Exclusive interview with Begna Gebreyes, Senior Vice President: Investments at the Africa Finance Corporation (AFC). At the upcoming Nigeria Mining Week, Mr Gebreyes is part of a panel discussion on “Understanding the needs of financial institutions and funding organizations—the financial models available to support mining projects”

**Can you share some background on AFC?**

AFC is an investment-grade multilateral finance institution that was established in 2007 by an agreement between African sovereign states, including Nigeria.

We wish to become Africa’s leading infrastructure solutions provider and our mission is to foster the economic growth and industrial development of African countries while delivering a competitive return on investment to our shareholders.
Africa Finance Corporation "proud to support mining industry in Nigeria"

PwC bullish on Nigeria's mining future

AFC's investment approach combines specialist industry expertise with a focus on financial and technical advisory, project structuring, project development and risk capital to address Africa's infrastructure development needs and drive sustainable economic growth.

We invest in high-quality infrastructure assets that provide essential services in the core infrastructure sectors of power, natural resources, heavy industry, transport, and telecommunications.

We are proud of the contributions we have made towards closing Africa's infrastructure gap. To date, AFC has invested approximately US$4.5 billion in project within 29 countries.

What is your role at AFC?

My role at Africa Finance Corporation (AFC), Africa's leading investment grade infrastructure solutions provider, is Senior Vice President of Investments. In this role I support AFC by identifying, reviewing and developing investment opportunities in natural resources (which includes mining and oil & gas), transport, power, heavy industries and telecoms throughout Sub-Saharan Africa.

Nigeria will meet its roadmap targets

Can you tell us about some exciting projects in the mining industry AFC is involved in currently?

There is a tremendous amount of opportunity in the mining sector all across Africa. Our goal is to grow our investments in mining, over the next few years, to over US$500 million. There are many exciting projects that merit investment.

For example, we are working with an Australian-listed company, Danakali, which is developing a potash deposit, Colluli, in Eritrea. Our role is Mandated Lead Arrangers (alongside Africa Export Import Bank) and we have executed a mandate for the provision of US$200 million in debt.

We are very much looking forward to this project’s development because potash is a very important mineral that is used in fertilizer to keep soil fertile over time.

The Colluli project is not only high quality and high purity but also shallow and easy to mine as well as easy to transport due to its proximity to the coast. We are very proud to be supporting Danakali.

Another exciting project we’re involved with is here in Nigeria with Thor Explorations. We have offered the company a US$78-million financing package for its Segilola Gold Project.
This funding solution includes a credit facility, a gold stream and common equity. Nigeria is known around the world as a major oil producer but much less so for its mineral resources. We are very proud to be supporting the growth of Nigeria’s fledgling mining industry.

**What is your vision for the industry?**

At AFC, our mission is to foster economic growth and industrial development of African countries while delivering a competitive return on investment to our shareholders.

We believe that one can invest ethically, with high standards, impact lives and shape Africa’s future while also generating exceptional returns for our partners, investors and shareholders.

This goes hand in hand with our vision for the mining industry – we believe it can be developed in a way that brings sustainable and inclusive growth for all stakeholders – including owners, shareholders, local workforce, community residents, etc.

**What are the trends you are seeing in the mining industry?**

As I mentioned earlier in regard to Thor Explorations, the financing was part credit, stream and equity.

I believe that streaming will become a more prominent alternative to financing because it gives companies the financial solutions they need without diluting their existing shareholders nor adding significant and onerous layers of debt to their balance sheets.

AFC, as an investor, particularly likes this form of financing due to the speed and efficiency of transacting.

Another trend we’re seeing in the mining industry is the ecosystem approach to investing and developing projects. Nothing happens in a vacuum – a mine needs a seaport to transport the product to its consumers, a road to get to the port, electricity, internet, etc.

When mining companies and their stakeholders work together, instead of in silos, they are more efficient and effective with their investments (because of economies of scale and synergies). This increases their competitive advantage and, in the end, alleviates key social, economic and environmental risks.

**What is the main message you’d like to share with Nigeria Mining Week delegates?**

The main message I’d like to share with the delegates at Nigeria Mining Week is that Nigeria is open for business and is ready to make the most of its mineral wealth.
Less than 0.5% of the country’s GDP comes from minerals and mining. However, the country has much to offer such as coal, gold, iron ore, uranium, wolframite, columbite, tantalite and bitumen.

Diversifying away from oil, which is unpredictable in pricing, is key to ensuring the country’s stability as is maximising our mineral wealth instead of importing from abroad.

However, it goes without saying, that this will not be done at any cost. Delegates must understand that Nigeria’s mineral wealth must be exploited in a way that is inclusive and sustainable, and more thought must be given to in-country beneficiation so that Nigerians are not only producing natural resources but also manufacturing finished products.

The other message I have is AFC is very keen to support its host country diversify from hydrocarbons and into mining. We welcome inbound inquiries from companies that have exploration-, development- and production-stage projects that will be instrumental in Nigeria and Africa’s overall development.