INSIDE AFRICA

Now is the time to invest in Africa

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EAGLESTONE
SECURITIES

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In-depth:

Angola economy: Quick View - Non-oil tax reforms passed

The Angolan parliament has passed long-awaited non-oil tax reforms.

In late June the Angolan parliament approved a package of draft tax codes, including the general tax code, tax procedure code, tax collection enforcement code, industry tax and income tax. The government has been working to reform its outdated and underperforming non-oil tax regime for some years, and in 2010 launched the Projecto Executivo para a Reforma Tributária (PERT) to lead the process. The aim was to modernise and simplify legislation that dates back to the 1950s, when Angola was a Portuguese colony, as well as to help boost Angola's non-oil tax revenue and thus diversify its economy away from its current dependence on hydrocarbons. However, although PERT stated at the outset that it was committed to transparency, many feel that the process has been opaque, with few documents shared and the PERT website rarely updated.

A Norwegian think-tank, CMI-which has been studying the reform process alongside the Centro de Estudos e Investigação Científica at the Catholic University of Angola-has been critical of PERT's lack of transparency, saying that the reforms do go far enough in terms of simplification and modernisation. The IMF has also expressed disappointment at how long it has taken to get the new codes into parliament.

To date, very few details about the new codes have been shared publicly, an issue also raised by opposition parties, some of whom voted against the legislation in parliament, claiming that they had not had enough time to study the contents and make an informed decision. However, now that the codes have been passed by parliament they should be published in the national gazette soon, after which they will then become law.*(Economist Intelligence Unit)*

African smallholders' uphill task

Launching a business can be hard work, especially in Africa, where weak governance systems and inconsistent access to critical resources impede success. For Africa's farmers, the challenges are particularly pronounced. Given the vast economic and social benefits of a dynamic and modern agricultural sector, providing farmers with the incentives, investments and regulations that they need to succeed should become a top priority.

The recent boom in Africa's telecommunications sector, which has revolutionised entire industries, not to mention people's lifestyles, demonstrates just how effective such an approach can be. There are more than a 500-million mobile connections on the continent today; indeed, in many respects, Africa leads the world in mobile growth and innovation.

Why has Africa been unable to replicate that growth in the agricultural sector? Why, instead of bumper crops, does Africa have an annual food-import bill of $35bn?

According to the Africa Progress Panel's latest annual report (Grain, Fish, Money — Financing Africa's Green and Blue Revolutions), the problem is straightforward: the odds are stacked against Africa's farmers.

This is particularly true for smallholder farmers, most of whom are women. These farmers typically lack reliable irrigation systems and quality inputs such as seeds and soil supplements. Moreover, they rarely earn enough to invest in the needed machinery and cannot access credit.

As if that were not enough, farmers asre facing increasingly volatile climate conditions that increase the likelihood that their crops will fail. Maize yields, for example, are set to decline by a quarter over the course of the 21st century. In addition, when the crops are ready, farmers face major obstacles, including inadequate rural road systems and a lack of cold-storage facilities, in delivering them to the market.

Despite these risks, Africa's smallholders remain as efficient as their larger counterparts. Yet, instead of supporting farmers, African governments have erected even more obstacles, including excessive taxation, insufficient investment and coercive policies. Africa's farmers need an environment that allows them to overcome the challenges they face. In such a context, the continent's agricultural sector could unleash a revolution akin to that fuelled by the communications industry.

The good news is that both the private and public sectors — motivated by soaring demand for food, especially in Africa's rapidly growing cities, and rising global food prices — seem ready to propel this shift. Private firms have begun to channel investment towards Africa's agricultural sector, including through initiatives like Grow Africa, which facilitates co-operation between governments and more than a hundred local, regional and international companies. Over the past two years, these firms have pledged more than $7.2bn in agricultural investment.

For their part, African governments and development partners, recognising the central role agriculture can play in their economic development agendas, have begun to reverse a three-decade decline in public investment in agriculture. In fact, agriculture has the potential to reduce poverty twice as fast as any other sector.

The impact of such efforts is already becoming apparent. From Ghana to Rwanda, high levels of agricultural investment are fuelling economic growth in rural areas, thereby boosting job creation and reducing poverty and hunger.

But these gains remain fragile. To sustain them, African governments must recommit to the African Union's (AU's) Maputo Declaration on Agriculture and Food Security, which includes a pledge to channel at least 10% of their budgets towards agricultural investment. Further, they must provide farmers with the infrastructure, energy supplies and supportive policies.

The communications sector also has a key role to play. Mobile technology has begun to transform Africa's agricultural industry by providing farmers with valuable information including market prices, input support through e-vouchers and even access to credit. Many of these services are more accessible to African smallholders than they are to their American or European counterparts.

Finally, private sector actors, farmers' organisations and civil society groups must co-operate to advance agricultural development. For example, the Alliance for a Green Revolution in Africa supplies high-quality seeds, many of which are drought-resistant, to millions of smallholder farmers.

The AU has declared 2014 the Year of Agriculture and Food Security in Africa. With broad action on policy, investment, and technology, Africa's farmers can double their productivity within five years.

It is time to give the agriculture sector the opportunity that all Africans need to usher in an era of shared prosperity.

• *Masiyiwa, a member of the Africa Progress Panel, is the founder and chairman of Econet Wireless, co-chair of Grow Africa, and chairman of the Board of the Alliance for a Green Revolution in Africa.*

SOVEREIGN RATINGS

North and South America - Asia

	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
07-07-2014	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
ARGENTINA	Caa1	CCC-u -	CC	NR	Cu-	C
AUSTRALIA	Aaa	AAAu	AAA	NR	A-1+u	F1+
BRAZIL	Baa2	BBB-	BBB	NR	A-3	F2
CANADA	Aaa	AAA	AAA	NR	A-1+	F1+
CHINA	Aa3	AA-	A+	NR	A-1+	F1+
COLOMBIA	Baa3	BBB	BBB	NR	A-2	F2
INDIA	Baa3	BBB-u	BBB-	NR	A-3u	F3
JAPAN	Aa3	AA-u	A+	NR	A-1+u	F1+
MACAU	Aa2	NR	AA-	NR	NR	F1+
MEXICO	A3	BBB+	BBB+	WR	A-2	F2
SINGAPORE	Aaa	AAAu	AAA	NR	A-1+u	F1+
URUGUAY	Baa2	BBB-	BBB-	NR	A-3	F3
VENEZUELA	Caa1	B-	B	NR	B	B
USA	Aaa	AA+u	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

Eurozone

	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
07-07-2014	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AAA	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	Caa3	B	B-	NP	B	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AAA	AAA	NR	A-1+	F1+
France	Aa1	AAu	AA+	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	Caa3	B-	B	NP	B	B
Ireland	Baa1	A-	BBB+	P-2	A-2	F2
Italy	Baa2	BBB u	BBB+	P-2	A-2	F2
Latvia	Baa1	A-	A-	NR	A-2	F1
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A	NR	A-2	F1
Neherlands	Aaa	AA+u	AAA	P-1	A-1+u	F1+
Portugal	Ba2+	BBu	BB+	NR	Bu	B
Slovakia	A2	A	A+	NR	A-1	F1
Slovenia	Ba1	A-	BBB+	NR	A-2	F2
Spain	Baa2	BBB	BBB +	P-2	A-2	F2
United Kingdom	Aa1	AAAu	AA+	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

07-07-2014	Region - Africa/Middle East					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba3	BB-	BB-	NR	B	B
Bahrain	Baa2	BBB	BBB	NR	A-2	F3
Benin	NR	NR	WD	NR	NR	WD
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B	NR	NR	B	NR
Cameroon	NR	B	B	NR	B	NR
Cape Verde	NR	B	B	NR	B	B
Egypt	Caa1	B-	B-	NR	B	B
Emirate of Abu Dhabi	Aa2	AA	AA	NR	A-1+	F1+
Gabon	NR	BB-	BB-	NR	B	B
Ghana	B2	B	B	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Israel	A1	A+	A	NR	A-1	F1
Jordan	B1	BB-	NR	NR	B	NR
Kenya	B1	B+	B+	NR	B	B
Kuwait	Aa2	AA	AA	NR	A-1+	F1+
Lebanon	B1	B-	B	NR	B	B
Lesotho	NR	NR	BB-	NR	NR	B
Libya	NR	NR	WD	NR	NR	WD
Mali	NR	NR	WD	NR	NR	NR
Mauritius	Baa1	NR	NR	NR	NR	NR
Morocco	Ba1	BBB-	BBB-	NR	A-3	F3
Mozambique	B1	B	B+	NR	B	B
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	Ba3	BB-	BB-	NR	B	B
Oman	A1	A	NR	NR	A-1	NR
Qatar	Aa2	AA	NR	NR	A-1+	NR
Republic of Congo	Ba3	B+	B+	NR	B	B
Republic of Zambia	B1	B+	B	NR	B	B
Rwanda	NR	B	B	NR	B	B
Saudi Arabia	Aa3	AA-	AA	NR	A-1+	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	B	NR	NR	B
South Africa	Baa1	BBB-	BBB	P-2	A-3	F3
Tunisia	Ba3	NR	BB-	NR	NR	B
Uganda	B1	B	B	NR	B	B
United Arab Emirates	Aa2	NR	NR	NR	NR	NR

Sources: Bloomberg, Eaglestone Advisory

AAA' and 'AA' (high credit quality) and 'A' and 'BBB' (medium credit quality) are considered investment grade. Credit ratings below these designations ('BB', 'B', 'CCC', etc.) are considered low credit quality, and are commonly referred to as "junk bonds".

AFRICAN DEVELOPMENT BANK

SEFA and AREF reach out to Nordic investors in renewable energy

The promotion of renewable **energy** in Africa was the focus of a seminar entitled Opportunity Africa: Sustainable Energy Investments held on June 24 and 25 in Copenhagen, Denmark. The gathering was jointly organized by the Danish Development Agency (DANIDA), UNEP Risoe Centre and the African Development Bank (AfDB). The participants discussed new investment opportunities in sustainable energy in Africa, with participation from Nordic private sector, African project developers, and representatives of the AfDB. In particular, the event presented the opportunities offered by the specific funds set up with the AfDB, concrete projects under development, as well practical guidance for interested investors.

The need for increased investments in sustainable energy supply in Sub-Saharan Africa is recognized as a top priority. The seminar brought together a broad group of relevant actors with a common interest in sustainable energy activities: financial investors eager to find new investments, projects developers, industry, country stakeholders and donors. The range of funds and initiatives available to unlock investments in the sector was highlighted.

AfDB presented the **Sustainable Energy Fund for Africa (SEFA)**, a US$ 60-million facility (seeded by DANIDA and USAID), to provide project development and equity financing to enhance bankability of projects and catalyse private investments in small to medium-sized projects. AREF, a dedicated renewable energy fund which achieved its first financial close of US$ 100 million early this year with anchor investments from AfDB and SEFA was officially launched in Europe by the Danish Minister for Trade and Development Cooperation, Mogens Jensen and the US Ambassador in Denmark, Rufus Gifford. Andrew Reicher of Berkeley Energy which manages AREF indicated: “fundraising is progressing and the full US$ 200 million will be raised by final closing which will be invested in a variety of grid-connected development stage energy projects.” The event also provided an opportunity for AfDB to present the **Africa50 Fund**, a vehicle which is expected to be a “game-changer in African infrastructure finance” according to Tas Anvaripour, AfDB Director for Business Development.

Alex Rugamba, Director of Energy, Environment and Climate Change Department opened the event saying: “The Bank is pleased to partner with the Government of Denmark in promoting **private sector** engagement in the development of the power sector in Africa through sustainable energy technologies.” Joao Duarte Cunha, SEFA coordinator, later added that the seminar was key to linking Nordic capital and know-how in renewables to credible projects and investment vehicles in the continent sponsored by AfDB.

The seminar successfully raised awareness regarding the opportunities, mechanisms and actors involved in the sector. The AfDB, as lead financier in supporting Africa to move to a greener lower-carbon growth path, is strongly committed to ensuring access to energy for all Africans, providing debt, equity and partial risk guarantees for private sector projects.

AfDB finances construction of two hydropower plants in Burundi

The Board of Directors of the African Development Bank Group (AfDB) approved on 23 June 2014 in Tunis a US$22 million grant from its **Fragile States Facility** for the Jiji and Mulembwe Hydroelectric Plant Project in **Burundi**. Representing the largest investment in Burundi in the post-war period, the project is also one of the largest investments made in the country’s energy infrastructure since the 1980s. Specifically, the project involves the construction of two hydroelectric power stations and related infrastructure, such as transmission lines and substations required for injecting produced electricity into the national grid.

The Jiji and Mulembwe project has three components: first, building the hydroelectric power stations and its associated infrastructure; second, providing technical assistance; and third, supporting the institutional development of the **electricity sector**. The project, which has total cost of approximately US$270 million, is funded by a consortium of donors active in the energy sector in Burundi, including the World Bank, the European Investment Bank and the European Union. The AfDB grant will co-finance the project’s first component.

Under this component the Bank will co-finance the construction of the Jiji and Mulembwe hydroelectric plants, which will have a total production capacity of 48 MW. These new power plants will allow Burundi to double its installed production capacity (currently at 39 MW). This will increase the national electrification rate of 5% today to 8% in 2019, helping to fill the energy gap.

Following the Board of Directors decision, Alex Rugamba, Director of the AfDB’s Energy, Environment and Climate Change Department said: "AfDB was one of the first donors to get involved in the energy sector after the conflict in Burundi." He continued: "The production of additional electricity will help diversify the economy by stimulating the **private sector** and promoting **job creation**."

This Jiji and Mulembwe project complements US$678,000 in technical assistance granted by the AfDB Fragile States Facility to the government of Burundi for the development of a master plan for the production, transport and distribution of electrical energy.

The project will reduce the vulnerability of Burundi’s economy and its dependence on foreign aid. It will also facilitate the country’s transition to green and inclusive growth as outlined in the **AfDB’s long-term strategy**. As it improves access to lower cost energy (less than US$0.10/kWh as compared to US$0.46/kWh for thermal energy), the Jiji and Mulembwe project will strengthen the resilience of poor communities, both directly and indirectly. More specifically, the project will impact 120,000 homes and help avoid at least 119,000 tons per year of CO_2 emissions, as compared to alternative thermal electricity production.

AfDB approves US$ 117 million loan for Mauritius power plant

The Board of Directors of the African Development Bank (AfDB) approved on 25 June, 2014 a US$ 116.7 million loan to the Mauritius Central Electricity Board (CEB), the state owned electricity utility, for the redevelopment of the Saint Louis Power Plant. The **Saint Louis Power Plant Redevelopment Project**, which has a total cost of US$ 129.7 million, aims to increase the firm generating capacity of the CEB so as to maintain reliability of supply, reduce environmental impacts and stabilize the electricity supply.

The Saint Louis Power Station is located five kilometres south of the centre of the capital city Port Louis. The project will provide four medium-speed, four-stroke, heavy fuel oil (HFO) driven generators with a capacity of 15 MW each; a power station building; two 1,000 cubic metre tanks for the storage of HFO; and one 132 kV substation for connection of the power plant to CEB’s existing electricity grid.

The electricity produced by the project installations will be distributed to all corners of the main island of **Mauritius**, where around 97% of the country’s population of 1.29 million reside. “As a result of the project demand, growth could be met guaranteeing the provision of adequate power supply to all sectors of the economy on the main island.

Populations in residential area and workers in the industrial zone adjacent to the power station will benefit from reduced levels of gaseous emissions and noises," said Alex Rugamba, director of the AfDB's Energy, Environment and Climate Change Department explained.
Though the CEB is presently able to meet the peak load with the existing installed generation capacity, projections indicate that, without the additional generating capacity made available by the project, it will not be in a position to do so by the second half of 2015. According to electricity supply demand projections, at the end of 2015, the demand of customers in Mauritius will exceed the installed generating capacity connected to the power grid. This project which will increase the installed capacity by 60 MW will contribute to bridge the gap in power supply.
The main sectors of the Mauritius' economy – tourism, textiles and financial services – are all dependent on the availability of a secure and reliable supply of electricity. The government is currently finalizing a ten-year Economic and Social Transformation Plan (ESTP). For its implementation, the government has prepared the 2014 – 2018 Public Sector Investment Program (PSIP), which includes the proposed project. The government will be relying on the AfDB as a lead financier in closing any gap in the financing of the PSIP.
This project will be the AfDB's first major intervention in Mauritius' **energy sector**. The AfDB has wide experience in similar types of projects in many African countries. The additional knowledge gained under the project will be useful as the Bank designs projects in its island member states and in areas of continental Africa that are far away from transmission grids.

AfDB to finance its first renewable energy independent power producer project in South Africa

On 23 June 2014, The Board of Directors of the African Development Bank (AfDB) approved a senior loan of USD 142 million, including a USD 41.5 million concessional financing from the Clean Technology Fund (CTF), to finance the construction of the 100 MW concentrated solar power (CSP) plant XiNa in South Africa. The XiNa Solar One project is the first renewable energy Independent Power Producer (IPP) and the first **private sector** Clean Technology Fund (CTF) that the AfDB has financed in **South Africa**.
The Project cost is estimated at USD 908 million (ZAR 9,538 billion equivalent). Senior debt will be financed by the AfDB, and other Development Finance Institutions as well as three South African commercial banks.
XiNa is a 100 MW CSP plant using parabolic trough technology and a superheated steam cycle with a storage capacity of 1,650 MWh (equivalent to approximately 5 hours full load storage), configured to partially cover the South African peak load demand. This facility is located in the Northern Cape Province, South Africa and it shall be interconnected by the Special Purpose Vehicle (SPV) by a 3km transmission line to a nearby existing substation.
This project aligns well with both internal and external policies and strategies. From South Africa's perspective, the project supports the Government's energy strategy that emphasizes the diversification of energy sources as set out in the National Integrated Resource Plan (2010 – 2030). XiNa will support the country's ambitious target to reduce its huge dependence on coal fired power plants increase access to clean power, and reduce the peak power generation costs.
The AfDB's perspective will play an important role by providing much needed long-term finance, enforcing environmental and social standards and working to enhance the development impact of the Project. The project well aligns with the green and inclusive growth objectives of the **AfDB's Ten Year Strategy**. It also caters to the Ten Year Strategy's core priority areas, such as **infrastructure** development and private sector development by generating additional power capacity and crowding in private sector financing. Finally, the project is fully aligned with the **AfDB's Country Strategy Paper for South Africa** which aims to support the country's infrastructure development in the area of clean energy.

AfDB pushes its Green Bonds: New projects, principles and products

Green growth is a corporate priority of the Bank that it achieves through the financing of eligible climate change mitigation and adaptation projects. AfDB Green Bonds – rated Aaa/AAA/AAA – help the Bank reach that goal.
Proceeds raised through the sale of AfDB Green Bonds are allocated to a sub-portfolio within the Treasury's liquidity portfolio until they are disbursed to eligible green projects. To date, outstanding AfDB Green Bonds (including green-themed uridashi bonds sold to Japanese investors) amount to US$ 993 million against a total eligible project pipeline of US$ 1.6 billion.
Examples of eligible mitigation and adaptation projects include: renewable energy generation; energy efficiency; vehicle energy efficiency, fleet retrofit or urban transport modal change; biosphere conservation; solid waste management; fugitive emissions and carbon capture; urban development; water supply and access; and low carbon transport.
For the Bank's Green Bond portfolio, a specific set of guidelines have been set up and outlined in the Bank's Green Bond Framework. Projects must meet the following criteria:
Be eligible for financing under the African Development Bank only (projects eligible for financing under the African Development Fund and Nigerian Trust Fund will be excluded);
Have financing by the Bank that can be qualified in full as promoting either low-carbon or climate-resilient development (projects whose financing by the Bank can be qualified only partially as promoting either low-carbon or climate resilient development will be excluded);

Lead to significant accumulated greenhouse gas emissions reductions over the lifetime of the asset.
As of June 2014, 13 projects in seven countries were eligible for financing under the Green Bond program.
Recent developments
The Xina Solar One Project (US$ 100 million) in South Africa was deemed eligible under the Green Bond framework.
In June 2014, the AfDB agreed to adhere to the Green Bond Principles, a set of voluntary guidelines that recommend transparency and disclosure. The principals also promote integrity in the development of the green bond market by clarifying the approach for issuing bonds. A group of global financial institutions launched the Green Bond Principles, and issuers, investors and environmental groups provided guidance for developing them.
As part of its commitment to regularly document the use of proceeds in accordance with the principles and with the Bank's Green Bond Framework, in May, the AfDB Treasury Department published the first Green Bonds Newsletter for investors.

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INVESTMENTS

Canada puts SA in trade-promotion crosshairs, relaunches JHB trade office

As part of a renewed strategy to intensify trade relations with the continent and further strengthen its export-led economy, Canada has announced the "revitalisation" of the South-Africa Chamber of Commerce (SACCB) and the establishment of Export Development Canada's (EDC's) first African office, in Johannesburg.
The SACCB, which had been in existence for several years but had recently become inactive owing to its lack of a permanent office and staff complement, would provide a forum for Canadian companies and investors in South Africa to increase their profile in the country and promote networking and partnerships with South African firms.
The bilateral chamber would present a "collective voice" for Canadian firms, keeping its members informed of any local policy and regulatory amendments that may affect their local interests, while advocating on their behalf.
Canadian International Trade Minister **Ed Fast**, who was currently leading a Southern Africa-focused trade delegation of Canadian companies active in the extractives and energy sectors, said that the two countries' newly strengthened trade relationship was poised to considerably boost yearly bilateral trade.
According to Fast, trade between South Africa and Canada totalled some $1.2-billion in 2013 – a figure he described as "modest".
"South Africa is Canada's most important commercial and political partner in Africa and is the only country in Africa – and one of only 20 around the world – to be identified by our government's recent Global Markets Action Plan (GMAP) as an 'emerging market with broad Canadian interests'," he noted at the launch event, in Johannesburg.
The 2013 GMAP outlined "the markets that mattered" to Canadian businesses, outlining a strategy to ensure the advancement of Canada's interests in those markets.
Fast added that Canadian firms were, thus, cognisant of South Africa's global economic relevance, its leadership role in Africa and its role as a member of the Brazil, Russia, India, China and South Africa, or Brics, grouping.

"Canadians do understand the importance of South Africa," he commented.
Interestingly, Fast added that the SACCB would be administered by the local office of the US's American Chamber of Commerce (AmCham), representing the first trade collaboration of its kind between the two North American States in South Africa.
While AmCham would investigate opportunities in which the US and Canadian trade chambers had common interests, each would maintain its independence.
"In as much as we compete against each other, Canada and the US are also highly integrated and, as North American partners, there is more that we can do together than alone," Fast said.

EXPORT DEVELOPMENT CANADA

Further bolstering Canada's African trade ambitions, the newly established local branch of the EDC would focus on connecting more Canadian businesses, particularly small and medium-sized enterprises, to the growing supply chains in intra-African trade.
"When most Canadian businesses look to South Africa, they see a country so far away they think it's impossible to trade with it. The EDC will change that," Fast explained.
The self-financing EDC, which would be located at the Canadian Trade Office, in Rosebank, is Canada's export credit agency, providing insurance and financial services, bonding products and business solutions as well as on-the-ground intelligence to Canadian exporters and investors.
Since its inception in 1844, the agency had facilitated over C$1.04-billion in exports and foreign investment by Canadian firms.
Canada's recommitment to South Africa, however, was followed by caution last year when the Governor General of Canada **David Johnston** said at a networking lunch during a visit to Johannesburg that a "healthy" trade relationship would remain dependent on a continued sense of national trust between the two States.
"While we have a wonderful opportunity to deepen our trade ties for mutual benefit, the relationship on which those trade relationships are, at their very root, based, is trust. This can either be built up slowly over time or destroyed very quickly," he said. *(Engineering News)*

Pernod Ricard To Enter Africa's Alcohol Market

French multinational alcoholic beverage company, Pernod Ricard said it intends to open more marketing possibilities in Africa by bottling two Indian whisky brands (Imperial Blue and Royal Stag) for the continent's consumers this year.
It has pinpointed the Nigerian and Kenyan markets as key frontiers for early entry.
Imperial Blue and Royal Stag are the biggest brands on Pernod's portfolio with the latter being the company's global cashcow.
If the plan comes to fruition, it would be the first time the products are produced outside its home market, India.
Pernod Ricard currently export its products to about half of African markets through its subsidiaries in six key African countries, including Angola, Ghana, Kenya, Morocco, Namibia and Nigeria.
Its decision to bottle key products in the continent will open new opportunities for the company and offer millions of people direct access to the product.
Executive Director at Pernod Ricard India, Sumeet Lamba told The Times of India that the company intends to do this to gain acceptance from local populations in African countries where it currently export its product. The exported drinks were initially targeted at Indians living in the Africa Diaspora.
"The effort is being led by our affiliates in Africa wherein they are managing the process, including local production and marketing. We (in India) are involved in the launch from a technical perspective (blending) and to maintain consistency in key elements of the brand like packaging and positioning."
Africa currently contributes about 5% of the company's net sales with most sales from South Africa. The company hopes to double net sales from Africa by 2017. *(Ventures Africa)*

BANKING

Banks

Standard Bank's total SA renewables underwrite more than R10bn

Banking group Standard Bank reports that it has, to date, underwritten more than R10-billion-worth of funding to support the roll out of renewable-energy projects in South Africa.
The projects have arisen as a result of the first two bid windows under government's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP).
Head of renewables Rentia van Tonder, who previously led the Industrial Development Corporation's green business unit, indicates that Standard Bank is also supporting bid-window-three projects and has appetite to participate in the upcoming fourth bid window, the closing date for which is August 18. "The sector remains attractive and will continue to remain a key focus for future growth," she says. To date, 64 projects with a collective capacity of more than 3 900 MW have emerged through the REIPPPP process, attracting greenfield investments of more than R100-billion.

Van Tonder reports that Standard Bank has underwritten projects with a combined capacity of 940 MW, with 121.5 MW of that capacity having already been connected to the grid. The bank supported the 27 MW MetroWind Van Stadens wind farm project, which was among the first to enter commercial operations during 2013. It was also the sole mandated lead arranger and underwriter for both the 22 MW Herbert solar project and the 72.5 MW Kalkbult solar project, both located in the Northern Cape.

The bank is also pursuing power projects in the rest of Africa, but its renewables focus is mainly in South Africa, owing to a lack of dedicated programmes to stimulate renewables investment across the rest of the continent. The bank has also taken a “dynamic” approach to setting limits to its renewables exposure and Van Tonder, who joined the group in February, says there is appetite to participate in the next bidding round. *(Engineering News)*

MULTINATIONAL INSURANCE: Know the rules

Multinational insurance planning is complex everywhere, but it poses particular challenges in Africa. This is the view of Praveen Sharma, global leader of insurance regulatory & tax consulting practice at Marsh, the world’s largest insurance broker.

"It means planning, understanding the issues and evaluating the options before taking any steps across 54 countries in Africa, all with their own regulatory regimes."

Darlington Munhuwani, regional controller for sub-Saharan Africa at Aon, says challenges for multinationals in Africa include additional bureaucracy — though the global brokers are learning to work with regulators — as well as fluctuating currency and limited local capital and skills.

Local insurers are protected. Most multinationals have a limited presence on the continent and are not welcomed by the regulators. An exception is Ghana, which gave Allianz a licence to operate. AIG, though it has its own offices in Uganda and Kenya, has corresponding relationships with insurers in most other African countries. But the most comprehensive African networks are those run by the two global broking giants, Marsh and Aon.

The 14 West African Francophone countries are particularly strict on using non-admitted, or unregistered, insurers. Under the Inter-African Conference of Insurance Markets (Conférence interafricaine des marchés d’assurance — Cima) code they can charge a penalty of 50% of premiums illegally paid. And local insurers have to place 20% of a risk into the African reinsurance market to firms such as Africa Re, Sen Re and CICA Re.

It is understandable that they want to protect the business, which is growing. According to the AM Best report on insurance in Africa, premiums are expected to quadruple in Nigeria over the next five years to US$6,3bn — not an unrealistic figure, considering premiums in SA are more than $54bn. Nonlife premiums still outsell life premiums in Africa by two to one.

Sharma says multinational companies operating in African countries need to ensure they adhere to the respective insurance regulations of the country if they intend to transfer the insurable risks to the local insurance companies. If this is not done in a manner that achieves a balance between "cost, coverage and compliance" issues, the multinational company could face unacceptable levels of unbudgeted expense and inconvenience.

For example, Sharma says, an SA-resident multinational organisation insures its business and assets located in Zambia as part of a global arrangement through an SA resident insurer. There is no local policy bought in Zambia. The SA global policy premiums are paid in rands by the parent company. A loss suffered by the Zambian entity will be paid by the insurer to the SA parent company. These sorts of technical aspects of insurance are often not dealt with during or before placement, says Sharma.

"There are regulatory restrictions in place, which can complicate the ability of a group to renew premiums or receive the payment of claim in the country in which the loss occurred. Further complications can arise when the parent company, being the recipient of the funds from the insurer in SA, then needs to transfer the amount to its Zambian operations. This issue is often not a simple matter for multinational groups," he says. "Tax and foreign exchange issues can really complicate the matter as the claim is likely to be subject to income tax in SA and then again, depending on circumstances, in Zambia when the funds are transferred across the border."

From an accounting and finance perspective, the group may encounter further complications. "Generally, a parent company, when faced with the issue of the subsidiary requiring substantial funds, makes a capital contribution. The capital injection will be reflected in the balance sheet of the subsidiary entity, while the loss it suffered will be in the income statement. This creates a mismatch and could have an impact on the key performance indicators and ratios such as return on capital employed," says Sharma.

It is imperative therefore that companies considering entering into a global insurance programme understand the issues and implement the solution that would minimise the potential regulatory and tax risks. "If you have a particular exposure in a country, it is best to purchase a policy in that country with a local insurer," says Sharma. In short, companies expanding geographically need to know the local legislation. *(Financial Mail)*

FNB Bostwana Launches First Cash Deposit ATM

First National Bank Botswana (FNBB), a unit of South African FNB, has launched the first Auto Teller Machines (ATMs) that accepts cash deposits in the southern African nation.

The highly innovative ATM Advance scan cash deposits and allows for the cash to be credited to the holder's account immediately.
"The deployment of the ATM Advance was a defining moment in the local banking industry, a service which we as FNBB are proud to offer our customers," said FNBB Marketing and Communications Director, Bomolemo Selaledi.
Botswana has 13 licensed backs with FNBB and Barclays Bank Botswana which is also listed on Bostwana Stock Exchange (BSE) dominating the country's banking industry.
The country has a growing financial sector, and the national stock market, BSE based in the capital Gaborone, is given the responsibility to operate and regulate the equities and fixed interest securities market.
To date, the BSE is one of Africa's best performing stock exchanges, averaging 24% aggregate return in the past decade. This has allowed the BSE to be the third largest stock exchange, in terms of market capitalization, in southern Africa.
Botswana's impressive economic record has been built on a foundation of diamond mining, prudent fiscal policies, international financial and technical assistance, and a cautious foreign policy. *(Ventures Africa)*

Portuguese bank Banco Espírito Santo expected to lose controlling stake in BES Angola

Portuguese bank Banco Espírito Santo (BES) is expected to lose its controlling stake in Banco Espírito Santo Angola (BESA) as its Angolan partners prepare to inject capital into the Angolan bank, according to Portuguese financial daily newspaper Jornal de Negócios.
In 2013, following a capital increase from US$170.5 million to US$670.5 million, BES increased its stake from 51.94% to 55.71%, Angola's Portmill kept a 24% stake and Angola's Geni increased its stake from 18% to 1.99%.
This increase in BES and Geni's stakes was managed by reducing the stake owned by individual shareholders, which previously owned 5% of BESA and after the capital increase ended up with 1.3% of the bank.
The Angolan State may also take on re-capitalisation of the bank, of which BES is for now the largest shareholder, after the State provided BES Angola with a guarantee to secure payment of loans totalling US$5.7 billion.
A BES official said recently that the bank was negotiating with the Angolan authorities the exact conditions under which the guarantee may be executed, which could mean that the Angolan State would take a stake in BES Angola.
The deal is related to loans of US$5.7 billion during the period in which BESA was headed up by Álvaro Sobrinho all traces of which have been lost and which account for around 80% of the Angolan bank's credit portfolio.
According to Portuguese weekly newspaper Expresso, BES Angola provided loans without guarantees to unknown beneficiaries, with credit portfolios that simply do not exist. *(Macauhub)*

Markets

BONDS: Promising reversal

INVESTOR sentiment is prone to abrupt change, as foreign investors in SA government bonds have shown in recent weeks. From being strong sellers, foreign investors swung to being strong buyers in May, a trend that has continued into the first half of June. The about-turn is reflected in net buying of SA bonds by foreigners hitting R15,4bn in the six weeks to June 12 compared with net sales of over R42bn in the six months to March.
"The foreign buying surge was unexpected," says Albert Botha, Atlantic Asset Management fixed income head. "There is a lot of uncertainty, and [bond yield] volatility is very high." SA's looming foreign currency rating downgrade by Standard & Poor's (S&P) was ignored. Net foreign buying in the 10 trading days prior to the downgrade hit R6,4bn, with buying of R3,65bn on June 6 the highest in a single day since October 2012.
"Because issues raised by S&P were flagged in December and widely known, the downgrade was not a surprise," says Dave Mohr, Old Mutual Wealth chief investment strategist. It was also fortunate the downgrade came when sentiment towards emerging market (EM) bonds had improved markedly. Inflows into EM bond funds of US$2,1bn in the first week of June were the highest in one week for a decade, reports research firm EPFR Global.
It is a marked change from outflows of $17bn in the first quarter and $21bn in 2013 as a whole. The search for yield is back, notes BlackRock. It is a view broadly echoed by other key global players. Offering among the highest EM bond yields, SA is well positioned. Of the 14 countries in the Barclays local currency EM bond index, the yield on SA 10-year bonds (8,3%) is fourth-highest with only Brazil (11,8%) exceeding it by a big margin. The index's average yield is 6,4%.
A renewed hunt for yield in EM bonds was sparked by the realisation that fears of a surge in interest rates in the wake of tapering of quantitative easing by the US Federal Reserve were ungrounded. "There is uncertainty about the economic recovery but I can't see central banks raising interest rates sharply," says Leon Krynauw, Sasfin Securities fixed income head.
Pivotal to the interest rate outlook is the Fed funds rate, the equivalent of SA's repo rate. A move to lift the Fed funds rate, which has hovered at around 0% since late 2008, would set the trend for interest rates globally. Views on Fed policy are mixed. Reflecting the more general view, the US National Association for Business Economics forecasts the Fed rate by the end of 2015 at a still low 0,75% and the 10-year US government bond yield at 3,75%, up from 2,6% at present.

At an optimistic extreme is Bill Gross, CIO of Pimco, the world's largest bond manager, who expects a Fed rate hike in 2016 at the earliest. Even then, he believes, the Fed will hold the real rate net of inflation at near 0%, not 2%-3% as in previous rate upcycles. Seemingly supporting Gross's view is bold action by the European Central Bank (ECB) to underpin consumer and business borrowing in the eurozone and stave off deflation. The moves announced by ECB president Mario Draghi in early June include €400bn in cheap loans to banks as well as the dropping of the ECB's key lending rate from 0,25% to 0,15% and its bank deposit rate to -0,1%.
There may be more to come. "If required, we will act swiftly with further monetary policy easing," said Draghi. Krynauw says steps may include the ECB's version of quantitative easing. The ECB's cheap-money monetary policy is hailed as positive for EM bonds. "The ECB's moves will accentuate the search for yield," says BlackRock. *(Financial Mail)*

West African Capital Markets Set For Integration

Capital markets across West Africa may soon be integrated to boost regional trading and liquidity flow among member states.
The new development will enable Nigerian investors and companies to raise funds for trading in bonds and stocks listed in capital markets, who are members of the bloc using the service of a licensed issuing house or broker-dealer.
"Integration of our capital markets will bring about formidable benefits, and help increase the breadth and depth of markets across our region," said Arunma Oteh, director-general of Nigeria's Securities and Exchange Commission (SEC) at BusinessDay's 4th annual capital markets conference.
She noted however the importance of ensuring best practices in the sub-region's integration approach. This Oteh said, will herald product innovation.
Oteh also stressed that integrating capital market across West Africa is key to helping the subregion solve the problems of inclusive growth.
The West African capital market will comprise the Nigerian Stock Exchange (NSE), Ghana Stock Exchange (GSE) and the Cote d'Ivoire Bourse Regionale des Valeurs Mobilieres (BRVM). 2013 records show that the NSE has 190 listed companies valued at $82 billion; GSE's 34 companies had a $26 billion value, while the 72 companies listed on the BVRM had a value of $12 billion.
President/Chairman, Chartered Institute of Stockbrokers, Albert Okumagba expressed excitement over the market integration, saying major achievements can now be celebrated as the integration is already producing results.
Stock exchanges, market operators and also regulators will be involved in the markets integration, said Okumagba. He added that the integration broadens market access and enables product diversification.
According to him, West Africa will witness "considerable growth in per-capita incomes" when the markets are finally integrated. *(Ventures Africa)*

Retail banks in Mozambique slow to reduce interest rates

Adjustments to interest rates by retail banks in Mozambique have been slow and too small in relation to the signs given by the central bank, the governor of the Bank of Mozambique said in Maputo cited by daily newspaper Notícias.
Over the last few months the Monetary Policy Committee of the Bank of Mozambique has intervened in the interbank market in order to meet its monetary base target as well as to keep interest rates on the permanent liquidity and deposit facilities low.
Noting that there were a number of factors that could affect the transmission of those signs, Ernesto Gove said that the measures adopted by the Bank of Mozambique had not been followed by a significant drop in interest rates on loans charged by retail banks.
During the VI Scientific Days of the central bank, Gove said that as well as a lack of changes to interest rate it was also important to assess other factors such as exchange rates, loan rates, price of assets and even the expectations of economic agents.
The Scientific Days of the Bank of Mozambique are considered to be an important forum for researchers from a variety of academic and professional backgrounds to publish the results of their research, providing opportunities for debate and exchange of information. *(Macauhub)*

Namibia to Sell Bond in South African Market to Fund Budget Gap

Namibia plans to tap interest generated by its debut Eurobond almost three years ago when it sells debt in the South African market late this year or early in 2015 to help finance the country's **budget deficit**.
The government will use the Johannesburg stock exchange's listed bond program, Finance Minister Saara Kuugongelwa-Amadhila said in an interview in the capital, Windhoek. The size of the bond depends on Namibia's "cash flow requirements" and market conditions, she said.
Namibia, the world's biggest offshore diamond miner and fifth-largest uranium producer, projects its deficit to narrow to 5.4% of gross domestic product in the year through March, from 6.4 %in the previous 12 months. The government will build on interest shown in its October 2011 $500 million Eurobond, the minister said. That bond was more than five times oversubscribed, the southwest African nation's central bank said at the time.

"The response on the international bond was very positive," Kuugongelwa-Amadhila said. "The margins were quite good given that it was our first time going onto the market."
The minister said the government still planned to raise 80% of its debt in the domestic market by issuing treasury bills and other bonds, with the remainder coming from foreign borrowing. The government plans to cut the budget deficit to 3.5% over the next three years, while its debt will climb 27% to 38.5 billion Namibian dollars ($3.64 billion) next year, Kuugongelwa-Amadhila said in February.
The country's GDP is forecast to grow 4.3% this year, according to the **International Monetary Fund**.
"The fact that Namibia is now better known on the market with more stable market conditions, sound growth projections and the fiscal reforms we are undertaking, means we will get a much better response this time around," Kuugongelwa-Amadhila said. *(Bloomberg)*

Senegal Sukuk Shows Way for South Africa, Nigeria to Debut

Senegal beat South Africa and Nigeria to market with sub-Saharan Africa's biggest sovereign sukuk, clearing the path for the continent's biggest economies to follow with debut Islamic bonds.
Senegal opened a sale this week for 100 billion CFA francs ($208 million) of the debt that will close July 18, tapping a global market that may surpass record issuance of $46.5 billion in 2012, according to arrangers. Worldwide offerings rose 27% to $24.4 billion in 2014 from a year earlier, data compiled by Bloomberg show. Gambia, which shares a border with Senegal, sells sukuk maturing in less than a year weekly, with yields on 91-day notes falling 117 basis points this year to 14.89%.
"Other governments on the continent will be watching the issuance with interest," Sarah Tzinieris, principal Africa analyst at Bath, U.K.-based risk advisory company Maplecroft, said in an e-mailed response to questions on June 25. "With the market still relatively undeveloped in sub-Saharan Africa, the first countries issuing sukuk bonds -– such as Senegal -– are in a strong position to position themselves as African hubs for Islamic finance."
South Africa, which has the continent's largest stock and bond exchanges, plans to issue a sukuk this year, the National Treasury said in April. A sukuk is part of Nigeria's strategic framework through 2017, Patience Oniha, the Abuja-based Debt Management Office market development director, said by e-mail. Kenya may offer sukuk to broaden its investor base, Treasury Secretary Henry Rotich said two days ago. Nigeria's Osun state sold 10 billion naira ($61 million) of Islamic debt in September, the first state in the country to sell sukuk.
Capital Needs
Since coming to power in the West African nation in 2012, Senegalese President Macky Sall has shut or combined 59 state agencies and allocated more money to curb water and power cuts in the capital, Dakar. He audited the administration of his predecessor, Abdoulaye Wade, and set up a court to try economic crimes, while reducing Senegal's inflation rate. Senegal's economy is set to expand 4.6 %this year, the fastest pace since 2007, and 4.8 %in 2015, according to the International Monetary Fund.
"Senegal is issuing sukuk bonds before more developed markets in North Africa, such as Morocco and Tunisia, reflecting the investment-minded approach of the Macky Sall government, as well as its crucial need to raise capital," Tzinieris said.
The sukuk issuance comes as Senegal plans to sell its second Eurobond, with the nation seeking to raise $500 million by July. Standard Chartered Plc, Societe Generale SA's local unit and Citigroup Inc. have been appointed to manage the offering, Ange Constantin Mancabou, an adviser to Finance Minister Amadou Ba, said by phone from Dakar.
Yields Drop
Yields on its notes due May 2021 have dropped 88 basis points this year to 5.97% by 10:52 a.m. in Dakar. The average yield on African dollar bonds dipped to a one-year low of 4.97% on May 29, JPMorgan Chase & Co. indexes show.
In July 2012, Sudan raised 955 million Sudanese pounds ($165 million) selling Islamic debt, with no issuance since, Osama Saeed, head of the research and statistics section at Sudan Financial Services Co., said by phone from Khartoum, the capital. South Africa's Treasury didn't immediately respond to e-mailed requests for comment.
Senegal has the second-largest economy in the eight-nation West African Economic and Monetary Union and is the only country in the region apart from Cape Verde that's never had a military overthrow of the government.
Half of the debt earmarked for the sukuk has already been sold, Budget Minister Mouhamadou Mactar Cisse told reporters in Dakar, the capital, on June 25.
"The launch of this sukuk bond marks an important milestone for the development of Islamic finance" in West African markets, he said. "It allows Islamic banks and financial institutions to improve their liquidity."*(Bloomberg)*

Tech

Has Africa Lost Lead in Mobile Payments Innovation, Adoption Race?

From the moment M-PESA launched in Kenya in 2007, Africa was heralded as the undisputed leader in the innovation and adoption of mobile payment services. Today, more than 17 million Kenyans use M-PESA, and in 2013 a full quarter of the country's GDP passed through the service. However, recent data are beginning to pose the question; is Africa still leading the global mobile payments innovation race?
According to Howard Moodycliffe, Africa has lost some ground. "The economic powerhouses of the US and China have quickly caught up. US coffee chain Starbucks launched a mobile payments app in 2013 that saw more than $1

billion in transactions processed in a single year, while the total value of China's mobile transactions came to a staggering $1.6 trillion.

Despite M-PESA processing $10 billion in mobile transfers in 2013, and MTN Mobile Money showing strong growth, we haven't seen mass adoption of other mobile transacting solutions. Africa is due some rapid and game-changing innovation in the mobile payments space, and I think we're nearing this in South Africa as the large banks and retailers start investing time and money in mobile transacting."

Moodycliffe is the Head of Marketing and International at wiGroup, developers of an interoperable platform that enables retailers to accept any type of mobile transaction at the point-of-sale, through a single integration. The platform is integrated to more than 40,000 till points across South Africa. He says that South Africa's mobile payments usage is mostly centered around money transfer among the lower end of the market. "In the US, we're seeing much more interest in value-added mobile payment and transaction services such as discount vouchers and coupons."

In the latest **MasterCard Mobile Payments Readiness Index** , only one African country – Kenya at number 4 – ranks among the top 20 countries in terms of readiness for mobile payment adoption. South Africa is just behind Egypt and Vietnam on the overall list at number 26, while Nigeria comes in at number 22.

According to Moodycliffe, this ranking is slightly misleading. "South Africa may not be leading the pack but there is a swathe of hugely exciting mobile transacting applications and services being launched right now. While emerging markets in Asia, as well as developed markets in Europe and North America may be ahead for now, you are likely to see some changes in the ranking over the next few years."

Moodycliffe says that, despite Africa losing some of its lead in terms of pure innovation, the continent is still untouchable for its ability to localise mobile payment services to suit its specific population. "North American and Scandinavian countries are constantly producing futuristic payment tech, such as the Nymi wristband which uses your heart rate as password, and Quixter which scans the veins in your hand. However, these technologies are impractical in the African milieu. We need solutions that take our population's unique and disparate needs into account, and here we are streets ahead of the rest of the world."

The success of M-PESA recently led Google to launch its own mobile payment solution, called BebaPay, into Kenya. BebaPay is an NFC-enabled alternative payment service that commuters can use to pay for bus fares.

Asked whether the entry of the global giants into the mobile payments space poses a threat to smaller African companies, Moodycliffe is optimistic. "Google, Apple and Facebook's forays into payments are complementary to what we do and affirm our strategic focus on the mobile payments and transactions space. The beauty of our platform is also such that, should any international company wish to launch their payment solution here, today, they can quickly plug in and gain access to more than 40 000 till lanes across the country."*(Ventures Africa)*

SWIFT's African Business Dwarfs Global Growth

The Society for Worldwide Interbank Financial Telecommunication (SWIFT) has released data showing that its business in Africa has outperformed the total growth of the business globally.

In the year to date, African volumes grew by more than 16%, almost doubling SWIFT worldwide's 10 %growth, highlighting the vitality of the region.

"Africa is an increasingly important market for SWIFT. Again this year it has outperformed most of our other regions and has proven itself a vital component of our business globally," said Hugo Smit, SWIFT's Head of Africa South at the African Regional Conference (ARC) held in Marrakesh, Morocco.

Smit said the organisation recognises that the continent has huge growth potential, "so we are committed to dedicating more resources, services and opportunities to the local financial community."

He also stressed the value of SWIFT data in the story it tells, noting that it has been independently validated to be closely "correlated to economic activity through the development of the SWIFT Index."

According to him, when SWIFT traffic volumes rise, it indicates economic growth. The figures revealed at the ARC therefore show strong organic growth across Africa, particularly in Nigeria. This, Smit said also serve as validation of the positive growth trends SWIFT is witnessing in the region.

The organisation, which handles swift codes, a unique identification code for international transfers between banks, said the continent's growth was particularly marked in the payments markets, where volumes rose by almost 21 %as against just 8% globally.

SWIFT traffic at country level showed that many have experienced a startling pace of growth, citing Nigeria, where payments traffic grew by almost 42 %in the last year and by a massive 353% in the past four years.

The growth figures are the latest data showing a long-term growth trajectory with Africa's total SWIFT traffic rising by 63% over the last four years, compared to the total growth of SWIIFT traffic globally of 36%. Payments have been the locomotive of this long-term growth, with a 75% rise over four years as against 37% globally, but securities also significantly outperformed, with a rise of 52% across Africa versus 41% globally in the same period.

The organisation noted however that growth in North Africa has not been as strong as the rest of the continent, as the region struggles to recover from the Arab Spring. SWIFT traffic growth for Morocco for the full year 2013 was just 2.7% compared to 39.5% in 2011.

"It's clear that North Africa has not yet recovered to its earlier growth levels, but the positive story is that volumes are coming back," said Sido Bestani, SWIFT's Head of Middle East & North Africa. *(Ventures Africa)*

Africa continues going mobile

From farming to banking, mobile technology is changing lives in Africa—fast, according to a Gallup article. Nearly two-thirds (65%) of households in 23 countries in sub-Saharan Africa had at least one mobile phone in 2013, with median growth of 27% since 2008 and median annual growth of 5%. But in countries such as Zimbabwe, growth has far outpaced the average, rising from 26% of households in 2008 to 80% in 2013, and 9% annually.

Sub-Saharan Africa is the second-largest mobile technology market after Asia and the fastest growing one: the Groupe Speciale Mobile Association (GSMA) forecasts that the region's mobile users will reach 346 million by 2017. This growth has leapfrogged traditional landline phone connections. The median percentage of households with landlines in these 23 countries in 2013 was 2% —unchanged from 2008.

The growth in mobile phone ownership in sub-Saharan Africa has not been distributed equally across the subcontinent or even within countries. Mobile phones remain most common in urban households—in 2013, 80 percent had at least one—compared with 63 percent of rural households with at least one mobile phone. Six years ago 63% of urban households had at least one mobile, compared with 43% in rural areas.

Mobile phone penetration in 2013 was lower in rural areas and lowest among the poorest households, which leaves room for growth in the sub-Saharan African market. However, it may be difficult to sustain the current pace without more substantial infrastructure investment. *(IMF)*

M&A

Britam To Acquire Real Insurance In a $16m Deal

Britam, an East African financial service firm, is set to complete its Sh1.4 billion ($16 million) acquisition of Real Insurance pending approvals from market regulators in Mozambique, Tanzania and Malawi. The group, which control operations in Kenya, Uganda and Rwanda has received approvals from regulators in Kenya, but said it awaits same from the other countries where Real Insurance operates to ensure completion of the transaction by mid-July.

"We had hoped to receive the approvals faster but that was just our expectation; the regulators have their own time table," Benson Wairegi, chief executive officer of Britam was quoted as saying on Friday 4 July. Britam requires the approval of the Insurance Commissions, competition authorities and regulators of Capital market of the four countries to close the deal. The company will have to make a cash payment of Sh825 million ($9.4 million) and issue new shares worth Sh550 million ($6.3 million) to the shareholders of Real Insurance, which Wairegi expects to have been done by middle of next month. The merger with its rival will see Britam expand its presence in Africa. The company currently operates in Rwanda, Kenya, Uganda and South Sudan. *(Ventures Africa)*

Bidvest To Acquire Grinrod Bank

JSE-listed diversified industrial firm, Bidvest, said it planned to acquire Grindrod Bank, another JSE-listed commercial bank, for an undisclosed amount.

Bidvest said the acquisition of Grinrod Bank would add balance to Bidvest's financial services products, which is driven by a unit of Bidvest, Bidvest Bank. The acquisition would also give the merged business good strategic positioning as an important niche financial services firm.

The completion of the proposed deal will await approval by the competition authorities. The deal would also hinge on the successful completion of a due diligence investigation into Grinrod Bank.

Bidvest Group was recently in the news for thwarting Chile's drug-maker CFR Pharmaceutical's move to acquire South Africa's second biggest drug maker, Adcock Ingram, for $1.2 billion.

Bidvest, which had been in the running for the acquisition of Adcock Ingram, had upped its stake in Adcock Ingram to 34, 5 %. PIC, the South African government pension funds manager, which holds 21 %of Adcock Ingram, had supported Bidvest in thwarting the takeover bid by CFR.

CFR's bid needed the endorsement from the shareholders with 75 %shareholding in Adcock Ingram.

After Bidvest won the tussle for Adcock Ingram, it fired Adcock Ingram chairman Khotso Mokhele and he was replaced by Bidvest chairman Brian Joffe.

Jonathan Louw, the former CEO of Adcock Ingram resigned later, prompting the Bidvest group to reconstitute the board of directors. *(BDLive)*

ENERGY

Africa to benefit from Canada's renewable-energy expertise

Canada, which generates over 77% of its electricity from renewable-energy sources, has a lot to offer African countries in terms of technical skills and expertise in the renewable-energy space, Canadian Minister of International Trade Ed Fast said. He stated that Canadian companies had the experience and technical skills to help sub-Saharan African countries develop their renewable-energy sectors.

Fast, who is leading a trade mission in South Africa, was in Cape Town for the launch of SkyPower Cares, the corporate social responsibility (CSR) initiative of SkyPower – a Canadian developer of solar photovoltaic projects.
He pointed out that Canada, endowed with mountains and plentiful water sources, relied heavily on hydroelectric power for its electricity. This was in contrast to South Africa's sharper focus on sun and wind, neither of which were abundant in Canada.
Fast stressed that countries would not have dynamic growth without affordable and clean sources of energy.
South African Trade and Industry Dr Rob Davies highlighted that South Africa shared good trade links with Canada and that Canadian companies were contributing in the local renewable-energy space.
He further indicated that South Africa had already commissioned enough renewable-energy to equate to a sizeable coal-fired power station. Davies said the country's "ambitious" renewable-energy procurement programme had been set up to avert catastrophic climate change, but was also important in supporting manufacturing and job creation.
SOLAR-POWERED LIGHTS
SkyPower, as part of its CSR initiative, donated 5 000 solar-powered lights to South African schoolchildren living in remote communities with limited access to electricity.
The durable and portable lights will provide the children with over four hours of safe lighting each evening to enable them to study during the dark evening hours. "Education is our future. This fits with Canada's long-standing commitment to ensuring girls, boys and youth have access to quality basic education," said Fast.
SkyPower president and CEO Kerry Adler added that he hoped the CSR initiative would spark similar projects in Africa. "This inaugural contribution is just the beginning. Our vision is to inspire and encourage other caring corporations and individuals to help us make a difference for schoolchildren in unelectrified communities worldwide and help them break the cycle of poverty through personal empowerment."
In Africa's rural areas, about 600-million people live without access to electricity and often rely on highly flammable, expensive and polluting kerosene lanterns as a source of light. *(Engineering News)*

Angolan bioenergy company produces electricity on an experimental basis

Angolan bioenergy company Companhia de Bioenergia de Angola (Biocom) since 30 June has been producing electricity on an experimental basis, the company's director for sustainability, personnel and company organisation, Fernando Koch said.
Cited by Angolan news agency Angop, Koch also said that final details were being dealt with so that by September the power production project would be inaugurated and supply electricity to Cacuso municipality and the city of Malanje.
He also said that in September the company would start producing 18,000 tons of sugar and 3 million litres of ethanol per year.
The company estimates that as of 2019 it will produce 256,000 tons of sugar and 30 million litres of ethanol, as well as electricity for the Capanda/Cacusa high voltage line, which supplies the municipality and city of Malanje.
Biocom, which is part of the Capanda Agro-Industrial Hub, is a partnership of the Angolan State, via the National Private Investment Agency (ANIP) and Sonangol Holding, with a 20% stake and Angolan groups Damer and Brazil's Odebrecht, with 40% each.
The chairman of the industrial hub management company Sociedade de Desenvolvimento do Pólo Agro-industrial de Capanda (Sodepac), Carlos Fernandes, said last year that total investment was estimated at US$250 million and the project would create 500 direct jobs and 700 indirect jobs. *(Macauhub)*

Mozambique to build two hydropower plants worth $1.8bn

Mozambique has approved a $1.8-billion plan to build two hydropower plants to meet growing energy demand in the central province of Tete, home to some of the world's largest untapped coal reserves, a government minister said.
Unlisted Brazilian engineering group ATP Engenharia Ltda won a $1.2-billion contract to build a 600 MW hydropower plant and another $600-million to construct a 215 MW hydropower project, fisheries minister **Victor Borges** said. The power will be sold domestically and to the rest of southern Africa. Mozambique already exports power to neighbours Zimbabwe and South Africa, which are struggling to meet demand.
Mozambique's discovery of significant natural gas reserves, coupled with rapid economic growth of 8% a year, has made the country an attractive destination for investment in the power sector. Global mining giants such as Vale and Rio Tinto are already developing coal fields left untouched during a 1977 to 1992 civil war. Mozambique also wants to construct a 3 000 km pipeline to carry gas from the northern province of Cabo Delgado to the capital, Maputo, and other southern parts of the country. *(Engineering News)*

Windiga To Build $50m Energy Plant In Burkina Faso

Quebec-based renewable energy manufacturer, Windiga Energy has signed a deal to build and operate a $50m 20MW solar Photovoltaic (PV) plant in the Mouhoun province of Burkina Faso.
Windiga Energy's investment support agreement with the government of Burkina Faso will see it become the first independent solar energy producer in the country, given Windiga the sole power to complete a 25-year power purchase agreement (PPA) with the National Electricity Company of Burkina (SONABEL).

The project which is deemed the largest of its kind in sub-Saharan Africa is scheduled to be completed by December 2015. Windiga president and CEO, Benoit La Salle said the agreement will see the birth of the solar energy industry in Burkina Faso. The PV plant will contribute to the region's economic development and provide job opportunities for about 150 Burkinabé workers, he added. Windiga Energy said it has selected Siemens Energy Smart Generation Solutions to execute the project that will meet electricity needs of the Burkinabè. The Frontier Markets Fund Managers, African Development Bank (AfDB) and the Emerging Africa Infrastructure Fund are expected to fund the project. *(Ventures Africa)*

Gigawatt Mozambique secures financing on 100 MW gas plant

Power company Gigawatt Mozambique has secured the financing to build a 100 megawatt (MW) gas-fired power plant in the African country, which should be in operation late next year, one of its advisers said.
The $200 million project located at the Ressano Garcia border with South Africa will inject much needed power into the rapidly expanding country, which currently has very limited plant capacity to produce electricity from natural gas.
Gas is seen as an attractive electricity source for Mozambique after major gas discoveries off its central coast.
Its Rovuma basin is estimated to hold more than 150 trillion cubic feet of gas, enough to supply Germany, Britain, France and Italy for 15 years.
"Construction will now commence on the project, with the intention being that the power plant will be on stream in Q4 2015," Eaglestone, an investment bank that advised the deal, said in a statement.
Eaglestone said equity was provided by a consortium of Mozambique shareholders, Gigajoule Power, Old Mutual Life Assurance Company and WBHO Construction.
Privately owned Gigawatt Mozambique already has a take-off agreement with the state-owned utility Electricidade de Mocambique (EDM) but it hopes to attract industrial clients, whose higher tariffs would make the project sustainable over the long term.
EDM needs to provide more than 760 MW but receives only 500 MW from the Cahora Bassa dam at a price of 1,080 meticais ($35) per MW, according to a World Bank report on the country.
The cost of purchasing electricity from other suppliers such as Aggreko and South Africa's Eskom is significantly higher at between 4,500-7,500 meticais, while EDM's average sale price is only 2,400 meticais. South Africa's Standard Bank was lead arranger and underwriter for debt financing. *(The Africa Report)*

MINING

Indians, Australians pursuing opportunities in Mozambique

Indian company International Coal Ventures Private Limited (ICVL) is reported to be interested in coal assets in Mozambique. ICVL is a "special-purpose vehicle" created at the initiative of the Indian Ministry of Steel, with the purpose of obtaining metallurgical and thermal coal assets in foreign countries in order to assure the supply of imported coal. The company seeks to acquire a total of some 500-million tons of metallurgical coal reserves by 2019/20.
ICVL is a partnership between the Steel Authority of India Limited (SAIL), Coal of India Limited, Rashtriya Ispat Nigam Limited (RINL – a steel company), the National Mineral Development Corporation and NTPC (India's largest power producer). All these companies are wholly or predominantly State-owned. Currently, SAIL has to import 75% of its metallurgical coal requirements, while the figure for RINL is 100%.
A mission from ICVL recently visited Mozambique. This is not the first time the Indian company has shown interest in the African country's coal resources. In 2011, it made an attempt to acquire Australian junior Riversdale Mining's Benga project, in Tete province. However, Anglo-Australian major Rio Tinto outbid ICVL. (Rio Tinto acquired Benga for $4.1-billion, but has since had to write down $3.47-billion of that investment.) Members of the mission subsequently also visited South Africa and other countries in Southern Africa.
ICVL has apparently yet to acquire an asset, although there are hopes that Polish coal operations will be bought in the near future. Back in April, the senior civil servant in the Ministry of Steel Secretary G Mohan Kumar told the Reuters news agency that the company was examining a number of opportunities. "ICVL is very actively looking around," he said. "It is looking at various possibilities."
Meanwhile, Australian junior Metals of Africa has announced that it is to start exploration for its Montepuez graphite project, in Cabo Delgado province, in the north of Mozambique. This project is composed of three wholly owned exploration licences. Two of these lie geologically along the strike from Syrah Resources' Balama graphite project and the third lies along the strike from Triton Minerals' Balama North graphite project.
This initial exploration programme will start early this month and will involve site visits followed by geological mapping and sampling at all three licence properties. It will be carried out by MSA Group on behalf of Metals of Africa. The results, which it is hoped will be available by the end of the month, will be used to assist in the planning of the second phase of the exploration programme, which could, the company reports, include the first phase of the drilling programme.
Previously, the company announced that it had raised A$494 260 in a placement and that this would allow the company to carry out exploration activities on its main assets in Mozambique, Tanzania and Gabon. Apart from Montepuez, the

company also has the Rio Mazoe and the adjacent Changara lead-zinc-silver projects in Mozambique, the Mkindu uranium/iron oxide/copper/gold project, in Tanzania, and the Kroussou lead/zinc/silver project, in Gabon.

Early last month (before the announcement of the successful placement), Metals of Africa reported that it was about to start ground electromagnetic surveying at its Rio Mazoe concession. This is designed to delineate zinc, lead and silver conductors. In turn, this information will be used to guide the drilling programme, which is planned to start next month. The survey will be carried out over high-priority prospects within the project area. Meanwhile, the already launched, parallel, 2014 soil sampling and geological mapping activities are continuing. *(Mining Weekly)*

Angola To See 20% Increase In Diamond Production

Angola, Africa's third largest diamond producer, is set to increase production by more than 20 %this year, following the start of a massive maintenance project on the country's largest diamond mine.

"This year we have an ambitious target of 9.5 million carats in production and 550,000 carats in artisanal production, which means we have to produce 10 million carats," said Angola Geology and Mining Minister Francisco Queiroz.

Last year the southern African country produced 8 million carats of diamonds.

Queiroz said Catoca mine which produces 87 %of diamond production in Angola underwent a massive maintenance process in April.

Angola's mining industry continues to provide the country with foreign earnings. Mining contributes 12 %of Angola's GDP (excluding the oil sector).

Only 40 %of the diamond-rich territory within the country has been explored, but the government had difficulty in attracting foreign investment because of corruption, human rights violations, and diamond smuggling.

The Angolan government loses $375 million annually from diamond smuggling. *(BDLive)*

Australia's Triton Minerals announces new graphite discoveries in Mozambique

Australian mining company Triton Minerals has found new high quality graphite deposits in Nicanda, Cabo Delgado province, northern Mozambique, the company said in a statement sent to Macauhub in Maputo.

Triton Minerals' latest prospecting work according to the company's director, Brad Boyle, provided "surprising results," as the first test drilling carried out discovered 313 metres of high quality graphite, which consolidates the "world class potential" of the Balama Norte project.

At this project so far the Australian company has drilled in 24 locations in order to determine the size of the graphite deposit. Analyses have shown that there is a substantial graphite concentration, the press release said.

"The latest tests show that, at Monte Nicanda, there are several areas of high quality graphite, with an average concentration of 11 %," said Boyle in the statement.

According to the company the work carried out in Nicanda pointed to graphite over a distance of 1.75 kilometres.

Triton Mineral has two projects in Cabo Delgado province Triton Minerals - Ancuabe and Balama Norte, and at the latter holds six surveying licenses.

Of the 20 investors that make up the company's shareholder structure, Citicorp Nominees PTY Limited, of financial group Citigroup, has the biggest stake (23.8 %), followed by JP Morgan Nominees Australia Limited (3.11 %), of the JP Morgan group. *(Macauhub)*

Indian state companies seek coal assets in Mozambique

A mission from International Coal Ventures Private Limited (ICVL) of India is in Mozambique to assess some of the coal assets it is considering buying, the Indian press reported.

ICVL is a "specific purpose vehicle" or a structured financial operation with proposed capital of US$900 million and debt of US$1.8 billion raised from investment funds and venture capital firms, and is partnership of several Indian state companies.

The partnership as initially made up of the Steel Authority of India Ltd (SAIL), the country's largest iron and steel producer, Coal of India Ltd (CIL), RINL (Rashtriya Ispat Nigam Ltd, also known as Vizag Steel), National Mineral Development Corporation (NMDC), NTPC, a power production company. NTPC later decided to leave the partnership as it had plans to buy thermal coal to fire its power plants whilst the other companies were interested in access to coking coal for steel production. The Indian newspaper said that after Mozambique, the officials from the ICVL mission may travel to South Africa and other countries in Southern Africa. ICVL previously made a bid to buy Australia's Riversdale Mining, which was actually acquired in 2011 by Anglo-Australian group Rio Tinto for US$4 billion. *(Macauhub)*

Iluka Approaches Kenmare to Add Mozambique Mine

Iluka Resources Ltd. (ILU), the world's biggest zircon producer, approached Irish mining company **Kenmare Resources Plc (KMR)** over a potential combination.

Buying Kenmare would give Iluka the smaller company's Moma titanium minerals mine in **Mozambique**, which produces ilmenite and rutile and contains reserves of zircon. Shares in Dublin-based Kenmare **climbed** the most in more than five years.

Iluka is seeking to take advantage of depressed markets to secure future growth, Chief Executive Officer David Robb said last month. Rio Tinto Group, the world's second-biggest mining company, this week forecast a return to demand growth for zircon, driven by recovery in **China** and Western Europe.

"A potential transaction involving Kenmare is consistent with Iluka's strategy of assessing various mineral sands opportunities," Perth-based Iluka said today in a statement. "There is no certainty that any transaction will be progressed or, in particular, that an offer will be made." Michael Carvill, Kenmare Resources' managing director, declined to comment.

Kenmare **climbed** 13 % to 14 pence on 30 of June in London trading, giving the Irish company a market value of about 376 million pounds ($640 million). It earlier advanced 25%, the most since April 2009. The stock dropped 42% this year through. Kenmare's biggest shareholders include Prudential Plc and BlackRock Inc., who control about 25% of the shares combined, according to **data** compiled by Bloomberg News.

Iluka rose 1.8 % to A$8.45 in Sydney trading, trimming its decline this year to 2.1 %, and giving the company a value of A$3.5 billion ($3.3 billion). Carvill recently had been approached by Iluka with an offer of 20 pence a share, The Times reported. Titanium dioxide is mainly used in paint, while zircon is used in ceramic tiles and refractories. *(Bloomberg)*

Lucapa Diamond Mine Seeks to Top Angola's Biggest Producer

Lucapa Diamond Co. (LOM) said it plans to start an Angolan mine in about two years that may surpass the country's biggest gem producer, Catoca.

The Lulo deposit about 700 kilometers (435 miles) east of Luanda, the capital, could be even more valuable than Catoca, the world's fourth-largest kimberlite mine, judging by stones that fetch an average of A$6,960 ($6,533) a carat Lucapa Managing Director Miles Kennedy said. That compares with about $100 a carat that Catoca gems bring.

"Beyond doubt from what has washed off the kimberlites into the ancient river channels suggests that the prize once farmed and delivered is going to be substantial," Kennedy said in a telephone interview from Perth, Australia, where Lucapa is based. "This is a long, scientific game and we're not trying to over-promote it at this stage, but the early finds are definitely there."

Angola, the fourth-biggest diamond producer by value, has cut taxes and reduced state ownership requirements as it seeks to rekindle the industry after the global financial crisis forced mines to close. New areas are opening for exploration as Africa's second-largest oil producer rebuilds from a 27-year civil war that ended in 2002.

Alluvial License

Kimberlite pipes are the underground remains of ancient volcanoes where almost all diamonds are formed. Only about 1 %of the pipes contain gems. Alluvial stones are found on or near the surface after rivers erode the pipes.

Prices of the gems have risen 2.4 %this year and were at $8,122 on June 19, according to the Rapaport Diamond Trade Index. The gauge is formulated from the average asking price for the top 25 best quality 1-carat diamonds, color between D and H and clarity between internally flawless, or IF, and very small inclusion, known as VS2.

Lucapa should get a license to mine alluvial stones from the 3,000 square-kilometer (1,158 square-mile) Lulo concession by the end of this year, Kennedy said. It may hold 500,000 carats, according to company documents.

A license for the kimberlite pipe will come after more testing in the next two years, the managing director said. It's too early to determine output rates, he said.

Gem Recovery

In May the company recovered four diamonds of "good shape and color" weighing 1.85 carats during the first two weeks of using a new processing unit, according to company documents. A carat is a fifth of a gram.

"The potential is there" to be bigger than Catoca, Kennedy said. "There's no other prospect in the world which has been delivering diamonds of this caliber and value. None. Not one."

Lulo lies about 150 kilometers from Catoca in the same geological formation, the Lucapa Graben, which sweeps from the Namibe province on the Atlantic coast in the southwest to the border of the Democratic Republic of Congo in the northeast. The pipe being explored is one of eight on a short list from 250. At 220 hectares (544 acres), it's almost four times the size of Catoca.

A June 16 investor note by Canaccord Genuity Group Inc. called the find "early days but immensely encouraging."

Lucapa has 40 %in the kimberlite mining venture, while the Angolan government's Endiama EP has 33 %and closely held Rosas e Petalas SA has the rest, company documents show. Exploration and production agreements with the government were extended two years to May, 2016, for both alluvial and kimberlite stones, according to the documents. Previous rules usually gave Endiama about half of most mines.

Catoca Owners

Partner Rosas e Petalas belongs to Angolan lawyer Celso Rosa, who owned the concession from 2002 until it was put to tender by the government in 2008 to attract investors, Kennedy said. Lucapa has been prospecting the site for six years, he said.

Sociedade Mineira de Catoca Lda. runs the Catoca mine, which produces about 70 % of Angola's diamonds by volume. It's owned by Endiama, OAO Alrosa, Odebrecht SA as well as a venture between China and state oil producer Sonangol. The mine produced 6.5 million carats in 2012, generating sales of $575 million.

Angola produced 9.36 million carats last year valued at $1.28 billion, behind Botswana, Russia and Canada, according to the Kimberley Process, an international group that works to stop the supply of so-called blood diamonds from war-zones.

Sodiam Arrangements

Lucapa won't pursue selling arrangements with Endiama and its marketing arm Sodiam similar to those that may increase stone prices from projects by Israeli billionaire Lev Leviev and Catoca, Kennedy said.

Leviev, an Israeli real-estate magnate, struck a deal with Angola allowing him to charge more for diamonds from his Luminas mine in the the southwest African nation on world markets instead of at a discount to specified Chinese and Dubai traders, according to people with knowledge of the agreement. "We are happy working within the confines of the Angolan system," Kennedy said. "To suggest there might be a premium of 50 % has not been evident to us."

Angola is looking to soften restrictions that deter exploration and development after producers abandoned the country during the global financial crisis. De Beers, the biggest producer, has cut back its Angolan operations, while BHP Billiton Ltd., Petra Diamonds Ltd. and Trans Hex Group Ltd. have also surrendered deposits. *(Bloomberg)*

OIL & GAS

Sasol weighs Mozambique gas project

SASOL is the second company in little more than a week to agree with Mozambican authorities to undertake a study into building a gas-to-liquid (GTL) fuel project in the country.

Sasol told the market that it would undertake a joint pre-feasibility study into the plant with Mozambique's state-owned oil company Empresa Nacional de Hidrocarbonetos (ENH) and Italian multinational Eni.

The duration of the study, which precedes a bankable feasibility study if the economics stack up, is unknown, as is the size of the plant, which will primarily produce diesel.

The size, location, cost and timing of the plant would all be determined during the course of the study, said Sasol spokesman Alex Anderson.

He added that the study would investigate both Mozambican demand and that of South Africa. It would also look at other countries in the region and potential export markets for the finished product.

The plant will use gas extracted from the Rovuma offshore gas field.

Sasol is looking at building a $16bn-$18bn GTL plant in the US capable of producing 96,000 barrels of fuel a day.

Estimates by Eni and America's Anadarko Petroleum Corporation put the size of Rovuma at 100-trillion cubic feet of gas off the northern coast of the country.

The Mozambican government has drawn up a gas master plan to ensure it benefits from its resources. The option of liquefying the gas for sale to export markets is among the proposals being considered.

"GTL plants tend to be large-scale, although Sasol indicates smaller plants could be profitably operated in Mozambique," said a 2012 draft executive summary of the master plan.

"GTLs production in Mozambique could displace imports and open up regional African markets for transportation fuel."

Sasol CEO David Constable said the proposed plant would benefit the region. "The proposed GTL facility firmly aligns with Mozambique's gas master plan goals, and, if successful, will go some way to accelerate socioeconomic development in the country and the broader region."

Sasol is no stranger to Mozambique, having found gas in the Pande and Temane fields off the Inhambane province far south of the Rovuma fields in the early 2000s. These are supplying gas to South Africa via an 865km pipeline.

Pande and Temane have an estimated 3-trillion cubic feet of gas and are the only ones in production in the country.

Ichumile Gqada, from the South African Institute of International Affairs, said in a paper last August that the gas fields, which are of commercially exploitable size, could generate billions of dollars for Mozambique and make it Africa's third-largest exporter of liquid natural gas.*(BDLive)*

Angola available to support oil exploration in Sao Tome and Principe

Angola is completely available to support Sao Tome and Principe in oil exploration in its exclusive economic zone (EEZ), the president of the Angolan parliament, Fernando da Piedade Dias dos Santos said in Sao Tome.

The president of the Angolan parliament, who was speaking in the Sao Tome parliament, said that, "Angola received the news of the discovery of oil deposits in the territorial waters of Sao Tome and Principe with great satisfaction."

The discovery of new oil reserves complements the "efforts" of the Sao Tome government to develop the agriculture, fishing and tourism sectors and "in that sense, Angola is entirely at (Sao Tome's) disposal to share its knowledge and make efforts to assist Sao Tome and Principe," he noted, according to Portuguese news agency Lusa.

Dias dos Santos took stock of the 10 years since the two institutions signed a cooperation agreement and concluded that "the political, social and economic dynamic at that time brought with it new experiences, imposed the need to renew this relationship, with a view to enriching it."

The president of the Angolan Parliament, who currently heads up the Parliamentary Assembly of the Community of Portuguese-speaking Countries (CPLP), also said that the two countries shared the same challenges, taking into account the role played by parliaments across the globe in resolving conflict, preserving peace and strengthening democracy.
As part of this visit the two parliaments signed a new parliamentary cooperation protocol to mark a new stage in their relationship. *(Macauhub)*

Oil companies from Mozambique and Russia sign memorandum of understanding

Mozambican state oil and gas company Empresa Nacional de Hidrocarbonetos (ENH) has signed a memorandum of understanding with Russian company Rosneft for joint prospecting projects, ENH said in a statement.
ENH also said the memorandum was signed during the 21st World Oil Congress held in Russia from 15 to 19 June. The agreement also includes identification of areas of mutual interest and may end in joint oil and gas exploration. The chairman of ENH, Nelson Ocuane, said that the partnership with Rosneft was important for Mozambique as "it is one of the main groups in the Russian oil industry." *(Macauhub)*

Oil Drilling Commences in Mozambique

London-listed oil company, Wentworth Resources said drilling of oil has begun in the recently discovered oil and gas reserves in Northern Mozambique's Cabo Delgado province.
"The test well would be drilled to a depth of 4,250 metres and would take between 60 and 90 days," said Wentworth Resources in a statement. Wentworth Resources is part of the consortium concerned with the drilling process in Mozambique in which US group Anadarko Petroleum is the operator. The oil field is the first to produce oil commercially in Mozambique, where so far there have only been viable natural gas discoveries.
Mozambique has around 4.5 trillion cubic feet of proven natural gas reserves, but until the beginning of last year had no recorded oil reserves. The country has extensive onshore and offshore sedimentary basins containing natural gas, most of which has yet to be explored, as well as significant coal reserves, which are considered to be the biggest in the world
Economic analysts are predicting that Mozambican economy which is standing at 6.5 %, to rise to 7.3 % this year and 7.6 % in 2015. The industrial sector is expected to make the biggest contribution to economic growth over the next two years: 9 % growth in 2014 and 14 %in 2015. *(Ventures Africa)*

Tullow Spots New Oil Site in Kenya

UK-based oil exploration firm, Tullow Oil has recorded further success in their operation in northern Kenya as it made a new find in oil and natural gas deposits, with its partner, Canada's Africa Oil also discovering gas in a separate site.
The British company's struck oil at the Ngamia–2 well span across a 39-metre range, 1.7 kilometers from the Ngamia-1, where Kenya first found oil in 2012. Gas deposits discovered by Africa Oil however stretches across a 1,000-metre range at the Sala-1 site, although exact amount and viability of the deposit has not been ascertained.
"The success of the Ngamia-2 exploratory appraisal well builds on our major basin opening discovery well, Ngamia-1," Angus McCoss, Tullow Oil Plc's exploration director was quoted by Business Daily as saying.
McCoss said the new reservoir showed quality similar to the first one and will be suspended for testing, while the rig is moved to four other wells up for appraisal in the area.
Tullow has recorded remarkable success in Kenya, with oil already discovered at six other sites and two regarded as economically viable – Amosing-1 and Ewoi-1, both located in Block 10BB, where recent discoveries have raised the potential of the area from 600 million barrels of oil reserves to one billion barrels.
Tullow and Africa Oil hold a 50 % shareholding each in resource-rich Block 10BB. As rising insecurity in the East African country's coastal region continues to pose threat to tourism, a sector responsible for about 10 %of the country' s GDP, Kenya will be hoping its natural resources will provide adequate coverage for the losses it is set to incur in terms of potential revenue. *(Ventures Africa)*

Mozambique considers building north-south gas pipeline

Mozambique is studying the economic feasibility of building a gas pipeline linking the north and south of the country, the chairman of state oil and gas company Empresa Nacional de Hidrocarbonetos (ENH), Nelson Ocuane, said recently according to daily newspaper Notícias.
Noting that substantial discoveries of natural gas in the Rovuma basin were enough to meet domestic demand, as well as to export liquid natural gas (LNG), Ocuane said that the pipeline project was heavily dependent on development of industries to support the sector.
"We have substantial natural gas discoveries and the idea is to see if it's possible to bring this gas to the south and develop other industries, which could support construction of the pipeline," said the ENH chairman.
The master plan for the gas prioritises electricity production and transformation of the gas into fertilizer and liquid fuel, with a view to supporting economic diversification, modernisation of agriculture and expanding access to electricity with resulting industrial expansion.
In total it is estimated that so far 180 trillion cubic feet of natural gas has been found, which is due to start being extracted in 2018 according to plans drawn up by Italian group ENI and US group Anadarko Petroleum.

The Mozambique sedimentary basin is also active and the Pande and Temane gas fields located there have been explored by South African petrochemical group Sasol for the last 10 years.
This gas is exported to South Africa and also supplies the domestic market, which is expanding based on the pipeline built in Maputo and extended to Marracuene. *(Macauhub)*

Mozambican government approves master plan for natural gas
The Master Plan for Natural Gas, which is intended to promote Mozambique's development by exploring this natural resource, was approved by the country's Council of Ministers, the Natural Resources Minister said in Maputo.
Minister Esperança Bias said that the plan was a detailed roadmap for political, strategic and institutional decision-making on which to base investments in the natural gas sector.
"The initiatives carried out alongside natural gas exploration include production of diesel, electricity, fertiliser as well as methanol," said the minister cited by Mozambican daily newspaper Notícias.
According to the minister revenues from exploration of natural gas reserves, estimated to total 170 trillion cubic feet in the Rovuma basin, are also expected to contribute to development of other areas, such as agriculture and electrification of the country.
"For this to happen there is a plan to lay an oil pipeline linking Palma to Maputo, which will be the backbone of the gas supply, with branches that will supply industries throughout the country," the minister said without specifying the level of investment or when the pipeline would be installed.
During the meeting the government approved two decrees approving the concession contracts of two hydroelectric facilities. The first of these is located in Boroma, in the Changara district of Tete province, which will produce 215 megawatts of electricity and will cost approximately US$600 million.
The second, in Lupata, on the Zambezi River will produce around 600 megawatts and require investment of US$1.2 billion. *(Macauhub)*

Scotland's Aggreko provides power supply to mining operation in Mozambique
Scottish company Aggreko will provide a temporary solution for the supply of 10 megawatts of electricity to the Moma heavy sands project in Mozambique, owned and operated by Kenmare Resources of Ireland, the company said in a statement.
Alongside the local power grid the unit built by Aggreko will provide high quality electricity during periods of heavy consumption, particularly in the summer months and at the end of the day when demand peaks due to domestic consumption.
The solution provided by Aggreko will ensure that operations at the Moma mine will continue based on a local electricity supply but can also make use of an independent supply when and if necessary.
Michel Carvill, managing director of Kenmare Resources, said in a statement that the company had decided to work with Aggreko based on its good reputation as a power supplier to mining operations in Africa.
Aggreko is the world's largest supplier of temporary power production and temperature control equipment. The company is headquartered in Glasgow, Scotland. *(Macauhub)*

INFRASTRUCTURE

Mota CEO Sees Continued Africa Building Boom as Company Sets IPO
Mota-Engil SGPS SA, Portugal's biggest builder, expects continued "huge demand" for projects in Africa as it prepares to sell shares in its African unit.
"The mining sector, the oil and gas sector and also agribusiness are demanding a lot of infrastructure," Chief Executive Officer Goncalo Martins said today on Bloomberg Television's "On the Move" with Anna Edwards in London. "Investors are looking at exposure to Africa."
Mota-Engil is among Portuguese construction firms expanding in the country's former colonies in Africa, notably Angola and Mozambique, where a boom in the oil, gas and mining sectors has sparked projects to rebuild infrastructure after decades of civil war. Africa accounted for almost 50 %of the company's revenue last year.
Mota-Engil Africa is scheduled to begin trading on the London Stock Exchange (LSE) July 16, the company said in an initial public offering prospectus. The choice of London was logical because "a lot of investors will want to be exposed to Africa here," Martins said. "London is the main market in Europe so it's very important for the company to be here."
Mota-Engil and the Africa unit are offering 35 million shares for 920 pence to 1,160 pence each in the IPO, according to the prospectus. At the upper end of the range, that would translate into a market value of 1.33 billion pounds ($2.3 billion), based on 115 million shares outstanding.

Institutional Investors
The offering includes 15 million new shares for investors who were shareholders of the parent company before June 20 and up to 20 million shares for institutional investors sold by Mota-Engil. The company has tapped Standard Bank as sole global coordinator. Martins declined to predict how much Mota-Engil Africa will be worth when it begins trading, saying he'll wait for "the market to decide." Mota-Engil Africa will use the IPO proceeds to expand its core

construction and engineering business in the sub-Saharan region, according to the prospectus. The company operates in 10 countries in Africa and its clients include Brazilian mining company Vale SA (VALE), Angolan state-owned oil company Sonangol and U.S. oil group Chevron Corp.
The company plans a payout ratio of 50 %to 75 %of earnings and parent Mota Engil will hold 65 %to 69.6 %of the shares after the IPO, according to the prospectus.
Mota-Engil Africa's 2013 net income rose to 76.2 million euros ($65 million) from 47.8 million euros the previous year, according to the prospectus. Sales rose to 1 billion euros from 727.2 million euros. *(Bloomberg)*

China Roads and Bridge Corporation due to start building Maputo-Catembe bridge soon

Work to build the bridge over Maputo bay linking the capital's downtown area to the Catembe municipal district is due to being soon, the Mayor of Maputo, David Simango, told Mozambican daily newspaper Notícias.
Simango said that problems delaying construction of the bridge had been overcome, notably rehousing of families living in the area earmarked for the bridge to be built.
At the opening of the 3rd Ordinary Session of the Municipal Council, Simango also said that another issue that delayed construction was the need to make significant changes to the bridge's design project.
The bridge will no longer have pillars in the sea in order to allow full navigability of the access channel to the port of Maputo, as was noted by Empresa de Desenvolvimento de Maputo Sul, the state body responsible for the work.
The facility, which will be just over 3 kilometres long, will have a 680-metre platform over the bay, with pillars at either end in the port of Maputo and another on the Catembe side. The project was awarded to the China Roads and Bridge Corporation (CRBC), which was also awarded the tender to build the ring road around the Mozambican capital. *(Macauhub)*

Nacala International Airport in Mozambique starts operating in 1st quarter of 2015

Work to build, expand and modernise Nacala International Airport, in Mozambique's Nampula province, is expected to be concluded in the first quarter of 2015, according to the project's resident engineer on behalf of Mozambican airport manager Aeroportos de Moçambique. Mauro Pereira told Mozambican daily newspaper Notícias that work was currently focused on the passenger terminal and the control tower, after reconstruction of the runway, which is now more than 3 kilometres long and 80 metres wide.
The future international airport, which has been converted from the Nacala Airbase, is expected to cost a total of US$114 million, mainly funded by a US$80 million loan from Brazilian state development bank Banco Nacional de Desenvolvimento Económico e Social (BNDES).
The loan is part of a US$300 million credit lien provided by the Brazilian government to support projects in Mozambique. Construction work at the airport is being carried out by Brazilian group Odebrecht and will give the airport an initial capacity to handle 500,000 passengers per year.
The new facility, which has been under construction since September 2011, will have a total of 16 check-in desks, two departure lounges for national and international flights and capacity for 1,240 people at peak periods.. *(Macauhub)*

Construction on Dunnottar rail industrial park to start 2015

The first 20 trains in the Passenger Rail Agency of South Africa's (PRASA's) ten-year, R51-billion deal to procure 600 new trains, should be shipped from Brazil by the end of 2015, said Gibela CEO **Marc Granger**.
Speaking in Johannesburg, he said PRASA should start using these first new trains, which will replace its old Metrorail rolling stock, in 2016.
The majority shareholder in Gibela is Alstom Southern Africa (61%), with 9% of the shares held by New Africa Rail and 30% by Ubumbano Rail. The remaining 580 trains of the contract will be manufactured at a new industrial park in Dunnottar, on the East Rand, said Granger, with construction on this site to start in February 2015.
At full production, this facility should produce 62 trains a year. Production of the first South African trains was scheduled to start in 2017. They should have roughly 65% to 70% local content.
The R51-billion price tag was subject to inflation and exchange rate fluctuations, said Granger. Payment during the first five years of the deal would be in rand, moving to multicurrency payments. Gibela had already received its first payment from Treasury, Granger added. He also noted that Gibela had secured a maintenance, spares supply and technical support contract from PRASA for a period of 19 years, in a deal worth roughly R10-billion. This figure would be influenced by the trains' operating schedule. In executing its contracts, Gibela would create 1 500 direct jobs, said Granger, and another 8 000 direct jobs in the supply chain.
Just under R800-million had been earmarked for skills development, R746-million for the development of rail sector enterprises and R273-million for community programmes. Ten South African engineers were already participating in an 18-month training programme. The train Gibela would supply to PRASA was the X'Trapolis MEtric GAuge (Mega) unit.
Each train would have six cars, and would be around 120 m to 130 m long. One train would be able to carry 1 200 passengers, with WiFi and CCTV infrastructure inside. Each Mega unit would have a stainless steel structure, and 90% of its components would be recyclable. The maximum speed would be 120 km/h. "We are busy identifying existing suppliers in the country. We also have to organise the establishment of some new businesses," said Granger. These suppliers would also be housed at the Dunnottar site.

The 70 ha industrial park will include a 36 ha train assembly site, a 10 ha bogie, traction and motor site, and a 25 ha supplier park. The site might revert to PRASA at the end of the ten-year train assembly contract. Granger said the global General Electric (GE) deal, currently being trashed out, whereby GE would acquire Alstom's energy-related businesses, would not influence the Gibela–PRASA transaction.
The deal affected the power-related businesses only, with all transport activities remaining with the French Alstom group.
"It does not create any constraints on Alstom Transport."*(Engineering News)*

Runway at Angola's Dundo airport to be extended

The second phase of reconstruction work at Dundo airport in Angola's Lunda Norte province is due to begin in July and will extend the airport's runway in line with international standards that allow large aircraft to land and take off, the governor of Lunda Norte said.
Ernesto Muangala said that the runway will be closed to aircraft from 15 July and that the city's residents that plan to travel to other parts of the country, particularly to Luanda, should use the Lucapa aerodrome as an alternative.
The project, the governor said, will modernise the runway, which is in an advanced state of disrepair, noting that Dundo airport will be transformed into a facility providing a quality service to passengers. Under the terms of the tender contract the runway will be extended from 1,800 to 2,600 meters long and 45 metres wide, which will allow Taag's Boeing 737-700 aircraft to land there.
The first phase of reconstruction and modernisation of Dundo airport began in 2012 with construction of the new passenger terminal, with capacity to handle 300 people at boarding and arrival times. *(Macauhub)*

New Luanda International Airport costs US$3.8 billion

The new Luanda International Airport will cost US$3.8 billion according to a presidential decree to approve the contract signed by the Transport Ministry and China International Fund Limited.
According to Angolan news agency Angop the value of the contract means that the project is the second-largest public investment in infrastructure after the Capanda hydroelectric dam, in Malanje province. The presidential decree comes around nine years after work to build Luanda's new airport began. The decree also authorizes the Finance Minister to pay out over US$1.56 billion from the Strategic Financial Oil Reserve for Basic Infrastructure, "for financial execution of the contract in 2014." Construction of the new Luanda Airport began in 2004.
The new airport will have a terminal covering an area of 160,000 square metres, with capacity to handle 13 million passengers per year as well as a cargo terminal with 6.2 million square meters to handle 35,000 tons of cargo per year.
The new international airport is being built in an area of 1,324 hectares and will have two double runways with capacity to receive the world's largest commercial aircraft, the Airbus A2380. The northern runway will be 4,200 metres long and the southern runway will be 3,800 metres long. *(Macauhub)*

TELECOM

Econet Wireless Considers 5G Network Launch

Pan-Africa leading telecommunication company, Econet Wireless Zimbabwe is considering the launch of a 5G network service to its customers in a bid to boost connectivity services and ease communication.
The decision to introduce the 5G network came about a year after it introduced the 4G network at the United Nations World Tourism Organisation general assembly.
While the company intends to expand its current 3G and 4G long-term evolution to other parts of the country where the service is yet to be effective, CEO at Econet Wireless group, Mr Douglas Mboweni said "Countries like South Korea are already experimenting with some of these technologies and in Africa we do not have to reinvent the wheel but to look at what is being applied elsewhere."
"There is still a lot of work that needs to be done in 3G and 4G but 5G is a technology already being looked at by other players and we are watching it closely. As soon as we find that it is ready for roll out then we will go for it because our issue is to make sure that our customers continue to enjoy speed on their devices," he added.
Econet Wireless launched its Platinum Suite in Sam levy, Borrowdale to enable easy transmission of information between devices and individuals as technology evolves.
It is currently working on introducing an Internet Protocol (IP) network that will encourage e-commerce in Zimbabwe, making it faster and easier to shop online.
In the future, the company hopes to launch a tracking system which can be used on cars and other devices.
"There is no end, as long as technological changes happen, we will make sure we continue to drive this business for the convenience of the customer," Mboweni said. *(Ventures Africa)*

Telecel Zimbabwe Losing Millions of Dollars To Networking Hacking

Zimbabwe mobile phone giant, Telecel Zimbabwe says it is losing millions of US dollars annually due to hacking of its network by international criminals. "There is prevalence of traffic refilling where unlicensed people who have devices

are taking traffic from international calls outside the country and bring it to Zimbabwe and transfer it to our network such that it appears as local Telecel calls, " Telecel Zimbabwe Angeline Vere told the country's parliament.
"These criminals have prejudiced the country and the company and we want laws to be revised to ensure stringent sentences are imposed on them," she added.
Telecel Zimbabwe is currently the second largest mobile phone network in Zimbabwe after Econet Zimbabwe. It has more than 2.5 million active subscribers. It is jointly owned by Telecel Globe and the Empowerment Corporation. Telecel Globe is a subsidiary of Orascom Telecom Company, a major international telecommunications company with interests in Europe, Africa, Asia, the Middle East and North America. The Empowerment Corporation is a Zimbabwean consortium made up of a number of Zimbabwean companies. Last week Telecel Zimbabwe said it requires $200 million to expand its mobile network and increase its subscriber base to 5.5 million. *(BDLive)*

Microsoft Launches Intellectual Property Hub For Innovators In Africa

Microsoft has launched the Microsoft 4Afrika intellectual property (IP) Hub to give local developers and independent software vendors in Africa the required tools to develop, protect and monetize their innovations.
Microsoft said it designed the online IP Hub through its 4Afrika initiative to play a critical role in empowering African startups and innovators and help them monetize their innovations and ideas while availing them the opportunity to make and establish connections with the right investors.
The initiative will flagged off in Kenya and will be in operation for two years before launching in other countries on the continent. It will be managed by the local government who will streamline and digitize the process of IP registration and educate young innovators on the importance of having IP protection.
The newly launched portal will encourage IP culture in Africa where most innovators and business owners rely on secrecy rather than using established copyright, trademark, trade name and patent programs.
Microsoft said the reason for this is because many innovators in Africa do not understand the importance of having intellectual property right for their work while the educated ones are put-off by the long, manual and intimidating process of applying for one.
Compared to the United States where about 268,000 residents filed for IP right between 2009 and 2012; the World Intellectual Property Organization (WIPO) said African nations recorded low patronage during the same period as Egypt, South Africa and Kenya received 683,608 and 383 patent applications respectively. Countries like the Ivory Coast registered a miserly 53 resident patent applications.
Low record of IP application exposes most innovations to exploitation and and intellectual theft, relegating Africa to the backend of the knowledge economy ranking.
Microsoft 4Afrika Director for Legal and Corporate Affairs; Louis Otien said "Protecting intellectual property ultimately leads to wealth creation and economic growth, and encourages development of knowledge-based industries."
For example the CEO of Kenya's Virtual City Group, John Waibochi said "IP protection has played an important role in the foundation and growth of our business. From when it was just in the idea stage, we registered it through our IP lawyers with the relevant authorities."
Having an IP protection has "allowed us to grow to where we are today, and ensures that our technology remains in the hands of Africans, for Africa and the world," he concluded. *(BDLive)*

RETAIL

Woolworths plans to take over Country Road

RETAILER Woolworths announced its intention to take over Country Road, a company listed on the Australian Securities Exchange.
Woolworths already holds 88% of Country Road shares and has offered A$17 per share for the rest of the company. It is its second takeover attempt of Country Road. The total cash consideration for the remaining shares is A$213m.
The deal means Australian billionaire Solomon Lew's minority shareholding in Country Road will be sold to Woolworths. In the process he will make huge profits, speculated to be about A$188m, as he bought his interest in Country Road 17 years ago. It also sets the scene for a Woolworths takeover of David Jones, in which Mr Lew has also increased his stake.
There was some uncertainty earlier about what Mr Lew's intention was when he increased his stake in David Jones to 10%, for which Woolworths has made a US$2bn, or R22bn, takeover bid. It was thought another bid, maybe through Australian retailer Myer in which Mr Lew previously had a stake, could make a counter offer for David Jones.
But an analyst said it is now clear Mr Lew wanted to make a profit on his investments rather than scupper the Woolworths and David Jones deal. He said the Country Road deal was preceded by intensive negotiations between Woolworths CEO Ian Moir and Mr Lew, who know each other well.
But he said in effect it meant the Woolworths transaction would be more expensive than previously expected, probably destroying shareholder value. By 10.44am on July 2, Woolworths shares had lost 0.98% to R77.64 in brisk trading on the JSE. David Jones and Country Road shares rose sharply in Australia.

Rand Merchant Bank (RMB) said reaching the agreement with a major investor who was holding up the deal meant Woolworths had overcome a major hurdle to acquire David Jones. "Although David Jones shareholders will only formally vote next month, it now seems all but certain that the deal will go ahead."
Mr Moir described the full acquisition of Country Road as a common sense decision in light of the proposed acquisition of David Jones. He downplayed any larger cost implications.
"If successful, the offer will allow Woolworths to delist Country Road, allowing Woolworths to simplify its group structure and fully integrate the businesses."
Woolworths said Country Road was one of Australia's largest specialty fashion and homeware retailers with a leading position in the mid to upper tier of the specialty apparel market. It operated more than 480 stores in the southern hemisphere, the company said. Country Road represented about 18% of Woolworths' turnover and contributed about 14% of profit before tax in 2013. *(BDLive)*

Dutch menswear retailer to spruce up South Africans

If the maxim, "a well-tailored suit is to women what lingerie is to men," then Africa's dapper executives might appreciate the first of three planned outlets on the continent by Dutch retailer Suitsupply.
Rising affluence and a gap in the made-to-measure menswear category is attracting international brands to sub-Saharan Africa, despite underdeveloped retail markets and infrastructure challenges.
Ermenegildo Zegna, which makes suits worn by Hollywood stars George Clooney and Robert De Niro, opened a store in Nigeria last year. German fashion house Hugo Boss already has a presence in several countries including Nigeria, Mozambique, Angola, Côte d'Ivoire and South Africa.
Suitsupply sets itself apart through its supply chain by cutting out payments to third-party companies or middle-men that usually move suits into larger department chains.
By controlling production — from design to distribution — the company can offer a modern, tailored suit made from fine Italian fabrics from as low as R4,500, compared to a deluxe designer version that typically starts at around R7,000.
Suitsupply CEO and founder Fokke de Jong said the suits are given structure through a floating canvas inside the jacket. "We use very thin layers of cotton where horse and camel hair are weaved in. This gives you thin seams, a very natural kind of feel and the suit forms to the body and you have a more tailored and elegant suit instead of a boxy, too-wide jacket," he said.
Fabrics are sourced from mills in northern Italy's Biella. The region's fabric factories also service high-end luxury purveyors like Prada, Chanel and Etro.
In 2011, The Wall Street Journal set up a blind review of suits from Suitsupply, and international brands including H&M, J Crew, Hart Schaffner Marx, Target and Armani.
Men's suit designer and professor at the Fashion Institute of Technology, Salvatore Giardina, and Salvatore Cesarani, a designer and professor at Parsons The New School for Design found that the $614 Suitsupply suit matched the $3,625 Armani suit in quality. The J Crew suit fared well, while the others failed to make the gradehit the spot.
Avoiding high traffic malls, Suitsupply picks offbeat locations for its stores, to keep prices down and allow for a more relaxed shopping environment.
In SA, it has launched a "mansion" concept — opting to rent a villa in upmarket suburb Hyde Park, for six months.
Suitsupply sub-Saharan Africa GM Tania Habimana said permanent stores would open in Nigeria, Kenya and SA. "Africa is the next continent, it's the place to go. We were getting a lot of travelling customers from SA and the rest of Africa who were visiting our stores in New York, Milan and London, asking when we'd open. We believe in the African market. African men love looking good and at the same time, they want pocket-friendly prices with a bit of luxury. Our brand combines high-quality tailoring, modern techniques and time-honoured." Ms Habimana said.
Suitsupply, which has 50 stores globally, has already seen demand from African customers through its online shopping website, which ships worldwide. The company introduced country-specific payment including cash on delivery, M-Pesa in Kenya and Interswitch in Nigeria, and are able to ship anywhere in sub-Saharan Africa within four days.
"We take care of all the duties, customs and clearing so a customer has a seamless online experience — there is no extra charges, which is what some South Africans experience when buying from overseas brands," Mr de Jong said.
E-commerce is a sizable part of Suitsupply's total business with about 20% of their suits sold through the website.
While the European market had been struggling, the company has bucked this trend and its like-for-like sales were robust, Mr de Jong said.
"We opened around ten stores last year and are hoping to do another 15-20 in the next 12 months, sales were growing last year at about 40%," he added.
As the story goes, Mr de Jong was only 27 and completing a law degree at University in Holland when he started selling clothes from the boot of his car to fraternity members who wanted to have coats with their frat letters on them. He went further and began organising trunk shows, selling suits to his friends, fellow students and employees at the school, and as his small operation blossomed, Mr de Jong decided to concentrate on his clothing business, and Suitsupply was borne.
The company now offers onsite tailoring while you wait on simple jobs like hemming pants, shortening sleeves or adding shoulder pads. Apart from accessories and its off-the-rack collection, the privately owned company offers a

pricier bespoke service. Clients can select mother of pearl buttons, whether they want or single or double breasted closings, with an array of over 600 fabrics varieties to choose from.
Do South Africans have a suit style?
"From our online purchases, we've noticed a little bit more of a colourful selection … not as colourful as the Nigerians but definitely a little bit more outspoken than the European markets, who are more conservative. They will only wear suits to go to work whereas I found in the South African market, the combination of the suit jacket with trousers, jeans or chinos is used more often," Ms Habimana said. *(Ventures Africa)*

Shareholder questions family control of Pick n Pay

THE value of retaining the Ackerman family's "artificial" control of Pick n Pay was again questioned at the supermarket giant's annual general meeting.
The Ackerman family holds 48.5% of Pick n Pay Holdings (Pikwik), which in turn holds 53.57% of Pick n Pay Stores.
Pick n Pay has glaringly under-performed its retail peers in the past few years. This has led to investors questioning whether a cumbersome family control structure has impeded the company's response to increased competition from rivals Shoprite, Woolworths and Spar.
Shareholder activist Chris Logan, the CEO of Opportune Investments, argued it was possible to dismantle the Pikwik pyramid control structure without the Ackerman family relinquishing control. If the Pikwik structure was removed, the Ackerman family would still remain by far the biggest shareholder in Pick n Pay with a stake of about 26%.
"Is Pick n Pay not making a mountain out of a molehill?" Mr Logan asked. "If you abolish the Pikwik pyramid structure, the family will still be in control.
"At 26%, (the level of) family control becomes a powerful enabler for change ."
Mr Logan stressed he was not attacking the family control of Pick n Pay but rather the manner in which it was structured.
Pick n Pay chairman Gareth Ackerman was adamant that the Pikwik structure would remain, at least for now. But nonexecutive director Jeff van Rooyen offered some leeway.
"Pick n Pay's priority in recent years has been to turn around the business," Mr van Rooyen said. "We will still look at the control structure, and do what is in the best interest of all shareholders."
In a preamble before the formalities of the meeting, Mr Ackerman reiterated that family control of Pick n Pay would continue.
The company, which recently appointed former Tesco executive Richard Brasher as CEO, had shifted from being " family run" to being 'family controlled and professionally run", he said.
Mr Ackerman discounted arguments that family control diluted shareholder rights and upheld a high dividend payout relative to peers in the retail sector. Instead, family ownership brought stability of ownership, a dynamic approach to risk and investment, as well as decision-making focused on the company's long-term interests.
"Our ability to focus on longer-term strategic goals has been referred to as 'patient capital' and allied to it is the importance of a sense of history and origins," Mr Ackerman said.
However, Mr Logan argued that retaining family control should not be a licence for long periods of underperformance.
"The last seven years of underperformance should not have happened."
Mr Ackerman said Pick n Pay's underperformance was not because management was complacent. "We needed time to change our operating systems.
"Concentrating on reviewing the 'back-end' of the business meant we lost focus on the front end — our customers."
Mr Ackerman said that the Ackerman family deserved some credit, especially for the role it had played in recruiting and retaining Mr Brasher, "someone completely independent of Pick n Pay".*(Ventures Africa)*

AGRIBUSINESS

Africa's Farms of the Future

HARARE – Launching a business can be hard work, especially in Africa, where weak governance systems and inconsistent access to critical resources impede success. For Africa's farmers, the challenges are particularly pronounced. Given the vast economic and social benefits of a dynamic and modern agricultural sector, providing farmers with the incentives, investments, and regulations that they need to succeed should become a top priority.
The recent boom in Africa's telecommunications sector – which has revolutionized entire industries, not to mention people's lifestyles – demonstrates just how effective such an approach can be. There are more than a half-billion mobile connections on the continent today; indeed, in many respects, Africa leads the world in mobile growth and innovation.
Why has Africa been unable to replicate that growth in the agriculture sector? Why, instead of bumper crops, does Africa have an annual food-import bill of $35 billion? According to the Africa Progress Panel's latest annual report, Grain, Fish, Money – Financing Africa's Green and Blue Revolutions, the problem is straightforward: the odds are stacked against Africa's farmers.

This is particularly true for smallholder farmers, most of whom are women. These farmers, who cultivate plots about the size of one or two football fields, typically lack reliable irrigation systems and quality inputs, such as seeds and soil supplements. Moreover, they rarely earn enough to invest in the needed machinery, and cannot gain access to credit.

As if that were not enough, farmers are facing increasingly volatile climate conditions that increase the likelihood that their crops will fail. Maize yields, for example, are set to decline by one-quarter over the course of the twenty-first century. And, when the crops are ready, farmers face major obstacles – including inadequate rural road systems and a lack of cold storage facilities – in delivering them to the market.

Despite these risks, which dwarf those faced by the telecoms industry, Africa's smallholders remain as efficient as their larger counterparts – a testament to their tenacity and resilience. Yet, instead of supporting farmers, African governments have erected even more obstacles to growth, including excessive taxation, insufficient investment, and coercive policies.

Africa's farmers need an enabling environment that enables them to overcome the challenges they face. In such a context, the continent's agricultural sector could unleash a revolution akin to that fueled by the communications industry.

The good news is that both the private and public sectors – motivated by soaring demand for food, especially in Africa's rapidly growing cities, and rising global food prices – seem ready to propel this shift. Private firms have begun to channel investment toward Africa's agricultural sector, including through initiatives like Grow Africa (of which I am co-Chair), which facilitates cooperation between national governments and more than a hundred local, regional, and international companies to achieve targets for agricultural growth. Over the last two years, these firms have pledged more than $7.2 billion in agricultural investment.

For their part, African governments and development partners, recognizing the central role that agriculture can play in their economic-development agendas, have begun to reverse a three-decade decline in public investment in agriculture. In fact, agriculture has the potential to reduce poverty twice as fast as any other sector.

The impact of such efforts is already becoming apparent in many parts of the continent. From Ghana to Rwanda, high levels of agricultural investment are fueling impressive economic growth in rural areas, thereby boosting job creation and reducing poverty and hunger.

But these gains remain fragile. To sustain them, African governments must recommit to the African Union's Maputo Declaration on Agriculture and Food Security, which includes a pledge to channel at least 10% of their budgets toward agricultural investment. And, they must provide farmers with the infrastructure, energy supplies, and supportive policies that they need in order to get their products to the market.

The communications sector also has a key role to play. Mobile technology has already begun to transform Africa's agricultural industry, by providing farmers with valuable information like market prices, input support through e-vouchers, and even access to credit. Many of these innovative services are more accessible to African smallholders than they are to their American or European counterparts.

Finally, private-sector actors, farmers' organizations, and civil-society groups must cooperate to advance agricultural development. For example, the Alliance for a Green Revolution in Africa, supplies high-quality seeds – many of which are drought-resistant – to millions of smallholder farmers across the continent.

The African Union has declared 2014 the Year of Agriculture and Food Security in Africa. With broad action on policy, investment, and technology, Africa's farmers can double their productivity within five years. It is time to give the agriculture sector the opportunity that all Africans need to usher in an era of shared prosperity. *(Project Syndicate.org)*

Savanna Tobacco of Zimbabwe to build factory in Mozambique

Savanna Tobacco, of Zimbabwe, plans to invest at least US$2 million in a tobacco leaf-processing factory in Mozambique, the company's chief executive Adam Molai said cited by online newspaper NewsDay.

Molai said that the company had plans to expand further in Southern Africa and that in Mozambique most of the investment would be used to build the factory and buy equipment whilst remaining funding would be used for promotion.

"We sell our products in Mozambique and, taking into account the size of that market, we thought we should start local production," Molai said. Molai also said that the company's turnover had been growing and was expected this year to increase by 40 %against 2013, and that the factory's production stood at 72 %of installed capacity.

Savanna Tobacco exports its products to countries such as Cyprus, Angola, South Africa and Zambia. Tobacco production in Zimbabwe returned to growth in 2009 and this year is expected to be over 200,000 tons. *(Macauhub)*

Mumias Sugar to Renegotiate Debt Payments With Lenders

Mumias Sugar Co., Kenya's biggest miller of the sweetener, is in talks with seven banks to restructure about 5 billion shillings ($57 million) of debt, Acting Chief Executive Officer Coutts Otolo said.

The company wants repayments rescheduled to free up cash flow as it seeks to return to profit, Otolo said in an interview at the company's headquarters in Mumias, about 320 kilometers (200 miles) northwest of the capital, Nairobi. He declined to identify the lenders the company is negotiating with.

"Debts that were to mature early will be rescheduled by a further three to five years to allow us to have sufficient cash flow to run the business," Otolo said on June 24. "The talks are at an advanced stage and we are likely to see a settlement within a short time."

Shares in Kenya's only publicly traded sugar company have fallen more than 50 % over the past two years as the company had to compete with illegally dumped sugar and cane theft that led to a 1.67 billion-shilling loss last year. The Nairobi Securities Exchange on June 10 removed the company from its benchmark NSE-20 Index. (KNSMIDX)

Mumias expects to report a second consecutive annual loss for the year that ends June 30, Otolo said in an interview earlier this month, declining to specify the magnitude.

Sugar production accounts for 15 %of output in Kenya's agriculture industry, which makes up more than a fifth of gross domestic product, according to a report published on the Kenya Sugar Board's website.

'Several Challenges'

"At the moment, the industry is facing several challenges including capacity under utilization, lack of regular factory maintenance, poor transport infrastructure and weak corporate governance," according to the report.

On April 1, Mumias suspended its CEO Peter Kebati and Commercial Director Paul Murgor for what the company Chairman Dan Ameyo said was a result of "widespread claims of questionable sugar sales and importation transactions touching on our company." Kebati and Murgor both deny any wrongdoing.

A forensic report by KPMG found Mumias had incurred a 1 billion-shilling loss from January to March 2014 because of illegal sugar imports, Mumias said in a statement this month.

The Kenya Sugar Board, which regulates the nation's industry, said Mumias faces constraints that are "generic with the other millers in the country."

Production Costs

Domestic production costs can be as high as $900 per metric ton of refined sugar, compared with as little as $300 per ton in countries in the 19-nation Common Market for Eastern and Southern Africa bloc, whose members include South Africa and Zambia, said sugar board CEO Rosemary Mkok.

"Our millers find themselves competitively disadvantaged and arguably would not be in a position to deflect competition emanating from imports," Mkok said by phone on June 25.

In February, Comesa agreed to Kenya's request to extend a quota on the amount of sugar that can be imported duty-free for one year.

"We can compete with any company within the Comesa region," Otolo said. "The challenge for us is our production cost, particularly the transportation of cane, which costs 3 billion shillings annually including the illegal importation of duty free sugar."

Raw sugar for October delivery fell 0.3 %to 18.67 cents per pound on ICE Futures U.S. today in New York. The price has climbed 14 %so far this year.

Mumias shares rose to a two-week high, advancing 1.7 %to 3 shillings by the 3 p.m. close in Nairobi. *(Bloomberg)*

Bidco Enters Kenya Animal Feeds Market With $5.7m Investment

One of Kenya's largest consumer goods manufacturers, Bidco has entered into the animal feeds market after building a Sh500 million ($5.7 million) plant that can produce 100 tonnes daily, as part of its plan to invest about $200 million in new products by 2017.

"We are producing mainly for the Kenyan market, but as the product grows we will penetrate into the region," Business Daily quoted Vimal Shah, Bidco Oil Refineries's chief executive officer as saying.

Bidco has Unga Group Limited, one of Kenya's biggest animals feeds producers, to compete with, but the new brand has the success of Bidco group in other markets to leverage on, especially in terms of quality assurance. A large demand for the products in rural areas, according to Shah, is also expected to drive growth of the new brand.

90 workers have been employed already in four months by the new venture. The company has also secured the service of 30,000 farmers in East Africa for raw materials supply.

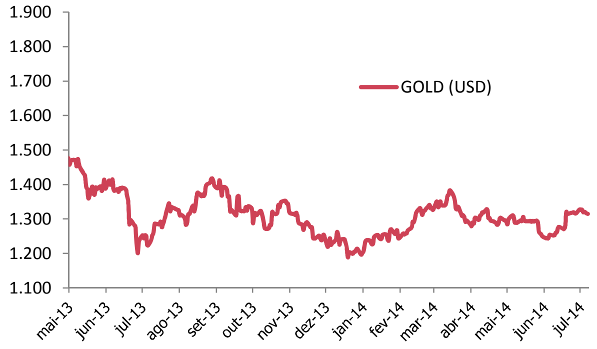
Bidco, which produces detergents, edible oils, soaps, cooking fats and baking powder has also disclosed plans to build a Sh1.7 billion ($19.4 million) beverage plant.

The company currently exports its products to 14 countries as it seeks to expand by 400 %in the next four years. *(Ventures Africa)*

MARKET INDICATORS
07-07-2014

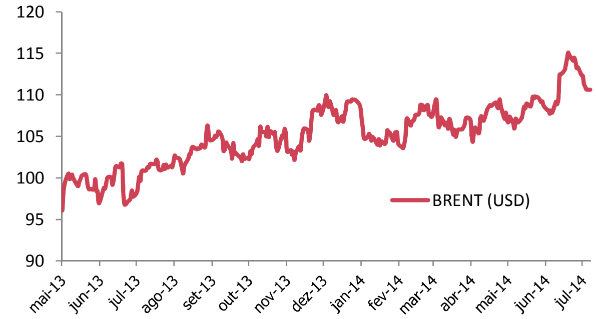
STOCK EXCHANGES		
Index Name (Country)	**07-07-2014**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	9.180,65	22,24%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	235,77	41,54%
Case 30 Index (Egypt)	8.323,93	52,39%
FTSE NSE Kenya 15 Index (Kenya)	198,18	57,60%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	19.024,68	-0,62%
Nigerian Stock Exchange All Share Index (Nigeria)	43.030,74	53,25%
FTSE/JSE Africa All Shares Index (South Africa)	52.041,60	32,59%
Tunindex (Tunisia)	4.601,56	0,47%

Source: Bloomberg and Eaglestone Securities



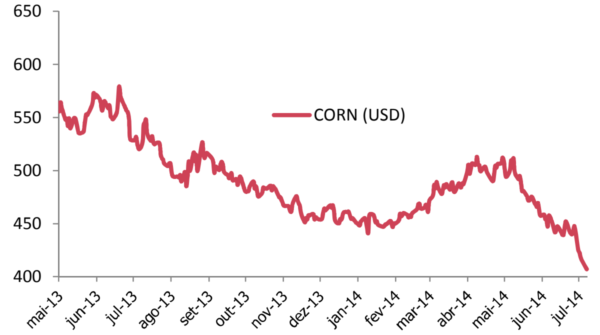
METALS		
	Spot	**YTD % Change**
Gold	1.314	-21,58%
Silver	21	-31,00%
Platinum	1.501	-2,55%
Copper $/mt	7.150	-9,85%

Source: Bloomberg and Eaglestone Securities



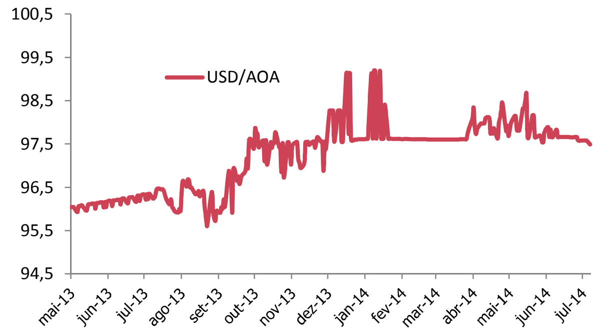
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	103,8	11,45%
ICE Brent (USD/barril)	110,6	2,00%
ICE Gasoil (USD/cents per tonne)	901,3	-1,58%

Source: Bloomberg and Eaglestone Securities



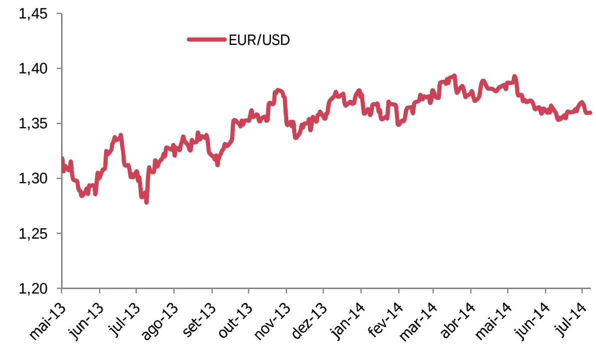
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	415,3	-40,70%
Wheat cents/bu.	579,5	-26,44%
Coffee (KC) c/lb	172,4	17,52%
Sugar#11 c/lb	17,7	-10,59%
Cocoa $/mt	3092,0	37,18%
Cotton cents/lb	72,1	-5,01%
Soybeans c/bsh	1133,5	-18,99%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	97,578
EUR	132,667
GBP	167,052
ZAR	9,032
BRL	44,111
NEW MOZAMBIQUE METICAL	
USD	31,350
EUR	42,896
GBP	54,013
ZAR	2,920
SOUTH AFRICAN RAND SPOT	
USD	10,804
EUR	14,689
GBP	18,496
BRL	4,881
EUROZONE	
USD	1,36
GBP	0,79
CHF	1,22
JPY	138,61
GBP / USD	1,71

Source: Bloomberg and Eaglestone Securities



UPCOMING EVENTS

Annual Pan African Platform on Pensions in Abuja, 7 & 8 July 2014
The World Pension Summit 'Africa Special' will bring together leading players from Africa's pension industries, as well as key figures from across politics, business and finance to exchange expertise and increase international cooperation on the continent. This first edition of the World Pension Summit 'Africa Special' will be held in the context of the 10th anniversary of the Nigerian pension reform and is organized jointly with the National Pension Commission (PenCom) of Nigeria. http://www.worldpensionsummitafricaspecial.com

AFRICA SINGAPORE Forum 27-28 August
Third edition, this forum is the premier business platform for exchanging business insights and promoting collaboration between Africa and Asia. *www.iesingapore.com/asbf*

2nd Brazil Africa Forum, Infrastructure, partnerships and development 28-29 August 2014 Fortaleza- Ceará
Business opportunities in the following opportunities: Power, agribusiness, construction, transport, water management, funding health ICT, capacity development, PPPartnerships. *www.forumbrasilafrica.com*

Angola International Mining Fair 5ª Edition- 2 to 5 October, Luanda Angola, Organized by the Mining Minister feiras@fil-angola.co.ao

Private Equity in Emerging Markets | EM PE Week in London
14 October 2014 | Intercontinental Park Lane, London. Organised by The Financial Times and EMPEA
This one-day conference engages industry thought leaders in discussions about the latest developments in the asset class and emerging economies, leveraging the expertise of the Financial Times's global markets coverage and EMPEA's insight into long-term, growth capital investments. Join your industry peers and a host of expert speakers to gain practical insight into some of private equity's most dynamic markets
http://empea.org/events-education/conferences/private-equity-in-emerging-markets-em-pe-week-in-london/

Private Equity in Africa | EM PE Week in London
15 October 2014 | Intercontinental Park Lane, London. Organised by The Financial Times and EMPEA
This leadership summit considers the role that the private equity industry – which has been amongst the most active in responding to Africa's commercial opportunity – can play in harnessing Africa's growth for economic transformation.
http://empea.org/events-education/conferences/private-equity-in-africa-em-pe-week-in-london/

EMPEA Fundraising Masterclass | EM PE Week in London - 16 October 2014
The EMPEA Fundraising Masterclass will return to London on 16 October 2014, bringing our expert faculty of senior DFI representatives and industry experts to arm fund managers with tools and best practices for raising funds for private equity investment in emerging economies.
http://empea.org/events-education/conferences/empea-fundraising-masterclass-em-pe-week-in-london-1/

Angola International Sea, Aquaculture and Fishing Fair - 27 to 30 November at Luanda International Fair (FIL)
Organised in partnership with FIL, companies from more than 16 countries, including the United States, Germany, Brazil and Norway, with "confirmed experience in the fishing and aquaculture sectors," have confirmed their presence.
Over four days the fair will exhibit fishing equipment and materials such as motors, probes and safety devices, as well as sea resources with a view to ensuring access to biological resources and to introduce new techniques and technologies that can be adapted to the fishing process. Angola's coastline is 1,650 kilometres long and until 1972 the country was one of the world's main producers of fish meal. The sector's current activity is based on industrial, semi-industrial and artisanal fishing.

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Disclosures

Eaglestone was founded in December 2011 with the aim to be a committed partner for the development of businesses located primarily in Sub-Saharan Africa and to support the development of renewable energy projects on a global basis.

The company has three business activities - financial advisory services, asset management and brokerage - and currently has offices in Amsterdam, Cape Town London, Lisbon, Luanda and Maputo

Eaglestone is committed to operating and behaving according to the highest standards of corporate governance. Its subsidiary in the United Kingdom is authorized and regulated by the Financial Services Authority. The first of its six Luxembourg based funds has received approval from la Commission de Surveillance du Secteur Financier.

Eaglestone operates with a clear vision and mission to act on behalf of and in the best interests of all its stakeholders, whether they are investors, employees or users of its services.

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