THE ALP REVIEW

Q1 2024

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Energy, Natural Resources, Transportation, Technology, Media, and Telecommunications

Introduction

Welcome to our quarterly newsletter. In this quarter, we focus on the dynamic landscapes of banking, finance, capital markets, energy, natural resources, transportation, technology, media, and telecommunications sectors in Nigeria and across the African continent and also reports from our just concluded AfCFTA townhalls for the first quarter. As the heartbeat of innovation and progress, these sectors play pivotal roles in shaping the economic, social, and technological fabric of our societies.

Through insightful analysis, industry updates, and expert commentary, our newsletter aims to provide you with a comprehensive overview of the latest trends, developments, and opportunities in these vital sectors.

Banking and Finance

Under this part, we have compiled the major circulars, letters, guidelines, rules and regulations, exposure drafts, etc., released in the banking and finance sector in Nigeria and across the African continent in Q1 2024. We have also included links for further reading.

Capital Markets

Under this part, we have compiled the major happenings, notices, and guidelines in the capital markets sector in Nigeria and across the African continent in Q1 2024. We have also included links for further reading.

Energy, Natural Resources, Transportation, Technology, Media, and Telecommunications

Under this part, we share updates on the major happenings in the energy, natural resources, transportation, technology, media, and telecommunications sectors in Nigeria and across the African continent in Q1 2024. We have also included links for further reading.

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BANKING AND FINANCE

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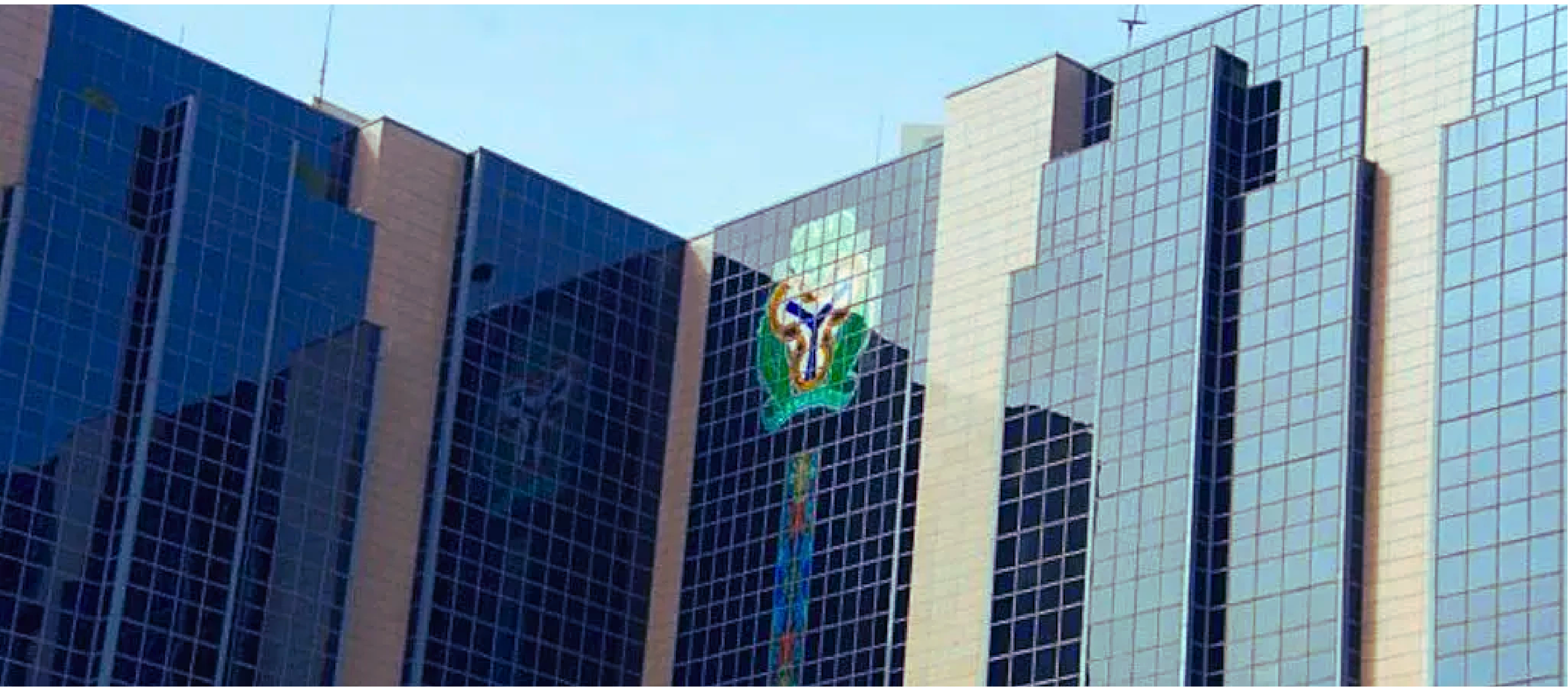

(1) Central Bank of Nigeria Urges Financial Market Transparency

On 29 January 2024, the Central Bank of Nigeria (CBN) released a circular addressed to all Authorised Dealers. In the circular, the CBN, among other things; stipulates that transactions are to be conducted on a "willing buyer willing seller" basis, emphasises the importance of transparency in financial market transactions, and raised concerns about the practice of reporting inaccurate and misleading information by Authorised Dealers and their customers, particularly regarding foreign exchange and fixed income transactions.

For more details on this circular, please click here

(2) CBN Issues Prudential Requirements for Bank's Foreign Currency Exposures

On 31 January 2024, the Central Bank of Nigeria (CBN) addressed a letter to all banks regarding the harmonisation of reporting requirements on foreign currency exposures of banks. To manage the risks that may be occasioned by the growth in foreign currency exposures of banks, the CBN issued prudential requirements:

a. **Prudential Requirements:** Banks must adhere to Net Open Position (NOP) limits, ensuring that overall foreign currency assets and liabilities do not exceed 20% short or 0% long of shareholders' funds unimpaired by losses using the Gross Aggregate Method. Banks exceeding these limits are required to rectify their positions by 1 February 2024. In addition, banks must compute daily and monthly NOP and Foreign Currency Trading Position (FCTP) using provided templates and maintain adequate stock of high-quality liquid foreign assets to cover maturing foreign currency obligations.

b. **Other Requirements:** Banks should adopt natural hedging strategies i.e. borrow and lend in the same currency, ensure consistency in interest rates for borrowing and lending, obtain CBN approval for any clause on early redemption with respect to Eurobonds, implement robust treasury and risk management systems to provide oversight of foreign exchange exposures, and bring all exposures within the set limits immediately.

The notice further provides sanctions for non-compliance with NOP limits.

Comment

By imposing NOP limits and other prudential requirements, the CBN aims to mitigate the risks associated with excessive foreign currency exposures, thus safeguarding financial stability.

For more information, please click here

(3) Afreximbank Announces Initial Disbursement of US$2.25 billion under a Syndicated US$3.3 billion Crude Oil Prepayment Facility Sponsored by NNPCL

On 12 January 2024, African Export-Import Bank (Afreximbank) announced that it has successfully arranged a syndicated US$3.3 billion crude oil prepayment facility sponsored by the Nigerian National Petroleum Company Limited (NNPCL) with an initial disbursement of US$2.25 billion made and a second tranche of US$1.05 billion to be disbursed subsequently.

This landmark financing, a 5-year facility which carries a margin of 6.0% per annum above the 3-month secured overnight financing rate (SOFR), qualifies as Nigeria's largest crude oil prepayment facility and one of the largest syndicated loans raised in Africa in 2023. The transaction structure has an embedded price balance mechanism where 90% of all excess cash from the sale of the committed barrels (after debt service) will be released while the balance 10% will be used to prepay the facility, effectively shortening the final maturity of the facility and freeing cashflow from future pledged cargoes for use by Nigeria.

The initial participating lenders in the transaction are Afreximbank, Africa's multilateral trade finance institution, Gunvor International BV, a Geneva-based multinational energy and commodities trading company, and Sahara Energy Resources Limited, an African-owned, leading international energy and infrastructure conglomerate. Afreximbank acted as Sole Mandated Lead Arranger, Technical and Modelling Bank, Bookrunner, Facility Agent, Offshore Account Bank, Intercreditor Agent, and Collateral Agent, while United Bank for Africa Plc (UBA) acted as the Local Arranger and Onshore Account Bank for the transaction.

Comment

Although the facility aims to stabilize the naira and fund fiscal reforms, securitising the nation's future crude oil production for immediate cash may not be in the best interest of the nation. The reason is because, when this happens, a large chunk of earnings from future crude oil productions would most likely be applied towards debt service at the expense of growth and development.

For more information, please click here

(4) Access Bank to Acquire Majority Stake in Finance Trust Bank Limited

On 17 January 2024, Access Holdings Plc announced that its flagship subsidiary, Access Bank Plc, has entered into a definitive agreement to acquire a majority equity stake in the Ugandan-based Finance Trust Bank Limited (FTB). Upon completion, the recapitalisation process which would see Access Bank acquire a majority stake from existing shareholders of FTB in addition to a capital injection to increase FTB's capital base would position Access Bank to owning an estimated 80% shareholding in FTB, subject to regulatory approvals.

Comment

This transaction signals Access Holding's strategic expansion into the Ugandan market which aligns with its vision to becoming Africa's Payment Gateway to the World.

For more information, please click here

(5) CBN Removes Allowable Limit on Exchange Rate Quotes by IMTOs

On 31 January 2024, the Central Bank of Nigeria (CBN) issued a circular addressed to all Authorised Dealers, International Money Transfer Operators (IMTOs), and the general public regarding the removal of the allowable limit on exchange rate quotes. Previously, IMTOs were required to quote rates within an allowable limit of -2.5% +2.5% around the previous day's closing rate of the Nigerian Foreign Exchange Market. However, in line with the CBN's commitment to liberalise the Nigerian Foreign Exchange Market, IMTOs are now permitted to quote exchange rates for Naira payout based on the prevailing market rates, following a willing seller, willing buyer approach.

This circular supersedes the previous directive and removes the cap on allowable limits, granting IMTOs more flexibility in quoting exchange rates. Authorised Dealers, IMTOs, and the general public are advised to take note of this update and comply accordingly.

Comment

By allowing IMTOs to quote rates based on prevailing market conditions, the CBN aims to promote a more flexible and market-driven exchange rate regime. This move provides IMTOs with greater autonomy in pricing, facilitating smoother transactions and enhancing efficiency in the foreign exchange market.

For more information, please click here

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(6) CBN Releases Revised Guidelines on International Money Transfer Services

On 31 January 2024, the Central Bank of Nigeria (CBN) announced the release of revised guidelines for International Money Transfer Services in Nigeria. These guidelines, amongst others, aim to liberalise the foreign exchange market, promote transparency in foreign exchange market transactions, boost diaspora remittances, promote efficient price discovery mechanisms, and enhance the ease of doing business for International Money Transfer Operators (IMTOs) and money transfer recipients.

The updated guidelines introduce significant changes, including a two-step licensing procedure for IMTOs, with a minimum share capital requirement of $1 million for foreign companies and the equivalent in Naira for indigenous companies. IMTO services are now limited to inbound money transfer services, expanding the scope to include transfers on a "person to person", "business to person", and "business to business" basis. In addition, IMTOs are prohibited from purchasing foreign exchange from the domestic market for settlement purposes, and financial technology companies are explicitly barred from obtaining IMTO licenses.

Comment

The introduction of a two-step licensing procedure and minimum capital requirements for IMTOs aims to strengthen regulatory oversight and ensure the stability of the sector. By expanding the scope of IMTO services to include various transfer categories, such as person to person and business to business, the guidelines seek to facilitate smoother transactions and promote greater financial inclusion.

For more information on the revised guidelines and their implications, please click here

(7) CBN Removes Spread on Foreign Exchange Transactions

On 8 February 2024, the Central Bank of Nigeria (CBN) released a circular addressed to all Authorised Dealers where it announced the removal of the cap on the spread on interbank foreign exchange transactions. This decision aligns with the ongoing foreign exchange market reforms aimed at promoting a market-based price discovery system.

Authorised Dealers are instructed to conduct foreign exchange transactions on a "Willing Buyer and Willing Seller" basis, without any restrictions on the sale of interbank proceeds. It is emphasised that high ethical standards must be maintained in all dealings in the foreign exchange markets, including transparent price disclosures.

Furthermore, all executed transactions must be promptly recorded on relevant treasury systems and reported to market authorities as required.

For more information on this directive, please click here

For more information, please contact CorporateCommercial@alp.company

(8) CBN Mandates Electronic Channels for PTA/BTA Payouts

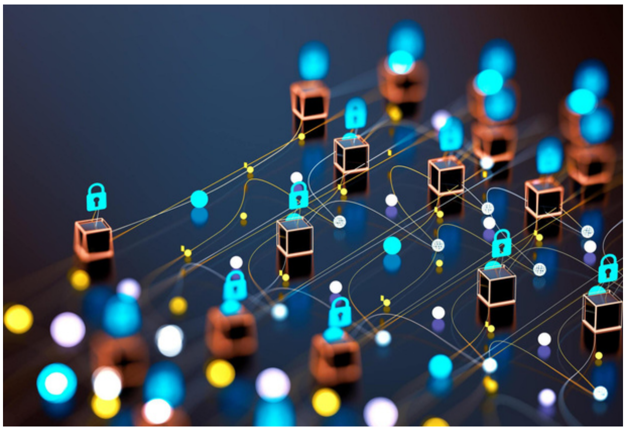
In a directive dated 14 February 2024, addressed to all Authorised Dealer Banks, the Central Bank of Nigeria (CBN) announced changes regarding the payout of Personal Travel Allowance (PTA) and Business Travel Allowance (BTA). Previously, cash payments were permitted for these allowances; however, the CBN now mandates that all PTA/BTA payouts must be conducted exclusively through electronic channels, including debit or credit cards.

This decision aligns with the CBN's commitment towards ensuring transparency and stability in the foreign exchange market while mitigating foreign exchange malpractices. Authorised Dealer Banks and the general public are instructed to adhere to this new directive promptly.

Comment

Relevant stakeholders are to take note that, henceforth, all PTA/BTA payouts are to be conducted electronically.

For more information on the updated guidelines for PTA/BTA payouts, please click here



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(9) CBN Adjusts Allowable Deviation Limits on Price Verification System

In a circular dated 14 February 2024, addressed to all Authorised Dealer Banks, the Central Bank of Nigeria (CBN) announced adjustments to the allowable deviation limits on the Price Verification System (PVS). The PVS was implemented to combat over-invoicing of imports and under-invoicing of exports.

Previously, declared prices of import items exceeding 2.5 percent above the global average prices were queried. However, in response to global inflation and related challenges, the CBN has revised the allowable deviation limits. The new limits permit deviations of up to -15% for exports and +15% for imports from the global average prices.

Authorised Dealer Banks and the general public are advised to adhere to these revised limits.

The PVS aims to prevent excessive outflow of foreign exchange through over-invoicing and price manipulation, rather than determining prices of item for tariffs or duties charged by the government.

Comment

Relevant stakeholders are to consider these limits in their dealings going forward.

For more information, please click here

(10) CBN Issues Directives on Foreign Currency Cash Pooling for IOCs

In a circular dated 14 February 2024, directed to all Authorised Dealer Banks, the Central Bank of Nigeria (CBN) addressed the practice of "cash pooling" by International Oil Companies (IOCs) operating in Nigeria, which involves transferring proceeds of crude oil exports offshore to fund parent company accounts. This practice has been observed to impact liquidity in the domestic foreign exchange market.

While acknowledging the importance of IOCs accessing their export proceeds to fulfill offshore obligations, the CBN emphasises the need to minimise negative effects on liquidity in the Nigerian foreign exchange market. To address this, the CBN issued the following directives:

i. Banks are permitted to pool cash on behalf of IOCs, with a maximum of 50% of the repatriated export proceeds initially.

ii. The remaining 50% may be repatriated after 90 days from the date of inflow of the export proceeds.

These directives are subject to documentation requirements, including prior approval from the CBN for fund repatriation, a cash pooling agreement with the parent entity of the IOCs, statements of expenditure, evidence of the source of foreign exchange inflows, and completion of relevant Forex forms as per regulations.

Comment

This directive underscores the importance of balancing IOCs offshore obligations with maintaining liquidity in Nigeria's foreign exchange market. By permitting banks to pool cash on behalf of IOCs with defined limits and documentation requirements, the CBN aims to mitigate the negative impact of large-scale fund transfers on domestic liquidity. These directives promote transparency and accountability in financial transactions while ensuring IOCs have access to their export proceeds for offshore commitments.

For more information on the directives and documentation requirements, please click here

For more information, please contact CorporateCommercial@alp.company

(11) South African Reserve Bank Imposes Administrative Sanctions on Authorised Dealer

By a circular dated 29 February 2024, the South African Reserve Bank (SARB) announced the imposition of administrative sanction on Sasai Fintech (Pty) Limited (Sasai Fintech), an Authorised Dealer in foreign exchange with limited authority (ADLA). The sanction was due to Sasai Fintech's non-compliance with the Financial Intelligence Centre Act 38 of 2001 (FIC Act) including certain weaknesses that were detected in the ADLA's control measures which prevent it from conducting ongoing due diligence and account monitoring in respect of business relationships. Sasai Fintech has therefore been cautioned to avoid future non-compliance with section 21C of the FIC Act.

Comment

This action attests to the strict regulatory oversight enforced by the South African Reserve Bank (SARB) to ensure compliance with anti-money laundering and counter-terrorism financing measures. Investors considering ventures in South Africa can take comfort in this robust regulatory framework.

For more information, please click here:

(12) CBN Releases Draft Guidelines for Bureau de Change Operations

On 23 February 2024, the Central Bank of Nigeria (CBN), via a circular issued to all Bureau de Change operators and stakeholders in the financial services industry, issued an exposure draft of revised Regulatory and Supervisory Guidelines for Bureau de Change (BDC) Operations in Nigeria. The circular invited stakeholders to provide comments and inputs on the exposure draft within the stated deadline.

The draft guidelines aim to enhance the regulatory framework for BDC operations as part of ongoing reforms in the Nigerian foreign exchange market. Some notable changes outlined in the draft guidelines include restrictions on ownership, expansion of permissible activities, introduction of tiered licensing, and operational limitations. In addition, the draft guidelines introduce provisions for prepaid card issuance to non-residents for FX (Foreign Exchange) transactions exceeding specified limits.

Stakeholders are encouraged to review the draft guidelines and provide feedback to the CBN.

Comment

The window for receiving comments and input of stakeholders on the exposure draft has lapsed. We therefore anticipate the consequent release of the Guidelines by the apex bank.

For more information and to review the full draft guidelines, please click here

For more information, please contact CorporateCommercial@alp.company

(13) CBN Sets FX Rate for Import Duty Assessment

On 23 February 2024, the Central Bank of Nigeria (CBN) issued a circular addressed to all Authorised Dealers, the Nigeria Customs Service, and the general public. In this circular, the CBN addressed concerns about irregular changes in Import Duty Assessment levies by the Nigeria Customs Service due to fluctuations in foreign exchange rates.

In response, the CBN advised that the closing foreign exchange rate on the date of opening Form M for importation of goods should henceforth be adopted for Import Duty Assessment by the Nigeria Customs Service and other related parties. This rate will remain valid until the termination of the importation and clearance of goods. The aim is to provide stability and certainty for importers and the Nigeria Customs Service, helping them plan effectively and reduce uncertainties around fluctuating exchange rates.

Effective 26 February 2024, this new directive supersedes previous requirements outlined in the Central Bank of Nigeria Foreign Exchange Manual (Revised Edition), 2018. While acknowledging initial volatility, the CBN expressed confidence that these reforms will promote market stability and confidence, attracting investment capital for Nigeria's economic growth and development.

Comment

By this circular, Nigeria Customs Service now have an identified rate to adopt for Import Duty Assessment. It is expected that this will bring an end to the instability in Import Duty Assessment levies in Nigeria.

For more information and to review the full circular, please click here

(14) CBN Authorises Foreign Exchange Sale to BDCs for Retail Demand

As part of its attempts to address exchange rate distortions and enhance market stability, the Central Bank of Nigeria (CBN) has sanctioned the sale of foreign exchange to eligible Bureau De Change (BDC) operators to meet retail demand for invisible transactions. Effective immediately, each BDC will be allocated $20,000 at a rate of N1,301 per dollar, representing the lower band rate of executed spot transactions at the Nigerian Autonomous Foreign Exchange Market (NAFEM) for the previous trading day.

To ensure transparency and compliance, BDCs are mandated to sell to end-users at a margin not exceeding one percent (1%) above the purchase rate from the CBN. Stringent guidelines have been outlined, including but not restricted to restrictions on individual transaction limits, spread margins, and street hawking prohibition. BDCs must also submit daily reports of foreign exchange sales to end-users and adhere to designated office/outlet addresses for transactions. Any violation of these guidelines will result in immediate license revocation. The CBN emphasises the importance of professionalism and transparency in all BDC operations, signaling a commitment to market integrity and stability.

For more information, please click here

(15) CBN issues Revised Regulatory Guidelines for Mortgage Refinance Companies

The Central Bank of Nigeria (CBN) has issued an exposure draft of revised regulatory and supervisory guidelines for the operations of Mortgage Refinance Companies (MRCs) in Nigeria. The aim is to bolster the regulatory framework and align operations with international best practices. The proposed guidelines emphasise prudential requirements, mandating MRCs to primarily engage in refinancing residential mortgage loans while adhering to specified capital adequacy standards, collateral acceptance, and liquidity requirements. Licensing procedures mirror those for banks under the Banks and Other Financial Institutions Act, 2020 (BOFIA), with applicants required to submit comprehensive feasibility reports detailing financial projections and expansion plans

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In terms of operational activities, the guidelines delineate permissible actions for MRCs, including refinancing mortgage loans, investing in government debt obligations, and issuing guarantees for mortgage loans. However, certain activities such as granting consumer or commercial loans and financing real estate construction are prohibited. Notably, MRCs must adhere to stringent capital requirements, with a minimum capital threshold of N5 billion and additional financial obligations including application and licensing fees. Funding sources for MRCs encompass various avenues such as equity, long-term loans, bonds, and donations, ensuring financial stability and sustainability.

Comment

The window for receiving comments and inputs of stakeholders on the exposure draft has lapsed. We therefore anticipate the consequent release of the Guidelines by the apex bank.

For more information and to access the draft guidelines, please click here

(16) CBN Issues Reminder on Timely Submission of Monthly Returns by Microfinance Banks

In a letter dated 5 March 2024 and addressed to all Microfinance Banks (MFBs), the Central Bank of Nigeria (CBN) expressed concern over the recurrent issue of late or non-submission of periodic returns through the FinA application. This failure to meet reporting deadlines violates Section 24 of the Banks and Other Financial Institutions Act (BOFIA) 2020, as well as other existing regulations governing regulatory reporting.

To address this issue, the CBN emphasises the importance of timely submission of monthly returns, stipulating that all MFBs must submit their FinA returns no later than the 5th day following the end of each month. In cases where the 5th day falls on a weekend or public holiday, returns should be submitted on the preceding work day.

MFBs are strongly urged to adhere to these deadlines to avoid sanctions for future breaches. Where any institution experiences technical difficulties preventing timely submission, they are required to notify the CBN via email prior to the deadline, providing evidence of the technical issue.

Comment

All MFBs are hereby required to submit their FinA returns latest by the 5th day of the month or the preceding work day where the 5th day of the month falls on a weekend or public holiday.

For more information, please click here

(17) CBN Raises Minimum Capital Requirements for Banks

On 28 March 2024, the Central Bank of Nigeria (CBN) in line with its mandate to promote a stable banking system in Nigeria issued a circular for the upward review of the minimum capital requirements for commercial, merchant, and non-interest banks. This action by the CBN is essentially an attempt to strengthen the sustainability of Nigerian banks.

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By this circular, the new minimum capital requirements for commercial banks with international, national, and regional authorisations are now N500 billion, N200 billion, and N50 billion, respectively. The CBN suggested options to be considered by banks in meeting the minimum capital requirement which include injecting fresh equity capital through private placement, rights issue and/or offer for subscription; mergers and acquisitions (M&A); and/or upgrade or downgrade of license authorisation.

A 24-month timeline commencing from 1 April 2024 and terminating on 31 March 2026 was set for banks to meet this minimum capital requirement.

The CBN further stated that only paid-up capital and share premium will be considered for the purpose of meeting the new requirement for existing banks; shareholders' funds, bonus shares, retained earnings, and additional tier 1 (AT1) capital will not be eligible. Banks are also instructed to ensure strict compliance with the minimum capital adequacy ratio (CAR) requirement applicable to their license authorisation. Any bank that breaches the CAR requirement will have to inject fresh capital to regularize its position, in line with extant regulations.

For proposed banks, their promoters must be aware that the minimum capital requirement shall be paid-up and applicable to all new applications for banking licenses submitted after 1 April 2024. The circular further states that although the CBN will continue to process all pending applications for banking licenses for which deposits have been made, and/or approval-in-principle granted, promoters of such proposed banks must bridge the gap between the capital deposited with the CBN and the new requirement on or before the above-stated deadline.

The circular further instructs all banks to submit an implementation plan (clearly indicating the chosen option(s) for meeting the new capital requirement and timelines for implementation) to the Director, Banking Supervision Department, Central Bank of Nigeria, on or before 30 April 2024.

Comment

The review is positioned to provide Nigerian banks with the much-needed resilience to withstand and absorb unexpected economic tremors and place them in a better position to contribute to the growth of the economy. However, the review may also present some shortcomings. For instance, the mergers of some banks, especially low-tier banks, that are unable to meet the new capital requirement and the acquisition of others by stronger banks could likely lead to monopolies in the Nigerian banking sector.

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CAPITAL MARKETS

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(1) SEC and NECA Collaborate to Boost Capital Market Participation

On 25 January 2024, the Securities and Exchange Commission (SEC) and the Nigeria Employers' Consultative Association (NECA) announced their collaboration to encourage businesses to utilise the capital market for funding needed to expand their operations. NECA, representing various business organisations and employers across Nigeria, and SEC, the regulatory authority for the capital market, seek to work together to address the sluggish approach of businesses towards the capital market, especially in terms of Initial Public Offers (IPOs). The collaboration aims to bridge the gap between the private sector and regulatory bodies.

For more information, please click here

(2) SEC Directs Separate Filing of Internal Control over Financial Reporting for Public Companies

In a communication dated 19 February 2024, the Securities and Exchange Commission (SEC) addressed public companies regarding compliance with Sections 60 to 63 of the Investments and Securities Act 2007 concerning Internal Control over Financial Reporting (ICFR).

Following a previous circular dated 8 November 2021, the SEC notifies reporting entities that Directors' and External Auditors' reports on ICFR for the 2023 Financial Year should be filed separately with the Commission, along with the annual reports and accounts, for compliance review. Subsequent ICFR reports are to be included in the annual reports and accounts of reporting companies.

This directive takes into account potential challenges associated with the initial adoption of the SEC's guidance on the implementation of Sections 60 to 63 of the Investments and Securities Act 2007.

Public companies are advised to adhere to this directive accordingly.

Comment

Pursuant to this directive, reporting entities can now file the 2023 ICFR report separately with the SEC.

For more information, please click here

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(3) SEC Mandates Mandatory Audit Firm Rotation in Public Companies (Joint Audit)

The Securities and Exchange Commission (SEC) has mandated audit firm rotation for public companies, in accordance with the Nigerian Code of Corporate Governance (NCCG) 2018 and the Audit Regulation 2020 issued by the Financial Reporting Council of Nigeria (FRCN). While the NCCG stipulates a 10-year rotation period for auditors in public companies, it does not address rotation period for audit firms in Joint Audit Arrangements.

Consequently, the FRCN's Audit Regulation 2020 introduces a maximum rotation period of fifteen (15) years for Joint Auditors.

Thus, the SEC, by this notice, requires all public companies and Capital Market Operators to adhere to the provisions outlined in section 9.3 of the Audit Regulation 2020 issued by the FRCN. This is to ensure consistency in the application of regulations in the Nigerian Capital Market, thus fostering transparency and accountability in the audit process. Companies are therefore expected to implement necessary measures to comply with the prescribed rotation periods for audit firms, thus contributing to the overall integrity and reliability of financial reporting within the market.

Comment

By this notice, public companies are now mandated to comply with the 10-year rotation period for auditors and the 15-year rotation period for joint auditors.

For more information, please click here

(4) Ivory Coast Raises $2.6 Billion in Successful Eurobond Issuance

Ivory Coast recently returned to the international Eurobonds market with a successful issuance, raising $2.6 billion through two bonds with maturities of nine (9) and thirteen (13) years. The issuance attracted interest from over 400 investors, generating an order book exceeding $8 billion, the highest ever recorded by a sovereign in West Africa. According to a statement made by the budget and finance ministry, both new bonds carry respective interest rates of 6.30% and 6.85% upon execution. The funds raised will primarily be used to repurchase and refinance the country's existing Eurobonds and international bank loans.

Comment

Ivory Coast's successful Eurobond issuance demonstrates investors' confidence in the country's economic prospects despite challenges posed by the COVID-19 pandemic and global economic conditions. However, stakeholders should monitor the country's debt management strategy to ensure sustainable financial stability amidst evolving market dynamics and potential currency risks associated with foreign currency debt.

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ENERGY, NATURAL RESOURCES, TRANSPORTATION, TECHNOLOGY, MEDIA, AND TELECOMMUNICATIONS

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(1) Lagos Implements Immediate Ban on Single-Use Plastics

The Lagos State Government banned the use and distribution of styrofoam and other single-use plastics in the State. This was communicated through a statement signed by Tokunbo Wahab, the Commissioner for the Environment and Water Resources, dated 22 January 2024. The statement indicated that the ban is aimed at reducing the environmental hazards posed by these non-biodegradable materials. It is noted that despite regular cleaning efforts, these materials remain a significant portion of litter on roads and markets in Lagos, clogging drainage channels.

The Commissioner for the Environment and Water Resources cited existing laws, including the National Environmental Regulation and the State Environmental Management and Protection Law, to justify the ban. Accordingly, producers, distributors, and users failing to comply may face heavy fines, penalties, and the potential closure of premises. The ban will be enforced by agencies such as the Lagos State Waste Management Authority (LAWMA) and the Kick Against Indiscipline (KAI), tasked with tracking down on production companies and distribution outlets. The commissioner also emphasised the severe environmental consequences and urged consumers to opt for reusable alternatives to Styrofoam and single-use plastics.

Comment

The ban on single-use plastics in Lagos should have a positive effect on the environment by reducing plastic pollution, promoting sustainable alternatives, and raising public awareness toward environmental consciousness. This ban will likely lead to a decrease in non-biodegradable waste, stimulate the growth of eco-friendly businesses, and foster a shift towards more conscious consumer behaviour. This will be a welcome development as manufacturers will be encouraged to utilise crude oil for other necessary petroleum products with comparably less environmental impact. However, the government must prepare for and address challenges such as initial resistance and the need for effective waste management infrastructure for successful implementation.

For more information, please click here

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(2) Egypt Enters into a Joint Venture with Zero Carbon Green Planet to Valorise Waste in Cairo

Zero Carbon Ventures, a UAE-based provider of low-carbon solutions, has partnered with Egypt's Green Planet to launch a joint venture called Zero Carbon Green Planet (ZCGP). The aim is to convert organic waste at Cairo's May 15 landfill into valuable products such as graphene, hydrogen, and fertilizer. This project, established on 7 February 2024, will utilise a high-tech, "Zero Carbon patent-pending" system to extract maximum value from waste while reducing methane and carbon emissions. The new manufacturing plant, which is scheduled for completion by 2027, will process 400 tonnes of organic waste daily and create job opportunities for up to 250 people, thereby contributing to poverty reduction in Egypt. The project aligns with Egypt's ambition to increase solid waste recycling rates and position the country as a regional hub for economic growth. ZCGP will support Egypt's goals by leveraging advanced technology and local expertise, while also encouraging research and investment in transformative technologies like graphene.

Comment

The joint venture between Zero Carbon Ventures and Egypt's Green Planet aims to transform organic waste into valuable products such as graphene, hydrogen, and fertilizer. Ensuring compliance with environmental regulations, protecting intellectual property rights, and negotiating comprehensive contractual agreements are crucial legal considerations for the joint venture. In addition, effective risk management and compliance reporting will further contribute to the project's success while minimizing legal risks and maximizing positive impacts.

For more information, please click here

(3.) MTN Goes Solar as a Means of Driving Resilience and Sustainability in South Africa's Telecom Sector

MTN, a telecom provider in Africa, is taking significant steps to reduce its reliance on South Africa’s strained power grid. It has initiated a major solar energy project at its Johannesburg headquarters, installing over 5,400 solar panels. It is expected that the head office will become 40% less dependent on the municipal grid by the end of the first quarter of the year. This phased approach aims to inject a total of 1,800 kW into the office's microgrid, helping to mitigate the impact of power blackouts, which cost the company $38 million in losses last year in South Africa. MTN's actions are geared toward its goal of getting its base stations completely off the grid which it intends to achieve by investing over $84 million.

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The Johannesburg Solar Park, equipped with 4.9 MW of solar PV, is expected to save 9.3 million kWh per year and cut CO2 emissions by 9,672 tons annually, thus supporting MTN's goal to reach net zero emissions by 2040. This will also tie into MTN's Environmental, Social and Governance (ESG) policies.

Overall, MTN's investments reflect its commitment to leading South Africa's clean energy transition and demonstrate the potential of renewables to transform businesses and uplift communities in the region.

Comment

MTN's adoption of solar energy represents a transformative shift with wide-ranging implications. It enhances operational stability, reduces environmental impact, and promises long-term financial savings. It is expected that many consumers in Africa will continue to switch to more dependable renewable energy solutions as they become more appealing than the unreliable electricity supply from grid and major electricity distributors.

For more information, please click here

(4) Ministry of Solid Minerals Proposes Mineral Equity Over Loans to Alleviate African Debt Burden

Dr. Oladele Alake, Nigeria's Minister of Solid Minerals Development, urged African nations to utilise their mineral reserves as equity in joint ventures instead of taking loans, which worsen the plight of their citizens. Speaking at a Ministerial Roundtable on Powering Africa in Washington, DC, he criticised the pressure exerted by loan marketers on African governments. Alake emphasised the importance of only taking loans that can be repaid with project returns to alleviate poverty.

He criticised Nigerian governments for signing loan agreements with steep conditions and stressed the need for prudent decision-making by African governments. Alake highlighted ongoing reforms to attract investments in Nigeria's mining sector, focusing on critical minerals to diversify the economy from oil. Agnes Dasewicz, the Chief Operating Officer of the International Development Finance Corporation of the United States of America, praised Nigeria's renewed focus on solid minerals and pledged support to strengthen the mining sector value chain, particularly in critical minerals.

Comment

The minister's recommendation for mineral-rich African nations to prioritise equity-based financing over loans is poised to trigger various outcomes. This includes potential policy adjustments towards equity-based financing, which could stimulate increased activity in the industry and economic diversification. Moreover, it may prompt increased infrastructure development, job opportunities, and international cooperation, ultimately fostering sustainable growth and stability within the mineral and mining sectors.

For more information, please click here

(5) FEC Allocates N759 Billion for Road Construction Projects

The Federal Executive Council (FEC) has approved N873.23 billion for three major projects under the Ministry of Works, including the construction of roads connecting Kogi State to Edo State, Ogun State and Lagos State.

The Minister of Works, Dave Umahi, confirmed the allocation of N2.23 billion for repairing and maintaining roads connecting Isheri North in Lagos State to Ogun State, providing an alternative route to ease congestion on the Lagos-Sagamu Road, which will eventually be tolled upon completion of the new route.

Comment

The allocation of funds for the road construction projects signals a promising step towards improving transportation infrastructure in Nigeria. With better roads, we can expect smoother travel, enhanced economic activity, and job creation. However, it is crucial to ensure environmental considerations are addressed during construction.

Furthermore, the road construction, when commenced, may lead to various legal challenges including potential disputes relating to revocation of title to land required for the project. Additionally, the compulsory acquisition of land for these projects raises concerns about fair compensation for affected property owners, potentially leading to disputes and legal actions. Failure to meet safety and quality standards in construction could also result in legal liability.

For more information, please click here

For more information, please contact CorporateCommercial@alp.company

(6) South Africa Successfully launches AFCFTA preferential trade, boosting intra-African commerce

The South African President Cyril Ramaphosa and the Minister of Trade, Industry, and Competition, Ebrahim Patel, recently announced the commencement of preferential trade under the African Continental Free Trade Agreement (AfCFTA) in South Africa on 31 January 2024. This development enables South African companies to export goods to twelve (12) African countries with reduced or no duties, potentially stimulating investment and manufacturing within South Africa. The AfCFTA was initially scheduled for launch in 2020 but was delayed due to various reasons, including COVID-19. It presently covers goods such as food products emanating from various parts of South Africa. This will position South African products to reach a wider market with positive impact on the country's economy.

However, it is anticipated that the application of the trade agreement will extend to encompass services, tourism, e-commerce, and logistics in the future. As more countries are expected to adopt the agreement in 2024, there's optimism that eventually all 55 member states of the African Union will operate under the AfCFTA

Comment

The African Continental Free Trade Agreement (AfCFTA) presents significant implications for South Africa's economy. It offers increased trade opportunities by reducing barriers and tariffs within participating African countries, potentially leading to higher exports and revenues. However, it also brings heightened competition, necessitating improvements in efficiency and innovation.

Investment in infrastructure and skills development is crucial for realising the agreement's benefits. Multinational companies may benefit from streamlined trade, leading to increased investment and job creation. Overall, AfCFTA has the potential to stimulate economic growth, foster regional integration, and enhance South Africa's competitiveness globally.

For more information, please contact CorporateCommercial@alp.company

(7) GITEX Africa 2024: Marrakech Hosts Tech and Business Leaders from Across the Continent

Organized by Kaoun International, GITEX Africa aims to bridge the gap between Africa and global tech innovations, offering networking and partnership opportunities for startups and industry giants alike. The event serves as a platform to showcase Africa's growing startup ecosystem while providing avenues for knowledge sharing and collaboration across sectors and regions.

GITEX Africa 2024, set to be held in Marrakech, Morocco, between 29 and 31 May 2024, aims to gather technology and business leaders from across Africa. Building upon the success of its inaugural edition, the conference seeks to facilitate dialogue and collaboration among startups, businesses, and thought leaders in Africa's burgeoning digital landscape. With a focus on themes such as AI and its potential applications in healthcare, agriculture, and development, the event underscores the continent's commitment to embracing digital advancements. Morocco's Minister of Digital Transition and Admnistration Reform, Ghita Mezzour, expects the conference to be a catalyst for fostering collaboration and forward-thinking approaches to utilizing digital technologies for Africa's benefit

Comment

GITEX Africa 2024 is a significant opportunity for the continent's tech and business sectors. It is poised to foster collaboration and dialogue among African decision-makers, startups, and global industry leaders. The event should highlight Africa's embrace of digital innovation and showcase its potential for technological advancement. Additionally, it provides a platform for networking, knowledge sharing, and partnership building, ultimately driving forward Africa's digital transformation and economic growth.

For more information, please click here

(8) Regulatory Challenges Hit Crypto Exchanges in Nigeria: Crypto platforms certain features after CBN's scrutiny

In a bid to crackdown on the negative impact of crypto platforms, the government invited two executives of a crypto company to Nigeria. It was reported that the executives were subsequently detained, and the crypto company was being compelled to share data on their customers.

Following statements by the governor of the Central Bank of Nigeria, Olayemi Cardoso, that $26 billion had passed through Binance from Nigeria in the past year, crypto exchanges and platforms have encountered regulatory challenges. In light of this regulatory scrutiny and operational restrictions by the Federal Government, companies like Binance have limited access by Nigerian users to features such as USDT and similar stablecoin trading.

Comment

The increased regulatory scrutiny and operational restrictions on crypto platforms in Nigeria, including the suspension of the Naira to USDT and USDC trading by major exchanges indicate a tightening regulatory environment. This could lead to reduced market liquidity, and increased market volatility particularly as the government has continued to invite investment in the Nigerian economy though the tech-space.

For more information, please click here

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AfCFTA
Creating One African Market

A REPORT OF THE ALP PRACTICE GROUP AfCFTA TOWNHALLS Q1, 2024

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(1) ALP GROUP HOLDS 7TH GLOBAL TOWNHALL THEMED "AfCFTA'S GUIDED TRADE INITIATIVE (GTI): RE-IMAGINING THE GLOBAL SUPPLY CHAIN"

On 13 February 2024, the ALP Group comprising ALP NG & Co. and ALP East Africa held its 7th Global Townhall themed "AfCFTA's Guided Trade Initiative (GTI): Re-Imagining the Global Supply Chain". The event which was moderated by Mr. Olasupo Shasore SAN, founding Partner at ALP NG & Co and Ms. Patricia Mutiso, Director Partnerships at ALP Trade Africa brought together a distinguished panel of speakers for an engaging discussion. The esteemed speakers at the event included Professor Jonathan Aremu (Guest Speaker) Chairman of the Nigerian Association of Chambers of Commerce, Industry, Mines, and Agriculture (NACCIMA) on AfCFTA Trade Group (Nigeria), Ms. Beatrice Chaytor (Head of Division – Trade in Services, AfCFTA Secretariat), Dave Anderson Partner – Bryan Cave Leighton Paisner-BCLP (Brussels), Patience Okala Expert Investment Advisor – DTIID, AfCFTA Secretariat (Ghana), Olusegun Olutayo Senior Trade Expert/ Lead Trade Enablement NAC-AfCFTA Secretariat (Nigeria), and Umar Oba Adelodun Entrepreneur: Solid Minerals, Infrastructure, Real Estate & Agriculture (Nigeria)
.

The panel shared valuable insights and perspectives on the African Continental Free Trade Area's (AfCFTA's) Guided Trade Initiative (GTI) during the townhall event. References were made to non-exhaustive areas considered crucial to the actualisation of seamless intra-Africa trade, such as the expectations of the prevalent competition regime to be introduced under the Agreement, the intricacies and vitality of the investment landscape on the continent, the immeasurable value of the services industry under the Services protocol, the preparedness of Nigeria to engage in trade under the GTI, and call for deeper levels of integration within the Regional Economic Communities, given how crucial they are to the AfCFTA's actualisation.

The GTI from its inception was intended to be implemented in phases. Phase 1 of the GTI which commenced on 7 October 2022 involved the participation of 8 countries, namely: Mauritius, Ghana, Tunisia, Cameroon, Rwanda, Kenya, Egypt & Tanzania. Recently the AfCFTA launched phase 2 of the GTI and Nigeria will be a participating member state, alongside 22 other countries.

Watch the Video from the webinar here

For more information on AfCFTA's GTI,please click here

For more information, please contact CorporateCommercial@alp.company

(2) ALP GROUP HOLDS 8TH GLOBAL TOWNHALL THEMED "WOMEN AND YOUTH IN TRADE: INCLUSIVITY UNDER THE AfCFTA AND REGIONAL TRADE AGREEMENTS"

Again, on 26 March 2024, the ALP Group comprising ALP NG & Co. and ALP East Africa held its 8th Global Townhall themed "Women and Youth in Trade: Inclusivity under the AfCFTA and Regional Trade Agreements". The panel discussion was moderated by Mrs. Oyinkansola Badejo-Okusanya, founding Partner at ALP NG & Co. and Ms. Nana Adjoa Hackman, Managing Partner at Africa Legal Associates.

The event brought together a distinguished panel of speakers for an engaging discussion and they include Ms. Faith Tigere – AfCFTA Consultant at International Trade Centre (Switzerland), Ms. Julia Charlton (Chair, Commonwealth Chamber of Commerce & Partner, Charltons Solicitors, (Hong Kong), Dr. Ama – Co-Founder, Africa Sustainable Trade Change Makers (United Kingdom), Janice Kimaro – Regional Coordinator, East African Women in Business Platform (EAWiBP) (Tanzania), and Isobel Acquah – Director – Center for Law & Innovation, CERTA Foundation, (Rwanda)

.The expert panel provided in-depth insight into the intricacies of women involved in trade by highlighting some initiatives such as "SheTrades", which is a product of a collaborative effort between the International Trade Centre (ITC) and the African Union Commission. SheTrades was established with the objective of empowering women to trade seamlessly in the African Continental Free Trade Area (AfCFTA) at all levels.

It was discussed at the townhall meeting that the East African Community (EAC) had established a one-stop border pass within East Africa toward the seamless movement of entrepreneurs and cross-border trade strictly within the region. It was further elucidated that the procedure for clearing goods at the different borders within the EAC has significantly been simplified.

Youth engagement held a significant segment of discourse on the panel, most especially along the lines of mentorship, basic schooling, and ensuring that they are given opportunities for decision making in framing policies relevant to their unique age demographic.
For more information on the engagement, please click here:

For more information, please click here

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