

# Pan African leadership

By **ANTONIO CAROTO COUTINHO**

MANAGING DIRECTOR, STANDARD BANK



**ANTONIO CAROTO COUTINHO**

has been the Managing Director of Standard Bank in Mozambique for the last seven years. Before that he was Finance Director, playing a key role in laying the foundation for the bank's growth. Mr Coutinho has been in the financial services sector since 1990, acquiring a unique understanding of accounting processes in the transportation industries. His passion for leadership development extends to his community where he serves as a volunteer instructor at a university and holds leadership roles in youth leadership and philanthropic organisations.

Standard Bank SA is part of the Standard Bank Group, with a 150-year history in South Africa. The Group started building a franchise in the rest of Africa in the early 1990's, and we are now the largest African bank by assets and earnings. We are currently represented in 18 countries on the African continent, including South Africa, as well as in other selected emerging markets.

Our strategy is to build the leading African financial services organization, using all our competitive advantages to the full. Our focus is on delivering superior sustainable shareholder value, by serving the needs of our customers through first class, on-the-ground operations in our chosen countries in Africa. We will also connect other selected emerging markets to Africa and to each other, applying our sector expertise, particularly in natural resources, globally. Our key differentiator and advantage is our people, who are passionate about our strategy, wherever in the world they are based.

The strategic partnership of the two largest banks in Africa and China, Standard Bank Group and the Industrial and Commercial Bank of China (ICBC took a

20 per cent stake in Standard Bank Group in 2008), will continue to generate significant cooperation benefits.

Standard Bank's Corporate & Investment Banking business unit serves a wide range of client requirements around the world for banking, finance, trading, investment, risk management and advisory services. Having developed in line with globalising capital markets and the growing sophistication in financing requirements in emerging markets, the division has built a deep understanding of the market dynamics in countries with rapidly developing economies.

We have invested significantly in growing our capacity in strategically important countries and regions, while also strengthening our specialist product and sector teams, and our global distribution capability. Our strong local teams are able to provide clients with relevant experience and deep insight into local commercial and regulatory environments. Client relationship managers develop close relationships with clients and link in our specialist product, sector and global distribution teams to deliver innovatively and appropriately on individual requirements.

Our Corporate & Investment Banking business unit



Coal brings economic benefits to Mozambique's Tete province

offers a comprehensive range of products and services via our Investment Banking, Global Markets, Transactional Products & Services, and Private Equity divisions.

We maintain a specific focus on industry sectors that are most relevant to emerging markets and have strong sector value propositions in: mining & metals; oil, gas & renewables; telecommunications & media; power & infrastructure; agribusiness; and Financial Institutions. Standard Bank's global presence allows us to take advantage of the increasing movement of capital between emerging markets, and to facilitate trade flows.

In Mozambique, our presence spans 118 years and we are a universal Bank, offering transactional banking, saving, borrowing, lending, investment, insurance, risk management, wealth management and advisory services. We have an extensive footprint, with 38 branches covering the length and breadth of the country.

Mozambique enjoys one of Sub-Saharan Africa's strongest economic growth rates with a 10-year CAGR to 2011 of 7.5 per cent. This growth rate is likely to accelerate in the foreseeable future, primarily driven by significant investments in certain key sectors, namely mining & metals, oil, gas & renewables and power & infrastructure.

On the mining side, the Moatize coal basin in Tete province represents the world's largest untapped coal reserve, with an estimated resource of 6bn tons, compared with total reported Mozambique coal reserves of 25bn tons. The country also possesses deposits of gold, precious and semi-precious stones, iron ore, bauxite, beryllium, tantalite, copper, lead and uranium.

With global coking coal demand expected to increase 72 per cent between 2010-25, Mozambique has a strong incentive to invest in the development of this resource base. It has been suggested that Mozambique could account for approximately 20 per cent of the seaborne traded market for coking coal, based just on Vale and Rio Tinto's coal projects alone. With export requirements of potentially in excess of 100 mtpa in 10 years, a significant gap between mining capacity and export capacity is anticipated to emerge: the infrastructure bottleneck, which applies to both rail and port capacity. Investments to date have exceeded US\$2bn and going forward, coal mining investments are anticipated to exceed US\$5bn, while infrastructure costs will be in excess of US\$10bn.

The recent world class gas discoveries by Anadarko and ENI in offshore areas in the North of Mozambique further highlight the potential of the country in natural resources. Between the two operators, Mozambique now has 57-70 tcf of discovered offshore natural gas reserves. With over 120 tcf of possible reserves, based on seismic interpretation tied back to current discovery wells, all indications are that Mozambique has the

potential to be in the top tier of domestic gas reserves on a worldwide basis, ahead of Indonesia and Australia.

Given the limited domestic and regional market for natural gas in the vicinity, securing LNG export sales contracts and the construction of one or more LNG plants, are anticipated to be the catalyst to unlock the value for the country, and thereby promote economic development and growth.

Apart from the benefits of the upstream activities (LNG revenue and tax revenue), Mozambique is also likely to benefit from a raft of down-stream opportunities: fertiliser plant; petrochemical plant; methanol plant; gas-fired power plant; etc. In addition, substantial infrastructural development will be required to support the LNG and related project(s): airport construction; port construction; rail network expansion; road improvement; etc.

The total estimated capital expenditure required for the Anadarko LNG plant alone, including the infrastructure, is in the region of US\$20bn.

Given the current lack of appropriate infrastructure, including power and logistics, considerable investment will thus be required to enable Mozambique to exploit its abundant endowment in natural resources.

As the leading Corporate & Investment Banking business in Mozambique, coupled with the Standard Bank Group's deep specialisation in natural resources globally, we are well positioned to play a significant role in facilitating the development of the country's natural resources sectors, together with the necessary infrastructural development. 



## Mozambique now has 57-70 tcf of discovered offshore natural gas reserves

Maputo, with Our Lady's Cathedral in the foreground