

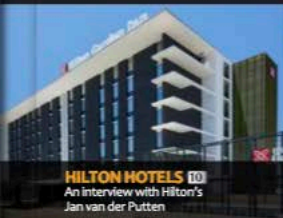
AFRICA outlook

ISSUE 73

A Nouis for Nickel

Mabiza Resources is edging ever closer to capitalising on its Munalí Nickel Mine asset thanks to continued investment and extensive feasibility studies

Mabiza Resources
Limited



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An interview with Hilton's
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Socioeconomic Salvation in the DRC

Dismantling the negative stigma surrounding palm oil, Feronia is demonstrating how plantations can be the economic and social lifeblood of communities when they are run in the right way

Writer: Jonathan Dyble | Project Manager: Matt Cole-Wilkin

“When we acquired Plantations et Huileries du Congo Sa (PHC) in 2009, its future was in jeopardy having fallen into a state of severe disrepair after decades of disruption and a lack of care.

“Without substantial investment the business would have collapsed, with thousands of workers losing their jobs, tens of millions of dollars of wages not paid into the local economies and none of the social services which exist today would have survived.

“The business’s key revenue generating asset, its trees, were beyond the end of their productive life; the mills which turn fruit from the trees into the oil were mostly non-functional; none of the facilities we inherited had been maintained in 20 years and the surrounding roads had largely ceased to be passable.”

Tasked with replanting three million trees, replacing numerous mills, repairing hospitals, schools, roads, utilities infrastructure, and attracting the investment necessary to do so, the

past decade has been a challenging one for Feronia to say the least.

The opening statements come from Xavier de Camiere, CEO and Executive Director of the company that claimed responsibility for revitalising PHC’s Lokutu, Yaligimba and Boteka palm oil plantations in the Democratic Republic of Congo.

He continues: “We were constrained on all fronts, be it financially or the difficult operating environment. The workforce, for example, who had stuck by the business despite an



uncertain future, had been significantly neglected.

“We made a commitment to retain the entire workforce, despite initially being grossly overstaffed. We honoured all previous commitments from Unilever plc including retirement payments and unpaid wage claims, even including those relating to the war years.”

And yet, in the face of these hardships, the need for a monumental overhaul and boundless modernisation requirements at the palm oil plantations, Feronia and indeed de Carniere are beginning to bear the fruits of these labours, having created a business to be proud of.

Those employed on the plantations have seen their wages almost quadruple in the last 10 years, while production levels have risen from 3,000 tonnes of palm oil in 2010 to 40,000 tonnes in 2018, with the expectation that production will continue to grow at 30 percent annually for a little while longer.

“The trees are now in the ground, fertiliser has been applied, and we are just starting to see the payback of our efforts which we believe will be exponential in the near future,” de Carniere states. “We’re anticipating Feronia to soon become an overnight success, owed to the hard work of the past decade.”

WHY PALM OIL?

Feronia’s plantations produce crude palm oil (CPO) and palm kernel oil (PKO).

Both of these products are used in Congolese cooking processes and are rich in vitamin E, vitamin A and natural tocotrienols. In addition, they are also used in the manufacture of many soaps and cosmetics, making them versatile, highly demanded products that harbour the potential to provide a multitude of benefits for emerging economies such as the DRC.

“Unlike its direct competitors of soy and rapeseed, which fuel the genetically modified, herbicides and pesticides trades, palm oil, when proper standards are applied, is a hugely efficient, clean, near zero carbon footprint crop, and immensely labour intensive,” de Carniere reveals.

Equally, Feronia’s business model is centred around taking on derelict or rundown plantations, then renovating to become sustainable businesses for the benefit of local communities without contributing to global crises such as deforestation.

“It grows primarily in developing countries, where jobs and investment are dearly needed,” the CEO adds. “A lot of the bad press about palm oil serves specific economic interests, but in reality, palm oil is probably one of the best ways of sharing wealth with those who need it most.”



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CELEBRATING COMMUNITIES

Feronia partakes in a number of corporate social responsibility practices. These include, but are not limited to:

Family planning partnership with Mary Stopes International
The duo launched a partnership geared towards supporting women and girls across Feronia's plantations and raising awareness of family planning.

Safe drinking water
Feronia has installing 72 water boreholes and water sources across its three sites for use by its employees and local communities. A further 38 water boreholes are planned for the next three years.

Healthcare
Feronia's employees and their families receive free healthcare, and members of the local communities have access to the company's medical facilities at hugely subsidised rates.

Construction of social infrastructure
Feronia has so far constructed six new schools and three new health centres with much more social infrastructure planned over the next few years.

Community development projects
Working with local NGOs and community development committees, the company is funding community-based projects and enterprises to improve food security and income generation for local people. These include fish farms, brick making businesses and assorted arable farming projects.

Upholding the overlooked

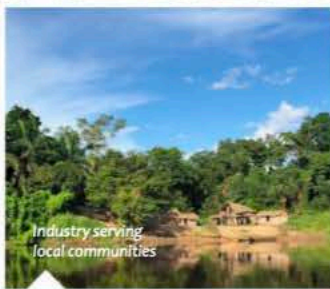
Joining the project five years ago, the inspiration for de Carniere to get involved was simple. "I saw an opportunity to help write a success story in a country which desperately needs local employment," he states.

Helpfully, this vision was shared by a number of development finance investors (DFIs) and other lenders who have backed Feronia, the company working closely with them and the government to ensure that best practices and sustainability became its central pillars, committed to ensuring that the business was being rebuilt in the right way.

As such, Feronia has become a exemplary societal and economic figurehead in the DRC, paying several million dollars each year in various taxes and on average 11 million dollars annually in remuneration costs to 4,000-plus employees and 8,000-plus external contractors, despite having



Employment opportunities



Industry serving local communities

RESULTA EXPORTERS

Growing Africa's agri-food sector with world-class process engineering equipment

The future of Africa's food manufacturing sector is looking bright due to rising disposable incomes and an expanding population. However, to remain competitive like Feronia, companies need better food processing facilities and infrastructure, says Eric Juncker, MD of South African process engineering firm Resulta Exporters.

Over the past years, Africa's food and agri-processing sector has become a key economic contributor, with the industry's value expected to rise to \$1 trillion by 2030, the Africa Agriculture Status Report shows.

Juncker, who has been working with agri-food companies including palm oil producer Feronia for three decades, isn't surprised. "From edible oils, dairy and juice to flour producers: Africa's agri-food sector is growing by the day, in both volume and value," he says.

There are, however, challenges. African food processors don't always meet global quality standards due to ageing infrastructure. "This prevents them from exporting and growing," Juncker explains. "The EU, for instance, is very strict regarding how goods are manufactured."

Africa's agri-food community is acknowledging this. Resulta Exporters, as a result, has become an increasingly popular equipment partner.

"From mega-firms like Feronia, for whom we supplied a state-of-the-art 30-tonnes per hour mill in the DRC, to smaller businesses: ventures from across Africa want us to help them enhance their processing operations with cost-efficient European quality equipment, supplied at shorter lead times," Juncker says.

Another advantage is that Resulta focuses on Africa and is based in Africa. Juncker: "This means we truly understand Africa."

For more information visit: www.resulta.co.za

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been a loss-making enterprise since its inception in 2009.

"We also partner with local and international NGOs to help provide alternative sources of revenue to local people," de Carniere adds. "This includes helping develop fish farms, cocoa plantations, rice projects and other meaningful enterprises. The ultimate aim is to use our presence to benefit both our employees and wider populations through these initiatives and our own work, all of which will help alleviate poverty in one of the poorest countries in the world."

Sustainability is a reoccurring theme in many of the company's social upliftment practices, opting for a more innovative, lasting approach alongside its traditional social investment programmes.

De Carniere explains: "We favour a co-development approach in order to give communities ownership and responsibility, moving away from any sense of paternalism which was historically the approach in many

plantation businesses.

"We estimate that 150,000 people live on or directly around our three PHC estates, with little alternative source of formal employment than us. It is therefore essential that we are a catalyst for development by helping stimulate projects creating opportunities so that everyone can benefit. That includes bringing modern and internationally recognised approaches to governance to a part of the world which has been largely overlooked in this regard, until now."

An enterprise of opportunity

Equally, the true extent of the long-term commercial opportunities that were presented to Feronia prior to its acquisitions of PHC were easy to see, despite the time, money and work that it has taken to get the renewed business to a point of profitability.

Not only is the DRC the largest Francophone country in Africa, it has a young, growing population currently

comprised of 85 million inhabitants and is home to 80 million hectares of arable land. The World Bank has even highlighted it as a country that has the potential to become one of the richest nations on the continent and a key driver of pan-African growth.

This in mind, as a major producer of crude palm oil, part of the staple and traditional diet of the Congolese, Feronia will undoubtedly come to play a major role in reducing the country's reliance on imports and enhance food security and quality.

"Operating in a country with a rising population, and being the incumbent and dominant producer of a primary, staple cooking ingredient in a landlocked area that is the size of Western Europe, we find ourselves with an almost captive customer base which is expected to reach 200 million people by 2050," states de Carniere.

"This makes us, by far, the palm oil business in Africa with the highest growth potential."