

AFRICAN ECONOMIC DEVELOPMENT

The AU's Agenda 2063 highlights the importance of infrastructure to connect Africa. The deepening of trade and investment flows between African countries, and emerging markets such as China, can potentially drive economic integration. This requires expanding manufacturing and processing capacity within African economies, reducing administrative and transaction costs of cross-border trade, and improving transportation, logistics and communication infrastructure to support intra-African trade. We're working with our strategic partners, ICBC, to grow and deepen trade and investment links between African economies and Chinese investors and businesses. We are also working with African governments to support the development of enabling infrastructure.

FACILITATING INTRA-AFRICAN DIALOGUE

Standard Bank is working to bring together government, the diplomatic community and the private sector to discuss ways in which we can work together to deepen intra-African trade and integration, solidify trade and investment links between African economies and Chinese investors and businesses. We held the first dialogue in October 2017, focused on the movement of people within Africa, and will continue these discussions in 2018.





African economic
development



Improving access to trade finance helps us to drive inclusive economic growth. Surveys undertaken by the Asian Development Bank (ADB) have found that, if firms were able to access the trade finance they require, they'd invest in production and productivity improvements, grow their exports, employ more people, and invest in other businesses. The ADB estimates that a 15% increase in the availability of trade finance translates into a 17% increase in employment.
– Vinod Madhavan, Head of trade, Standard Bank Group



INTRA-AFRICAN TRADE AND INVESTMENT FLOWS

Limited availability of trade finance is a key barrier to growing intra-African trade and driving trade-based economic value creation. The International Chamber of Commerce estimates the gap in trade finance in Africa at around US\$100 billion. Due to the perceived risk of conducting business in Africa significantly outweighing real risk, African companies – particularly small enterprises – are faced with a high trade finance proposal rejection rate.

Standard Bank works with corporate investors and financial institutions to correct misconceptions, reduce the gap between perceived risk and real risk, and improve access to trade finance. To fully understand the real operational and credit risks the client is exposed to, we assess their operating ecosystems – from suppliers to distributors, both local and cross-border. This allows us to offer customised risk mitigation and financing solutions, allowing them to realise their growth opportunities.

The bank plays an active role in international bodies working towards improving trade flows. The International Chamber of Commerce (ICC) Banking Commission, of which our group head of trade is a member of the Advisory Board, works to maintain and build frameworks and rules to enable financial institutions to better support global



THE INTERNATIONAL CHAMBER OF COMMERCE ESTIMATES THE GAP IN TRADE FINANCE IN AFRICA AT AROUND
US\$100 billion

trade flows. We also participate in the ICC Banking Commission's Working Group on Sustainable Trade Finance, which aims to encourage and support sustainable practices in trade and supply chain finance, while paying careful attention to environmental and social risk management. It is developing sustainability guidelines, enhanced due diligence at client level and assisting banks to identify high risk transactions. The Working Group is divided into three streams, one of which is led by Standard Bank's group head of environmental and social risk and finance.

CONNECTING BUSINESSES TO INVESTMENT OPPORTUNITIES IN AFRICA

The purpose of our international business is to connect Africa to the world in a manner that supports the continent's sustainable economic growth. Across our six international locations – London, New York, Sao Paulo, Dubai, Hong Kong and Beijing – we serve international clients as they pursue business in Africa. Our global reach combined with our African footprint means we can support our African clients as they pursue growth ambitions internationally or need access to international pools of capital and liquidity.



HELPING GHANA SECURE A FACILITY OF US\$1.3 BILLION OF FOREIGN INVESTMENT



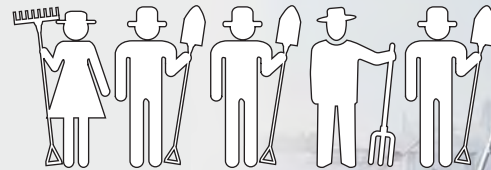
THE CHALLENGE

Helping the Ghana Cocoa Board tap into and access international capital needed to meet its financing needs for the 2017/2018 cocoa crop.



THE SOLUTION

Our teams in London and Ghana worked closely together on the transaction, achieving a successful syndication that was significantly oversubscribed.



THE IMPACT

The deal is the largest soft commodity pre-export financing transaction in Africa, supporting more than 800 000 cocoa farmers in Ghana.

In 2017, Standard International helped raise over **US\$7 billion** for our African clients.



Our strategic partnership with ICBC to drive Africa's growth

With our strategic partner, ICBC, Standard Bank is working on a unified offering to Chinese clients with businesses in Africa, collaborating to find better ways to support trade flows between Africa and China, including facilitating renminbi-based transactions. For example, during 2017, Standard Bank and ICBC announced a partnership to encourage investment by Chinese companies in Mozambique, providing clients with the financial support to import products from China and pay for them in renminbi.



CONNECTING COUNTRIES THROUGH INVESTMENT IN INFRASTRUCTURE

A vital component of enabling African businesses to trade regionally and internationally is improving the road, rail, port, logistics and telecoms infrastructure between African countries. Investing in these improvements will reduce the cost of doing business and improve the efficiency of accessing material and getting goods to market for African businesses of all sizes.

Standard Bank has been a significant contributor and facilitator to major transport and communications projects across Africa, one of them being the Port of Maputo project which commenced in 2003.



INFRASTRUCTURE DEVELOPMENT DRIVES GROWTH IN AFRICA Port of Maputo

In Mozambique, Standard Bank acted as **original arranger and primary bank to enable the concessioning of the Port of Maputo in 2003**. Maputo Port Development Company was subsequently set-up to manage and develop the Port. Since then, we've facilitated funding for capital expansions at the Port. **Recently, we financed the Maputo Port access channel dredging operation, a project of US\$85 million, of which US\$35 million was made available by Standard Bank.** Dredging of the 76 km navigational channel was completed in early 2017.

During the dredging process, the sediments were analysed to determine the concentrations of any metals and organic chemicals to ensure that no contaminants were released which could potentially compromise the aquatic ecology.



Investment in telecommunications

Investment in telecommunications infrastructure across Africa is crucial to:

- improve connectivity
- bring down data costs
- facilitate economic activity.

Standard Bank is a major funder of fibre and tower networks, raising private equity for game changing telecommunications and technology players.

Partnership with Liquid Telecom

In 2017, we partnered with Liquid Telecom, owned by Zimbabwe's Econet Group, on its R6.6 billion acquisition of South Africa's Neotel, providing debt issuance and loan syndication.

The deal creates a contiguous cross-border fibre network, stretching 40 000 km from Uganda to South Africa.

Bringing connectivity to more Africans

Standard Bank's ability to provide multi-product, cross-border advisory and funding solutions was instrumental in making possible Liquid Telecom's unrivalled reach across Eastern, Central and southern Africa.

As the lead advisor to Liquid Telecom on a new US\$600 million, five-year bond, we are supporting the expansion of Neotel's data centres, wireless networks and fixed-line broadband infrastructure, bringing connectivity to more Africans.

THE IMPACT

NEW NAVIGATIONAL CHANNEL

Receives larger vessels and capacity to load 120 000 tons of cargo

More regionally and internationally competitive