INSIDE AFRICA

26 October 2015

Now is the time to invest in Africa

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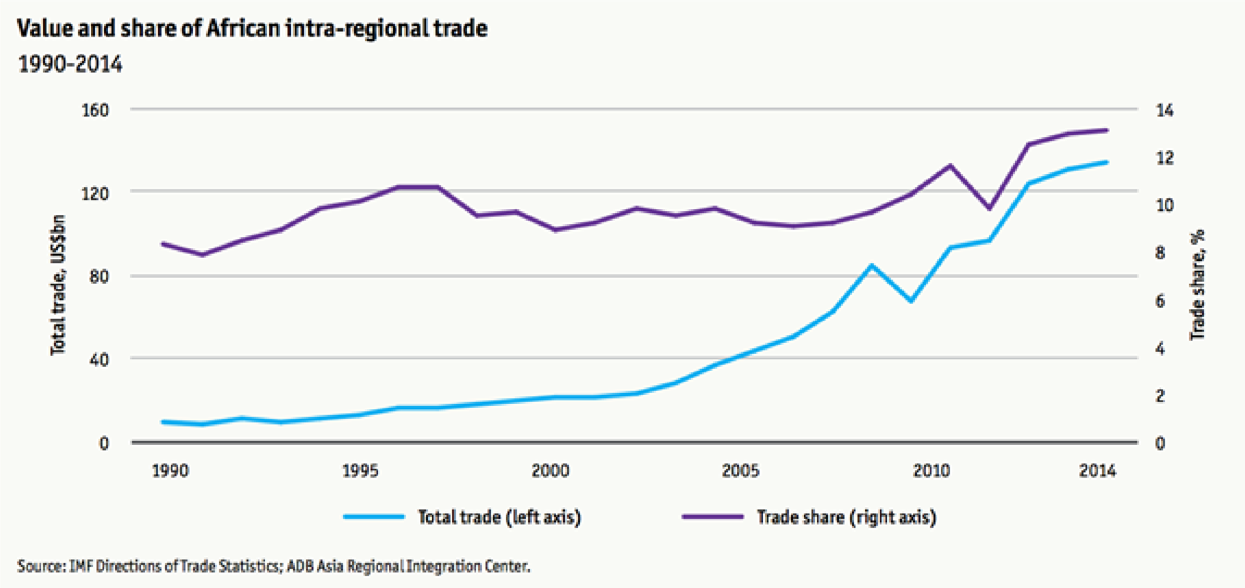
In-depth:
Intra-African trade
A more connected Africa will increase economic resilience

Establishing trade links into Africa's interior has never been straightforward. When the British first attempted to construct an East African railway linking Kenya to landlocked Uganda in the 1890s—dubbed the "lunaticline" owing to the high cost in money and lives of its construction—they had to contend not only with crossing the enormous geographical obstacle of the Great Rift Valley, but also with malaria, dysentery and even man-eating lions.

Wild animals and disease present less of a challenge in 2015, but obstacles remain. East Africa, despite having the fastest- growing regional economy in Africa (with GDP growth in 2014 estimated at 7.1%, according to the African Development Bank), remains frustratingly short on good quality cross- border road and rail links. Inland countries eager to connect into regional and global value chains, such as Rwanda and South Sudan, are still waiting for new railways from Kenya and Ethiopia to reach their borders—and are likely to be waiting for several more years at a minimum. The situation is echoed right across the African continent, and will require significant political will to rectify.

Stuck in an ex-colonial rut

Africa's total trade has grown rapidly in value since around 2002, and has nearly doubled in the five years from 2009 to 2014. However, intra-African trade as a proportion of the continent's overall trading activities has been slower to climb, going from around 10% in 2002 to 13% in 2014.



In comparison with other regions, intra-African trade still plays a trifling role in the continent's overall trade. To offer some perspective, intra-EU trade is worth 65% of the region's total trade; while trade among the ASEAN+3 countries (the ten ASEAN members plus China, Japan and South Korea) reached 45% last year. The difficulties in moving goods within and between African countries puts a brake on the expansion plans of manufacturing and retail businesses, who struggle to access the inputs they need or to distribute as widely as they would like.

Dr Arkebe Oqubay, a special advisor to the prime minister of Ethiopia, traces the reasons for this weakness to the trading patterns established in the colonial era, which have had profound implications for Africa's experience of globalisation. Despite booming coastal trade in some areas, most of the continent is stuck at the bottom of global value chains, so firms supplying the growing African middle class tend to buy high-end consumer goods from elsewhere. Africa is stuck with infrastructure that follows historical trading routes, which were developed to take raw materials out from the coast to the rest of the world and to bring consumer goods in, rather than to enable trade between African countries. And it is also stuck in patterns of trade shaped by bilateral agreements between African countries and major global trading partners, rather than a strong regional trading bloc.

However, this is not the whole story. In the continent's larger economies, such as Nigeria and Kenya, the manufacturing environment has improved and some larger firms are working hard to build up the capacity of local suppliers. But the recent slump in global commodity prices has highlighted the need to diversify away from a dependency on extractive industries, if living standards are to continually improve; and with oil prices set to remain relatively low, now is an opportune time to focus on developing the light manufacturing base that can underpin vibrant intra-African trading networks.

Blazing new trails, forging new alliances

Infrastructure will be key to making this happen. The shortage of finance is not as acute as at the start of the century. Net annual inflows of foreign direct investment more than trebled from 2004 to 2008 and have fluctuated around the US$30bn-40bn mark since then. But there have been two significant changes in the composition of external financing over the last decade: the increased role of China as a source of investment, and a surge in private investment, which has overtaken official development finance.1 A raft of new national laws regulating public- private partnerships has been introduced since around 2009,2 enabling the risks of large-scale infrastructure investments to be shared between private and public sector stakeholders, with development finance institutions also playing an important role. It will take time to accumulate experience in preparing bankable projects—a 2013 Deloitte study found that just 4% of Africa's major infrastructure projects were financed as PPPs—but introducing specific laws and oversight mechanisms can go a long way towards reassuring investors.

Businesses operating in Africa's faster-growing coastal regions report that the transport and power infrastructure to support production for export are improving rapidly. Yet, if one wants to source raw materials from a neighbouring African country or develop regional distribution networks, infrastructure can still represent an insurmountable barrier. To trade with a neighbour further down the coast, one will probably have to consider going around by sea; and if the only option is to use overland routes—assuming such routes exist—then the cost of insurance may well prove prohibitive.

Opening up much-needed new overland transportation routes, and reducing the bureaucratic barriers to moving goods and services along them, will require strong inter- governmental cooperation. Africa has no shortage of regional economic communities and customs unions. In fact, the African Development Bank has pointed to the proliferation of and overlap among such groupings as one of the constraints on their effectiveness. Work is ongoing by international organisations, including the World Bank and the African Union, to improve coordination and channel funding into regional integration projects. There are even plans for a pan-African Continental Free Trade Area (CFTA), with a tentative launch date of 2017. The first major step towards this, a COMESA-EAC-SADC Tripartite Free Trade Area (TFTA) was launched in June 2015.3 However, its impact may take some time to be felt: the TFTA will not come into force until it has been ratified by two-thirds of members, and further negotiations on its terms are still to come.

Yet in some areas, where the immediate benefits are apparent to all sides, cooperation initiatives are startingto bear fruit. According to Mr Oqubay, this is now happening in his home region of East Africa."We are witnessing positive trends in this regard. The transmission of electricity infrastructure has been launched to Djibouti, Sudan, and Kenya, from neighbouring Ethiopia. An agreement has been reached for a regional railway network between Kenya, Djibouti, Ethiopia, and Sudan. Recently, Ethiopia and Sudan have agreed to develop joint industrial parks and economic zones on the border."

The increase in high-level interaction between governments means that ad-hoc initiatives can be pushed through fairly quickly. For example, the Kenyan government recently authorised the Kenya Port Authority to open a clearing office in Rwanda's capital, Kigali—saving traders a nearly 3,000km round trip by road to Mombasa. This move has helped to open up Kenya trade, via Rwanda, with Burundi and the Democratic Republic of Congo.

Railroading industries up the value chain

The current investments in infrastructure will start to bear fruit over the coming decade, and business leadersin some areas already report a trend towards reduced bureaucracy, as governments work to improve the operating environment. The remaining piece of the puzzle for intra- African trade to really take off will be enabling domestic players to capture a greater part of global and regional value chains. Views vary on the role for governments in achieving this.

In designing development strategies, governments are naturally inclined to look to recent successes, and it therefore comes as no surprise that East Asian-style industrial policies hold great appeal to African governments. Mr Oqubay, for instance, is a strong believer in hand-picking sectors for support and building up national champions that can compete at an international level. Ethiopia has not been shy about slapping high taxes on unprocessed goods in order to force key industries up the value chain.

Such policies do often have the intended effect in developing economies. But there is a fine line to be walked on industrial policy. Proponents argue that if you do too little, the economy will simply stagnate—particularly where there is not much of a pre-existing industrial base. But push too hard and you risk deterring potential investors and crowding out smaller companies. The question is how much intervention is really necessary? Africa today is viewed as a place of opportunity, and companies generally don't need persuading to expand their range of in-country activities— on the contrary, they are simply waiting for the bureaucratic barriers to come down, and the highways, railways and bridges to go up.

Towards a more resilient Africa

The EIU predicts that Sub-Saharan Africa's GDP growth will average 4.5% for each of the next five years.While this is a healthy rate, Africa's overall economic performance remains too dependent on external factors. As intra-African trade gains momentum, its constituent economies will find new opportunities to diversify away from extractive industries and into manufacturing and modern services, as well as upwards, climbing the value chain. This diversification, along with the release of latent material resources and human talent that should occuras the continent becomes more connected, will not only accelerate the pace of development but also increase economic resilience.

Within certain regions, such as the East African Community, the necessary political will and intergovernmental coordination to drive interconnectivity forward isfinally emerging. With businesses located along Africa's coastline already poised to seize the opportunitiesthat each step forward presents, the rewards of a better- connected Africa are likely to become self-evident sooner rather than later. *(Economist Intelligence Unit)*

How can small African cities ensure sustainable energy development?

Africa is experiencing a massive flow of people into urban areas. This is happening in major urban centers such as Lagos, Accra and Dar es Salaam as well as in smaller and secondary cities. The pace at which this urban growth is happening inevitably puts strain on city authorities. The supply of services and developing infrastructure is vital for human and economic development.

But the evidence base to support forward planning remains scarce for most cities. In its absence, cities run the risk of infrastructural lock-ins to systems that are unable to accommodate their growth sustainably.

Cities with high concentrations of people and economic activities are major sites of energy demand. Africa contributes very little to global climate change today. But future growth must be managed sustainably. If the emissions of developing country cities increase similar to many western cities today, catastrophic climate change will be unavoidable.

The SAMSET project

Supporting African Municipalities in Sustainable Energy Transitions, or SAMSET, is a four-year project that commenced in 2013. Its aim was to address sustainable energy transitions in African cities. It provides practical planning and implementation support to municipalities to manage future energy planning in a sustainable manner.

The project involves six cities in Ghana, Uganda and South Africa. The cities were Ga East and Awutu Senya East in Ghana, Kasese and Jinja in Uganda and Cape Town and Polokwane in South Africa. Research and support organisations in each country and the UK were involved as well.

Secondary and smaller cities are the main focus for support. These cities are also experiencing massive social and economic expansions. But they typically have less capacity to cope. Despite their significance as current and future sites of energy demand, they receive much less research and funding focus.

Developing an evidence base to support planning

The first phase of the project involved developing an evidence base to support planning and future implementation of sustainable energy interventions. Locally relevant planning tools are essential. There are very few studies investigating and modelling the energy systems of African cities. South Africa is a notable exception.

An urban energy system refers to all the flows of different energy resources, such as petrol, diesel, electricity, wood and charcoal in a city. It records where resources are produced or imported into an area and where they are consumed in different sectors. Such information can help cities better understand which sectors are major consumers and identify inefficiencies. It also helps identify where opportunities for energy efficiency and new technologies may lie, especially those associated with improved economic and welfare effects.

Much of how we understand urban energy systems is based on cities in western and developed countries. But many cities in Africa challenge assumptions about economic development trajectories and spatial arrangements that may be implicit in energy modelling approaches which are based on developed country experiences.

SAMSET modelled the urban energy systems of each of these cities using the Long-range Energy Alternatives Planning model. It was developed by the Stockholm Environment Institute. This model records all energy consumption and production in each sector of an economy. For example the household, commercial, industrial and transport sectors are all recorded. It is a useful planning tool because it projects the growth of energy systems until 2030 under different scenarios. This helps cities understand the future impacts of different investment and planning decisions now.

For SAMSET, universities in each country undertook primary data collection on sectoral energy demand and supply. A baseline model and range of scenarios were then collaboratively developed with local research partners and municipalities.

The project aimed to develop an evidence base to serve as a tool for local decision-makers. Also for further collaborative energy strategy development and to prioritise the implementing of options for the next phases. The scenarios have therefore attempted the following:

- Through stakeholder engagement, to take into account governance systems.
- Existing infrastructural constraints and opportunities.
- Aligning with other development imperatives.

Value of the process

The project has served to introduce to city and local planners the use of energy models. It also attempted to set up the foundation for future development of energy modelling exercises and its applications. Collaborating to collect data, discuss key energy issues, and identify interventions are highly valuable to local stakeholders.

The process was instrumental in generating an understanding of energy planning. For some of municipalities, this was the first time consideration has been given to energy as a municipal function.

The modelling process acts as a strategic entry point to build interest and support for the project with municipal stakeholders. It also provides a useful platform and tool to engage around long-term planning and the implications of different actions. An example is infrastructural lock-in to emissions and energy intensive growth paths.

Value of the outputs

SAMSET is making an important knowledge contribution to the dynamics of sustainable energy transitions in African cities. Such research is of course made difficult by the data scarcity typical at a sub-national level. But this is merely reflective of the lack of financial investment to date.

The local data collection processes in this project have been vital in building capacity and generating awareness around urban energy systems. Developing new data and building knowledge of urban energy transitions in the global south is critically important. It has had a strong focus on establishing a network of both north-south and south-south practitioners to support more work in this arena.

The modelling has had to account for several distinct characteristics. These include:

- The informal economy
- Own energy generation through diesel and gasoline generators
- The high reliance on biomass
- Variations in urban forms and issues such as suppressed demand for energy services.

This project has also made important methodological contributions to modelling urban energy systems in developing countries. *(World Economic Forum)*

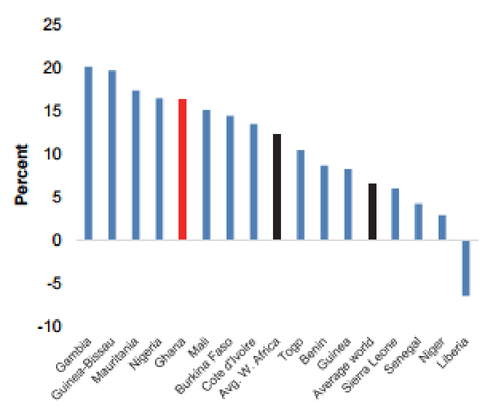
How can Africa build sustainable cities?

Recently, world leaders gathered in New York to commit to the new sustainable development goals. For the first time, a specifically urban goal is among the 17 goals to be achieved by 2030.

This goal is to "make cities and human settlements inclusive, safe, resilient and sustainable". It reflects growing recognition that human development depends on how well urbanisation is managed. According to Dr Joan Clos, Executive Director of UN-Habitat and former mayor of Barcelona, the global view of "cities as containers of problems" must change. Cities are, in fact, "accelerators of development".

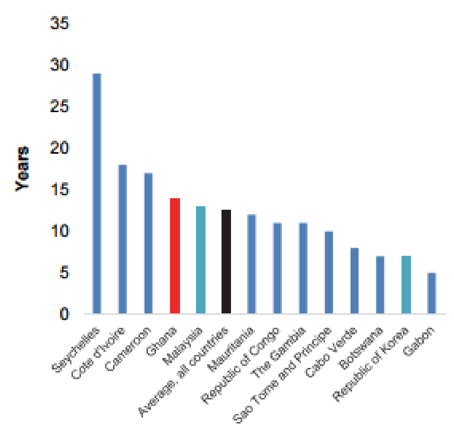
This is important for Africa, where despite high urbanisation rates the development focus has been primarily rural. Consider Ghana. The country's urban population has grown from four million in 1984 to more than 14 million today. Fifty one percent of Ghanaians now live in cities. While urbanisation rates vary across Africa, Ghana reflects an overall global trend towards a predominantly urban future.

Figure 6. Urban population growth increase in comparison, 1990–2013 (%)



Sources: WDI; World Bank staff calculations.

Figure 7. Growth from 40% urban to 50% urban, 1990–2013 (years)



Sources: WDI; World Bank staff calculations.
Note: "All countries" refers to all 54 countries that grew from 40% urban to 50% between 1960 and 2013.

Ghana demonstrates how cities can be highly productive in Africa. One World Bank report draws an explicit link between urbanisation, productivity, and poverty reduction. Over the same period of its urban growth annual GDP growth has averaged 5.7%. The number of industrial and service jobs has increased by 21% and the capital city, Accra, has registered a 20% reduction in poverty.

Similarly, the Nairobi metropolitan region generates at least 50% of Kenya's GDP. While it has too many unemployed youth and significant poverty, the more rural counties in Kenya are often the poorest.

The scarcity of affordable housing

As Africa's cities grow, the challenge will be to provide adequate services and equitable access to its opportunities. Currently, large gaps exist between needed and current services and infrastructure. One result of this gap is an affordable housing crisis. This produces slums, often near expensive gated communities and suburbs.

Transit services are overstretched and spaces that connect people to work and create a more socially inclusive civic culture need to be supported, fostered or created by African architects, artists and planners with citizens and government.

Like many other countries in Africa, Ghana's urban housing stock is growing. But, like many cities across the globe, much of this housing is for the middle and upper classes, and the housing is not growing fast enough. African real estate is hot. In Nairobi real estate investment gives a high rate of return – more than almost any other sector.

This housing demand is an incredible investment and growth opportunity if managed effectively. Given current housing inequalities the question is: how will this sector develop in an "inclusive, safe, resilient and sustainable" way?

With Chinese, European Union and African Development Bank involvement, investment is flowing into urban infrastructure, especially road building all over the continent. But are these investments helping to create access to safe, affordable, accessible and sustainable transport systems for all? Are they doing all of this taking into account the needs of the vulnerable as aspired to by the new sustainable development goal?

More often than not, Africa's cities are building high carbon, unsafe infrastructure for the minority with cars, not the majority who need or want excellent mass transit and healthy and affordable options like cycling and walking.

The biggest challenge is politics

Often the mantra about African cities is that poor planning is an obstacle to unlocking the promise of urbanisation. Much of the problem dates back to the colonial period. Planning does need to be reinvented to address the specific needs of African citizens. More often than not these citizens were and are victims of planning instead of beneficiaries.

Ghana has had a series of plans for its cities since the colonial period. The 1958 Town Plan for Accra pointed to the small and insecure land market as a problem for the provision of housing, and formed state bodies to address the issue.

The Strategic Plan of 1991 sought greater collaboration between agencies, as well as coordination with international funders – the perennial problem that is not entirely the fault of African cities. The World Bank report highlights some of the same problems, without outlining a political solution.

Like cities in Ghana and elsewhere, Nairobi has had a series of "master plans". From the 1948 "Plan for a colonial capital" to an excellent 1973 Metropolitan Growth Strategy, which was never properly adopted or implemented. The more recent Nairobi Metro 2030 and Nairobi Master Plan reflect the heavy use of foreign consultants in planning.

These "plans" have not passed through any elected body and often reflect a high modernist vision that justifies large infrastructure projects and excludes attention to citizen priorities.

The central problem to unlocking equitable opportunities in African cities remains politics. In today's competitive multi-party environment, leaders make political calculations that privilege short-term horizons to win votes over long-term solutions to urban problems. Most critical, many urban planning problems are the result of power struggles and, in particular, the capture of "public goods" such as land or transit routes for certain interests.

Communities must be involved

Many politicians have an interest in maintaining insecure rights around these critical public goods needed for making a city function, because they are part of networks that benefit from the status quo. In Ghana, some traditional authorities benefit from selling land multiple times.

This contributes to numerous land disputes that get stuck in an underdeveloped legal system. In Kenya, "land grabbing" wreaks havoc on land-use and transport planning. The outcome is the escalation of the cost of urban improvements and it encourages environmental disaster.

Community leaders and their followers often internalise societal norms to win elections. For example, politicians strive to be parents, employers and friends to their constituents, often using state goods and resources as patronage for their political supporters.

This undermines the achievement of sustainable and inclusive cities. Of course, some neighbourhoods can and do sustain civic cultures and public service, and it is these communities that deserve more attention.

For projects and policies to have the desired results of improved urban space, better transit or more affordable housing, incentives need to be reshaped to make it beneficial to follow sound policy prescriptions and play by the official rules.

Registering land and businesses should be profitable and not invite predation. Relocation to and development of new neighbourhoods should consider local architectural, social, and economic preferences but also equity. And providing public goods and services to all citizens including newcomers should contribute to electoral advantages.

The mayors from Johannesburg and Maputo came to New York to explicitly signal their support for the sustainable development goals, and especially Goal 11, which promotes inclusive, safe and sustainable cities and settlements. Whether progress will be made on these laudable goals will depend on politicians working in collaboration with citizens. As people continue to move to urban areas in Africa in search of opportunity, let's hope that they can help fashion an urban politics that gives birth to the kinds of cities that are better for all. *(World Economic Forum)*

SOVEREIGN RATINGS

Eurozone

26-10-2015	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AA+	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	B3	BB-	B+	NP	B	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AA+	AAA	NR	A-1+	F1+
France	Aa2	AAu	AA	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	Caa3	CCC+	CCC	NP	C	C
Ireland	Baa1	A+	A-	P-2	A-1	F1
Italy	Baa2	BBB- u	BBB+	P-2	A-3u	F2
Latvia	A3	A-	A-	NR	A-2	F1
Lithuania	A3	A-	A-	NR	A-2	F1
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A	NR	A-2	F1
Neherlands	Aaa	AA+u	AAA	P-1	A-1+u	F1+
Portugal	Ba1	BB+u	BB+	NR	Bu	B
Slovakia	A2	A+	A+	NR	A-1	F1
Slovenia	Baa3	A-	BBB+	NR	A-2	F2
Spain	Baa2	BBB+	BBB +	P-2	A-2	F2
United Kingdom	Aa1	AAAu	AA+	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

North and South America - Asia

26-10-2015	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Argentina	Ca	Sdu	RD	NR	Sdu	RD
Australia	Aaa	AAAu	AAA	NR	A-1+u	F1+
Brazil	Baa3	BB+	BBB-	NR	B	F3
Canada	Aaa	AAA	AAA	NR	A-1+	F1+
China	Aa3	AA-	A+	NR	A-1+	F1
Colombia	Baa2	BBB	BBB	NR	A-2	F2
Cuba	Caa2	NR	NR	NR	NR	NR
Hong Kong	Aa1	AAA	AA+	NR	A-1+	F1+
India	Baa3	BBB-u	BBB-	NR	A-3u	F3
Japan	A1	A+u	A	NR	A-1u	F1
Macau	Aa2	NR	AA-	NR	NR	F1+
Mexico	A3	BBB+	BBB+	WR	A-2	F2
Singapore	Aaa	AAAu	AAA	NR	A-1+u	F1+
Uruguay	Baa2	BBB	BBB-	NR	A-2	F3
Venezuela	Caa3	CCC	CCC	NR	C	C
United States	Aaa	AA+u	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

Region - Africa/Middle East

26-10-2015	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba2	B+	B+	NR	B	B
Bahrain	Baa3	BBB-	BBB-	NR	A-3	F3
Benin	NR	NR	WD	NR	NR	WD
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B-	NR	NR	B	NR
Cameroon	NR	B	B	NR	B	NR
Cape Verde	NR	B	B	NR	B	B
Egypt	B3	B-	B	NR	B	B
Emirate of Abu Dhabi	Aa2	AA	AA	NR	A-1+	F1+
Ethiopia	B1	B	B	NR	B	B
Gabon	Ba3	B+	B+	NR	B	B
Ghana	B3	B-	B	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Iraq	Caa1	B-	B-	NR	B	B
Israel	A1	A+	A	NR	A-1	F1
Ivory Coast	B1	NR	B	NP	NR	B
Jordan	B1	BB-	NR	NR	B	NR
Kenya	B1	B+	B+	NR	B	B
Kuwait	Aa2	AA	AA	NR	A-1+	F1+
Lebanon	B2	B-	B	NP	B	B
Lesotho	NR	NR	BB-	NR	NR	B
Libya	NR	NR	WD	NR	NR	WD
Mali	NR	NR	WD	NR	NR	NR
Mauritius	Baa1	NR	NR	NR	NR	NR
Morocco	Ba1	BBB-	BBB-	NR	A-3	F3
Mozambique	B2	B-	B+	NR	B	B
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	Ba3	B+	BB-	NR	B	B
Oman	A1	A-	NR	NR	A-2	NR
Qatar	Aa2	AA	AA	NR	A-1+	F1+
Republic of Congo	Ba3	B	B+	NR	B	B
Republic of Zambia	B2	B	B	NR	B	B
Rwanda	NR	B+	B+	NR	B	B
Saudi Arabia	Aa3	AA-	AA	NR	A-1+	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	BB-	NR	NR	B
South Africa	Baa2	BBB-	BBB	P-2	A-3	F3
Tunisia	Ba3	NR	BB-	NR	NR	B
Uganda	B1	B	B+	NR	B	B
United Arab Emirates	Aa2	NR	NR	NR	NR	NR

Sources: Bloomberg, Eaglestone Advisory

AAA' and 'AA' (high credit quality) and 'A' and 'BBB' (medium credit quality) are considered investment grade. Credit ratings below these designations ('BB',

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

AfDB high-level conference to catalyze Africa's agricultural transformation

On October 21-23, Ministers of Finance, Planning and Economy, as well as Ministers of Agriculture, Rural Development, Trade and Industry and Governors of Central Banks will join business leaders, academia, investment agencies, civil society and global experts in Dakar, Senegal, to discuss the future and transformation of agriculture in Africa. The Feeding Africa Conference, organized by the African Development Bank (AfDB), will be opened by its President, Akinwumi Adesina, who will be joined by Senegalese President Macky Sall and the Prime Minister of the Democratic Republic of Congo, Augustus Mpata Ponyo. The opening panel discussion on the visions of prosperity in agriculture will include former President of Ghana John Kufuor and the CEO of Dangote Foundation, Zouera Youssoufou, amongst other high-profile leaders. The conference agenda will tackle the key challenges to Africa's agricultural transformation, a priority area for the AfDB and essential to alleviating poverty and hunger on the continent as well as for spurring growth and creating jobs. The challenges that the conference will focus on include the modernization of the agricultural sector, access to credit in particular for women farmers, access to markets and building robust value chains, making farming attractive to youth, fostering gender equality, building regional trade and developing climate smart agriculture. “When agriculture is managed with modern production technologies and appropriate input and output markets, it is transformative: it wipes out poverty and overhauls entire rural economies,” said AfDB President Adesina. African agriculture must move towards creating real wealth, Adesina stressed. “The questions we must tackle are how we get to the point where we are selling cocoa instead of our cocoa beans and exporting textiles instead of our cotton.” About two-thirds of Africa’s employment is in the agriculture sector and the continent has about two-thirds of the world’s arable land, giving the sector huge potential. However, it annually imports food worth USD 35 billion. Worse still, 300 million Africans, that’s 1 in 4, suffer from hunger or malnutrition. The goal of the conference is to get strong commitments form Governments to undertake the necessary steps towards Africa’s agricultural transformation. These include prioritizing agriculture, renewing private-sector engagement and engaging in innovative agriculture financing mechanisms for Africa. The conference will produce a Roadmap that will outline the key actions required to deliver a Strategy for Transformation of African Agriculture. The Conference is being hosted by the Government of Senegal and is supported by the African Union and the United Nations Economic Commission for Africa.

AfDB approves US $90 million loan to promote science and technology in Angola

The Board of Directors of the African Development Bank (AfDB) approved on October 21, 2015, a loan of US $90 million for the Republic of Angola to finance a Science and Technology Development project to contribute to the diversification of the economy through research and development in agro-industry, biotechnology and health, energy, information and communication technologies, nanotechnology and mechatronics.

In addition to building and equipping a world-class science and technology park in Mabubas, the project will also: provide 155 scholarships to train researchers, of which 55% will be given to women scholars; fund 40 research projects to support Angolan researchers with innovative project ideas; support the participation of women in science; develop skills in science and technology within secondary schools to both students and teachers; as well as build the capacity of intellectual property system in Angola. “Mabubas Science and Technology Park, strategically located near the future Bara do Dande Harbour and the Special Economic Zone between Luanda and Bengo, will greatly contribute to industrial development, competitiveness, innovation, and job creation,” said Sunita Pitamber, AfDB’s Acting Director for Human Development. The park is expected to serve the needs of young Angolan entrepreneurs and businesses alike through training and research and development within industrial incubators.

Given the importance of public funds allocated to the development of science, technology and innovation (STI), the project places special emphasis on value for money. As such an information system to assess the results of public programs in STI will be put in place to determine their impact on enterprise and job creation. “The development of this project was exemplary in its collaboration and agreed actions between different line ministries and has received the full support of the private sector in Angola, which significantly increases its chances to be inclusive and sustainable,” said Septime Martin, AfDB Resident Representative in Angola. This project is part of the implementation of Angola’s National Policy for Science, Technology and Innovation and is aligned with the National Development Plan. It is also fully aligned with the AfDB’s Strategy 2013-2022, on skills human capital and gender.

AfDB approves US$ 15 million trade facilitation loan for UniBank Limited, Ghana

The Board of Directors of the African Development Bank (AfDB) approved on Wednesday, October 14, 2015, in Abidjan, a US $15-million trade finance line of credit for UniBank Ghana (UniBank) to enhance its capacity to finance small and medium enterprises (SMEs) and indigenous firms operating within the tradable sector in Ghana. The facility is a fully funded three-year trade facilitation (senior) loan which will be used by UniBank to support trade finance (TF) instruments issued largely in favour of SMEs and indigenous firms in Ghana. The project will help address critical market demand for TF and dollar liquidity in Ghana by supporting trade for indigenous firms and SMEs in vital economic sectors such as non-traditional exports, agri-business, construction and light manufacturing. It will foster financial sector development, enhance regional integration and contribute to government revenue generation at a time when the Ghanaian economy is faced with fiscal pressures and liquidity challenges. It will result in the provision of significant trade finance support to local businesses and SMEs in Ghana for longer tenors than generally available. Counting rollovers, the project is expected to facilitate approximately US $90 million of export-import related activity in intermediate and finished goods, raw materials and equipment to support economic growth. The majority of African banks have small capital bases which constrain their ability to obtain adequate trade limits from international confirming banks and to undertake sizeable transactions that have significant development impact. AfDB’s additionality in the project stems from its ability to increase UniBank’s capacity to support trade by availing affordable medium-term liquidity support for on-lending to SMEs and indigenous firms in Ghana. The proposed facility aligns with AfDB’s Ten Year and Regional Integration strategies, and particularly with the Bank’s Financial Sector Development Strategy which seeks to (i) increase access to financial services for the underserved and (ii) broaden and deepen Africa’s financial systems. It also aligns with the Bank’s Private Sector Strategy by (i) contributing to the improvement of the investment and business climate in Ghana by supporting UniBank with medium-term trade finance; (ii) promoting enterprise development in Ghana through increased access to appropriate trade finance for SMEs and local corporates.

AfDB approves the new Bank Group Procurement Framework

On October 14, 2015, the Board of Directors of the African Development Bank Group (AfDB) approved the Bank's new procurement framework. The need for a comprehensive revision of the African Development Bank's two procurement policy documents, namely, the "Rules and Procedures for Procurement of Goods and Works" and the "Rules and Procedures for the Use of Consultants" was recognized over the last few years. Though the Bank's existing procurement policy, as outlined in these two Rules, had served the Bank, regional member countries and bidder communities well in the past years, recent trends underscored the need for a more dynamic policy and procedures that fully support development effectiveness within an acceptable fiduciary compliance framework. Such trends included the changing circumstances of the Bank's regional member countries, which required the Bank to support an increasingly complex set of development objectives and several external emerging factors that had a significant impact on the application of its operations procurement policy.

The key feature of the new framework is the achievement of value for money by borrowers based on a dynamic and differentiated fit-for-purpose approach to procurement transactions. This includes the full use of Borrower Procurement Systems for certain contracts, customized methods and procedures for more complex ones and third-party systems in other cases. To achieve this, the framework adopts a risk-based engagement with borrowers in which the procurement arrangements incorporated into a Bank-financed project and the accompanying Bank levels of fiduciary oversight depend on the quality and performance of the procurement system and the complexity of the procurement transactions. This dynamic approach will further strengthen the Bank's position in deepening its support for capacity development to its regional member countries and at the same time fulfill such international commitments as the Paris Declaration and its follow-on decisions. "The impact of this new framework is expected to be significant," said Vinay Sharma, Director of the Bank's Procurement and Fiduciary Services Department. "We have estimated that this will lead to projects being completed about eight months faster, resulting in over $200 million in economic benefits annually. Country ownership will increase and we will have much greater legitimacy working with borrowers in the improvement of their governance systems. "With a large number of contracts being handled through the use of borrower systems, a sector capacity will be unleashed to handle complex transactions and provide better advice to the countries. Differentiated procedures will especially help countries in transition. The focus on socio-economic objectives (including gender issues) will satisfy legitimate aspirations of the countries. The framework will allow for much more flexible co-financing arrangements with other donors. Use of technology in Africa in public procurement will also increase, leading to more transparent, effective and efficient use of resources. All in all, this will position the Bank to be the partner of choice for borrowers on the continent."

Zimbabwe plans new World Bank, IMF loans

Zimbabwe will seek fresh loans from the World Bank, IMF and African Development Bank (AfDB) as it struggles with slowing growth, subdued commodity prices and high unemployment, Finance Minister Patrick Chinamasa said. President Robert Mugabe's government started defaulting on its debt to the IMF, World Bank, African Development Bank and several Western lenders in 1999 and is struggling to emerge from a catastrophic recession that ran for a decade until 2008. Without any balance of payment support and starved of foreign credit, Zimbabwe is running its budget hand-to-mouth, leaving it with virtually no money for infrastructure. "What we agreed with the three multilateral institutions, is that we start now a country financing programme," Chinamasa said, without giving details on the amount of funding Zimbabwe was seeking. Chinamasa said it would first be borrowing to help pay the $1.86 billion in arrears it owes the three multilateral institutions, which would help reduce interest costs and avoid default penalties. Zimbabwe will use drawing rights it has with the IMF to clear the $110 million in arrears it owes the fund, while loans from the African Export-Import bank would be used to clear $601 million in arrears with the AfDB. The southern African country will raise cheaper loan capital to clear $1.15 billion in arrears to the World Bank. "You are substituting one debt with another but with a different time frame and a different interest rate and then you don't suffer the penalties," Chinamasa told reporters. "Much of the debt that we have accumulated with our creditors is arising from default." *(The Africa Report)*

INVESTMENTS

Atlas Mara targets acquisitions in seven African countries

Atlas Mara, owners of Pan-African banking group BancABC say they are looking to expand into seven more countries in sub-Saharan Africa through acquisitions, taking advantage of opportunities offered by weaker local currencies against the dominant United States dollar. Atlas Mara, which combines Diamond's Atlas Merchant Capital LLC and African entrepreneur Ashish Thakkar's Mara Group Holdings Limited, made a splash in Zimbabwe last year by buying ABC Holdings — which owns BancABC and has presence in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe.

It also held a 10 % stake in emerging Zimbabwean private equity firm Brainworks Capital, which it sold for $8,72 million in June this year. Chief executive John Vitalo told the Financial Times owned This Is Africa on the sidelines at the World Bank/International Monetary Fund annual meetings in Peru at the weekend that the group already had a footprint in seven African countries and has targetted seven more, although he declined to name them. "As you know sub-Saharan Africa is a big place so we have a very specific target of 14 countries where we aim to have our footprint. We are in seven today so that leaves seven. Unfortunately we haven't publicly disclosed what the other seven are," he said. The weakening local currencies against the USD made acquisitions easier as the buy-outs are priced in domestic currencies, Vitalo said. "This environment is actually good for us because we are looking for acquisitions to establish Atlas Mara's footprint in sub-Saharan Africa….and it makes our dollars go further when we are looking for acquisitions and pricing the acquisitions in domestic African currency," he said. He added: "Our banks are managed in such a way that we are not lending hard currency to people who are not earning in hard currency so we are not concerned by the risk management impact or anything like that." Vitalo noted that while Africa was not immune to the economic challenges the rest of the world is facing but said that "does not take away from the underlying thesis on which Atlas Mara is built on, the trends are not going away and these are decade long trends and Africa will continue to be one of the economic bright spots nonetheless."

Atlas Mara registered $4,1 million after tax profit in the half-year to June compared to a loss of $3,2 million reported for the prior year period. In the full year to December 2014, the group made a $63,1 million. Thakkar said Atlas Mara was looking at Africa in the long-term, noting that its fundamentals were among the best in developing regions. "Atlas Mara never had a short-term vision, we always had a long-term vision and our vision has been pretty bold from the beginning, which is we want to become Africa's premier financial institution. By that we don't mean the biggest, we mean the best so our fundamentals remain solid so does our strategy," he said. "We are not immune but however there is still growth across the continent versus a lot of other emerging markets and developing markets so I think Africa's fundamentals are still right and the people have a long-term perspective as we do, I think is people there are huge opportunities." The group already has a presence in the Southern Africa Development Community (Sadc), the East African Community and Nigeria, with a target to enter into the rest of the Economic Community Of West African States (Ecowas) "Naturally we have always seen it as a regional strategy. Intra Africa trade is still 12 % whereas in Europe is about 70 % so when you think about the blocs there is great potential. We have created a strong presence already in the SADC region, we created a foothold in the East African Community and Ecowas is obviously very important so we are very excited about all three in their own ways," said Thakkar. "Naturally the Ecowas region and Nigeria specifically, the East African region have huge growth potential and they have been very quick with their integration programmes and SADC, especially with the recent findings of so many different natural resources and peaceful transitions in governments just shows you there is a lot of scope for growth opportunities." *(The Source)*

Mediclinic, Al Noor Reach Accord While NMC Continues Pursuit

Mediclinic International Ltd. agreed to combine with health-care provider Al Noor Hospitals Group Plc to create the biggest private health-care provider in the United Arab Emirates, even as rival NMC Health Plc vowed to keep pursuing Al Noor. Al Noor proposes to buy Johannesburg-based Mediclinic in a reverse takeover, the companies said in a statement. Al Noor holders can opt to get a special dividend of 3.28 pounds a share or tender their stock for 11.60 pounds apiece, which represents a 39 % premium over the Oct. 1 closing price. The latter values the deal at 1.5 billion pounds ($2.3 billion), said Mediclinic Chief Executive Officer Danie Meintjes.

The combination, hammered out as Al Noor spurned expressions of interest from NMC, aims to create a hospital company with operations spanning the Gulf states, South Africa and Switzerland. Mediclinic is seeking to expand in countries where rising household incomes have led to growing demand for private health care. Shares of Al Noor soared by a record in London trading, giving it a market value of 1.37 billion pounds.

No Engagement

NMC, a health-care company based in Abu Dhabi like Al Noor, said separately that a combination of its own operations with Al Noor offered a stronger "strategic and financial rationale for all stakeholders." The company plans to continue its pursuit "despite the lack of meaningful engagement from the board," and urged investors not to make a decision on the Mediclinic deal. "The Al Noor board is unanimous on the Mediclinic opportunity and this is what we are pursuing," Ronald Lavater, chief executive officer of Al Noor, said in a conference call with analysts. The proposal from NMC "was inferior both on the value and the certainty," he told reporters earlier today. Al Noor rallied by 18 %, the most since it made its trading debut in London in 2013, to 1,177 pence as of 1:43 p.m. local time. Mediclinic fell 2 % to 114.85 rand in Johannesburg. NMC climbed 2.1 % to 825.50 pence in London.

'On the Radar'

Under the agreement announced today, Mediclinic shareholders will get 0.625 new Al Noor shares for each held in Mediclinic, as well as an interim dividend to be paid in December. The transaction would result in Mediclinic shareholders owning 84 % to 93 % of the combined business, which is to be renamed Mediclinic International Plc and listed on the London Stock Exchange. The company will also have a secondary listing in Johannesburg, and may trade on the Namibian Stock Exchange. It's unlikely that NMC would have been able to match the Mediclinic offer, Andre Bekker, an analyst at Avior Capital Markets in Johannesburg, said by telephone. "This is positive for both groups as it will probably put them on the FTSE 100 and on the radar of a number of tracker funds that would not have monitored either group previously," Bekker said.

Mediclinic entered the U.K. this year after agreeing to buy a stake in Spire Healthcare Group Plc for 431.7 million pounds. The Al Noor deal doesn't affect the Spire purchase, Meintjes said on a conference call. Mediclinic is “comfortable” with its Spire stake at 29.9 %, he said. Edwin Hertzog, chairman of Mediclinic, will be chairman of the combined company, while Meintjes will be CEO. The transaction, which is scheduled to be completed in the first quarter following shareholder meetings in December, won’t have an impact on earnings in the first full year of consolidation, and will be accretive thereafter, Mediclinic said. The moving of Mediclinic’s primary listing to London has been cleared by South Africa’s Reserve Bank and Treasury, Meintjes said. Al Noor does not expect any competition issues in the U.A.E., chief executive officer Ron Lavater said on the call. *(Bloomberg)*

Chinese groups interested in increasing investments in Angola

Chinese groups in Beijing, told the Consortium of Banco Poupança e Crédito and Angola Business Corporation (BPC-ABC) they were interested in investing in Angola in agriculture, industry and construction, according to Angolan daily newspaper Jornal de Angola. The newspaper cited statements of the president of the BPC-ABC, João Paulo Tomás, after a visit to the Chinese capital and having met with officials from China Hasan International Holdings and Beijing Construction Engineering Group (BCEG). The two Chinese groups, which have already been operating in Angola for over 10 years, announced their intentions to the BPC-ABC which travelled to China to meet with Chinese entrepreneurs and banks to secure financing for the projects of public-private partnerships of Angolan companies linked to agriculture, construction and fisheries. The president of China Hasan International, Shao Quiang, said his group would invest US$500 million in the agricultural sector while Ma Tieshan, president of BCEG indicated the group’s readiness to build 40,000 social houses over the next few years. China Hasan International has also revealed it is interested in investing in the Angolan oil sector. Jornal de Angola also reported that the Forever Green company was now available to invest in agriculture and food processing in Angola. Tomás told the newspaper that the investment by the three companies in Angola could exceed US$650 million. *(Macauhub)*

Tourism in Angola provides revenue of US$1.5 billion in 2014

Tourist activity in Angola in 2014 provided revenues of US$1.5 billion according to statistics from the Ministry of Hotels and Tourism, cited by weekly newspaper Expansão. Carlos Borges, consultant to the Ministry of Hotels and Tourism, told the weekly on the sidelines of the general assembly to establish the Angolan Hotels and Resorts Association (AHRA), that the sector’s contribution to Gross Domestic Product was currently less than 1.0 %. The coordinator of the installing committee of AHRA, Armindo César, said there were plans to increase that contribution to around 3 % by 2017, which required this year opening about 600 hotels and 117 tourist resorts all over the country, creating 70,000 jobs. César was concerned with the lack of skilled workers, able to develop the sector, which, he said, “can and should be a driver of economic development,” adding that the number of schools and professional training centres professional in Angola was entirely insufficient for current needs. The head of the association said AHRA’s operating strategy to join the actions that the Ministry of Hotels and Tourism has developed for creation of hotel training schools at basic, secondary and higher levels. César said establishing the Angolan Hotels and Resorts Association was based on the need to regulate prices at hotels, in order to end “anarchy” in the sector. *(Macauhub)*

Angola creates conditions to attract more private investment

The conditions for the revitalisation and intensification of actions to attract private investment and funding were established with the recent approval and publication of the legislation, the Secretary of state for the Economy said in Luanda. Laura Monteiro, who at the time was speaking at a seminar on private investment aimed at managers and staff of state central and local administration and public sector institutions, stressed that these conditions were aimed at both national and foreign investment. “This investment is intended to support the growth of domestic production, replacing imports and increasing exports of higher value added products,” added the Secretary of State cited by Angolan news agency Angop. Monteiro said the main features of the new private investment law and its regulations were the minimum required value for domestic investors of US$500,000 and US$1 million for foreign investors to gain access to incentives stipulated in the law, which favoured national investors. *(Macauhub)*

S African, Spanish groups sign shipbuilding agreement

South African private sector defence group Paramount signed a memorandum of understanding (MoU) with Spanish State-owned shipbuilder Navantia, in Pretoria. This new MoU builds on a previous agreement signed between the two companies at the beginning of this year. "This is another important milestone in our mutual cooperation," stated Paramount executive director Eric Ichikowitz. "It is impossible to exaggerate the importance of this agreement."

Whereas the previous agreement between the two groups was focused on the South African Navy's (SAN's) Project Biro patrol vessel acquisition programme, the new MoU has a wider focus. It is aimed at jointly pursuing naval and other maritime opportunities in other African countries. "Africa's development is gaining pace all the time and Paramount is at the coal face," he affirmed. Should the partnership yield orders, there will be significant skills and technology transfer from Spain to South Africa. "Navantia is willing to contribute to the development of a solid industrial base in this country," assured Navantia president Jose Manuel Revuelta. He expressed confidence in the success of the MoU. He also highlighted that the cooperation between the two companies on their Biro bid had been excellent. "Our bid is a low risk solution, providing value for money," he said. Biro is a project to acquire new offshore patrol vessels (OPVs) and inshore patrol vessels (IPVs) for the SAN. Paramount and Navantia are jointly bidding for the OPV part of the project. (Navantia is not involved in the IPV aspect of the programme.) They are offering the Spanish company's BAM design (BAM is the Spanish acronym for Maritime Action Vessel). Four BAMs are already in service with the Spanish Navy and two more are under construction. Also known as the Avante 3000, this design has a full load displacement of 2 860 t, an overall length of 93.9 m and a beam of 14.2 m. It can accommodate 70 people but needs a minimum crew of only 35. Spanish Navy BAMs have already undertaken anti-piracy missions in the Indian Ocean, and one has visited South Africa. *(Engineering News)*

Mauritius eyes Africa as pressure mounts on offshore business

Mauritius beats Singapore as the world's top route for foreign investment to India and is a hub for thousands of firms managing half a trillion dollars in assets. But there are only a sprinkling of office blocks in Ebene Cybercity, the heart of the tiny Indian Ocean island's financial services industry, and the area only livens up at the weekend when a band plays in a bar of the district's only luxury hotel.

Such limited activity is evidence that Mauritius is a "tax haven" for companies which generate no real business on the island yet use it to benefit from tax avoidance treaties with Asia and Africa, critics say. "Mauritius is playing the tax competition game and they are playing it very well," said Nadia Harrison, tax policy expert at ActionAid. "The result is that they are reducing the amount of tax that can be collected from the poorest countries."

Concerned about the impact of tax havens, world powers are tightening the noose on multinationals seeking tax advantages and India wants changes to its tax treaty with Mauritius, forcing the island's new government to re-examine its business model and focus elsewhere.

There is debate in the new government, which took office in December, about whether Mauritius was ever a tax haven but there is general agreement that the economy needs to shift focus to make sure firms invest locally and to prepare for any loss of business from India. "My message for the offshore sector here is: they have to move from a tax haven to a typical transparent financial sector. This is what is happening now," Finance Minister Seetanah Lutchmeenaraidoo told Reuters. He wants the financial services industry to deepen investments in Africa to help lift sluggish growth in Mauritius and make it a high-income state by 2020. "Singapore is to southeast Asia, what Dubai is to the Middle East, and what Mauritius will be vis-à-vis Africa," Lutchmeenaraidoo said.

DRIVEN INTO A CORNER

New rules agreed by ministers from the Group of 20 industrialised nations this month to stop companies moving profits to low tax centres and "treaty shopping" for tax benefits combined with changes to India's tax treaty are increasing the pressure on Mauritius. "We know it is going to have a decisive impact on the future of offshore financial services worldwide," said a former minister and now a fund manager, adding that the government was being driven "into a corner" by India. India has pushed Mauritius into talks to change to its Double Taxation Avoidance Agreement. Signed in 1983, Mauritius took off as an investment route when India opened its economy in the 1990s.

A Global Business Company 1 (GBC1), the title for "offshore" firms, pays zero capital gains tax in Mauritius, instead of as much as 40 % in India on some short-term investments. Such benefits made Mauritius the source for 24 % of the $24.7 billion of foreign direct investment (FDI) in India in fiscal 2014/15, Reserve Bank of India figures show, making it the largest source of FDI.

New Delhi says much of those funds are not really foreign investment but Indians routing money through Mauritius, a practice known as "round-tripping". Changes being discussed to the tax treaty would limit the appeal of Mauritius. If a company still chose to be based there, then it would be required, for example, to spend at least 1.5 million Mauritius rupees ($42,700) a year on the island before enjoying treaty benefits. Mauritius has little choice but to negotiate with India, which could revoke the treaty altogether, like Indonesia a decade ago. This would be damaging for the financial services business which accounts for 10 % of the island's $13 billion gross domestic product. Of the more than 10,000 GBC1 firms, about 60 % focus on India, officials say.

India also plans to implement a domestic law in 2017, known as the General Anti-Avoidance Rule (GAAR), which could supersede the treaty's tax benefits in some instances. "It hangs like a sword of Damocles," said the former minister, adding that Mauritius needed several more years to refocus. "We need breathing space."

SWITCH TO AFRICA

The changes in India are driving the island's pivot to Africa. Almost 60 % of GBC1 firms registered in the past three years focus on Africa, benefiting from more than a dozen double taxation avoidance treaties on the continent. Critics say Mauritius is simply becoming a "tax haven" for Africa instead of India, a charge the government denies. "We need to be able to reassure our friends in Africa that that is not our aim, to siphon money," said Deputy Prime Minister and Tourism Minister Charles Gaëtan Xavier-Luc Duval. "Our aim is to contribute towards investment into Africa." To do so, the government has held talks with insurance firms, such as Axa and Prudential, on using Mauritius as a regional headquarters. An investment vehicle is being set up with Ghana for technology, poultry, sugar and other projects, with Mauritius firms and money involved. But African governments should be cautious about tax pacts, ActionAid's Harrison said. "In the past there have been these sweeping assumptions that tax treaties will always be good for investment," she said. "We are just encouraging countries, and particularly developing countries, not to take that for granted." ($1 = 35.1500 Mauritius rupees) *(Reuters)*

German businessmen seek opportunities in Cabo Verde and Angola

German entrepreneurs in Cabo Verde (Cape Verde) presented the potential of their companies in energy efficiency and renewable energy, during a symposium held in Praia, Angolan news agency Angop reported. During the first Germany-Cabo Verde Energy Symposium, entitled "Energy Efficiency and Renewable Energy for development in Cabo Verde," German businessmen expressed interest in partnering with local businesses for distribution and marketing of their products. The German entrepreneurs said they expect this mission to lead to major partnerships between the two countries and that Cabo Verde would be a platform for entry into the market of the Economic Community of West African States (ECOWAS). The mission, which takes place from 12 to 16 October, in addition to the symposium, has scheduled a series of individual meetings between German participants and potential Cape Verdean partners at their company premises. Another mission of German entrepreneurs travelled to Angola but in this country the focus was diamonds, and the delegation met with the chairman of Angolan state diamond company Endiama, Carlos Sumbula. The chairman of Endiama explained how the diamond industry and diamond sector projects operated, as well as the opportunities that Angola had to offer, particularly in the supply of mining equipment. According to Angolan news agency Angop, the German businesspeople who are part of this mission are interested, besides the diamond industry, in projects related to construction of hydroelectric power plants. *(Macauhub)*

BANKING

Banks

Africa's digital banking boom – clients are winning

Financial services firms have to invest in digital technology to keep clients loyal. Five years ago, banking clients in Nairobi had to spend an hour queuing to pay their utility bills. Fast forward to the present day, and these clients can now pay their bills at the touch of a button from the comfort of their home. The digital economy is creating a watershed moment for the banking industry, and – in many ways – clients in Africa are at the forefront of these changes with their widespread adoption of mobile phones.

High expectations

Across the globe, increasing numbers of people are now accessing financial services from their mobile devices, their expectations set to 'high' by digitally native technology players, like Alibaba and Apple. Client loyalty is built on ease of use, security, 24/7 access and a fuss-free user experience. In banking, it's about clients being offered the most relevant savings and credit cards, based on their past usage. For example, if you have just received a bonus and are looking to grow your wealth, you will want to be offered an investment product that fits your risk profile. The lesson for banks is clear: value your interactions with clients – especially via digital channels – and invest in data analysis. Clients will be loyal to a bank that knows them and makes banking convenient and easy. The race to deliver the best digital client experience is particularly intense in Asia and Africa, where a new generation of young, affluent clients are coming to the fore. The number of middle class households in key Sub-Saharan African countries is set to grow rapidly. These households will be digitally savvy and more likely to embrace new types of financial service providers, including those outside the banking industry.

The future is here

In the past five years, Sub-Saharan Africa has been the fastest-growing region in the world for mobile telephony, paving the way for a proliferation of mobile wallets. In Kenya, around 18 million adults, or 85 per cent of the population, now use mobile money services, such as M-Pesa, Mobikash or Airtel money.

When it comes to digital banking in Africa, things are changing fast too. Imagine sitting in a taxi in Lagos traffic: you log on to your mobile device, and see all your banking activities at a glance. You have a question about what investment options are available to plan for your future, so you press a button to talk to your relationship manager. Via video, your relationship manager links you to an investment advisor, who answers all your questions and gives you options that meet your needs. This will be the norm not too far in the future. Clients are expecting banks to reverse the service pyramid: instead of being offered digital channels incrementally, they want to receive all services digitally in the first instance. At Standard Chartered, we are changing our business model fundamentally, to be 'digital by design', but we acknowledge that to move nimbly and bring more convenience to clients, we need to partner financial technology companies in niche areas. In Africa, we have teamed up with mobile payments aggregators, such as Selcom in Tanzania, Cellulant in Kenya, Zambia and Botswana, and eTranzact in Nigeria and Ghana, to enable bill payment on mobile from our clients' bank accounts; client transactions via this channel are increasing by over 50 per cent annually. We have also made it easier for our corporate clients to make mobile-wallet payments to individuals, whether or not they have bank accounts through our Straight2Bank Wallet mobile app. Banks need to jealously guard their reputation as trustworthy counterparties and custodians – virtues that are increasingly valuable in a digital economy beset with trust and privacy issues. There are challenges to getting it right, but the good news for clients in Africa is that they are certain to be the big winners as banks invest to understand and serve them better. *(Economist Intelligence Unit)*

Africa trade: a digital game changer

New payment technology will pave the way for faster, safer trade that could boost Africa's exports. Trade and technology have fundamentally changed Africa's economic fortunes and its profile as an investment destination for global businesses.

In recent years, the continent's commercial relationships with the rest of the world have evolved away from a reliance on Europe and the US, towards a more balanced arrangement, where emerging economies in Asia and the Middle East feature more prominently. Over the last decade, Africa-China trade has increased by 25 per cent, Africa-India trade by 32 per cent and Africa-Indonesia trade by 29 per cent. Advances in technology have also allowed Africa to leapfrog development steps and break new ground in critical areas, such as mobile wallets where African innovators are leading the world. A similar, game-changing experience is now possible in Africa's trade finance sector, with the emergence of Bank Payments Obligation (BPO), a new way of settling trade digitally. BPO is an undertaking between banks that a payment will be made on a specified date after electronic matching of data on SWIFT's Trade Services Utility (TSU) or any other acceptable transaction matching application.

Faster and more reliable transactions

Fully automated, BPO increases the speed, reliability and convenience of trade transactions, while mitigating risks and reducing costs for both buyer and seller. The technology offers the best of both worlds for corporates: the security of paper-based letter of credit transactions with the flexibility of open account trade.

Currently, a large proportion of export trade is conducted on 'open account' basis, meaning that goods are shipped and delivered before payment is due – an attractive option for importers, but less so for exporters, who carry a lot of the risk in the transaction. Letters of credit (bank documents guaranteeing payments to exporters on delivery) reduce the risk, but can be costly and inflexible, entailing at least five separate documents which need to be manually evaluated and reviewed for compliance. This is often worse for commodity exporters, who are crucial to Africa's trade. The procedures for a single cargo by sea may require 36 original documents, 240 copies and as many as 27 parties, placing an enormous burden on commodity companies to seek out more cost-effective ways of trade. BPO could transform this process, removing the need for manually checking documents, improving verification and reducing the time taken from days to minutes. The concept is still relatively new internationally, with the first fully automated BPO deal only going live in 2012. To transact on BPO terms, both trading parties need their respective banks to be signed up with SWIFT's TSU. Africa stands to benefit from developments in the BPO space, but must make bold and swift commitments to adopt the technology and build the necessary infrastructure. Much depends on how governments and business collaborate to establish clear rules and institutional frameworks to facilitate adoption.

Reducing fraud and boosting cross-border trade

We have already seen great progress in some countries. In 2012, Nigeria established a single window portal for trade – an online electronic trade platform connecting public and private sector entities – with the objective of positioning the country as a leading nation in Africa for electronic trade. Nigeria and other African countries can use recent developments in the BPO space to enhance such trade-platform propositions, and improve the transparency and integrity of trade documents flowing to and from their trading partners. This could help reduce fraud and boost cross border-trade significantly. The upside of BPO for African businesses could be significant, in particular for small and medium-sized enterprises (SMEs). These tend to focus their efforts on obtaining post-shipment finance, as securing adequate security for pre-shipment finance can be a challenge. With BPO, pre-shipment finance will be more accessible for SMEs, given the greater visibility of transactions, electronic verification of data and third-party authentication. This means finance can be made available for larger trade flows, boosting trade partnerships and ultimately feeding through to much-needed economic growth and job creation for the continent as a whole. *(Economist Intelligence Unit)*

FNB targets Islamic banking on continent

FIRST National Bank (FNB) says it is looking to expand its Islamic banking offering to Zambia and Tanzania before the end of its financial year in June next year. FNB, which has been on an expansion phase in select countries in the rest of Africa, is looking to use the Islamic banking offering to capture clients, especially in those countries that have big Muslim communities. "The two countries that we are focused on are Zambia and Tanzania," Amman Muhammad, the CEO of FNB Islamic Banking, said. "We are hoping by the next financial year, we will be active there." Mr Muhammad said about half of the 1.1-billion people in Africa were Muslim. He said that in sub-Saharan Africa there were about 280-million Muslim people and the FirstRand group had a presence in countries that had about 200-million Muslims. The bank already offers Islamic banking in Botswana. As governments look to raise Islamic bonds, known as Sukuks, FirstRand is looking to position itself through its franchise, Rand Merchant Bank. Last year, SA sold its first Islamic bond and raised $500m with the debt carrying a coupon as low as 3.9% over a five-year period. Mr Muhammad said there was now demand for Islamic banking. Islamic banking does not invest depositors' money in what is considered "sin stocks" involved in activities Muslims frown upon. Absa, the other company which offers Islamic banking in SA, said that as part of Barclays Africa group, it had the opportunity to team up with Barclays Bank Kenya and NBC in Tanzania to enhance their Islamic banking offering. *(BDLive)*

Twelve banks from Angola and Mozambique in the list of 100 largest in Africa

Nine banks from Angola and three from Mozambique are on the list of 100 largest banks in Africa by capital, according to the 2015 list drawn up by the African Business magazine. The first of the 12 banks from Portuguese-speaking countries to appear on the list is Banco Económico de Angola, formerly Banco Espírito Santo Angola, in 16th place with capital of US$1.583 billion, rising 12 places compared to the 2014 list. In 25th place (29th in 2014) was Banco Angolano de Investimento, with US$980 million, in 29th (32nd in 2014)was Banco de Poupança e Crédito with US$880 million, in 34th (42nd in 2014) was Banco de Fomento Angola with US$707 million and in 37th place (41st in 2014) was Banco BIC, with US$686 million. The first bank from Mozambique to appear on the list – Millennium bim – was in 55th place (57th in 2014), with US$422 million, followed by Banco Privado Atlântico in 57th place (77th in 2014) with US$397 million and Banco Millennium Angola in 67th (74th in 2014) with US$315 million. Banco de Desenvolvimento de Angola, in 65th place with capital of US$318 million , Angola's Banco de Negócios Internacional, in 94th place and US$188 million, Standard Bank Mozambique in 95th place and US$188 million and Banco Comercial de Investimentos in 98th place and capital of US$180 million all appeared on this list for the first time. Apart from the banks that are on the African Business list for the first time this year this year appear, all of the others from Portuguese-speaking countries rose in the table, notably Banco Económico de Angola, which jumped 12 places and Banco Privado Atlântico, which rose 20 places. Banco Millennium Angola recently merged with Banco Privado Atlântico, so the resulting bank will rise significantly in the 2016 list. The first five places on this list are taken up by four banks from South Africa – Standard Bank Group with US$12.405 billion, FirstRand with US$4.825 billion (3rd in 2014), Absa Bank with US$4.294 billion (2nd in 2014) and Nedbank Group with US$4.152 billion (4th in 2014). In the midst of these top five, comes the Attijariwafa Bank of Morocco in third place, with US$4.41 billion, which moved up two positions from its position in the 2014 list. *(Macauhub)*

Markets

Angola Stock Exchange continues registration of operators

The Angola Debt and Securities Exchange (Bodiva) this month expects to register ten entities and by the end of the year half of the operators of the Angolan financial system, the president of Bodiva told Angolan state newspaper Jornal de Angola. António Furtado said the Exchange had registered six commercial banks and is considering registering Banco de Poupança e Crédito (BPC) and Banco Keve, as well as two brokerages.

Banco Angolano de Investimento (BAI), Banco Fomento Angola (BFA), Banco Millennium Angola (BMA), Standard Bank and Banco Internacional de Negócios (BNI) are already registered on the stock exchange. Furtado said that up to 30 September Bodiva had traded Treasury Bilsl worth a total of 54 billion kwanzas (US$397 million), higher than the amount recorded by the end of July, of 22 billion kwanzas. The Capital Market Commission (CMC) has an ongoing Operational Plan for Preparation of Companies for the Stock Market (POPEMA), through which it is persuading business decision makers to adopt good practices in order to enter the stock market. These practices include financial reporting and restructuring, business management and knowledge of the legal and regulatory framework of the capital market. "Financial reporting means having organised accounts and restructuring is related to the balance of accounts before considering an approach to the securities exchange" for financing and business management refers to the need for companies to be managed in a transparent way. "The greater the transparency, the greater the possibility of the securities representing these companies will be acquired and traded in the market," said the president of Bodiva. *(Macauhub)*

China lends US$6 billion to Angola

Angola has taken on loans worth US$6 billion in China, announced in Luanda the Angolan vice president, Manuel Vicente, when presented the annual state of the nation address to members of the country's parliament. "Angola has taken on loans in China worth about US$6 billion, intended for public investment in education, health, water, electricity and roads, and the government has already approved the operational plan to ensure implementation of identified projects in 2016 and in 2017," said Vicente. Vice President Manuel Vicente was speaking to Members of the National Assembly at the beginning of the new parliamentary year in the annual state of the nation address, on behalf of the President. The monetary value of the agreements reached during the state visit of José Eduardo dos Santos to China last June, had not been disclosed to date. The speech from the head of state, read by the Vice President, also said that the value of Angola's public debt amounts to about 45.8 % of Gross Domestic Product (GDP) projected for 2015. The same speech also announced a downward revision to 4 %, of the GDP growth forecast, compared with the previous 6.6 % indicated in the 2015 General State Budget, revised in March. *(Macauhub)*

Bank of Mozambique raises interest rates to absorb liquidity

The Bank of Mozambique has raised its key interest rates by adding 25 basis points to the marginal lending facility taking it to 7.75 %, the central bank said in a statement. The statement, which announces the main decisions of the Monetary Policy Committee, also said that the interest rate on the deposit facility was increased by 50 basis points to 2.0 % and the reserve requirements rate was increased by one %age point to 9.0 %. The same committee decided to continue to intervene in the interbank market to limit cash in circulation in October to 62.925 billion meticais. Provisional data cited in the statement showed that at the end of September foreign reserves fell by US$264.4 million to

US$2.3079 billion, which represented 3.42 months of imports of goods and services, excluding major projects. In the retail market the average nominal 12-month interest rate charged by credit institutions stood at 18.85 % in August, which is a cumulative and annual reduction of 190 and 131 basis points, respectively. *(Macauhub)*

Sygnia Is Listed On The Johannesburg Stock Exchange

Sygnia is pleased to announce that it has listed on the Main Board of the Johannesburg Stock Exchange. The company made 31 224 834 shares, representing 22.8% of the company's market capitalisation, available as part of a Private Placing at a price of R8.40 per ordinary share. Subscriptions of 19.8 times the Placing size were received, and the company successfully raised R262 288 606. "We were very humbled by the level of interest and support expressed for Sygnia and its plans. Many of our potential investors liked our low-cost, market disruptor business model," said Magda Wierzycka, Sygnia's CEO. "This is a great validation of our core belief that South African savers are ready for low cost financial services products and index-tracking funds in the face of low real returns, an uncertain future and the underperformance by many active asset managers".

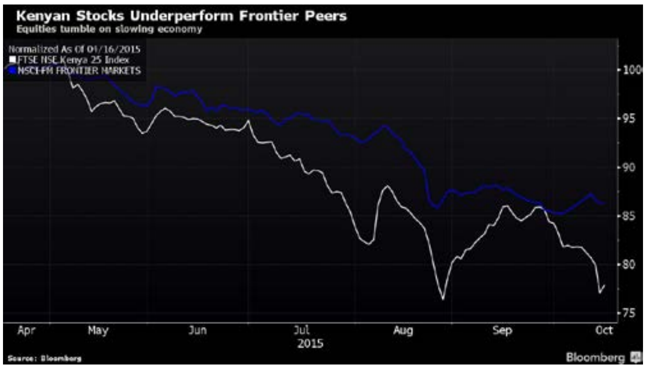
Sygnia's Chairman and Professor of Economics and Director of the Development Policy Research Unit at UCT, Professor Haroon Bhorat, sees Sygnia as a triple threat. "As a firm in the financial industry which has grown rapidly yet organically, constantly innovating, targeted at lowering costs to consumers and finally, led by a woman – Sygnia must surely be viewed as one of the corporate success stories of the decade."

Sygnia has a reputation for innovation within the financial services industry. In 2006 Sygnia shook up the multi-manager industry by launching customised multi-management and investment administration platforms with full cost transparency. In 2013 the company launched its range of low cost savings products linked to index-tracking, charging just 0.40% per annum for a combination of a retirement annuity and an investment product. This has shocked the industry which is used to charging well in excess of 1% for similar products. Future strategies include the launch of robo-advisors and umbrella funds designed to meet the requirements of South Africa's evolving regulatory landscape.

"We are very excited about our future. Given the level of support expressed by investors in our company we plan to aim higher and move faster", says Wierzycka. *(African Markets)*

Stress Building in Kenyan Credit Markets Spells Doom for Growth

Doubts are growing about Kenya's ability to keep economic growth on the boil as it battles a plunging stock market, surging debt costs and a weaker currency. Kenyan shilling bonds have lost more money this month than the local securities of 31 emerging markets tracked by Bloomberg, while equities in East Africa's largest economy dropped the most out of 93 global indexes. Efforts to stabilize the shilling have sucked liquidity out of foreign exchange and money markets, spurring a scurry for cash that is driving short-term borrowing costs higher just as the central bank takes over the management of two lenders.



An economic expansion that outstripped peers in sub-Saharan Africa since 2011 is slowingas attacks by Islamist militants decimate Kenya's tourism industry and a drought cuts exports of tea, the two largest sources of foreign exchange.

As President Uhuru Kenyatta's administration ramps up spending on transport and energy projects to keep fueling growth, budget and current-account deficits are swelling and interest rates are rising. "It's not looking like there will be an inflexion point for the better any time soon," Bryan Carter, a money manager at Acadian Asset Management who cut all his Kenya bond holdings earlier this year as the shilling depreciated to a 3 1/2 year low, said by phone from Boston. "The currency looks overvalued." Yields on short-term Treasury bills have surged above longer-dated bonds, an anomaly known as an inverted yield curve that signals investors are more concerned about near-term repayment risks than economic prospects further out. Rates on 91-day T-bills jumped to 21.4 % at an auction on Oct. 8, a record high. That compares with yields of 14.6 % on 21 billion shillings ($204 million) of bonds maturing in March 2025.

The inverted curve is "indicative of short-term funding stress in the economy, which is typically followed by a slowdown of credit growth and cyclical economic growth," Chris Becker, an analyst at Investec Ltd. in Johannesburg, said in a note. The World Bank cut its estimate for 2015 growth in Kenya to 5.4 %, compared with a December forecast of 6 %, saying volatility in foreign-exchange markets and the subsequent monetary policy response will curb output.

Kenya's shilling has weakened 12 % against the dollar this year amid a rout in emerging-market currencies. The central bank's Monetary Policy Committee countered by raising the benchmark rate 300 basis points to 11.5 %.

Investors have been unnerved by the seizure of two small banks in as many months. Regulators placed Imperial Bank Ltd. under administration, the same day the closely held lender was due to start trading bonds on the Nairobi Securities Exchange.

The action sent five banks to 52-week lows. Kenya Commercial Bank Ltd., the nation's largest lender by market value, fell to its worst level since July 2013 before rebounding, while Barclays Plc's unit in the country dropped to an April 2012 low. The NSE All Share Index has declined 7.6 % this month, the most in the world.

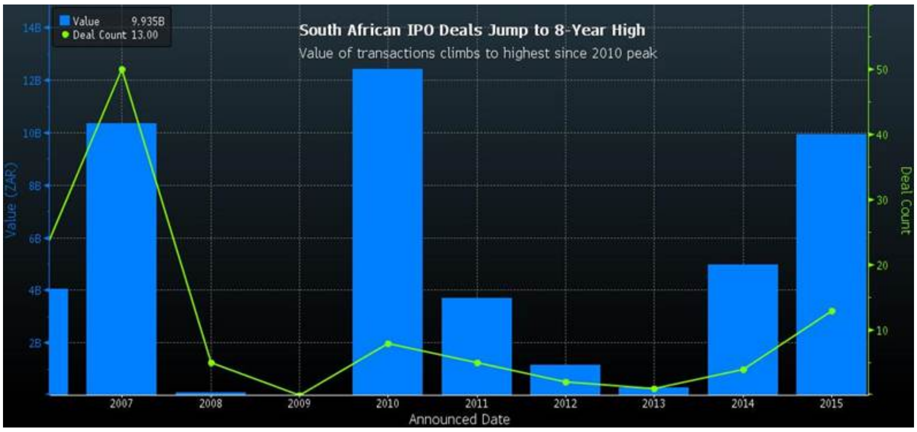
The lack of liquidity risks claiming more casualties in the banking industry, Gareth Brickman, a market analyst at ETM Analytics NA LLC in Stamford, Connecticut, said by phone. "Given how aggressively the Central Bank of Kenya has been tightening its monetary policy conditions, this could be the start of skeletons falling out of the closet," Brickman said. "Some marginal lenders may find themselves in trouble." Kenya's financial system is safe and the central bank "stands ready to use all instruments at its disposal to provide adequate liquidity support to the banking system to ensure its stability and robustness," the Nairobi-based regulator said.

The largest banks will probably benefit from Governor Patrick Njoroge's efforts to improve surveillance and regulation as they are seen as safer, Maria Stefanova, Kenya analyst at CEEMarketWatch, said in an e-mailed response to questions.While the short-term outlook for Kenya is bleak, government spending will help unlock growth, Ayodele Salami, chief investment officer at Duet Asset Management, which oversees about $200 million of sub-Saharan African stocks, said by phone from London. He has been adding to his Kenyan holdings in telecommunications and infrastructure-related stocks and will buy more if there are further declines, he said.With little prospect that the government will be able to cut the budget deficit, estimated at 9 % to 10 % in 2015, the central bank will continue to tighten policy to protect the shilling. That may reduce liquidity even more, hurting bank earnings, Renaissance Capital analysts Adesoji Solanke and Olamipo Ogunsanya said in an Oct. 13 note, in which they downgraded Kenya Comercial Bank and Equity Group Holdings Ltd. to hold from buy."The near-term outlook has deteriorated rapidly," they said. "There is an acute liquidity squeeze, which we expect to hurt second-half 2015 performance." *(Bloomberg)*

IPOs at 8-Year High Defy Misery Seizing South Africa's Economy

The gloom gripping South Africa's economy isn't showing in equities.

Companies have this year brought the most initial public offerings to the Johannesburg Stock Exchange since 2007, with the value of deals rising to the highest since 2010, according to data compiled by Bloomberg. The sales have been helped by a resurgent October following a third quarter in which there were no IPOs at all, emulating other emerging markets after a rout in global equities and commodities.



More South African offerings are in the works, with the country's benchmark equity gauge within 5 % of the record it reached in April, when shares were trading at all-time high valuations. Stocks have recorded gains as domestic companies expand elsewhere in Africa or Europe to tap revenue streams outside of South Africa, where a power shortage, a slump in raw material prices and labor strikes contributed to an economic contraction in the second quarter.

"The market is at a very high level, and our valuation multiples are very extended, which means that you can list your company at quite an attractive valuation," Patrice Rassou, who helps oversee equities among the $30 billion in assets at

Sanlam Ltd.'s investment-management unit in Cape Town, said by phone. With borrowing costs set to rise if the U.S. and South Africa increase interest rates, companies also want to "reduce their dependence on fixed income or other forms of financing," he said.

South African companies have raised a record amount of capital this year, boosted by mergers and acquisitions and rights offers, according to data provided by the JSE Ltd., which operates Africa's largest stock market. Companies issued shares worth 175 billion rand in the nine months through September, compared with 125 billion rand a year ago, the JSE data show.

As part of those capital raisings, there have been 13 South African offerings announced this year worth a combined 9.93 billion rand, the highest value since the 2010 peak, and compared with four in 2014 valued at 4.96 billion rand. Six are earmarked for October.

Across emerging markets, the value of announced IPOs dropped 96 % to $49.8 billion this year, even as the number of deals increased to 913 from 745 for all of 2014. Sales in the third quarter tumbled to $9.7 billion from 229 transactions, compared with $28 billion from 452 deals in the previous three months. The FTSE/JSE Africa All Share Index jumped to a record on April 24, pushing the South African benchmark to trade at 17 times estimated earnings, the highest ever. The gauge is up more than 6 % this year, even after tumbling to an eight-month low in August during the global selloff spurred by concern that China's economy is slowing. "It's a brave move to still go ahead in the current environment," Grant Cullens, the chief executive officer of African Alliance Asset Management Ltd., which has $1.2 billion in funds, said by phone from Johannesburg. "They could be proved to be very fortuitous and get away with it. Equally, they may find that they'll end up trading at a huge discount or a discount for some time to come." Business confidence in Africa's most industrialized economy slumped to its lowest in 22 years in September, while manufacturing has contracted for six out of the eight months measured this year. The International Monetary Fund last week cut its forecast for South Africa's growth in 2015 to 1.4 % from a previous estimate of 2 %.

Still, all six of the IPOs that started trading this year have made gains, with NVest Financial Holdings Ltd., a consultancy and private-wealth management company, more than doubling in value since it listed at the end of May.

"We have a good pipeline of potential listings," Donna Oosthuyse, director of capital markets at the Johannesburg-based exchange, said in an e-mailed response to questions. "Market sentiment and the company's ability to raise capital will ultimately have an influence on their listing date." Waco International Holdings Ltd., which rents out products from scaffolding to portable sanitation, plans to raise as much as 3.5 billion rand in the JSE's biggest share sale this year to facilitate the partial exit of private equity investors. Sygnia Ltd., a Cape Town-based money manager with 140 billion rand in assets, jumped as much as 71 % when it debuted following a sale of shares to selected investors that was almost 20 times oversubscribed before the listing, while International Hotel Group Ltd. gained 7 %. Balwin Properties Ltd., a residential-housing developer, starts trading, while Capital Appreciation Ltd., a company set up to make acquisitions, plans to trade in the specialty finance sector of the JSE's main board. Dis-Chem Pharmacies (Pty) Ltd., South Africa's second-biggest pharmacy chain by number of stores, said last month it hired advisers to help with a planned share sale next year. "There's never a good or bad time to list," Patrick Mathidi, a money manager at Momentum Asset Management Ltd. that oversees the equivalent of $25 billion, said by phone from Johannesburg. "If a company has got a good story to tell, good prospects for growth, then there's always a market for it." ***(Bloomberg)***

Opportunities in West Africa's capital markets

West Africa's economy grew at a healthy 6 % last year despite the effects of the Ebola virus outbreak. The region is expected to continue in a similar vein this year even with the political upheaval recently witnessed in Burkina Faso. Underpinning the growth is the strength that comes from integration through the Economic Community of West African States (ECOWAS) for 16 countries and through the West African Economic and Monetary Union (WAEMU) for eight ECOWAS members that share the CFA franc as a currency. Plotting out the opportunities to invest in the region and the next steps for improving market liquidity and increasing integration was a key topic at the Bloomberg BRVM Investment Day event in September held in New York. Here are the key takeaways from the panel:

West Africa offers a rare instance of high returns at a time of slowing global growth

Stock markets in the region have advanced for the last 4 years in a row, by 15 % on average, says Zoran Milojevic, Director of Middle East and Africa Sales at Auerbach Grayson. "In economies that are growing on average 6%, with a stable currency and soft commodities that have been rising, there are a lot of opportunities that are hard to find elsewhere," said Milojevic.

The integration between the countries limits the fall-out from crises

By sharing a currency that is pegged to the euro, the nations in the WAEMU have reduced their foreign exchange risk and kept a lid on inflation at a time when other emerging markets are struggling during the global economic slowdown. This has made domestic currency investments, particularly bonds, quite attractive. At the same time, the region's integration has, in the past, demonstrated an ability to overcome events similar to the failed coup in Burkina Faso — such as the 2010-2011 Ivorian crisis. "We have a trend of growth that is strong," said Edoh Kossi Amenounve, Chief Executive Officer of the Bourse Régionale des Valeurs Mobilières SA, the Abidjan, Ivory Coast-based regional stock exchange for WAEMU countries. "The community forms a solidarity among the countries. When there were the problems in the Ivory Coast in 2011, all the other countries contributed to maintain a strong regional economy. I trust in that."

Stock exchanges in the region are also looking to integrate their platforms

There is an initiative under way to link the Nigerian Stock Exchange, the Ghana Stock Exchange, the Sierra Leone Stock Exchange, the BRVM, and the Bolsa de Valores de Capo Verde together in the next three years. "This would make the West African Exchange the second largest in Africa with a market capitalization of $76 billion, giving investors more access to more securities for a higher return," said BRVM's Amenounve. At the same time, BRVM is looking to introduce an exchange-traded fund, following in the footsteps of Nigeria last year, to bring in investors looking for a general exposure to the WAEMU. The exchange is also examining the possibility of introducing diaspora bonds aimed at encouraging investment from the West African communities living across the world, said Amenounve.

There are still opportunities in commodities despite falling prices

The joint venture announced in September between Randgold Resources Ltd. and AngloGold Ashanti Ltd. to run the Obuasi gold mines in Ghana illustrates the possibilities still available for investment if companies work to cut costs. "Prices are very low and people have to focus on cost efficiency. This is an opportunity for new technologies and service companies to enter the market," said Philipp Chladek, Senior Oil and Gas Analyst at Bloomberg Intelligence. Bloomberg's Chladek, who points out that the largest global oil discovery made last year was in Senegal, says that there is a space for smaller local oil and gas companies to develop production in areas deemed uneconomical by the international majors. "What you need here is a vibrant community of small oil companies with lean cost bases that are more regional that are able to develop these oil resources," said Chladek. "West Africa is at an early stage right now but if they want to maximize the exploitation of the resources currently being developed, they will have to foster an industry of smaller oil companies." *(Bloomberg)*

Fund

Africa Risks Bubble in Private-Equity Market, Report Says

Too many funds targeting a small number of companies capable of absorbing investment

A bubble may be forming in sub-Saharan Africa's emerging private-equity market because too many funds are targeting a small number of companies capable of absorbing international investment, according to a new report. Private-equity firms in sub-Saharan Africa have an excess of $4 billion which they are seeking to invest, according to the Overseas Development Institute, an independent research group based in London. Purchase prices for companies are rising as private-equity firms compete to buy them, according to ODI researcher Judith Tyson. "The region is suffering from an 'overhang' of unused capital because of the lack of suitable companies for investment. Firms are too small, lack human capital and are often within underdeveloped sectors," Ms. Tyson, a former banker at Deutsche Bank AG, wrote in the report. "This could contribute to emerging asset bubbles." Africa's high-risk markets have started to attract the world's biggest private-equity firms, including New York-based KKR & Co. which bought an Ethiopian rose farm last year, and Washington-based Carlyle Group whose investments include a Nigerian bank. The bubble fears come even though the continent accounted for just 1.47% of the $438 billion of private-equity deals in 2014. But the pace of growth is rapid. Last year's $6 billion of African deals was almost triple the previous year's total, according to research group Preqin.

There are only 3,187 companies across Africa with revenue of more than $50 million, and almost half of those are in South Africa, Diana Noble, chief executive officer of London-based emerging markets investment firm CDC Group PLC said at an African private equity conference last year.

Private-equity firms can avoid bubbles in Africa by funding rapidly-growing companies, rather than competing in auctions to buy assets, said Andrew Brown, the chief investment officer of Emerging Capital Partners, a private-equity firm that manages more than $2 billion in Africa. Mr. Brown said that IHS Holding Ltd., a telecommunications infrastructure company founded in 2001 and operating from Nigeria to Zambia, has raised billions of dollars to fund its expansion since ECP first bought a stake in it in 2011. "Africa is not a buyout market. It's a growth capital market. What Africa needs is investment into the businesses," Mr. Brown said in an interview. "The landscape can change very quickly if you can create platforms capable of absorbing capital." Ms. Tyson said in an interview that weak transport infrastructure and power networks are restricting the "unprecedented opportunity" for private-equity firms to support Africa's economic development by investing and creating jobs. "New policy approaches are needed to create more investible companies, not more investment funds," she wrote in the report. "There is a need for mass business education and work experience to develop a more skilled labor force." *(Wall Street Journal)*

INFRASTRUCTURE

Privatization of ports in Cabo Verde attracts 11 foreign companies

Eleven European and Asian companies have expressed interest in the privatisation of port activities in Cabo Verde (Cape Verde) and more than half meet the technical requirements to proceed to the second stage of the tender, the chairman of state port management company Enapor said in Praia. The chairman of Enapor – Portos de Cabo Verde, Carlitos Fortes, said the second stage of the tender was due to begin later this month and that the possible conclusion of the process, with the choice of one or more operators for the four main ports, could be as early as the first quarter of 2016. Fortes, cited by weekly newspaper A Semana, also said that the state institution in charge of the privatisation – Unidade das Participações e Parcerias Público-Privadas – was in the process of selecting the companies that should carry over to the next stage and finalising the specifications of the port operations concession process, to submit to government approval. The list includes companies from Portugal, the United Kingdom, the Netherlands, Philippines, Turkey, China and Singapore. No Cape Verdean company put forward a proposal, either individually or in partnership, both for a lack of financial capacity to guarantee investments in four the international ports tendered and technical expertise to increase cargo flow. Only operations in the ports of the islands of Sao Vicente, Santiago, Sal and Boa Vista are up for tender as they are the most profitable and the only ones with the capacity to receive international traffic. Cabo Verde's other ports will remain under the direct management of Enapor. *(Macauhub)*

Mozambique purchases railway equipment in China

Mozambican port and railway company CFM has bought 70 carriages and trucks from China to carry passengers and cargo, which will be used on the central and southern rail networks in Mozambique, announced the president of the state company, Victor Gomes. Thirty-one carriages will be sent to the central region, to operate on the Siena and Machipanda railroads, and the rest will remain in the Mozambican capital, Maputo, to operate on the Chicanda, Goba and Ressano Garcia lines. The carriages that have already arrived in Mozambique will, according to Victor Gomes, be put into immediate service, as will the others as they arrive in the country. During the presentation ceremony of the carriages and trucks, held in Maputo, the president of the state company pointed out that with the arrival of rolling stock purchased in China, the southern rail network now has 63 carriages for passenger transport . A similar ceremony took place in Beira, the capital of Sofala province, for presentation of 14 of the 31 carriages and trucks that will serve the central part of the country. In 2014, CFM bought 10 passenger carriages, which are no longer enough given the demand for this mode of transport. Mozambican daily newspaper Notícias, reported, for example, that 100,000 passengers use the Matola/Maputo route every day. *(Macauhub)*

Turkish Airlines starts flights to Mozambique on 28 October

Turkish Airlines is due on 28 October to start flying between Istanbul and Maputo, the capital of Mozambique, with a stopover in Johannesburg, the company said in a statement. With this new destination, the Turkish company increases the number of cities its serves in Africa and that at the end of the year should reach 48, according to the plan to add six new destinations in Africa in 2015. Turkish Airlines is already the airline with the largest network of destinations covered in Africa amongst foreign companies, ahead of Air France and Emirates after adding 25 new African destinations in the last three years. TAP-Air Portugal is currently the only company to provide direct links between Mozambique and Europe, Linhas Aéreas de Moçambique (LAM) remains on the blacklist of carriers prevented by Brussels from flying across European airspace. *(Macauhub)*

ENERGY

Congo, Chinese Partners Approach $660m Hydro Deal

Sicomines, a joint venture between a group of Chinese companies and Democratic Republic of Congo's Gecamines SA, is close to agreeing terms for the development of a 240-megawatt, $660 million hydropower plant that will meet the mining project's electricity requirements within four years. The Busanga plant and the 6.8 million metric-ton copper concession that Sicomines plans to develop are in the southeastern Katanga region, where electricity is increasingly scarce. Congo, Africa's biggest producer of the metal, loses about 50,000 tons a year due to inadequate power supply, and many mines have been forced to buy from neighboring Zambia or purchase diesel generators that raise output costs by as much as $1,000 a ton, according to the Chamber of Mines at the Federation des Entreprises du Congo. The venture is part of a $6 billion minerals-for-infrastructure deal between China and Congo signed in 2007 through which the Sicomines partners finance infrastructure projects in the country in return for mineral rights. *(Bloomberg)*

India approves agreement with Mozambique on renewable energy

The Indian government approved an agreement with Mozambique to for two-way technical cooperation and promotion of investment in new and renewable energy, according to a statement issued in New Delhi. "The Council of Ministers of the Union, chaired by Prime Minister Narendra Modi approved the memorandum of understanding between the Ministry of New and Renewable Energies and Mozambique," said the statement cited by the Press Trust of India. The memorandum was signed by the ministers of New and Renewable Energy of India and the Minister for Mineral

Resources of Mozambique on 5 August, during the state visit of the President of Mozambique Filipe Nyusi to India. The Indian government has set a target to produce 175 gigawatts of renewable energy by 2020, including 100 gigawatts of solar energy, 60 gigawatts of wind power, 10 gigawatts of energy from biomass and 5 gigawatts of power through small hydro facilities. *(Macauhub)*

South Africa's Clean Energy Success Draws Investors

South Africa's renewable-energy expansion is drawing international developers to the continent as they seek similar projects from Namibia to Nigeria, consultants Frost & Sullivan Inc. said. South Africa's series of clean-energy tenders has awarded more than 6,000 megawatts of projects, with 1,860 megawatts connected to the grid so far. With more than a quarter of the 193 billion-rand ($14.7 billion) investment coming from abroad, other countries may look to replicate the program — Tanzania, Namibia, Kenya, Zambia, Nigeria and Ethiopia all have opportunities to develop grid-connected solar, wind and geothermal projects, according to Frost & Sullivan. *(Bloomberg)*

Cable Works Were 'Big Hurdle' for Flagship African Wind Project

Building out a transmission cable hundreds of kilometres long was a major stumbling block for the Lake Turkana wind farm in Kenya, but its existence now may make possible other renewable power projects in the African country, Matthew Mulqueen, partner at Squire Patton Boggs LLP, told Clean Energy and Carbon Brief in an interview.

At a total capacity of 310-megawatts, the $870 million Lake Turkana project is equivalent to 20 % of the African nation's electricity generation, and sets a record for the amount of private investment in the country. Squire represented Vestas Wind Systems A/S in the transaction to supply 365 of its 850-kilowatt wind turbines to the project, to be commissioned in mid-2016. A trailblazer project such as this paves the way for future infrastructure development: the transmission line will serve other projects, road networks in and around the site have been upgraded, and it will bring substantial power to Kenya's burgeoning cities in the south.

Q: Turkana was delayed quite substantially – why was this?

A: The project was ambitious at 310 megawatts and to build this size of project in a remote part of Kenya where there is no infrastructure was a big challenge.

Additionally, there were a number of participants in the equity group. You need to bring together many entities at the table; development finance institutions (DFIs); commercial banks; export credit agencies and equity participants who are willing to share the risk, which makes it challenging to land on a single decision.

One of the main issues with Lake Turkana was technical-based – the project required 428 kilometers of 400 kilovolt transmission cable to be built – to get the power from Turkana, back to the population centers in Kenya. That requirement was fulfilled through a separate construction contract undertaken by state-owned organisation **Kenya Electricity Transmission Co.**

The underwriting for that from the Kenyan government delayed the project quite a bit. It was resolved and funding was found, but it was a substantial part of the concern on the part of investors. the transmission line, a significant hurdle had been overcome. A compounded difficulty with very big projects that may take several years to get over the line is that potentially you have a change of government in the middle, which can consequently affect risk certainty for commercial lenders. When an election is looming, the certainty around project support is threatened. By virtue of these projects taking a long time, you often get uncertainties that add delay until issues are resolved by way of an election. The involvement of DFIs is crucial in these types of projects, but it can also cause delays, due to political priorities affecting the way they invest, and necessary internal processes on both technical and legal issues.

Q: As private investment becomes more commonplace on the continent could this simplify the process?

A: Certainly, over time, once political and financial stability are achieved, then the involvement of private investors, either on the debt or equity side, will speed these projects up, by virtue of the fact they often have less internal process to get through than the DFIs. However, for the foreseeable future the involvement of DFIs and export credit agencies will continue to be critically important in most sub-Sahara African countries. It also depends on the nation – in South Africa there are both domestic and international banks willing to invest, but this is not the case in some other countries.

Q: Will the transmission line be large enough to serve other projects?

A: Yes, the intent for the line was to allow additional projects to be connected, and also to allow for industry to develop around the line. The line runs 428 kilometers from Turkana down to the North of Nairobi, passing through vast swaths of underdeveloped land in Kenya. Losses are incurred through transporting power over such long distances – so it is advantageous to have facilities and other generation sites that connect into the line.

Q: Are microgrids best suited to Africa's dispersed layout?

A: Yes – in West Africa certainly the lack of a coherent grid often necessitates off-grid or micro grid situations. From a renewables perspective, we're seeing a push towards microgrids. Vestas has established the initiative 'Wind for prosperity', in partnership with **Masdar** and Frontier Investment Management which takes old turbines off sites that are being repowered. It refurbishes those turbines and puts them into a microgrid, coupled with another form of back-up generation and a power store provided by **ABB Group**. My understanding of the technology is that the power store is essentially a heavy spinning disk which uses its inertia to keep a constant power to the grid whilst there are switches between the wind turbines and back-up generation assets. The downside of this is that often the back-up solution tends to be diesel generators. I think with time we will see a greater mix within those micro grids – storage-hydro, run of river hydro, wind, fuel cell and battery technology moving beyond solid state to power cell batteries. Off-grid has to be the way forward in many locations because of the sheer volume of capital needed to install the underlying grid infrastructure in many parts of sub-Saharan Africa. *(Bloomberg)*

Ghana Says Doubling Power Fees Only Way to End Crippling Cuts

Ghana's state power distributor said it needs to more than double electricity fees to eliminate blackouts that are crippling the economy. The Electricity Co. of Ghana will ask regulators to raise prices by 115 % to 35.5 pesewas (9 cents) per unit, the Accra-based company said in a statement in The Ghanaian Times. The company needs about 38 billion cedis ($10 billion) through 2017 to increase power production capacity. "ECG is aware and regrets the challenges its customers are experiencing as the power crisis continues," the company said. "We wish to appeal to all customers to support this proposal and move to bring power back to the national grid and curtail the increasing costs of expensive alternative sources of supply that customers are exploring." Ghana's economy is on pace to expand at the slowest pace in more than 20 years, curbing investor confidence in the world's second-largest producer of cocoa. Power cuts to the capital last about 24 hours a day and are followed by 12 hours of electricity. The currency has dropped 16 % this year against the dollar, fueling inflation and forcing the central bank to raise borrowing costs to the highest in Africa. ECG estimates its total revenue requirement for 2015 to be 9 billion cedis. That will increase to 13.1 billion cedis next year and 15.7 billion cedis in 2017. *(Bloomberg)*

Congo, China Partners Near Deal for $660 Million Power Plant

Sicomines, a joint venture between a group of Chinese companies and Democratic Republic of Congo's Gecamines SA, is close to agreeing terms for the development of a 240-megawatt, $660 million hydropower plant that will meet the mining project's electricity requirements within four years. "We have discussed the project for a long time and we are now aligned," Moise Ekanga, executive secretary of the Office for the Coordination and Monitoring of the Sino-Congolese Program, said in an interview in Kinshasa, the capital. "We are in the process of establishing the company that will own the concession to develop the project."

The Busanga plant and the 6.8 million metric-ton copper concession that Sicomines plans to develop are in the southeastern Katanga region, where electricity is increasingly scarce. Congo, Africa's biggest producer of the metal, loses about 50,000 tons a year due to inadequate power supply, and many mines have been forced to buy from neighboring Zambia or purchase diesel generators that raise output costs by as much as $1,000 a ton, according to the Chamber of Mines at the Federation des Entreprises du Congo. The venture is part of a $6 billion minerals-for-infrastructure deal between China and Congo signed in 2007 through which the Sicomines partners finance infrastructure projects in the country in return for mineral rights. By June, Chinese partners had disbursed approximately $1.5 billion for Sicomines and infrastructure projects including road construction and hospitals, but funding and implementation have been more difficult than expected, Ekanga said, with projects having faced long delays.

The Sicomines copper project will require 170 megawatts from Busanga to run at full capacity and the rest will be sold to the national grid, Ekanga said. Sicomines won't get priority access to the stretched national electricity company while Busanga is under construction and will import power, he said. "Sicomines will not run at full capacity until Busanga is ready; it will have priority access to Busanga but not to the grid." Busanga's operating company, Sicohydro, will be a joint venture between the Sicomines partners -- China Railway Group Ltd. And Sinohydro Corp. -- and Congo, represented by Gecamines and the state-owned electricity company, Societe Nationale d'Electricite. The Chinese partners will provide 50 % of the financing, while the rest will come from the state infrastructure budget via the minerals-for-infrastructure contract and will be repaid by Sicohdyro once Busanga is operational, Ekanga said. First production of copper cathode at Sicomines is now planned for the end of the month, he said. Congo is the world's largest producer of cobalt, used to make rechargeable batteries. It's also Africa's biggest tin miner, and is a key source of minerals including gold and tantalum, which is used in smartphone and laptop batteries. *(Bloomberg)*

Chinese firm to start building 750MW Zambia power plant in December

China's Sinohydro will start building a 750 megawatt (MW) hydro-electric power station in Zambia in December as Africa's number two copper producer seeks to address an electricity deficit, state power company Zesco. said. An electricity shortage and weaker copper prices have put pressure on Zambia's mining industry, threatening output, jobs and economic growth in the southern African nation. The government said in August that it was planning investments worth about $4.3bn to begin over the next 12 months meant to add 1,673MW to the grid once completed, and the Sinohydro project would be one of them. The Chinese firm will build the Kafue Gorge Lower Power station at an estimated cost of about $2bn over a period of slightly more than four years, Bessie Banda, a spokeswoman for Zesco told Reuters. "We should be handing over the project site to Sinohydro in November and expect them to start work a month later," she said. The Kafue Gorge Lower Development Corporation, a special purpose vehicle, would borrow 85% of the financing for the project from Exim Bank of China and the government of Zambia would put up the rest of the financing as equity, Banda said. Zesco has applied to the energy regulator to allow it to more than double the cost of electricity for all customers except mining firms to attract investors to build power plants. *(BDLive)*

MINING

Angola announces resumption of projects in Guinea-Bissau

Angola will restart projects that it had in its portfolio in Guinea-Bissau following the inauguration of the new government led by Carlos Correia, the Angolan ambassador said in Bissau. Ambassador Daniel Rosa, after being received in an audience by the Guinean President, José Mário Vaz, stressed that what had hindered the implementation of projects in Guinea-Bissau, such as exploration of bauxite deposits, has been the reigning political instability. “These are projects with very high costs that, because of that, can only be implemented when there is political stability,” added the ambassador. The diplomat said that with the current stability, which he believes will be lasting, Angola would resume contacts with Guinea-Bissau in order to, first, find out what guarantees the Guinean government will give, and then to start work. Construction of the deepwater port in the locality of Buba in the south of Guinea-Bissau and bauxite mining in Boé, in the east, are the main interests of the Angolan government in Guinea-Bissau. The ambassador also said the government of Angola welcomed the end of the political crisis that Guinea-Bissau has experienced in the past two months, following the dismissal by President José Mário Vaz of the government led by Domingos Simões Pereira. *(Macauhub)*

Pig iron production project in Angola is “well advanced”

The Cutato and Cuchi mining project, in the Angolan province of Kuando Kubango, is at a “well advanced” stage, said in Luanda the minister of Geology and Mining, Francisco Queiroz. At the end of the joint meeting of the Economic Committee and the Committee for the Real Economy of the Cabinet, the minister also said the mining project in those two regions had an estimated cost of about US$200 million and in the initial phase of exploration, would employ at least 300 people. Queiroz said the project would involve clearing the land and planting 60,000 hectares of eucalyptus trees that will be converted into charcoal to feed furnaces that smelt iron ore into pig iron, a precursor to steel. This project the minister said, will start in 2016 and the area for planting the eucalyptus used for charcoal production has already been selected. In terms of timing, Queiroz said the charcoal production unit should start being built in 2016 and start operating later that year or early 2017. *(Macauhub)*

Norway renews carbon capture, storage pact with SA

The Norwegian government has renewed its long-term partnership with SA on carbon capture and storage (CCS) research, and has made available about R16m to the World Bank’s Carbon Capture and Storage Capacity Building Trust that will partly assist in funding a pilot project here, Norway’s ambassador to SA, Trine Skymoen, said. She told the fourth South African Carbon Capture and Storage conference in Sandton that SA and Mexico had recently been identified by the World Bank as priority countries for its CCS Fund. Carbon emissions are widely believed to be a major contributor to global warming. CCS refers to trapping carbon dioxide emitted by coal-fired power stations, synthetic fuels and industrial processes and burying it under a layer of impermeable rock at depths of between 800m and 1km, below water sources. SA, which is one of the world’s biggest CO^2 emitters at about 400-million tonnes a year, is taking measures to reduce it, including introducing a carbon tax next year, commissioning renewable energy sources and researching CCS. Earthlife Africa staged a small demonstration against CCS outside the conference venue. Dominique Doyle, Earthlife Africa’s energy policy officer, said Earthlife believed CCS was a false solution to climate change. It seemed pointless to spend much money and time on researching technologies that would not solve the problem of emissions. The main areas of emission were Limpopo and Mpumalanga yet the plan was to store carbon in KwaZulu-Natal. She said Earthlife participated in stakeholder engagements on CCS and made it clear that it was not in favour of it. Dr Tony Surridge, head of the South African Centre for Carbon Capture and Storage, a division of the South African National Energy Development Institute (Sanedi), said research was being carried out in four phases.

The first, completed in 2004, was into the potential for CCS in SA. The second, completed in 2010, was to atlas potential sites for long-term storage. Applications have been made for permits so that exploration can begin next year. The priority targets are former gas fields offshore in the Algoa and Zululand Basins.

The third phase, which is under way, will be to build a 10,000-tonnes-per-year CO^2 pilot plant at Bongwana near Harding in KwaZulu-Natal, where community engagement is already under way. The fourth phase will be to scale that plant up to 100,000 tonnes per year and ultimately to a million tonnes per year. Ompi Aphane, the Department of Energy’s deputy director-general of policy, planning and clean energy, said although exploration and drilling fell under the Mineral and Petroleum Resources Development Act, it was still to be decided whether CCS would require a separate act or regulations to existing legislation. It was an activity that affected several government departments including water, environment and energy. In 1986 1,200 people were killed around Lake Nyos in Cameroon that was in an extinct volcanic crater, when a large quantity of CO_2 bubbled out of the lake. Mr Aphane said if gas did escape from a CCS site, it would be in tiny quantities, not the volume that was released at Lake Nyos, and would be picked up quickly by monitoring systems. *(BDLive)*

Graphite discovery in northern Mozambique is of excellent quality

The graphite discovery in the Balama Norte and Ancuabe concessions in northern Mozambique, has "unique commercial versatility," Australia's Triton Minerals said in a statement issued. Metallurgical tests conducted recently have shown a substantial presence of large graphite particles in the deposit at Monte Nicanda in Balama Norte, wherein more than half of the mineral mass consisted of particles larger than 150 microns. The samples subjected to testing also revealed that the graphite could be easily obtained through a single phase, with the company claiming that local processing would help the region's economy and allow for the sale of the product at a higher price. The Monte Nicanda concession contains the world's largest known graphite deposit and Triton Minerals recently announced the success of a graphene oxide production test carried out in a laboratory in Singapore using graphite from concessions in Mozambique. *(Macauhub)*

Kibo completes first phase of mining feasibility study

The first phase of a definitive mining feasibility study (DMFS) at dual-listed Kibo Mining's Mbeya coal-to-power project (MCPP), in Tanzania, has been completed, bringing the project closer to the final stage of its broader mining feasibility study. The first phase, carried out in collaboration with Kibo's advisers Minxcon Projects, mainly entailed a geotechnical drilling programme on the Mbeya coal mine site, with 90% of the work scheduled consisting of the 820 m diamond core drill programme. The geotechnical drill programme represented a mission-critical component of the DMFS and was required to confirm the ground conditions in and around the final pit position, which, in turn, determined the final slope angles in the pit design. The final slope angles were a prerequisite for final and detailed mine design. The drill programme comprised eight holes, accurately angled and directed at specific strategic positions to penetrate the pit hanging wall at depths varying from 95 m to 120 m. Geotechnical samples were collected from the recovered core and submitted for laboratory analysis and these results would form the basis of the geotechnical input parameters for the final mine design during the DMFS. Visual assessment of the core also reconfirmed all previous geotechnical findings to date. To accelerate development, Kibo designed the geotechnical drill programme to double up as an extensive metallurgical sampling programme. The metallurgical analysis to be conducted from the sampling programme, would verify specific coal properties that were required for detailed design requirements of the MCPP power station component. Combining the two activities also brought about a significant saving on the MCPP feasibility study budget, as a separate drill programme for the purposes of metallurgical testing would now not be required. It also provided a significant amount of new data that would enable a restatement of the Mbeya coal resource, during Phase 2 of the DMFS. The programme was executed and completed within scope, schedule and budget. Laboratory results are expected within eight weeks. "The MCPP, as an integrated project, is persistently growing in stature. This is best reflected in the continued progress we are making towards concluding critical commercial arrangements on the MCPP, to ensure optimal value creation and realisation on the company's flagship asset. These efforts are, in turn, strongly supported by the ongoing feasibility work that is continuing in parallel and at pace," Kibo Mining CEO Louis Coetzee said. *(Mining Weekly)*

Phakisa opportunity to reset mining dialogue

The upcoming government-led mining Phakisa represented a new opportunity to reset the dialogue for arrival at solutions to the many problems plaguing South Africa's mining industry, the Joburg Indaba heard. "If we engage properly, we can make a real difference," was Credit Suisse South Africa chairperson Rick Menell's summing up of comments on Phakisa, or Hurry Up, made by a panel that included AngloGold Ashanti chairperson Sipho Pityana, De Beers Consolidated Mines chairperson Barend Petersen, Gold Fields chairperson Cheryl Carolus, and University of Pretoria vice-chancellor Professor Cheryl de la Rey. Comments centred on Phakisa being a new chance for the demonstration of leadership at a difficult time during which there was a need to take short-term medicine. "I hope Phakisa will be sufficiently comprehensive to lift us out of this crisis," Pityana told the conference, which is being attended over two days by Creamer Media's Mining Weekly Online. From 50% of the world mining market by any measure, South African mining was now down to 4% of the world market, with few greenfield mines being developed and going into Africa difficult. The industry was now facing the need to modernise and at the same time deal with its legacies. "Mining must be made attractive to international capital because domestic capital is insufficient and we must have a permissive regulatory framework given that we are in a bear market," said Pityana, who added that the approach of engaging in collective bargaining every two years was outmoded and a framework of taking gain in good times and pain in bad times was needed to deal with the ongoing labour disruptions. "If we cannot find a win-win to be gained by labour and business, the asset value of our mining industry will dwindle to a point where companies worth billions of dollars will only be worth millions of dollars," warned Menell, who added that the industry also needed to accept that it was the custodian of the future of the mining industry and not the government. Petersen urged the industry to guard against solutions based on shallow analysis and Pityana expressed the hope that the Davis Committee on Tax would not kill the goose that laid the golden eggs. *(Mining Weekly)*

Zambia's 2015 copper output seen down 15 pct on low demand
Zambia is expected to produce 600,000 tonnes of copper this year, down 15 % from 708,000 tonnes in 2014 due to low copper demand and prices, coupled with electricity constraints, a government official said. Copper output in Africa's second largest producer should recover to 700,000 tonnes in 2016, permanent secretary for economic and budget affairs Pamela Kabamba told reporters. The Zambia Chamber of Mines said the current state of the mining sector Zambia was grave and called for urgent attention to sustain existing operations and avert a continuation of the current spate of suspensions and loss of jobs. "The Chamber views the focus on mining in the recently announced 2016 national budget as generally inadequate and at odds with the need to apply urgent and decisive restorative measures to the industry," the chamber said in a statement. "The mining industry is faced with a global downturn that draws ominous parallels with the trend last seen in 2008, when prices of commodities on the international markets experienced a severe downturn." Zambia's kwacha currency went into freefall in September as prices for its copper exports hit a one-month low. The southern African country faces external challenges including weak commodity prices, Finance Minister Alexander Chikwanda said in the 2016 budget last week. *(Reuters)*

Zimbabwe's 2015 gold output seen at highest in 11 years
Gold output in Zimbabwe is expected to rise this year to 18.4 tonnes, the highest level in 11 years, thanks to higher production from small-scale miners, the mining chamber said. Gold is the second single largest mineral export earner after platinum in the Southern African nation. Toendepi Muganyi, president of the Chamber of Mines, which represents major mining companies, said gold production would increase to 18.4 tonnes this year from 15.3 tonnes last year. The figure would be the highest since 2004 when Zimbabwe produced 21.3 tonnes. "This year the most significant increase is coming from small scale miners," Muganyi told a mining conference. Finance Minister Patrick Chinamasa on July 30 cut royalties levied on small-scale gold producers to 1 % from 3 % but retained the levy on large mines, who accounted for 63 % of gold deliveries between January and June this year. The government has in the past accused small-scale producers of smuggling gold outside Zimbabwe but says its measures to tighten surveillance in the sector was working as more people sell bullion through official channels. Large gold mines have, however, asked President Robert Mugabe's government to cut royalties and electricity tariffs by half to prevent the collapse of mines struggling with low bullion prices. *(Reuters)*

OIL & GAS

Angolan Government Cuts Spending by 50% as Oil Revenue Plunges
The government of Angola, sub-Saharan Africa's second-largest crude producer, cut spending by half this year following a plunge in oil prices, Vice President Manuel Vicente said. Public investment was reduced by 53 %, Vicente told lawmakers in a state-of-the-nation address in the capital, Luanda. He delivered the speech in the absence of President Jose Eduardo dos Santos, 73, who was "indisposed," according to parliamentary Speaker Fernando da Piedade Dias dos Santos. Oil accounts for about two-thirds of fiscal revenue in Angola, putting the nation at risk after crude prices more than halved since June last year. The central bank devalued the currency twice this year and raised the benchmark interest rate four times in response, while the government has sought funding from the World Bank and China to help cushion the economy. "We have had a contractionary fiscal policy, which has been guided by an amending of the state budget, embodied in a reduction of spending and more cautious revenue management," Vicente said. "All this was possible thanks to the intervention of monetary policy and the injection of resources to cope with the current situation." The economy will probably avoid recession and expand 4 % in 2015, he said. Debt is estimated to reach 45.8 % of gross domestic product, he said. "At this time, the macroeconomic indicators show us some stability and more encouraging prospects for the future, although they require a continuation of work that has been done so far," Vicente said. The kwanza has slumped 24 % against the dollar this year and was trading at 135.305 on the interbank market as of 1:30 p.m. in Luanda. *(Bloomberg)*

Government of Angola plans to reorganise the oil sector
The President of the Republic of Angola set up a commission to study the readjustment of the organisation of the oil sector to develop an integrated and effective strategy to improve efficiency of the Angolan oil sector. According to Angolan news agency Angop the commission includes the ministers of State and Chief of Staff, Planning and Regional Development, Finance, Economy, Oil, the Governor of the National Bank of Angola, Sonangol EP and the Secretary of the President of the Republic for Economic Affairs. The commission is entrusted with preparing a diagnostic study on the situation of the oil sector, identifying operational opportunities, quantifying the potential improvement of Sonangol EP and the best organisational model for the National Oil and Gas Industry. Alongside the creation of the commission

public company Sonangol will be restructured, as announced on 15 October by the government. Crude oil export revenues of Angolan oil company Sonangol fell 44 % in September over the same month of 2014. According to a report from the Ministry of Finance Sonangol’s revenue from the sale of oil abroad was 82.2 billion kwanzas in September while in the same month of 2014 revenues totalled 147.1 billion kwanzas. In the first nine months of 2015 Sonangol’s revenues totalled 717.2 billion kwanzas. In the whole of 2014 Sonangol’s revenues reached 1.87 trillion kwanzas. *(Macauhub)*

Nigeria revamps oil exploration firms in first step to reform

Nigerian President Muhammadu Buhari has taken his first steps towards overhauling the troubled state oil firm by giving its exploration joint ventures control over their own budgets as a way to overcome chronic cash shortages. Corruption and mismanagement at the Nigerian National Petroleum Corporation have hampered an industry that provides 70 % of state income. NNPC has been accused of failing to account for tens of billions of dollars, while no new exploration blocks have been sold since 2007. Buhari, who took office on May 29, wants to make reform of the sprawling NNPC a priority at a time when a slump in oil prices is hammering the economy. The former military ruler has fired the NNPC board and plans to break up the company, whose opaque structures have allowed corruption and oil theft to flourish. To speed up an often glacial decision making process at NNPC, Buhari has given the green light to revamping several joint ventures involving its poorly managed production and exploration arm, according to a letter by NNPC head Emmanuel Kachikwu signed by Buhari, a copy of which was reviewed by Reuters. NNPC did not respond to a request for comment but several oil sources confirmed the authenticity of the letter. Nigeria produces about 2.2 million barrels per day of oil with foreign and local companies through production sharing contracts and joint ventures (JVs).

But projects have been held up because NNPC needs parliamentary and regulatory approval to spend anything. Officials and lawmakers are often six months late in giving their nod, making proposals irrelevant as costs exceed the original budgets. As a result, unpaid bills have been piling up.

According to the letter, the JVs will be turned into firms that control their own budgets. This will be similar to gas firm Nigeria LNG (NLNG), which finds "sources for its own funding, pays taxes and royalties and also pays dividends," the letter said. NLNG, in which Shell, Eni and Total have stakes along with NNPC, is one of the few efficient oil operations in Africa's top crude producer. There won't be any immediate impact on oil exploration and production from the new model, so-called incorporated joint-ventures, as it will be tested on a few blocks first. If successful, it could be expanded to other arms of NNPC, an industry source said.

But analysts see the new joint-venture structure as a sign that reforms are finally underway. "This could be an important early indicator for a key aspect of reformed oil sector policy - how to incentivise and maintain upstream investment by local private companies, and resolve operational issues between them and NNPC," said Roderick Bruce, West Africa energy analyst at IHS. To bypass time-consuming parliamentary approval, NNPC is expected to reduce its stake in joint ventures to below 50 % from 55 % by selling assets to local firms. "Now the incorporated JV can raise funding more easily as it's a model international investors will understand and there will be a balance sheet behind the IJV," said Kola Karim, chairman of energy company Shoreline. The letter states that this plan will apply to five oil blocks sold by Shell in 2011-2012 to local companies Shoreline Natural Resources Nigeria Ltd, First Hydrocarbon Nigeria Ltd, ND-Western Ltd, Elcrest E&P Nigeria Ltd and Neconde Energy Ltd. It also covers West African Exploration and Production Co, which bought two licenses in 2015 from Shell.

Oil traders and executives said dealing with NNPC has become more efficient under Kachikwu, who took over in August. He is expected to become junior oil minister under Buhari, who has retained the oil portfolio for himself, to oversee the industry's daily operations. The exploration overhaul is seen as a start to further changes at NNPC after years of relative standstill under Diezani Alison-Madueke, the former oil minister under Buhari's predecessor, Goodluck Jonathan. She is being investigated by Britain for money laundering but has denied any wrongdoing. Apart from dealing with stagnating oil production, Buhari needs to shake up the ailing refinery business, which forces the government to rely on expensive imported fuel for 80 % of its energy needs. Since his arrival, Kachikwu has been wading through piles of receipts in the four towers of NNPC's Abuja headquarters to get an idea what the state giant owes foreign firms, part of an audit ordered by Buhari to tackle corruption. With oil exploration firms working more efficiently under the new model, NNPC hopes to make a small step towards reducing its pile of unpaid bills.

But uncomfortable talks loom as oil firms say they are owed as much as $7.5 billion from the past few years, while NNPC puts the amount at $6 billion. "During Diezani, the board hardly met, so expenses were not approved. Now NNPC is saying they won't honour those that weren't approved ... the paper trail did not keep up. There has been a disconnect between expenditure and approval," a source close to the matter said. For example, for one joint-venture project worth about $3 billion, NNPC still disagrees over $300 million spent ages ago, an industry source said. "It'll take three months to reconcile and another six months at least to figure out how to cover it. The obligations date back three years to 2012," a banking source said, speaking of the overall debt. *(Reuters)*

RETAIL

Choppies plans African expansion

CHOPPIES Enterprises, the Botswana-based supermarket chain that listed on the JSE in May, plans to open about 30 stores in the year to end-June and may also expand via acquisitions as it seeks to increase market share in the region.
"We will open stores through organic growth in Botswana, SA, Zimbabwe and Zambia," CEO Ram Ottapathu said. The retailer was also seeking to buy companies and may enter Tanzania and Kenya. Choppies, which had 129 stores at the end of June, is expanding in sub-Saharan Africa to take advantage of rising household incomes, economic growth, a switch by shoppers to stores from outdoor markets, and an increasing demand for fresh food. It competes with South African retailers such as Shoprite, Walmart Stores-owned Massmart and Pick n Pay, which are also opening outlets across the continent. Choppies had no plans to expand beyond sub-Saharan Africa, Mr Ottapathu said. "In SA, it’s very competitive, but we have been competing in Botswana with these other chains, so we are used to it." Profit in the year to end-June has risen 21% to 202.8-million pula(R260.5m), Choppies reported on September 22. The stock has climbed 16% to R5.70 on the JSE, valuing the company at R7.2bn. *(BDLive)*

Unilever opens its first ice-cream factory in Africa

Multinational goods firm Unilever SA continues to benefit from the Department of Trade and Industry’s multibillion-rand tax allowance incentive scheme, as the company opened the doors of its first ice-cream factory on African soil. The company has pumped R600m into the venture, situated in Midrand’s Lords View Industrial Park — a sprawling, five-phase industrial and logistics park billed as one of the country’s most environmentally friendly developments. The first phase of the park has kicked into gear, with the four others pegged for development in line with demand and industry needs. The latest addition brings to 40 the total number of ice-cream factories Unilever has, most of which are dotted across the globe.
Since 2011, the department has incentivised Unilever projects to the tune of R1.9bn under the scheme, which favours both greenfield (new) and brownfield (upgrades or expansions) projects. The incentive scheme was established in 2010 to boost the county’s manufacturing industry and has to date supported priority sectors identified in the Industrial Policy Action Plan. The 50 or so projects supported by the programme have a combined estimated worth of more than R40bn. Under the scheme, companies qualify for an investment allowance of up to R900m for greenfield projects that have preferred status and R550m for brownfield investments with similar status. The scheme also has an in-built training allowance of up to R30m for a qualifying project. The department has extended the application window period for prospective beneficiaries from December 31, 2015 to December 31, 2017. Meanwhile, nearly 150 individuals from surrounding areas in Midrand have been employed at the Unilever factory. In addition, the venture has created 200 indirect jobs, officials said.
In line with the park’s environmental vision, the factory uses smart technology to harvest rain water, as well as recovers and reuses water utilised in its production processes. It will also apply a zero waste to landfill policy, as well as feature energy efficient technology. Sandeep Desai, Unilever SA vice-president of manufacturing, said: "The refrigeration and utilities services are specifically designed to reduce the energy consumed through efficient motors, drive mixers and air compressors. This, combined with decreased water usage and responsible waste disposal, has an exponentially positive effect on the factory’s environmental impact." Trade and Industry Minister Rob Davies, who was present at the official opening, said his department had actively collaborated with Unilever to ensure that the company’s investments were preserved within an enabling environment. *(Bloomberg)*

Delta Africa buys stakes in two Zambian malls

Delta Africa, formerly Delta International, has acquired significant interests in two Zambian shopping malls, extending its asset base into a third country. Delta International was recently renamed Delta Africa better to express its business focus. It is the first Africadedicated property fund listed on the JSE with a strategy to invest in already-built assets in Africa. Many property funds are seeking investment opportunities in economies with a higher growth than SA’s. Delta Africa announced it would effectively acquire Rockcastle Global Real Estate’s 50% interests in Kafubu Mall and Makuba Mall in Zambia. The other half of each mall would continue to be held by Stephen Herring and his development company. Rockcastle has said it wanted to focus its efforts on investing in Poland and other parts of eastern Europe. The Kafubu Mall part of the transaction would be worth \$4.08m and the Makuba Mall part is valued at \$17.5m. The amounts would be settled in cash. Delta would raise the cash through a placement of shares to third parties or by debt funding. Kafubu Mall is located in Ndola. The acquired gross lettable area in the shopping mall is 11,964m². It has a weighted average gross rental per square metre of \$12.24. The 50% stake would be purchased at a yield of 8.4%. The Makuba Mall is located in Kitwe. The acquired gross lettable area is 28,235m². The weighted average gross rental per square metre is \$14.45. The stake is also being acquired at a yield of 8.4%. Delta Africa CEO Bronwyn Corbett said the expansion into Zambia would send a positive message to South African listed property investors. The decision to grow more aggressively and spread into more African countries than originally envisaged at listing would boost the fund, which had struggled to stabilise in Africa, she said. "It’s been tough. We have been in Mozambique and Morocco before this, basically looking at investing in office properties and retail properties, respectively. It took us a while to make acquisitions there. But now we have set up a bigger team and our management is moving to Mauritius," Corbett said. *(BDLive)*

TELECOM

Safaricom bags lion's share of Kenyan mobile revenues - regulator

Safaricom dominates the Kenyan mobile market, sweeping up more than 90 % of revenues in areas such as voice calls and text messaging, according to regulator data that could further fuel a debate about competition in the industry. Rivals like Bharti Airtel and some officials have complained that Safaricom's dominance stifles competition. France's Orange is seeking to sell its Kenya operation, becoming the second international operator to quit the country after India's Essar Telecoms sold its Yu business last year. The data obtained by Reuters comes as the East African nation is amending the telecom sector's competition law to give the regulator more powers to penalise companies deemed to be abusing dominant positions in the industry, though what would constitute such abuse is as yet unclear. Safaricom, in which Britain's Vodafone has a 40-% stake, has dismissed accusations it hampers competition, saying it does not abuse its dominance. Safaricom's revenues from calls amounted to a 91.63 % market share in 2014, while its closest competitor, Airtel, had 8.33 %, according to the data obtained from the Communications Authority of Kenya (CAK). In text or short messaging services, Safaricom had more than a 90-% share of total market revenues from that segment, the regulator said. In mobile data, or internet services, Safaricom's revenues were 85.50 % of the market share in 2014, while Airtel had 14.43 %, Orange had 0.01 % and Equitel, operated by Equity Bank's subsidiary Finserve, 0.06 %. The figures for Orange are for 2013 as it had not submitted audited accounts for 2014 to the regulator, CAK said. The regulator usually issues quarterly figures for number of subscribers, which give Safaricom a 67 % share of Kenya's 35 million users in June. It also gives traffic volumes for areas such as calls. Asked about the regulator's revenue breakdown, Safaricom Chief Executive Bob Collymore told Reuters: "We don't recognise that data." He said subscriber numbers and network traffic were a better gauge of how the firm was performing.

M-PESA

The data did not detail revenue from phone financial services, where Safaricom's M-Pesa service is the most popular offering, allowing users to pay bills or send money even using the most simple mobile phone device. Analysts say this service draws customers to use Safaricom's wider telecoms services over its rivals. Eric Musau, analyst at Standard Investment Bank, said the dominance of a single operator was hurting competition by driving out rivals like Essar and Orange. He said, however, that some smaller operators were failing due to inadequate capital, frequent shareholding changes and a lack of a sound strategy for the local market. "I would say one player had a better strategy than the rest," he added. CAK said in August that it was amending the telecom sector's competition law, but said it was not targeting Safaricom or any other company. It did not aim to penalise any company just for being dominant, but only if there was abuse of its position in the market. The regulator's head, Francis Wangusi, said at the time the new regulations would break down the telecoms sectors into segments including mobile and fixed voice, data, text messaging and mobile money transfer services. "It is too early for us to come up to say 'Safaricom you are dominant', because Safaricom can be dominant in certain markets, but not dominant in others," he said. "In all these markets, we would not apply the same rules," he added. Safaricom has opposed the proposed changes saying they could deter investments by targeting large firms. Airtel Kenya CEO Adil El Youseffi said the current market situation was limiting innovation and consumer choice and driving operators out of the country. "The sector is unable to attract new or incremental investments from other international players," he told Reuters. Orange Kenya gave no specific comment on the figures. *(Reuters)*

Vietnam's military-run mobile firm launches in Tanzania, invests $736 mln

Vietnam's ambitious state-run telecoms operator Viettel launched mobile and internet services in Tanzania after investing $736 million in East Africa's second-biggest economy.

Tanzania's mobile telecoms sector has grown rapidly over the past decade, driven by demand for third-generation (3G) mobile services. The number of mobile phone subscribers in Tanzania rose by 16 % in 2014 to 31.86 million, according to the country's telecoms regulator. A statement issued by Viettel, which is run by Vietnam's Ministry of Defence, said the company will trade as Halotel in Tanzania and would offer both 2G and 3G services. "With an initial investment of $736 million ... Viettel’s operations have enabled services to all 26 regions in the country across rural and urban areas," it said. "Viettel's new investment in Africa follows the rollout of services in Burundi and Cameroon ... earlier this year and in Mozambique ... in 2014." Viettel said it had built 18,000 km of optical cable and more than 3,000 base transceivers, giving it coverage for up to 81 % of Tanzania’s population of over 47 million. The company will compete with four other main operators in Tanzania: Vodacom Tanzania, owned by South Africa's Vodacom, Bharti Airtel, Tigo Tanzania, which is part of Sweden's Millicom and Etisalat - owned Zantel.

Three other mobile operators - state-run TTCL, Benson and Smart - have a small market share. The Tanzanian president's office said last year Viettel plans to invest $1 billion in a new 3G mobile phone network in the country. Like other African countries, mobile phone use has rocketed in Tanzania over the past decade, with telecoms the fastest-expanding sector in the country. Viettel operates in markets in Asia, Latin America and Africa, and has around 75 million subscribers worldwide, according to its website. Its revenues in 2014 were $9.8 billion and it is aiming for a 20 % increase in 2015. *(Reuters)*

AGRIBUSINESS

Obatala Resources' forestry assets in Mozambique listed on stock exchange

The Obtala Resources Ltd group has launched a process that will culminate with the listing on the London Stock Exchange (LSE) of a company that will own forestry assets in Mozambique, the group said in a statement.

The future company, whose value is being calculated, is expected to be listed on the Alternative Investment Market (AIM) of the London Stock Exchange in the first quarter of 2016. The group also said it had hired Honour Capital, a company specialising in the forestry management and advisory to make an assessment of forest assets in Mozambique. The group's management said it believed hiving off the forestry division was the best option for shareholders, given it allows for a better understanding of the value of those assets and attracts third party investors interested in the forestry sector. Honour Capital prepared an assessment report in June 2014, which gave the forestry business a net value of US$161 million, which was based on 11 forest concessions with a total area of 279,965 hectares. The group is completing the acquisition of two new forest concessions with a total area of 35,000 hectares, bringing the total concession area in Mozambique to 314,965 hectares.

In a statement, the group said demand for high quality wood was increasing while supply was falling due to the introduction of measures to ensure the sustainability of the business. In its concession in Mozambique Obtala Resources has access to over 20 different species of trees, "and is therefore well positioned to supply other markets in addition to those it already supplies." *(Macauhub)*

Government wants to encourage cotton production in Malange, Angola

The Minister of Industry of Angola, Bernarda Martins, called for investment in cotton production in Malange to support the three large textile factories that were refurbished by the government in the provinces of Kwanza Norte, Luanda and Benguela. According to Angolan news agency Angop the minister, who was speaking at the International Conference on Investment Promotion for the province, recalled that during the Portuguese colonial administration, Malanje, was one of the largest cotton producers in Angola. Angola currently imports cotton for textile mills "África Têxtil" (Benguela), "Textang 2″ (Luanda) and "Satec" in Dondo (Kwanza Norte). Minister Bernarda Martins said the government was working to create land for the industry with the necessary infrastructure, including water, energy, roads and access, in order to support entrepreneurs who wish to invest. The minister also said that Malange produces agricultural commodities such as corn, soy, beans, cassava and sugarcane which are important raw materials for investments in manufacturing. *(Macauhub)*

Condor Nuts of Mozambique is certified to export cashew nuts to the United States, Europe and Africa

Cashew processing company, Condor Nuts, based in Nampula, Mozambique, has just received an international certificate allowing it to export cashew nuts to the USA, Europe and Africa, according to Mozambican daily newspaper Notícias. The certification was provided by the African Cashew Alliance (ACA), an organisation that coordinates the cashew industry's actions. Recently, a Norwegian company announced it would start importing two containers of raw cashews per month processed by Condor Nut. Jaime Roberto Chissico, the provincial delegate of the Cashew Promotion Institute (Incaju) in Nampula, told Notícias that the international cashew nut quality certification honours the Mozambican cashew industry. Condor Nuts is mostly Portuguese-owned and operates in Anchilo on the outskirts of the city of Nampula, in northern Mozambique. *(Macauhub)*

Coffee consumption in Africa still low, opportunities for growth

Although sub-Saharan Africa produces some of the world's finest coffee beans, Africans still consume very little of the beverage, with the bulk of coffee beans being grown as a cash crop for export.

However, a recent briefing note by pan-African banking group Ecobank suggests domestic coffee consumption is set to rise, supported by an emerging urbanised middle class which is stimulating demand for consumer goods. According to Ecobank, sub-Saharan Africa's leading coffee drinking nations are Ethiopia and Madagascar, annually consuming 2.27kg and 1kg per capita respectively. This is still much lower than other emerging markets such as Brazil (6kg) and Algeria (3.2kg). In the European Union annual per capita consumption is close to 9kg. Across the region there is already a growing presence of local coffee shop chains such as Nigeria's Neo Café, Kenya's Artcaffe and Java House, and Ethiopia's Kaldi's. Global coffee giant Starbucks – in partnership with local franchise operator Taste Holdings – has also announced the opening of its first sub-Saharan stores in South Africa next year. Despite the financial strength of Starbucks, there should still be plenty of market space for local coffee chains, given that Starbucks, as Ecobank puts it, "will sell its coffee as a premium product, reflecting its emerging market strategy to position itself as an aspirational brand. It will not appeal to all price-conscious African coffee drinkers." The growth of domestic coffee consumption and of local coffee retailers could revive Africa's coffee sector, which has been suffering from sub-optimal agricultural value chains, high cost of production, and a small local market. These challenges have prompted African coffee producers to export raw beans as opposed to extracting the full value. "The key to capturing the full value of African coffee will be in building robust value chains that ensure that the beans flow seamlessly from farmers to African traders and roasters, and onwards to African consumers," says Ecobank. *(How we made it in Africa)*

UPCOMING EVENTS

Global Pacific & Partners' 22nd Anniversary Africa Oil Week/Africa Upstream Conference 2015, 26th- 30th October 2015, Cape Town International Convention Centre, South Africa
The longest-running and most prominent event held worldwide in or on the Continent for its fast-growing oil, gas-LNG and energy industry. *http://aow.globalpacificpartners.com/events/?fa=event&id=937&evid=938*

Webinar: The practical implications of investing in Africa: 29 October 2015
https://attendee.gotowebinar.com/register/7247322412688233217

Strategic Growth Forum - Africa 2015, 2-4 November 2015, Johannesburg – South Africa
http://www.ey.com/ZA/en/Services/Strategic-Growth-Markets/EY-strategic-growth-forum-africa-2015

Future of Banking Africa, November 10th Intercontinental Lagos Nigeria
Africa is rising and is becoming the new banking destination.
www.futureofbankingafrica.economist.com

ICB 2015 Forum – Invest in Congo Brazzaville: 19–21 November 2015
The ICB 2015 Forum is being held as part of the Congo's economic diversification strategy
www.icb2015.com

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

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&

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

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Disclosures

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

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

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