African Capital: Ownership, Accountability and Value Creation



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Editor's Note

*By **Aparupa Chakravarti***

"Nowadays people know the price of everything and the value of nothing."

Oscar Wilde's critique of Victorian society continues to reverberate well into the 21st century. If anything, it seems more applicable than ever in the era of speculative finance, where, according to Mariana Mazzucato's The Value of Everything, capital is being increasingly diverted away from the real economy – long-term research, development, and job creation – towards financial markets and maximising shareholder value. In doing so, speculative finance functions as a form of value extraction, rather than creation.

For African countries, the concept of value extraction tends to centre quite literally on the extractive economy. Moreover, for those countries that are simultaneously contending with shallow capital markets and weak industrial bases, speculative finance as a form of value extraction may not seem particularly relevant or urgent. Yet this is precisely the right time – while markets and economies are evolving and are thus in a position to be shaped and directed – to make sure that Africa's financial sector works in service, instead of at the expense of the rest of the economy.

In this issue of AB Intelligence, we look at how value is defined, measured and captured on the African continent, and how that affects the relationship between different forms of capital and the various sectors they are intended to serve. For the formation of resource markets, is greater local value addition alone sufficient and is speculative capital always problematic? In agricultural insurance, is value confined to the insurance product itself, or does it lie somewhere else entirely? And in the context of evolving investments from the Gulf into Africa, does the value of incoming capital sit in its quantum and direction, or in its underlying terms and conditions?

Underpinning these various sources and forms of value is one constant: ownership. Not just ownership of an asset, or resource, or product, but ownership of accountability. Ultimately, ownership of accountability is what will allow us to create markets that generate value and not just prices. ■

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The Raw Deal: How Africa Exports both Resources and Capital

*By **Mwiya Musokotwane***

Much of capitalism's history is the history of physical wealth learning to become financial wealth. For too long, Africa has been simultaneously rich in physical capital, but relatively poor in financial capital. The problem is a lack of conversion.

Before a tonne of copper becomes a cable, someone acquired the mineral right, financed exploration, turned geological possibility into a resource, and owned the equity when a prospect became a mine. Someone then received the dividends and owned the shares as they appreciated. Collectively, this creates capital. But if ownership lies elsewhere, Africa does not merely export the commodity. It exports the compounding.

A foreign-owned mine can be an extraordinary national asset. It employs workers, supports suppliers, earns foreign exchange and pays taxes and royalties. Its workers accumulate pensions; its taxes can finance schools, hospitals and infrastructure. None of this is trivial. But after the workers, suppliers, lenders and government have been paid, one claim remains: the residual claim. Its owner receives the profits, owns the appreciation, can borrow against the equity, sell it, reinvest it, or pass it to another generation. Workers receive wages, suppliers receive invoices, and governments receive taxes. The owner receives the future.

That distinction matters because economies are built not only from income but from accumulated claims on future income. Over one year the difference may appear modest. Over forty years it can become an economy. A copper deposit becomes a mine; the mine produces dividends; the dividends become deposits; the deposits become loans; and the loans finance factories, farms and companies that have nothing whatsoever to do with copper. By the time the factory opens, nobody remembers that its first capital came out of the ground. In that forgetting, development occurs.

This is also why the problem is larger than resource ownership. Deep financial systems require something more specific than savers and borrowers: successful domestic enterprises capable of generating savings and absorbing them again at scale. Enterprise creates savings; savings finance enterprise. The process is recursive.

Removing meaningful domestic ownership from the productive core of the economy weakens recursion. This is the point at which physical wealth fails to convert into financial wealth.

Local beneficiation is only the first step in creating strong African resource markets. To transform physical wealth into financial capital, Africa needs adaptive ownership underwritten by domestic capital and guided by productive – not rent-seeking – speculation.

Building Well-Functioning Resource Markets

Fortunes accumulated from land, agriculture, coal, metals, shipping and trade helped capitalise banks, securities markets and industrial companies across Europe. South Africa offers an uncomfortable African example. Its gold

and diamonds did not merely leave the country; the fortunes around them became mining houses, finance houses, banks, insurers, and industrial conglomerates. The racial ownership system that governed that accumulation was indefensible, but the economic mechanism was real: the reef financed a city and the city financed an economy. Johannesburg became a financial centre because the mines learnt how to become money.

Canada and Australia demonstrate another part of the machine. Their capital markets learnt to value a resource before the final mine existed. An entrepreneur can acquire mineral rights, finance exploration, prove a resource, and sell or recapitalise the company without possessing the billions required to develop the eventual mine. Rights aggregation, exploration, development, operation, and trading can be different businesses. Geological possibility can become a security before becoming a processing plant.

This matters because African policy often confuses productive speculation with rent-seeking. Not every holder of a resource right should be expected to take an asset from discovery through development and into production. That collapses several different businesses into one. The capital willing to finance geological uncertainty is not necessarily the capital best suited to build a mine, just as the entrepreneur skilled at assembling land, permits and infrastructure rights may not be the operator best equipped to run the eventual asset.

Well-functioning resource markets allow ownership to change as uncertainty falls and capital requirements rise. A prospector takes geological risk; an explorer converts possibility into evidence; a developer converts evidence into an investible project; and a producer commits the much larger balance sheet required to operate it. Each stage adds information, reduces a different kind of uncertainty, and can increase the value of the underlying right. The transfer between them is not necessarily evidence that speculation has failed. In a functioning market, the transfer is often the point. This is what sophisticated resource economies have learnt to financialise.

The distinction, then, is not between speculation and production, but between speculation that creates information and speculation that merely captures scarcity. The former converts uncertainty into an asset the next pool of capital can understand; the latter simply holds a right hostage. Policy should encourage the first and make the second expensive through transparent registries, transferable rights, development milestones, escalating holding costs, and use-it-or-lose-it provisions. A sophisticated economy does not ask every entrepreneur to finish what she starts. It asks whether she has made the asset more valuable, more knowable, and more investible for whoever comes next.





Resource Markets Need Domestic Capital

But ownership requires buyers. Here Africa already possesses an underused instrument: its pension funds and insurers. Their liabilities are long-dated, making them natural owners of long-duration productive assets. Yet institutional portfolios across much of the continent remain heavily weighted towards government paper and property.

The policy objective should, therefore, be to build securities pension funds can prudently own: diversified resource funds, listed exploration companies, infrastructure vehicles, agricultural and forestry assets, and energy-development platforms with appropriate limits and governance. Africa needs capital markets capable of distributing geological and development risk among many investors.

This is why domestic capital formation must stand alongside foreign direct investment and social development as an explicit development priority. Development policy has become proficient at asking how foreign capital can come in and how the resulting gains can be distributed more widely. It must become equally serious about the question in between: how African capital is formed, accumulated and allowed to compound.

I write this from inside the problem. For an African executive, shallow markets are a price: equity is dilutive and expensive, and debt at scale usually means hard currency against local-currency cash flows, so every devaluation threatens distress. The dependable financing left is the balance sheet; above all, retained earnings. My own firm is built on that arithmetic. Thebe runs a simple flywheel: turn land into cash flow across land-use types - urban, energy, carbon offsets - and turn the cash into a treasury that repeats the process. In a deep market, exits and exchanges would do that recycling; in a shallow one, the treasury must be its own capital market.

Deep markets require strong domestic banks. UBA, FirstBank, Standard Bank, KCB and Equity matter because they represent substantial financial balance sheets fundamentally rooted in home markets while increasingly able to follow African clients across borders. A domestic company that requires a foreign institution for every large acquisition, project-finance facility or regional expansion eventually meets a ceiling. African corporations becoming regional should be accompanied by African financial institutions capable of becoming regional with them.

This is not an argument that domestic ownership is inherently virtuous, but alignment matters. Foreign capital should participate throughout African economies; it simply need not own every stage of them.

Large domestic commodity traders form another part of the architecture by turning fragmented production into bankable flows. Zambia's metals-trading joint venture with Mercuria is notable in this respect, because trading develops capabilities in information, risk management, working capital, and finance. Where private African traders can develop these capabilities, they should. Where the state helps incubate them, they must ultimately be commercial and competitive rather than permanent recipients of subsidy.

Capital markets complete the machine by making ownership liquid. A pension fund needs securities it can price and sell; a successful founder needs a way to diversify concentrated wealth into the next enterprise. Africa's individual exchanges are often too small to reproduce the depth of Toronto or Sydney, making regional integration, cross-listings, common reporting standards, and specialist resource markets increasingly important. Without an exit, the flywheel eventually stops.

None of this requires retreating from the world. Sovereignty should not be sacrificed in the name of efficiency, but commercial sovereignty should not turn African states into hermit polities either. There is room for foreign and domestic capital to scale together.

The objective is not autarky. It is optionality.
This distinction is becoming more urgent. Africa should no longer build its development model on the assumption that foreign aid and concessional generosity will remain permanent features of the international system. No foreign investor has a mandate to build African capitalism. Africans do.

The prudent response is to play defence through domestic growth, via strong domestic banks, deep pension pools, competitive indigenous corporations, domestic food and energy capacity, and African trading houses and liquid capital markets. These are defensive, not because they wall Africa off from the world, but because they increase the choices available when the world becomes less accommodating.

Africa has spent generations asking how to stop exporting raw materials. But there is another opposite to exporting raw materials beyond local value addition: ownership.

The purpose of ownership is to use natural capital to manufacture financial capital and then allow that capital to migrate towards whatever the next generation of comparative advantage becomes. The mine becomes dividends, the dividends become savings, the savings become credit, and the credit builds an enterprise nobody imagined when the first drill entered the ground. Eventually the money forgets the mine.

The Fulfilment of Africa's Natural Wealth
None of this is theoretical. Dangote's refinery cost roughly $20 billion, of which only about $5.5 billion was debt; the rest was equity, overwhelmingly the group's own retained earnings, in an industry where such projects normally carry 60 to 70% debt. That inversion was not a preference. It was a price. No African market could supply debt at that scale, tenor and currency on survivable terms, so a cement-fed treasury did the market's work and carried the hard-currency debt it did take through successive devaluations that would have broken a thinner balance sheet. Only now, with the asset proven, is the sequence reversing: an oversubscribed institutional placement, a syndicated refinancing, and a listing in preparation that may deepen Nigeria's exchange more in one transaction than the previous decade combined. The balance sheet that shallow markets forced into existence is becoming the security those markets needed.

We should all take this as a case in point: for a long time Africa has asked the world to bet on it. It should continue asking. But the next stage of African development requires Africa to begin betting on itself. ■

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The Case for a Banking Revolution in Agricultural Insurance

*By **Carl Manlan***

Africa's 33 million smallholder farmers are one drought, flood, or health crisis away from economic devastation. They are vulnerable because the financial system was not designed with their particular brand of risk in mind. Yet they produce 80% of the food consumed in Sub-Saharan Africa. This is not a market failure. It is a civilisational one.

Turkey's DenizBank, in partnership with insurance firm AXA Türkiye, has built an agricultural ecosystem. Their starting point is deceptively obvious: farmers do not have regular monthly incomes, so financial products designed around regular monthly incomes will always fail them. At the heart of the programme is the Producer Card: a credit facility financing agricultural production and allowing repayment at harvest time. For banks, this cash-flow alignment is not just inclusive design; it directly protects balance sheets by reducing Non-Performing Loans and lowering credit-loss provisioning. The model succeeds by treating the farmer not as a risk category, but as a multi-faceted entrepreneur whose economic security depends on health, gender dynamics, and technology.

Criterion zero: agreement on scaling

The most common cause of death for agricultural insurance pilots in Africa is not product failure. It is the absence of a prior compact about what happens when the pilot works: a "scaling agreement."

At the CGAP Forum, this was the subtext of every success story. When Buhle Goslar observed that Africa has built interoperable systems but not interoperable regulations, she located the scaling agreement problem at its structural root. Johannes Borchert of One Acre Fund confirmed it: insurers refuse multi-season commitments to retain pricing power, collapsing the compact before it forms.

In Turkey, DenizBank operates within a single regulatory environment with a single sovereign partner. That clarity is structurally unavailable in Africa, where scaling requires navigating fragmented CIMA, EAC, and SADC frameworks alongside national banking laws built without parametric triggers or non-cash premiums in mind.

Before any bank emulates DenizBank, the ecosystem must answer a prior question: who convenes the scaling agreement? Who brings the bank, the insurer, the reinsurer, the regulator, the ministry of agriculture, and the farmer cooperative into a room and holds them there long enough to agree not on a pilot, but on a pathway from pilot to policy?

The African Development Bank's $ 1billion ACRIFA facility is the most promising institutional attempt to be the convening infrastructure for that agreement- bringing together governments, development agencies, the insurance sector, and the private sector at continental scale. It is not yet sufficient: ACRIFA aggregates capital and convening power but currently lacks a binding regional mechanism to harmonise cross-border micro-insurance regulations. But it names the right ambition.

Africa's banks: where the seeds of emulation exist

Equity Bank is the most structurally proximate to the DenizBank model. Serving 21.6 million customers across seven countries, the missing element is what DenizBank built most deliberately: a health and social insurance layer bundled into the agricultural relationship, and the data-science depth to personalise products at the individual farmer level.

Bank of Africa is the most overlooked candidate for continental leadership. Present in 20 countries across francophone West Africa, East Africa and the Indian Ocean, its Moroccan parentage gives it access to sophisticated insurance co-design conversations. What it has not yet done is build the agricultural insurance ecosystem deliberately, embedding health, production, and protection layers into a single farmer relationship the way DenizBank has. The opportunity and the underlying institutional responsibility are significant.



Coris Bank International is perhaps Africa's most underappreciated banking institution. Through its insurance subsidiary, Coris Assurances, it has already participated in index insurance programmes for cotton, maize, millet, sorghum, and rice. What remains underdeveloped is the agricultural insurance vertical embedded within the banking relationship, rather than offered through separate distribution partners. Coris has the geography, the trust, and the network. The architecture awaits.

The Architecture: five criteria, one pre-condition

Scale requires more than products. It requires an ecosystem encompassing multiple actors operating in concert. This is only possible with a scaling agreement as the pre-condition. Once that is in place, a provisional architecture for African banks emulating DenizBank emerges across five criteria:

1. *Design from the harvest cycle:* Credit, insurance premiums, and health payments must be calibrated to the agricultural calendar, differentiated by crop, region, and climate zone, not artificial monthly schedules.

2. *Bundle health into agriculture:* The separation between agricultural insurance and health insurance is a construct of institutional convenience, not farmer reality. DenizBank understood that a farmer's productivity is inseparable from their health. African banks that build agricultural products without a health layer leave the most important source of vulnerability unaddressed.

3. *Use grain as currency:* ZEP-RE, the regional reinsurer for eastern and southern Africa, suggested grain-based premium payments at the CGAP Forum as a solution to the affordability paradox. If a farmer cannot pay premiums in cash but can pay in harvest, and if the insurance system can absorb that mechanism, the protection gap narrows. By leveraging existing Warehouse Receipt Systems (WRS) and local off-taker agreements, banks can digitise crop receipts without managing physical inventory or taking on spoilage risk.



4. *Invest in data science:* DenizBank's 204 data scientists represent a depth of investment that African banks have not yet matched for smallholder clients.

5. *Intentionally design for women:* Women smallholder farmers save more, commit less fraud, and are more loyal clients. Bundling credit insurance with hospitalisation coverage extending to the whole family is not altruism. It is market intelligence.

The Deeper Argument

Proven models already exist: Pula has scaled parametric insurance, One Acre Fund has demonstrated bundled input loans, and WFP has shown how political commitment converts proof of concept into infrastructure.

What remains is the banking sector's willingness to close the distance between its balance sheets and the first mile; the willingness of governments, regulators, and development institutions to build the compact that makes that journey worth taking.

DenizBank sent anthropologists into the fields. They found that women had been pushed out, that youth saw no future in farming, that the aging farmer was the system's ticking clock. They built products that addressed those discoveries. African banks, from Cape Town to Rabat, have access to exactly the same human truths. The question is whether they will show up with curiosity instead of products built on preconceived notions.

In the end, what is not agreed cannot scale. What cannot scale cannot insure. And what is not insurable will not feed a continent forever. ■

Carl Manlan is Chief of Partnerships and Business Development at AGRA. His work centers on building ecosystems where entrepreneurs, small businesses, and communities can access the tools and opportunities they need to thrive.



The Iran War Is Reshaping the Terms of Gulf Capital in Africa

By ***Hubert Kinkoh***

When the United States and Israel struck Iran in February and the Strait of Hormuz was effectively closed, many anticipated that Gulf investors would reduce their investments in Africa. More than $100 billion invested by Gulf Cooperation Council states in Africa over the past decade, including about $59 billion from the United Arab Emirates, appeared at risk. African private equity firms were concerned that investors in Riyadh, Abu Dhabi, and Doha would suspend their commitments.

Initial reports supported this assessment. Gulf governments reviewed their overseas investment plans to account for costs of the conflict. African projects faced increased scrutiny, while fund managers reported heightened investor caution. The broader picture, however, is more complex. Gulf sovereign wealth funds deployed a record $53.9 billion across 108 transactions in the first half of 2026. Saudi Arabia's Public Investment Fund has redirected capital towards defence, food security, and domestic resilience. Doha has established a new unit within the Qatar Investment Authority (QIA) focused on domestic investment. Gulf capital is not withdrawing from international markets, as it is not facing financial distress due to this crisis. Instead, it is being directed towards assets that strengthen supply chains and enhance energy security.

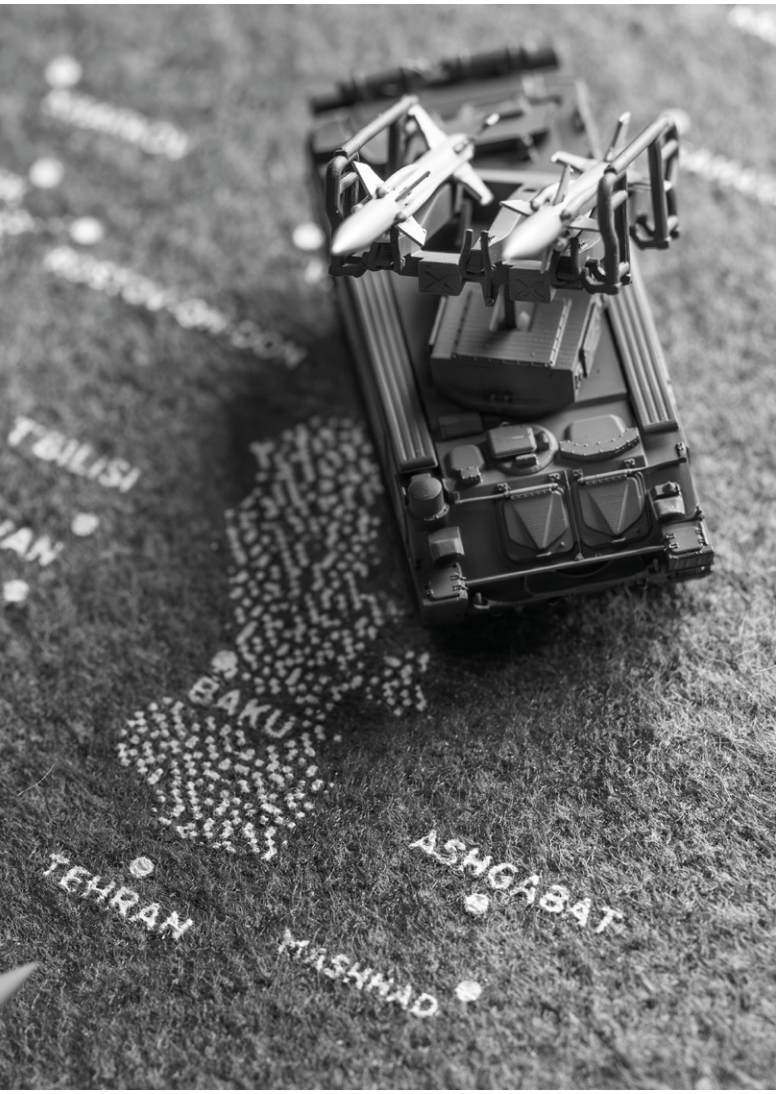
For this reason, the current disruption in the Red Sea should be understood as a contest over economic infrastructure rather than merely a shipping security crisis.

Red Sea disruption is changing the value of African ports

The Red Sea illustrates why this matters for Africa. The Strait of Hormuz has lost much of its usual shipping traffic, and tanker attacks near Hormuz and Oman as recently as 10 to 14 October have kept it insecure. Bab el-Mandeb, which connects the Red Sea to the Gulf of Aden, is also at risk. In September, the Houthis seized the Yemeni port of Mokha and captured territory along the Red Sea coast. They have since threatened Saudi-linked shipping. Saudi-backed Yemeni government forces launched a counteroffensive on 4 October and claimed the next day to have retaken Mokha and secured the strait. The Houthis denied the claim, and the city remains in their hands. Government forces have regained ground around Dhubab and Bab el-Mandeb, but their advance has stalled north of Dhubab. The Houthis have also extended the conflict into Saudi territory. A strike on Riyadh's King Khalid International Airport on 10 October killed at least 13 people and injured more than 300. Further strikes subsequently targeted Riyadh, Abha, and an Aramco facility in Dhahran. The airport has only partly reopened, and Brent crude has traded above $110 a barrel in late October. Suez Canal revenue recovered to $4.67 billion in Egypt's 2025/26 fiscal year, still less than half its 2023 peak, and renewed Houthi attacks now threaten that recovery.

This disruption is reshaping the commercial value of ports on the African side of the Red Sea and the Gulf of Aden. Berbera in Somaliland, Bosaso in Puntland, Djibouti, and Assab in Eritrea once competed primarily over cargo,

transit fees, and long-term concessions. They now matter to states and companies seeking alternative routes for fuel, food, and minerals. Berbera is a case in point, attracting renewed investor interest, though its status carries political risk because only Israel has recognised Somaliland. Ethiopia still sends about 95% of its trade through Djibouti, making its dependence on a single port and route a major concern. Berbera has now become more important to Addis Ababa.



Control of these ports is increasingly contested. In January, shortly after Israel recognised Somaliland, Somalia's federal government cancelled its agreements with the UAE, including arrangements related to ports, defence, and security. Somaliland rejected the decision. The dispute extends beyond the contracts themselves. It concerns which party has the authority to approve them: the federal government in Mogadishu, the Somaliland authorities in Hargeisa, or DP World, which holds the operating rights and continues operating in Berbera.

A concession may remain commercially active even when its political basis is contested. Ports and logistics corridors can generate employment and revenue, but poorly structured agreements may transfer control to foreign operators. However, the investment question extends beyond port ownership. Value lies in the systems surrounding the port, including industrial land, warehouses, fuel supplies, customs services, insurance, and transport links to inland markets. Investors who control these systems can influence where cargo travels, which firms can operate, and who captures the returns from trade. In light of this, it is clear why, increasingly, transport assets are being treated as linked systems rather than isolated projects.

Gulf capital is becoming progressively strategic and selective

Three changes are already apparent. First, Gulf investors are becoming increasingly selective and are likely to prioritise infrastructure that supports their own supply chains and security requirements. Food, fuel, shipping, renewable energy, minerals, and logistics are expected to remain priorities. For example, Saudi investment in Olam Agri through SALIC is not merely an agricultural investment; it also helps secure Saudi Arabia's food supplies. African governments should anticipate this rationale in future Gulf deals.

Second, conflict is creating business opportunities for firms that control supply. Vitol has expanded its exclusive fuel-supply arrangements in African markets, illustrating how disruption can strengthen traders with storage facilities, shipping capacity, and access to finance.

Companies capable of transporting and storing fuel gain greater bargaining power. The same principle applies to insurance and warehousing.

Third, Gulf investors are seeking greater influence over projects, beyond just financial returns. They are more inclined to invest through operating companies and platforms that manage the entire chain, from ports and industrial zones to logistics services. Mombasa illustrates this trend. GulfCap Group, led by businessman and politician Suleiman Shahbal, has signed a KSh12 billion ($100 million) agreement with DP World to develop a 535-acre special economic zone in Jomvu. The project is expected to generate nearly 8,000 direct jobs.

How African investors can shape the next round of deals

African governments and investors can still shape these transactions by pursuing three practical measures. First, African pension funds, sovereign wealth funds, and development banks should seek equity stakes in port, corridor, and special economic zone projects. Lending or purchasing bonds generates income, whereas equity ownership offers the potential for profits and a voice in major decisions. It may also strengthen public confidence in foreign-backed projects. Pension funds, insurers, and sovereign wealth funds can become more important sources of African infrastructure finance.

Second, Afreximbank, the African Development Bank, and other development finance institutions should support local investors' participation. Although Gulf-backed projects may have well-capitalised sponsors, they may also encounter regulatory disputes and security-related challenges. Guarantees, first-loss capital, and blended finance can mitigate these risks and enable local investors to participate without relinquishing ownership. Afreximbank also identifies pension funds and capital markets as underutilised components of the continent's infrastructure-financing base.

Third, governments and businesses should view the disruption in the Red Sea not only as a security threat but also as an opportunity to develop essential services.



Demand exists for fuel storage, grain reserves, cargo insurance, warehouses, and connections between ports and inland markets. These services can help sustain trade during and after a crisis. Local firms should be included in the consortia responsible for building and operating them.

The current circumstances are unlikely to persist. Developments in Yemen, a Gulf settlement, or tighter budgets could shift priorities. Over the next 12 to 24 months, Gulf investment in Africa is likely to become more targeted. African policymakers and investors should ask direct questions before signing agreements: Who owns the asset? Who appoints the operator? Who bears the debt and political risk? How much of the revenue, employment, and decision-making remains in African hands?

The answers will determine whether new investment strengthens local economic power or merely creates new dependencies. ■

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