholding of 51:49 -- where Airtel will now drop from 60 per cent to 51 per cent and the people of Tanzania through the ownership of the government of Tanzania will own 49 per cent," Mittal said after talks with Magufuli.

State House said the government will not make any payment to Bharti Airtel for acquiring the additional shares.

The government, which initially demanded 100 per cent ownership of Airtel Tanzania, is also claiming dividends from the telecoms firm.

As part of a new deal, Airtel will pay the government a total of 60 billion shillings over a five-year period.

Magufuli had said in 2017 that TTCL owned the local subsidiary of Bharti Airtel outright but had been cheated out of shares.

Bharti Airtel had disputed this, saying it received all the required approvals from the state when it bought a 60 per cent stake and had complied with all government rules.

The growth of Halotel

TCRA's statistics show that the total number of mobile phone subscribers grew to 43.62 million by the end of last year, up from 40.08 million by the end of December 2017.

Mobile phone penetration in Tanzania now stands at 81 per cent, up from 78 per cent a year ago.

This means that mobile network operators added over 3 million new subscribers in just one year, with most of these snapped up by Tigo and Vodacom.

Vodacom saw the number of its subscribers climbing to 14.14 million in 2018 from 12.86 million a year ago.

Tigo posted 12.58 million customers last year, up from 11.06 million in 2017.

This translates into Vodacom adding 1.3 million new subscribers in one year, while Tigo added 1.5m customers.

On the other hand, Airtel added less than 100,000 new subscribers in a whole year while its rivals made big gains, thus causing its market share to decline.

Halotel saw its market share in 2018 declining slightly to 9 per cent from 10 per cent previously, but increased its subscriber base to 3.94 million from 3.79 million in 2017.

TTCL, which had 0.711 million customers last year from 0.429 million in 2017, saw its market share increase from 1 per cent to 2 per cent.

Zantel has a 3 per cent market share, while Smart has a market share of just 0.3 per cent, according to latest TCRA statistics.

Vodacom, Tigo and Airtel also dominate the mobile money business, which has become an important revenue stream for telcos.

The number of internet users grew to 23.14 million last year from 22.99 million in 2017, representing a penetration of 43 per cent.

Africa

Africa's electricity shortage challenge should have a nuclear option

By Yinka Adegoke

THE focus on tackling the electricity supply deficiency in Sub-Saharan Africa has been on renewable energy over the last decade. In particular, the potential of solar and wind energy has been most loudly heralded as the solutions for the hundreds of millions of Africans without access to any electricity. The ability to use innovative, off-grid delivery systems with better energy storage technology without the need for fossil fuels, has been an almost irresistible narrative for most of us.

And yet, it's never been that simple. There are still limitations to renewable energy today if we're hoping or expecting African countries to urbanise and industrialise at scale.

An article in the latest edition of Issues in Science and Technology argues nuclear energy should be given serious consideration by African governments and points out that at least 11 African countries already do. South Africa is the only one that already operates a commercial nuclear plant, but others including Algeria, Egypt, Ghana, Kenya, Namibia, Nigeria, Tanzania, Tunisia, Uganda and Zambia are at different stages of preparation.

While most of these programs have some involvement of Russia's nuclear power company Rosatom or China, the authors argue the United States' private nuclear energy companies could play a vital role in bringing some of these programs to fruition. It would need the US government to allow this to happen though.

So, why nuclear?

The case is often made of its energy density which, even in small quantities, can supply power to millions of people and industry. Also, once a plant is built it can supply "cheap, reliable electricity for 40 to 60 years."

But yes, of course security and safety are right at the top of everyone's long list of concerns when it comes to nuclear power in developing countries especially since they have few resources and limited technical expertise. The recent story of the panic by US authorities to remove highly enriched uranium from a research reactor in Nigeria, shows how edgy the world would be without proper checks in place.

Still, like with renewable energy, there has been much innovation with nuclear over the last decade. There are smaller, safer, more efficient, and, in some cases, much more affordable nuclear reactors available today if the African governments were to explore this option. The traditional large-scale light-water reactors will often be too expensive for most countries in Sub-Saharan Africa. It's worth noting even advocates of nuclear power rarely suggest it should be the primary source of electricity but a viable, stable option to consider alongside others.

Ethiopia triples the size of its main airport as it gets set to be Africa's gateway hub

ADDIS ABABA

ETHIOPIA'S capital is set to cement its place as Africa's leading aviation hub with an expanded airport terminal which triples it passenger capacity. Last year, Addis Ababa overtook Dubai as the leading transfer hub for long-haul travel to sub-Saharan Africa.

On January 27, prime minister Abiy Ahmed inaugurated the newly-expanded terminal of the Bole International Airport, the main hub of Ethiopian Airlines in Addis Ababa. The project, which was funded and built by China for $363 million, triple the airport's size and can now accommodate up to 22 million passengers annually from its current 7 million.

The terminal and a new luxury hotel are a great boost for the state carrier, Ethiopian Airlines, which is currently implementing a 15-year strategic plan aimed at becoming Africa's leading airline group. Founded 74 years ago, the airline has an operating fleet of 111 planes and currently flies to more than 119 international passenger and cargo destinations, with over 61 of those in Africa alone.

Ethiopian Airlines has also strategically invested across Africa, making deals to revive defunct airlines, setting up hubs in countries including Togo, and partnering with airlines in Malawi, Chad, and Mozambique. As the Horn of Africa nation relaxes its visa regime, the carrier also developed schemes to help both African and global travelers process their visas faster and explore the country's tourism sector.

Yet with all these distinctions, passengers had continued to complain about the amenities at Bole airport, highlighting the scarcity of retail outlets or seating spaces, especially when many flights were leaving at the same time. Ethiopian carried over 8.7 million customers during the 2016/17 year, many of whom had a minimum layover in Addis Ababa.

As Ethiopian grew to be Africa's largest airline by revenue and profit, its Addis Ababa hub also didn't feature among Africa's best airports. That distinction last year went to Casablanca's Mohammed V airport followed by Mauritius's main airport and then Durban, according to the Airports Council International.

During the launch of the new terminal, premier Abiy urged Ethiopian Airlines staff to buy shares into the carrier, saying the company embodied the "philosophy of medemer," an Amharic word that translates to inclusivity and unity. He also set up a new challenge for the state airline: build a 100-million mega airport in Bishoftu, a resort town with many tourist attractions located just over an hour southeast of the capital.

Ex-South Africa president Zuma linked to new bribes scandal

PRETORIA

JACOB Zuma, who quit as South African president last year after being implicated in a string of scandals, is facing fresh allegations that he took bribes from services company Bosasa to shield it from prosecution and advance its business interests.

Angelo Agrizzi, Bosasa's chief operating officer from 1999 to 2016, on Monday told a judicial inquiry that's probing graft during Zuma's rule how the company agreed to pay 300,000 rand ($22,000) a month to his charitable foundation in return for protection from prosecution. Bosasa Chief Executive Officer Gavin Watson gave the money to Dudu Myeni, the foundation's chairwoman, according to Agrizzi. The former COO said he counted the cash and was present when several payments were made.

"Surely if it's for a foundation you would do an electronic funds transfer," Agrizzi said. "Why would you want it in cash. I don't think the foundation got anything."

Zuma, 76, is already on trial for taking bribes from arms dealers in the late 1990s and has been accused of allowing members of the Gupta family, who were in business with his son, to influence government contracts and cabinet appointments. Zuma, his son and the Guptas deny any wrongdoing.

Besides Zuma, a number of senior ruling African National Congress officials have been implicated in taking bribes, The ANC, now headed by President Cyril Ramaphosa, could further damage its reputation ahead of elections in May.

The ANC, now headed by President Cyril Ramaphosa, has said individuals who engaged in wrongdoing acted in their personal capacity and has called on them to testify.

Bosasa, now named African Global Operations, made headlines late last year when it emerged that it had donated 500,000 rand to Ramaphosa's campaign to win control of the ANC. Ramaphosa initially denied any knowledge of the donation and then said he had inadvertently given incorrect information to parliament about it and undertook to repay the money.

In his testimony, Agrizzi said Myeni, who served as chairwoman of South African Airways from 2012 to 2017, would often ask Watson to arrange functions for Zuma and his family, events that cost about 3.5 million rand a year.

He alleged that Watson and Bosasa executive Joe Gumede told him they visited Zuma at his rural home in the eastern KwaZulu-Natal province and handed him 300,000 rand in a bag because they were worried that Myeni wasn't turning over the full monthly payments -- a concern the then-president said was unfounded.

Zuma then arranged a meeting between members of the police's Hawks investigative unit and Gumede to discuss allegations that Bosasa, which supplied catering, security and other services, used illicit methods to secure government contracts, Agrizzi said.

Business**Insight**

>>> RISK MANAGEMENT & LEGAL INNOVATION

Does your company need a specialist technology lawyer?

In-house technology lawyers have a pivotal role to play in the development and marketing of innovative tech products

By Nicola Laver

TECHNOLOGICAL innovation has a notorious tendency to outpace the law. This means the in-house lawyer in the biggest tech companies must anticipate legislative and regulatory changes while performing their broad legal functions.

With the likes of Google, Uber and IBM dominating the technology innovation market, the in-house technology lawyer's role in the big companies is unique. Though they have the legal expertise, a sound understanding of the products being developed and how the business wants to exploit them, they can't do it all.

Suzanne Townley, solicitor at Pannone Corporate, says: "Those in general counsel roles often have a broad remit of responsibilities and don't have time to dig deep into the relevant law and all its implications."

Specialist technology lawyers are there to support your in-house legal team

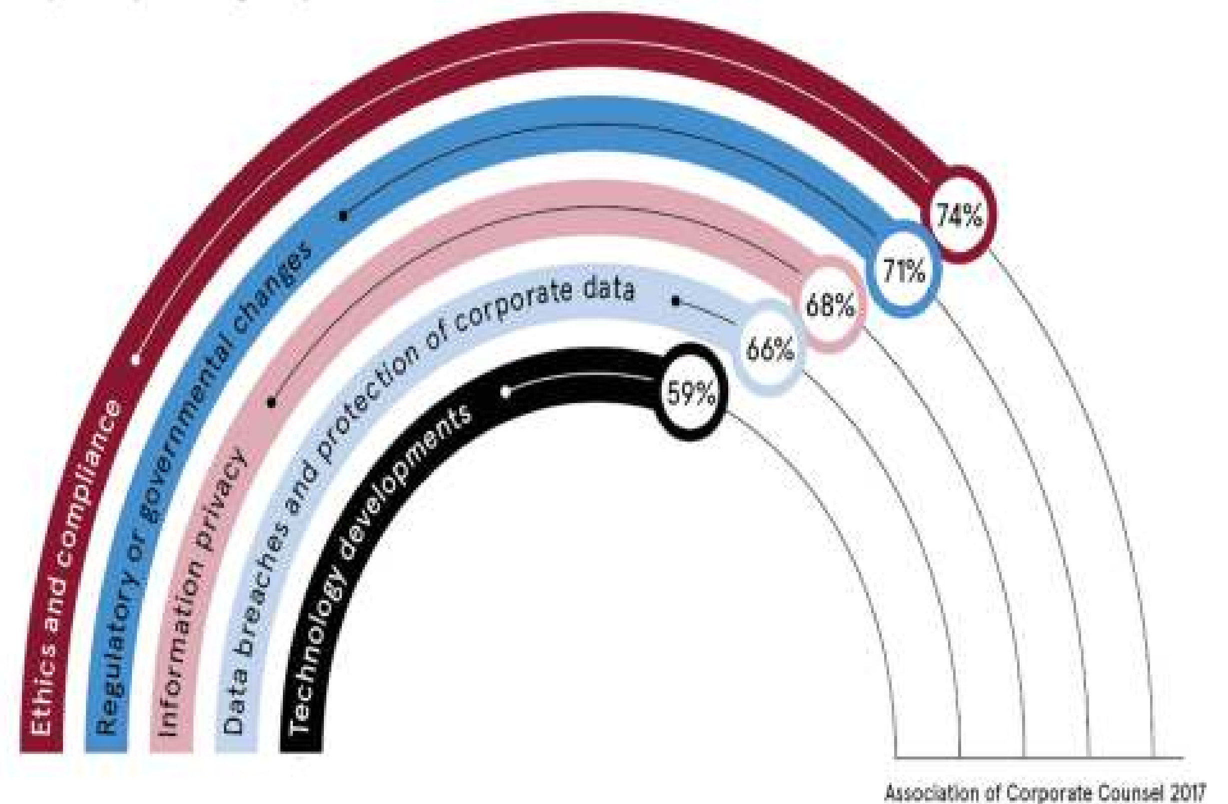
Here's where external specialist technology lawyers step up to the vital role of supporting the in-house legal function at tech innovation companies.

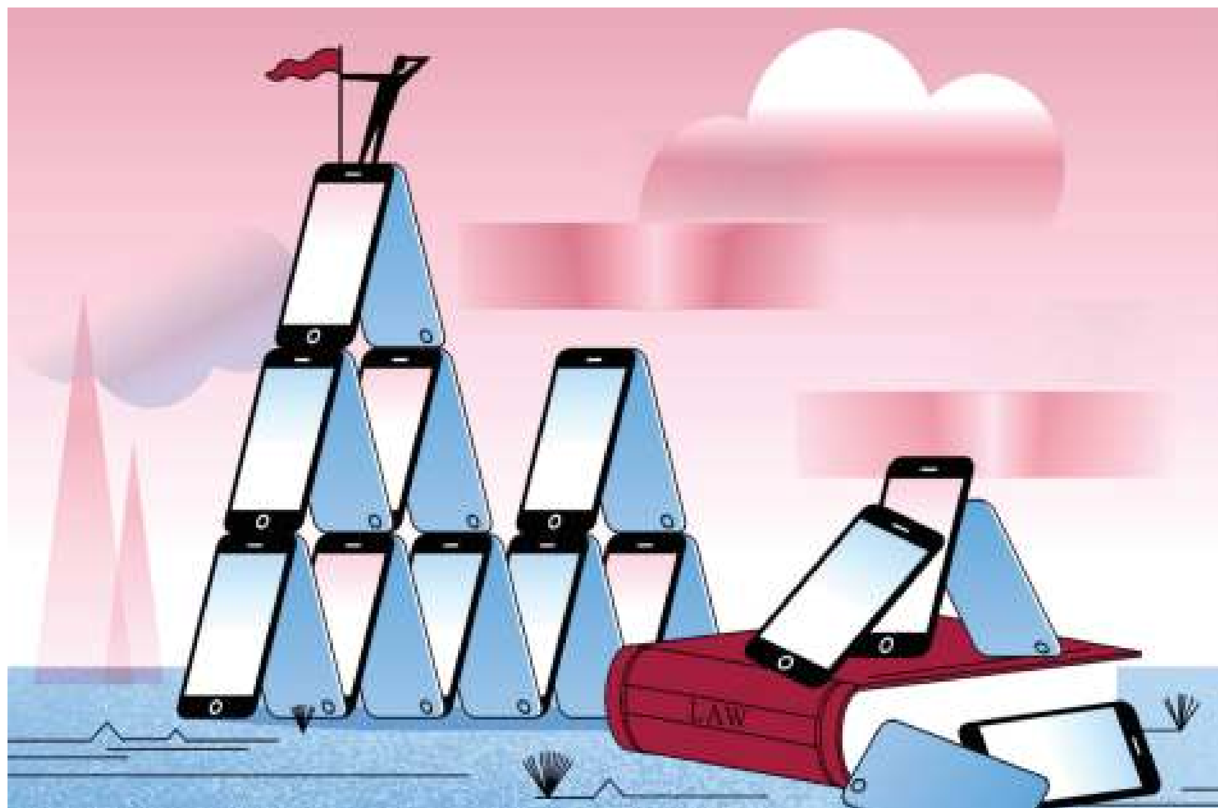
Emma Jelley, legal adviser at Fondia, headed up Google's legal affairs in the UK and Ireland for a decade until 2016. She firmly believes in-house lawyers will have a business leadership role and "not get into the weeds" if they have the resources to hire or outsource to get the technical legal work done.

Alex Cravero, solicitor at Herbert Smith Freehills, says: "With regulatory change often necessitating technical development, it is a practical reality that lawyers must be involved from the outset of a project to ensure its compliance with matters legal, ethical and regulatory."

Ironically, legal practice itself is being disrupted by technological innovation, but there are practical solutions for technology lawyers supporting the tech innovators. Herbert Smith Freehills is hiring technologists and data scientists, and using cutting-edge IT tools, so it can best serve the needs of in-house lawyers, such as the Australian National Blockchain, which Mr Cravero is heavily plugging into in the UK.

Google uses the concept of a product counsel, who partners closely with a product manager from early in the product development process, to give a legal steer. Mrs Jelley explains: "Later, commercial counsel will be brought in for contract drafting. The teamwork between product and commercial counsel needs to be seamless and, depending on the product, the split may not be worth making at all."





Either way, she says a product launch is likely to be painless from a legal perspective, if the product manager trusts and respects the lawyer they are partnering with, and the same project management software is used.

Technology lawyers can help plan for uncertainty

A particular challenge is navigating legal and regulatory uncertainty around new tech innovations. "Lawyering the next 'big thing' requires a lawyer to be comfortable with uncertainty," says Mrs Jelley. "When lawyering a product development team through legal uncertainty, don't let that uncertainty paralyse you. Take what you know, based on the data you have, and form a risk-based recommendation for moving ahead."

Mr Cravero says anticipating such changes with the maximum possible lead time is vitally important for mitigating risk and identifying business opportunities. But how? "Horizon scanning," he explains. "Implementing systematic processes for gathering, analysing and disseminating information relating to possible legal, regulatory and technological developments helps lawyers identify emerging issues and support organisational decision-making."

He says technology lawyers in private practice are particularly well placed to support in-house counsel with balancing the pressures of business demands around technological innovation with risk and compliance. Fortunately, businesses usually have some notice of impending legal and regulatory changes, though Mrs Townley warns businesses not to bury their heads in the sand.

Ethical considerations must be top priority for tech law

Supporting the development of new tech innovations can also trigger ethical considerations depending on the technology, use-case and industry. Mr Cravero cites artificial intelligence (AI) as a good example: "Companies developing AI need to consider their products in the context of ethical issues around employment and equality arising from AI's near-boundless landscape."

Lawyers must ensure their organisation's ambitions don't overstep fundamental ethical, legal and regulatory boundaries, a particular challenge in the context of data. He says lawyers in companies operating blockchain platforms, for instance, must balance the benefits of immutability against legally enshrined data privacy rights, such as the right to be forgotten or the right to rectification.

There's also the need for humanity. As Mrs Jelley says: "Lawyers can and should bravely bring their whole humanity to a decision-making table. If you evaluate that something is legal, but it makes you react badly as a human being, say so honestly and thrash it out with your colleagues openly. It may be that the product is best limited to a sandbox or beta phase for testing, until such time as society is ready for it."

Technology lawyers must be brought in early in the process

The early involvement of technology lawyers in the development process is vital. While historically clients tended to come to them with a finished product, sometimes leading to wasted expenditure if further development was needed, or amendments to meet legal requirements, Mrs Townley says: "Clients are involving us earlier, enabling them to design the product or service from the outset with data protection and privacy considerations in mind, and to meet the requirements of the General Data Protection Regulation."

However, she warns that within the business, seeking support or approval from "legal" may be viewed as a hurdle to be overcome, rather than an important part of the development process. There is a balance to be struck. Mrs Jelley points out: "The legal input does have to be positive, creative and enabling." What's clear is that the advice of external technology lawyers, who are practical, business-minded, able to cope with legal uncertainty and engender the respect of innovative product developers, will be sought out by the big tech firms.

Nicola Laver is a former solicitor, now a legal journalist, editor and author. She has written for The Times, The Guardian, LexisNexis, and many other legal organisations and websites.

Incubators: What they are and how to join one

By DHL Expert

IF you're a startup looking to accelerate your way through the initial stages of business, getting accepted by an incubator could change the direction of your brand. But what are they, how do you apply, are they right for you?

What is an incubator?

A business incubator is an organisation that helps early stage and startup companies to grow. Sometimes referred to as accelerators, they aim to expedite the development process for companies that are prepared to move quickly forwards. While they are typically located in a physical space, helping to foster relationships between fellow entrepreneurs and their respective teams, they may also exist virtually by providing online mentorship.

The various services provided by incubators constitute what UKBI describes as a "highly flexible combination of business development processes, infrastructure and people". Ranging from management training and expertise to a professional reception and parcel pickup spot, they aim to provide a one-stop shop for startups to operate their daily business from, removing the initial logistical headaches they would otherwise face.

Selected businesses are required to pay rent at a below-market fee in exchange for these services, sharing the price of various overheads and operational costs with the other startups involved, thereby promoting collaboration among themselves. The other capital is provided by angel investors, venture capital firms, private companies and academic institutions, meaning businesses are then free to flourish with less financial worry.

Are there different kinds?

Despite being a relatively young concept, with Y Combinator being the first to launch in 2005, the International Business Incubation Association now numbers 1900 members across 60 nations. Each incubator is unique and will cater to a different type of company, which is something specialised businesses in particular must keep in mind when considering whether to apply.

Seedcamp invests in European companies with a global outlook who plan to address real world issues using technology. By comparison 500 Startups prioritises diversity when considering applicants, meaning 44.5 per cent of companies in their portfolio belong to racial minorities.

Some global companies have also launched their own incubators to harness ideas that complement their own. Google's in-house 'Area 120' aims to keep their top entrepreneurial talent from running astray, playing on the company's famous policy for allowing employees to spend 20 per cent of their time on side projects. Teams get to work on their idea for several months before pitching for additional funding, meaning they become a formalised company Google will invest in.

You can browse a comprehensive list of incubators by visiting the National Business Incubation Association. You can also access specific information relevant to your sector by contacting your local economic development agency. You should also investigate academic institutions nearby, to see whether they offer their own programmes.

Which should you apply to?

As many incubators choose to serve local businesses predominantly, owing to their provision of a physical space which would otherwise require relocation, you should be prepared to move there permanently if applying from afar. This is because involvement with the incubator will ideally lead to local network development, meaning you must see the potential for your business to flourish there in the future. Other considerations include checking whether your business meets the incubator's specific requirements. These may include certain milestones such as headcount and revenue, as well as background and product fit.

1,900

The number of members of the International Business Incubation Association who currently are found in 60 countries

Before you apply, you should research the programme's alumni to see how they developed through the incubator. Remember to collect references from people at both ends of the success spectrum. It is vital that thorough research is conducted and you don't simply move into the first one you find – getting involved with the wrong incubator will waste both time and valuable equity, which you cannot afford to lose at the early stages of your business's life.

How do you apply?

Make sure your business plan has been fully fleshed out prior to application, with a condensed version ready for presentation to the screening committee. Incubators only want to accept businesses they feel they can grow and set up for success, and the most likely ones will be those that already have a clear idea of where they are headed. If you progress to the pitching stage, you should have a clear enough idea of your plan to differentiate you from other applicants.

Having a firm grasp of your company's finances will prove beneficial here and will also help you to fully utilise your incubator's resources if you're successful. It will also help if you experience difficulties. It's also a wise move to consult a legal counsel or advisor before signing an incubator contract. Remember to make sure that you fully understand the obligations being placed upon your company, and also what you can expect to receive in return.

Is an incubator right for your business?

While contracts typically come without a specified duration, and the average time spent in an incubator is between one to two years, the goal should be to leave sooner rather than later. This is because the very services they provide can become problematic, with constant mentorship proving tiresome, especially when it goes in an alternative direction to your plans.

While your young business may be eager to learn and benefit from an incubator, such micromanaging can also be frustrating when you end up feeling watched as opposed to guided. Incubators are themselves a business, with the various investors pooling funds to set up the space. The staff provided have a vested interest in your company's success but may not share your path to achieving it. Remember; incubators need you to make sure their business succeeds through you, so don't feel you have to gratefully accept the first offer that comes along.

Source: DHL

>>> BUSINESS INNOVATION

Leaders' advice for boosting employee productivity

Five thought leaders offer tips to help overcome obstacles to raising productivity

By Cath Everett

1. Workplace support: Josh Krichefski, MediaCom UK

Productivity is reliant on people, and people produce their best work when they have support around them, whether that is a line manager, mentor, colleague or mental health expert. They need to feel supported to be comfortable and happy, so knowing there is someone to turn to is crucial.

We live in an always-on world, so it can be difficult to take a break from work as our mobile phones mean we are always contactable. But the link between stress and mental health is clear, and if people feel under pressure, they do not necessarily perform at their best. This means putting the right structures in place to ensure they are given the best chance of success.

As a result, we offer mindfulness workshops every two months, in which inspirational speakers come and talk. We also offer flexible working as it is important to treat people like grown-ups and let them do the job in the way that best suits their lives, although one of the rules is not to email colleagues after 7pm or at weekends.

There are also mental health allies, trained to look out for people across the business, who may need someone to talk to or might benefit from professional help. There is no one-size-fits-all solution, but at the heart of it is simply listening. It is a very under-rated leadership skill.

2. Ownership: Hannah Dawson, Futrli

When employees feel they have no real influence at work, their productivity suffers and it is demotivating. But if you give people ownership of what they do, if they feel their ideas are heard and they have opportunities to test them out, you will get 100 per cent from them.

This means that your team leads can either make or break your business as it is about managing both up and down. In other words, it is important to create a sense of openness so ideas and feedback can be shared in a non-fearful manner.

As a leader, you have to put your ego aside. You have to take feedback and adapt your behaviour. Sometimes you will not want to hear it, but you have to. You cannot ask people to behave in a specific way if you do not do the same. So it is about modelling behaviour and inspiring from the front, and it is not easy.

But having controlled objectives is also necessary. You need to be completely clear about what each department has to do; it must be completely measurable and each person needs to understand the part they have to play, because to get velocity and buy-in, it is about having clear outcomes and results.

3. Perfectionism: Ben Roberts, Talkative

All too often people put in a lot of effort to get something 100 per cent right. The problem with trying to get to Utopia is that everyone's idea of perfect is different. So you may spend all your time getting something spot on, but someone else may have other ideas of what it should look like.

Another issue is that perfectionism can stifle creativity. It can stop people pushing the boundaries due to a fear of failure, but it can also slow the pace of work and block the expression of the rest of the team.

So, what I have done is come up with minimum standards to give people something to work from. For example, we create a lot of content, but I expect minimum standards of spelling, punctuation and grammar, and there are no more than two drafts of anything or it tends to get nit-picky and our productivity suffers.

You have to work out, does the effort warrant the return, or should you try to reach a Utopia you cannot prove exists? In my view, getting something done is more important than getting nothing done, but doing it badly is worse than having nothing. So as long as everyone meets the minimum standards set, I am happy.

4. Work about work: Geraldine MacCarthy, Dropbox Business

All the administrative, bureaucratic things we do before starting our real work is disempowering teams and sapping their energy. According to a McKinsey study, employees now spend about 60 per cent of their time doing "work about work", which means only 40 per cent of their week goes on the meaningful activities they feel inspired and energised by.

So maximising productivity is about creating the right space to enable people to focus on that meaningful work. This means ensuring there is a place for them to come together to collaborate on things, but also a place to escape the hustle and bustle when they need to.

For us, this is our Deep Focus Room, which we set up about two years ago. You do not need a huge space for it, but it can be really powerful and help to foster creativity.

Another thing I do to give people more space to work is make a point of reviewing my calendar each month. The idea is to remove recurring meetings that are no longer necessary and ensure the right people are attending, which usually frees up a couple of hours each for the leadership team. But you do need the discipline to do it regularly as meetings undoubtedly have a tendency to creep back over time.

5. CO2: Keith Chanter, Emcor UK

Human performance is conditioned by the environment in which we operate. People are receptive to physical and sensory changes in light, temperature, humidity and CO2, which means it is important to create a workspace that is mindful of humans.

So we undertook research, together with Oxford Brookes University and King's College London, to test the impact of environmental changes on people at a customer site. It was based on the findings of a Harvard University study, which showed that CO2 levels in the air of above 1,500 parts per million could have a negative effect on cognitive skills.

We gave controlled groups of workers maths puzzles, a reading test, which included inaccuracies, and also asked them about their mood. What we found was that if CO2 levels were above 1,500 parts per million, productivity was damaged by around 8 per cent. Mood and motivation also appeared to be affected by poor air quality.

CO2 levels inevitably build up due to exhalation if there are a number of people in a room, but you can monitor the situation using cheap sensors. Ventilation equipment such as air conditioning will circulate the air, but you have to be careful about overdoing it. Air quality below 1,200 parts per million makes little difference cognitively, but it will cost you more money in terms of energy consumption.

Cath Everett is a freelance journalist specialising in workplace, leadership and organisational culture issues, she has also written on the impact of technology on business and society for publications including the Guardian and International Business Times.

Baking financial literacy into product strategy

By Financial Times Correspondent

GENERALLY speaking, financial literacy has belonged in the wheelhouse of public entities. With even the citizenry of wealthy countries lagging by many indicators, national governments have slapped together agencies, boards and commissions in a bid to hatch financial literacy road-maps.

According to the Financial Literacy and Education Commission, the United State's stab at a synchronized effort on the federal level, such initiatives intersect at multiple axes.

And while this is far from an appraisal of programming by the public sector (whether that be policy, education or public-private partnership building), the numbers communicate some alarming failures. In the United States, whose high-income status should theoretically place it in a stronger position than its low or middle-income counterparts, financial literacy is mediocre at best, abysmal at worst. 29 per cent of families have less than the $1,000 in savings. One in three Americans have set aside nothing for retirement. 38.1 per cent of households are floundering under credit card debt amounting to, on average, $16,048 with an APR of 16.47 per cent.

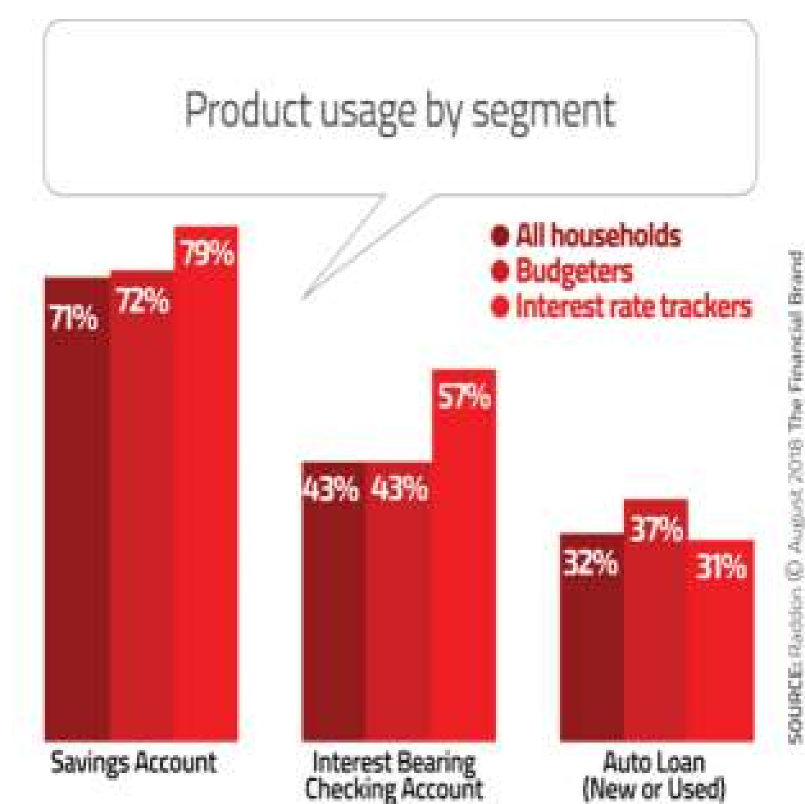
And here is the somewhat unsettling punchline: the United States ranked 14th on Standard & Poor's Ratings Services global financial literacy survey. Where most gloat to be in the top ten per cent of any standing, here the upper echelons still have their work cut out for them. The moral of the story, then, is that gains in financial literacy should be welcomed at any and every turn. Within this context, that the private sector is blending financial literacy into product strategy should be interpreted as good news. From wealth management to savings, from agent network banking to crypto, corporates are connecting the dots that a more sophisticated understanding of financial services could translate to an uptick in product usage.

The Underinvested

When it comes to stock-options, millennials are sheepish. Insecurities over their own proficiency in investing are compounded by distrust in the post-2008 system and the mile-high piling of student debt. Voleo, whose social platform for investment clubs has lowered entry barriers and incentivized pooling resources (which both minimizes trading commissions and maximizes investment impact), has partnered with Nasdaq to jointly host a national, simulated investment challenge for university students.

On the Voleo SimuTrader platform, teams collaborate and tinker with shares to flush out their own portfolios and ETFs through fictitious currency. The result is a low-risk but 'gamified' environment in which millennials can become acquainted with equity markets and public companies while vying for pride and prizes.

And while these choices by Voleo certainly create positive externalities for financial literacy, they too reflect a calculated approach to product adoption. According to Mr Beattie, Voleo has not yet seen these investments in student groups churn into significant tangible revenue. But, he is confident that millennials are a worthwhile long-term investment who, when informed, will shy away from traditional advisers that could gobble up to one-third of their lifetime assets.



The Waist-Tighteners

Savings products, in particular, are a prime spot in which financial literacy campaigns could earn their keep. Surveys by Raddon, the consulting arm of Fiserv, documented the correlative relationship between 'budgeters' and 'interest-rate trackers' (who are comparatively more knowledgeable about productive financial behaviour) and increased usage - at least in regard to savings and checking.

Banks have caught onto this, and reacted accordingly. Fifth Third Bank deploys Empowerment Mobiles, retrofitted city buses rigged with computer workstations and Internet connectivity, to coach low- and moderate-income neighbourhoods on the basic principles of financial literacy. More than 400,000 potential clients have stepped on board since the program's inception, which culminated in 1,800 product referrals in 2017 alone.

Community Spirit Bank, instead, invites high school seniors onto its premises directly, who then rotate shifts as branch tellers. The hands-on learning is both reinforced with a digital platform and actualized by a student-specific savings scheme that, with parental approval, allows teenagers to open a checking and savings account for a one dollar fee. Since the one dollar fee-structure was introduced in 2017, Community Spirit's in-school branch has processed $77,000 deposits between 200 new accounts.

National contenders like JPMorgan Chase Co, Santander Bank and Bank of America Corp have leaned into similar programming through partnerships with non-profits and the public sector. But with the proliferation of financial health apps that reverberate key parts of financial education - Mint, Wally or You Need A Budget, just to name a few - the precedent model is ripe for tweaking. The acquisition of Level Money by Capital One back in 2014 was one of the first inklings, while Goldman Sachs's recent purchase of Clarity Money underscores that banks see personal finance management tools as a good investment for business. Digital-only banks, such as Monzo and Starling, have even opted to write such offerings into their DNA code.

The Unorthodox

Targeted financial literacy interventions can graduate users previously deemed undesirable in accelerated, unanticipated ways. A few weeks ago, Mondato Insight shed light on the hyperinflation crisis in Venezuela. The instability of the Venezuelan Bolívar has thrust cryptocurrencies from the fringe into the mainstream, as people cling to any means available to secure their wealth. To be expected, though, the average Venezuelan (like most of the world) is no casual connoisseur of crypto.

Dash, one of the token success stories to emerge from Venezuela, has risen to the occasion. It goes directly to the source (here, cafeterias of schools and universities) to empower young Venezuelans to take back a semblance of control in their financial lives. While the demo is Dash-centric, showcasing the coin as a payment mechanism, the sales-esque nature of the pitch and lecture doesn't nullify the larger impact - edging a population closer to a basic literacy in digital money and cryptocurrencies. Cryptogene, a Nigerian blockchain startup, has it sights on similar informational objectives in Africa.

Sometimes, however, the leap-frog brought about by financial literacy campaigns involves products less foreign than crypto. In South Africa, traditional banks can roll-out branchless banking through Wizzit's mobile technology onboarding platform. While Wizzit's concept of digital banking isn't exactly breaking the mould, its method of finding and priming outside-of-the-box clientele is worth a pause.

Wizzkids, who hail from the same communities they operate in and were formerly unemployed, are brand ambassadors tasked with improving both financial literacy and Wizzit's reception. For each conversion (here defined as an account sign-up), they receive commission. In addition, they receive annuity income based on the transaction level of the account holders, thereby incentivizing a long-term arc between Wizzkids and their customers.

Wizzit's strategy is just one of a series in which commercial sense overlaps with the greater public good of financial literacy. And, with the short-comings of current financial literacy policy on full display, this isn't a case of either or (or public or private), but a case of all hands on-deck.

Source: Mondato

Editorial & Commentary

Dan Jerker **B. Svantesson,** writes

Why the future of the internet is looking brighter

IMAGINE an internet where you couldn't access any content unless it complied with every law of all the countries in the world.

In this scenario, you would be prevented from expressing views that were critical of many of the world's dictatorships. You would not be able to question aspects of some religions due to blasphemy laws. And some of the photos you post of your children would be illegal.

A development like this is not as far-fetched as it currently may seem.

Every country wants its laws respected online. The scenario above may be an unavoidable outcome if countries are successful in seeking to impose their laws globally. Even though they can't prosecute the person who posted the content, they can try to force the internet platforms that host the content to remove or block it.

A legal opinion released last week in a case currently before the courts in the European Union argues content should generally only be blocked in countries where it breaches the law, not globally. This is a sensible approach, and a necessity if we wish to continue to enjoy the benefits currently offered by the internet.

A trend of global orders

There have been numerous examples of courts seeking to impose their content restrictions globally by ordering the major internet platforms to remove or block access to specific content.

The most recent high profile case is a 2017 decision by the Supreme Court of Canada, in which the court sought to compel Google to block certain search results globally. That dispute is still ongoing after a US court sided with Google.

Courts in Australia and the United States have also opted for global content restrictions, without regard for the impact on internet users in other countries. For example, in the Australian case, Justice Pembroke ordered Twitter to block all future postings globally – regardless of topic – by a particular Twitter user.

This is troubling. After all, what is illegal in one country may be perfectly legal in all other countries. Why should the harshest laws determine what can be posted online? Why should duties imposed by one country trump rights afforded to us by the laws in many other countries – particularly international human rights laws?

The Google France case

The latest case to address this question is an ongoing dispute in the EU. The French data protection authority (CNIL) sought to force search engines to remove search results (known as de-referencing) globally where those results violate the EU's so-called "right to be forgotten" legislation.

The right to be forgotten is an aspect of the EU's data privacy law that, in simplified terms, gives people the right to have online content blocked on search engines, where the content is no longer relevant.

Google disputed this and the matter has reached the EU's highest court - the Court of Justice of the European Union (CJEU). On 10 January 2019, an Advocate General of the court issued his opinion on the matter (so far only available in French). Such opinions are not binding on the court, but the judgment often follows the reasoning of the Advocate General. The judges are now beginning their deliberations in this case and their judgment will be given at a later date.

> "...in certain situations, a search engine operator may be required to take de-referencing actions at the worldwide level."
>
> Court of Justice of the European Union (CJEU) Advocate General

In his opinion, the Advocate General concluded that, in relation to the right to be forgotten, search engines: "...must take every measure available to it to ensure full and effective de-referencing within the EU.

He went on to say that de-referencing of the search results should only apply inside the EU.

But he didn't rule out the possibility that: "...in certain situations, a search engine operator may be required to take de-referencing actions at the worldwide level."

This is similar to a nuanced approach advocated for by the Swedish data protection authority in a parallel case currently before the Swedish courts.

The significance

If the EU court adopts the approach of the Canadian Supreme Court and seeks to impose EU law globally, many other countries – including repressive dictatorships – are likely to view this as a "green light" to impose their laws globally.

But if the EU court adopts the more measured approach proposed in the Advocate General's opinion, we may see a reversal of the current dangerous trend of global content restriction orders.

It may be months until we see the

FINANCIAL TIMES

FINANCIAL MATTERS MATTER

Let other players emulate TANESCO mission to make Tanzania an industrialised economy

Only a few years ago Tanzania was enduring intermittent load shedding. Generation of electricity was under capacity, transmission and distribution systems were so dilapidated that even the little electricity that was being produce could not reach the customers efficiently.

But now there is a different story. TANESCO has enough power to meet the national demand. In fact there is little surplus as far as the amount of electricity which TANESCO generates itself and that which it buys from independent power producers.

From around 1970s TANESCO generation capacity remained the same until the country was hit by serious drought in early 2000s. The situation awakened the power utility firm and from then a number of power generation projects have been undertaken.

Tanzania has a total installed capacity of more than 1,500MW of which 568MW come from hydroelectric, thermal produces about 925MW with other renewable energy accounting for 82MW.

This generation has managed to outstrip demand. There are some areas, such as Arusha, where TANESCO has invested in infrastructure which can process up to 120MW but the demand by customers stands at only 75MW. TANESCO is also undertaking a number of projects which will connect the country to East African Power Pool through Singida-Babati-Arusha-Namanga-Isinya 400kV transmission line as well as Southern Africa Power pool through another project from Iringa to Rukwa through Mbeya. This means that with the coming of Stiegler's Gorge hydroelectricity project, which will produce 2,100MW of power, Tanzania will be in a better position to sell excess power to other countries in Africa after meeting its local demand.

On the other hand, in case generation experiences any hiccups, TANESCO will be able to import power from other countries to meet the local demand. Besides being the sixth-most populous country in sub-Saharan Africa, Tanzania connects six land-locked countries to the Indian Ocean and, with the announcement of natural gas reserves, it presents opportunities for investment.

Tanzania has abundant and world-class wind and solar resources. The government has committed to reform the operations of TANESCO and the power utility firm has proved beyond doubt that it is capable of undertaking these and emerging new responsibilities.

TANESCO has made progress in grid expansion, increasing generation capacity with natural gas, facilitating an enabling environment for solar home systems, and publishing of new standard Power Purchase Agreement for small producers 2017.

As if that is not enough TANESCO is currently undertaking a total of 22 mega power projects meant to improve generation, transmission and distribution of electricity. This means that availability and accessibility of power would not be a problem in the government's quest to make Tanzania an industrialised nation. Power will also not be a hurdle in the mission to attract many investors. But investors need more than electricity to make their projects viable. Because TANESCO has assured the nation of reliable power supply it is now upon other players to make sure that other enabling infrastructures are in place so as to facilitate industrialisation as well as attracting as many investors as possible.

With this abundant electricity, it is easy, for instance, water utility firms to ensure that water is available to investors and general population across the country. But they should make sure that they settle their electricity bills promptly so as to enable TANESCO to continue serving them and others. On the other hand, TANROADS should capitalize on the construction of a standard gauge railway (SGR) by ensuring that all connecting roads are in good shape so as to make sure smooth transport of goods and services across the country.

But Tanzania Investment Centre's (TIC) one stop centre initiative should also be strengthened to as to enable quick and efficient processing of investment applications. The goal is to make sure that people who want to come and invest in the country are frustrated by any hurdles.

With all this in place, it is our hope that the government will round up the efforts by ensuring that other factors which have been dampening the environment of doing business in Tanzania are ironed out.

All players should make sure that they play their parts as facilitating investment and industrialization needs participation of each and every one of them. It is a chain which, if one fails to fulfill his part, the entire system might eventually collapse. Because some players such as TANESCO have shown seriousness in this, other players should not let them down. The momentum and pace which TANESCO has set should be a bar at which all other players operate. If we do this, it is just a matter of time before we start reaping the dividends and prove wrong all those who have doubted the government's industrialisation drive.

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Opinion&Debate

>>> VIEW FROM AMERICA

Opening up the national budget for the people

By Kevin Amirehsani

WE live in an age where citizens want to have a greater say in how their governments operate. For most people – in Tanzania and elsewhere - it is no longer enough to simply entrust politicians and the bureaucrats they hire with a vote at the ballot box every five years.

We want more responsive governments throughout the year that take into account public feedback and put citizens at the centre of policymaking. Nowhere is this arguably more important than around a country's budget process, which determines where and how always-scarce resources are allocated. Indeed, one of the best measures of good governance is how involved citizens are in understanding, providing feedback on, and ultimately helping craft their government's budget.

While the Tanzanian government has taken some significant strides in making its national budget more transparent, there are still worryingly few opportunities for citizens to give meaningful input on it, and it is unclear how the government uses the public input it receives. The Ministry of Finance and Planning's website is informative but far from interactive for an average user, and the extent of its digital efforts to engage the public is its annual Citizens' Budget, prepared in collaboration with Policy Forum (a network of civil society organisations).

This document does a decent job of translating technical jargon into more understandable language and contains fun illustrations that explain the importance of certain parts of the budget. However, it is not widely disseminated, and the only formal means of soliciting citizen input on the budget is through a simplistic comments page attached to the end of the document, which is meant to be emailed, posted, or delivered to the Ministry in Dodoma.

This limited public feedback structure leaves much to be desired. First, it could be much more transparent with where the data that goes into formulating the budget is coming from. I'm talking about the country's data on health, access to electricity, water supplies, and other areas. With the exception of several education-related datasets, the government has not updated its Basic Statistics portal (opendata.go.tz or statistics.go.tz) since May 2017, a few months before it made the mistake of leaving the Open Government Partnership (OGP), a group of some 80 countries committed to open and accountable government.

The executive director of Twaweza, Aidan Eyakuze, who is also a member of OGP's civil society steering committee. File photo

Many other national and subnational governments across the world have active open data websites that are frequently updated, where civil society organizations and citizens can view and use the data that goes into economic policymaking. The Tanzanian Data Lab and a few other non-profits are making a valiant effort to educate citizens on how to effectively use data as well as pushing for increased access to government data.

But the overall onus is on the National Bureau of Statistics and the wider government to integrate data collection from all ministries, format that data so it can be read by humans and machines alike, and publish the non-confidential portions of that data online as frequently as possible. Unsurprisingly, the government's current view towards the economic importance of open data is reflected in its treatment of Aidan Eyakuze, a member of OGP's civil society steering committee and the executive director of Twaweza, whose passport has been confiscated since July.

Moreover, too many citizens have the view that the budget process is needlessly boring and complicated. Yet it doesn't have to be! There are numerous "budget simulator" applications on the market, from one the author helped build in his previous professional capacity, Balancing Act (abalancingact.com), to another popular program used by many local governments in Western countries, Citizen Budget (citizenbudget.com).

This type of technology transforms once-static budget documents into dynamic simulations, where citizens can not only learn about where government revenues come from and what sectors that money is spent on, but also propose their own changes to the budget. If a user thinks the government should spend more money on, say, agriculture, he or she could simply increase the agricultural budget.

And because these apps all force users to "balance" their proposed budgets, the user would have to weigh competing (and compelling) spending priorities and reduce the level of spending in another area. Then, each user's results are sent to the Ministry as a graph or a spreadsheet, making compiling and analysing public feedback painless.

Simplistic? Perhaps. And these digital tools are no substitute for in-person community meetings, where government representatives can directly hear what citizens are feeling in a more personal manner, as well as legislative hearings on the budget that are open to civil society organisations and the general public. But increasing access to the data behind economic decisions and making a greater effort to seek feedback early on in the budget process in an engaging way is crucial for the fight against corruption and integral to maintaining citizens' trust in the government.

Tanzania is currently ranked a frustrating 93rd out of 115 countries in the International Budget Partnership's 2017 Open Budget Survey, which means the government has done a relatively poor job of emphasizing transparency, budget oversight, and public participation in the budget process. It's time for Tanzania to change this and keep government accountable by opening up its budget process for the people.

Kevin Amirehsani is an international economic policy analyst based in the US.

He wrote this opinion piece exclusively for Financial Times. Views in this article do not represent the position of the Financial Times or its publisher.

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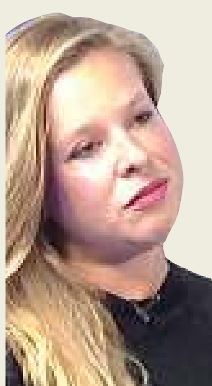
China-US rivalry plays out in development finance

Development finance is the latest arena to host the rivalry between the US and China. So who will benefit?



Adrienne **Klasa** writes

GREAT power rivalry is back, and with it economic diplomacy is coming to the fore as the arena of choice for pitched battles between the US and China.

Trade was the first area in which the rising power and the faltering powerhouse came to a confrontation. Diplomacy is, admittedly, perhaps too refined a term for an exchange of restrictive trade policies formulated with about as much forethought as a schoolyard brawl. On a recent trip to China, both Chinese and American companies expressed exasperation with their governments for pushing ahead with tariffs that are detrimental to both sides.

But if the trade war can be characterised by mutual petulance, development finance presents more nuanced opportunities for one-upmanship. A rival race to place capital in challenging markets presents opportunities for foreign investors.

As I noted in my previous column, the US is poised to create a new development finance bank with a $60bn lending cap. That is now even closer to becoming a reality. The Better Utilization of Investments Leading to Development (Build) Act passed in the Senate on 3 October. It now only needs a Senate vote and presidential seal of approval to become law, and the White House has already pledged its support.

Updating the US approach to development finance is a welcome and necessary step. The new US development bank will have double the firepower of Opic, its predecessor, as well as the ability to take equity stakes in projects. Mostly, however, US policymakers – particularly those on the right of the spectrum – are interested in countering China.

Thinking a single institution will do the trick is misguided. Pakistan alone has attracted more than $60bn in funding for China-led Belt and Road Initiative (BRI) infrastructure projects. Conservative estimates put the price tag on BRI in the range of $1000bn, and this is by no means a comprehensive tally of all China-led development projects globally.

As researchers at CSIS have noted: "Participation in the BRI is not a prerequisite for doing related business with China, nor is participation a guarantee of more business."

While private companies play a role, the majority of this money is being leveraged by China's vast quasi-state machinery of banks, overseas financing institutions and contractors. State control may lead to repression at home, but on projects abroad it means all players are pulling in the same direction. Democracies cannot boast of the same singularity of purpose, for better or worse.

China's global economic diplomacy campaign is not going smoothly, however. Countries across Asia have turned against Chinese-financed projects. Sri Lanka, Malaysia, Pakistan and the Philippines have all turned sour on BRI projects, citing huge financial burdens and poor development outcomes. Malaysia has cancelled several projects. Pakistan's government says it will renegotiate its terms.

In April, IMF president Christine Lagarde warned that much-needed infrastructure financing through BRI "can also lead to a problematic increase in debt... and creating balance of payments challenges".

Those who accuse China of purposely signing up developing countries to predatory lending agreements on purpose are probably going too far. While there is no doubt China is making a global power play, structuring projects to fail seems a roundabout way to gain influence. It also doesn't generate any long-term good will, and soft power is something China's leadership is attuned to and spends a lot of money on (even if it isn't particularly good at it). It is ironic that even as the US turns its back on soft power under the Trump administration – with Build a notable exception – China is still failing to replicate US success.

China doesn't have global consumer brands such as Coca-Cola or Apple, and Chinese consumers fetishise Western products as status symbols. And while developing countries are happy to take China's money in droves, it doesn't seem to have bought them solid allies.

For investors, while this rivalry is proving disruptive on trade, it could be beneficial for those looking to bridge into new and challenging markets. There is a massive amount of rival development capital out there looking for placement in well-structured projects. They may find themselves spoiled for choice.

Adrienne Klasa is the development finance editor at fDi Magazine.

How TCCIA members and Diaspora could 'close ranks' in 2019

By Anil Kija

A COMPLICATED business relationship is on the way to being constituted between members of the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) as it seeks outward reach. In so doing, it has issued a new year appeal for closing ranks during this year between local business people and the Diaspora, which is to say a lot.

'Closing ranks' presumes that there is already a lot in common between them, whereas most observers would say there are tentative relations at best, with limited investment flows from the Diaspora back home. There is on the contrary evidence that more money leaves the country for the Diaspora. The most glaring indication that more money seeks to go outside than come back home is when plenty of money that is being made locally is being stuffed up in large commercial banks from powerful countries, where local businessmen feel it will be safer. Money in local branch of a major foreign bank is nearly the same as if the funds are actually deposited outside, except that some formality is needed for a transfer via another account or by regular needs in travel until the funds are depleted. It is thus unclear what happens when large amounts of local funds are deposited in foreign commercial banks, whether the funds are locally invested or repatriated.

A symptom of 'closing ranks' that TCCIA was apparently appealing to Tanzanians outside the country to take heed of was evident in a conference photo and explanation, where Acting TCCIA president Octavian Mshiu, who issued that appeal, spoke. While that was a different event from the current appeal, it was based on a markedly parallel atmosphere, as the meeting was branded 'Vibrant Gujarat: Global Summit 2019' and thus the September 2018 meeting in Dar es Salaam must have been a preparatory event. In that case our appeals to the Diaspora of Tanzanians clashes or competes with other appeals to Diasporas, including the Gujarat example.

One of the efforts that TCCIA has been making in getting local people and Diasporas together (for there are Tanzanian communities in many countries, and do not add up just to a Diaspora but having distinctive cultures and expectations where they are, and how they relate to their countries of origin, etc.) is wider investments take up. A singularly good idea is that the government should gazette the whole area that is on the sides of the Standard Gauge Railway (SGR) corridor into an investment corridor for industries and logistics.

This appeal to the government and to the Diaspora shows that the TCCIA office bearers are not yet in sync with Diaspora feelings and apprehensions, in which case they come up with quasi-official appeals for investments, more of it.

Inviting investors is in a way like attracting tourists, that there are two sorts of tourists, those who come and go, and those who are likely stay and make a home as they like the climate and have friendships with a portion of the people, say in this or that organization depending on their preferences or professions. It is this kind of outreach, personal friendships and the wish to settle in a country, that actually attracts investors, for without a feeling for a country, one needs a very large organisation with plenty of surplus funds to seek to pitch up in a country where one has no interest in staying. More often, a liking for the country directed funds there as well.

So it is not clear if the meeting that TCCIA leader Mshiu graced, relating to a Vibrant Gujarat, was the same sort of thing he was appealing to Tanzanians abroad to do about investing back home, or he grasped the idea that a Vibrant Gujarat is a competitor to his own plans, or appeals. The basic issue thus would not have been an effort at imitation but figuring out how local funds that the state of Gujarat wants could even remain in the country and Gujarat funds be redirected to be invested here as well.

It is a logic of outreach, if those living in the country wish to stay and invite their friends to do so, and thus use their disposable income to purchase property (as the first line map of investment is a residential unit), and then think of putting up industries, services, etc.

A change of mentality where officialdom and public organizations like TCCIA will start looking at investors as individuals with a life map they seek to pursue is long overdue, that inability to purchase property privately, not being allocated land, is a major hindrance. The sort of funds that can be attracted into the economy with this drawback are short term or medium term funds, as long term funds require residential intent or interest on a long term basis. It means that the East African Common Market prerogative of establishment right is still pivotal to attracting foreign investments, though it can start with Diaspora rather than EAC citizens.

BigRead

Foresight Africa: Top priorities for the continent in 2019

By Financial Times Correspondent

IN this year's Foresight Africa, AGI scholars and invited experts illuminate the priorities of the continent in 2019, delving into six overarching themes with recommendations for tackling the challenges that lie ahead.

This unprecedented dynamism of the continent is creating opportunities for trade and investment and is drawing interest from an increasingly diverse group of external partners. Democracy is consolidating, although the prevalence of tensions and, in some countries, violence during elections point to areas for improvement.

The demographic tidal wave looms closer, and job creation has not yet been able to catch up. Despite continued progress on governance, more efforts are needed to eradicate corruption and to elevate the voice of women and young people in the decision-making.

Africa is brimming with promise and, in some places, peril. With its array of contributions, this year's edition reflects both the diversity of the continent and the common threads that bind it together. With that aim, we hope to promote and inform a dialogue that will generate sound practical strategies for achieving shared prosperity across the continent.

Bolstering good governance

In chapter one, authors examine how good governance, elections, and institutions of democracy are advancing across countries. Much of Africa's economic development depends on governance that serves the interest of ordinary citizens, advances democratic values, and quashes corruption.

The wide age gap between leaders and populations, and the underrepresentation of women and young people underscore the need for inclusivity. In 2019, good governance with these goals in mind offers a path forward. Upcoming elections in countries like Nigeria and South Africa could strengthen democracy and governance systems, but only if inclusive and supported by civil society and the rule of law.

Managing debt and mobilizing resources

One key risk threatening the region's outlook is what many fear is a looming debt crisis. To sustain growth, many governments must balance between mobilizing financial resources for economic development and controlling indebtedness.

The authors implore governments to update debt management frameworks and strategies accordingly and strengthen governance around tax revenue collection.

Harnessing Africa's youth dividend

Africa's working age population is growing rapidly, with estimations that the number of young people entering the region's workforce will exceed that of the rest of the world by 2050.

While this youth bulge is a potential economic boon, a stagnant industrial sector and the increasing adoption of labour-saving technologies in production present a massive hurdle to overcome before dividends can be realized. In chapter three, authors offer strategies for countries to secure large-scale employment opportunities for youth and for realizing the demographic dividend.

Fixing fragility

Although economic growth prospects bring hope, extreme poverty and state fragility prevails in part of Africa. In 2019, it is estimated that 70 per cent of the world's poor will live in Africa—mostly in Nigeria and the Democratic Republic of Congo. By 2030, 13 African countries will see an increase in extreme poor.

Based on these forecasts, poverty will continue to strain government institutions and threaten stability. Climate change will exacerbate the challenge, with disproportionate effects on the Sahel and other unstable areas. In chapter four, authors argue for institutional changes and new approaches to eliminate poverty and fragility so no country is left behind. One recurring recommendation is for solutions anchored in private sector development.

Africa's untapped business potential

Though progress toward ending poverty remains frustratingly slow, massive opportunities exist for the private sector in African markets, and if seized wisely, that business promise could help many climb the income ladder toward greater prosperity.

The middle class is expanding, with businesses jumping at the chance to meet their consumption needs. Africa's population is young, fast growing, and increasingly urbanized, with rapid technology adoption making the continent fertile for innovation.

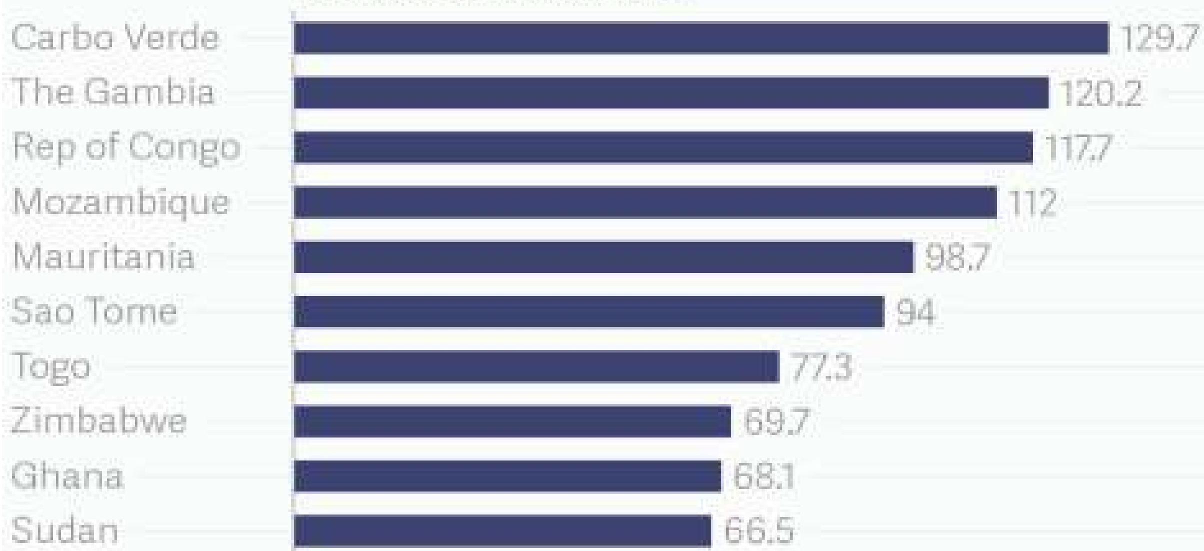
Economic dynamism in many parts of the region is generating business opportunities in infrastructure, housing, health, financial services, and other areas. In chapter five, authors document why Africa is the world's next big growth market and offer strategies to successfully navigate the region's business landscape.

Boosting trade and investment

On the trade and investment front, the African Continental Free Trade Agreement stands to knock down barriers to intra-continental trade and investment, thus accelerating industrialization, and economic diversification and inclusion.

Globally, Africa continues to attract interest from the economic powerhouses like the US and China. In chapter six, authors assess the potential and implications of the new free trade area.

Source: www.brookings.edu



A leader the World Bank needs

By Homi Kharas & Eswar Prasad

JIM YONG KIM'S Sudden resignation as president of the World Bank Group (WBG) offers an opportunity to reflect on the direction, legitimacy, and effectiveness of that 75-year old institution.

Like other multilateral institutions, the Bank in recent years has been criticized for its elitism and for championing outmoded models of economic globalization that have failed to deliver broad-based benefits. It has also become another staging ground for the geopolitical great-power rivalry between the United States and China.

> Like other multilateral institutions, the Bank in recent years has been criticized for its elitism and for championing outmoded models of economic globalization that have failed to deliver broad-based benefits

Recognizing this, finance ministers and central bank governors from the G20 established a commission in April 2017 to recommend reforms to the global financial architecture and the international financial institutions. And at a G20 meeting in October 2018, the commission issued a report outlining steps "to create a cooperative international order for a world that has changed irreversibly."

The proper mission of multilateral development finance institutions is to help solve urgent, large-scale problems in the developing world. For example, we are currently witnessing the largest urban expansion in history, and managing it will require a doubling of the global infrastructure stock within the next 15 years.

Multilateral institutions also have a role to play in addressing the great expansion of Africa's population, and in laying the foundation for sustainable, decarbonized economic growth across the developing world. Failing that, the world should expect to see more migration, unemployment, frustration, and anger in the years ahead.

This is the context in which the next WBG president will be selected. Not surprisingly, the organization's Board of Executive Directors hopes to find a candidate who is capable of effective leadership and management, with a compelling vision, a commitment to multilateralism, and diplomatic communication skills (read: "politically savvy"). The candidate should be prepared to implement already agreed strategies, embodied in the WBG's previously published Forward Look" and the "Sustainable Financing" papers.

But the most important criterion, in our view, is that the candidate should embrace the WBG's mission in all of its ambition and scale, and follow through on the recommendations in the recent G20 report. The WBG president's job was redefined in 2017, with the introduction of a Chief Executive Officer. Under this new arrangement, the president should be freed up to focus on strategy (for example, how best to deploy a recent capital increase), Board relations, and partnerships.

In the absence of a standard leadership-selection process, multilateral institutions have developed their own methods over time. For example, the Inter-American Development Bank has a double majority system, whereby the winning candidate must gain a majority of shareholder votes, as well as an absolute majority of votes from regional governors.

In the United Nations, the General Assembly selects the secretary-general on the recommendation of the Security Council. For the newly created Asian Infrastructure Investment Bank, the president must receive 75 per cent of the votes. In each case, the process is designed to give the world's major powers their due say, while preventing any country from dominating the agenda entirely, thereby maintaining the spirit of multilateralism.

At the WBG, however, the winning candidate simply has to get the most votes. Practically speaking, the president has always been an American, thanks to an informal bargain between the United States and Europe, whereby the Europeans back the WBG candidate favoured by the US, while the US supports a European to lead the International Monetary Fund (which has a similar simple-majority voting system). To be sure, the US cannot veto a candidate for WBG president (as it can with a candidate for UN secretary-general). But it would be foolhardy for any candidate to campaign without at least an implicit US endorsement.

Outgoing World Bank President Jim Kim.

This leaves a range of options for choosing the next WBG president. The US could select an American who appeals to other countries: Kim, for example, touted his Korean origins during his 2012 campaign for the post. It could select a dual national or an immigrant, such as former WBG President James Wolfensohn, an Australian who became a US citizen.

Or it could back a non-American candidate from an allied country. What is important is that the nominee enjoys the trust of the US and most other countries, and can reconcile countries' diverse interests in a true spirit of multilateralism. Nationality, per se, is not a prerequisite. But gaining the support of other countries is just one requirement. The successful candidate should also have support from other stakeholders. At the UN, candidates publish vision statements and responses to questions from civil society organizations, and participate in a global town hall event. A WBG presidential candidate should embrace such transparency and extend it to businesses and academia, in keeping with the institution's commitment to empiricism and fact-based solutions.

When the Board selects Kim's successor in April, we hope it does so in a way that contributes to the institution's legitimacy and effectiveness. The WBG needs a trusted leader who understands the urgency and scope of the organization's mission. In fact, the WBG has never had a female president. There's no better time than now to usher in fundamental change

Homi Kharas is Interim Vice President and Director - Global Economy and Development. Eswar Prasad is Senior Fellow - Global Economy and Development.

BigRead

NJ Ayuk writes

10 developments that will shape Africa's energy sector in 2019

AFTER a year of rebound and recovery, Africa's old and new hydrocarbons markets have an opportunity to further entrench the continent's position as the world's hottest oil and gas frontier in 2019.

However, the new year also brings a new set of dynamics and challenges set to influence the future of the industry, from presidential elections to mega-projects developments, amidst intensifying international competition.

New African frontiers opening up

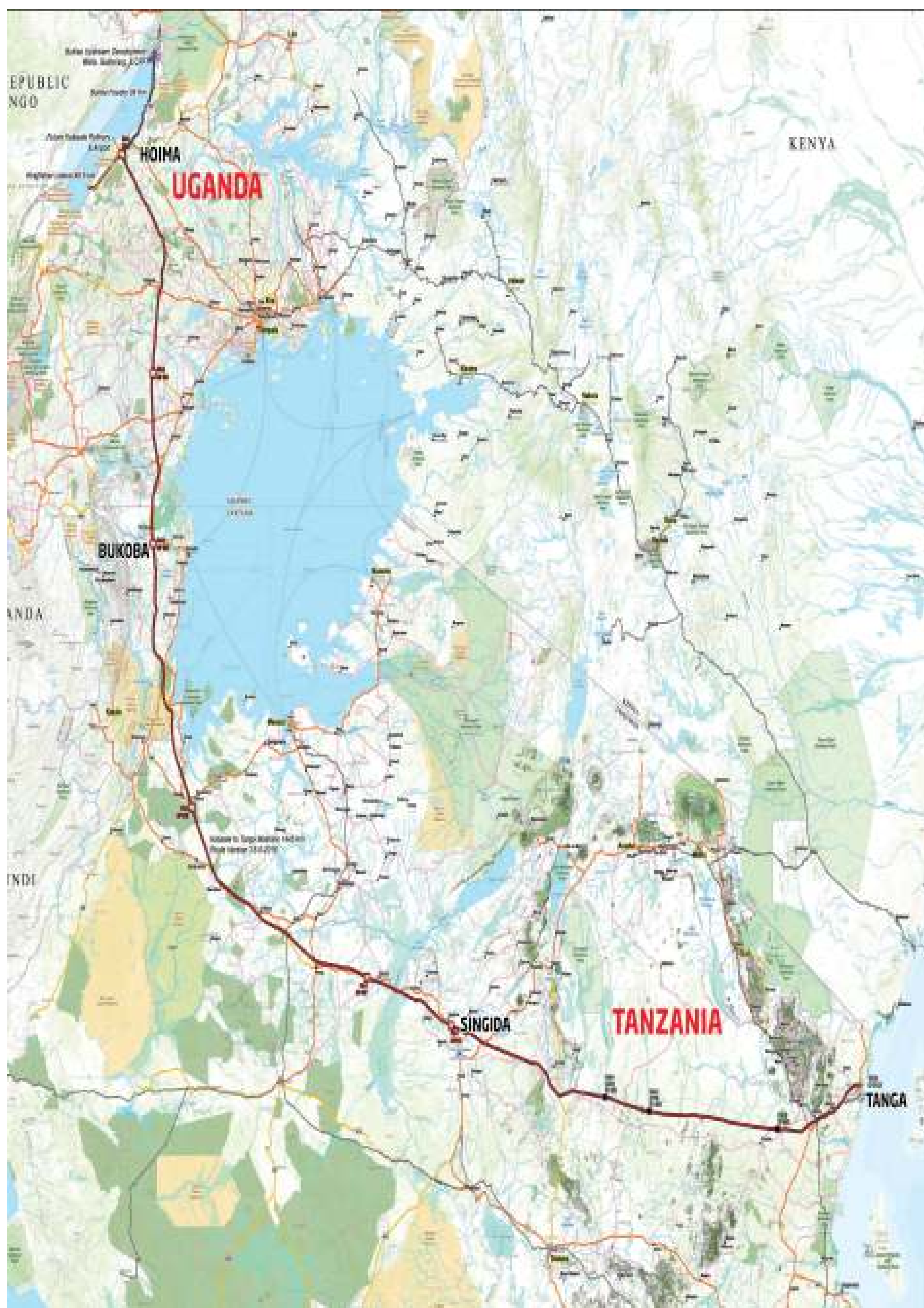
Independents are leading the way in exploring and opening up new frontiers across Africa. This year will be key for the advancement of new exploration and production development projects from West to East Africa.

Developments to watch notably include Senegal's SNE field development, where FEED works are ongoing and a final investment decision (FID) is expected by Woodside Energy and Cairn Energy this year; Niger's Amdigh oilfield development, where Savannah Petroleum's $5m early production scheme is set to start anytime soon; and the opening up of Kenya's South Lokichar Basin by Tullow Oil, where FID is also expected before year end amidst rising tensions with the Turkana local community.

A year to confirm Africa as a global exploration hotspot

Ongoing bidding rounds in key existing and new African hydrocarbons markets will tell if Africa further confirms its position as the world's new exploration hotspot and manages to attract necessary investment in its oil and gas acreages.

Amongst well-established African producers, OPEC members Gabon and Congo-Brazzaville each have ongoing bidding rounds. Gabon's 12th shallow and deep-water licensing round is set to close in April 2019 and Congo-Brazzaville's license round phase II in June 2019. With both countries struggling to implement their new hydrocarbons codes, the success of these rounds will tell if investors have been convinced by policy reforms developed over the past two years.



With Uganda set to join the club of African petroleum producers by the early 2020s, efforts are on the way to develop adequate infrastructure for the evacuation of oil that will be produced from the Lake Albert Basin exported through Tanzania. File photo

Two bigger African producers and also OPEC members, Nigeria and Angola, are set to launch landmark and out-of-the-ordinary bidding rounds this year. Nigeria will auction its gas flare sites under the Nigerian Gas Flare Commercialisation Programme, likely to happen after the February general election, and Angola will hold its Marginal Fields Bidding Round, result of a new May 2018 policy enacted by President Lourenço, and to be launched at the Africa Oil & Power conference in Luanda in June 2019.

With the Nigerian Petroleum Industry Bill yet to be signed and the ink still fresh on Angola's new policy regime, both rounds will also be key in assessing investors' interest for both countries' business environments.

Also attracting interest is the newest and arguably one of the upcoming entrants – Ghana – holding its first formal licensing round set to close in May 2019 which has reportedly got the attention of 16 oil companies, including majors ExxonMobil, BP, Total and ENI. As a hopeful new East African offshore frontier, Madagascar is also putting 44 concessions on offer until May 2019, none of which has ever been tendered or explored before. For a country without any major oil discovery to date, the ongoing license round is a wager test.

Africa's struggling FLNG industry

After the start of commercial operations at Golar LNG's Hilli Episeyo FLNG vessel in Cameroon in June 2018, hopes were high that Equatorial Guinea would soon move forward with its own Fortuna FLNG project, set to be Africa's first deep-water FLNG development. While Fortuna was to be game changing for the gas industry of Equatorial Guinea and the rest of the continent, the development of the $2bn project has stalled due to a lack of financing. And the clock has been ticking since.

The lack of progress on this plan has been so slow that operator Ophir Energy has been denied the extension of its license to operate block R (as of January this year), which contains the giant Fortuna gas discovery. While Equatorial Guinea's FLNG aspirations look more uncertain than ever, 2019 will tell if the country can find the right partners to put the project back on Africa's FLNG map.

Meanwhile, new entrants in Africa's hydrocarbons stage are making remarkable advances towards the development of their own FLNG industry. On 21 December last year, BP finally announced its FID for phase one of the cross-border Greater Tortue Ahmeyim development between Senegal and Mauritania, which involves the installation of a 2.5 MTPA FLNG facility. It became the third African FLNG project to reach FID after Cameroon's 2.4 MTPA Hilli Episeyo and Mozambique's 3.4 MTPA Coral South FLNG.

Mega projects on the move

Africa's come back on the global oil and gas map is not only due to the vast natural resources found in its soil and waters, but also to the continent being home to mega energy projects set to transform the future of the industry.

On the upstream side, the recent inter-governmental cooperation agreement between Senegal and Mauritania, and BP's FID on its cross-border Greater Tortue Ahmeyim development, bodes well for the future of West Africa's hydrocarbons industry. The project aims at extracting the 15 Tcf of gas estimated to be held in the Tortue gas field, located at a depth of 2,850 metres. However, the ability of both Senegal and Mauritania to work out their differences to ensure a more sustainable development of their offshore reserves and facilities around the MSGBC Basin is a factor to watch out for.

African mega gas projects are not the sole property of the continent's West coast, with Mozambique moving forward with two landmark projects putting the Southern African nation on the global LNG map. Following the launch of the Coral South FLNG project by ENI in June 2017, a FID is now expected in the coming months for the Anardarko-led Mozambique LNG project, an onshore LNG development initially consisting of two LNG trains totalling 12.88 MTPA to export the gas extracted from the offshore Area 1, estimated to contain a whopping 75 Tcf.

Sub-Saharan Africa's biggest petroleum producers, Nigeria, is also moving forward with massive oil development projects in 2019. Last year already saw the launch of Total's $3.3bn Egina FPSO in Nigeria, where production officially started in the first days of 2019 and is set to peak at 200,000 bopd. FID is now expected on Shell's Bonga Southwest offshore field in Nigeria early this year, a multibillion-dollar development whose production is expected to reach 180,000 bopd.

International contenders and pretenders

As Africa strengthens its position at the centre of global transformations, it is increasingly becoming the playground for international actors willing to benefit from the continent's vast resources.

While China has asserted its position of a contender in the continent, will new continental dynamics lead the Asian giant to change its investment strategy or portfolio? With Russia's intentions on the continent becoming clearer and clearer, will the first Russia-Africa Summit this year translate into more concrete Russian deals across the continent? At the same time, will the US' "Prosper Africa" initiative launched in December 2018 be able to counter both rising international competition and declining US influence on the continent?

A complex energy diplomacy dilemma for OPEC in Africa

With a majority of its members made up of African nations since the joining of the Republic of Congo in June 2018, OPEC's evolving relationship with the continent as it strives to manage the global supply glut will be requiring skilful diplomatic ingenuity.

On one side, Africa's biggest producers and OPEC members Algeria, Libya, Nigeria, Angola and Congo-Brazzaville, are striving to boost their domestic output, which makes it harder and harder for the organisation to negotiate its production cuts.

On the other side, the continent is also home to a flurry of upcoming petroleum producers like Senegal, Kenya or Uganda, or old players making a comeback like South Sudan, some of them part of OPEC's Declaration of Cooperation, whose upcoming or increasing output adds another layer of complexity to the formulation of OPEC's global oil prices management strategy.

An increasing African output from OPEC and non-OPEC member countries only complicates OPEC's manoeuvre capabilities and increases its dilemma of both providing a stable pricing environment conducive to investments, while avoiding a worsening of the supply glut that would push prices further down.

Africa's biggest petroleum producers casts their ballots

Amongst the series of elections happening in the continent this year, from Senegal to Mozambique, none will be more important for the African oil sector than that of Nigeria this February. The Nigerian presidential election is set to shape the future of the industry, not only because Nigeria is Africa's biggest oil & gas producer, but because what happens in Nigeria impacts the rest of the subcontinent one way or the other.

While both Muhammadu Buhari, seeking re-election, and his ally turned rival Atiku Abubakar have committed to the signing of the Nigerian Petroleum Industry Bill, the ability of the future president to get his office in order and get the bill passed quickly will heavily influence investments within Nigeria's hydrocarbons sector for years to come.

North, Algeria and Libya are also entering an election year, with the 2019 Libyan general election set for the first half of the year, and Algeria's for April. Both countries are on a transformation path. Libyan authorities plan to more than double the country's output to 2.1 million bopd by 2021, providing politics doesn't tamper hydrocarbons governance and the work of the National Oil Company. With Muammar Gaddafi's son Saif al-Islam Gaddafi set to stand for election and the country still divided between West and East, maintaining the stability required by investors will prove challenging.

In Algeria, where a wave of reform is shaking the entire hydrocarbons sector, elections are expected to maintain a relative status-quo, at least politically speaking. The country's national oil company, Sonatrach, has launched an ambitious transformation strategy that will see it investing $56bn over the next four years and internationalising its operations across major global energy markets. 2019 could even see the state-owned giant and Africa's biggest company further expand south of the Sahara.

Angola's steady road to reforms

Since taking office in the summer of 2017, Angolan President João Lourenço has been implementing a bullish reformist agenda which is drastically transforming the governance of the country's oil & gas sector. Angola is reforming fast, but will market forces allow changes to happen at that pace and yield the results that the government is looking for?

While international investors seem to think so, with Total and BP signing major agreements to boost their Angolan operations over the past few months, 2019 will tell if the international oil industry is being convinced of Angola's return as a competitive African frontier or not.

To showcase the work being done by Sonangol and the Angolan government to generate more investment in the country's oil & gas industry, Angola is backing up an international conference being organised by Africa Oil & Power in Luanda on 4-6 June 2019, where it will be launching the Angolan Marginal Field Bidding Round. This will be the first official investment roadshow organised in Angola under the current administration, and one that is set to unveil a new set of reforms and investment commitments.

South Sudan's march to peace

The major progression in South Sudan, and one on which the entire economy relies, is that of the peace accords. The Sudanese and South Sudanese authorities have time and again demonstrated their commitment to the peace process, which has remained peaceful for the most part. However, will peace deals translate into investment promises and money being invested into the South Sudanese economy this year?

Some signals point to that direction, with South Africa's Central Energy Fund committing $1bn to South Sudan late last year, but markets are still sceptics and observers will remain pragmatics and wait to see how the peaceful transition is managed and how oil production resumes before making any concrete moves.

A year to improve market access for East African producers

With Uganda set to join the club of African petroleum producers by the early 2020s, efforts are on the way to develop adequate infrastructure for the evacuation of oil that will be produced from the Lake Albert Basin. The project seemed to be positively moving forward when Uganda and Tanzania exchanged the inter-governmental agreement for the 1,443 km East African Crude Oil Pipeline in May 2017.

However, the partners in the pipeline's construction, French major Total, China's CNOOC and Tullow Oil, are yet to make a final investment decision on the project. Meanwhile, the Host Government Agreements are to be signed this January, but delays in concluding the pipeline's financial deal have already pushed back Uganda's oil production ambitions from 2020 to 2021. The pipeline is crucial for the further integration of the East African community and to set a positive record of joint planning, financing and implementation of landmark energy projects in the region.

NJ Ayuk is the founder and CEO of Centurion Law Group and the executive chair of the Africa Energy Chamber of Commerce.

World

Trump approves sanctions on Venezuelan oil company

WASHINGTON

THE United States on Monday sanctioned Venezuela's state-owned oil company, bringing to bear the most significant financial pressure so far on Venezuela's embattled President Nicolas Maduro.

Treasury Secretary Steve Mnuchin and national security adviser John Bolton announced the sanctions against Petroleos de Venezuela, S.A. -- the parent company of the US-based Citgo oil company -- on Monday afternoon from the White House briefing room. The measure blocks about $7 billion in assets and would result in more than $11 billion in lost assets over the next year, Bolton said.

"The United States is holding accountable those responsible for Venezuela's tragic decline," Mnuchin said. "PdVSA has long been a vehicle for embezzlement, for corruption for Venezuelan officials and businessmen. Today's designation of PdVSA will help prevent further diversion of Venezuela's assets by Maduro, and will preserve these assets for the people of Venezuela where they belong."

The sanctions will be effective "immediately," Mnuchin said, and any purchases of Venezuelan oil by US entities would flow into blocked accounts -- money the US officials said would be released only to the legitimate leaders of Venezuela.

The oil sanctions represent the latest and most significant escalation of the Trump administration's pressure campaign aimed at ousting Maduro from power. President Donald Trump last week recognized Venezuelan opposition leader Juan Guaido as the legitimate interim president of Venezuela and the US has continued to ramp up pressure on Maduro to resign.

Maduro has presided over an economic and political crisis since succeeding Venezuelan President Hugo Chavez, with much of the country crippled by hyperinflation, soaring unemployment and a mass exodus of refugees.

Announcing the new sanctions, Bolton once again urged the Venezuelan military to abandon Maduro and recognize Guaido's legitimacy and said the US continues to keep all options on the table until Maduro transfers power to Guaido.

"We also, today, call on the Venezuelan military and security forces to accept the peaceful, democratic and constitutional transfer of power," Bolton said. "Now is time to stand for the democracy and prosperity in Venezuela."

The Venezuelan state-owned oil company was targeted in large part because it has been used as "a vehicle for embezzlement, for corruption" by Venezuelan officials, Mnuchin explained, and the sanctions will have the effect of ramping up the pressure not only on Maduro but on his inner circle who are also said to benefit financially from the state-owned enterprise.

In a news release announcing the sanctions, the Treasury Department noted that "a 2014 currency exchange scheme was designed to embezzle and launder around $600 million from PdVSA, money obtained through bribery and fraud."

"By May 2015, the conspiracy had allegedly doubled in amount, to $1.2 billion embezzled from PdVSA," the Treasury Department said.

The action stopped short of a full oil embargo against Venezuela, a step that the Trump administration has also been considering and could still employ at a later date.

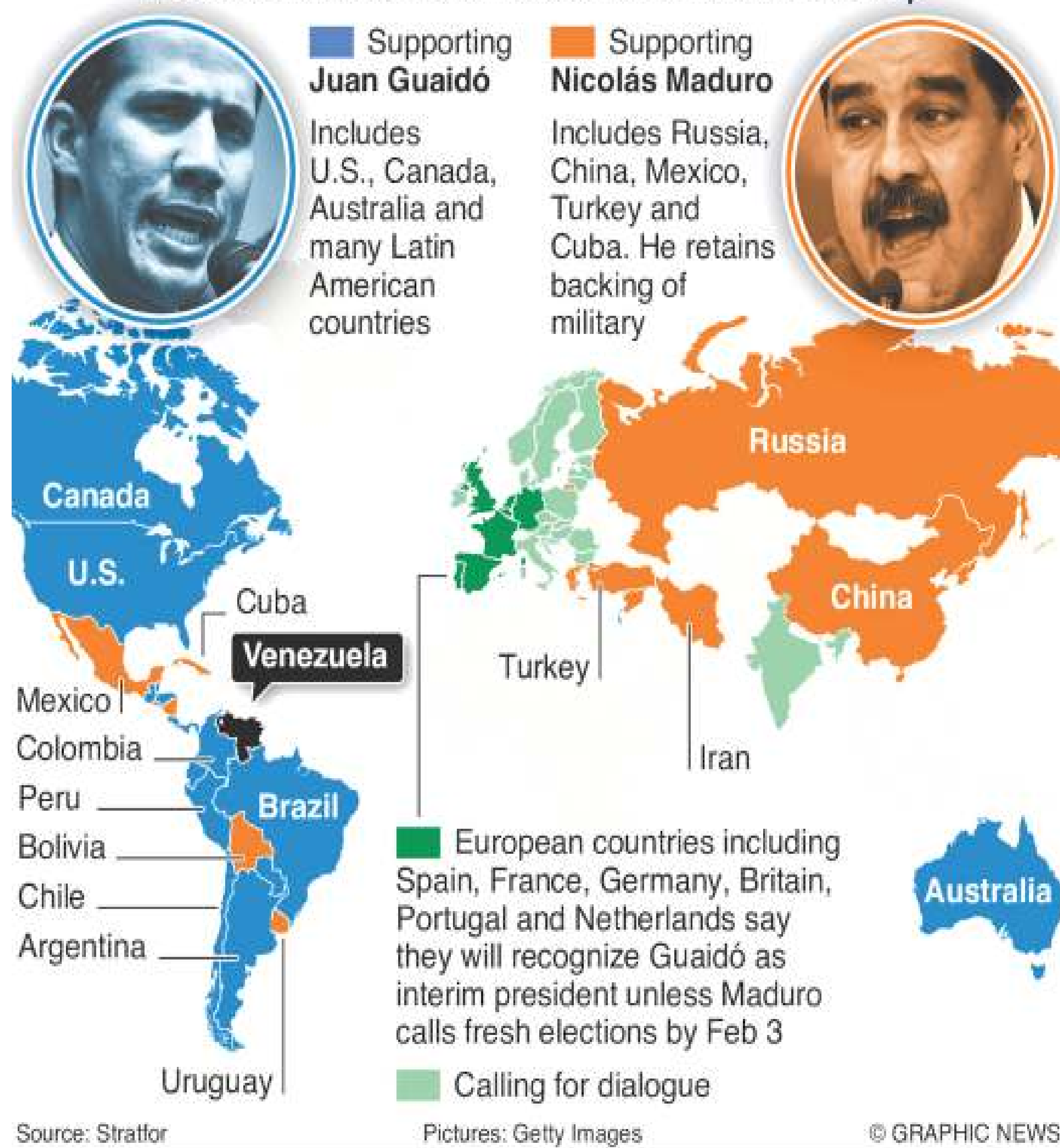
The action announced Monday is expected to have a smaller impact on US gas prices than a full embargo would.

Mnuchin said he does not "expect any big impact in the short term" on the oil market.

"I don't expect that people will see an impact on the gas pumps," Mnuchin said.

But he declined to swear off an oil embargo down the line.

"As regards to an embargo, we're not going to make any comment on that today. We don't comment on future actions," he added.



China says US indictment against Huawei is 'unfair' and 'immoral'

BEIJING

A spokesman at China's industry and information technology ministry said yesterday that the US government indictment against Huawei is "unfair" and "immoral," Reuters reported.

The US Department of Justice filed criminal charges Monday against Meng Wanzhou (pictured), the chief financial officer of China tech giant Huawei and the daughter of its founder and president Ren Zhengfei. Acting Attorney General Matthew Whitaker confirmed during a press conference that the Justice Department is seeking the extradition of Meng Wanzhou from Canada.

The Justice Department also announced charges Monday against Huawei for allegedly stealing trade secrets from T-Mobile. The charges stem from a civil trade secrets lawsuit filed by T-Mobile in 2014 over a robot called "Tappy," which was used in testing smartphones.

China's foreign ministry, for its part, expressed its concerns about the charges and then characterized the actions as part of a US plot to suppress the success of Chinese firms.

Alex Capri, visiting senior fellow at NUS Business School, told CNBC he found Beijing's response notable.

"I think the choice of words is very interesting from Beijing because I didn't hear any talk about retaliation, I didn't hear any talk similar to what we heard regarding Canada, where 5G networks might be held up, Huawei's involvement in building these types of networks, you know, as a penalty might withdraw," Capri said, referring to the next generation of mobile networking technology.

"What that does is that underscores the reality here, and that is that Huawei is incredibly vulnerable," he said, explaining that vulnerability stems from the company's "dependence still on Western tech."

That's why, Capri added, "Beijing is treading very carefully here."

White House close to announcing new World Bank chief

WASHINGTON

THE White House is expected to announce a new World Bank president soon.

A source close to the Trump administration said the president and his search team, led by Ivanka Trump and Treasury Secretary Steve Mnuchin, are considering three candidates close to the administration, all of them vastly different in perspective on energy expansion than their soon-to-be predecessor, Dr Jim Yong Kim (pictured).

Energy expansion is central to the mission of the World Bank's effort to reduce global poverty.

Earlier this month, World Bank President Jim Yong Kim abruptly resigned—three years before his second five-year term would end in 2022—to join Global Infrastructure Partners as vice chairman. World Bank CEO, Kristalina Georgieva, will be interim president when Dr. Kim leaves on Friday until the bank's board votes on his replacement. It is custom for the World Bank board to accept the US. president's selection.

Unlike Dr Kim who directed the World Bank to end all financing for fossil fuel plants this year, his successor is expected to be more practical on global energy investment and inclusive of all types of energy resources.

Despite the shock of Dr Kim's resignation, many of his colleagues and contemporaries are already thinking about his energy legacy—preserving and altering it.

Nobel Peace Prize winner and climate scientist Rajendra Pachauri is hopeful the new World Bank president will continue toward Dr Kim's goals.

"The World Bank's role has increased of late, and there is certainly greater focus on energy efficiency and renewables but far less than what the world and developing countries need," Pachauri said.

The two have known each other for more than a decade and worked closely when Pachauri was head of the United Nations Intergovernmental Panel on Climate Change (IPCC).

"The main drivers of the future would be a reduction in fossil fuel use," Pachauri said. "Fossil fuels could continue in a number of applications if accompanied by carbon capture and storage. The World Bank can do a lot in setting the agenda for several regions of the world in this regard."

Neil Parsan, World Bank adviser and former ambassador to Trinidad and Tobago, said, "The world needs a credible, experienced individual who will continue the roadmap to end poverty and put forth a vision for global innovation, inclusion and access so that all countries have a fair and equitable chance at economic prosperity, citizen security and social inclusion."

Kim's energy policy could have undermined 2030 goals

Some international energy development experts suggest the shift at the helm of the World Bank may actually help the organization accomplish Dr Kim's twin goals—to end extreme poverty by 2030 and boost shared prosperity among the poorest 40% around the world. Scott Foster is Director of Sustainable Energy at the United Nations Economic Commission of Europe, one of five regional commissions in the UN family which works closely with the World Bank on ways to meet the UN's 2030 Agenda for Sustainable Development defined by 17 goals.

Foster is acutely focused on UN Sustainable Energy goal number 7— Ensure access to affordable, reliable, sustainable and modern energy.

"We have to be agnostic on countries' technology choices, and it's not possible to eliminate any energy source. You've got to be able to optimize your energy mix in terms of economics, environment and social benefits," Foster said.

Eliminating coal and other fossil fuels from the resource repertoire, as Dr. Kim's legacy recommends, challenges the world's ability to meet Goal 7.

US Energy Association Executive Director Barry Worthington said Dr. Kim's energy policy was not rational and defied his own mandate.

"The World Bank exists to bring people out of poverty. It's not intended to deal with climate change," said Worthington, who is also a chairman on the UNECE Committee on Sustainability. USEA works with the US Agency for International Development to expand energy infrastructure in developing countries and emerging economies, creating fertile ground for energy investment in those countries. USEA also supports the US Energy Department's effort for global adoption of clean energy technologies including carbon capture and sequestration and high efficiency low emission technology for coal.

"If you look at where you have people starving in poor countries all around the world, and they have no access to energy, denying them the right to fossil or any energy resource is insane and it's an ill-founded approach," Worthington said.

Dr Kim made his energy investment policy clear at French President Emmanuel Macron's One Planet Summit in December 2017 when he announced the World Bank would no longer finance upstream oil and gas after 2019.

In October 2018, Dr Kim announced the World Bank would no longer finance coal plants including a critical baseload coal plant in Kosovo.

Worthington and Foster have been working together at the UNECE on lending criteria international banks would use to guide global energy project investment, including investment in fossil energy projects.

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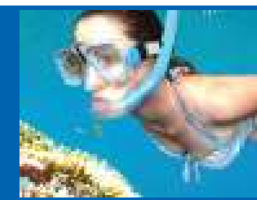

Tanzania yet to figure out travel trade results for 2018 as global performance notches 2nd highest growth since 2010

TOURISM, which is one of the top forex earners in the country, generated $2.3 billion in 2017 after the number of holidaymakers and business travellers it hosted went up 5.6 per cent over the previous year's performance

By Costantine Muganyizi

WHILE Tanzania is yet to establish the exact numbers for travel trade in 2018, the World Tourism Organization (UNWTO) has announced global tourism performance results for the year, saying it was the second best since 2010.

Some of the country's competitors in the region have also released performances of their markets, which locally will not be known until the end of this quarter or in early April. Mid this month, Kenya revealed that tourism earnings grew 31.2 per cent in 2018 to KSh157 billion (about $1.56 billion), up from KSh119 billion the previous year while international arrivals topped 2,025,206, compared to 1,474,671 in 2017. Top local tourism officials told the Financial Times recently that relevant arrival and receipt information is currently being collected from entry points for processing. They said the earliest the data can be available for public consumption is March.

TTB and Ministry of Tourism

Both the tourism ministry and Tanzania Tourist Board (TTB) said they neither have provisional figures at the moment nor were they ready to provide forecast numbers. Referring the Financial Times to the ministry for more information, TTB managing director Devota Mdachi said the agency will be in position to comment on the 2018 performance in March or early April after they have been provided with the relevant statistics.

"We don't compile these figures but get them from the ministry…currently we only have the performance for 2017, which generally was good," Mdachi told Financial Times.

The industry, which is among the top foreign exchange earners for the economy generated $2.3 billion in 2017 after the number of holidaymakers and business travellers visiting the country went up 5.6 per cent over the previous year's performance. The 1,284,279 visitors hosted in 2016 enabled the country to garner $2.1 million in foreign exchange.

According to the 2017 International Visitors' Exit Survey Draft Report, tourist arrivals in the country topped 1,327,143 in 2017, an increase of three per cent over the outturn in 2016. The country had in 2014 set a target of hosting two million visitors by 2017 after it broke the one million-barrier for the first time in 2012 when the number of foreign visitors surged 24 per cent to 1,077, 058, making Tanzania one of the top destinations in Africa.

World Tourism Barometer

In the latest World Tourism Barometer, UNWTO says international tourist arrivals reached 1.4 billion in 2018, with Africa and the Middle East playing a decisive role in the growth performance. The increase was six per cent above the 1,322 million in 2017 following a record growth rate of seven per cent.

"UNWTO estimates that worldwide international tourist arrivals (overnight visitors) increased six per cent to 1.4 billion in 2018, clearly above the 3.7 per cent growth registered in the global economy," the UN travel trade agency said in a statement.

"UNWTO's long term forecast issued in 2010 indicated the 1.4 billion mark would be reached in 2020, yet the remarkable growth of international arrivals in recent years has brought it two years ahead," it adds.

Middle East & Africa

According to the release, this growth, which was the second best since 2010, was spurred by tourist arrivals in the Middle-East and in Africa that respectively grew by 10 per cent and seven per cent, way higher than the world average. Asia and the Pacific and Europe also contributed significantly to the growth while arrivals to the Americas were below the world average of above three per cent.

In Africa, the North is the zone that registered the strongest growth with 10 per cent against six per cent for Sub-Sahara Africa. Tourist arrivals in the continent thus reached 67 million during the period under review.

UNWTO estimates that 1,403 million international tourist arrivals were received by destinations around the world, some 74 million more than in 2017. It says that after a strong start of the year, results were comparatively less bullish in the second half of 2018.

"The growth of tourism in recent years confirms that the sector is today one of the most powerful drivers of economic growth and development. It is our responsibility to manage it in a sustainable manner and translate this expansion into real benefits for all countries, and particularly, to all local communities, creating opportunities for jobs and entrepreneurship and leaving no one behind" said UNWTO Secretary-General Zurab Pololikashvili. "This is why UNWTO is focussing 2019 on education, skills and job creation," he added.

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UNWTO's long-term forecast published in 2010 predicted the 1.4 billion mark of international tourist arrivals for 2020. Yet stronger economic growth, more affordable air travel, technological changes, new businesses models and greater visa facilitation around the world have accelerated growth in recent years.

Results by region

International tourist arrivals in Europe reached 713 million in 2018, a notable six per cent increase over an exceptionally strong 2017. Growth was driven by Southern and Mediterranean Europe (+7 per cent), Central and Eastern Europe (+6 per cent) and Western Europe (+6 per cent). Results in Northern Europe were flat due to the weakness of arrivals to the United Kingdom.

Asia and the Pacific (+6 per cent) recorded 343 million international tourist arrivals in 2018. Arrivals in South-East Asia grew seven per cent, followed by North-East Asia (+6 per cent) and South Asia (+5 per cent). Oceania showed more moderate growth at +3 per cent.

The Americas (+3 per cent) welcomed 217 million international arrivals in 2018, with mixed results across destinations. Growth was led by North America (+4 per cent), and followed by South America (+3 per cent), while Central America and the Caribbean (both -2 per cent) reached very mixed results, the latter reflecting the impact of the September 2017 hurricanes Irma and Maria.

The Middle East (+10 per cent) showed solid results last year consolidating its 2017 recovery, with international tourist arrivals reaching 64 million.

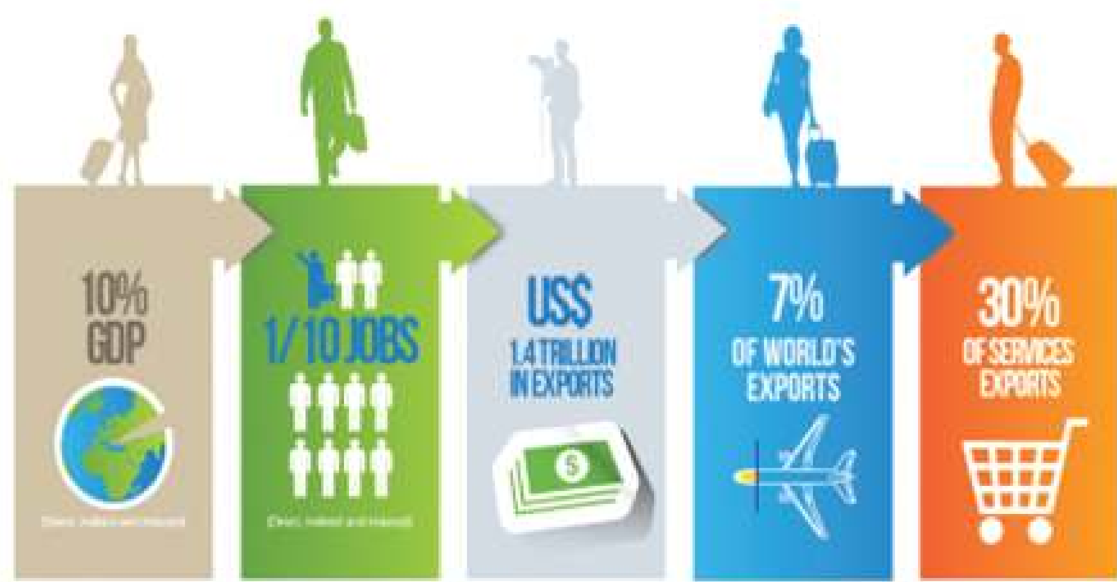
Growth expected to return to historical trends in 2019

Based on current trends, economic prospects and the UNWTO Confidence Index, the UN agency forecasts international arrivals to grow three per cent to four per cent next year, more in line with historic growth trends. Last year's growth did not only exceed the rate of four per cent or higher growth recorded every year since 2010 but also exceeded UNWTO's forest of four to five per cent for the year 2018.

"As a general backdrop, the stability of fuel prices tends to translate into affordable air travel while air connectivity continues to improve in many destinations, facilitating the diversification of source markets. Trends also show strong outbound travel from emerging markets, especially India and Russia but also from smaller Asian and Arab source markets," reads the agency's statement. "At the same time, the global economic slowdown, the uncertainty related to the Brexit, as well as geopolitical and trade tensions may prompt a "wait and see" attitude among investors and travellers," it adds.

Overall, explains UNWTO, 2019 is expected to see the consolidation among consumers of emerging trends such as the quest for 'travel to change and to show', 'the pursuit of healthy options' such as walking, wellness and sports tourism, 'multigenerational travel' as a result of demographic changes and more responsible travel.

"Digitalisation, new business models, more affordable travel and societal changes are expected to continue shaping our sector, so both destination and companies need to adapt if they want to remain competitive", added Pololikashvili.



WHY TOURISM MATTERS

© World Tourism Organization (UNWTO) July, 2017

Global foreign investment flows dip to lowest levels in a decade

By Financial Times Reporter

GLOBAL foreign direct investment (FDI) flows bottomed out in 2018 to levels last seen during the global financial crisis, dropping by nearly a fifth to an estimated $1.2 trillion from $1.47 trillion in 2017, UNCTAD has said.

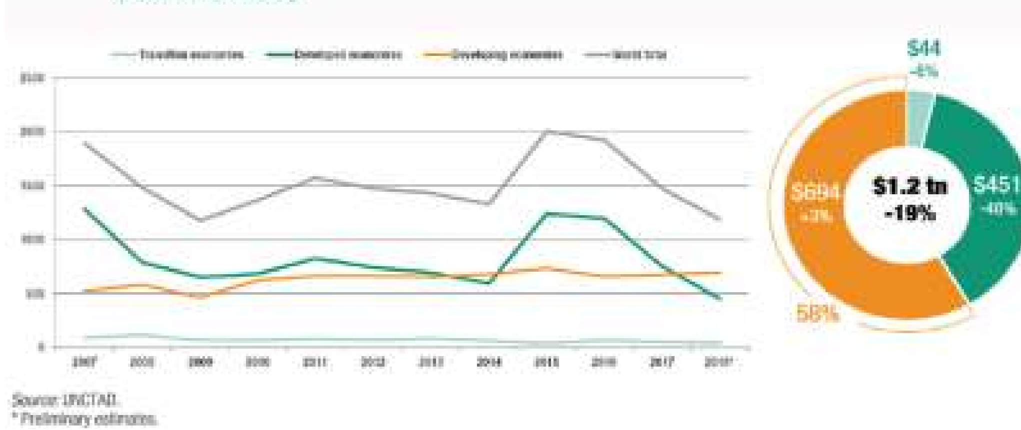
East Africa, which is the fastest-growing region in the continent, also experienced a similar trend, with Tanzania posting a 12.4 per cent decline over the 2017 performance.

Attributing the global dismal FDI outturn to the US-China commercial disputes, the executive director of Tanzania Investment Centre, Geoffrey Mwambe, told journalists last week in Dar es Salaam that FDI inflows to the country fell to $1.2 billion in 2018 from $1.37 billion in 2017. Despite the decline, he noted, Tanzania still remains the number one choice for investors in the EAC bloc region. Mwambe added that the government was leaving no stone unturned to ensure the country remains competitive in luring local and international investors.

According to the latest UNCTAD Global Investment Trends Monitor released on January 21, the East Africa region experienced a 14 per cent FDI decrease in 2018, with Ethiopia, despite a 24 per cent fall in investment to $3.1 billion, maintaining its top rank.

The global decline was the third in as many years and mostly concentrated in developed countries where inflows fell by as much as 40 per cent to an estimated $451 billion. UNCTAD said that Africa as a whole registered a six per cent increase in FDI inflows from $38 billion in 2017 to $40 billion last year but the growth was concentrated a few economies such as Egypt and South Africa.

Figure 1. FDI inflows: global and by group of economies, 2007–2018*
(Billions of US dollars)



Source: UNCTAD.
* Preliminary estimates.

"The underlying FDI trend has shown anaemic growth since the global financial crisis and has been on a downward trajectory since 2013," James Zhan, Director of UNCTAD's Investment Division said.

"The factors behind this negative trend, such as lower profitability of foreign investment and shifts in global value chains, are not changing in the near future. The macro-economic backdrop is also deteriorating," he said.

According to UNCTAD, the 2018 FDI decline stems from corporate income tax reform in the United States. From 2017, United States multinational enterprises have embarked on a large repatriation of accumulated foreign earnings, a move which has hit Europe hard.

While the outlook is more positive for 2019 with a rebound expected, Zhan said there are still many uncertainties facing the global economy. "Beyond the immediate impact of economic headwinds, the underlying trends for global FDI remain weak, driven by one-off factors such as tax reforms, megadeals and volatile financial flows," Zhan said.

"As the initial flood of earnings repatriations in the United States abate, things will normalize rebounding to 'average' levels of inflows. But the outlook for the global economy is darkening, underpinned by structural factors in the economy," he added.

These include policy factors, trade tensions and a return of protectionist tendencies.

In addition, the strengthening of the digital economy and thus a shift toward intangibles in international production will play a role, alongside significant declines in FDI returns, already evident over the past five years.

SPECIAL REPORT

New GSMA intelligence study reveals consumer views on 5G and the future of digital devices

LAS VEGAS

GSMA Intelligence, the research and consulting arm of the GSMA, has published the initial results of its latest Consumer Survey, providing a wealth of insight on consumer technology adoption trends set to shape the industry over the coming years. The new data forms the basis of two new GSMA Intelligence reports published at CES 2019.

'The Future of Devices' focuses on the global adoption and changing uses of smartphones into the 5G era, plus the growing popularity of smart speakers and other emerging consumer device categories, while '5G's Great Expectations' examines what consumers are anticipating from the first wave of 5G network and device launches.

"We are at the start of a new era of consumer devices that is being driven by advances in immersive reality and AI, creating a strong consumer appetite for products such as smart speakers and an important new battleground for the major tech players," said Peter Jarich, head of GSMA Intelligence.

"And while smartphones remain the dominant consumer technology, device vendors and operators are looking to 5G to unlock a new chapter in the smartphone growth story – even though our research suggests there is still work to do to convince consumers of the benefits of the move to 5G."

> And while smartphones remain the dominant consumer technology, device vendors and operators are looking to 5G to unlock a new chapter in the smartphone growth story – even though our research suggests there is still work to do to convince consumers of the benefits of the move to 5G, PETER JARICH, HEAD OF GSMA INTELLIGENCE

Among the key findings from the 2018 GSMA Intelligence Consumer Survey:

- The smartphone is now a nearly ubiquitous consumer technology; almost 90 per cent of consumers in developed countries own a smartphone, with an average of 2.5 smartphones in every US household
- Alongside the smartphone, the range of connected devices (and therefore internet access channels) is now greater than ever. The average US and UK household, for example, now owns six connected devices – from TVs to consoles to emerging categories such as smart speakers
- Smart speaker ownership rates have nearly doubled in developed countries over the last 12 months. For example, 16 per cent of US households now own a smart speaker, compared to 9 per cent a year earlier. Amazon and Google continue to dominate this sector, together accounting for 85 per cent of sales units worldwide
- Despite the early hype, adoption rates of VR headsets in developed countries have remained flat year-on-year at around 6 per cent of households and have even dropped in some key markets such as the UK. AR applications in fashion, gaming and various enterprise sectors are more advanced at this stage
- More than half of consumers in developed countries (54 per cent) expect 5G networks to deliver faster speeds, suggesting that early 5G promotional activity will focus on network speed as a key differentiator (versus 4G) – but it is not clear if consumers will pay a premium for faster speeds
- Only one in four consumers (25 per cent) expect 5G to deliver 'innovative new services', and only 20 per cent believe 5G will usher in a new era of devices

GSMA Intelligence's annual Consumer Survey covers 36,000 respondents across 34 key markets, using a blend of online and face-to-face sampling methodologies. The 2018 edition of the Consumer Survey forms the basis for the two new GSMA Intelligence reports published this week, which are available to accredited members of the press on request.

About the GSMA

The GSMA represents the interests of mobile operators worldwide, uniting more than 750 operators with over 350 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies, as well as organisations in adjacent industry sectors. It also produces industry-leading events such as Mobile World Congress, Mobile World Congress Shanghai, Mobile World Congress Americas and the Mobile 360 Series of conferences.

Why is 5G fuelling interest in renewable energy?

5G networks are expected to devour at least twice the amount of energy as today's networks since they will require both new cell sites and more power to run existing sites

By Diana Goovaerts

OPERATORS across the globe are going green, but it's not just about the environment. With 5G on the horizon, it's smart business.

As data traffic skyrockets, greater energy demands are being placed on operator networks as they expand to meet the challenge. The advent of 5G is only expected to exacerbate the situation.

The scale of operator energy consumption today is already massive. For example, data provided by the top four US operators shows together they use around 30 million megawatt hours (Mwh) of power each year. To put that into perspective, the US Energy Information Administration notes the average annual electricity consumption for a US residential utility customer is 10,399 kilowatt hours (Kwh), meaning tier one operators consume roughly as much as nearly 2.9 million homes.

Predictably the network is operators' primary power eater: for instance, Vodafone Group said base stations account for 65 per cent of its energy consumption, while its technology centres account for another 29 per cent. By comparison, its corporate offices and retail stores together account for a mere six per cent of energy use.

In a recent report Vodafone said it spends around €1 billion ($1.1 billion) each year on energy. And speakers at the recent Global ICT Energy Efficiency Summit in Turin, Italy, noted energy bills already account for some 16.5 per cent, or $28 billion, of annual OPEX for operators across the globe.

And it's about to get much worse. Analysts and operator executives at the summit noted 5G networks are expected to devour at least twice the amount of energy as today's networks since they will require both new cell sites and more power to run existing sites.

This means shifts to reduce energy costs will be key for operators' financial performance as they move ahead with 5G launches.

Renewables

Operators' approach to the problem appears to be twofold. On one front they are working with vendors to ensure next generation equipment is as efficient as possible. But, with more sites in the network, they need another way to slash costs. That's where renewable energy sources such as wind come into the equation.

The US Department of Energy (DoE) noted "land-based utility-scale wind is one of the lowest-priced energy sources available today," with prices ranging from between $0.02 and $0.06 per Kwh depending on the supplier. For comparison, the International Renewable Energy Agency estimated fossil fuel energy sources came at a cost of between $0.05 and $0.17 per Kwh in 2017.

The DoE added wind energy also offers long term price stability not available from traditional energy sources, since supply contracts are offered at fixed prices, and its fuel source is free and therefore immune to outside price fluctuations.

While some concerns about the reliability of wind energy have surfaced, the DoE said improvements in forecasting are making it easier to integrate wind energy into the power grid. It also pointed out wind energy can help avoid outages during certain severe weather events (such as extreme cold spells) which can disable coal and natural gas power plants.

Buying into renewables such as wind, therefore, allows operators to plot a stable future in terms of energy expenses and supply as they face a raft of other changes to their network and business models.

Industry moves

In the US, T-Mobile US has led the charge, inking deals to purchase power from a number of different wind farms as part of a goal to source 100 per cent of its energy from renewable sources by 2021. Similarly, Verizon quietly set a goal to use renewable energy sources for 50 per cent of its total electricity usage by 2025. AT&T has also grown its renewable energy programme, buying power from three different wind farms and launching a scholarship for students who want to become wind turbine technicians.

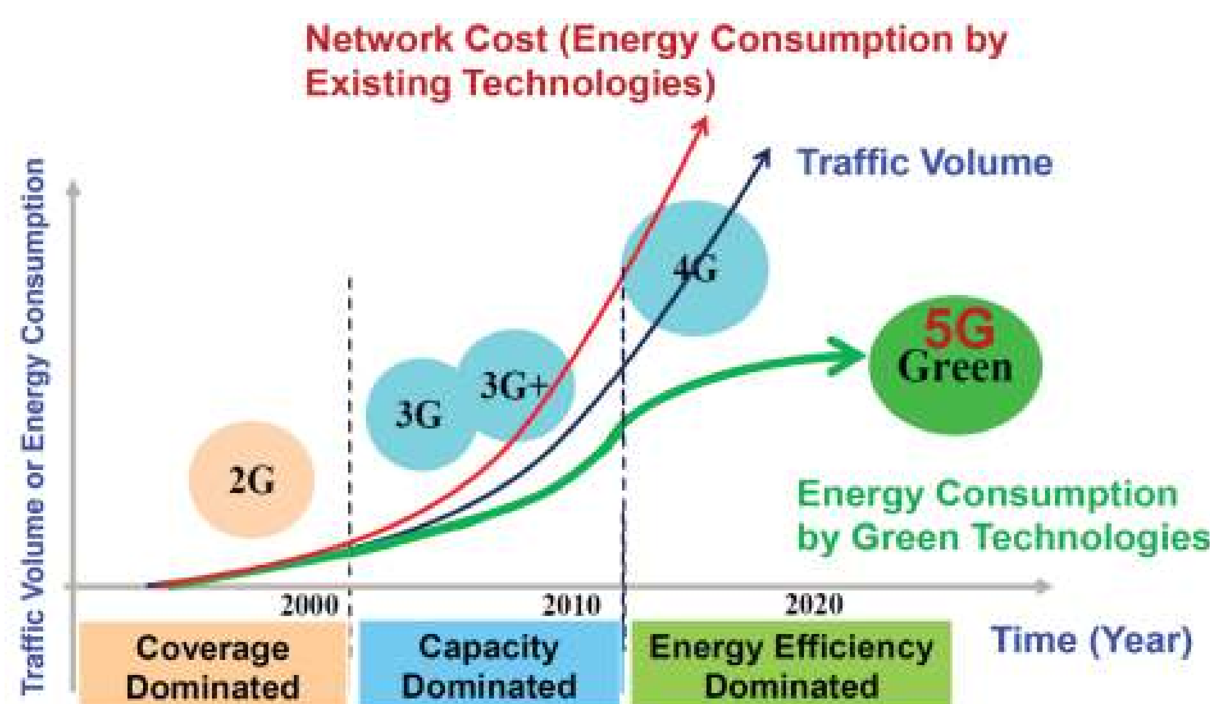
Elsewhere, Vodafone committed to purchase 100 per cent of its electricity from renewable sources by 2025, while Telefonica is aiming for half by 2020. Others including Tele2 and Japan-based NEC are pushing for reduced energy consumption through the introduction of more efficient network technologies.

PR-savvy operators have played to popular support for efforts to combat climate change, framing the shift to renewable energy as a sort of altruistic pivot to do their part to save the environment. But, as noted above, the real driver is a complex numbers game playing out behind the scenes, as operators face a steep increase in energy consumption in a 5G world and a fluctuating energy market.

For instance, T-Mobile said it expects to save $100 million over the next 15 years thanks to its move to renewable energy, while an AT&T representative told Mobile World Live its implementation of energy efficiency projects since 2010 has yielded some $427 million in annualised savings.

In a time of uncertainty, it seems operators have landed on renewable energy as the best path forward, given the sector's lower costs and relative price stability. And expansion of renewable energy initiatives among telecoms is likely to continue, as long as there's an upside for operators.

Source: GSMA



>>> Briefs

China Unicom claims 5G call first using ZTE device

CHINA Unicom and equipment supplier ZTE has announced they completed a 5G call with the vendor's 5G prototype smartphone in a commercial field trial in Shenzhen.

In a joint statement, the two said the call was a world's first using non-standalone (NSA) mode, which is compliant with 3GPP Release-15. They said the test also completed the verification of services including WeChat group voice call, online video and web browsing.

The trial used ZTE's end-to-end network equipment, which included its radio access network, core network, transport network and intelligent device. Shenzhen, one of the operator's first 5G pilot cities, is verifying the 5G network equipment's networking capabilities, special services, roaming and interconnection in phases.

China Unicom and rivals China Mobile and China Telecom are involved in third-phase 5G tests for core network performance stability and security function. Under the guidance of the Ministry of Industry and Information Technology, the IMT-2020 (5G) Promotion Group initiated third phase 5G R&D tests in November 2017.

Helios Towers targets South Africa 5G opportunity

AFRICAN infrastructure company Helios Towers has partnered with South Africa-based network construction and maintenance company Vulatel to build open access wireless and fixed line infrastructure in the country in a bid to tap its 5G potential.

Helios Towers said in a statement it "expects the South African market to lead the way on 5G rollout in Sub-Saharan Africa with a consumer and industrial business case for better coverage and enhanced connectivity delivered through the country's current mobile network operators."

It stated the new unit it wants to create, Helios Towers South Africa, "will support the rollout by building greenfield mobile tower infrastructure and the associated high-speed microwave and fibre-optic infrastructure that will enable MNOs to meet their customers' needs."

Vulatel CEO Tlhabeli Ralebitso explained that demand for data services are not being met in the country, which "provides an unrivalled opportunity" to the companies.

Helios Towers said the deal will enable it to diversify its geographic mix. It was formed in 2009 and currently owns around 6,500 towers in Ghana, Tanzania and Democratic Republic of the Congo.

Germany weighs Huawei 5G shut-out

THE Germany's government is considering action that could effectively block Huawei from participating in the build-out of 5G networks in the country, as global security concerns about the vendor continue to mount.

German newspaper Handelsblatt reported, citing government sources, that officials are assessing the possibility of setting security standards that will be impossible for Huawei to achieve, while amendments to German telecoms law are also possible.

The government's stance regarding Huawei appears to have shifted considerably from October 2018, when it said it saw no legal basis to bar any vendors from the country's 5G market, despite pressure from the US and Australia.

Both countries, along with New Zealand, have banned Huawei from participating in their 5G rollouts, due to national security concerns. Other countries have threatened similar action.

Germany first indicated that its concerns about Huawei were ramping in December 2018, when Deutsche Telekom, which is part state-owned, said it was reassessing its network equipment strategy. The company said it was taking the global discussion about deploying network equipment from Chinese vendors "very seriously".

Norway latest to threaten Huawei 5G ban

NORWAY has joined other western nations in expressing concerns about Chinese vendor Huawei, as the government reportedly considers banning the company from participating in its 5G infrastructure deployment.

Speaking to Reuters, Norway's justice minister Tor Mikkel Wara said the country shared "the same concerns as the US and Britain and that is espionage and state actors in Norway". "This question is high priority…we want to have this in place before we build the next round of the telecom network."

Huawei faced intense scrutiny from a number of nations throughout 2018, with concerns centred around whether its equipment could pose a threat to national security.

The vendor has already been banned from supplying equipment for future 5G builds in the US, Australia and New Zealand, while operators in Japan also said they would avoid the Chinese vendor. In Europe, Germany has suggested it could follow suit, while UK's BT is planning to remove all Huawei equipment from mobile operator EE's core 4G network within two years.

When asked if it could implement its own ban on Huawei, Wara said Norway was "considering the steps taken in other countries. That is a part of it – the steps taken in the US and Britain".

Company News

Barclays trial: What lies behind the prosecution?

LONDON

THE trial of four former Barclays executives starting in January 2019 in the United Kingdom is a unique legal landmark.

Bank chief executives have been prosecuted before, in Iceland and Ireland, but never in the United States or the United Kingdom. This is the only time in living memory that a chief executive of a global, UK-based bank has been criminally prosecuted.

More importantly, it is the only time in the UK that any senior bank executive has been criminally prosecuted as a result of what happened during the 2008 financial crisis.

That banking crisis, as few will need reminding, required a taxpayer-funded bailout on a vast, unprecedented scale and triggered the worst recession for 80 years, followed by a decade of flagging living standards.

Yet worldwide the executives who ran those banks have almost universally kept, not only their liberty, but their money, their property and their pensions.

Except for the loss of two knighthoods (Fred Goodwin and James Crosby) and one authorisation to work as a director in financial services (Peter Cummings), there has been a conspicuous absence of consequences for those within the financial community who mismanaged the banks with such serious consequences for everyone else.

For all those reasons and more, the decision by the Serious Fraud Office to charge John Varley, Roger Jenkins, Tom Kalaris and Richard Boath with conspiracy to commit fraud, was significant.

The SFO itself was also under threat; in their 2017 election manifesto the Conservative Party pledged to scrap it. But the SFO's decision to charge the Barclays executives, announced on 20 June 2017, a day before the Queen's speech, changed the picture.

The SFO survived, but this case is a crucial test for the agency. Can it pull off the only prosecution of executives for events during the 2008 crash?

Looking back

In 2008, Barclays, like other banks, was running low on cash. The bank deregulation of the late 1990s and the credit and property boom of the early-to-mid noughties had led all banks to lend far more than they ever had before.

The key difference was that the money for that lending was coming, not just from savers and depositors, but also from investors all around the world. As the volume of lending grew, property prices rose and bonuses rolled in.

The bankers took their eyes off their balance sheets - a fact which by 2008 was painfully apparent. For RBS, HBOS and Barclays, what are known as "capital ratios" - the financial safety cushions they kept against the risk of not getting their money back - were looking threadbare.

At its worst, for every £100 the banks had lent, if as little as three or four pounds failed to be repaid, it might be enough to bankrupt them.

After the rescue of Northern Rock in September 2007, the Treasury dug into the figures and put the banks on notice. They had to plump up those safety cushions by raising billions of pounds.

At first, wishing to avoid further Northern Rock-style nationalisations, regulators and government insisted they do so privately.

RBS raised some money on the markets and HBOS tried to do the same, with poor results.

The credit crunch that had been triggered by huge losses on sub-prime mortgages in the United States was in full swing: banks didn't want to lend to each other because they didn't know how much either they or their competitors had lost.

The smart money at the big City institutions didn't want more bank shares.

Fall back plan

In June 2008 Barclays tried to raise £4.5bn from existing shareholders by offering them the right to take up new shares in exchange for contributing more money (known in the City as a "rights issue").

Only 19% did so. Barclays knew it would need a fall-back plan but who would want to invest in beefing up the banks when they looked in such bad shape?

Barclays' answer to that question was the gas-rich Gulf state of Qatar. The Qatar Investment Authority invested £1.8bn and a company representing the ruling family in Qatar, Challenger, pumped in another £533m.

By early October, it was clear to the Treasury, the Bank of England and the regulators that the private fund-raisings by the banks were not enough.

Following the collapse of Lehman Brothers in September, the whole financial system was in jeopardy.

Prime Minister Gordon Brown and Chancellor of the Exchequer Alistair Darling feared that if they didn't force the banks to beef up their threadbare finances as a matter of urgency, more Northern Rock-style bank runs would follow and cash machines would dry up. The banking crisis threatened to mutate into a full-blown depression.

Key questions

Part-nationalising the banks by forcing them to take taxpayers' capital in exchange for shares was the government's reluctant but decisive solution.

On the weekend of 11 and 12 October, John Varley was among the bank executives invited to the Treasury for the weekend to work out how many billions of taxpayers' money they would be forced to accept.

But Barclays decided to take a different route, and MrVarley chose to stay away.

Later that month Barclays announced it had raised more than £7bn from Qatar and Abu Dhabi.

A key question is: was that done legitimately and were shareholders told what they should have been told? At the time of both capital raisings, in June and October, Barclays didn't just raise funds, it also paid money out to Qatari investors.

It paid out about £42m at the time of the capital-raising in June, and a further £280m at the time of the much larger October capital-raising.

Should those fees have been disclosed? Were they simply, as Barclays later said they were, "advisory services agreements" for legitimate services carried out for Barclays?

Or were they effectively bribes, inducements for the Qataris to invest, that Barclays should have made public?

The SFO originally sought to prosecute not only the bank executives, but the banking group itself, the only time a bank as a corporate entity had faced prosecution since the crisis.

However, the judge, Justice Jay, dismissed the case against Barclays corporate. We don't yet know why because his ruling has been kept private. That, along with the jurors' verdict, is likely to take months to discover.

Iranian company to help build Stiegler's Gorge project

By Finacial Times Reporter

AN engineering consulting company in Iran has won an international tender to help construct the Stiegler's Gorge hydropower dam and hydroelectric plant in Tanzania.

The news portal of the Iranian Energy Ministry (known as PAVEN) reported that MahabGhodss, a leading engineering consultancy company in Iran, will provide consulting services for the Egyptian contractor of the project, El Sewedy Electric Company.

The Tanzanian government awarded a tender for the construction of the hydropower project to a joint venture between Egyptian companies El Sewedy Electric and Arab Contractors.

Arab Contractors has 55 per cent stake in the joint venture for construction of the Rufiji Hydropower Project and El Sewedy holds 45 per cent of the shares. The government expects the Stiegler's Gorge project will take 42 months to completion and power production will likely start by April 2022.

Iranian firm MahabGhodss won the bid to provide consulting services to the El Sewedy-Arab Contractors joint venture in Tanzania in a tough competition with foreign rivals like Italy's Electroconsult and Australia's professional services engineering company, SMEC.

The Tanzanian government signed a deal in December last year for construction of the $3 billion Rufiji hydroelectric power plant at Stiegler's Gorge. The 2,115 megawatts (MW) project would more than double the country's power generation capacity. But the project's location is in a World Heritage site and has faced opposition from conservationists.

Environmentalists say the construction of a dam on a major river that runs through the Selous Game Reserve could affect wildlife and their habitats downstream.

Known for its elephants, black rhinos and giraffes, theSelous Game Reserve covers 50,000 square kilometres and is one of the largest protected areas in Africa, according to the United Nations Organisation for Education, Science and Culture (UNESCO).

The planned hydropower dam "puts protected areas of global importance, as well as the livelihoods of over 200,000 people who depend upon the environment, at risk," the World Wildlife Fund conservation group said in a report in July 2017.

Representatives of state-run Tanzania Electric Supply Company (TANESCO), El Sewedy and Arab Contractors signed the agreement for the construction of the power plant at State House in Dar es Salaam last month in the presence of President John Magufuli and Egyptian Prime Minister MostafaMadbouly.

"When we asked for financing for this project, various lenders refused to give us money but thanks to improved tax collection, we are able to finance this project using our own resources," Magufuli said after witnessing the signing of the deal.

Monthly tax revenue has increased to an average of 1.3 trillion shillings per month under his administration from 850 billion shillings before he came to power in late 2015, Magufuli said. He rejected widespread environmental concerns against the project, saying Tanzania has allocated 32.5 per cent of its land mass to conservation.

"The dam will become a major source of water and the cheap electricity to be produced from the dam will reduce the number of people who cut trees for firewood," he said.

Magufuli has introduced anti-corruption measures and tough economic reforms and pushed for swift completion of big infrastructure projects including roads, railways and airports.

Headquartered in Tehran, MahabGhodss Consulting Engineering Company provides engineering consultancy services for the water industry.

It offers consultancy and management services for various aspects of project development, from inception to implementation and post-commissioning stages.

Its activities include large hydro projects, including large dams, hydropower plants, monitoring and rehabilitation of existing dams, irrigation and drainage networks, diversion dams, river engineering, soil survey and land reclamation.

It also deals with water and wastewater networks, treatment plants, pumping stations, and oil and gas transmission lines, environmental impact assessment and surveying.

Vodafone puts Huawei rollout in core networks on hold

PARIS

VODAFONE has "paused" the deployment of Huawei equipment in its core networks in Europe until Western governments resolve security concerns about the Chinese telecoms giant.

Huawei is under scrutiny over its ties with the Chinese government and allegations that its technology could be used for spying.

The Chinese firm has consistently denied those allegations.

Vodafone chief executive Nick Read said that debate was "too simplistic".

Nevertheless, he said: "We have decided to pause further Huawei in our core whilst we engage with the various agencies and governments and Huawei just to finalise the situation, of which I feel Huawei is really open and working hard."

Important player

Vodafone will put on hold the rollout of Huawei equipment into its European core networks, including in the UK, until governments and security services clarify whether that equipment will be able to be used or whether there will be restrictions on using that technology.

The firm's core networks are the data centres, equipment and software that Vodafone uses to connect customers to each other and the internet.

These are distinct from its radio networks, of masts and equipment, and its transmission networks, which connect the core and radio networks.

The greatest concentration of data lies in the core networks, which are more security-sensitive.

There are three big vendors which supply telecoms equipment in Europe: Huawei, Ericsson, and Nokia.

Huawei has about a 35% market share in Europe, making it an important player in the industry.

A Huawei spokesperson said: "Vodafone and Huawei are long-term strategic partners that have worked together since 2007.

"Huawei is focused on supporting Vodafone's 5G network rollouts, of which the core is a small proportion.

"We are grateful to Vodafone for its support of Huawei and we will endeavour to live up to the trust placed in us."

5G race

Governments and telecoms firms around the world are in a race to deploy so-called 5G or fifth generation networks, with commercial services already available in the US and South Korea.

However, since 2012 the US has been concerned about the security implications of letting a Chinese firm with links to the People's Liberation Army and the Communist Party supply telecommunications equipment.

The US has taken an increasingly aggressive stance against the firm as the 5G race has gained momentum.

In August 2018, Australia said Huawei and Chinese rival ZTE would be excluded from its 5G networks, and in November 2018 New Zealand followed suit.

In December 2018, Huawei chief financial officer Meng Wanzhou was arrested in Vancouver.

In January this year, Huawei sacked an employee who had been arrested in Poland on suspicion of spying.

Reuters reported last week that the arrest may have put Huawei out of the running to supply equipment for Poland's future 5G network.

>>> THE TECH VOTE

Nigeria's tech startups have become a political talking point to sway young voters

view of the Yaba district in Lagos, home to Nigeria's dominant start-up scene

By Yomi Kazeem

NIGERIA's tech ecosystem has come in for praise over the past decade given the rise of startups solving problems and serving addressable market needs using technology. Investment—running into hundreds of millions of dollars—has flowed in and several startup and tech hubs have launched, ensuring a pipeline of innovative ideas.

But tech startups are increasingly becoming political fodder too.

With Nigeria's general elections barely a month away, candidates looking to sway young voters—a majority of the electorate—are name-dropping tech companies in a bid to appear friendly to the ecosystem. In a recent debate for governorship candidates in Lagos, Nigeria's commercial nerve center, leading candidates made sure to tout their support to the local ecosystem—Africa's most valuable. Jide Sanwo-Olu, candidate of the ruling All Progressive Congress, claimedhe'd visited all tech companies in the state and will establish a tech hub in each of Lagos' 20 local governments.

And it's not just governorship candidates. Nigeria's vice president is well-known for visiting tech companies, speaking at conferences as well talking up government support for the sector. It's part of long-held ambition to diversify the country's oil exports-reliant economy. But the federal government's actions has not always matched its rhetoric.

For instance, current communications minister Adebayo Shittu has largely underwhelmed in comparison to his predecessor Omobola Johnson, often credited as a key player in the critical early days of the tech ecosystem. Aso Villa Demo Day, a pitch event for startups sponsored by the presidency, has also stalled with grantees complaining of delays in receiving funds. Indeed, tech startups also often come under the weight of Nigeria's tough business climate as shown by this tweet by Tayo Oviosu, founder of leading payments firm, Paga.

On one hand, the increased mentions suggests Nigeria's political class recognized the importance of the local tech ecosystem. In truth, the growing influence of tech is self-evident: Mark Zuckerberg's visit in 2016, including a stop at Nigeria's presidential villa, was, in itself, a validation of the ecosystem's rapid growth and potential.

"I think the politicians are just paying lip service," says Iyin Aboyeji, co-founder of Andela and Flutterwave, two of Nigeria's most prominent tech startups. "Tech votes are influential because they have the ability to reach large audiences of young people which are the largest voting blocs," said Aboyeji, who had previously been linked to the current government as a member of its industrial policy council. In the event politicians are truly intent on supporting the ecosystem, Aboyeji recommends focusing on easing internet access problems and implementing the national broadband policy—a target to grow broadband penetration by 30%. However, private sector efforts have so far been hampered by expensive "right of way" levies for laying broadband cable. "Removing right of way or abolishing [it] completely," Aboyeji says, "will spur investment in broadband."

QUARTZ AFRICA

There are more female cab drivers on Nairobi roads than ever before and more are coming

By Osman Mohamed Osman

GRACE Mutuota never imagined herself making money from her vehicle as a taxi driver. The social worker lost her job in 2016 while working for a non-governmental organization in Nairobi.

"I was at a point where I could not start looking for jobs. I felt like I needed something else," says the 49-year-old mother of three.

Her former colleagues, who shared morning commutes to work together, motivated her to sign up for Uber, which was attracting thousands of drivers in Kenya and beyond at the time. Mutuota went ahead and joined Uber to take advantage of the flexible working hours.

Like in many other countries and cities, before the launch of ride-hailing apps, the taxi business in Kenya used to be considered "a man's job" and unsafe for female drivers.

Since 2014, Nairobi has experienced a surge in taxi apps, both local and international, including Uber, Taxify, Little Cab and Mondo. They have quickly become one of the important ways for residents to cope with the city's poorly managed public transport system. The expansion of the city's middle class population, armed with smartphones and affordable internet, has been a boon for these apps.

But even these apps didn't make it completely safe for female drivers or female passengers, even in a slightly less male-centric business. While access to the driver's seat improved with most apps, the perception of safety did not necessarily change very much.

Mehnaz Sarwar, founder of An-Nisa, wearing niqab, with women drivers at the launch.

For one thing, in the early years there were numerous attacks on ride-sharing drivers in Nairobi, particularly by drivers from the traditional taxi industry, angry at the shrinking of their business. There have also been reports of female passengers being attacked by drivers.

All these factors encouraged Mehnaz Sarwar, 33, to launch An-Nisa Taxi, an e-taxi app launched last September exclusively for women and children passengers in Nairobi. Sarwar, a Muslim woman who wears a full length niqab when in public, had previously run a family restaurant business. Her concerns about riding with a male driver pushed her to look into developing a female-focused app. With $10,000 from her previous business and other funds from family she started work on what became An-Nisa, which means "women" in Arabic.

"My experiences motivated me to start this app. I always feared, as a Muslim woman, and I wanted to be driven by a fellow woman which was rare to find," says Sarwar, founder of An-Nisa, which launched in September 2018. Many women, Sarwar says, feel much safer and comfortable when driven by a fellow lady.

Unlike others in the market, which take up to 25 per cent of the driver's earning, An-Nisa charges 10 per cent of what the drivers earn from trips "as a way of empowering women who mostly go through unique challenges and need financial freedom," Sarwar adds.

The low deduction makes Mutuota, who recently registered as a driver for An-Nisa, means she will earn about $300 after deducting all her expenses. Within the first week of service, she managed to register 100 women drivers and there were a thousand downloads of the app. There are now 300 female drivers on her roster.

Female opportunity

But An-nisa doesn't have the female-focused market to itself, as a gesture of attracting female drivers, Taxify introduced vehicle financing for drivers who cannot purchase upfront; giving priority access to women.

"One in every 50 drivers is a woman. A lot of women on the Taxify platform are sole breadwinners in their households, They go out of their way working for longer hours to maximize their income," said Shivachi Muleji, Taxify East Africa general manager.

Mondo, which launched in 2016 registered 200 women drivers. Little Cab, owned by Kenya's largest mobile network, Safaricom, has registered 500 female drivers up from just 27 when they launched in 2016. Little Cab has an option for a passenger to choose either a male or a female driver. Maureen Chege, Little Cab's head of sales and marketing says that they are attracting more women by "enabling a safety feature for women drivers in case they find themselves in danger while dropping off riders."

While these numbers look high, many drivers like Mutuota are registered to two or more taxi apps. "This enables me to have riders all the time," she says. There is no official data on the total numbers of women registered to all the taxi apps in Kenya.

According to the Kenya National Bureau of Statistics (KNBS), only a third of the 2.5 million people employed in the formal sector are women. With a low number of women in the employment sector, Sarwar hopes An-Nisa will immensely contribute to the narrowing of gender gap by making women employ themselves.

"I want women to have an option of thriving in this male-dominated field," Sarwar says."That's my vision."

QUARTZ AFRICA

How science is engineering solutions to future global challenges

THE world is going through a fundamental transformation, which is changing the way we live, work and think. The Fourth Industrial Revolution is ushering in dramatic change and giving rise to a future filled with exciting opportunities and new challenges. Together, governments and businesses must find solutions to society's most pressing needs – from creating a carbon-free economy to tackling population growth and urbanization.

In any period of rapid change there is an inclination to look for a simple fix, to usher in the new and replace the old way of doing things. But a closer look at the facts tells a different story. Complex problems require many solutions working in harmony to enable positive change.

The challenge for scientists and engineers is to provide solutions anchored in fact, data and today's realities. And while technologies offer new tools to help uncover solutions, the process also requires hard work, imagination and lots of innovation.

Success rests on implementing and delivering practical, realistic, long-term solutions that make the world cleaner, safer and more sustainable.

Charging forward – a multi-faceted approach

The environment is a case in point. Much of the public debate has centered on the central role of renewable power sources in realizing a low-carbon energy future. While the industry is fully behind developing renewables, today we understand that a low or zero-carbon future depends on adopting a multi-faceted approach.

We cannot control sunshine levels or decide when the wind blows, which means solar power and wind power generators will produce too much or too little energy at times. The transition to renewables needs to take account of serious considerations, like overcoming intermittency, providing energy security and balancing economic realities.

Batteries have been much discussed as a means of storing surplus energy, but there are alternatives. Power-to-X technologies enable excess energy generated by renewables to be stored and redistributed when and where needed. For example, surplus electricity can be captured and converted into hydrogen using electrolysis, which can be used to create methane gas or ammonia, key ingredients in manufacturing and fuels.

The road ahead – combining technologies

Despite the growing importance of renewable energy sources to the world's power generating capacity, McKinsey estimates that nearly three-quarters of the world's primary energy demand will still be met by coal, oil and gas by mid-century.

To safeguard the future, we need to find new ways of making fossil fuels cleaner and more efficient. Mitsubishi Heavy Industries (MHI) Group's carbon capture and storage technology is a good example. At Petra Nova, near Houston, Texas, carbon dioxide is stripped out from the slipstream of flue gas of a coal-fired power plant. As well as reducing harmful emissions, the carbon dioxide is then used for harvesting hard-to-reach oil deposits, remaining in the ground afterwards.

WEF

Real**Estate**

China can no longer rely on real estate for growth. It's now turning to railways and more debt

By Evelyn Cheng

CHINESE authorities face an ever-growing list of challenges — be it an ongoing trade fight with the U.S. or headwinds in domestic demand — and it appears they don't have many tools left to spur the economy amid a slowdown.

The real estate market in China has traditionally played a major role in its economic development, household wealth and public sentiment. Real estate has been used by Beijing to stimulate growth during previous downturns, including one just three years ago.

But along with a Chinese penchant for investing in houses, persistent expectations of government support sent prices and the household debt burden soaring.

That's created a delicate situation, one which analysts expect Beijing will not touch this time around, except to keep prices steady.

Junheng Li, founder of China-focused equity research firm JL Warren Capital, estimates 61 percent of Chinese urban households live in homes less than 10 years old. She also notes there are many older units that are still in good condition.

Some "simple math shows that continuously building new homes to stimulate investments and meanwhile create the false impression of wealth effect coming with home price appreciation is about to hit the wall," she said in a January report. "Chinese policy makers are fully aware and highly alert not to send the wrong signal to the home buyers that home prices will continue to hike."

High housing debt

As Beijing tries to shift its economy to one that's driven by consumption, the worry is that consumers will not have the means, or the enthusiasm, to spend. Already, retail sales growth has slowed significantly amid uncertainty about U.S.-China trade tensions and the impact on economic growth.

Economists at Moody's Analytics pointed out in December that Chinese disposable income has grown at an average annual rate of 10 percent for the last six years, while household debt — of which the majority is tied to housing — has grown at an average rate of 20 percent a year. In the past year, the average rate of household debt growth climbed to 26 percent, the report said.

It's unlikely that the housing market will lead China out of the latest economic slump. In the last few years, government intervention has cooled the market, and real estate's contribution to growth has fallen slightly to about a third or a quarter, according to Dan Wang, analyst at the Economist Intelligence Unit.

In fact, several China watchers have said the property market poses the greatest risks for China in the year ahead.

On Tuesday, Lynda Zhou, Fidelity International's chief investment officer of equities in China, said an unexpected sharp drop in housing prices would be a "black swan" event. A black swan event is an unforeseen occurrence that usually has dire consequences, which Chinese President Xi Jinping warned of earlier this week when he was talking about challenges to China's economy.

Infrastructure spending is key

China's rapid ascent to becoming the world's second largest economy has brought with it a slew of problems.

The Communist Party-controlled government has so far managed to keep a handle on growth. But it's an ongoing challenge that faces repeated tests. To prevent a sharp economic slowdown this time, analysts said Beijing has only one primary option for spending: infrastructure.

"This round of economic decline is due, to a large degree, to a downturn in individual and private sector confidence," Qian Wang, managing director and chief economist, Asia-Pacific, at Vanguard Investment Strategy Group, said in Mandarin during a press event in Shanghai earlier this month. "In this situation, we are concerned that stimulative economic policy may be slowly losing its effectiveness, and may not work as quickly."

> "This round of economic decline is due, to a large degree, to a downturn in individual and private sector confidence,"
> QIAN WANG, MANAGING DIRECTOR AND CHIEF ECONOMIST, ASIA-PACIFIC, VANGUARD INVESTMENT STRATEGY GROUP

Wang expects the government's announcements on tax and fee cuts to have a positive effect in the long term, but in the short term, authorities will need to stimulate through infrastructure spending.

Here, the Chinese government has moved swiftly after pausing many plans for railway development because of concerns about debt buildup. Some have criticized Beijing's crackdown on leverage in the last two years as overly harsh, contributing to the slowest pace of gross domestic product growth in 28 years in 2018.

The National Development and Reform Commission suspended approvals of urban transit projects in August 2017. But in the second half of last year — primarily in December — the Commission gave seven major Chinese cities the green light for such projects, Nomura's chief China economist Ting Lu and his team pointed out in a Jan. 18 report. As of publication, total investments into such projects reached 714.2 billion yuan ($105 billion), the report noted.

"The acceleration in the pace of these project approvals suggests that Beijing has become more concerned with the economic slowdown and is keen to pick up urban transit investment (a key portion of infrastructure investment) to increase demand and stabilise economic growth," Lu said in the report.

Alternative funding methods

The hope is that developing projects such as high-speed rail will bring temporary jobs, economic growth and investment to lesser known areas. Amid concerns about high-debt levels, analysts said China is trying some alternative financing methods such as private partnerships and project-based debt issuance.

Infrastructure spending can also come in the form of investment in technologies such as 5G and the internet, Vanguard's Wang said.

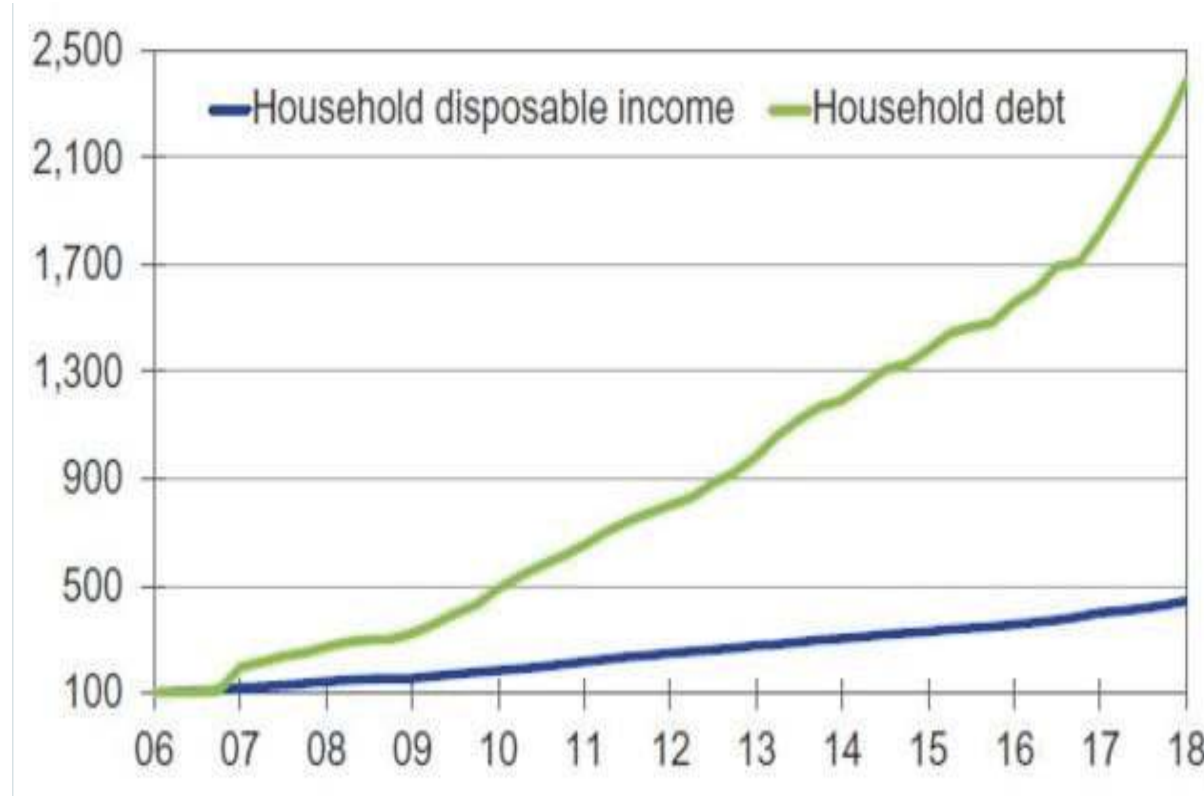
With its "Made in China 2025" plan, Beijing aims to turn the country into a global technology leader. In a Jan. 22 report, the Economist Intelligence Unit found that cities which have aligned themselves with the central policy generally have better growth prospects.

However, it's unclear how quickly and to what extent increased spending on such infrastructure projects will help economic growth. China has already built an extensive high-speed railway network, especially in the most prosperous regions. And in another major issue for authorities, the private sector which creates most new jobs is struggling in a financing and operating environment that still favors state-owned enterprises.

"The debt-driven model, China cannot totally abandon it," the Economist Intelligence Unit's Wang said. "When consumption cannot drive growth, debt-driven infrastructure spending is necessary."

CNBC

Household debt growth outpacing disposable income



Source: Moody's Analytics

Macau housing market impacted by gaming industry, China-US trade and Brexit

By Michael Gerrity

ACCORDING to global property consultant JLL's recently released Macau Year-end Property Review 2018, shadowed by the various regulatory measures on the property market and the external economic uncertainty, Macau's property market softened and saw a slowdown in investment sentiment.

According to the DICJ statistics, Macau's gaming revenue continued to grow following the uptrend in 2017 and recorded at MOP 302.85 billion in 2018, up 14 per cent y-o-y. In fact, the city's gaming revenue has seen monthly y-o-y growth for 29 consecutive months since August 2016, and been back to the over MOP 300 billion level for the first time since 2014. The VIP and mass markets saw y-o-y growth of 12.8 per cent and 20.0 per cent respectively in their revenues in the first three quarters of 2018, with VIP market accounting for 55.4 per cent of the total gaming revenue, down 1.5 per cent y-o-y.

Macau's GDP totaled MOP 306.08 billion in the first three quarters of 2018, up 5.6 per cent y-o-y. The expenditure-based GDP showed that the growth was mainly driven by the gaming-related export of services that grew by 11.0 per cent y-o-y and made up 85.3 per cent of Macau's total GDP. During the first three quarters, private consumption expenditure and government consumption expenditure rose by 5.1 per cent and 4.0 per cent y-o-y respectively, while fixed capital formation fell by 11.2 per cent y-o-y due to the reduced number of construction projects.

Macau's total visitor arrivals recorded at 32,233,000 in the first 11 months of 2018, up 9.1 per cent y-o-y. Visitors from Mainland China were still the dominant, accounting for 70.8 per cent of the total, while 48.7 per cent out of which visiting Macau under the Individual Traveller Scheme (ITS). Remained the key growth driver for Macau's visitor arrivals, Mainland visitors increased by 13.3 per cent y-o-y. As of November 2018, the total supply of hotel rooms in Macau recorded at 38,100, out of which 24,500 were five-star hotel rooms. The cumulative occupancy rate of hotel rooms in Macau increased to 91.3 per cent, while the average length of stay of guests maintained at 1.5 nights.

The labor market in Macau remained broadly stable in 2018. According to the DSEC statistics, the unemployment rate fell a bit to 1.7 per cent while the overall median monthly income stayed at MOP 16,000 as of the end of the third quarter. The number of imported labor in Macau reached a record high of 188,854 as of end November, up 5.2 per cent from end 2017. The total resident deposit in Macau increased to MOP 608.10 billion as of end October 2018, up 5.5 per cent from end 2017.

"Driven by the completion of major gaming facilities during the year, Macau's economic indicators in general saw a healthy growth in 2018. The property market was relatively active in 1H18. However, investment sentiment became cautious in 2H18 due to the economic uncertainty caused by the intensifying trade war between China and the US, Brexit dilemma and potential interest rate hikes. In view of the slowing economy in China, a few analytic institutions have forecast that Macau's gaming revenue would see a slower growth. We expect Macau's property to face pressure in 2019," says Mark Wong, Senior Manager, Valuation Advisory Services at JLL Macau.

Macau Residential Market Highlights

- The total residential sales transaction volume in Macau continued to grow in 2018. According to the DSEC statistics, a total of 10,405 residential sales transactions were registered in the first 11 months of 2018, up 6.3 per cent y-o-y. The growth was mainly driven by the number of transactions in 1H18. In 2H18, the number of transactions reduced due to the external economic uncertainty.
- On the supply side, 28 projects were issued with pre-sale consents in 2018, involving a total of 2,747 residential units or approx. 322,055 sqm gross floor area. During the year, several presale or completed projects were launched for sale. According to the DSF information, a total of approx. 2,956 presale transactions were recorded as of early December 2018, accounting for about 28.5 per cent of the total number of residential transactions. It increased significantly in terms of both the number and ratio comparing with the same period in 2017.
- The capital values of high-end and mass-to-medium residential properties rose by 3.5 per cent and 7.8 per cent y-o-y respectively in 2018, while yields recorded at 1.6 per cent and 1.7 per cent respectively. Growth was mainly seen in 1H18; 2H18 was relatively stable.
- In the leasing market, residential rentals went up with the strong demand; the number of imported labor reached a record high in 2018. The rental values for high-end and mass-to-medium residential properties grew by 17.2 per cent and 12.2 per cent y-o-y respectively.

"The government launched a series of corrective measures in 2018 including the imposition of a new stamp duty on buyers acquiring more than one residential property, leading to a significant decrease in speculative activities in the residential market due to the increased investment costs. Moreover, the number of residential transactions worth not more than MOP 8 million saw an increase as the government loosened the mortgage lending ratios for the young, first-time homebuyers. However, the potential demand from this group of first-time homebuyers had been absorbed by the market by end 2018. With the current volatility in the external economic environment, end-users and investors have generally adopted a wait-and-see attitude. Coupled with the government's announcement that 4,000 public housing units will be made available in 2019, residential transaction volume may stay at the low level in the near term while transaction value may fall a bit. Nevertheless, with the healthy economic fundamentals and the over MOP 600 billion resident deposit, a substantial price correction is unlikely to be seen in the residential market", comments Jeff Wong, Senior Director of Capital Markets at JLL Macau. Residential News

Money**Matters**

How to stop being bad with money

By Ned Ehrbar

ARE you worried that you're "bad with money" -- and that there's no way to fix it? You're not alone. At least, that's the message that YouTube star, podcaster and comedian Gaby Dunn hopes to spread with her new book "Bad with Money: The Imperfect Art of Getting Your Financial S**t Together." And she speaks from personal experience.

"We view poor personal finance as a moral, intellectual and personal failure, so if we're not good at it we're a bad person. And that's such a leap," Dunn says. "You need to get rid of that. You need to get rid of anxiety, shame and embarrassment." Dunn's book was born out of her own problems with money and her lack of knowledge about personal finance.

"In 2016, I wrote an article called 'Get Rich or Die Vlogging,' which was about how YouTubers tend to have day jobs that they don't talk about on their channels, while viewers think that they're getting rich from YouTube," she says. "I was crying all the time in my car about money, and I had fans on my YouTube channel who thought that I was a millionaire, and I couldn't even pay my rent. I just thought, the thing I want to talk about right now is money. I don't understand how anyone has it. I don't understand what you do with it."

That led Dunn to start a new podcast, one focusing on the bare bones of personal finance from the perspective of someone who had made it to adulthood with no practical knowledge on the subject. "I had to turn it into a full-time job to even understand this thing that is around us all the time and everyone should know about, which just says something about financial illiteracy in this country," she says.

The more her podcast went on and the more Dunn learned, the more political she became and started to see her lack of financial literacy not as a personal failing but as a generational problem.

"I think that with a lot of finance advice that comes towards young people, they are put off by it because it is very condescending," she says. "It doesn't take into account their daily lives. We graduated into a jobs crisis and a student loan crisis, health care costs are at an all-time high, housing costs are at an all time high. How many medical GoFundMe's do you see? We are in a bad situation."

So if you're like Dunn was, how can you set yourself on the road to no longer being bad with money? Here are some important steps.

Look at it practically

"You just have to eliminate all of the emotional strain from it and just look at it very practically, which is very hard to do," Dunn says.

"Get really specific with what you need to change for yourself, and keep the things that you love."

Push through the fear

"I had so much anxiety," she says. "I would peek at my bank statement and then close it like it was an ancient, cursed book. But you have to look. Just that first step is the most overwhelming part. And you'll cry, probably, but then the next day you'll be like, 'I'm glad I did that.'"

Keep at it

"I hate comparing it to dieting because I don't like diet culture, but I don't mind comparing it to the gym," Dunn says. "I go to the gym, right? And every day when I'm done with the gym, I go, 'It's so cool that I'm immortal now!'" No. Three visits to the gym and you're not going to be immortal."

The same goes for your finances. "And that's a hard pill to swallow. Time is money, you have to deal with money till the end of time, and that's it," she says. "You're not going to fix your money problems and then be immortal."

How one man's eureka moment earns Disney $3bn a year

By Will Smale

ANDY Mooney was standing in line at an ice rink in Phoenix, Arizona, when he had a eureka moment that continues to earn entertainment giant Disney more than $3bn (£2.4bn) a year.

This was back in 2000, soon after Mooney, a Scot, had been appointed head of Disney's consumer products division.

Joining the company after 20 years at Nike, he was working hard to bring himself fully up to speed on every facet of the business. This included going to see a production of Disney on Ice, where figure skaters portray Disney characters.

While queuing to get in he noticed that a great many of the young girls - and also their mothers - had dressed up in generic princess dresses, to look like Disney heroines, such as Snow White, Cinderella, and Aurora from Sleeping Beauty.

Disney didn't sell such dresses at the time, but Mooney (pictured) immediately realised that the company was missing an incredibly lucrative trick.

"I was standing in line with mothers and daughters, all dressed head to toe in princess regalia that they had made at home," says Mooney (63).

"I said to a few of the mums 'if Disney made official dresses like this would you buy them?', and they all replied that they'd buy lots.

"So I rushed back to [Disney headquarters] in Burbank [Los Angeles], and we launched the Disney Princess series pretty quickly."

Not only did Mooney and his team introduce dresses based on those worn by Disney's best-known female characters, they set to work on everything from books to lunchboxes, dolls, magazines, computer games, pyjamas, and tie-ups with food producers.

The idea was to start selling basically everything that female Disney fans, both young and old, might like to buy, all featuring one or more Disney princess.

"By the end of 2001 sales across the Disney Princess lines were something like $300m, and today it is more than $6bn a year," he says.

This is not the success in life that Mooney could have dreamed of when he grew up in a council house in the small Scottish town of Whitburn, half way between Glasgow and Edinburgh. The son of a miner, he left school at 16 to train as an accountant at his local tyre factory.

Yet from this modest start, he went on to play a key role in the growth of US footwear and sportswear company Nike. And after his success at Disney, he is now chief executive at Fender, which - for someone who has been an avid guitar player since he was a teenager - is his "dream job".

After a number of years at the tyre plant Mooney switched to a similarly unglamorous junior accountancy role at the local ironworks. Then aged 25, in 1980, he took his first steps towards to the top of the US corporate world when he applied for, and got, the job as chief finance officer of Nike's UK operation.

"In the interview they didn't ask me anything to do with my accountancy background, it was all about whether I was a cultural fit," says Mooney.

At the time Nike was primarily selling running shoes, so to best understand the business and his products Mooney says he switched from playing football to jogging.

"I picked up running when I joined, and I have stuck at it ever since, running marathons around the world," he says.

While Mooney's day job was a financial one, he started to impress his bosses with his gut instinct for what shoes would sell particularly well, and how Nike could best sell more of them. So much so that Nike UK switched him to head of marketing in 1982.

Two years later he was poached by the marketing team at Nike's head office in Oregon, rising to the become chief marketing officer.

While at Nike, Mooney was a key mover behind the introduction of special limited editions trainers, when inspiration came to him at a set of traffic lights.

"I had become relatively successful, so I could afford to buy a very bad used Porsche 924," he says.

Then a guy pulled up alongside me in a bright yellow 924, and I went 'what the hell is that?'. I discovered that it was a limited edition version of the car, and I wondered if that would work in shoes... It was a big success."

After 20 years at Nike, Mooney says that Disney approached him, and he left for a fresh challenge in 2000, taking up the head of consumer products role.

He stayed with Disney for 11 years before leaving to spend just 26 months as chief executive at sportswear brand Quiksilver, where he admits that for once things didn't work out for him. When he joined Quiksilver it was struggling with debts of more than $1bn.

The top position at Fender followed in 2015, which Mooney says really is "an honour" for someone who already had a collection of more than 40 guitars.

While he says that Fender's annual turnover is a very respectable $500m, he wants to help increase this by reducing the number of people who give up on trying to learn to play their guitar.

Your New Year's financial resolutions for 2019

JOHANNESBURG

GETTING more exercise, going to bed earlier and cutting back on junk food are all admirable New Year's resolutions but, as we embark on 2019, you should also take a long hard look at your finances.

"Taking control of your finances is key to ensuring you have a happy and prosperous new year", says Taryn Schmidt, Chief Marketing Officer at Wonga, a South African short-term loans provider. "Therefore it's important to make some financial goals that will help you shrug off any bad spending habits."

Wonga recommends six achievable New Year's resolutions to help you turn your finances around in 2019.

Financial Goal #1: Build an emergency fund

The first step towards stabilising your finances is to build an emergency fund that will keep you away from your credit cards and out of debt should your income be compromised, or you require quick access to capital. A fully-fledged emergency fund should be sufficient to sustain you and your family for at least three months in the event that you cannot work. So, the sooner you get one started, the better.

Financial Goal #2: Pay off all your short-term debts

Debt, especially short-term debt like credit cards and short-term loans all have their place when 'life happens' however they can mount up, so prioritise paying them off as soon as you can and then focus on saving.

Financial Goal #3: Develop a monthly budget habit

The most effective way to achieve financial goals #1 and #2 is to create a strict monthly budget. You must be strict and account for every cent that you spend. Remember, don't allow your spending habits to determine your budget. Rather, your budget should determine your spending habits.

Financial Goal #4: Reduce your expenses

Writing down a detailed list of every transaction you make in one month is a great way to put things into perspective: it helps you realise just how many automatic deductions go off your account, which of them are redundant, and how frivolous much of your spending is. Could you get cheaper phone packages for your teenagers? Do you have to eat out three times a week? Most people could save upwards of R1 000 simply by cutting back on frivolous spending.

Financial Goal #5: Automate your saving and investing

An excellent way to formalise your commitment to saving is to set up an automatic transfer into your savings account on payday. This way, you prioritise saving and if you forget to make the transfer yourself, you won't find yourself tempted to spend the money.

Financial Goal #6: Create a 5-year plan

Short-term goals are incredibly important for developing healthy spending and saving habits. However, you also need to focus on the long term game, especially if you'd like to own property, buy a car or just increase your financial freedom. Sit down with your significant other and create a 5-year plan for yourself and your family, which your smaller monthly goals and medium annual goals should feed into.

Money Matters

How this entrepreneur went from zero to $100m a year in sales within 24 months of launching

By Alejandro Cremades

THERE aren't many entrepreneurs who at least wouldn't secretly like to have a virally successful product or raise millions of dollars for their startup business. The media makes it sound pretty common today. Though what if the capital market and economy changes? What if you don't have a technology product? What if none of your founders have an MBA from an Ivy League school?

In a new episode of the DealMakers Podcast I interviewed Eric Ryan (pictured) who has launched two very successful ventures. Together they've already raised more than $34 million in funding. One sold to SC Johnson. The other is doing 9 figures a year in sales. Following are a few of the ingredients to his formula for a healthy and flourishing startup venture:

The hardest part of starting a business

Eric Ryan had the great fortune to grow up in an entrepreneurial family. His grandfather dropped out of pharmacy school to work for Henry Ford in Detroit, for $5 a day, before launching an automobile machining company. Between grade school and building offices out of Lego bricks Eric had the pleasure of running around those factory plants.

Still, despite the entrepreneurial DNA and knowing he wanted to build a company of his own since being in third grade, Eric is familiar with the hardest part of starting a company. The one that all entrepreneurs face. That is beating the head games.

After you've started a company or two the mechanics of it are pretty easy. It's just a matter of repeating the same corporate steps. Yet, most entrepreneurs still seem to battle the lizard brain at the beginning of every new venture. No matter how great the idea and your past resume, it still requires some level of bullish confidence, and willingness to put your personal credibility on the line.

Eric told our listeners on the DealMakers Podcast that he learned to apply the process of de-risking a new business by breaking it into little steps.

The dirty business of cleaning products

Once childhood friends, Adam Lowry and Eric Ryan ran into each other after moving into the same block in San Francisco. The flat at 1731 Pine Street that squeezed in six guys, soon became the unwitting birthplace of a cleaning product revolution.

Taking Richard Branson's approach to finding a really big category ripe for

a cultural shift, the founding duo stumbled on the dish soap sector. Which at the time was a bland sea of unattractive bottles that would be hidden under the kitchen sink. That was probably the best place for the cleaning products of those days that contributed to so many childhood poisonings.

With a little elbow grease Method Products was born at the apex of high design and green sustainable products.

De-risking your startup

The first step Method's co-founders took to de-risking their startup business idea was to write up the concept and send it to the 20 smartest people they knew. They invited criticism and asked every recipient to give them three reasons they thought it could fail.

They started bootstrapping. They went to all the independent grocery stores they could in the Bay Area and pitched it. They landed 30 stores.

Then they raised an angel round of $300,000 and landed Target. Then they raised $1 million.

Eric breaks it down to three main steps: Concept development, Prototyping (launch and learn) and Scaling.

Some of this will require basic detective work. Just getting to work and figuring it out as you go. That's a part of the real joy of entrepreneurship.

Method Products was bought by SC Johnson, and then Eric did it all again with this formula with Olly. This latest venture has attracted some very high profile investors, and effectively went from zero to $100 million a year in sales within 24 months of launching.

Fundraising & launching in a downturn

There has been more and more talk of a downturn recently. Both a general economic downturn and a tightening of venture capital may sound scary for some entrepreneurs who have been trying to time the launch of their business ideas. Yet, at Method Eric proved it can be done, and points out some great pros of going to market in crisis periods.

Method landed their term sheet for their Series A funding round just after September 11th. Arguably one of the toughest times to get any funding. Perhaps even more so without a technology driven startup and an unknown founding team.

Yet, Eric says the upside of launching a startup in a downturn is that it's like vacationing in the off season. Everything is on sale. Talent is on sale. Office space is on sale. Tech services are on sale.

You will be forced to focus on a winning pitch and a model that really works. Though if you can make through those years, you'll be well positioned for great growth in the following upturn.

Method was also really early to bring in a CEO who had a MBA. A move they saw vital to closing the more serious Series A round of funding.

Conclusion

There are pros and cons to raising money in both strong and leaner economic times. For those concerned about what's ahead for capital markets, the good news is that others have landed plenty of funding in ever tougher times. Even without formal business credentials, coding skills or a SaaS product. If you can learn to de-risk your venture and achieve methodic progress, you can overcome the mind games, and build a brilliant brand too.

New year, new you: Nine reasons to explore entrepreneurship in 2019

By Terry Powell

NOT everybody wants to be their own boss. It's a lot of responsibility, for starters. But for some people, it's a yearning. It's something they have to do because they have always had an entrepreneurial itch. I know, having met many of those people as the founder of an alternative career coaching franchise. I routinely work with men and women who want to call the shots. If that's you, I can tell you, this is a great time to consider business ownership. Here's why.

1. The economy is strong

There are good arguments for starting a company at any time, even during a downturn. But when the economy is humming, starting a business makes sense because it's more likely that customers with discretionary income are going to be attracted to your business.

2. You have goals you need to fulfill

You probably have an idea of what you want your life to be like, and if your thoughts about your current job range from the mediocre to unhappy, then why prolong that? As I always tell the alternative career seekers who reach out to us, we all need to pursue our ideal income, lifestyle, wealth and equity goals. In other words, you want to achieve a certain income, so you can have the lifestyle you want, the wealth that will allow you to continue building on that lifestyle and the equity to maintain your lifestyle once you retire. You can't do that if you're stuck in a dead-end job, working for somebody else.

3. Society is open to new ideas, more than ever

You used to have fewer choices when it came to your fast food, such as burgers and chicken. Now there are vegan chains and even cereal bar restaurants. Who would have guessed that escape room franchises would be a thing? People want to have fun, and they want what they want, and more than ever, you can give it to them.

4. You want more time with your family

Owning and running your own business is challenging and, in the beginning, can also be time-consuming. I don't want to suggest that if you buy a franchise and become a business owner, you'll never miss your kid's soccer game. But at least if you do, you're the one making that choice. That said, running your own business does give you far more flexibility than you have when you're working for somebody else. If your goal is to coach your kid's soccer team while running your own business, or to run your business and never miss important family milestones and events, you can do that. In fact, there are some franchises that you can run from your own home.

5. You want to pass your business down to your kids

That's a big reason a lot of people start their own businesses (here's more on how to know if it's a smart decision). I coach clients going through career transitions, and believe it or not, just as with an independent mom-and-pop operation, you can pass on your franchise business to your kids — or your future kids, if you haven't started a family yet. So investing in and running a franchise may be more than building a legacy and future for you; you may be creating one for your children and grandchildren.

6. You want to have a passive income

Not all businesses — certainly not all franchises — allow you to do that. In many cases, you need to be present. A lot of it depends on how much income you have now and who you hire as your staff. If you do want a business that pretty much runs itself, that can be the magic of an absentee franchise. You're buying a business system that works, and as long as you have an extremely competent staff, including a general manager to run the place, you can be an effective absentee owner.

7. You don't want to have lingering regrets

Think of the things you haven't done in your life that you wish you had. Do you want "not going into business for myself" to also be one of your regrets? Especially when a national report showed that the franchise sector has been growing for eight straight years?

8. Putting off starting a business will cost you money

Yes, investing in a franchise is an expense and not a decision to take lightly. But putting money into starting a business is also an investment, and every year that you put off making that investment means that with every passing year, you're making less money than you could be.

9. You're not getting younger

None of us is. There are good arguments for holding off, like gaining more experience or saving more money. I'm not pushing anybody to do anything before they're ready. At the same time, it would be a shame to wait another five or 10 years only to later wish you had started your business sooner. Besides, if you are nervous now, maybe in another five or 10 years, instead of feeling more prepared to run a business, you might have talked yourself out of it. Starting a business is a lot like having a baby. Nobody is fully prepared to become parents, and some people don't believe in themselves enough to become business owners, even though they are fully capable and would be excellent at it.

If being your own boss is something you've been thinking about, and you think you are ready but aren't quite sure, you're probably ready. Don't put it off. This new year, it's time to become the new you. That decision to become your own boss, incidentally, is your first executive decision, so congratulations. May it be the first of many in 2019 and beyond!

How "resulting" impacts your personal finances

By Ryan Frallich

I'M at a bar with a friend, and we've each had too much to drink. I schedule a car to pick me up via Uber and leave. Unbeknownst to me, my friend decides he's fine to drive himself home despite the six beers we each consumed.

On my drive home, my Uber was sideswiped as we passed through an intersection, leaving me with months of physical therapy.

He drives himself home and parks, slightly crooked, in front of his house. Who made a better decision upon leaving the bar?

What is resulting?

I made the better decision and had a worse outcome. He made a poor decision and had a positive outcome. Put another way, he got lucky and I was unlucky.

All around us people confuse the results of a decision to be completely linked to the decision making process that went in. This is the concept of "resulting", or drawing a conclusion on the soundness of a decision based on the outcome, rather than whether there was a sound decision making process that gave you the best chance of a favorable outcome. After reading Annie Duke's "Thinking in Bets", I see this sort of faulty logic everywhere, particularly in personal finance decisions.

In personal finance and investing, resulting is dangerous. Thinking you made a good decision when in reality the odds were stacked against you and you got lucky can gives you a false sense of confidence. Overconfidence leads to more risk-taking. More risk taking increases the odds one of those risks blows up on you. Conversely, you can spend years making what probability tells us is a sound decision, only to end up with nothing to show for it.

You never saved a penny for retirement. At age 60, you unexpectedly inherit a million dollars from an uncle. You took a huge risk and got lucky.

You never bought disability insurance despite having your entire family relying on your income. You lived a long healthy life with no unexpected health crises that made you unable to work. You took a huge risk and got lucky.

You bought a home and only put down a 3% down payment. Your home appreciates tremendously and you sell it a decade later for double what you paid. You took a huge risk and got lucky.

You put all your invested money into Amazon in 1998. You took a huge risk and got lucky.

You racked up credit card debt for years, always spending more than you made no matter how many raises you got. Then you joined a startup company that eventually went public, giving you enough money to completely pay off your debts and then some. You took a huge risk and got lucky.

All of the above are decisions with a moderate to high likelihood of an outcome no one desires for their life. But sometimes people hit on 18 and draw a 3.

Conversely, you can do the prudent thing, the action that gives you the highest likelihood of success, and end up regretting it.

You saved diligently for retirement. At age 60, you have a heart attack and pass away before spending a single dollar of what you'd set aside. You did a prudent thing and got unlucky.

You bought disability insurance and paid several hundred dollars per month for a decade. Then you ended up out of work for months for a rare health event that's excluded by your policy. You did a prudent thing and got unlucky.

BUSINESSTIME

>>>LIFESTYLE > TRAVEL

Welcome to little Zanzibar: how Pemba became one of the world's great dive spots

Pemba pristine dive sites are starting to earn an international reputation and the island itself is emerging as a less developed, more laid-back alternative to Zanzibar. File photo

Pemba, off the coast of Tanzania, is laid-back and traditional — and one of the world's great dive spots

By Graeme Green

THE tail disappeared into the blue. Its owner had only been with us a few moments before gracefully gliding away but it was unmistakable: a manta ray. Dive instructors Glenn Campbell and Alla Druzhynina performed a delighted little "victory" dance under the water.

Later, back on the dive boat, the celebrations continued. "Wow, a manta. A manta hasn't been seen under the water here for four years," Campbell explained. "People thought they'd all disappeared. To see mantas returning is so exciting for Pemba."

It's an exciting time overall for Pemba, a tiny island off the coast of Tanzania. There's the arrival of a luxurious hotel (one of just a handful on the island), Pemba Marine Reserve's pristine dive sites are starting to earn an international reputation and the island itself is emerging as a less developed, more laid-back alternative to Zanzibar.

Indeed, Pemba had been described to me as "like Zanzibar 30 years ago". It was easy to see why as our little plane from Dar es Salaam came in to land. Whereas Zanzibar's coast is busy with resorts and the heavily populated area near the airport is a sea of shining metal roofs, Pemba's is emptier, still deserving of its "Green Island" nickname.

We saw a glimpse of island life as we drove south from the airport, passing villages where children in blue-and-white uniforms rode bikes or walked home from school, the girls on this mostly Muslim island wearing white headdresses. The fertile land on each side of the road was being used to produce mango, papaya and the spices these islands are renowned for: cloves, vanilla, ginger, black pepper...

From Nkoani port we took a speedboat out to Fundu Lagoon, a secluded beach hangout on the south-west coast. Wooden buildings with thatched roofs faced out onto the ocean, decorated inside with African masks, shields and drums. In the mornings we watched from our spacious safari-style tent as local women in colourful robes walked along the beach to collect shellfish, while monkeys played on the sand.

In the morning, I boarded a yellow speedboat for Misali Island, across from Fundu. "The coral here is so pristine, so healthy, and there's a lot of fish," Medi Hamis, instructor with Dive 710 (Fundu's in-house dive centre) told me. "Zanzibar and other places are not so pristine, and the dive sites there can have a lot of other dive boats. Here, it's just us."

We geared up, rolled backwards from the boat and descended to explore "Coral Mountain". Large tuna and jacks swam together in squads. A behemoth Napoleon wrasse hovered. Medi picked out a stingray, camouflaged in the sand. Thousands of tiny silver and gold fish glistened as we swam over fan and brain coral.

Later, at the Wowowo dive site, we saw shoals of masked bannerfish, a torpedo ray resting on corals and a massive potato grouper. "Wow, did you see how busy it was down there?" Medi asked, excitedly, as we hit the surface.

The next day we drove north, past Chake-Chake, the island's capital, and up through the island's sweet potato and cassava farms and rice fields. At Mtambwe we stopped at 1001 Organic Zanj Spice, where Mwubwa Shaib led us proudly around his plantation, picking cinnamon, vanilla ("king of the spices"), lemongrass, turmeric, cloves (the "black gold of Zanzibar") and more for us to inspect, smell and taste.

> The coral here is so pristine, so healthy, and there's a lot of fish...Zanzibar and other places are not so pristine, and the dive sites there can have a lot of other dive boats. Here, it's just us,
> MEDI HAMIS, INSTRUCTOR WITH DIVE

Spices and trade are central to the history of these islands. Zanzibar was previously a Portuguese colony, then a Sultanate of Oman and, later, a British Protectorate, before gaining independence in 1963. Mwubwa is adamant that Pemba's spices are better than its sister island. "The soil on Pemba is so good. If you plant something it grows very fast. The food is even nicer than Zanzibar's."

We reached newly opened Constance Aiyana on Pemba's northern tip. Naraindra Ashok Sungkar, the landscape gardener who designed the hotel, clearly has both a sense of style and a playful artistic side. The buildings are brilliant white, with arches, sculpted columns and Sangkar's modern art pieces, from red roosters to chubby round faces, positioned around the pool and gardens, all set among palm trees, bougainvillea and frangipani. Rooms are all-white too, with an energetic "scraped paint" effect on the woodwork. Best of all, we looked directly out onto the Indian Ocean.

We ate sashimi and grilled dorado on the beach and took a sunset cruise on a wind-powered ngadali (wooden boat), before setting off down the north-west coast next morning with Alla and Glenn from Swahili Divers. "There's incredible diversity around Pemba," Alla told me as we travelled towards "The Aquarium" dive site. "Visibility is superb, and in 100 dives, we've never seen another diver under the water."

Pemba's rising status is "a double-edged sword", Campbell said, with plans for the island's runway to be expanded. "We want more people to come, but we also want to preserve this. We want Pemba to be known for 'prestige diving'. There are one or two new hotels on the way with dive centres. But we don't want mass-market fly-by-nighters. We don't want dives with 50-100 other divers."

The Aquarium's rock formations and vivid corals teemed with life. Garden eels stuck out of the sand like antennae. Pufferfish danced around us. At times we were surrounded by more fish species than I could count, from trombone fish to bannerfish.

Then, muffled yells. Even under the water I could make out Glenn's words: "Manta, manta". It saw us, paused, not used to seeing humans, then gently flapped away.

Rudy's Wall, our next dive site, inside the Ngao Channel, had a different, sometimes eerie feel, with big straight ledges, caves and overhangs, like exploring a lost city. But when sunlight pierced through, the fan and vase corals lit up. We found catfish hovering in a nook, three types of nudi-branches and clownfish guarding eggs among anemone tentacles.

It was just a taste of more than 20 dive sites around Pemba. "We're still finding sites. We're seeing new stuff here all the time," Campbell told me, excited by the possibilities. "There's so much more here to explore."

>>>MADE IN DROPBOX

How farmers in Tanzania are using solar energy to invigorate their economy

By Andrew Shen

DESPITE its nickname of "Rock City," Mwanza was built on water. Nestled on the shores of Lake Victoria, Tanzania's second largest city is a bustling hub for trade, shipping, and transportation to otherwise inaccessible islands and villages across the country.

Within these villages lies the true rock of Mwanza and its surrounding area: farming. 85 per cent of Tanzanians work in agriculture, with the lushness of their crops serving as the leading indicator for the wider economy.

According to a study by the Irish government, Tanzania experiences severe droughts with devastating effects to its agriculture, water and energy sectors. The Notre Dame Global Adaptation Initiative (ND-GAIN) Index ranks Tanzania as the 34th most vulnerable and 54th least ready to adapt to climate change, of the countries it covered.

Simusolar is working to address these problems. The Mwanza-based organization produces solar-powered equipment for farmers to fundamentally change how they make a living.

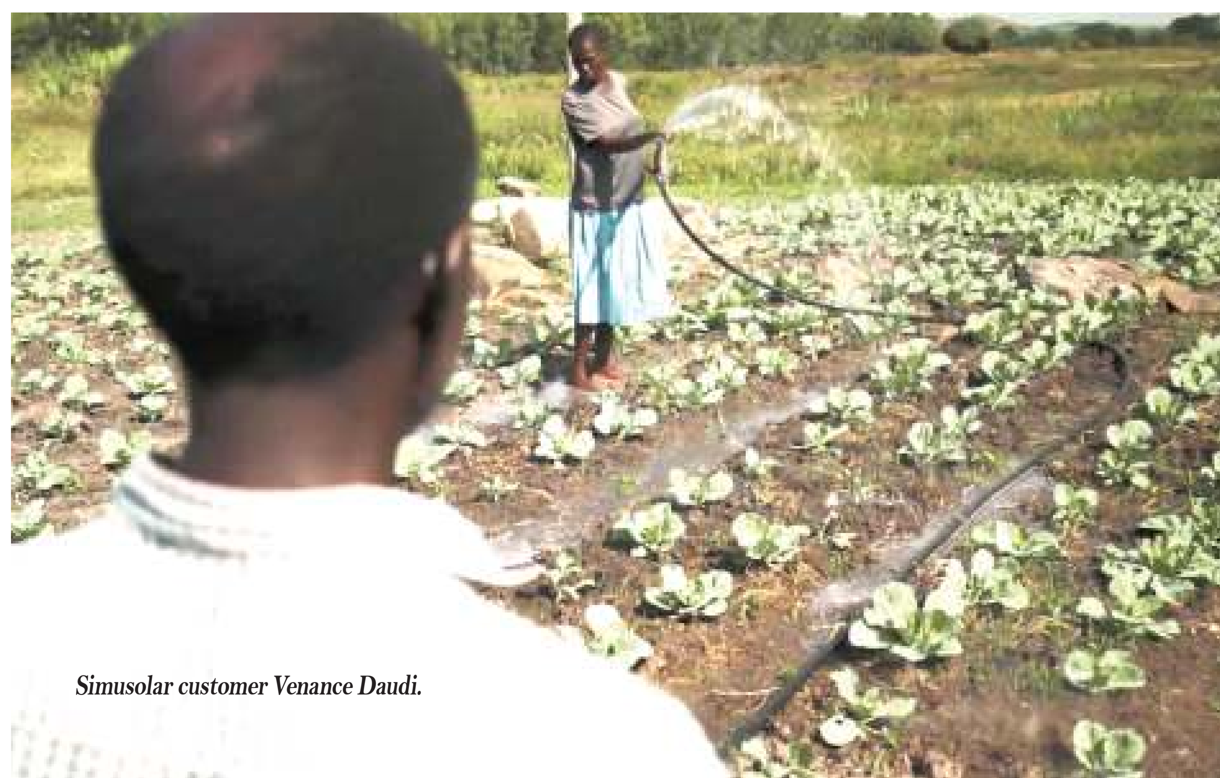
"We told you the percentage of Tanzanians who are farmers, right?" says Arnold Mlokozi, a Mwanzan-born agronomist at Simusolar. "But of that population, only two per cent have access to proper irrigation tools."

We visited Mlokozi and his team to see first-hand the impact they're making. Mlokozi is our guide as we set out to see these farms in action. We'd be blind without him—Google Maps stopped working a long time ago. He leads us to a port to board a commuter ferry departing Mwanza.

Lake Victoria is massive. The rocks on Mwanza's shoreline are soon specks in an endless horizon. When we disembark, we're officially into the rural parts of Tanzania. There are no roads, few vehicles besides our clumsy van, but no shortage of energy. Virtually every adult woman carries goods in baskets expertly balanced on her head—even if her hands are reserved merely for waving to friends. Fishermen showcase their fresh bounty, igniting a marketplace that'd put a stock exchange to shame.

"It may seem chaotic to you, but there is a system in place here," Mlokozi says.

Hours of dirt-path driving later, we arrive at a quiet farming village. Mlokozi greets the farm owner and Simusolar customer, Venance Daudi. After catching up, Daudi looks through the latest market data and equipment updates through Dropbox on Mlokozi's iPad.



Simusolar customer Venance Daudi.

The seemingly jarring juxtaposition of modern technology and age-old craft is surprisingly natural. We observe as Daudi and his team power up the solar panels. The pumps generate a soft hum, with water effortlessly flowing over each row of produce.

They're done before we know it. Things didn't always run this smoothly, Daudi tells us.

"Before [Simusolar], it would take five hours to finish the job. It was tough, too much walking," Daudi says through our translator, pointing to an old bucket he previously used. "Now after I get this pump, my life is easy. It now takes one and a half hours to do the job that took you five hours before."

The impact goes far beyond just hours saved. Simusolar's ultimate goal is to help change the economic model from subsistence farming—or providing food solely for one's immediate consumption—to agribusiness farming.

"We want our customers to produce at scale, with the intention to sell and make a profit," Mlokozi says. The organization is also servicing fishers by providing energy-efficient lanterns, as the most productive runs come after dark. "Those fishermen you saw earlier were up all night, using our lights on the lake."

He goes on to explain the domino effect. "With the agribusiness model, you're a true business owner, increasing income for yourself and those around you. The bigger the farm, the more jobs created, the healthier our food. We hope that can stimulate the economy beyond this village."

Simusolar is also not a non-profit. They sell their innovative equipment, with creative financing plans for wider accessibility. "It's important, culturally, that our customers pay for these tools," says Mlokozi. "It's part of being a business owner."

And while the economic impact is immediately visible, the environmental benefit of using solar energy has long-term, permanent implications. Replacing existing kerosene-based equipment, at this scale, is a first step to a greener future for Tanzania. It's also much safer for operators, as equipment-related fires were an all-too-common occurrence, Mlokozi tells us.

Mwanza and the surrounding area are home for Mlokozi. But when we ask him about what it means to be helping his community, on an emotional level, he remains pragmatic. He's an academic at heart.

"We're here to teach our customers about agribusiness farming," he reiterates. "We want them to be able to produce no matter the season, without relying solely on rain. It's better when they can diversify their crops, beyond just corn, to bananas, papayas, collards, cassava. When we can see the changes, we know what we're doing matters."

The change is right in front of us. We're standing in the middle of three-acre farm—with sunflowers up to our chests—that was a quarter-acre plot of land just three months ago.

"My family and I are very happy for these changes," Daudi says. "And we can keep growing."

Since launching, Simusolar has helped almost 20,000 farmers and fishers increase their income and quality of life, when two-thirds of them were previously living below the poverty line. And the team has hopes of expanding their customer base throughout sub-Saharan Africa.

"We wanted to build something sustainable, something we can grow in Tanzania and grow elsewhere," says Simusolar COO Michael Kuntz.

Our team needs to hustle back to Mwanza—the sun sets quickly near the equator. For the fishing community, the day is just starting. For Daudi and other farmers, they're grateful the sun will be back up soon enough and that they're able to harness its power—for "Rock City" and beyond.

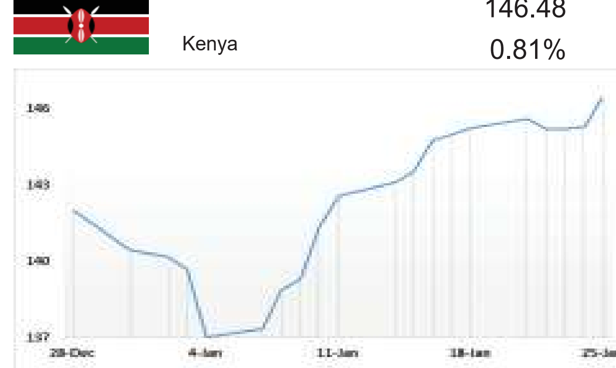
Vital Statistics

DSEI All Share Index

Tanzania 2,054.45 1.78%

NASI All Share Index

Kenya 146.48 0.81%

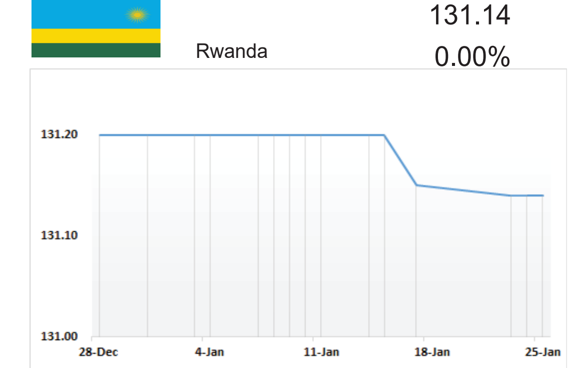


ALASIUG All Share Index

Uganda 1,602.73 0.00%

RSE All Share Index

Rwanda 131.14 0.00%



Dar es Salaam Stock Exchange

Market Report - Jan 25

Company	Closing	Prev Closing	Price Chg
ACA	5,500.00	5,350.00	2.8
CRDB	135	135.00	0
DCB	340	340	0
DSE	1,320	1,320	0
EABL	4,200.00	3,860.00	8.81
JHL	9,850.00	9,800.00	0.51
KA	190.00	190.00	0
KCB	900.00	900.00	0
MBP	500.00	500.00	0
MCB	500.00	500.00	0
MKCB	800.00	800.00	0
MUCOB	400.00	400.00	0
NICO	265.00	265.00	0
NMB	2,340.00	2,340.00	0
NMG	1,360.00	1,300.00	4.62
PAL	400.00	400.00	0
SWALA	490.00	490.00	0
SWIS	2,340.00	2,340.00	0
TBL	12,400.00	12,400.00	0
TCC	17,000	17,000.00	0
TCCL	640.00	640.00	0

DSE MARKET SUMMARY

TSI	3,615.04	+0.00
DSEI	2,054.45	+36.01

TRADING STATS

Market Cap (bln)	19,802.75
Equity Turnover	95,180,720.00
Total Volume	203,463
Total Deals	36

TOP MOVERS

Company	Price	Volume
VODA	800	110,860
CRDB	135	85,390
TCCL	640	6,513

GAINERS & LOSERS

Company	Price	Change
USL	20	+33.33%
JHL	9,850	+0.51%
NMG	1,360	+4.62%
ACA	5,500	+2.80%
EABL	4,200	+8.81%

African Indices

Africa	Price	Change	Day	Weekly	Monthly	Yearly	Date
NSE-All Share	31,427	437.03	1.41%	2.76%	-0.84%	-28.21%	25-Jan
FTSE/JSE TOP 40	47,892	419.06	0.88%	0.65%	4.90%	-12.17%	25-Jan
JALSH-All Share	54,050	411.14	0.77%	0.59%	4.85%	-12.25%	25-Jan
Egypt EGX 30	13,819	312	2.31%	2.77%	6.74%	-9.76%	10:28
Casablanca CFG 25	11,302	22.74	-0.20%	0.89%	0.41%	-12.94%	25-Jan
Nairobi 20	2,908	30.12	1.05%	2.03%	4.09%	-22.01%	25-Jan
NSE All Share	146	1.18	0.81%	0.83%	4.01%	-19.38%	25-Jan
DSEI	2,054	36.01	1.78%	2.41%	2.82%	-13.61%	25-Jan
TUN	7,216	12.52	0.17%	-0.49%	0.62%	13.00%	25-Jan
GGSECI	2,433	6.76	-0.28%	-2.25%	-3.26%	-19.85%	25-Jan
NSX Overall	1,360	22.48	1.68%	2.31%	6.26%	-2.76%	25-Jan
Gaborone	7,875	1.95	-0.02%	-0.09%	0.27%	-10.00%	25-Jan
SEMDEX	2,221	0.00	0.00%	-0.14%	0.09%	-1.14%	28-Jan
Zimbabwe Industrial Index	528	5.54	-1.04%	3.23%	10.03%	73.08%	25-Jan

Date: Jan 25, 2018

COMPANY	LAST TRADED PRICE(KSH)	PREV PRICE(KSH)	
Eaagads Ltd Ord 1.25 AIMS	16	16	0
Kakuzi Ord.5.00	310	310	0
Limuru Tea Co. Ltd Ord 20.00	554	554	0
Sasini Ltd Ord 1.00	19.3	19.65	-1.78Up
Williamson Tea Kenya Ltd Ord 5.00	148	148	0
Car and General (K) Ltd Ord 5.00	22.15	25	-9.96Up
Bank of Kigali	33	33	0
Barclays Bank Ltd Ord 0.50	11.35	11.45	-0.87Up
Stanbic Holdings Plc. ord.5.00	92	92	0
Diamond Trust Bank Kenya Ltd Ord 4.00	150	150.75	-0.50Up
Equity Group Holdings Ord 0.50	40	39.95	0
HF Group Ltd Ord 5.00	6	6.2	-1.29Up
I&M Holdings Ltd Ord 1.00	95	100	-5.00Up
KCB Group Ltd Ord 1.00	40	39.95	-0.13Up
National Bank of Kenya Ltd Ord 5.00	5	5.38	-1.86Up
NIC Group PLC	28.9	29.15	-0.86Up
Standard Chartered Bank Ltd Ord 5.00	194.25	196.25	-1.02Up
The Co-operative Bank of Kenya Ltd Ord 1.00	15.15	15.15	0
Atlas Development and Support Services	1.05	1.05	0
Express Ltd Ord 5.00	7.26	7.26	0
Kenya Airways Ltd Ord 5.00	8.28	8.36	-0.96Up
Longhorn Publishers Ltd	4.92	4.84	+1.65Up
Nation Media Group Ord. 2.50	60	58	+3.45Up
Sameer Africa PLC Ord 5.00	2.01	2.01	0
Scangroup Ltd Ord 1.00	13.95	13.5	+3.33Up
Standard Group Ltd Ord 5.00	28.5	28.5	0
TPS Eastern Africa (Serena) Ltd Ord 1.00	23	23	0
Uchumi Supermarket Ltd Ord 5.00	0.78	0.77	+1.30Up
Athi River Mining Ord 5.00	5.55	5.55	0
Bamburi Cement Ltd Ord 5.00	129	129	0
Crown Paints Kenya PLC. 0rd 5.00	80	80	0
E.A.Cables Ltd Ord 0.50	2.49	2.53	-1.58Up
E.A.Portland Cement Ltd Ord 5.00	17	17	0

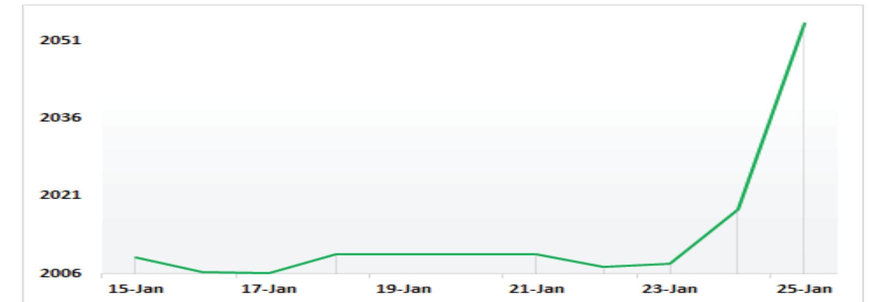
Gainers	Price(K)	Change(%)
UCHM	0.84	+7.69Up
EVRD	1.1	+6.80Up
KQ	8.8	+6.28Up
EABL	195	+4.56Up
SCAN	13.95	+3.33Up

Losers	Price(K)	Change(%)
C&G	22.15	-9.96Down
I&M	95	-5.00Down
FTGH	2.52	-4.91Down
NBK	5.12	-3.03Down
CFCI	11.45	-2.97Down

Movers	Volume
SCOM	14,283,100
KCB	4,906,600
EQTY	1,779,700
COOP	1,206,300
ICDC	1,156,900

Weekly Trend of EA Stock Indices

DSE



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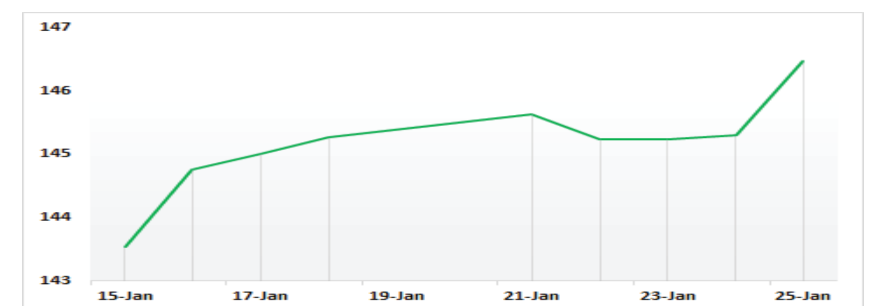

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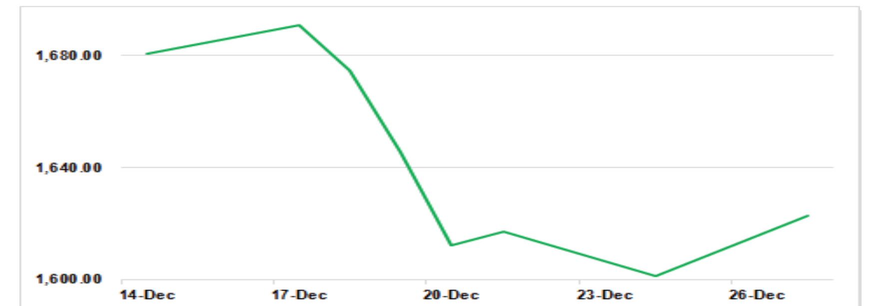
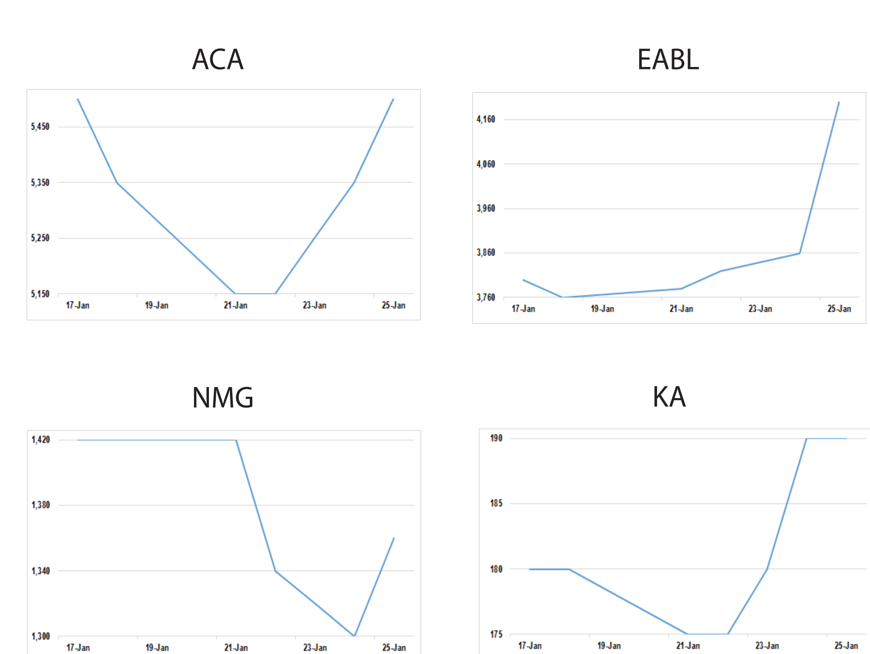


Stock	Old Price	Current Price	% Change	Market Cap. Bil.
BATU	30,000.00	30,000.00	0	1,472.40
BOBU	138	138	0	345
CENT	1,070.80	1,070.80	0	712.56
CQCIL	190	190	0	693.86
DFCU	822.97	822.97	0	615.7
EABL	6,308.46	6,308.46	0	4,988.57
EBL	1,259.87	1,259.87	0	4,665.02
JHL	14,716.71	14,716.71	0	881.46
KA	322.15	322.15	0	1,830.27
KCB	1,348.96	1,348.96	0	4,025.48
NIC	14	14	0	19.82
NMG	2,390.67	2,390.67	0	450.74
NVL	338.87	338.87	0	25.92
SBU	30.05	30.05	0	1,583.27
UCHM	29.45	29.45	0	7.82
UCL	19	19	0	17.1
UMEM	320	320	0	519.77

UTT - AMIS Jan 25

SUBJECT	UMOJA FUND	WEKEZA MAISHA	WATOTO	JIKIMU	LIQUID
		EX-ID TZS /=			
1. Net Asset Value (MTshs.)	217,374	1,196	3,129	20,076	39,174
2.Net Asset Value per unit (Tshs.)	567.8364	380.1762	330.602	126.2074	201.7784
3. Sale Price per Unit (Tshs.)	567.8364	380.1762	330.602	126.2074	201.7784
4. Repurchase Price per Unit (Tshs.)	562.158	372.5727	327.296	123.6833	201.7784

Daily Prices of Selected Companies



THIS WEEK EA EXCHANGE RATES

TANZANIA CURRENCY (TSHS)

CURRENCY	BUYING	SELLING
Kenya SHS	22.57	22.75
Uganda SHS	0.5815	0.6226
Rwandan Franc	2.533	2.5635
Burundi Franc	2.175	2.1914
S. African Rand	166.06	167.63
UAE Dirham	618.52	624.58
USD	2,271.69	2,294.41
Pound STG	2,975.24	3,005.91
EURO	2,576.55	2,603.47
Canadian $	1,705.09	1,721.50
Switz. Franc	2,278.99	2,300.85
Japanese YEN	20.68	20.89
Swedish Kronor	250.35	252.78
Norweg. Kronor	265.60	268.18
Danish Kronor	345.19	348.59
Australian $	1,616.08	1,632.70
Indian RPS	31.95	32.26
Pakistan RPS	15.55	16.27
Zambian Kwacha	188.51	191.52
Malawian Kwacha	2.9054	3.1049
Mozambique-MET	36.49	36.80
Zimbabwe $	0.4251	0.4337
SDR	3,160.40	3,192.01

KENYA CURRENCY (KSHS)

CURRENCY	BUYING	SELLING
US DOLLAR	100.7	100.9
STG POUND	131.8267	132.1306
EURO	114.3544	114.6111
SA RAND	7.2784	7.3007
KES / USHS	36.3955	36.5745
KES / TSHS	22.8642	23.0089
KES / RWF	8.8705	8.906
KES / BIF	17.7752	17.8469
AE DIRHAM	27.4125	27.4722
CAN $	75.3235	75.4957
S FRANC	101.1146	101.3561
JPY (100)	91.846	92.0536
SW KRONER	11.0835	11.1092
NOR KRONER	11.7213	11.7487
DAN KRONER	15.3142	15.3462
IND RUPEE	1.415	1.4182
HONGKONG DOLLAR	12.8346	12.8601
SINGAPORE DOLLAR	74.268	74.432

UGANDA CURRENCY (USHS)

CURRENCY	BUYING	SELLING
US Dollar	3685	3695
Pound Sterling	4815.11	4828.17
Swiss Franc	3700.54	3710.58
Japanese Yen	33.61	33.7
SDR	5126.61	5140.52
Australian Dollar	2628.58	2635.71
Canadian Dollar	2759.06	2766.55
Swedish Krone	408.7	409.81
Norwegian Krone	429.18	430.35
Danish Krone	561.63	563.15
Euro	4193.7	4205.08
New Zealand Dollar	2495.3	2502.07
Kenya Shilling	36.49	36.58
Tanzania Shilling	1.593	1.597
COMESA Dollar	3685	3695

SA (RAND) CURRENCY (ZAR)

CURRENCY	BUYING	SELLING
US Dollar	13.5924	13.9789
Swedish Kronor	0.7069	0.6233
Singapore Dollar	0.1113	0.0902
European Euro	15.1446	15.7762
British Sterling	17.504	18.2025
Ghanaian Cedi	0	0.3471
Hong Kong Dollar	0.6535	0.5509
Israeli Shekel	0.3197	0
Indian Rupee	5.4968	5.0718
Japanese Yen	8.55	7.64
UEA Dirham	0.2858	0.2636
Australian Dollar	0.108	0.0991

RWANDA CURRENCY (KWC)

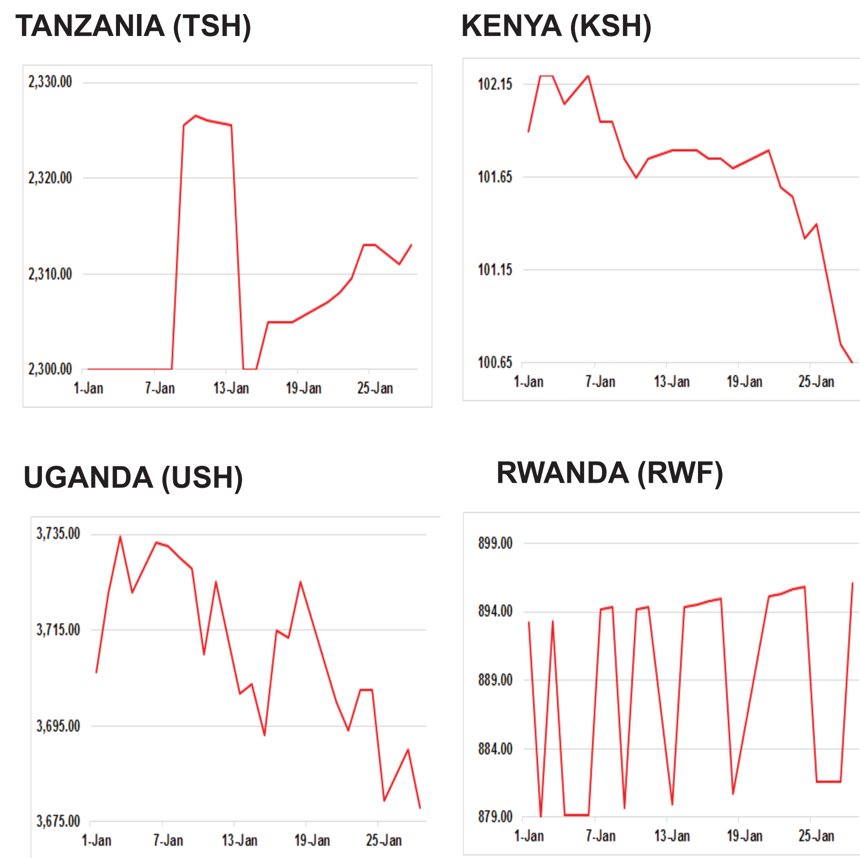
CURRENCY	BUYING	SELLING
Tanzania Shilling	0.377	0.385
Uganda Shilling	0.237	0.242
US Dollar	873.118	890.579
European Euro	988.588	1008.358
British Sterling	1145.575	1168.484
Hong Kong Dollar	111.273	113.498
Israeli Shekel	236.733	241.467
Indian Rupee	12.279	12.524
Japanese Yen	7.948	8.107
Kenyan Shilling	8.645	8.818
Mauritian Rupee	25.545	26.056
Malawian Kwacha	1.197	1.221
Nigerian Naira	2.841	2.898
Norwegian Kroner	101.977	104.016
Swedish Kronor	96.338	98.265
Singapore Dollar	642.613	655.464

WORLD MAJOR EXCHANGE RATES

USD $

Major	Price	Change	Day	Weekly	Monthly	Yearly
EURUSD	1.1413	0.0001	0.01%	0.44%	-0.22%	-7.81%
GBPUSD	1.32	0.00178	-0.13%	2.44%	3.98%	-6.17%
AUDUSD	0.72	0.00072	0.10%	0.39%	2.02%	-11.23%
NZDUSD	0.69	0.00226	0.33%	1.63%	1.85%	-6.54%
USDJPY	109.32	0.21	-0.19%	-0.29%	-0.91%	0.36%
USDCNY	6.75	0.00456	-0.07%	-0.85%	-1.85%	6.39%
USDCHF	0.99	0.00154	-0.16%	-0.44%	1.14%	5.90%
USDCAD	1.32	0.00009	0.01%	-0.56%	-3.09%	7.13%
USDMXN	18.99	0.0089	0.05%	-0.89%	-3.32%	2.08%
USDINR	71.06	0.1710	0.24%	-0.20%	1.43%	11.75%
USDBRL	3.77	0.0023	-0.06%	0.51%	-3.89%	19.48%
USDRUB	65.84	0.1061	-0.16%	-1.08%	-5.92%	16.57%
DXY	95.76	0.03	-0.03%	-0.62%	-0.68%	7.20%
USDKRW	1,117.20	0.5800	-0.05%	-1.40%	0.35%	4.42%
USDZAR	13.62	0.0091	0.07%	-1.61%	-5.21%	13.90%
USDSGD	1.35	0.0007	-0.05%	-0.50%	-0.79%	3.21%
USDHKD	7.85	0.00062	0.01%	0.01%	0.19%	0.36%

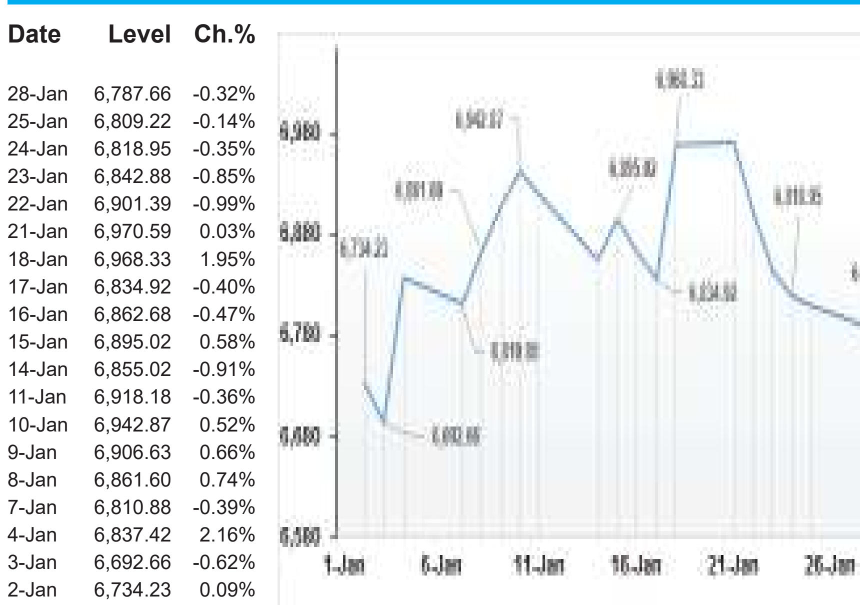
USD/EA CURRENCIES GRAPH



Global Stock Market Indexes

COMPANY	Date	Level	Ch.	Weekly	Mon.	Ann. ch.	YTD
DOW [+]	25-Jan	24,737.20	0.75%	0.12%	13.51%	-6.27%	6.04%
NASDAQ [+]	25-Jan	7,164.86	1.29%	0.11%	15.69%	-3.32%	7.98%
S&P 500 [+]	25-Jan	2,664.76	0.85%	-0.22%	13.34%	-6.15%	6.30%
STOXX 50 [+]	25-Jan	3,163.24	1.18%	0.90%	5.42%	-12.86%	5.92%
FTSE 100 [+]	25-Jan	6,809	-0.14%	-2.28%	1.84%	-10.59%	1.21%
DAX [+]	25-Jan	11,282	1.36%	0.68%	6.09%	-15.16%	6.85%
CAC 40 [+]	25-Jan	4,926	1.11%	1.02%	6.47%	-10.13%	4.12%
NIKKEI [+]	25-Jan	20,773.56	0.97%	0.52%	8.45%	-12.23%	3.79%
TOPIX [+]	13-Nov	1,638	-2.00%	-2.06%	-3.76%	-8.13%	0.00%
IBEX 35 [+]	25-Jan	9,185.20	0.38%	1.28%	8.31%	-13.31%	7.56%
FTSEMIB [+]	25-Jan	19,811	1.26%	0.52%	7.68%	-16.48%	8.11%
PSI20 [+]	25-Jan	5,152	0.99%	1.66%	11.03%	-10.66%	8.89%
ASE [+]	25-Jan	633	0.15%	2.58%	4.07%	-27.82%	3.26%
ISEQ [+]	25-Jan	5,850	1.29%	0.86%	8.36%	-16.84%	6.75%
MERVAL [+]	11-Jan	33,885	-0.83%	4.90%	9.51%	5.63%	11.86%
S&P/ASX 200 [+]	25-Jan	5,906	0.68%	0.44%	7.50%	-2.39%	4.59%
ATX [+]	25-Jan	2,998	1.97%	0.35%	10.45%	-17.92%	9.18%
BSE Bahrain [+]	24-Jan	1,374.16	0.92%	1.97%	4.62%	2.77%	3.13%
BEL20 [+]	25-Jan	3,496.96	1.12%	0.39%	8.94%	-15.62%	7.81%
SASX-10 [+]	25-Jan	637.49	-0.35%	-2.73%	0.12%	6.80%	1.66%
IBOV [+]	24-Jan	97,677.19	2.71%	1.64%	13.98%	16.73%	11.14%
SOFIX [+]	25-Jan	573.33	-0.04%	1.11%	-3.62%	-19.04%	-3.55%
S&P/TSX 60 [+]	25-Jan	919.80	0.00	0.00	0.11	-0.04	7.04%
IPSA [+]	25-Jan	5,441.72	0.01	-0.01	0.08	-0.06	6.59%
SHANGAI [+]	25-Jan	2,601.72	0.39%	0.22%	3.87%	-26.68%	4.32%
COLCAP Colombia	25-Jan	1,416.76	0.73%	1.82%	8.83%	-10.87%	6.93%
CR Indice Accionario	23-Jan	11,405.39	0.00	-0.01	-0.01	-0.16	-1.11%
CROBEX [+]	25-Jan	1,762.22	0.00	0.00	0.02	-0.06	0.77%

Prices: FTSE 100



Date	Level	Ch.%
28-Jan	6,787.66	-0.32%
25-Jan	6,809.22	-0.14%
24-Jan	6,818.95	-0.35%
23-Jan	6,842.88	-0.85%
22-Jan	6,901.39	-0.99%
21-Jan	6,970.59	0.03%
18-Jan	6,968.33	1.95%
17-Jan	6,834.92	-0.40%
16-Jan	6,862.68	-0.47%
15-Jan	6,895.02	0.58%
14-Jan	6,855.02	-0.91%
11-Jan	6,918.18	-0.36%
10-Jan	6,942.87	0.52%
9-Jan	6,906.63	0.66%
8-Jan	6,861.60	0.74%
7-Jan	6,810.88	-0.39%
4-Jan	6,837.42	2.16%
3-Jan	6,692.66	-0.62%
2-Jan	6,734.23	0.09%

EAST AFRICA GOVERNMENT TREASURIES

Tanzania Treasury Bills 23/Jan/2019

		35 Days	91 Days	182 Days	364 Days	TOTAL
1	Due Date	28-Feb-19	25-Apr-19	25-Jul-19	23-Jan-20	-
2	No. of Bids	1	1	13	126	141
3	Successful Bids	0	0	11	81	92
4	Highest Bid/100	99.67	98.89	97.55	92.09	-
5	Lowest Bid/100	99.67	98.89	96.2	90.11	-
6	Minimum Successful Price/100	100	100	97.38	91.4	-
7	Weighed Average Price (WAP) for successful Bid	0	0	97.44	91.5	-
8	Weighted Average Yield (WAY) % per Annum	0	0	5.27	9.32	8.69
9	Amount Offered TZS (000,000)	1,000	3,000	33,000	104,000	141,000
10	Total Tendered TZS (000,000)	1,000.00	3,000.00	28,102.00	155,307.40	187,409.40
11	Undersubscribed(+) Oversubscribed(-) TZS(000,000)	0.00	0.00	4,898.00	-51,307.42	-46,409.42
12	Successful Bids TZS(000,000)	0.00	0.00	23,002.00	125,069.50	148,071.50

Tanzania Treasury Bonds 10.08% 16/Jan/2019

1	Redemption Date	17-Jan-21
2	No. of Bids Received	52
3	No. of Successful Bids	32
4	Highest Bid /100	95.5325
5	Lowest Bid /100	90.3258
6	Minimum Successful Price/100	91.9379
7	Weighted Average Price for Successful Bids	93.7482
8	Weighted Average Yield to Maturity	11.3868
9	Weighted Average Coupon Yield	8.3415
10	Amount Offered Tshs (000,000)	64,400.00
11	Amount Tendered Tshs (000,000)	45,440.30
12	Undersubscribed (+) / Oversubscribed (-) Tshs (000,000)	18,959.70
13	Successful Amount Tshs (000,000)	34,440.00

Kenya Treasury Bills ISSUE 2284/91, 2257/182 & 2198/364 DATED 01/10/2018

	91 DAYS	182 DAYS	364 DAYS	TOTAL
Due Date	**31/12/2018**	**1/4/2019**	**30/09/2019**	
Amount Offered (Kshs. M)	4,000.00	10,000.00	10,000.00	24,000.00
Bids Received (Kshs. M)	5,096.36	5,086.12	10,429.49	20,611.90
Performance Rate (%)	127.41	50.86	104.29	85.88
Total Amount Accepted (Kshs. M)	5,061.43	5,056.99	9,417.98	19,536.41
Of which: Competitive bids	4,178.53	4,077.04	8,069.34	16,324.91
: Non-competitive bids	882.9	979.95	1,348.64	3,211.50
Bid-to-Cover Ratio	1.01	1.01	1.11	1.06
Purpose / Application of Funds:				
Rollover / Redemptions	3,560.70	3,713.18	3,429.94	10,703.82
New Borrowing	1,500.73	1,343.81	5,988.04	
Market Weighted Average Interest Rate	7.61%	8.65%	9.68%	
Weighted Average Interest Rate of accepted bids	7.61%	8.65%	9.67%	
Price per Kshs 100 at average interest rate	98.138	95.867	91.205	

Kenya Treasury Bonds issue NOs FXD1/2018/10 & FXD2/2018/20 DATED 24/09/2018

TENOR	FXD1/2018/10	FXD2/2018/20	
Due Dates	**14/08/2028**	**5/7/2038**	
Total Amount Offered (Kshs. M)			40,000.00
Total bids Received at cost (Kshs. M)	22,137.34	10,329.20	32,466.53
Performance Rate (%)	55.34	25.82	81.17
Amount Accepted (Kshs. M)	21,244.61	5,308.37	26,552.97
Of which : Competitive bids	18,757.53	4,044.09	22,801.62
: Non-competitive bids	2,487.08	1,264.28	3,751.35
Bid-to-Cover Ratio	1.04	1.95	1.22
Market Weighted Average Rate (%)	12.669	13.087	-
Weighted Average Rate of Accepted Bids (%)	12.665	12.931	-
Price per Kshs 100 at average yield	101.067	103.894	-
Coupon Rate (%)	12.686	13.2	-
Purpose/ Application of funds:			
Redemptions			-
New Borrowing			26,552.97

Uganda Financial News Report 09 AUG 2018

BENCHMARK TENURE	2 Years	15 Years
MATURITY	**DATE: 21-Jan-2021**	**3-Feb-33**
CUT OFF PRICE:	90.185	89.203
YTM at CUT OFF PRICE:	16.2	17.75
OFFERED:	**100,000,000,000**	**120,000,000,000**
TENDERED:	150,118,400,000	186,984,500,000
COMPETITIVE	144,091,600,000	182,465,000,000
NON-COMPETETIVE	6,026,800,000	4,519,500,000
ACCEPTED BIDS	100,000,000,000	120,000,000,000
COMPETITIVE	93,973,200,000	115,480,500,000
NON-COMPETITIVE	6,026,800,000	4,519,500,000
BID TO COVER RATIO	1.501	1.558

Uganda Treasury Bills ISSUE DATE: 16-Aug-2018

MATURITY DATE:	15-Nov-18	14-Feb-19	15-Aug-19
CUT OFF PRICE:	97.508	94.506	87.519
ANN. DISC RATE:	9.995	11.018	12.515
MONEY MKT YIELD:	10.252	11.659	14.3
EFFECTIVE YIELD:	10.652	11.999	14.303
MATURITIES:	91 Days	182 Days	364 Days
MATURITY DATE:	15-Nov-18	14-Feb-19	15-Aug-19
CUT OFF PRICE:	97.508	94.506	87.519
ANN. DISC RATE:	9.995	11.018	12.515
MONEY MKT YIELD:	10.252	11.659	14.3
EFFECTIVE YIELD:	10.652	11.999	14.303
OFFERED:	10,000,000,000	25,000,000,000	135,000,000,000
TENDERED:	33,007,500,000	63,748,600,000	338,667,700,000
COMPETITIVE	30,809,000,000	61,275,300,000	330,711,200,000
NON-COMPETETIVE	2,198,500,000	2,473,300,000	7,956,500,000
ACCEPTED BIDS	10,000,000,000	25,000,000,000	135,000,000,000
COMPETITIVE	7,801,500,000	22,526,700,000	127,043,500,000
NON-COMPETITIVE	2,198,500,000	2,473,300,000	7,956,500,000
BID TO COVER RATIO	3.301	2.55	2.509

In this 2017 photo, FC Barcelona players (L-R) Lionel Messi , Neymar, Gerard Pique and Arda Turan holding their uniforms pose for a photo during a news conference to announce the sponsorship deal between the team and Japanese e-commerce operator Rakuten Inc. in Tokyo on July 13.

SportsMoney

FINANCIAL TIMES

WE MEAN BUSINESS

What a football shirt tells us about globalization 4.0

The early days of globalization explain Nike's first business model…The American company is today the largest sports company in the world, and its supply chain model with suppliers and distributors in dozens of countries is the norm for global companies

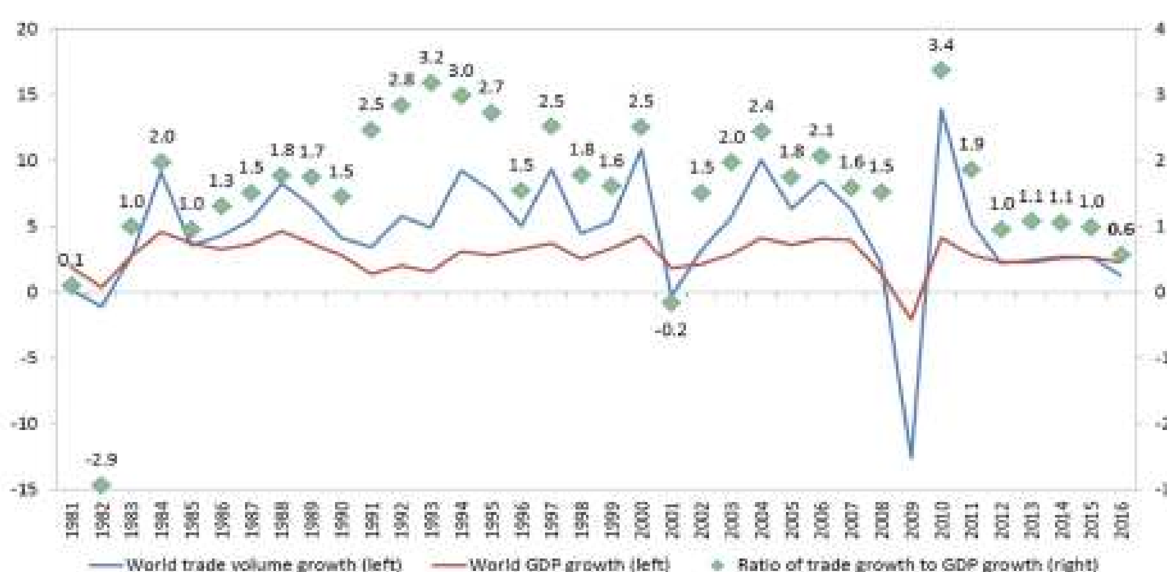
By Peter Vanham

IT was an eye-watering deal. Starting in the 2017-2018 season, Japanese internet service provider Rakuten became the main global sponsor of FC Barcelona for a record €55 million per year. Only one other company, kit provider Nike, also had its logo on the iconic shirts of the "blaugrana". They made a powerful pair of global sponsors.

But the two companies may never have been around together, had Rakuten's digital globalization begun 50 years earlier, or Nike's Phil Knight started importing shoes in 2017 instead of 1964. To understand why, we need to look at the state of globalization when Nike was founded, and contrast it with today.

When Phil Knight started Blue Ribbon Sports in 1964 - the company that seven years later would become Nike - it wasn't as easy to buy a product from abroad as it is today. China was an agricultural economy that produced barely any exports. Its rise as "the factory of the world" - let alone as the home of tech platforms - was decades away.

FC Barcelona's President Josep Maria Bartomeu and Rakuten's President and CEO Hiroshi Mikitani. File photo



And it wasn't just China that wasn't globalized. As a percentage of global GDP, trade stood at approximately the same level as a century earlier. Worldwide, less than one out of ten dollars of added value came from trade. The US was further ahead than most advanced economies, as many countries were still recovering from the Second World War, but the overall picture was one of local production.

The early days of globalization explain Nike's first business model. After being impressed by the running shoes of Japanese sports company Onitsuka Tiger, Knight offered to distribute the Japanese shoes in the US. Tiger would produce the shoes in Japan, and Knight would arrange the logistics, distribution and marketing in return for any profits. It was global trade and arbitration in its simplest form.

In the 50 years since, there have been many structural changes to the global economy, as well as to Nike. The company stopped being a Onitsuka distributor just a few years into the joint venture, and produced its own line of shoes instead. Nike is now the largest sports company in the world, and its supply chain model with suppliers and distributors in dozens of countries is the norm for global companies.

This is the modern global supply chain. Your sneakers may be designed in Portland, Oregon (home to Nike's headquarters). The raw materials may be sourced from a dozen or so countries - wherever they are best and cheapest. The shoes may be produced in Viet Nam or Indonesia. Their regional distribution may be handled in, say, Belgium. And the sale takes place in your local shoe shop in Germany.

As global trade gained in importance, tariffs dropped, and such globalized supply chains became the norm, not just for Nike, but for most multinationals. Trade now stands at close to a quarter of global GDP - its highest level ever - and despite a recent surge in more protectionist governments, new trade deals ensuring the physical flow of goods across borders still are signed every month. Yet if trade is to get another boost, it's more likely to take a different form than the global supply chain. It could come from digital trade, carried out by companies like Rakuten.

Rakuten was founded in 1997 as an online shopping mall or "ichiba". Much like Amazon in the US, Alibaba or JD.com in China, Flipkart in India or Zalando in Germany, it engaged in plain e-commerce. You could order a product online and have it delivered to your home. In just a couple of years, it became the largest e-tailer in Japan, with 95 million customers. (Japan's entire population is 127 million.)

But e-commerce stopped being a domestic play a long time ago, and so did Rakuten. After a period in which it focused mostly on Japanese sourcing and sales, Rakuten started international expansion in 2010. It bought similar e-commerce platforms in France, Germany, Brazil, Malaysia and other countries. By 2018, it claimed 1.2 billion users across 28 countries. It started to diversify to other verticals, including chat apps, e-book platforms and online content production.

It is in this light that we should see global sponsor deals such as Rakuten's with FC Barcelona. E-commerce is increasingly happening across borders, with consumers buying goods direct from a manufacturer in another country. At the same time, e-commerce is also expanding in the virtual realm, where digital goods can be bought and sold everywhere in the world, no matter their origin. This is the new face of globalization. To be successful at it, global recognition is key.

When Rakuten signed its deal with FC Barcelona in 2016, it said it did so as "an important part of its plans for global expansion". No wonder. According to a McKinsey report that year, "approximately 12 per cent of the global goods trade [was by then] conducted via international e-commerce". That number has likely risen fast in the years since (no recent estimates exist).

With more than four billion people now estimated to be online worldwide, and millions added every month, it seems a foregone conclusion that digital trade in all its forms will continue to rise for many years to come. It is true as much for Rakuten in the US or Europe, where it sells Japanese products direct to consumers, as for Alibaba, Amazon and other e-commerce players.

Nike founder Phil Knight in 2012.

2016

The year Japanese e-commerce company Rakuten, which was founded in 1997 and claims to have had 1.2 billion users across 28 countries by 2018, signed its sponsorship deal with FC Barcelona that began on July 1, 2017

Just how this trade will happen, and how much of it will take place in the future, remains to be seen. No international organization currently has up-to-date, or even historical, statistics on digital globalization. However, there is a broad differentiation in digital trade:

- Digitally ordered and physically delivered, as with sneakers or football shirts
- Digitally ordered and digitally delivered, as with e-books or IT consulting tasks

What is certain is that the world has rapidly changed in the last 50 years. In 1964, Phil Knight could build a successful company by buying Japanese-made running shoes in bulk and selling them in the US. Today, any consumer can go to Rakuten.com in the US and buy Japanese-made Onitsuka Tiger shoes direct. The business model that worked in the 1960s likely wouldn't work today.

This doesn't mean, of course, that Nike's globalization model is out of date. As a matter of fact, the same company that would undercut Phil Knight if he started today is helping Phil Knight's successors sell their products in Japan and around the world. Go to Rakuten.co.jp, and you can buy Nike sneakers direct in Japan. And of course, Nike has its own global e-commerce store.

Perhaps it's not all that odd, after all, that both companies in harmony decided to sponsor the then-most popular football club in the world on social media. Yet they should beware. Today's winner can become tomorrow's runner-up. Ask Barcelona. In 2018, a year after it launched the Rakuten-Nike shirt, it lost its place as most popular online club to Real Madrid. Digital globalization is huge, growing and certainly still changing.

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