INSIDE AFRICA

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In-depth:

Adesina: Africa must look beyond raw materials

Four months after being elected president of the African Development Bank, the hard work leading the continent's premier development institution is just beginning for Akinwumi Adesina.

Three weeks after officially assuming the office, the former Nigerian minister for agriculture was in New York City for the UN General Assembly's annual meeting in September, one of his first stops on an initial five-year stint to plot, encourage, and lobby for Africa's economic renaissance.

From the implementation of the Global Goals (successor targets to the Millennium Development Goals) to the economic headwinds such as falling oil prices and the slowdown in China buffeting Africa's economies, his stewardship of the bank looks set to coincide with a critical phase of Africa's development.

Speaking to African Business on the sidelines of the African Leadership Forum, Adesina says that the continent's challenges are formidable – and fires off a warning shot for governments comfortable with an outdated growth model. "The nature of Africa's growth has been largely dependent on the export of primary commodities. While that has been fantastic for Africa in terms of economic growth, the challenge is that it has also given the giant a weakness," he says. Adesina argues that this long-standing dependence on raw materials has left Africa exposed to the peaks and troughs of Chinese demand. The evident side effects – a decline in foreign exchange reserves, inflation, the devaluation of currencies and an inability to service debts – mean that an alternative growth model must be found without delay, he says. "What I don't accept is that African countries should continue to export raw materials. We've been doing that for ever. And we have these cyclical patterns all the time," he says. Tinkering with the bank's loan strategy will not be enough, he argues – the AfDB must get serious and formulate a broad-based industrial renaissance ruthlessly targeting value addition. "At the AfDB I want us to focus on industrialisation, and it means that we want to actually get African countries to process, add value, whether it's to agricultural commodities, minerals and metals, oil and gas – Africa should be adding value to every single thing."

Such transformative policy pronouncements are not unusual for a man who made his name tearing up the old order in his native Nigeria. In a much-praised stint as the country's agriculture minister, Adesina set about dismantling state monopolies in supply industries, slashing the country's import bill and building value chains for key crops.

The question now is whether this reformist zeal – fuelled by a belief in the transformative power of the private sector and bold policy implementation– can translate to an institution which has settled into established ways of doing business under the decade-long presidency of Donald Kaberuka.

Adesina admits that if lofty ideals are to turn into workable policy goals, the bank and its staff will have to adapt to new ways of doing business. "Wherever you have an institution, a number of changes are needed. First and foremost is a change of direction. It's not a total change of direction but an enhanced focus on areas we can have an impact in. I call it refreshing our strategy," he says diplomatically. Adesina says that the bank's convening power could prove as valuable as the loans and technical assistance that it will continue to offer. The testing ground for this strategy will be his first major initiative as president – a personal crusade to improve Africa's dire energy output.

Powering up

Years before burnishing his academic reputation with a string of senior positions at the Rockefeller Foundation, Adesina was one of millions of Nigerian students toiling under the uneven glow of lamplight. "I went to a village school, I studied for my O Levels using candles and lanterns, and that was 1974. And kids are still doing that today," he muses.

With a politician's persistence and an academic's aptitude for figures, Adesina reels off a list of statistics which reveal how Africa remains stranded with a power generation capacity roughly equal to that of Spain. "We have to be brutally honest with ourselves on the issue of energy. We have gotten so used to a bad thing that it looks normal. It's not normal not to have power," he insists.

The knock-on effect of this shortage – which impacts everything from the education prospects of children to building up a manufacturing base – have led Adesina to place his "new deal for energy" right at the heart of his reformist vision for the continent.

In short: get power right, and the rest will follow.

"Once you have energy working you release the power of the private sector massively. Africa needs to industrialise and the key to solving that is solving Africa's energy problem and other infrastructural challenges," he says.

That new deal is rooted in the kind of high-level diplomacy that Adesina intends to make the hallmark of his tenure. The president plans to work with former UN Secretary General Kofi Annan to rally heads of state to the banner of comprehensive energy reform – a task to which policymakers have previously proved unequal.

The strategy, Adesina says, will be grounded in more than the usual public displays of back-slapping. The AfDB will significantly up its level of investment in the energy sector, while countries themselves will also have to commit to increasing the share of GDP they spend on power.

The support of outside agencies – Adesina cites Barack Obama's Power Africa and several European bilateral initiatives – will also be crucial. But most importantly, countries will have to finally push through the kind of difficult reforms which they have grown so adept at avoiding. "It's very important to now deal with the issue of reforms. Utilities have to be reformed, the subsidy regime has to be changed and there have to be cost-reflected tariffs so that when the private sector invests in the energy sector they know that they can have a high rate of return. There has to be big political will," he argues.

Adesina insists that countries are finally ready to take that step and make the political sacrifices necessary to push through domestically unpopular reforms. If those conditions are met, he hopes that Africa's ambition of achieving universal access to energy could be bought forward by five years to 2025. "When we had a high-level meeting in Abidjan last week, the President of Benin came in just because he wanted to show his political commitment. Everywhere we go they say they are delighted that the AfDB has stepped up to the plate on energy. It's a unique opportunity to do something transformational and scaled, and my own conviction is that African governments are ready for that."

Sustaining development

Thanks to an uncanny piece of timing – not to mention years of hard work by civil society, policymakers and the wider development community – the very reforms advocated by Adesina are finally finding their way to the top of the international agenda. World leaders who rarely find common cause on bilateral issues – from US president Barack Obama to Iranian president Hassan Rouhani – delivered speeches to the General Assembly giving their fulsome support to the implementation of the Global Goals.

During a side event at the UN, attended by Adesina and hosted by the United Nations Industrial Development Organisation, the leaders of Nigeria, Ethiopia and Zambia lined up to give their full support for the new focus on industrialisation. For Adesina, that bilateral support and long-term framework provided by the goals offers a vital injection of momentum to his own reform agenda, particularly around private sector development. With their references to economic growth, full employment and sustainable industrialisation, Goals 8 and 9 of the SDGs hint at a far more active role for private enterprise than that afforded by the notoriously business-shy Millennium Development Goals.

And Adesina argues that the AfDB is well-placed to aid the process by helping civil society and the public and private sectors to deliver "actionable plans that can be financed". "The SDGs are actually much better than the MDGs in a sense that this time it's not just about poverty reduction, it's really about how you create growth in a way that is sustainable. "It also has a role for critical things in terms of the private sector, infrastructure, and the need to deploy innovative instruments to leverage domestic finance into development…the AfDB fully buys into the Goals," he says.

Employing Africa

When making public appearances, Adesina has all the qualities of a technocrat, but this masks evidence of a deep personal connection with his mission which becomes particularly apparent when he speaks on the issue of Africans migrating to Europe. "The situation of migration is one that I find particularly emotionally heart-wrenching. When I went to Gorée in Senegal, I stood there at the door of no return, and this was where everyone used to go from involuntarily. "Today you look at our young people, and the heartland of Africa bleeds as people leave voluntarily in search of what they can find in Europe, and many die in the Mediterranean. It's a very distressing thing and something which must change. We are going to take leadership on this." Adesina says that the institution will be working with the European Union and other African countries on more concrete proposals for dealing with the crisis. "The challenge still remains that we're growing but not growing enough to create jobs…it's like a jobless growth situation we've had."

It is clear that many of the projects the bank will undertake over the next five years will be ranged against this problem – from enabling Africa's industrialisation to replicating Adesina's successful Nigerian agriculture overhaul. If he can make a significant dent in joblessness over the course of his five-year term, he will have done well.

But as he crisscrosses New York for a week of meetings to make that happen, Adesina knows that the AfDB's remit – and the extent of his influence – is ultimately what he makes of it. "[We want to] light up and power Africa, feed Africa, integrate Africa, industrialise Africa and improve the quality of life," he says with a grin. The work is only just beginning.

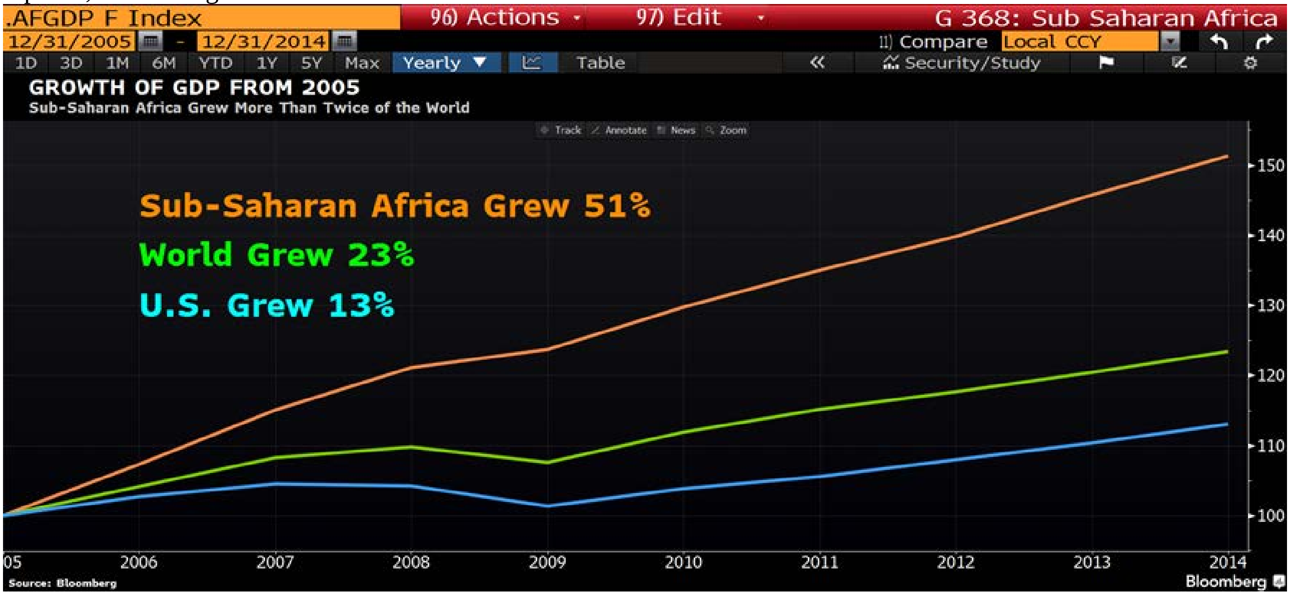
Where's the Growth? Africa

Here's a nice way to stump your companions: Ask them what part of the world has had the fastest economic growth over the last 10 years. And whose governments and countries have enjoyed the greatest investment returns among the world's emerging markets. Did anybody say sub-Saharan Africa? Buy her a drink! During the past 10 years, the gross domestic product of the 11 largest sub-Saharan countries increased 51 %, more than twice the world's 23 % and almost four times the 13 % expansion of the U.S., the largest economy, according to data compiled by Bloomberg.

WINNING THE GDP RACE

The robust expansion been accompanied by stabilizing inflation on the African continent, with the consumer price index for all of Africa declining to 7.8 % from more than 13 % in 2008, and the continent's CPI remaining less than 8 % since 2013, Bloomberg data show. That combination of torrid growth and diminished inflation is proving an irresistible lure for global investors, who have seen the opposite trends plague the biggest emerging-market countries, Brazil, Russia, India and China.

For evidence of investor enthusiasm, look no further than Kenya and Nigeria, whose government debt has been outperforming most of the world's. In the past five years, bonds issued by those two countries had total returns (income plus appreciation in local currencies converted to U.S. dollars) of 56 % and 40 % respectively, according to Bloomberg data. By comparison, the index of government debt of developed countries provided a dollar-equivalent return of 2 % during the past five years, and a similar basket of emerging-market debt returned 12 %. When the benchmark government bonds of 32 countries in the emerging markets are compared since 2010, Kenya and Nigeria are among the top five, Bloomberg data show.



FIVE-YEAR BOND-RETURN CHAMPS

Among the bottom performers: Russia lost 36 %, Brazil lost 29 %, Colombia lost 26 % and Turkey lost 23 %. South Africa is the only big loser among the sub-Saharan countries, mostly because its currency, the rand, declined 51 %.

Part of Africa's expansion can be explained by its explosive population growth. Since 2000, the population of the 11 largest sub-Saharan countries, measured by GDP, grew 41 %, to 634 million, or more than twice the U.S.'s 318 million, according to data compiled by Bloomberg. During the same period, India grew 23 %, the world 18 %, the U.S. 13 % and China 7 %.

11) View 12) Actions 13) Settings 14) Trade Simulation Portfolio & Risk Analytics

Characteristics | Holdings | Performance | Attribution | Tracking Error/Volatility | VaR | Scenarios

Main View | Summary

Port (BLCSV) Bloon vs Default (None by Country of Ri in USD Time Custo 12/31/10 - 11/03/15

Model Total Return Unit Percentage Curve Swap

Name	Avg % Wgt	CTR	Tot Rtn	Tot Attr	Selec
(BLCSV) Bloomberg Emerging ...	100.00	12.45	12.45		
Kenya	0.13	0.07	55.74		
Philippines	1.50	0.49	45.66		
Egypt	1.11	0.45	40.72		
Serbia	0.08	0.05	39.94		
Nigeria	0.44	0.13	37.59		
Dominican Republic	0.06	0.03	32.37		
South Korea	10.66	3.07	32.36		
China	34.65	9.94	31.15		
Israel	1.64	0.31	21.73		
Romania	0.47	0.04	16.65		
Hungary	1.12	0.15	15.36		
Bulgaria	0.07	0.01	12.92		
Croatia	0.11	0.01	9.24		
Thailand	2.52	0.20	8.52		
Mexico	4.47	0.34	8.13		
Poland	3.13	0.41	6.52		
Latvia	0.01	0.00	2.92		
India	16.59	0.31	2.84		
Czech Republic	1.54	0.09	1.94		

That demographic trend won't abate soon simply because sub-Sarahan Africans are so young. In Nigeria, for example, 43.7 % of the population is under 15 years old. In Kenya, it's 42.1 %; in Ghana, 35.3 %; and South Africa, 28.3 %. The world average is 25.8 %. The percentage of Nigerians older than 65 is 3 %, compared to 14.5 % for in the U.S. and 8.3 % for the world, according to Bloomberg data.

Thus global investors are focused on the region's new consumers, who have helped the five major industries there outperform their peers in emerging markets since June 2014, when oil began a 58 % plunge. The sub-Saharan financial industry outperformed its emerging-market counterpart by 11 %; consumer discretionary companies did so by 18 %; consumer staples by 5 % and materials by 16 %. Only energy companies were losers, underperforming by 0.5 %.

The sub-Saharan companies include 200 firms in the seven major stock exchanges with a minimum market capitalization of $200 million: South Africa, Nigeria, Kenya, Botswana, Zambia, Ghana and Malawi. Their market capitalization is now $533 billion, greater than Brazil's $505 billion and less than Italy's $637 billion. Technology

stocks returned the most with 10 %, followed by communications and consumer discretionary companies, most of which are based in South Africa, the country with the best-performing companies since June 2014.
And while the value of its currency and debt have deteriorated since 2011, South Africa's GDP of $328 billion is 28 % greater than it was 10 years ago, when it was equivalent to Denmark and Greece. While Denmark expanded 1.4 % since 2005 and the Greece contracted 18 %, South Africa today is a much bigger economy.
Still not convinced? OK, look at Nigeria. Oil accounts for 90 % of its worldwide trade and almost 35 % of its GDP, and crude oil prices have famously crashed. The currency, the naira, has failed to recover from its own collapse late last year. Yet global investors, convinced there's a lot more to Nigeria than its commodities, are driving up its bond prices anyway.

MORE THAN ITS OIL WELLS

It seems the same could be said of half a continent. *(Bloomberg)*

What is the future of agriculture in Africa?

Most of Sub-Saharan Africa's (SSA) economies are dominated by the agriculture sector. On average, agriculture accounts for 32% of gross domestic product and employs 65% of the labor force. In some countries, it contributes over 80% of trade in value and more than 50% of raw materials to industries.
But despite being a crucial sector in many economies, agricultural productivity on the continent is very low. Yields of maize and other staple cereals have typically remained at about one ton per hectare – about 1/3 of the average achieved in Asia and Latin America. During the past 30 years, the competitiveness of many Sub-Saharan Africa export crops has declined and the region's dependence on imported food crops has increased. In the years ahead, global warming is expected to intensify the current constraints on food production.

Is the lack of mechanization the Achilles heel of African agriculture?

The greatest source of power for land preparation in Sub-Saharan Africa remains human muscle power. In Central Africa an estimated 80% of cultivated land is worked manually while in Eastern and Southern Africa, that figure is about 50%. On average, less than 20% of mechanization services are provided by engine power in Sub-Saharan Africa.
Furthermore, Sub-Saharan Africa is the only developing region where the number of agricultural workers per hectare is no more than half of the average for all developing regions. Not only does Sub-Saharan Africa have an acute lack of human resources available for agricultural production, it also has very few tractors available as an alternative source of power. Taking the number of four-wheel tractors as an indicator of advancement in mechanization, FAO reports the following trends over the past 40 years.

- In Asia, the tractor numbers increased five times between 1961 and 1970, from 120 000 to 600 000 units. Thereafter the number increased by 10 times to 6 million units by 2000. Since then, numbers have continued to increase, especially in India, which had 2.6 million tractors in 2010, and China which reached over 2 million units by 2008.
- In the Latin America and Caribbean region, tractor numbers increased 1.7 times between 1961 and 1970, from 383 000 to 637 000 units and thereafter tripled to 1.8 million units by 2000.
- In Sub-Saharan Africa, the trend has been rather different. In 1961, the number of tractors in use was more than in both Asia and the Near East (at 172 000). After that the number increased slowly to peak at 275 000 by 1990 before declining to 221 000 by 2000.

Experiences in other continents and especially in the developing economies of Asia and Latin America show that agriculture has been transformed in recent years into a progressive, more productive industry. Investments in irrigation,

fertilizer and high-yielding varieties went hand in hand with increasing power inputs, mainly in the form of tractors for land preparation and diesel engines for irrigation. This has enabled farmers to intensify production and improve their quality of life as well as contribute to national and local prosperity.
Meanwhile, in most of Sub-Saharan Africa, where farming systems were more complex across variable agro-ecological zones, quality seed and fertilizer were not backed by irrigation support or mechanization inputs. Sub-Saharan Africa was therefore largely bypassed by the Green Revolution that helped transform agriculture and reduce poverty in Asia and Latin America.
The evidence is incontrovertible: Higher levels of mechanization are linked to economic growth, improved farm productivity, higher incomes and greater food security.
But mechanization is no panacea: If not done right, it can potentially burden small farmers with machines they can't afford or maintain and tools that eliminate jobs and disempower wage earners. It can also harm the environment by increasing pressure on fragile natural resources, driving soil erosion and compaction, prompting overuse of chemical inputs and encouraging farmers to farm lands that currently serve as valuable forest and rangelands. So any sort of move towards mechanization will have to be done in a careful, considered way to ensure that it brings positive, rather than negative, outcomes.
Nonetheless, it is clear that Sub-Saharan Africa can no longer rely on human muscle power to feed its growing population. It is essential for decision-makers and the development community to take a new look at the opportunities available for mechanizing agriculture in Sub-Saharan Africa. 'Hello Tractor,' a Nigerian social enterprise that allows farmers to request affordable tractor services via text message is one promising and innovative approach. Indeed, there is much that can be done to make Sub-Saharan Africa's agricultural development and food security policies, strategies and programs "mechanization-smart" and promote interventions to support efficient, lean and environmentally-sound mechanization. *(World Economic Forum)*

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

Innovative financing initiatives to transform the African energy presented at the PIDA Week
On Sunday, November 15, 2015, best practices and innovative financing initiatives were presented and discussed during the session of the third day of the first-ever **Programme for Infrastructure Development in Africa (PIDA) Week**, hosted at African Development Bank (AfDB) headquarters in Abidjan.
The session "Innovative Funding Initiatives for the Power Sector in Africa", chaired by Ibrahima Thiam, former President of the ECOWAS Regional Electricity Regulatory Authority (ERERA), focused on recent best practices of innovative financing initiatives and implementation of projects that could transform the African energy sector in the near future. The overview of these projects illustrated which new innovative models are relevant to finance African energy projects and how they should be applied in the African context.
Aboubakari Baba Moussa, Director of Infrastructures and Energy at the African Union Commission (AUC), opened the session stating, "We must assure energy access, and this access should be sustainable and at reasonable cost." He continued affirming that to achieve it "institutional coordination has to be taken seriously. It's a matter of how we can put energies together."
Philippe Niyongabo, energy expert, opened the first part of the session exposing the increasing need for exchange and coordination across the growing number of initiatives and programs in this sector. He introduced the mapping of the energy programs in Africa. "We want to create a knowledge base; we can mobilize partners; we can create synergies and optimize our resources," he said.
For this purpose the Africa-EU Energy Partnership (AEEP) was requested by partners to compile a comprehensive and systematic mapping of initiative promoting energy in the African context. The mechanisms and criteria were presented on behalf of David Otieno, General Director at the AEEP Secretariat. The report will be presented at **COP21 in Paris** and the final report will be available to everyone next year. "This exercise it's good for all stakeholder in the sector to know who is doing what. This map must go to a dynamic updating," Ibrahima Thiam stated.
Alex Rugamba, Director of the Energy, Environment and Climate Change Department at AfDB, opened the second part of the session recalling that the President of the AfDB, Akinwumi Adesina, since taking office on September 1, has reaffirmed the position of energy among the key priorities for the Bank. The **New Deal on Energy for Africa** was launched by Adesina in Abidjan, Côte d'Ivoire, on September 17, 2015.
"Africa is extremely rich in energy resources, but very poor in energy supply. Significant development has been done in recent years," Alex Rugamba said in his presentation. He affirmed that the ambition of the New Deal is the universal access to electricity by 2025. "New Deal is about partnership. Without partnerships, there is no way to achieve this big aspiration."
Rahid Abdallah, Project Manager of the Geothermal Risk Mitigation Facility (GRMF) at the African Union Commission (AUC), presented the case of the GRMF, which is hosted and managed by the AUC and aims to reduce the risk associated with geothermal resource exploration and costs incurred at early stage. The GRMF was launched in April 2012 and provides financial support to assist in mitigating the geothermal exploration risk. "This model of risk facility can be used in other technology," Abdallah said.

The case study of a transformative regional project has been presented by Appollinaire Siengui Ki, Secretary General of West African Power Pool (WAPP). The WAPP interconnection project was created by the ECOWAS Heads of States on 1999 and adopted as priority project in 2005. “Its vision is to integrate the national power systems, in order to unify the energy market and provide power to countries. The principal objective is to construct a high-voltage transnational transmission line (1,300 km) that extends from Côte d’Ivoire to Guinea through Liberia and Sierra Leone,” Siengui Ki explained.

The conference continued with Didier Tella, the Director General of the Association of Power Utilities of Africa (APUA), who highlighted the benefits of borrowing by bonds in the local market, because “you borrow money with people who come part of the business,” he said.

El Missiry Mosad, Senior Energy Advisor at New Partnership for Africa’s Development (NEPAD) Agency and a panelist at the session to present Africa Power Vision (APV), stated, “Innovative financing is not limited to raising funds for project implementation. It also includes the creation of an appropriate environment for raising project finance at a reasonable price for the KWh.”

The subjects and issues raised during the conference were very important and they could stimulate longer debate. A working group to continue the debate was recommended by the audience.

In conclusion, Ibrahima Thiam said, “Alex Rugamba displayed in his presentation that Africa has enormous resources. Like someone living around the river and not having access to the water. We can’t go ahead with business as usual as we have been doing for the last 50 years. We must change behaviour.” “A change of mentality is up to us and to make it happen we must work in synergy. PIDA Week is a strong platform for our coordination,” said Aboubakari Baba Moussa.

About the Programme for Infrastructure Development in Africa (PIDA)

The PIDA is a continent-wide program to develop a vision, policies, strategies and a programme for the development of priority regional and continental infrastructure in transport, energy, trans-boundary water and ICT. The Program’s Sector Studies, which are to be supported by the requested IPPF Grant, will prepare detailed analysis of strategic options for the development of the continental infrastructure in Transport, Energy, ICT and Trans-boundary Water based on a common vision to emanate from consultative/validation workshops at sector, regional and continental levels. The PIDA initiative is being led by the AUC, NEPAD Secretariat and the AfDB. **For information on PIDA Week, visit: http://bit.ly/1QGuGkO**

PIDA Week calls for scaling-up project preparation to unlock infrastructure financing

Delegates attending the consultative Week for PIDA (Programme for Infrastructure Development in Africa), or PIDA Week, taking place at the headquarters of the African Development Bank (AfDB) in Abidjan from November 13-17, heard that the most binding constraint to unlocking infrastructure financing in Africa was lack of properly prepared projects, which in turn is due to lack of adequate capacity to prepare large projects.

PIDA Week is being held jointly by the African Union Commission (AUC), New Partnership for Africa’s Development (NEPAD) and the AfDB as part of ensuring coordinated approaches in moving PIDA to realization. PIDA has 51 regional projects in energy, transport, ICT and trans-boundary water requiring financing with an investment portfolio of US $68 billion up to the year 2020. Speaking during a panel discussion convened by the NEPAD Infrastructure Project Preparation Facility (NEPAD-IPPF), a multi-donor facility hosted by the AfDB, panelists called for concerted efforts to scale-up project preparation capacities across Africa.

The chair of the session on “Bridging the infrastructure financing gap through well-prepared projects”, Shem Simuyemba, who is also the Manager for NEPAD-IPPF, welcomed the creation of the Project Preparation Facilities Network (PPFN) under the auspices of the Infrastructure Consortium for Africa (ICA), as a good basis to foster collaboration amongst the facilities to address the gap in project preparation. However, he observed that more resources were required to match the growing demand for preparing large, regional infrastructure projects.

The panel comprised Laetitia Habchi, Investment Expert at the NEPAD Business Foundation (NBF); Lida Fitts, Regional Director for Sub-Saharan Africa for the US Trade and Development Agency (USTDA); Mtchera Chirwa, Public-Private Infrastructure Specialist with the AfDB; and Alwyn Coetzee, Manager, Project Preparation for the Development Bank of Southern Africa (DBSA).

Laetitia Habchi called on the need to translate infrastructure projects into investment opportunities and to package them in such a way that they can attract private sector investors at the early stage. Lida Fitts of USTDA informed participants that the USTDA had 30 years of experience doing projects in Africa and had during this period, supported about 500 projects in energy, transport and ICT. She observed that a recent study by the consulting firm McKinsey had shown that there was about US $15 billion available from the international private sector each year for investment in the African energy sector, but that Africa had not taken advantage of this financing due to lack of well-prepared projects. She called for scaling-up capacity to ensure availability of bankable projects which can attract international investors to Africa.

Mtchera Chirwa of AfDB called for a holistic and integrated approach to project preparation and the importance of understanding investor needs to ensure that prepared projects are aligned to the needs of financiers. He also emphasized the importance of pooling resources available for project preparation through co-financing on specific projects.

Alwyn Coetzee of DBSA informed the forum that project preparation should be viewed in the commercial context of de-risking projects to enhance their bankability and therefore their ability to attract financing from both within and outside Africa. He emphasized that good project preparation requires adequate time, requisite skills and adequate preparation funding and that this was still a major gap in Africa.

In the ensuing discussions, participants called for increased coordination of efforts amongst key players; enhanced and demonstrable commitment by project sponsors especially governments; a predictable environment and transparency in procurement; increased mobilization of Africa’s own resources as had been done by Ethiopia for the country’s infrastructure projects and Kenya for the mega LAPSSET (Lamu Port, South Sudan and Ethiopia) project; and the urgent need to scale-up and strengthen project preparation institutions that serve continental needs such as NEPAD-IPPF through enhanced contributions by donor partners and African Governments.

Infrastructure, a catalyst for Africa’s development

The first-ever Programme for Infrastructure Development in Africa (PIDA) Week opened on Friday, November 13 in Abidjan, with the African Development Bank (AfDB) reiterating its commitment to supporting efforts seeking to address the continent's infrastructure needs.

Moono Mupotola, AfDB's Director for NEPAD, Regional Integration and Trade, said implementation of the PIDA Priority Action Plan (PAP) projects, which PIDA Week will examine, will have a direct impact on the Bank's ability to deliver on its five new focus areas. Under the new AfDB President, those priorities are to Light up and power Africa; Feed Africa; Industrialise Africa; Integrate Africa; and Improve the quality of life for the African people.

"Energy plays a big part in industrialisation and job creation," Mupotola said, adding that the energy sector will consume 59 % of PIDA PAP's estimated investment of US $68 billion to be realised in 2020. The other sectors are transport, water and ICT.

In bridging the financing gap, Ibrahim Mayaki, NEPAD Agency's Chief Executive Officer, called on private sector participation and the need to increase domestic resources in the face of dwindling donor assistance. "We need bankable projects to attract private sector investment," he said.

The discussions also highlighted the issue of sound policy measures and reforms to guarantee private sector partnership that will lead to, among other things, job creation.

Job creation, particularly for the youth, could be realised through developing agriculture, which goes hand-in-hand with boosting rural infrastructure, according to Rhoda Peace Tumusiime, African Union's Commissioner for rural economy and agriculture. She described infrastructure as a catalyst for achieving most of Africa's development. "I see a lot of connectedness between infrastructure, agriculture, rural development and trade," she stated. "Infrastructure has increased intra-African trade from 11 to 16 % in the past few years, she noted. Over the last decade, the AfDB has invested directly over US $30 billion in infrastructure, which has constituted over 50 % of the Bank's lending activities.

Governments called upon to do their part to attract private sector investment

The first ever first-ever Programme for Infrastructure Development in Africa (PIDA) Week came to a close on November 17, 2015 with calls on African governments to play their role in ensuring policies and reforms are consistent in order to attract private sector investment to help bridge the infrastructure deficit. “One thing that makes it more difficult for people to invest is the change of policies whenever a regime changes,” noted Solomon Asamoah, Vice-President for Infrastructure, Private Sector and Regional Integration at the African Development Bank (AfDB). “You need to be sure that circumstances in your country remain consistent. Governments must do their part in ensuring that policies are followed through at all levels when dealing with private sector and potential partners.”

The private sector has been identified as a key partner in tackling the continent’s massive infrastructure deficit of US $95 billion per annum. “Every deficit is an opportunity. We would like to see African businesses being part of the solutions to fix infrastructure,” said Asamoah.

This infrastructure has to be quality, participants agreed, with the need to observe standards emerging as a key issue. At the close of the five-day meeting, recommendations were made that the African Union Commission (AUC) should collaborate with Regional Economic Communities to harmonize standards in road designs and implementation of all infrastructure projects. Already, standardization of documents has been adopted, according to Aboubakari Baba-Moussa, AUC’s Director of Infrastructure and Energy.

Alex Rugamba, AfDB’s Director for Energy, Environment and Climate Change, emphasised the need for all projects to connect to rural areas, serving all populations in order to promote inclusive growth. “Roads should connect to feeder roads in rural areas, the same as the interconnection of rural power projects. Development must be inclusive,” he said.

The German Government expressed its interest in sharing best practices in renewable energy that will help to boost Africa’s efforts of providing electricity access to its populations. About 30 % of Germany’s electricity supply comes from renewable energy, noted Christoph Rauh, Head of Division in the Federal Ministry for Economic Cooperation and Development.

The AfDB reiterated its support for African Governments. Over the last decade the AfDB has invested directly more than US $30 billion in infrastructure, which has constituted over 50 % of the Bank’s lending activities.

PIDA is a joint initiative of the AfDB, Africa Union Commission (AUC), and the New Partnership for Africa's Development (NEPAD). It seeks to promote regional economic integration by bridging Africa's infrastructure gap that hampers the continent's competitiveness in the global market. Held from November 13 to 17, PIDA Week attracted about 150 participants, including infrastructure commissioners from the African Union, infrastructure experts from development institutions, regional economic communities, the United Nations, and the private sector. The meetings took place at the AfDB headquarters in Abidjan, Côte d'Ivoire, under the theme "Accelerating Infrastructure Implementation for Africa's Integration".

AfDB Showcases Abidjan-Lagos road corridor as model of infrastructure driven regional integration

A key activity of the just concluded Programme for Infrastructure Development in Africa (PIDA) Week was a site visit to the Abidjan-Lagos corridor, where participants came face to face with the reality of integrating Africa through infrastructure.

The Abidjan –Lagos Corridor is a PIDA flagship project. The 1,028-kilometre road, under construction, connects Abidjan, Accra, Cotonou, Lagos and Lome, considered to be West Africa's largest and most economically dynamic cities, with a combined population of more than 35 million people.

The six-lane corridor also links vibrant sea ports, serving all the region's landlocked countries, thus facilitating intra and inter regional trade. "The corridor is one of the most important developments in the region; it accounts for about 75 % of trade in the ECOWAS region", said Edy Anthony, a transport expert with Abidjan-Lagos Corridor Organisation (ALCO). "When you connect one country with another; one region with another, you reduce transport and trade barriers, expanding business opportunities between countries. This leads to growth of local economies and the region's at large, Anthony emphasised. The corridor is perceived as an instrument for driving the implementation of ECOWAS's flagship protocol on free movement of people and goods.

The presidents of the five countries- Cote d'Ivoire, Ghana, Benin, Nigeria and Togo - approved the facility, which is a pilot project under the PIDA Service Delivery Mechanism. The African Development Bank (AfDB) is considering US$16 million support package to finance preparatory studies for sections of the corridor.

According to Chris Appiah, a Transport and Policy expert at the Economic community of West African States (ECOWAS), the road is the most travelled corridor in West Africa. "It will ensure a more efficient border crossing system and facilitate regional integration," he said.

Efforts to establish the corridor were lauded by Silvester Kasuku, the Director-General of Kenya's Lamu Port Southern Sudan-Ethiopia Transport (LAPSSET) Corridor Development Authority. "You cannot go wrong with creating synergy to achieve bigger socio-economic change on the continent," he noted. When completed, LAPSSET corridor will connect Kenya through Lamu Port to Southern Sudan and Ethiopia, making it the gateway to the East Africa sub region and Great Lakes region.

Kasuku highlighted the need for collaboration between LAPSSET and the Abidjan-Lagos Corridor in order to link a greater part of the continent: "We do recognise that Africa is in a global growth frontier. The more connected we are, the bigger the trade, the many markets we open, and the greater our economies will become."

PIDA, an initiative of the AfDB, African Union Commission, and New Partnership for Africa's Development (NEPAD), aims at addressing the infrastructure deficit which has hampered Africa's competitiveness on the global market. The Bank has over the last decade invested more than US $30 billion in infrastructure, which accounts for over 50 % of its lending portfolio during the period.

AfDB Approves Ghana's Public Financial Management and Private Sector Competitiveness Support Program

The Board of Directors of the African Development Bank on Wednesday, 18 November 2015 approved a US$ 56.2-million African Development Fund loan to support Ghana's Public Financial Management and Private Sector Competitiveness Program. This general budget support operation is the first in a two-year programmatic series of US$ 100 million that will be implemented in 2015 and 2016.

The operation is in response to the continued decline of the Ghanaian economy, caused by a weak macroeconomic environment and a series of exogenous shocks. During the presentation of the operation to the Board of Directors, Jacob Mukete, Director of the Bank's Governance, Economic and Financial Management Department stated that, "the program aims at strengthening fiscal consolidation, deepening the public financial management reform, and improving the efficiency and competitiveness of the economy."

Together, these three components will contribute to restore macroeconomic stability, ensuring greater predictability of financial resources to support essential public programs. "Fiscal consolidation and public financial management reforms are likely to benefit women and vulnerable groups as improved fiscal space can accommodate increased pro-poor expenditures for better social services delivery," Mukete said.

The programme's focus on increased private-sector competitiveness through improved access to energy and finance for small and medium-sized enterprises will help to drive inclusive economic growth in Ghana. Mukete added that "increased electricity supply, and its reliable and efficient delivery as well as access to long-term finance will benefit women and youth, especially those involved in small and medium-sized enterprises and living in rural areas where poverty is widespread."

The programme builds on the achievements of the Bank's past and ongoing operations in the country related to public financial management and private sector development. It is also fully aligned with Ghana government's Medium-Term National Development Policy Framework, the Bank's Country Strategy Paper for Ghana, and the Bank's Ten Year Strategy 2013-2022, which has governance and accountability and private sector development as key operational priorities. It also supports three of the "High-5 institutional priorities" – Light up and Power Africa, Industrialize Africa, and Improve the quality of life for the people of Africa.

Renewable energy could be "game changer" in Africa

Members of the Infrastructure Consortium for Africa (ICA) gave their full support this week to helping Africa achieve its target of 300GW of power from renewable energy by 2030, suggesting that it could be the 'game changer' that unlocks Africa's energy potential and drives economic growth.

This year's ICA annual meeting, which took place in Abidjan on November 16 to 17, 2015, further concluded that access to finance for investment in renewable energy projects was less of a challenge than the availability of well-prepared, bankable renewable energy projects to develop.

The 11th Annual Meeting of the ICA was jointly organised by the German government (Federal Ministry for Economic Cooperation and Development) and the African Development Bank (AfDB). It was hosted by the Bank at its headquarters in Abidjan. Over 150 participants attended the meeting, including senior officials from Germany (as Chair of the G7), the African Union Commissioner for Infrastructure and Energy, the Vice President of the African Development Bank, representatives from the Regional Economic Communities, senior African stakeholders, representatives from other international donors and key private sector players in the renewable energy sector.

During the first day of the meeting, restricted to ICA members and invited observers, participants reported and discussed the key activities of the ICA and provided guidance about its future activity and strategic direction. The primary topic for the meeting was the ICA's annual report, Infrastructure Financing Trends in Africa 2014, which was well received and commended. The report showed that over US$74billion was committed in 2014 to the development of Africa's infrastructure, and that disbursements by ICA members alone reached a record level of US$13billion.

Commenting on the reaction to the report, the ICA's Coordinator, Mohamed Hassan, said: "ICA members felt that both the scope and analysis of data was commendable, specifically the coverage of 44 countries in Africa, while the private sector survey was extremely helpful in identifying major constraints to creating an enabling environment."

The open Plenary Meeting on the second day focused on Implementing Renewable Energy Initiatives in Africa. In addition to highlighting the key role that renewable energy can play in Africa's economic development and flagging up the need for a 'pipeline' of well-prepared renewable energy projects, other key messages from the meeting included:

- Political will and commitment at the highest level was vital if Africa is to achieve a target of 300GW of renewable energy by 2030, but this must also be supported by strong institutions and frameworks that inspire confidence.
- There is no 'one size fits all' solution for Africa's energy challenges. Renewable energy, using a variety of technologies, can play a vital role in widening access to power, particularly as some technologies can be introduced rapidly.
- The role and experience of the private sector will be vital if the 300GW of renewable energy by 2030 target is to be met.
- Capacity building, skills improvement, job creation and the sharing of best practice were also critical factors if Africa's target of 300GW of power from renewable energy sources by 2030 is to be achieved.

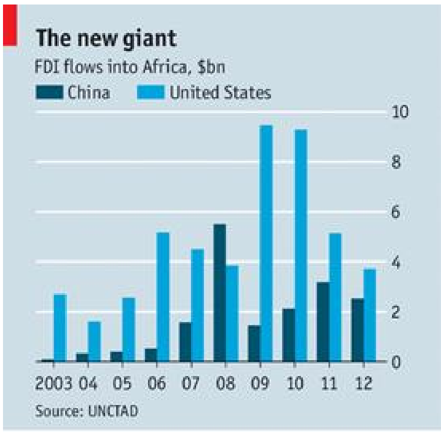
Both the timing of the ICA Annual Meeting and its focus on renewable energy were appropriate given the proximity of the UN Climate Change Conference (COP21), which will take place in Paris in from November 30 to December 11, 2015.

Deputies welcome progress in implementing the 13th replenishment of African Development Fund

The work under African Development Fund's 13th replenishment (ADF-13) is on track and on target: this was the collective message when ADF Deputies and AfDB Group Senior Management convened in Abidjan, Côte d'Ivoire from November 11 to 13, 2015 to review its progress half-way through its implementation. They were joined at this Mid-Term Review by representatives from Côte d'Ivoire, Ghana and Malawi – all ADF-eligible borrowing countries – as well as observers from other International Financial Institutions such as the World Bank and Asian Development Bank.

In his opening remarks, AfDB Group President Akinwumi Adesina thanked donors for their continued support to Africa. President Adesina acknowledged that while much has been accomplished, a lot more needs to be done, not least in focusing the AfDB Group's current 2013-2022 Ten Year Strategy more sharply on the five major development outcomes ("the High 5s") of Lighting up and powering Africa, Feeding Africa, Industrialising Africa, Integrating Africa, and Improving the quality of life for the people of Africa. "We will do more, we will do better, we will do it more efficiently," he said.

ADF Deputies commended the Bank for its successful return to Abidjan, and welcomed progress made in prioritizing its operations as well as the swift response to Ebola outbreak. A number of key issues were discussed, including the findings of an independent evaluation of the ADF-12 and ADF-13 commitments, the Fund's operational priorities, and



Economist.com

the Bank Group's institutional effectiveness. The meeting discussed progress on the fragility and transition support agendas. It noted with satisfaction that the Fund has made significant progress in mainstreaming gender in its operations, achieving decisive outcomes for women's empowerment in areas including transport, agriculture, water and sanitation. Participants also commended the Bank's action in countries facing fragile situations. Participants agreed that ADF is changing the lives of millions of African people, and that – as the Fund is making such a difference – they will strongly support ADF-14 to continue addressing fragility and building resilience on the continent. Switzerland announced an increase in its contribution to the ADF by CHF 21 million (US$ 21.2 million).

Participants visited the Gourou Integrated Watershed Management Project in four districts of Abidjan. With an ADF grant of US$32 million, the project has benefitted 2.8 million people. To counter serious annual flooding and the health and economic problems it brought, the Fund supported the rehabilitation and development of infrastructure for sanitation and storm water drainage. "Now we have nothing to fear," said one housewife, who met the Deputies. "This place has now become more attractive and clean."

About the African Development Fund

The African Development Fund (ADF) is the concessional window of the African Development Bank (AfDB) Group. Its aim is to contribute to poverty reduction and economic and social development in low-income African countries. It was established in 1972, and became operational in 1974. Since its inception, the Fund has made over US$ 40 billion loans and grants. The 40 ADF-eligible countries range from those at the threshold of becoming credit-worthy, middle-income economies, and to those that remain fragile and need special assistance for basic levels of service delivery.

In 2013, participants agreed on a replenishment amount of US$ 7.3 billion for the 2014 to 2016 cycle, of which US$ 1 billion would be dedicated to a special facility for states in fragile situations. The replenishment included donor contributions of US$ 5.8 billion, representing a slight increase over their contributions for ADF-12 (2011-2013).

INVESTMENTS

Chinese investment in Africa

Not as easy as it looks

Western worries about China's burgeoning influence in Africa may be overblown

On the western edge of Lake Victoria in Uganda, a hundred miles south of Kampala and an hour or so's drive up a progressively narrower dirt track, is the site of what was meant to be one of the biggest Chinese commercial investments in Africa. A rust-flecked sign marks the entrance to "Sseesamirembe City", part of the "Lake Victoria Free Trade Zone". It does not mark much. Teenage boys wheel bicycles laden with water containers past mud huts and scrubby matoke (banana) fields. A few smarter houses and half-built breezeblock structures are the only evidence that there has been any development at all.

In 2008 the Lake Victoria Free Trade Zone was announced to the world as a transformative investment. Footage from CCTV, the Chinese state broadcaster, shows a meeting between Ugandan officials and Chinese ones in Beijing to confirm the deal. The investment, a partnership between a large Chinese firm and Ugandan investors, was to cover 500 square kilometres (200 square miles) of land. They proposed building a "solar-powered" airport, manufacturing facilities and a distribution hub, as well as homes and agribusiness, all adding up to a new "eco-city". Some $1.5 billion would be invested in one of the least developed parts of Uganda. It was suggested that thousands of Chinese farmers might settle the land and grow crops for export to China.

Of all these bold promises, none came to fruition. As China's involvement in Africa deepens, and Western policymakers worry about whether they can compete with a flood of Chinese cash, the failed project is evidence of the mixed success of China's scramble for Africa. It is true that new railways and roads funded by China's Export-Import Bank, and its investment in copper mines and oil rigs in places such as Zambia and Angola, are changing the face of the continent. Airports in Kinshasa, Luanda and Addis Ababa buzz with Mandarin. But there is growing evidence that some Chinese firms that leap into Africa are struggling with the same problems Africa has long given Western investors.

Reliable figures on the levels of Chinese investment in Africa are hard to come by. But those published by the Chinese Ministry of Commerce suggest the net annual flow of Chinese direct investment into Africa increased eight-fold between 2005 and 2014, to $3.2 billion. The total stock of Chinese investments grew twenty-fold, to $32 billion. Direct comparisons to Western figures are harder still, but that makes China one of Africa's biggest investors. In addition, Chinese aid has increased, as have development loans made through the Export-Import Bank, which finances infrastructure projects built by Chinese firms.

However, according to Deborah Brautigam, a professor at the School of Advanced International Studies in Washington, DC, much of the hype about Chinese firms buying up vast amounts of industry in Africa is overblown. Chinese FDI to Africa constitutes less than 3% of all Chinese foreign investment: vastly more goes to other regions, especially Asia.

Growth has slowed in recent years. And, as Ms Brautigam shows in a new book investigating agricultural projects, “Will Africa Feed China?” many heavily-reported Chinese projects do not amount to much. There was, for example, a widely touted Chinese investment of over $1 billion in a 3m hectare palm-oil plantation (an area roughly the size of Hawaii) in the Democratic Republic of Congo. But when work started the Chinese found that there were no roads, the river was barely navigable and villagers were hostile. When a small amount of land was planted the crop was immediately stolen. The project soon disappeared.
The same applies to many mineral extraction projects. In Congo, a deal struck in 2007 to swap $6 billion of Chinese infrastructure funding for profits from copper mining has produced less than $1 billion of investment so far. Production of the copper has been perpetually delayed by bureaucracy and a lack of electricity; observers in Kinshasa say that they are not expecting more Chinese money soon. Private Chinese miners have not had much more luck.
A common problem is that Chinese firms “sort of assume that it works the way it does in China”, says Ms Brautigam. “In China, a company comes in, makes an arrangement with local government, and the government delivers.” In Africa, they then discover that government promises to build infrastructure, provide power or supply land are not as credible as they thought. Public land turns out to be occupied by squatters, who may have farmed it for generations; private land may not be owned by the people selling it. Local politicians do not accept deals struck by national ones.
Increasingly, Chinese firms are adapting to these conditions. Huang Hongxiang, who runs China House, an organisation in Nairobi that helps Chinese firms understand how to do business in Kenya, says that there was a gold-rush mentality for a while: “If you told banks you’re going to Africa, it was easy to get a loan.” But now investors are aware that projects in Africa can take a long time and cost a lot more money than they expected. Mr Hongxiang says they are now doing the sorts of things Western firms have long done: investing in corporate social responsibility programmes, hiring African managers and doing scrupulous due diligence.
Western politicians have long worried that China is conducting a new form of imperialism in Africa: getting a jump by dealing with unscrupulous governments and breaking the rules. This is based on a grain of truth: the Chinese are far more willing to work with the Angolan government, for example, one of the world’s most oppressive. But the evidence is increasingly that the Chinese are following a well-trodden path. They do not have a unique ability to make their projects in Africa work where Western firms cannot. For Western policymakers that may come as a relief. For African leaders, desperate for development but unwilling or unable to fix problems that deter all but the hardiest of investors, it may come as a disappointment. *(The Economist)*

Consortium from Spain signs agreement to build 20 projects in Guinea-Bissau
Spanish consortium “Ribert Investment & Business Trust/Indico PLC” will soon start construction of 801 low-cost houses in a suburb of Bissau, the capital of Guinea-Bissau, announced Roberto Mondejar, head of the business group. The construction of social housing is one of 20 projects that the consortium intends to run in Guinea-Bissau, under an agreement signed between the Government of Guinea-Bissau and Roberto Mondejar, who heads the group of Spanish businessmen who began a four-day visit to the country. The Minister of Economy and Finance, Geraldo Martins, said the projects mentioned were all associated with building infrastructure and would be financed through a pioneering model in Guinea-Bissau. “For the first time in Guinea-Bissau we have a Private Investment Fund, which will be allocated considerable value and that transfers funds to enable companies to carry out works of public interest,” he said, expressing his conviction that the projects would change the face of Guinea-Bissau and lay foundations for sustainable and inclusive growth. The twenty projects to be implemented by “Ribert Investment & Business Trust / Indico PLC” in Guinea-Bissau include construction of a new transport terminal, a slaughterhouse, in the Antula area and a bridge over the River Farim, north of Guinea-Bissau and where soon it will start exploration of phosphate deposits. *(Macauhub)*

Forbes Angola magazine on sale at newsstands
The Angolan edition of Forbes magazine will be an international showcase for companies and economies not only in Angola but also from Portuguese-speaking countries, said in Luanda businesswoman Isabel dos Santos. “I have always focused on the Portuguese-speaking countries as I understand it is very important to have a means of communication in Portuguese,” said the businesswoman, at the session to launch Forbes Angola The rights to this Portuguese version of Forbes business magazine, whose first issue hits the newsstands, were acquired by Isabel dos Santos, who has promised to create editions for Portugal, Mozambique and other Portuguese-speaking countries, to publicise the reality of common business deals. “Not only in Angola, but also the opportunities that exist amongst all the African countries where Portuguese is the official language, given that they are very dynamic economies, which are also very interconnected,” she said, adding there are now many links between Portugal and Angola, as well as between Angola and Mozambique, Cabo Verde (Cape Verde) and São Tomé and Príncipe. The Executive Director, Luis Leitão, said the magazine would be monthly and sold for 800 kwanzas, with distribution through the usual channels. The first issue will have a print run of 7,500 copies, and there will also be a digital edition that can be downloaded onto a mobile phone. Forbes Angola is owned by ZAP Publishing and is the result of a license granted by US magazine Forbes, which has been published for almost 100 years and is reference in the business world across the globe. *(Macauhub)*

US funds Eyptian entrepreneurs

The US will invest $45m in two new four-year programmes to promote small businesses in Egypt and train students to compete for jobs. The Strengthening Entrepreneurship and Enterprise Development (SEED) four-year programme through USAID with the Ministry of International Cooperation will receive $22.9m. It will provide technical assistance to small businesses to help them gain access to bank loans, develop new business ideas and do market research. It is targeted at woman-owned small businesses and sectors that can potentially employ large numbers of women and youth. The remaining $22.1m will fund the Workforce Improvement and Skills Enhancement (WISE) to support quality education at Egyptian vocational schools. *(African Business)*

Angola and Mozambique sign investment promotion agreement

Angola and Mozambique signed a promotion and investment protection agreement and a memorandum of understanding for cooperation in the field of industry in Luanda as part of the official visit of the President of Mozambique.

The agreement was signed by the foreign ministers of Angola, Georges Chikoti and of Foreign Affairs and Cooperation of Mozambique, Oldemiro Balói, while the second was also signed by Oldemiro Balói and the Angolan Industry Minister, Bernarda Gonçalves Martins Henriques da Silva. After the ceremony, the Minister of Foreign Affairs of Angola, Georges Chikoti stressed the importance of relations between the two countries, which had resulted in signing 22 agreements and a memorandum of understanding in addition to the one signed. “The number of signed agreements indicates that there are good intentions between Angola and Mozambique, although little has been done, but there is great potential, particularly in tourism, finance, trade, education, oil and gas,” he said, cited by Angolan news agency Angop. Georges Chikoti announced that in the near future an agreement would be signed to introduce facilities in granting ordinary visas, which will join the existing suppression of visas for diplomatic and service passports. In the meeting between the Presidents of Angola and Mozambique, José Eduardo dos Santos called for the two countries to deepen their bilateral relationship, particularly in the area of business, involving both the public and the private sector. “We are confident that this visit will give new impetus to the faster implementation of existing cooperation instruments and completion of projects of cooperation agreements that are still being studied,” said the President of Angola. *(Macauhub)*

BANKING

Banks

Moroccan insurer AFMA aims to raise $18 million in share listing

Moroccan insurance broker AFMA SA plans to raise 180 million dirham ($18 mln) in an initial public share offer, the country's stock market watchdog said. AFMA is owned by private Moroccan holding company Tenor group, which has subsidiaries in distribution, real estate and media. AFMA's revenues have increased by about 10 % annually over the last three years and reached 82.8 million dirhams for the first half of 2015, the company's data showed.

The initial public offering (IPO) would be the second this year on the Casablanca stock exchange this year, which has suffered from the knock-on effects of the euro zone crisis and a lack of foreign investors. Total Maroc listed in May. Casablanca's benchmark MASI index has fallen 3.7 % this year. Morocco was downgraded to "frontier market" status by index provider MSCI in 2013, due to a lack of liquidity in the market. Stock market watchdog CDVM said it had approved the issue. AFMA will sell 250,000 shares, or 25 % of its shares, and they have been priced at 750 dirhams apiece. The offering is expected from Nov. 30 to Dec. 2.

Tenor group agreed also to sell 20 % of the company's shares in a block trade to Moroccan institutional investors CIMR and Fipar Holding for 130 million dirhams once the IPO is completed. CIMR is a pension fund for the private sector while Fipar is an affiliate of Morocco's state investment vehicle Caisse de Depot et de Gestion (CDG). CDVM said CIMR and Fipar had agreed to keep their stakes for at least three years. ($1 = 9.9642 Moroccan dirham) *(Reuters)*

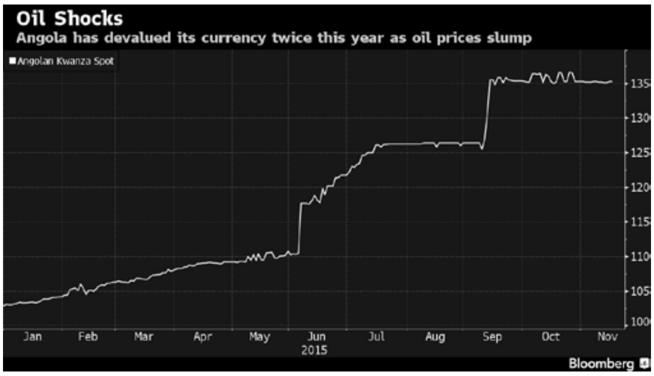
Angola’s commercial banking sector sees wave of mergers

The merger between Banco Privado Atlântico (BPA) and Millennium Angola is expected to start a wave of mergers in the commercial banking sector in Angola, with the aim of overcoming adversity such as lower profitability of the business, according to international analysts.

The BPA/Millennium Angola merger, which will create the fifth largest Angolan bank by assets, was announced in October in order to ensure growth in an adverse climate and respond to changes in European supervision, which penalised Portuguese banks exposed to Angola, and this is expected to be the first of many mergers.

The Economist Intelligence Unit points out in its latest report on Angola that this was the first time that two Angolan banks merged and recalled that Banco Privado Atlântico had been negotiating a similar transaction with the subsidiary of Russian bank VTB. “With profitability retreating and other challenges that Angolan banks face, the sector’s consolidation is likely through mergers,” said the EIU.

The 2015 Banking under Analysis report published in October by Deloitte, revealed an increase in assets of Angolan banks, but a decline in profits of 50 %, penalised by the adverse economic climate facing the country since oil prices began to decline.



Despite the adversities in banking, including an increase in bad debt, Angolan banks continued to expand internally and regionally, two new banks have started operating in the country and there were significant increases in the use of electronic payments and the issuance of debit and credit cards. The BIC bank, controlled by Angolan billionaire Isabel dos Santos, recently started operating in Namibia and also opened an office in South Africa.

Analysts have long warned of the imminent consolidation of operations in Angola's banking sector, and the next is expected to start the BFA, controlled by Portugal's BPI, in which Isabel dos Santos has almost 20 %. The businesswoman's initial plans, according to the Africa Monitor Intelligence newsletter, included taking control of BFA, in which she has owned 49 % since late 2008, and merge it with BIC, creating the stand out largest commercial bank in Angola and with a regional dimension.

The implementation of European rules to the exposure it has to Banco de Fomento Angola led BPI to announce in December a decrease in its capital ratio, which has an impact on all its financial activity. The penalty stems from the European Commission's decision to exclude Angola from the list of countries with regulation and supervision equivalent to the European Union. A recent report by the **Eaglestone consultancy** said having 29 banks in the Angolan market was "unsustainable" and predicted "several short to medium term consolidation movements." The drivers of consolidation, it said, would be foreign players, as well as the need for banks to increase in size or to meet new and more stringent capital requirements and change the current shareholding structure of Angolan banks. In banks such as BIC, Banco de Negócios Internacional, Banco Comercial do Huambo and Banco Valor, managers are still major shareholders, and there is room to find an international partner or even to sell a stake directly. *(Macauhub)*

Mozambican bank Banco Mercantil e de Investimentos now called Nosso Banco

Banco Mercantil e de Investimentos, a Mozambican financial institution headquartered in Maputo Thursday changed its corporate identity, taking on the new name Nosso Banco (Our Bank), Mozambican daily newspaper Notícias reported. The chairman of the bank, João Dias Loureiro, announced the changes in a short speech, stating that they were related to the new strategy approved by the bank's shareholders. "Nosso Banco wants to be a Mozambican bank that is able to contribute to the economic and social development of the country, through its business, enhancing the investment of shareholders, offering challenges and professional opportunities for the best Mozambican staff and effectively serve its customers," has said. Dias Loureiro, who before becoming chairman of the bank in October was president of Mozambique's National Institute of Statistics, was addressing an audience of about 300 guests including politicians, decision makers, partners, suppliers and customers of the bank. Mussa Tembe, the bank's chief executive and one of the main leaders of the new strategy of the bank, gave a progress report on the changes, noting that Nosso Banco had adopted a new IT solution that already offers debit and ATM cards and will start a geographical expansion programme. Established in 2001, Nosso Banco has two branches in Maputo and employs about 70 people and its main shareholders are the National Institute of Social Security and state power company Electricidade de Moçambique. *(Macauhub)*

Biggest Angolan Private Bank Said to Restrict Dollar Withdrawals

Banco Angolano de Investimentos, Angola's largest privately owned bank by assets, is restricting dollar cash withdrawals because it expects its supply of the currency to end Nov. 30, according to a person with knowledge of the matter.

Customers of the bank, known as BAI, are limited to withdrawing $2,000 a week, the person said, asking not to be identified because they said the information is sensitive. The bank has no source of the currency lined up after the end of the month, the person said. Fabio Correira, marketing and communications manager at BAI, wasn't available when called for comment.

The American embassy in Luanda said in a Nov. 13 posting on its Facebook page that there were no regulations by the U.S. government prohibiting the sale of dollars to Angola, responding to what it said were rumors circulating in Africa's second-largest oil producer. Angola, which gets most government revenue from the sale of crude, has devalued the kwanza twice this year as it struggles to cope with a slump of 40 % in the price of oil in the past 12 months. Rand Merchant Bank, a unit of Johannesburg-based FirstRand Ltd., said Nov. 13 it would discontinue supplies of dollars to client banks in Angola as of Nov. 30. RMB said the U.S. bank that provides it with dollars for onward distribution in Angola had notified it in late October that the service would be ended. RMB didn't identify the U.S. bank or say why it was halting the supply of foreign currency. It also didn't name any of its Angolan client banks.

Customers of Banco Fomento Angola, the country's second-largest bank, are required to convert any dollars they wish to withdraw to kwanzas at the official rate, a teller at a Luanda branch of the lender said this week, asking not to be identified because they aren't authorized to speak to the media. A spokesman for the bank declined to comment.

Angolans traveling abroad should use credit, debit and prepaid cards, the country's banks association said on its website, warning about the "continued reduction in the delivery of banknotes." Travelers seeking foreign banknotes should buy the currency of their destination country, rather than dollars, it said. *(Bloomberg)*

Barclays Africa opening doors to global markets for its commercial clients

Barclays Africa, in collaboration with Deloitte Frontier Advisory and Henley Business School, recently hosted business clients on a trip to China to experience what it's like doing business in the world's second-biggest economy. Given that it's one of the world's most competitive and fastest growing economies, China provides an invaluable learning ground for businesses and business leaders to prosper. It also provides vast new business opportunities for South African companies seeking to expand abroad — particularly medium-sized companies, which can find business partners and tap into its markets.

A first for the business banking segment, the trip, which included stops in Beijing, Shanghai and Hong Kong, was a unique opportunity to expose its commercial clients, chosen from various industries, to China's dynamic business market. The delegation was led by Dr Martyn Davies, CEO of Deloitte Frontier Advisory, an advisor of multinational companies and a renowned thought leader on emerging markets.

Over the eight fast-paced days, delegates engaged with some of China's leading companies and multinational corporations. They gained valuable insights into their individual business strategies and experiences in building businesses in one of the world's most competitive economies. They also learnt about the possibilities of doing business in China. Entering a market as vast as China for the first time can be daunting, particularly for medium sized South African companies with little experience of doing business in that part of the world. However, a range of support services is available to South African companies looking to explore the opportunities that China presents.

Barclays Africa believes it is time to debunk some of the myths about doing business in the world's largest consumer market. This is according to Happy Ralinala, Managing Executive, Business Banking SA at Barclays Africa. She says in an era of rapid globalization, it is more important than ever that business leaders acquire a deeper understanding of the global economy by familiarizing themselves with international business trends and best practices. "We seek to open doors for our business clients by exposing them to new ideas and challenging their existing assumptions. Such international visits aim to enhance their understanding and ability to operate and succeed in the global economy," she adds.

Bradley Bourne, Head of Commercial Sales, Business Banking South Africa at Barclays Africa, who hosted the delegation, believes customers expect more than a bank providing basic banking needs in the commercial segments. "They are seeking an 'advisory/information' service from banks to facilitate business growth — as they do business in an increasingly competitive environment. Opening doors for our clients is the strategic imperative under which our clients require access to new markets, thought leadership around industry specific knowledge, a business network to meet captains of industry and valuable executive banking networks which they could leverage from time to time," he says. The clients were introduced to a range of issues, including business culture and strategy in China. They met captains of industry from several industries such as technology and renewable energy. They also met private equity companies (e.g. FOSUN, one of the largest private equity companies listed in China) as well as the Vice President of the New Development Bank. In addition they also engaged with the China Africa Development Fund regarding funding opportunities in Africa.

Why China?

The trip to China made it clear why South African businesses in search of growth should put the Chinese market at the heart of their strategies. China is the world's second-largest economy and remains the fastest growing major economy, with rates averaging 10% over the past three decades. As of 2014, China's GDP stood at $10.36-trillion, contributing about 10% of the world's GDP. Despite the fact that growth may be slowing in China and the rest of Asia, it is still significant, and outperforming most other regions.

With a population of nearly 1.4-billion people, a fast growing middle class that now stands at about 500-million, and new cities mushrooming everywhere, China is also the world's fastest growing consumer market. This makes China a beacon of opportunity for South African importers and exporters looking to expand globally. It is second-largest importer of goods and services in the world, importing upwards of US$2-trillion worth of goods and services annually in recent years. This makes China the world's largest emerging market and certainly provides opportunities for ambitious companies looking to grow. "Offering business opportunities for our clients to improve their trading and profitability is important to us. China was a natural choice given its visionary economic strategies and relevance to the continent. Given the success of the trip and positive feedback from the clients, Barclays Africa is considering to replicating the initiative going forward and to include a wider array of business clients across the continent. The idea is to take different clients to other global markets," adds Ralinala. *(BDLive)*

Markets

Commodity exchanges in Africa: Lessons from Ethiopia

The Ethiopia Commodity Exchange (ECX) began operations in 2008 bringing together buyers and sellers to trade produce such as coffee and sesame seeds, while assuring both parties timely delivery of payments and

produce. The ECX was established with support from the Ethiopian government and donor organisations, including USAID.

It has been hailed as a success, helping fix challenges such as unreliable market information, contract defaults, lack of quality standardization, limited access to markets, and other inefficiencies along the value chain.

Engineer Solomon Edossa is one of six professionals who founded the ECX. As chief information officer of the exchange his responsibility was to build the electronic trading platform and oversee all things technology. He held that position until about 18 months ago. Edossa now offers technical advisory services to the ECX through his consultancy company DESS Inc.

Edossa talks to How we made it in Africa about the benefits and weaknesses of commodity exchanges, and what innovation means in the context of a developing country like Ethiopia.

The ECX is seen as a success by many, but one of the criticisms levelled in the past was the lack of traceability. Recently the ECX launched a US$4.5m national traceability system. What value does this bring to the exchange and Ethiopia's coffee farmers?

Consumers are demanding more information about where their coffee is coming from. Through this traceability system, every bag of coffee processed in Ethiopia through the exchange will have an identity and a story. It will tell you which primary market it has been purchased from, which processing mills were involved, which farm areas is it sourced from and the profile of the farmers in those areas. Providing such rich, traceable information will have rippling effects, and it is going to benefit the farmers and everyone in the chain. Traceability also provides tremendous opportunity for operational efficiencies. You are able to track every movement of your coffee bag, you will understand your supply chain bottlenecks and have clear visibility in terms of your inventory so you can respond to bottlenecks.

So it arms the exchange with valuable information to help streamline its operations. Imagine during the peak season, the first time you know you have 100 delivery trucks outside your delivery centre is when they arrive. With traceability you will know when they are on the way, or you could even schedule the arrival so you don't have trucks parked outside for two to three days before they are serviced.

In Ethiopia this is vital because there are not even enough trucks for moving goods. So efficiency in how you service the trucks as they arrive and you free them up improves operations at ECX but also improves the transportation system throughout the country.

A number of other African countries have set up exchanges, perhaps inspired by the success of ECX. But some have not been as successful. How come?

In the past seven years I have learnt a great deal about the challenges and difficulties, but at the same time the promise that having the right kind of exchange could do to help transform the agricultural marketing system. I think in Ethiopia the model was effective because the key support [from government] has been there. To build such an exchange you need to have a capable leadership team, properly design and architect the right exchange for the country, and have the will to make it happen.

When I came, my area of responsibility was to build the electronic trading platform, and everything technology-related was under my purview. At the time there was no central payment system in the banking sector. There was no clearing house. Power used to go out every other day and randomly. Broadband was not available, so the only option was actually a dial-up. There was no commercial warehouse operator to take on the warehouse operations. At that time we had an option to pack up and go back where we have come from.

But we chose to leverage the best of what the country has, however limited, and built it and pushed for change. Seven years later this exchange is trading roughly $1.5bn annually. It has never canceled a single day's trade since it started operations, even while power was going out randomly. Was it perfect? No, but we have it refined over time. The important thing is that we made progress. We can't make progress if we look at what we don't have and wait until everything in place.

Today the environment has improved. We have broadband, the power situation has been greatly improved, and now the exchange is doing online trading. Previously it was floor-based trading. More than 20 countries have visited the exchange. And, yes it is good to visit, learn, have meetings and do studies – but at the end of the day you have to be willing to act and leverage existing resources.

Do you think other African countries should be setting up exchanges?

Yes. Look at the current market in Africa where contract default is rampant, where there is limited access to market information. You have to address these issues because it affects the livelihoods of especially those who produce. I am not saying it has to be just like the ECX. It has to be tailored to a particular market and its circumstances. I think having an exchange is of tremendous value to every country.

Many places in Africa have bad roads, limited power and poor communication networks. How does a western-style commodity exchange fit into such environments?

I am not saying we should build the Chicago Mercantile Exchange [because] that is not possible at the moment. We don't have to build exactly what developed nations have. I don't think that is the way to go because of the challenges you brought up. But within the limitations of the particular countries there can be an appropriately designed exchange, or form of an exchange that facilitates better trade, [and] improves or modernises the current system. Maybe we look at regional systems – modernising by region. There are different ways of doing it, but not doing it until all the power exists and all the roads exist – is not the way. For instance, with the traceability initiative, if you are trying to tag each bag of coffee from the thousands of dry and wet mills in the country – do you think there is power and reliable telecoms in all those areas? No, not necessarily.

But you can charge the phone and use it for eight hours and perhaps you move to an area where there is connectivity to push the data. Now, is that efficient or ideal? No, but you start somewhere. You create an innovative way of taking advantage of technology where you can, or [you] just [use] pencil and paper.

But not doing anything is not the right thing to do. There has to be innovation – not the way you may understand innovation in developed countries – but leveraging what a developing country has, to build capacity and build institutions, while at the same time pushing to get to the level of developed countries.

Will technology help fix challenges in Ethiopia's agricultural sector?

I am very much excited about the promise that technology, especially in the mobile space, brings to the country. When I came to Ethiopia seven years ago (after living in the US for about 30 years) there were roughly two million people owning mobile phones. Today it is about 25 million with projections the number will reach 50 million in four years out of the 97 million people. This has a viral effect. When people have these devices and you have connectivity, then the ability to push information becomes even easier.

For traceability, for instance, the ECX is leveraging a mobile app to capture the entire supply chain event for coffee – and in the future all commodities – traded on the exchange. The impact it is going to have is huge. Mobile technology will definitely make a tremendous difference in transforming the agricultural market in the country. I think the promise is limitless. *(How we made it in Africa)*

Nigeria Central Bank Said to Start Restricting Dollar Supply

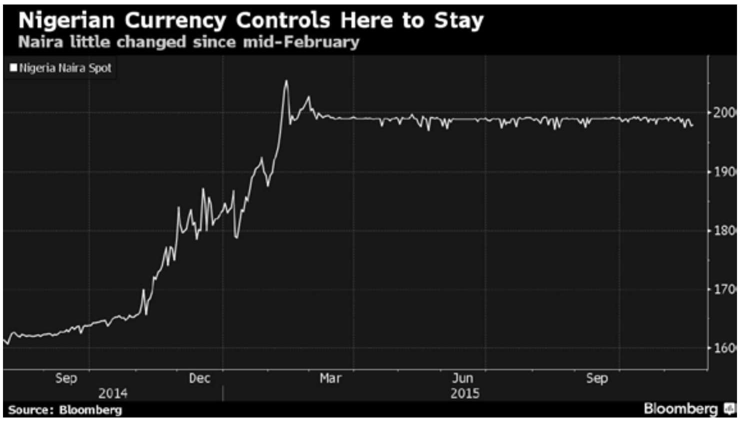
Nigeria's central bank told commercial lenders at a meeting last week that it plans to cut dollar supplies to the market because reserves are running short, according to a person who attended the talks.

Deputy Governor Sarah Alade told treasurers of the country's banks at the meeting in Lagos on Nov. 13 that they should prepare for current exchange-rate policies to remain in place for longer and that there are no plans to devalue the naira or to loosen currency-trading restrictions, according to the person, who asked not to be identified as the talks were private. The central bank will only sell as many dollars to banks or currency dealers as it receives from oil exports, which amounts to about $1 billion a month, the person said. Alade and Ibrahim Mu'azu, a spokesman for the Abuja-based central bank, didn't answer calls to their mobile phones or immediately respond to text messages and e-mails seeking comment.

Nigeria, Africa's biggest oil producer which derives 90 % of export earnings from the commodity, is struggling to cope with an almost 60 % plunge in Brent crude prices since June 2014 to below $45 a barrel. Central bank Governor Godwin Emefiele, backed by President Muhammadu Buhari, has kept the naira from weakening by restricting how much foreign-exchange banks and their customers can buy in the interbank market. Since March, the naira has been all but fixed at 198 to 199 per dollar even as central bankers in other major oil-selling nations such as Russia, Colombia and Kazakhstan have let their currencies fall.

Hurting Economy

While Nigeria's foreign reserves have dropped 19 % since the end of June 2014, they increased 0.5 % in the past month to $30.3 billion as the central bank sold fewer dollars. Emefiele's policies are hurting the economy, which is growing at its slowest pace this century, by deterring foreign investment and preventing businesses from importing all the goods they need to operate, according to Moody's Investors Service. Banks are struggling to find enough dollars to meet existing obligations to customers and some have to rely on foreign loans, according to the ratings company. "It's starting to affect the banking sector," Douglas Rowlings, an analyst at Moody's, said in an interview in Lagos on Nov. 18. "Many businesses are drawing on their letters of credit to pay overseas suppliers. The banks, to meet these obligations, then have to use overseas loans. It was initially a corporate problem, but it is starting to increase vulnerabilities for the banking sector."



Economic growth slowed to 2.8 % on an annualized basis in the third quarter from 6.2 % a year earlier. The rate will slump to 3.9 % in 2015, the slowest pace since 1999, according to the median estimate of 10 economists surveyed by Bloomberg.

Companies 'dying'

Charles Soludo, who led the central bank from 2004 to 2009, said on Thursday that Emefiele should revert to a more flexible exchange-rate regime and that the rationing of dollars was hurting manufacturers. "It creates rent-seekers in the foreign exchange market, while small and medium enterprises are dying," he said at a conference in Lagos. Soludo's successor, Emir Muhammadu Sanusi II, also criticized the central bank, saying last month that the current governor is "in denial" over the naira.

Companies have to wait as long as two weeks to obtain dollars, said Mark Rutten, finance director of Nigerian Breweries Plc, the nation's biggest brewer that's 53 % owned by Heineken NV. The company has been in discussions with the central bank about the issue, he said. "Is it getting more difficult than three months ago?" Rutten said in a presentation to investors in Lagos on Thursday. "Yes. We are making this point that it's getting more difficult to source dollars," he said.

Emefiele has consistently said that the naira is "appropriately priced" and that his measures are aimed at promoting local production and stemming inflation in a country that imports almost all its manufactured goods. His stance is "driven by political considerations as much as economic" ones because Buhari, who came to power in May, doesn't want price increases to "lose him much of his current goodwill," analysts at BMI Research said in a Nov. 18 note. The currency could fall to 225 per dollar next year because the central bank will be forced into an "inevitable" devaluation as the economy worsens, the analysts said. The naira rose 0.4 % to 197 per dollar as of 6:32 p.m. in Lagos. The forwards market suggests the currency will weaken 7.9 % to 212.5 in three months and 25 % to 247 in a year. *(Bloomberg)*

Mozambique Board of Trade issues 1st depositary certificates in December

The Mozambique Commodities Exchange (BMM) will issue depositary certificates from 20 December, allowing farmers access to bank credit, the BMM president said Thursday in Maputo. Antonio Grispos, who was speaking after the signing agreements to implement the depositary certificates system with Banco Internacional de Moçambique (BIM) and the Banco Terra de Moçambique (BTM), said it was still difficult to say how many producers would benefit from the initiative, according to Portuguese news agency Lusa. The president of the BMM said the depositary certificates would facilitate farmers' access to bank credit, since the document serves as title proving ownership of goods stored in the BMM's silos by the holder. Grispos said access to depositary certificates would be given to producers who have their goods stored in the BMM silos, adding that at present, the organisation has seven silo complexed with a capacity of at least 35,000 tons of agricultural products. After the introduction of depositary certificates, Gripos said, the next step will be goods auctions to sells off the products. Liliana Catoja, an executive manager of BIM, said the agricultural sector accounted for 20 % of Mozambique's economy and that the depositary certificates gave farmers access to financial services. *(Macauhub)*

Devaluation of Mozambique's currency is due to economic factors, central bank says

The sharp devaluation of the metical against the US dollar is the result of cyclical factors and not of the high value of loans contracted for the implementation of some public works, said in Maputo the Governor of the Bank of Mozambique. Ernesto Gove, who was speaking during a National Conference on Public Debt, focused on factors of an external and internal nature and denied that works such as construction of the Maputo ring road and the Maputo/Catembe bridge as well as setting up tuna company Ematum were the reasons for the sharp devaluation of the national currency. The governor noted that the dollar had been rising in value globally, reaching worrying levels not only against the metical but also significantly against the Russian ruble, the Brazilian real and some currencies in Southern Africa, according to Mozambican daily newspaper Notícias. The issue of debt taken on for large construction projects was also addressed by the Minister of Economy and Finance, Adriano Maleiane, for whom the loans granted for construction of the Maputo ring road, the Maputo/Catembe bridge and even the for setting up Ematum were an option that the government considered convenient. Maleiane said that the Maputo/Catembe bridge would make it possible to link the road between the north and south of the country, and would also provide an uninterrupted route from Durban, South Africa to Cairo, Egypt. *(Macauhub)*

Tech

Startup Fuels Africa's Mobile-Payment Boom

MFS Africa's mobile-payment platform connects 55 million people in 17 African countries

A 30-person startup in an artsy corner of this city's gritty core is making it easier for millions of Africans to send and receive money across borders by using their phones. Founded in 2009, MFS Africa has pioneered a mobile payment platform embraced by the continent's biggest telecommunications operators, which count about 500 million customers combined.

Mobile phones are emerging as an essential payment device for Africans who increasingly trek across the continent and beyond seeking work. As they earn more money, they are looking for ways to move their cash quickly and easily.

The World Bank estimates that remittances to sub-Saharan Africa—or money foreign workers send home—increased 2.2% to $32.9 billion in 2014 from a year earlier. That is about twice the average growth rate of the two previous years, and the World Bank expects them to grow an average of 2.7% between 2015 and 2017.

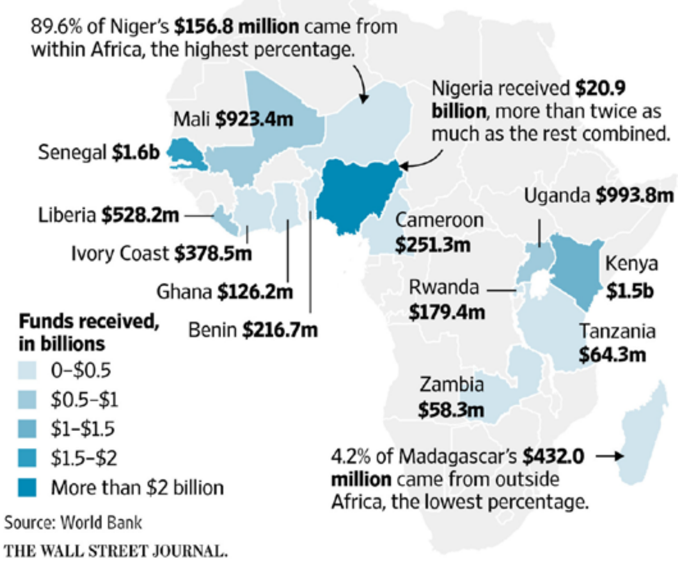
MFS Africa's payment system doesn't require high-end smartphones, in a continent where no-frills feature phones are still prevalent. All users need is to set up a mobile payment account with their operator—MFS Africa's partners include African giant MTN Group Ltd., subsidiaries of London-based Vodafone Group PLC, Indian telecommunications company Bharti Airtel Ltd. and many others. They can transfer money to the mobile account of any other customers of these operators who are signed up to the system by texting the equivalent of a money order straight to their phone numbers, and confirming the transaction with a PIN. MFS Africa also enables transfers from brick-and-mortar money-transfer operators in Europe to mobile phones in Africa.

MFS Africa connects 55 million people in 17 African countries, up from 20 million a year ago. By the middle of next year, the company expects to have 100 million subscribers connected on the continent. Of those subscribers, about 15% are active users, defined as making roughly two transactions a month. The company pockets around 30 cents a transaction; the average transaction is about $80. Many of them require a foreign-exchange conversion, and some mobile operators apply a foreign-exchange spread that MFS Africa sometimes gets a share of. The company expects to be profitable next year.

MFS Africa leads a pack of companies scrambling to help migrant workers across the continent send money home, transfers that are easier and cheaper thanks to technological innovations like mobile payments, according to the Groupe Speciale Mobile Association, which represents mobile operators world-wide. Nicolas Vonthron, GSMA's senior manager for mobile money, said MFS Africa's closest competitor is global payment hub HomeSend, a joint venture between MasterCard Inc., BICS, a wholesale communications service provider, and mobile financial services provider eServGlobal Ltd. "[MFS Africa] may be not as robust, but they're probably also more agile," Mr. Vonthron said.

Money Flows

Nearly $30 billion in cross-border money transfers flowed into the countries that MFS Africa operates in during 2014.



Source: World Bank

THE WALL STREET JOURNAL.

MFS Africa's success is also accelerating South Africa's emergence as a hub for mobile payment innovation across the continent. In 2011, Visa Inc. bought Cape Town-based mobile financial services provider Fundamo to expand the payment services it offers in developing markets like Rwanda. South Africa's MTN signed a deal with Vodafone this year to connect their mobile money operations in several East and Central African companies—an agreement facilitated by MFS Africa.

Sub-Saharan Africa accounted for more than half of the 255 live mobile money services across the globe in 2014, with monthly mobile money transactions in the region topping $10 billion in late 2014, according to GSMA.

MFS founder and chief executive Dare Okoudjou, who made his name almost a decade ago by developing MTN's mobile payment strategy and implementing it across Africa and the Middle East, says the group is poised to grow rapidly. "There is an insane amount of money that goes into paying money," said Mr. Okoudjou, himself a migrant worker who was born in Benin.

The cost of sending remittances to sub-Saharan Africa is 12% of the amount transferred, well above the global average of 8%, according to the World Bank. Serigne Dioum, MTN's head of mobile financial services, says mobile-to-mobile partnerships enabled by MFS Africa's hub will cut fees for cross-border transfers to 3% or less of a transaction's value. Mr. Dioum said MTN has already achieved that fee level in a pilot partnership last year with Airtel Burkina Faso in that country and neighboring Ivory Coast, where MTN dominates. Mobile operators and MFS Africa hope lower fees will increase the number and volume of transfers that subscribers make.

MFS Africa's big break came with its contract with MTN. After that deal, MFS Africa signed up French telecom giant Orange SA. "We had the advantage of being African and speaking French," Mr. Okoudjou said. Airtel came next, and then "Vodafone almost came by themselves." Basically, "Whenever we got the chance we made sure we didn't screw it [up]," he said. The company continues to look for new ways to apply their technology. MFS Africa's payment platform, which requires all users to confirm transactions with a pin, "could be used for voting across sub-Saharan Africa," Mr. Okoudjou said. "We got a lot of things to work on." *(Wall Street Journal)*

INFRASTRUCTURE

Road linking Mozambique to South Africa will be widened

The government of Mozambique has authorised Trans African Concessions (TRAC) to widen National Highway Number 4 (EN4), to accommodate growing amounts of traffic on that road that connects Mozambique to South Africa, a government spokesmen said in Maputo. The authorisation is included in an addendum to the concession contract for the road signed by the governments of Mozambique and South Africa and TRAC, said spokesman and deputy health minister, Mouzinho Saide, cited by Mozambican daily newspaper Notícias. The addendum approved by the Cabinet seeks to address the high level of traffic, especially in sections 19 and 20 which will be widened from four to six lanes, putting more resources in place for load control and compensation for damage caused by excessive goods in transit, among other works. Traffic on EN4 has been increasing over time and now, at peak times, there are very traffic jams and estimates point to 53,000 vehicles using the road on a daily basis. The road is part of the Maputo Development Corridor, designed to promote trade between Mozambique and South Africa. Initially, the road went from Witbank to the port of Maputo in order to encourage the development of industry in the Mpumalanga region, but it was extended by 100 kilometres to reach Pretoria. South Africa's TRAC was selected through an international tender to manage the project for 30 years under a "Build, Operate and Transfer" system, which means it will build and operate the road and transfer it to the Mozambican state at the end of the contract. *(Macauhub)*

Brazilian group Odebrecht to build roads for buses in Maputo, Mozambique
Brazilian group Odebrecht is due in 2016 to start building roads that will be exclusively used by public transport, said the group's Director of Public and Corporate Relations in Mozambique, Miguel Paiva. The network, which follows the "Bus Rapid Transit" model, includes construction of 17 kilometres of dedicated lanes for buses with a capacity of 18,500 passengers per hour, and its cost is estimated at more than US$200 million. Presenting Odebrecht's projects in Mozambique for the next few years, Paiva said the project included 20 bus stations and the average speed would be 26 kilometres per hour, according to Portuguese news agency Lusa. The Maputo Municipal Council recently announced that the project would extend some of the main avenues in the Mozambican capital and includes acquiring 63 articulated buses, each capable of carrying 140 passengers. The official also announced that the group would set up a poultry project in Zambézia province, estimated to cost US$65 million, and a cassava production and processing project for starch extraction, in which it expects to invest US$21 million. *(Macauhub)*

Angola creates transport networks and builds more ports
Four new transport networks will be created and three major ports built in Angola as soon as possible in order to have full coverage at a national and regional level, said Thursday in Luanda the Minister of Transport.
The four networks are the national rail network, national network of logistics platforms, coastal network of northern Angola and Luanda light rail network and the ports are the new deepwater port of Cabinda, the new port of Luanda, at Barra do Dande , where the current port serving the capital of the country will be trasferred and the new port of Porto Amboim, according to Angolan news agency Angop. Augusto da Silva Tomás, who was speaking at the opening session of the International Transport and Logistics Fair (Expotrans 2015), said that work is also underway on the new international airport in Luanda, along with doubling the railway line between the stations of Bungo and Baía and a new railway line between the latter station and the new airport. Tomás noted that to date a total of 15 airports in several provinces had either been modernised or built from scratch. The International Transport and Logistics Fair is organised by the Ministry of Transport, in partnership with the Luanda International Fair (FIL), and this year includes participation by exhibitors from Angola, Portugal, Brazil, Zimbabwe, Netherlands, China, Germany , South Africa and, for the first time, the Democratic Republic of Congo. *(Macauhub)*

Puma Energy inaugurates fuel terminals in Mozambique
Puma Energy inaugurated new bitumen and fuel terminals in Mozambique, increasing its storage capacity in the country to 275,500 cubic metres, the company said in a statement. The new terminals in Matola, near Maputo, include 11 tanks that together added 115,000 cubic metres storage. The bitumen terminal is intended to help reduce Mozambique's dependence on bitumen imports, whereas the fuel terminal was built to create a new supply line from the countries of the Southern African Development Community (SADC). The director of operations of the company, Christophe Zyde said in a statement that the new terminals in Mozambique were the most modern available and would serve as a catalyst for economic growth. Puma Energy, established in 1997 in Central America but currently based in Singapore, has regional centres in Johannesburg (South Africa), San Juan (Puerto Rico), Brisbane (Australia) and Tallinn (Estonia) and is present in 45 countries. *(Macauhub)*

ENERGY

South African and Chinese nuclear regulators sign cooperation accord
The National Nuclear Regulator (NNR) announced that it had signed a bilateral cooperation agreement with its Chinese counterpart, the National Nuclear Safety Administration (NNSA). The technical agreement had been signed in Beijing on November 12 by NNR CEO Dr Mzubanzi Bismark Tyobeka and Chinese Environmental Protection/NNSA Vice Minister Li Ganjie. "We operate in a highly globalised nuclear environment which is constantly evolving and bilateral cooperation arrangements such as these serve as a valuable mechanism for ensuring that the NNR's regulatory practices are in line or benchmarked against the best current standards and practices as applied internationally within the nuclear industry and more particularly within the associated regulatory authorities fraternity," explained Tyobeka. He further noted that the two regulators had a lot of areas of common interest.
Initially, the two sides will focus on some half-a-dozen areas for cooperation and the exchange of practical information. These are: enforcement actions when regulations are violated (including the systems of penalties and fines), licensing

procedures, inspection of nuclear vendors, the training of inspectors, joint inspections and technical support cooperation concerning the NNR's Centre of Excellence. China today has 27 nuclear power reactors in commercial operation with another 25 under construction. The building of yet another 22 will soon start and even more are in the planning stage. The country's nuclear capacity will have been increased three-fold by 2020/2021. These reactors will include some of the most advanced designs in the world. The Asian giant has achieved a high degree of autonomy in reactor design and construction as well as in the nuclear fuel cycle. It is also making full use of Western technology, adapting it as well as making improvements. The NNR reported that China is strongly committed to establishing the world's best nuclear safety standards and the NNSA is responsible for the regulatory oversight of the country's nuclear industry. The NNR has the same role in South Africa. *(Engineering News)*

Angolan bioenergy company takes on loan with State guarantee

Angolan bioenergy company, Companhia de Bioenergia de Angola (Biocom) is this month due to sign a contract with a syndicate of Angolan banks for a loan of US$210 million that has a State guarantee, the financial director of the company told Angolan weekly newspaper Expansão. "From 2016, the resources generated by the operation should ensure sufficient funds to invest in increased production capacity and the sale of sugar, ethanol and electricity from biomass,"said director António Pereira.

The presidential decree granting the sovereign guarantee for 100 % of the funding was published on 6 October in the Official Gazette (Diário da República) and "clarified" some aspects that "generated doubts" in a statute issued in September, said the official. This diploma gave a 70 % guarantee on a loan of US$300 million, and now there is a guarantee on the full US$210 million, said Pereira, noting that the remaining US$90 million would be guaranteed by the shareholders. The company's shareholders are Brazilian group Odebrecht, with 40 % of the capital, Angolan group Cochan, founded by entrepreneur Leopoldino Fragoso do Nascimento, also with 40 % and Angolan state oil company Sonangol with the remaining 20 %. Biocom is installed in the Capanda Agro.Industrial Hub, in Cascuso district, in an area of 42,500 hectares, of which 36,921 are agricultural land and 5,579 are intended for permanent areas for preservation of native vegetation, according to the company's website. Biocom's sugar production is intended for the domestic market and power production will be sold to Angolan electricity company Empresa Nacional de Electricidade and anhydrous ethanol will be provided to Sonangol. *(Macauhub)*

MINING

Angola's rotating presidency of the Kimberley Process comes to an end in December

In October Angolan exported 624,000 carats of diamonds generating revenues of US$86 million, at an average price per carat of US$138, said the Angolan Ministry of Geology and Mining, adding that the country's presidency of the Kimberley process was due to end in December. In October 2014 Angola exported 800,000 carats for US$111 million at an average price of US$155 million. The diamonds were mined in Catoca, accounting for 576,776.55 carats, Cuango (40,267.10 carats), Chitotolo (19,852.41 carats), Camutue (14,752.95 carats), Calonda (10,073.32 carats), Luo (5,951 carats), Somiluana (5,154.85 carats), Uari (3,924.97 carats), Maua (2,672.14 carats) and Lulo (1,621.45 carats).

Meanwhile, the signatories of the Kimberley Process exported 130.44 million carats of rough diamonds valued at US$14.1 billion in 2013, according to data released in Luanda by the Minister of Planning and Territorial Development, Job Graça. Speaking at the opening ceremony of the 13th Plenary of the Kimberley Process, the minister stressed that certification enabled replacement of the destructive capital accumulation process, such as weapons and ammunition, with capital accumulation, which is a promoter of economic growth. Angola ends its term as President of the Kimberley Process on 31 December. *(Macauhub)*

IDC SIGNS $10M MINING FUNDING

South Africa's Industrial Development Corporation (IDC) is investing $1m in Canadian company Alphamin Resources, a Toronto Venture Exchangelisted tin explorer and developer. The investment will be directed to Alphamin Bisie Mining, the company's subsidiary operating in the DR Congo. *(African Business)*

DiamondCorp resumes development tunneling at Lace mine

Southern African diamond mining, development and exploration company DiamondCorp has, following completion of back-filling activities and almost two weeks ahead of schedule, resumed development tunnelling on the 290 m doming level at the Lace mine, in the Free State. The company said in a market update that tunnelling on the 290 m level was now progressing in competent high-grade K4 kimberlite, following successful installation of steel arched sets for a 10 m section through the centre of the slot drive cross cut on this level. Tunnel advances were now being achieved at the originally planned rate, as the kimberlite contained significantly less internal waste than the lower-grade K6 kimberlite on the southern side of the pipe, through which the development tunnels needed to traverse before entering the high-grade Upper K4 (UK4) mining block. The sets provided a safe canopy for workers and machinery that needed to access this level for the start of drilling and blasting of the slot between the 290 m and 310 m production level. The slot provided the initial ramp-up in mining tonnages from the UK4 block, which was on schedule to start next month. CEO

Paul Loudon said the resumption of development work on the 290 m level, combined with the commissioning, last week, of the 400 t/h conveyor belt system from the first production level, meant that many of the operational challenges the mine had faced in recent months had now been overcome. “The overall development and production timetable, however, remains behind schedule, as previously announced,” he noted. *(Mining Weekly)*

Togo’s Efforts to Promote an Effective Management of the Mining Sector get World Bank’s Support

The World Bank approved a US$15 million IDA* credit to help the Government of the Republic of Togo strengthen its capacity to manage the mineral resources in an environmentally, socially and economically sustainable manner.

The new five-year *Togo Mining Governance and Development project* (2016-2020) will help the country streamline the institutional arrangements of key organizations in the extractive industries in order to strengthen their efficiency and accountability. Through its operations, the project will help achieve an effective management of the sector, by focusing on mining governance, transparency, oversight, and efficiency, and also on environmental, social and economic development.

“*The Mining Governance Project is well aligned with the priorities set by the Togolese government –and also with the World Bank Group’s broader objectives— to promote economic growth through infrastructure development, and it supports the investment climate and ease of doing business. It has also been designed to help local communities benefit more from mining activities. I am pleased to oversee the approval of this project, which is the first new IDA credit to Togo since I took office on November 1st, 2015*,” says **Pierre Laporte, the new Country Director for Togo**.

The mining sector is critical to the economic development of Togo, and as such is a priority area for policy support by the government. In 2014, government revenue from the sector was at 4% of total receipts and mining exports were 22% of total exports. The project will target key strategic challenges to the sustainable development of Togo’s mining sector. It will ensure that requisite human resources, training and institutional capacity to plan and monitor mining operations are in place and establish the conditions for mining sector activities to contribute to social and economic development.

According to **Morten Larsen**, **World Bank Task Team Leader for the project,** *“Togo has a great mineral potential which has yet to be unlocked in order to contribute to the country’s economic growth. The project will allow the national and local authorities to attract sustainable and long-term investments to the industry, and it will support all stakeholders in assuring that government and communities in Togo receive their fair share of the benefits from mining.”*

*The World Bank’s International Development Association (IDA), established in 1960, helps the world’s poorest countries by providing grants and low to zero-interest loans for projects and programs that boost economic growth, reduce poverty, and improve poor people’s lives. IDA is one of the largest sources of assistance for the world’s 77 poorest countries, 39 of which are in Africa. Resources from IDA bring positive change for 2.8 billion people, the majority of whom live on less than $2 a day. Since 1960, IDA has supported development work in 112 countries. Annual commitments have averaged about $18 billion over the last three years, with about 50 % going to Africa.

Project Information Document (Appraisal Stage) - Togo: Mining Governance and Development Project Preparation - Phase I - P149277

Togo - First Phase of the Mining Governance and Development Project

Togo – Mining Governance and Development project

IDA Credit: $15.0 million equivalent

Terms: Maturity = 38 years; Grace = 6 years

Project ID: P149277

Project Description: The project will help the Government of the Republic of Togo strengthen its capacity to manage the mineral resources in an environmentally, socially and economically sustainable manner.

World’s Second-Largest Diamond Discovered in Botswana

Canadian gem miner Lucara Diamond finds 1,111-carat stone

A nearly tennis-ball-size gem discovered in Botswana is the second-largest diamond ever unearthed, smaller only than a precious stone carved up to adorn the British crown jewels. The 1,111-carat gem-quality diamond was found this week at the Karowe Mine in Botswana, said Lucara Diamond Corp., the Vancouver-based company that owns and operates the mine. It was among a cache of huge white diamonds discovered at Karowe this week, including a a 374-carat gem and an 813-carat stone the company said was the sixth-largest ever found. One carat is equivalent to one-fifth of a gram. “I am truly at a loss for words,” said Lucara Chief Executive William Lamb. “We are truly blessed by this amazing asset.” Lucara’s shares were up 28% in Toronto on Thursday afternoon after the discovery of the 1,111-carat stone, whose value could run into the tens of millions of dollars.

The largest diamond ever discovered was a 3,106-carat Cullinan stone found in South Africa in 1905. The stone was cut into several large polished gems, including the Great Star of Africa and the Lesser Star of Africa, both of which are housed in Britain’s crown jewels. Botswana, along with African neighbors South Africa and Namibia, is one of the biggest producers of mined diamonds. Australia and Russia also are important suppliers.

Numis Securities analyst Phil Swinfen said it is hard to put a value on a diamond without more details about color or the ways it could be cut. Mr. Swinfen, a former diamond-mining geologist, said the Lucara diamond could fetch between

$40 million to $60 million or more based on recent sales of large stones the company has found. Lucara sold a 342-carat type IIa diamond discovered in April for $20.55 million, equivalent to $60,087 a carat. “Given this stone is likely to be historically significant, the value could take on a life of its own and achieve significantly more—all flowing straight to Lucara’s bottom line,” Mr. Swinfen said. “This is immensely good news for Lucara, perhaps the best week in the company’s history.”

Top Five Largest Diamonds in the World

Uncut stone	Weight, in carats	Country of discovery	Year of discovery	Color
Cullinan	3,106	South Africa	1905	Colorless/white
Karowe AK6	1,111	Botswana	2015	Colorless/white
Excelsior	995	South Africa	1893	Colorless/white
Star of Sierra Leone	970	Sierra Leone	1972	Colorless/white
Incomparable	890	Zaire	1984	Brownish-yellow

The stone is a type IIa diamond, meaning it is a good-quality diamond nearly devoid of impurities. It is the largest type IIa diamond found in more than a century and the biggest dug up by machines, Lucara said. It was recovered from the south lobe of the Karowe Mine by using Large Diamond Recovery XRT machines. Lucara is the sole owner and operator of the mine, which produced its first diamond in 2012. The Karowe Mine joins Gem Diamonds Ltd.’s Letseng Mine in Lesotho, the landlocked southern Africa mountaintop kingdom, as the rockbed for the world’s biggest individual diamond discoveries in the 21st century. Before Lucara, Gem Diamonds held the previous record for this century’s largest recovered diamond: the 603-carat Lesotho Promise in 2006. That gem sold for $12.4 million. Lucara’s three diamond discoveries this week come amid sustained poor prices for the gemstone. Prices have fallen because of high levels of diamond inventory and lackluster demand, particularly in China.

Exceptional diamonds, however, are still fetching extremely high prices. South Africa’s Petra Diamonds Ltd. sold a rare 29.62-carat rough blue diamond for $25.6 million in February 2014 to a diamond cutter that fashioned it into a 12.03-carat polished diamond called the Blue Moon. The diamond was sold under the name Blue Moon of Josephine to a Hong Kong buyer for $48.5 million at a Sotheby’s auction last week.

Global diamond production is expected to peak in 2017, when 164 million carats of diamonds are forecast to be produced, according to McKinsey & Co. After that, production is expected to go into a long-term decline, unless significant new discoveries are made, McKinsey’s forecasts show. A spokeswoman for Lucara said the company is considering all possible sale avenues for the three diamonds found this week, including selling the largest stone at its own auction. “The stones will attract a lot of attention,” she said.

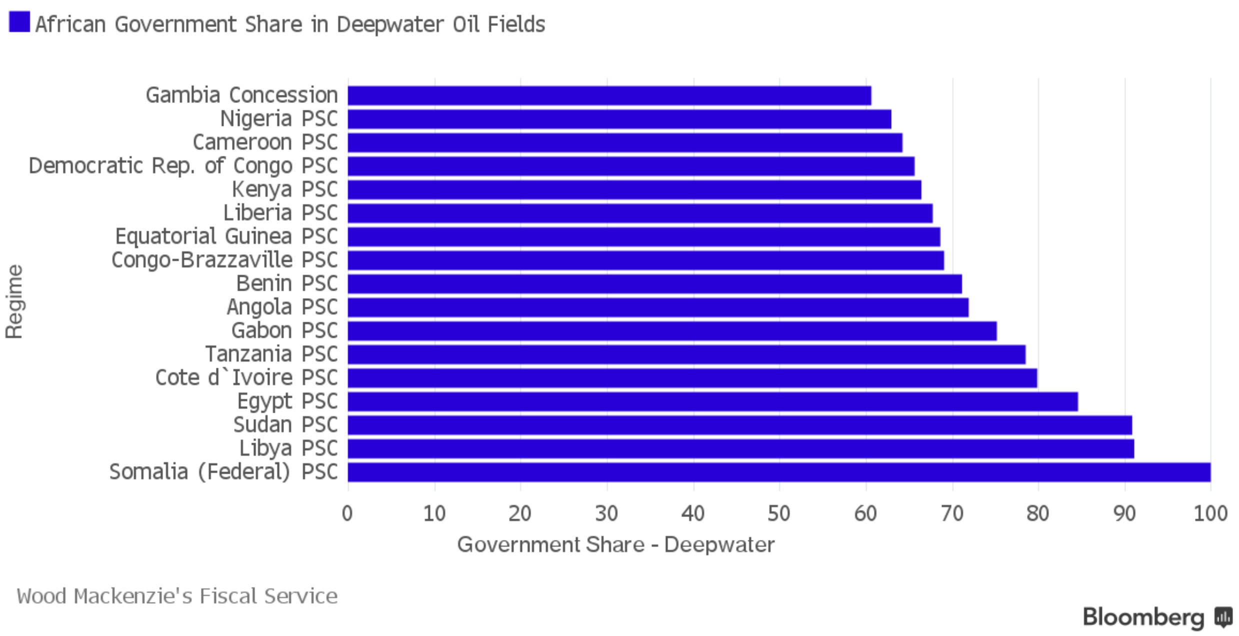
OIL & GAS

Africa Oil Boom Fades as $50 Crude Shuts Door on High-Cost Deals

“On the brink of a boom,” was the banner on PricewaterhouseCoopers LLP’s review of Africa’s oil industry 16 months ago. Now, oil below $50 has made more than two out of three investment projects on the continent non-viable. “Capital markets are effectively closed to the oil and gas industry” in Africa, Tony Hayward, former head of BP Plc and now chairman of Genel Energy Plc, said at a conference in Cape Town last month. “A decade of exploration, with billions of dollars invested and only limited commercial success.” When six of the 10 biggest global oil discoveries in 2013 were made in Africa, it underlined the potential of the energy riches that had lured companies from Royal Dutch Shell Plc to Exxon Mobil Corp. Governments have been slow to react as the slump in crude makes the royalties charged from Libya to Angola look punitive. African production, already 19 % below its 2008 peak of 10.2 million barrels a day, is set to drop for a third year. While final investment decisions have been made on less than 10 % of the 48 billion barrels of oil equivalent discovered in the past decade, governments haven’t adapted to the new environment, Martin Kelly, director for sub-Saharan Africa research at consultancy Wood Mackenzie, said in an interview at the Africa Oil Week conference. That means some nations including Nigeria, the continent’s biggest producer, are proposing increasing royalties at a moment the industry can least bear it.

Changed World

“There are a raft of changes working their way through various parliaments around Africa at the moment and they’ve been primarily based on prices that were $100,” Kelly said. “The world has changed since then.” African governments’ profit share from deepwater oil projects off the continent ranges from 91.1 % in Libya to about 60.7 % in Gambia, according to data from Wood Mackenzie. That’s higher than elsewhere in the world, with the continent’s average onshore take of 66.1 % being 8.5 percentage points above the global one, the consultants said.



Persuading governments to cut their share of the spoils won't be easy with the end of the oil boom destabilizing economies as revenue slumps and currencies tank. Nigeria, Africa's biggest producer, has imposed foreign-exchange restrictions to stabilize the naira, while second-ranked Angola has been forced to devalue its currency twice since June and slashed its budget by a quarter. Nigeria has proposed increasing the government's share of profits and plans to review offshore contracts signed with oil companies two decades ago. The last draft of a proposed petroleum law, stalled in parliament for the past seven years, seeks to raise offshore taxes to 73 % and those for onshore to 87 % from 50 % and 83 % respectively.

Nigeria Exploration

Exploration drilling in Nigeria is close to the lowest in more than a decade because of shelved investment plans, according to the Petroleum Ministry. With oil below $50 a barrel, only a third of $270 billion of potential investment projects in Africa make economic sense, according to Obo Idornigie, principal analyst at Wood Mackenzie. Tullow Oil Plc, responsible for some of the biggest discoveries on the continent, is concentrating on safer projects in Ghana and Kenya after cutting jobs and trimming its annual exploration budget to about $200 million from $1 billion. "We need a higher oil price" to meet future production requirements, Tullow Chief Executive Officer Aidan Heavey said in an interview, adding that companies need to react quickly to the current environment. "Do it quick, do whatever needs to be done and maximize the value of the core assets that you have."

Bailing Out

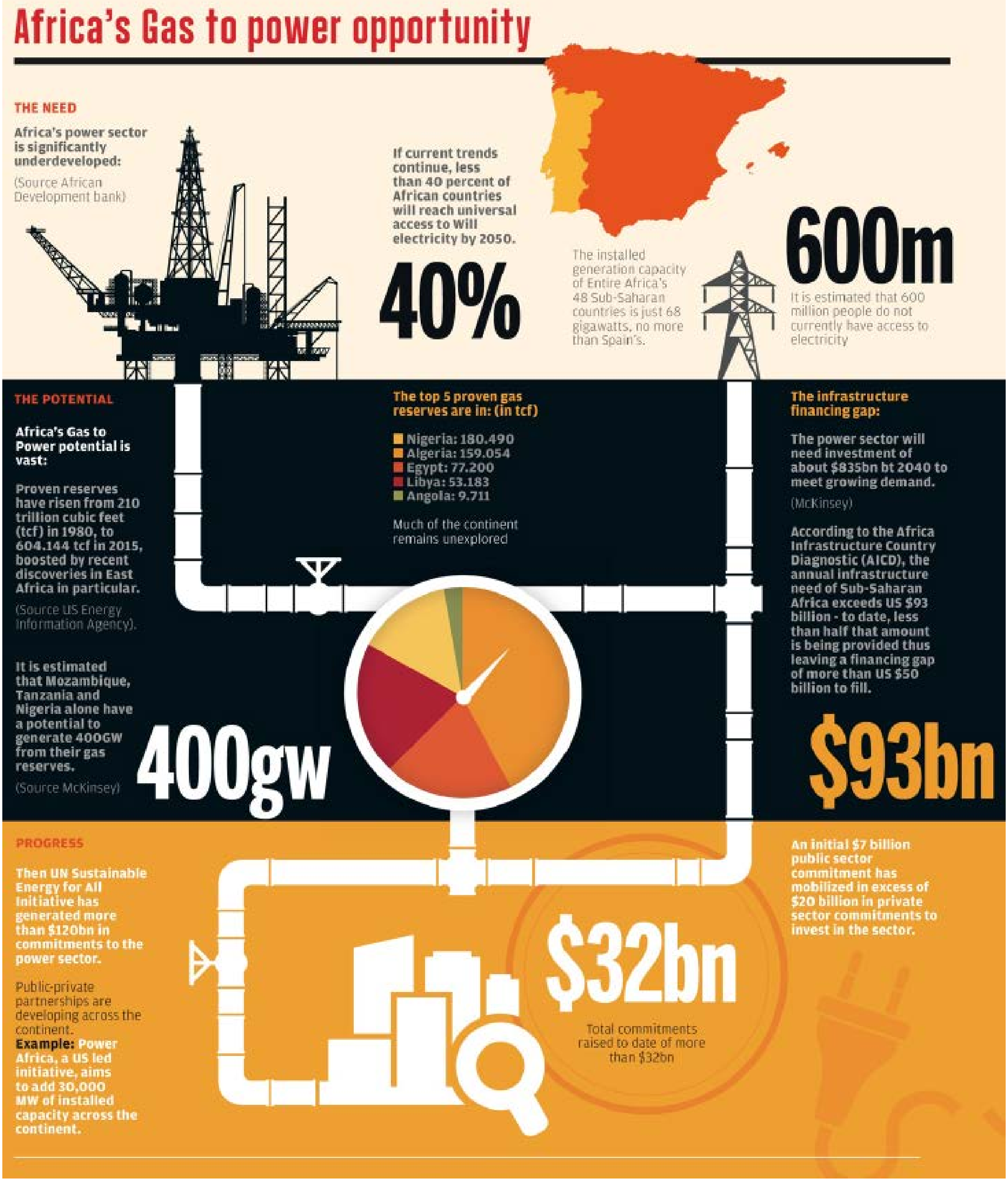
Kenya is among the African nations that tried to respond after the slide in crude prompted companies to start withdrawing drilling rigs. "The government has to look for ways of bailing them out," said Hudson Andambi, senior petroleum geologist at Kenya's Ministry of Energy. "Some have been given extensions just as an incentive to make them stay." There are exceptions to the continent's woes, including the Rovuma basin, where Mozambique last month awarded exploration licenses to applicants including Exxon and partner, Rosneft OAO, said Chris Bredenhann, a partner at PwC in Cape Town. The programs proposed in Rovuma for the next four years may see investment of $700 million, the nation's exploration regulator said.

Clarity Needed

That optimism must be balanced against the need for further clarity on how a framework Mozambican law passed last year will be implemented, Bredenhann said. The absence of legislative and regulatory certainty has also halted investment of as much as $5 billion by explorers including Shell in South Africa. With PwC's 2015 review of Africa's oil industry showing that many oil explorers assumed prices higher than $80 per barrel when modeling projects, additional risks are weighing on investment. Brent crude traded at $44.16 a barrel as of 11:43 a.m. in London. "Even without the oil price collapse, it was time for the industry and governments to take stock," Genel's Hayward said. "I'm afraid the next six to 12 months will be very challenging to many industry participants and survival will become the name of the game." *(Bloomberg)*

Sacoil starts drilling at Lagia oilfield in Egypt

Dual-listed oil and gas company SacOil's Mena International Petroleum subsidiary has started drilling at the Lagia 11 well at the Lagia oilfield in Sinai, onshore Egypt, which forms part of the Phase 2 field development operations. The Lagia 11 well was part of a five-well drilling campaign aimed at increasing and optimising production. The Lagia wells would be drilled using the contracted Petro PDSO land rig, Shams 1. The five wells, Lagia 11, 12, 13, 14 and 15 targeted the main producing reservoir, the Nukhul formation, at about 457 m below mean sea level. Phase 2 field development also included the installation and commissioning of steam facilities for a thermal recovery process on the production wells. The existing five production wells were successfully steamed, with the formation reacting positively by accepting the injected steam as anticipated. The thermal recovery process yielded positive results with an increase in production rates observed after the first steam and soak cycle using progressive cavity pumps. The five existing wells were steamed and allowed to soak for a number of days to heat up the reservoir and reduce the oil viscosity before starting production. The final programme included the steaming and thermal recovery of all the wells to achieve a targeted production rate of 1 000 bbl/d. The company also successfully procured and was in the process of installing ten new thermal well heads and tubing sucker rod pumps, which were customised specifically for the Lagia field conditions and which would replace the progressive cavity pumps. *(Engineering News)*



(African Business)

Exxon expands S African operations

With renewed focus on South Africa, ExxonMobil has expanded its operations in the country, opening a new dedicated lubricants office and appointing a new authorised distributor. Lubrication specialist Centlube was tasked with distributing ExxonMobil's advanced lubrication solutions countrywide for passenger vehicles, commercial vehicles and industrial equipment, while ExxonMobil's new Cape Town branch became the first dedicated office to open since 2005. "South Africa holds great potential and [we are] committed to long-term development in the market," said ExxonMobil Europe, Africa and Middle East sales director Lawrence Kearns. Together with Centlube, ExxonMobile would offer comprehensive packages of lubrication services to customers across South Africa and assist them to optimise performance, reduce costs and enhance the efficiency of their cars, trucks and machines. *(Engineering News)*

Galp Energia spends US$100 million on oil exploration in São Tomé and Príncipe

Portuguese group Galp Energia will spend over US$100 million in oil prospecting in Block 6 of the Economic Exclusive Zone of São Tomé and Príncipe, in partnership with Cosmos Energy, said in São Tomé the chairman of the group. Carlos Gomes da Silva, who made the statement at a ceremony to formalise the agreement with the National Petroleum Agency of São Tomé and Príncipe, said the investment in the exploration block would be at least US$100 million and this phase should be completed within eight to 10 years.

The group's chairman said work "officially began" and added that this phase would begin with the geological assessment of the area by conducting seismic studies, followed by the analysis of investment risks before launching the development and production phase. Galp Energia deposited US$2 million with the State of São Tomé and Príncipe as a bonus for signing the production sharing contract and Gomes da Silva announced the disbursement of US$1.2 million over the next four years for social spending. In this block the Portuguese group holds a 45 % stake and is also operator, Kosmos Energy, headquartered in Dallas, Texas, also has 45 % and the remaining 10 % is in the hands of the National Petroleum Agency (ANP), representing the State.

The contract signed by the National Petroleum and Galp Energia is for a period of 28 years and states that the first eight years will be devoted to prospecting and the remaining 20 to development and production. Block 6, located in the sea off São Tomé and Príncipe has an average depth of 2,500 metres and covers an area of 5,024 square kilometres. *(Macauhub)*

Governments called upon to do their part to attract private sector investment

The first ever first-ever Programme for Infrastructure Development in Africa (PIDA) Week came to a close on November 17, 2015 with calls on African governments to play their role in ensuring policies and reforms are consistent in order to attract private sector investment to help bridge the infrastructure deficit. "One thing that makes it more difficult for people to invest is the change of policies whenever a regime changes," noted Solomon Asamoah, Vice-President for Infrastructure, Private Sector and Regional Integration at the African Development Bank (AfDB). "You need to be sure that circumstances in your country remain consistent. Governments must do their part in ensuring that policies are followed through at all levels when dealing with private sector and potential partners."

The private sector has been identified as a key partner in tackling the continent's massive infrastructure deficit of US $95 billion per annum. "Every deficit is an opportunity. We would like to see African businesses being part of the solutions to fix infrastructure," said Asamoah. This infrastructure has to be quality, participants agreed, with the need to observe standards emerging as a key issue. At the close of the five-day meeting, recommendations were made that the African Union Commission (AUC) should collaborate with Regional Economic Communities to harmonize standards in road designs and implementation of all infrastructure projects. Already, standardization of documents has been adopted, according to Aboubakari Baba-Moussa, AUC's Director of Infrastructure and Energy. Alex Rugamba, AfDB's Director for Energy, Environment and Climate Change, emphasised the need for all projects to connect to rural areas, serving all populations in order to promote inclusive growth. "Roads should connect to feeder roads in rural areas, the same as the interconnection of rural power projects. Development must be inclusive," he said. The German Government expressed its interest in sharing best practices in renewable energy that will help to boost Africa's efforts of providing electricity access to its populations. About 30 % of Germany's electricity supply comes from renewable energy, noted Christoph Rauh, Head of Division in the Federal Ministry for Economic Cooperation and Development. The AfDB reiterated its support for African Governments. Over the last decade the AfDB has invested directly more than US $30 billion in infrastructure, which has constituted over 50 % of the Bank's lending activities. PIDA is a joint initiative of the AfDB, Africa Union Commission (AUC), and the New Partnership for Africa's Development (NEPAD). It seeks to promote regional economic integration by bridging Africa's infrastructure gap that hampers the continent's competitiveness in the global market. Held from November 13 to 17, PIDA Week attracted about 150 participants, including infrastructure commissioners from the African Union, infrastructure experts from development institutions, regional economic communities, the United Nations, and the private sector. The meetings took place at the AfDB headquarters in Abidjan, Côte d'Ivoire, under the theme "Accelerating Infrastructure Implementation for Africa's Integration". *(World Economic Forum)*

RETAIL

Tiger Brands Rises Most in Seven Years as Nigeria Aid Halted

Tiger Brands Ltd. rose the most in seven years after South Africa's largest food producer said it won't provide further financial assistance for its struggling Nigerian unit. The maker of Jungle Oats and Black Cat peanut butter gained as much as 7.9 %, the most since October 2008, and was up 7.5 % at 334.37 rand by 2:07 p.m. in Johannesburg. "Tiger Brands is currently exploring various alternatives with respect to its shareholding" in the Nigerian unit Dangote Flour Mills, the company said in a statement. It had warned investors in May the company may need to raise finance for Dangote through a sale of shares after writing down 954 million rand ($66 million). The food producer bought Lagos-based Dangote Flour Mills for about $150 million in 2012. "The business has been losing a lot of money; there's a lot of debt in Dangote Flour," Anthony Geard, an analyst at Investec Ltd. in Cape Town, said by phone. "If Tiger walks away from it they're walking away from a big liability and ongoing losses." Chief Executive Officer Peter Matlare said in September he would step down at the end of the year. *(Bloomberg)*

Dubai Billionaire Expands in Algeria in Push for Food Security

Al Ghurair Resources LLC, the agricultural commodities trader owned by the richest man in the United Arab Emirates, will add another grain silo in Algeria to its holdings by the end of this year as part of a strategy to secure food supplies for growing populations from the Middle East to Asia.

The $40 million storage unit will have capacity to hold 165,000 metric tons of grains, Essa Al Ghurair, chairman of Al Ghurair Resources, said in an interview in Dubai. It will add to the company's existing grain-processing mill in Algeria and others in Sudan, Lebanon, Sri Lanka and the U.A.E., where sister company Al Ghurair Foods owns the nation's largest flour mill with capacity of 2,400 tons a day.

Food-security threats due to lack of rain water and swelling populations are forcing investors to look farther afield as a warming climate plays havoc with global agriculture production. U.A.E. crop production has fallen since 2007 and the population will exceed 10 million people by 2017, according to an October report by the business advisory company MEED Insight. "Wherever we have a silo we act as food security, providing grains," Al Ghurair, 58, said.

Al Ghurair Resources is part of Dubai's Al Ghurair Investment LLC, founded half a century ago by Essa's father, Abdullah Al Ghurair whose net worth of $6.7 billion makes him the richest man in the U.A.E., according to the Bloomberg Billionaires Index. The list doesn't include royalty or rulers where wealth is held by the state. Al Ghurair Resources will trade about 5 million tons of grains this year valued at about $3 billion, with sales growing 10 to 15 % a year, the younger Al Ghurair said. It holds 300,000 tons of grain in Dubai, enough to feed the U.A.E. for three months, and has 30,000 tons of wheat dedicated to the U.A.E. government. "Now is the right time for the government to hold stocks of material because the price is cheap," he said. Chicago wheat futures have dropped 11 % in the past year. Al Ghurair Resources gets wheat from Ukraine and parts of Europe, and is looking for more suppliers, he said. Al Ghurair is probably the most active U.A.E. company trying to assure food security for the nation and meet the government's goals of reducing reliance on imports, according to Sari Alabdulrazzak, advisory head of MEED Insight in Dubai. "That's why Al Ghurair and state-owned companies are identifying investment opportunities in agriculture markets abroad. Africa is very attractive and I believe that Egypt will become attractive once again."

U.A.E. crop production has declined since 2007, from almost 3 million metric tons of vegetables, fruits and field crops to 522,804 tons by 2013, according to a MEED Insight report on Oct. 28, citing latest government data. Agricultural land dropped to 3,823 square kilometers (1,476 square miles) from 5,376 kilometers over the same period, as the population is forecast to exceed 10 million people in 2017 from 8.3 million in 2010, according to the report. "My focus is on the resources which have been growing," Al Ghurair said. "We are not only a trader but also a processor in wheat milling and crushing, and this gives us the edge to meet our own requirements and our region's requirements." Al Ghurair is seeking partnerships, rather than acquisitions, to keep growing, he said. "We don't have acquisitions but partnerships," he said. "This is capitalizing on other people's knowledge of the market to complement each other." *(Bloomberg)*

South Africa's Mr Price lifts H1 profit, shares rise

South Africa's biggest listed clothes retailer Mr Price Ltd reported a 16.6 % rise in half-year profit as cash-strapped consumers flocked to its no-frills stores. Mr Price, which runs discount stores of the same name, said diluted headline earnings totalled 406.8 cents per share in the six months to the end of September compared with 349 cents a year earlier. Headline EPS, a widely watched measure of profit in South Africa, strips out certain one off items. Shares in the Durban-based company rose 3.51 % to 206.50 rand, outpacing 1 % fall in the JSE All-share index. Sales rose 8.6 % to 8.5 billion rand ($598 million).

South Africa's retail sales grew 2.7 % year-on-year in September, well below a 4.1 % estimate in a Reuters poll, official data showed. "The economy is not in good shape and consumer confidence is understandably low, but our resilient fashion value model is built to withstand these conditions," said company Chief Executive Stuart Bird. South African retailers have been squeezed in recent years as their consumers battle with high personal debt, rising fuel and electricity prices and high unemployment. But Mr Price, whose market value has shot past its nearest rivals Foschini Group and Truworths last year, has fared better because of its low-cost products. ($1 = 14.2125 rand). *(Reuters)*

Retail sales growth slows significantly in September

Retail sales growth slowed significantly in September, indicating continued weakness in the economy and supporting the case for unchanged interest rates on Thursday. Retail trade sales increased by 2.7% year on year in September after increasing by a slightly revised 4% (3.9%) year on year in August. The 2.7% was the slowest growth rate since May this year. The main contributors to the 2.7% increase were general dealers who contributed 1.7 percentage points, and retailers in textiles, clothing, footwear and leather goods who contributed 0.6 of a percentage point. Consumers usually shift their spending to cheaper items during tough economic times, which explains the growth in general dealers and retailers in textiles and clothing.

Over-indebtedness, rising inflation and interest rates and higher electricity costs are weighing on the disposable incomes of consumers. Seasonally adjusted retail trade sales fell 1.9% month on month in September following month-on-month changes of 1.8% in August and 0.2% in July 2015. Seasonally adjusted retail trade sales increased 1% in the third quarter of 2015 compared with the previous quarter, and rose 3.3% in the third quarter of 2015 compared with the third quarter of 2014. *(BDLive)*

Credit regulator clamps down on retail groups

Retailers facing sluggish growth in sales are in the crosshairs of a National Credit Regulator credit crackdown that has netted four big industry players. Clothing retailer Edcon is the latest to be referred to the National Consumer Tribunal for charging customers a club fee on credit agreements, which the regulator says is a contravention of the National Credit Act.

This is part of a series of regulatory clampdowns on the industry. The Department of Trade and Industry has gazetted draft limits on the cost of credit life insurance, which may see insurance on credit facilities such as store cards capped at R4.50 for every R1,000 borrowed. Initiation fees have escaped unscathed, rising an average R33 across all credit categories. Maximum initiation fees also rose by up to R250 for mortgage agreements.

Two units of furniture retailer the JD Group, its rival Lewis, and Shoprite have also been referred to the tribunal and reprimanded for selling suspect insurance policies. A review of retailers' recent annual reports shows that the products that the regulator is targeting have experienced sales growth nearly on par with merchandise sales.

Shoprite had a 10.5% growth in net premiums earned during the year to June, which was slightly lower than merchandise sales at 11.2%. In total, the retailer earned R409m in insurance premiums. Minnow Truworths generated R6m in insurance income in the same period, which was double what it earned the previous year. Its merchandise sales were up 8%. Edcon earned R550m in club fees in the year to March, as well as R491m from selling insurance.

INTEREST RATE CAPS

Calculated at the current 6% repo rate

Type	Draft regulations calculated at maximum rate	Final regulations calculated at maximum rate	Current maximum rate	Difference (current vs final)
Incidental credit agreements	2% per month	2% per month	2% per month	none
Short-term transactions	5% per month	5% per month	5% per month	none
Mortgage	18%	18%	17.65%	0.35%
Credit facilities	20.20%	20%	22.65%	2.65%
Other credit agreements	23%	23%	22.65%	0.35%
Unsecured credit transactions	25.20%	27%	32.65%	5.65%
Developmental credit agreements	33.20%	33%	32.65%	0.35%

NOMSA MOTSHEGARE

Graphic: DOROTHY TSHWAEDI Picture: FINANCIAL MAIL Source: NATIONAL CREDIT REGULATOR

The regulator will intensify its efforts to rein in irregular credit peddling, according to the regulator's CEO Nomsa Motshegare. Retail analyst Syd Vianello said he did not see the regulator cracking down on retailers outside the furniture industry because it had been the most notorious at "abusing the credit market". "Apparel retailers do offer insurance, but the cost is small relative to what furniture guys charge, and not everyone takes it up," said Mr Vianello. "I doubt if other retailers outside of furniture will be referred," he said. The JSE general retailers index has fallen 4.59% since news of Lewis's referral broke in July. Trade in the index's member companies was slowly inching up, but plunged the day the regulator said it had referred the unlisted Edcon to the tribunal. Edcon spokeswoman Vuyo Mtawa said it had received the regulator's notice of motion on November 5. "Our legal team is studying the notice of motion and the supplementary documents to better understand the regulator's position," said Ms Mtawa." Edcon will issue a statement at the appropriate time." Club membership, which includes discounted funeral cover and legal assistance, among other benefits, is an optional product and not a requirement of any credit agreement. Lewis has decided to pay back the cash it has earned irregularly through selling insurance. But the JD Group, whose consumer credit financial services and specialised insurance units were referred in August, is fighting back. "JD Group has filed its answers to the allegations by (the credit regulator) in its answering affidavits to the Consumer Tribunal," said CEO Peter Griffiths. "The matter is with the Consumer Tribunal, and they will now decide on the next steps and the timing thereof." Lewis CEO Johan Enslin said it had started refunding about R67.1m in money earned from unemployment cover policies sold to pensioners and self-employed customers. "Approximately 30% of the affected customers are existing Lewis customers and the refunds have been credited to their accounts," he said. "Lewis is contacting the affected people who have settled their accounts to arrange for the refunds." He would not disclose the average amount per customer. No one has been dismissed for breaking the law. "Management will not be taking disciplinary action as we believe this was a result of human error, and have rather chosen to focus on corrective action to prevent this happening in future," said Mr Enslin, the Lewis CEO. "(These) include improving IT systems, implementing further controls and oversight by management at store, staff training and monitoring at branches." Shoprite spokeswoman Sarita van Wyk said the retail group was still studying the National Credit Regulator's documents relating to allegations that it had flouted the credit act. *(BDLive)*

TELECOM

MTN Wins More Time to Negotiate $5.2 Billion Fine with Nigeria

MTN Group Ltd. won more time to negotiate a $5.2 billion fine by the Nigerian telecommunications regulator that has shaved almost a quarter of the market value from Africa's biggest mobile-phone company in the past three weeks. "Shareholders are advised that the Nigerian authorities have, without prejudice, agreed that the imposed fine will not be payable until the negotiations have been concluded," the Johannesburg-based company said in a statement. The regulator had previously set a deadline of Nov. 16 for settlement of the penalty.

The Nigerian Communications Commission imposed the levy on MTN for failing to meet a deadline to disconnect 5.1 million unregistered subscribers earlier this year. The company's shares have lost about 24 percent of their value since the fine was made public on Oct. 26, and traded 0.2 % lower at 144.71 rand as of 10:22 a.m. in Johannesburg. That values the company at 267 billion rand ($18.6 billion). Chairman Phuthuma Nhleko, 55, agreed to take over at MTN a week ago after Chief Executive Officer Sifiso Dabengwa announced his resignation as a result of the fine. Nhleko returns four years after ending a nine-year spell as CEO during which the share price gained about 1,000 %. He vowed to lead negotiations with the NCC and has met with the regulator, MTN said. Nigeria is the company's biggest market with more than 62 million subscribers, about a third of the population. "These discussions include matters of non-compliance and the remedial measures that may have to be adopted to address this," MTN said. MTN denied a media report that the company had asked for a staggered payment plan for the fine. "We have arrived at no agreement nor requested, as has been alleged in some media reports, such staggered payments with the authorities in Nigeria," spokesman Chris Maroleng said at the time. *(Bloomberg)*

PIC backs Allied Mobile in R800m finance deal

Telecommunications company Allied Mobile Africa has signed an R800-million strategic finance and partnership agreement with South Africa's Public Investment Corporation (PIC), to drive the company's growth in the country, while also facilitating its expansion to the rest of the continent. The company had been rapidly expanding its presence into high-growth African countries, including Mozambique, Namibia, Zambia, Uganda, Rwanda, the Democratic Republic of Congo, Angola, Zimbabwe, Lesotho, Swaziland, Botswana and Kenya, with sales volumes expected to grow by between 15% and 20% a year. "Since these countries are at different economic and technological stages in the development cycle, Allied has to approach these markets with a tailored product offering and a strategy to address specific local needs," Allied Group CEO Jacqueline Cole-Courtney explained. She added that the company aimed to eventually have a presence in every country in Africa, noting that the PIC funding would help it achieve this. "Our geographical expansion programme is being conducted in a very cost-effective and efficient manner, as the core operations are run from Allied's existing sub-Saharan Africa offices, which include eight major hubs and four repair centres, with certain central core functions located in a centralised offshore office, which eliminates the need to duplicate functions," said Cole-Courtney. PIC CEO Dr Daniel Matjila highlighted that communications would remain an important element for the economic growth of any country. "We are, therefore, happy to provide funding that seeks to unlock economic potential of countries in which Allied Mobile Africa operates," he added. *(Engineering News)*

South Africa's Telkom says no offer made yet for Cell C

South African fixed-line phone company Telkom is yet to make an offer to buy control of mobile operator Cell C, its chief executive said, denying a report the company has had a $972 million bid rejected.

However, CEO Sipho Maseko indicated that he would pursue a deal to combine the third and fourth largest operators in the mobile market. "I haven't had any offer rejected because I haven't made one," Maseko told Reuters. "I expressed an interest and I asked for due diligence. Based on the outcome of the due diligence, I will then be able to make an offer."

Bloomberg reported on Oct. 29 that Oger Telecom has rejected Telkom's 14 billion rand ($972 million) offer for its 75 % stake in South Africa's number three wireless phone operator.

Telkom launched a mobile phone business five years ago to offset declining sales from its traditional operations. But that business faces a saturated market dominated by MTN Group and Vodacom -- a unit of Britain's Vodafone. "We are a number four player and Cell is a number three player, and we think that getting these two together will make us deeply competitive in the future and that is why we are keen to explore that opportunity," Maseko said. Telkom is near the end of the first phase of a turnaround strategy that included cutting jobs, outsourcing services such as telephone directory printing and selling some properties. Buying Cell C would give Telkom about 20 million mobile phone users but also a company facing a consumer backlash due to slow network speeds. Cell C also labours under debts of 160 million euros ($178 million) and last year agreed a restructuring with bondholders, involving a three-year maturity extension to July 2018.

Telkom reported a 14 % increase to 280.6 cents in headline earnings per share in the six months to end September helped by cost cuts and a robust showing in its mobile phone business. "We are pleased with the improved performance of our mobile business and our multiyear cost efficiency program and will continue with these initiatives to bring about further improvements," Maseko said. Shares in the company jumped 6.46 % to 62.92 rand as of 1347 GMT, outpacing a 1 % rise in the JSE All-share index. *(Reuters)*

Angola's Unitel CEO expects no growth in mobile phone users this year

Angola's largest mobile operator Unitel expects no growth in mobile users this year, its chief executive said, citing weak consumer spending and an economy suffering due to the falling price of oil.

The company has 11.5 million users and is 25 %-owned by Brazil's Oi SA, which got the stake in the company after a merger with Portugal Telecom. "We're holding our own," Unitel Chief Executive Tony Dolton told Reuters at the AfricaCom conference in Cape Town. "We haven't lost customers, we haven't gained customers, at the end of the year I expect us to be the same size we were last year." Oi is reconsidering the sale of the stake in Unitel as relations with partner, Isabel dos Santos, improve, Chief Executive Bayard Gontijo told Reuters in May. Dos Santos, the daughter of Angolan President Jose Eduardo dos Santos, owns 25 % of the company and other investors, including the state-oil company Sonangol, hold another 50 %. "We haven't increased the cost of air time but people have less money in their pocket to spend on telecommunications," Dolton said. Angola's economy has grown rapidly since a 27-year civil war ended in 2002, peaking at 12 % three years ago, but a recent sharp drop in oil prices LCOc1 has sapped dollar inflows, dented the local currency, hammered public finances and prompted heavy government borrowing. Oil output in Africa's second biggest exporter represents 40 % of gross domestic product and over 95 % of export revenue. *(Reuters)*

MTN FALLOUT

MTN chief executive Sifiso Dabengwa has resigned as the fallout from a $5.2bn Nigerian fine continues. Dabengwa will be replaced on an interim basis by Phuthuma Nhleko, the former chief executive, who will lead the business for up to six months until a permanent replacement is found. The Johannesburg-based mobile giant – the continent’s largest – has been in turmoil since the Nigerian Communications Commission accused it of failing to cut off 5.1m registered subscribers using unregistered Sim cards.

Nigeria is MTN’s biggest market with 62m subscribers out of a global total of 233m. The firm has been given until 16th November to pay the record fine and it is currently being challenged through the courts in Nigeria. $5.2bn represents 22% of Nigeria’s annual budget and double MTN’s annual group profits ($2.69bn). *(African Business)*

Telecommunications operators in Mozambique have to share infrastructure

Mozambique’s parliament gave general approval to a government proposal to amend the Telecommunications Act that requires operators to share infrastructure, the Mozambican press reported.

The Minister of Transport and Communications, Carlos Mesquita said on presenting the proposal that technological changes had led to a new paradigm in telecommunications, which was technological convergence. “This convergence,” the minister said, “involves the use of a single infrastructure that is shared, whereas previously each operator had to have equipment, communication channels and an independent system.” Mesquita said that this single infrastructure could serve to spread services such as telephone, Internet access, data, images, telephone, television and computer networks. Mesquita added that under the government proposal, which takes into account the functioning of the telecommunications market and the basic rights of consumers, operators are now obliged to share their infrastructure. The proposal, which was approved by a majority in general, was forwarded to specialised commissions for further analysis, after which it will again be submitted to the plenary for a final vote. *(Macauhub)*

AGRIBUSINESS

Tongaat Hulett's Profit Drops as Sugar Crop Hampered by Drought

Tongaat Hulett Ltd., South Africa's biggest sugar producer by market value, said first-half profit dropped 13 % as the country's worst drought in 23 years cut output. Headline earnings for the six months ended Sept. 30 was 673 million rand ($47 million) compared with 773 million rand a year earlier, the Tongaat, South Africa-based company said in a statement. The producer maintained its interim dividend at 1.70 rand. It sees total 2015-16 sugar output in a range of 1.005 million metric tons to 1.09 million tons, from 1.3 million tons in the previous season.

South Africa's worst drought since 1992, caused by the El Nino weather pattern, has cut production of crops including wheat and corn as well as sugar. The lower sugar output outweighed profit gains in Tongaat's glucose operations and land-development program, which sells former agricultural areas near Durban, on South Africa's east coast.

"In South Africa, we only have rain-fed cane, rather than irrigated cane," Chief Executive Officer Peter Staude said in an interview after the results were released. "The next seven months will be very critical in terms of what the rain will do."

Sugar production in Zimbabwe could range from 410,000 tons to 450,000 tons this season, exceeding the expected production of 310,000 tons to 350,000 tons in South Africa for the first time, Staude said. Raw sugar has surged 45 % since reaching a seven-year low on Aug. 24. Global production will fall short of demand in the 2015-16 season, according to the London-based International Sugar Organization. Heavy rainfall has started to hinder Brazil's harvest, said Donald Keeney, a meteorologist with MDA Weather Services in Gaithersburg, Maryland. The shares fell 2 % to 107.81 rand by 10:30 a.m. in Johannesburg. They dropped for a ninth day, matching the longest streak of declines since April 2005. *(Bloomberg)*

Nigeria hopes to reach rice mill deal with China by year-end

Nigeria hopes to reach a deal with China within weeks to set up 40 rice mills, its new agriculture minister said, as part of plans to eliminate the need for any imports of the grain within two years.Audu Ogbeh said in his first interview since taking office last week that Africa's top oil exporter wants to boost production of tomatoes, soy beans, nuts and plant two million cocoa trees to reduce an annual food import bill of $20 billion and create jobs for its impoverished youth.President Muhammadu Buhari, who took office in May on a campaign to usher in a new era for a country hit by corruption and mismanagement, wants to boost the agricultural sector and end reliance on oil exports after a plunge in crude prices.That will be an uphill challenge as pot-holed roads hamper the transport of goods. Nigeria has tens of millions of farmers but the vast majority of them work on a subsistence basis and live on less than $2 a day.As a first step, the new government hopes to reach by year end a deal with China to import equipment to build rice mills, Ogbeh said late on Thursday."The federal government plans 40 mills with the Chinese spread across the country, each capable of milling 100 tonnes per day," Ogbeh said.He declined to give more details on the talks, which began under the previous administration led by President Jonathan. Chinese state media and a Nigerian government document obtained by Reuters have said the oil producer was talking to China's state Import and Export Bank.

CHALLENGES

Ogbeh said Nigeria wanted to be self-sufficient in wheat in three years, confirming a Reuters report earlier this month citing a confidential government paper.He said Africa's biggest economy had a similar goal for cashew and cocoa, while the government also wanted to ramp up farming of soy beans, groundnuts, bananas and tomatoes within the next three years.Nigeria produced 3 million tonnes of rice last year, along with 64,000 tonnes of wheat, United States Department of Agriculture (USDA) figures show.But it still needed to import 2.3 million tonnes of rice in 2012 -- a record high, according to the latest U.N. statistics which also show some 4.1 million tonnes of wheat was brought into Nigeria in the same year - nearly double the amount imported in 2000.Ogbeh said he also had plans to improve Nigeria's position as the world's fourth largest cocoa producer by planting at least two million cocoa trees - in 27 of the country's 36 states - annually for the next three years. The minister said the same number of cashew trees will be planted over that period.To attract more young people into farming, the new government plans to retain a policy it inherited, through which farmers could receive central bank loans at a rate of 9 %, as opposed to borrowing from commercial banks at around 18 per cent.The prospect of little financial reward has led to the average age of a Nigerian farmer rising to around 65, said Ogbeh, since many young people find the work unappealing.He also said he was in talks with the minister of education to allocate at least an acre of land to each of some 12,000 students at the country's three agriculture universities during their studies to gain farming experience.*(Reuters)*

Angola grants 7,000 hectares of land to Cabo Verde

The government of Angola granted a plot of 7,000 hectares in Kwanza Sul province to Cabo Verde (Cape Verde) for agricultural development, said Thursday the Cape Verdean ambassador to Angola, Francisco Veiga. The ambassador, at the end of a courtesy visit to the governor of Kwanza Sul, Eusébio de Brito Teixeira, said the government would now consider what to produce on the land but said that maize production from improved seeds was one of the priority crops. "The Ministries of Rural Development and Finance and Planning are already examining this file, so that the government can decide what will be produced in those 7,000 hectares," said the ambassador quoted by Angolan news agency Angop.

Veiga and the governor of Kwanza Sul reviewed the cooperation project between the two countries, particularly a twinning agreement between the cities of Praia and Sumbe, where a rural village will be established to set up Cape Verdean families that will work in agriculture and livestock.
Cabo Verde is already producing food abroad, specifically in Paraguay, where the government, in partnership with agricultural engineer Adriano Bettencourt Pinto, in 1996 bought a plot of 10,000 hectares, which mainly produces rice, corn, wheat and soy.
The land, purchased from a private owner for US$1.129 million, was 80 % owned by the Cape Verdean state and the remaining 20 % by the agricultural engineer, eventually ending up in private hands, following the “privatisation of the National Supply Company (EMPA) and the political indecision of the time,” according to Adriano Pinto. The land is known as the Ilha Verde (Green Island) and widely considered to be the 11th island of Cabo Verde, with the first shipment of 15,000 tons of corn reaching the archipelago in November 2013. *(Macauhub)*

Coffee production expands in the province of Kwanza Sul, Angola
Coffee production in Angola’s Kwanza Sul province has been increasing in recent years due to the efforts of producers who are focusing on revival of the crop, said the director of the provincial delegation of the National Coffee Institute of Angola (INCA). Magalhães Alfredo Lourenço, who was speaking on the sidelines of a visit of the provincial governor of Kwanza Sul, Eusébio de Brito Teixeira, to the “Gravidade” farm, announced that this year forecasts point to a harvest of over 3,000 tons of commercial coffee from a crop area of 18,000 hectares. “Within a decade and a half we intend to be producing 80,000 tons of commercial coffee per year, over an area of 120 000 hectares, similar to what happened in the 1970s,” he said. One of the drivers of the recovery process is the “Gravidade” farm, which is implementing a coffee seedlings multiplication programme, initially providing 160,000 seedlings to rural families.
The project manager, Célia Luís, said in the long term the program would provide 3 million seedlings, adding that had been greater demand for seedlings by farmers due to new coffee growing areas. The beginning of coffee production on a large scale in Kwanza Sul province and in the country in general dates back to the 1920s, and in the 1970s Angola was one of the world’s largest producers. Until 1974, when the country became independent, the production of commercial coffee in Kwanza Sul province totalled 80,000 tons, from an area of 120,000 hectares. *(Macauhub)*

Kenya aims to double coffee output by 2020 after long decline
Kenya aims to double its annual coffee production by 2020 to 92,000 tonnes by increasing the area under cultivation and raising yields, helping bolster revenue from a major foreign exchange earner. Kenya, which relies heavily on coffee export earnings, is a small producer that accounts for just 1 % of the global crop but is renowned for its high quality arabica beans that are sought after for blending with other varieties.
Since production peaked at 129,000 tonnes in 1988/89 it has dropped steadily due to poor management and global price swings that prompted farmers to switch crops or even sell land. Output was just 41,000 tonnes in the year to September.
To boost production, farmers will receive training and be encouraged to plant higher-yielding plants, said Alfred Busolo, acting head of the Agriculture, Fisheries and Food Authority, which regulates the industry.
Authorities also aim to open new farming areas in the Rift Valley and western Kenya, by training farmers, offering seedlings and funding at low interest rates of 2.5-5 % per year, he told Reuters. Commercial rates normally available to farmers are usually in double digits. Production is now focused in Kenya's central highlands. "The objective is to increase from the current estimated 110,000 hectares to 130,000 hectares by 2020," he said. "Prospects for the Kenyan coffee industry are now looking up."
Analysts say such plans have been put forward in the past only to stumble due to a range of issues, including poor marketing and a failure to help farmers cope with global price swings. "Kenya is facing formidable constraints in boosting its coffee output," said Victoria Crandall, a soft commodities analyst at Ecobank in London, citing low earnings for farmers, low yields per tree and an inefficient marketing system. Much of the work to boost output is happening at the local level. The local government in Nyeri, a major producing region, wants to secure higher prices for the area's 99,000 farmers, although factories and marketing agents have resisted efforts. Robert Thuo, who is in charge of Nyeri County's agriculture department, said a proposal before the county assembly aimed to boost productivity, including by providing cheaper financing. He said, with help and the right farming practices, farmers could increase yields to 10 kg per tree from 1.5 kg.
Some farmers want the 25 cooperative societies in Nyeri to merge and improve their bargaining power for higher prices. Cooperatives broke into smaller units in the 1990s, which some blame for the slide in output. "If people pool coffee we can even get 100 shillings per kg," said Wilson Nderitu, a 78-year old farmer, noting he currently receives 25 shillings per kg. ($1 = 102.1000 Kenyan shillings). *(Reuters)*

UPCOMING EVENTS

AFIF - 5e Forum de la finance et de l'investissement en Afrique (Afrique du Sud) Le Cap Nov 24th -26th, organised in collaboration with BEI (Banque Européenne d'Investissement.
http://www.forbesafrique.com/agenda/AFIF-5e-Forum-de-la-finance-et-de-l-investissement-en-Afrique-Afrique-du-Sud_ae373671.html

AFRICA AGRI FORUM, Nov 26th -27th Abidjan
http://www.forbesafrique.com/agenda/2e-Africa-Agri-Forum-Cote-d-Ivoire_ae373675.html

FORUM POSTAL AFRICAIN, 10th – 11th Dec- Abidjan – New Challenges for the Postal services in Africa
http://www.i-conferences.org/forum-postal-africain/

African Urban Infrastructure Investment Forum Nov 30 –Dec 3 2015, in Sandton - South Africa
http://ic-events.net/event/africa-urban-infrastructure-investment-forum-2015/

The Global African Investment Summit, 1-2 December 2015 Central Hall Westminster, London UK
www.tgais.com/africanbusiness

IPAD Cameroon Energy & Infrastructure Forum 1-2 Dec. Hilton Hotel, Yaoundé Cameroon
www.ipad-cameroon.com

World Economic Forum Annual Meeting 2016 - Davos-Klosters, Switzerland 20 - 23 January 2016
http://www.weforum.org/events/world-economic-forum-annual-meeting-2016

Mining Indaba 2016 Cape Town, South Africa -08 to 11 February 2016
http://www.miningindaba.com/ehome/index.php?eventid=119660&

Africa Healthcare summit 2016, 17-18 Feb 2016- Olympia Conference Centre **London**
www.africahealthcaresummit.com

Système de santé le nouveau pari africain, 25th -26th Feb Marrakech, Morocco
http://www.i-conferences.org/forum-afrisante/

Tanzania International Forum for Investments 9-11 March 2016, Julius Nyerere International Convention Centre, Dar Es Salaam, United Republic of Tanzania *www.tziforum.com*

The Africa CEO Forum: 21–22 March 2016, Abidjan – Côte d'Ivoire (Ivory Coast) Hotel Sofitel Ivoire
www.theafricaceoforum.com

World Economic Forum on Africa 2016 Kigali, Rwanda 11 - 13 May 2016
http://www.weforum.org/events/world-economic-forum-africa-2016

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Disclosures

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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

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