INSIDE AFRICA

Now is the time to invest in Africa

23 June 2014

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In-depth:

Angola economy: Fostering links with Brazil

Brazil has agreed to give Angola a new credit line worth US$2bn to spend on energy infrastructure. The new deal was announced during a visit by the president, José Eduardo dos Santos, to Brazil, a rare foreign trip for the ageing statesman, who this year reaches 35 years in power. The loan highlights the strong economic and political links between the two countries, and shows Brazil's commitment to its operations in Angola. It also underlines Angola's ability to secure financing from diverse sources, and reflects the government's commitment to infrastructure investment.

Brazil was the first country to recognize Angola's independence from Portugal in 1975, and the two nations have maintained strong political, economic and cultural ties ever since, helped by a shared language and experience of slave trading. Brazil's president, Dilma Rousseff, chose Angola for her first African trip after her election in 2011, one year after Mr dos Santos made a state visit to see her predecessor, Luiz Inácio Lula da Silva, and signed a strategic partnership agreement.

Shared language helps both countries' firms

Since 2002 and the end of Angola's 27-year civil war, Brazil's Banco Nacional do Desenvolvimento Econômico e Social (BNDES) is believed to have lent Angola close to US$8bn. This has funded major infrastructure projects in the country and helped Brazilian firms gain access to this key African market. Angola is Brazil's third-largest partner in Africa, and its companies do well in the country owing to the shared language and culture, and the similar legal and administrative systems.

Indeed, a Brazilian construction conglomerate, Odebrecht-which has been operating in the market since the early 1980s-is Angola's largest private-sector employer. It has a diverse portfolio of investments and operations ranging from road-building and agro-processing to oil concessions and diamond mining, and is in a joint venture with Angola's state oil company, Sonangol, to grow and process sugar cane for sugar and ethanol in Malange. At the same time a parastatal, EMBRAPA (the Brazilian Enterprise for Agricultural Research), is currently working in Angola to support capacity development, with a number of Angolans given scholarships in Brazil.

Similar geological properties help too

For its part, Angola is one of the relatively few African countries to have a presence in Brazil, and its national carrier, TAAG, is one of the few airlines running regular services between the continents. Sonangol, through an outfit called Starfish, has an equity stake in several oil concessions offshore of Brazil.

The two countries share very similar geological properties, in particular regarding the ultra-deepwater pre-salt layers. Brazil's Petrobras operates several oil blocks in Angola and it is expected to bid for more in the ongoing auction.

Trade between Angola and Brazil totalled US$2bn in 2013, state media reported in mid-June. Of this, US$1.2bn was exports of food (mostly meat and sugar) and machinery from Brazil to Angola. The bulk of Angola's exports to Brazil were crude oil, although these have decreased owing to a rise in Brazil's own hydrocarbons development.

Credit will be used to bolster power production

It is expected the new credit line from the BNDES will be spent on the construction of the Lauca hydroelectric project. The new facility aims to produce 2,067 mw of energy by its completion in 2017. Angola badly needs this investment. The lack of electricity production in the country is a major hurdle in the diversification of its economy away from oil because it limits the scope for manufacturing and value-adding processes, particularly in the mining and agricultural sectors.

Capital investment is also an important motor of jobs and private-sector diversification through associated supply services. However, Angola has a history of poorly managed public infrastructure projects, so it is important that the money is spent carefully and its administration tracked to ensure full value.

The details of how the credit line will be administered and the interest rates to be levied were not immediately made public, although the financing will prioritise Brazilian firms and suppliers. It was not stated if Angola will repay the debt with crude oil, as it has done before with Brazilian and Chinese loans. However, whereas Chinese credit lines have been criticised for favouring Chinese firms, Brazil has been careful to invest in social projects and other soft aid initiatives, and despite having a similar modus operandi to its Chinese competitor, it receives little criticism, domestically or from the international community.

During Mr dos Santos' visit to the Palacio do Planalto in Brasilia, he was also understood to have discussed with his Brazilian counterpart the preparations for the 2014 BRICS (Brazil, Russia, India, China and South Africa) summit to be hosted by Brazil next month. One of the topics on the agenda for the upcoming meeting is the possibility of launching a BRICS bank to offer an alternative source of funding to the World Bank and Bretton Woods institutions. Angola, which has strong ties to China, Brazil and Russia, would be an ideal candidate to receive funding from such an initiative should it finally be established.

That Angola in the space of a few months has secured large-ticket loans from China, the US and Brazil underscores the extent to which its foreign policy is diversified. The high-profile nature of the visit, coming during the opening week of the World Cup, is also a chance for Mr dos Santos to continue his ongoing profile-building campaign, although small-scale protests in Belo Horizonte calling on the president to do more to secure human rights are likely to have been less welcome. *(Economist Intelligence Unit)*

Paving the way for private sector growth

In order to achieve its transformational agenda, Africa will need to rely heavily on its private sector.

As recently noted by economist Dani Rodrik, sub-Saharan Africa is less industrialised today than it was in the 1980s. In addition, private investment in Africa's modern industries remains too low to sustain structural transformation.

One reason private investment has remained low is that African companies face serious financing challenges. For example, compared to other regions, bank credit remains low and capital markets remain shallow. Good corporate governance can help remove some of these financing challenges. As Arthur Levitt, the former chairman of the United States Securities and Exchange Commission, once noted, "If a country does not have a reputation for strong corporate governance practices, capital will flow elsewhere [...] All enterprises in that country – regardless of how steadfast a particular company's practice may be – suffer the consequences."

A number of sub-Saharan African countries have recently developed corporate governance codes. In October 2013, the Africa Governance Network was launched with the aim of encouraging best practices and building capacity in corporate governance in Africa.

Building deep capital markets takes time. As a result, standards for good corporate governance in Africa should go beyond the traditional focus on publicly listed domestic companies to include privately held firms, the public sector and foreign firms.

There are at least three issues that African policymakers and standard-setters could address:

1 Strengthening public governance will benefit corporate governance. In most countries, the government is not just a regulator but also a customer or a business partner. According to a Pricewaterhouse Coopers survey, 73% of African managers are concerned about over-regulation and 63% said that bribery and corruption were threats to their companies' growth prospects. This points to the role of governments in supporting the credibility of corporate governance practices.

2 Good corporate governance should be a standard for foreign firms too. Foreign direct investment often results in large financial outflows from tax evasion, the underpricing of concessions and trade mispricing. African policymakers should work with developed countries and require full public disclosure of the beneficial ownership of companies as well as strengthen multilateral rules on taxation.

3 The role of accountants and auditors as gatekeepers should be encouraged but monitored. In a context where boards of directors are often the only institution able to reduce conflicts of interest between shareholders and managers it is crucial for directors to be able to count on reliable information provided by external accountants and auditors. It is therefore important to uphold high standards of quality on these gatekeepers and provide the proper incentives for their independence. *(The Africa Report)*

Correspondent banking's vital role

SUB-Saharan Africa has become increasingly attractive as a trade and investment destination to investors and companies both inside and outside Africa, thanks to its rapid and sustained economic growth over the past decade. As a result, import and export opportunities are plentiful. Yet to take full advantage of these business opportunities, companies must overcome a number of challenges, such as payment and delivery risk. In this respect, correspondent banking networks have an important role to play in supporting international trade ties with Africa.

According to a study published by Commerzbank in January, sub-Saharan Africa has been growing sustainably for the past decade and is expected to see economic growth of 6% this year. In fact, Africa's economy is growing faster than any other continent, according to the African Development Bank. This promising economic outlook has allowed sub-Saharan Africa to emerge as an attractive trade and investment destination, creating unprecedented opportunities for import and export. Driving the region's strong growth is a variety of factors, including improved economic and political stability and high population growth. But there are two factors of particular interest to companies: the emergence of an African middle class and the commodities boom.

Workers with increased disposable income are creating a big demand for consumer goods and services in the region, many of which are imported.

The continent's exports too are booming, with sustained demand for commodities mainly coming from Asia, favouring primary products such as oil, coal and gas. After Asia, the European Union and the US remain key trading partners for Africa, and intraregional trade is also on the rise, with links strengthening between South Africa and some other sub-Saharan countries.

The opportunities for international and domestic companies alike are enormous. Yet to take full advantage, help from an international bank with local expertise to navigate the risks is essential.

However, for domestic companies to tap into further trade-growth opportunities, sub-Saharan Africa needs to diversify. For example, in Nigeria there is not only high demand for imported consumer goods but a huge need for capital investment goods to deepen the country's role in the production value chain. Oil is still the driving economic force in the country, accounting for 96% of exports and 80% of government revenue.

South Africa needs to diversify in a different way to sustain its trade growth. Although it is the most economically well-developed country in sub-Saharan Africa and its energy sector is dominated by coal, blackouts are fairly common and energy shortages inhibit growth.

Yet the imbalances in the domestic energy market could be overcome by increased use of renewable energies such as solar, wind and water energy, which could catapult even underdeveloped rural areas into a new age. There are significant opportunities for investment in renewable energies in South Africa, which could bring about the process of technological leapfrogging (skipping certain stages of a development process). This would allow for the use of environmentally friendly, inexpensive and effective technologies in the place of fossil fuels, leapfrogging the fossil fuel-based development of the industrialized countries.

Yet to capitalize on the opportunities arising from the region's positive economic development, both foreign and domestic companies face challenges, including payment and delivery risk. This is where correspondent banking relationships can play a vital role. This relationship — usually between an international bank and a local bank — facilitates business transactions for both corporate clients of African banks and international traders, and at the same time addresses the risks arising from such relationships.

Although African banks have greater local knowledge, expertise and contacts in their home market than global banks, many have difficulties assisting their corporate clients when it comes to dealing with buyers in foreign markets, and counterparty risk. In this respect, strong correspondent banking networks can help as local banks work with global banks to bridge the knowledge gap. International banks can use their extensive payments infrastructure, as well as provide risk mitigation structures using trade finance techniques to enable their corporate clients to navigate the risks inherent in trading relationships.

This partnership allows local African banks to offer payment and documentation infrastructures, as well as the opening and settlement of payment risk instruments such as letters of credit. This trade finance instrument is particularly useful when companies are entering a new trade relationship or are unsure of their counterparty's creditworthiness, as they can pass the "unknown" risk on to their own advising or confirming bank. African companies expanding their export business increasingly require the issuance and advising of letters of credit to countries all over the world and rely on their local bank being connected to a global trade finance network to seize international trading opportunities. At the same time, correspondent networks remain the best way for foreign companies to reach into strategic emerging markets. At a time when some large international banks are scaling back their correspondent banking networks to reduce risk, others are looking to expand their client coverage and geographic reach by establishing new banking partnerships to meet changing needs.*Witt is head of Africa at Commerzbank*

SOVEREIGN RATINGS

	Eurozone					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
23-06-2014	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AAA	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	Caa3	B	B-	NP	B	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AAA	AAA	NR	A-1+	F1+
France	Aa1	AAu	AA+	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	Caa3	B-	B	NP	B	B
Ireland	Baa1	A-	BBB+	P-2	A-2	F2
Italy	Baa2	BBB u	BBB+	P-2	A-2	F2
Latvia	Baa1	A-	A-	NR	A-2	F1
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A	NR	A-2	F1
Neherlands	Aaa	AA+u	AAA	P-1	A-1+u	F1+
Portugal	Ba2+	BBu	BB+	NR	Bu	B
Slovakia	A2	A	A+	NR	A-1	F1
Slovenia	Ba1	A-	BBB+	NR	A-2	F2
Spain	Baa2	BBB	BBB +	P-2	A-2	F2
United Kingdom	Aa1	AAAu	AA+	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

23-06-2014	Region - Africa/Middle East					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba3	BB-	BB-	NR	B	B
Bahrain	Baa2	BBB	BBB	NR	A-2	F3
Benin	NR	NR	WD	NR	NR	WD
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B	NR	NR	B	NR
Cameroon	NR	B	B	NR	B	NR
Cape Verde	NR	B	B	NR	B	B
Egypt	Caa1	B-	B-	NR	B	B
Emirate of Abu Dhabi	Aa2	AA	AA	NR	A-1+	F1+
Gabon	NR	BB-	BB-	NR	B	B
Ghana	B1	B	B	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Israel	A1	A+	A	NR	A-1	F1
Jordan	B1	BB-	NR	NR	B	NR
Kenya	B1	B+	B+	NR	B	B
Kuwait	Aa2	AA	AA	NR	A-1+	F1+
Lebanon	B1	B-	B	NR	B	B
Lesotho	NR	NR	BB-	NR	NR	B
Libya	NR	NR	WD	NR	NR	WD
Mali	NR	NR	WD	NR	NR	NR
Mauritius	Baa1	NR	NR	NR	NR	NR
Morocco	Ba1	BBB-	BBB-	NR	A-3	F3
Mozambique	B1	B	B+	NR	B	B
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	Ba3	BB-	BB-	NR	B	B
Oman	A1	A	NR	NR	A-1	NR
Qatar	Aa2	AA	NR	NR	A-1+	NR
Republic of Congo	Ba3	B+	B+	NR	B	B
Republic of Zambia	B1	B+	B	NR	B	B
Rwanda	NR	B	B	NR	B	B
Saudi Arabia	Aa3	AA-	AA	NR	A-1+	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	B	NR	NR	B
South Africa	Baa1	BBB-	BBB	P-2	A-3	F3
Tunisia	Ba3	NR	BB-	NR	NR	B
Uganda	B1	B	B	NR	B	B
United Arab Emirates	Aa2	NR	NR	NR	NR	NR

Sources: Bloomberg, Eaglestone Advisory

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

23-06-2014	North and South America - Asia					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
ARGENTINA	Caa1	CCC-u	CC	NR	Cu	C
AUSTRALIA	Aaa	AAAu	AAA	NR	A-1+u	F1+
BRAZIL	Baa2	BBB-	BBB	NR	A-3	F2
CANADA	Aaa	AAA	AAA	NR	A-1+	F1+
CHINA	Aa3	AA-	A+	NR	A-1+	F1+
COLOMBIA	Baa3	BBB	BBB	NR	A-2	F2
INDIA	Baa3	BBB-u	BBB-	NR	A-3u	F3
JAPAN	Aa3	AA-u	A+	NR	A-1+u	F1+
MACAU	Aa2	NR	AA-	NR	NR	F1+
MEXICO	A3	BBB+	BBB+	WR	A-2	F2
SINGAPORE	Aaa	AAAu	AAA	NR	A-1+u	F1+
URUGUAY	Baa2	BBB-	BBB-	NR	A-3	F3
VENEZUELA	Caa1	B-	B	NR	B	B
USA	Aaa	AA+u	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

South Africa's rand, govt bonds fall after Fitch rating review

South Africa's rand weakened against the dollar early on Friday after Fitch ratings agency changed the outlook for Africa's most advanced economy to negative from stable.
Fitch said it was concerned mainly about poor prospects for economic growth and rising public debt. The agency kept its rating at BBB.
The rand fell to a session low of 10.7230 to the dollar, while government bonds gave up seven basis points to 8.435% on the benchmark 2026 issue and fell six basis points to 6.745% on the 2015 note.
The biggest risk to South Africa's growth is a crippling five month strike in the platinum sector, which saw GDP contract in the first quarter of the year, although there are signs the strike could soon come to an end.
Standard & Poor's, Fitch and Moody's all last downgraded Pretoria in the aftermath of another wave of violent labour protests in 2012, which culminated in police shooting dead more than 30 striking miners.
S&P is due to give its rating review and Barclays believes the company, which already has South Africa on negative outlook, will downgrade the credit rating.
"If South Africa avoids a downgrade, we expect the rand to head back to R10.30 to the dollar. On the other hand, the rand could weaken towards the R11 to the dollar depending on the severity of the downgrade." *(Engineering News)*

South Africa’s Credit Rating Cut to One Level Above Junk by S&P

South Africa’s credit rating was cut to one level above junk by **Standard & Poor’s** as the longest mining strike in the nation’s history threatens to drag the economy into recession, curbing government revenue.
The foreign-currency rating was lowered to BBB- from BBB and the local-currency rating was reduced to BBB+ from A-, S&P said in a statement. The outlook on the ratings were raised to stable from negative. Fitch Ratings also lowered the outlook on its BBB grading to negative from stable.
South Africa’s economy, the second-largest on the continent after Nigeria, contracted in the first quarter for the first time since 2009 as a 20-week strike over pay shut the world’s biggest platinum mines. Weaker **growth** may restrict the government’s ability to rein in the **budget deficit** as quickly as targeted.
“The fiscal stance over the next few years may become exposed to lower-than-expected economic growth, pressures from a new round of public-sector wage negotiations, and increased public spending needs,” S&P said.
The rand pared losses after the statement and traded 0.2 % lower against the dollar at 10.6964. The yield on rand-denominated **government bonds** due December 2026 rose three basis points, or 0.03 percentage point, to 8.4 %.
“Market reaction is blunted by the fact that a risk of a downgrade had largely been priced in,” **Razia Khan**, head of Africa economic research at Standard Chartered Plc in **London**, said in an e-mailed note to clients. “Some had even spoken of the likelihood of a two-notch downgrade from S&P. From this perspective, the assigning of a ‘stable’ outlook to South Africa’s rating by S&P is positive news, relatively speaking.”

Budget Targets

The government has pledged to narrow the budget deficit to 2.8 % of GDP in three years’ time from 4 % in the fiscal year that ended in March. The National Treasury said in an e-mailed statement yesterday its ability and commitment to service its debt hasn’t changed.
“Unforeseeable cyclical factors such as the prolonged strike in parts of the platinum sector might sometimes cause marginal short-term deviations from the forecasted path,” the Treasury said. “However, government will not deviate materially from the long-term fiscal consolidation path.”
The **World Bank** cut its 2014 growth forecast for South Africa to 2 % from 2.7 %, while the **International Monetary Fund** said it may reduce its estimate to about 2 % of less.

Growth Plan

S&P lowered its growth forecast for this year to 1.9 %. While President **Jacob Zuma**’s administration will probably continue its policies from its first term, “we do not believe it will manage to undertake major labor or other economic reforms that will significantly boost GDP growth,” S&P said.
Newly elected Deputy President **Cyril Ramaphosa** will oversee the implementation of the National Development Plan, which targets annual average growth of 5.4 %, the Treasury said. Reforms to help unlock South Africa’s growth potential will be “implemented with higher vigor and determination,” it said.
Almost half the time, government bond yields fall when a rating action suggests they should climb, or they increase even as a change signals a decline, according to data compiled by Bloomberg on more than 300 upgrades, downgrades and outlook changes since 1974 and through December 2012. *(Bloomberg)*

INVESTMENTS

Financial services, transportation and industry at centre of new strategy for Cape Verde’s economy

Cape Verde is examining the future of its economy, based on more involvement with the surrounding region, the opening to privatisations and a focus on financial services, transportation and also industry, reports the África Monitor news bulletin.

The island country counts as main partners European countries such as Portugal and France and the dependence on tourism for its external accounts meant that the crisis in Europe caused financial difficulties. This led to a process of reworking economic priorities, whose central figure has been former prime minister Gualberto do Rosário.

To make Cape Verde an ‘Atlantic Tigre’ (by analogy to the ‘Asian Tigers’) by 2023, Rosário’s plan calls for the construction of three large refineries and the installation of major American and European banks, reports the bulletin.

A “considerable” amount of foreign investment should be attracted by 2023 for new sectors such as the chemical, electronics and food industries, leading to more passenger and merchandise traffic in the ports.

Plans for TACV Cabo Verde Airlines and the country’s main airport (Sal) include partnership with a global company, investment in a new aircraft fleet and new regional routes to increase the number of tourists to 2.3 million.

To substantially improve the business environment and economic activity, plans call for a far-reaching revision of laws and even the constitution with a view to facilitating reforms, especially at labour level. The mentor of this project is Eugénio Inocêncio, a former government official and current vice-president of the Chamber of Tourism, who aims to present the initiative to Cape Verdean President Jorge Carlos Fonseca.

The plan promotes location as the top strategic asset of the Cape Verdean economy, giving it the right conditions to become an international business centre. Its main goals include raising per capita GDP to between US$13,000 and 17,000 and lowering the unemployment to just 3 %.

África Monitor reports that this outlook has been gaining momentum since a speech by former prime minister Rosário at the 2nd Cape Verde Transformation Forum. It was boosted by the UN Assistant Secretary-General, the Guinea-Bissauan Carlos Lopes, who has been urging Cape Verde to focus more on Africa.

The reworked focus on the surrounding region and West Africa defended by the president is already felt at government level, where less resistance to the idea of privatisations is noted.

The most awaited privatisation is that of TACV Cabo Verde Airlines. The government has indicated that it is being followed by Chinese interests, identified by the Cape Verdean newspaper A Semana as the private company Okay Airways, whose representatives visited the island country and specifically its airports late last year.

The Chinese company aims to enter the Cape Verdean flag carrier’s shareholder structure and operate TACV’s routes to the African mainland, Europe, Brazil and the United States, besides transporting cargo associated to Chinese business in Africa. In January the electronic publication Cargo News reported that the China Road & Bridge Corporation (CRBC) will build a deepwater port and cruise ship terminal and repair the Cabnave shipyard on the Cape Verdean island of São Vicente. The Cape Verdean government has also lent “unquestionable” support to the tourism investment project that a Macau entrepreneur plans to build on the islet of Santa Maria facing Praia. *(Macauhub)*

Partners provide Mozambique with funding of US$500 million for 2015

The group of countries and institutions that support Mozambique, known as the Group of 19, in Maputo pledged minimum funding of US$500 million for 2015, according to the Mozambican press.

Some of that amount – US$274.5 million – will be channelled into the General State Budget and the other US$289.7 million will be used for specific programmes and sectors.

Mozambican daily newspaper Notícias said that the figure was not definitive and could increase as two of the partners were not currently in a position to give a figure for the funding they will provide.

According to the Italian ambassador, Roberto Vellano, who stood down as president of the G-19, this was due to issues of a bureaucratic nature, particularly internal procedures of each country.

The agreed funding is mainly provided as donations and accounts for around 3.27 % of Mozambique’s current Gross Domestic Product (GDP).

The funds provided will be used to execute the Plan of Acton for Reducing Poverty (PARP) through budget spending on priority sector such as education, health, agriculture and infrastructure, as well as funding reforms to improve the business climate, good governance and macroeconomic management. *(Macauhub)*

French group Castel invests over US$1 billion in Angola

French drinks group Castel since 1992 has invested over US$1 billion in Angola on building and expanding its factories in Luanda, Huambo, Benguela, Huila, Cabinda and Kwanza Norte, the group’s chairman said.

Pierre Castel told Angolan state newspaper Jornal de Angola that he considered the investment “a good bet” given that the Angolan economy is seeing robust growth and is a “stable market”.

The group invested US$500 million in the Luanda factories of Cobeje do Bom Jesus (US$170 million), Cuca (US$140 million), Nocal (US$120 million) and ECNN (US$80 million).

The units located outside Luanda required investments of US$300 million and US$100 million was invested in bottle-making factory Vidreira de Angola (Vidrul) to modernise technology.

The group’s latest investment – US$33 million – was to install a new mixed beer and soft drink can filling line at the Soba Catumbela factory, which supplies Benguela, Bié, Huambo, Huila and Namibe.

With its new line the Soba Catumbela factory’s production rose from monthly production of 55,000 hectolitres to 80,000 hectolitres of beer.

Beer making is one of the industrial sectors to post most growth in Angola after in 1994 factories with modern equipment were set up and the problem of a lack of raw materials was solved. *(Macauhub)*

Nakumatt To Rebrand Acquired Shoprite Stores In Tanzania

Kenyan retail giant, Nakumatt Holdings has started the process of shutting down stores it recently acquired from Shoprite in Tanzania as it intends to renovate and rebrand before full operations begins in July.

"Nakumatt has sealed an assets buyout agreement with Shoprite," Atul Shah, MD of Nakumatt said in a statement.

Shah added that the firm was embarking on a clearance sale of current stock as it plans to rebrand the three stores ahead of its reopening.

The retailer's head of strategy and operations, Thiagarajan Ramamurthy stated that the sale is targeted at creating a sense of change to consumers and making them know that a new brand is now in charge of the outlets.

Nakumatt, East Africa's largest retail outlet, completed the acquisition of three stores from Shoprite last month, after successfully overturning a ban by a Tanzanian court, blocking its bid to acquire the three outlets. The deal was valued at Sh4 billion ($45.5 million). The ban came after the Tanzania Union of Industrial and Commercial Workers (Tuico) successfully obtained an injunction blocking the acquisition, but the Fair Competition Commission (FCC), the East African country's competition watchdog last month, finally approved Nakumatt's takeover of three Shoprite stores located in Dar es Salaam and Arusha.

Shoprite decided to exit the Tanzanian market after the government warned the South African company against flooding its market with South African made consumables, a development Nakumatt exploited to boost its retail network in East Africa, already the largest. The retail firm has over 45 stores spanned across Kenya, Uganda, Tanzania and Rwanda, employing 4000 people. *(Ventures Africa)*

BANKING

Banks

Exotix Opens First African Office In Nigeria

London-based leading frontier, emerging market and illiquid debt merchant bank, Exotix limited has expand its footprints to the continent with the launch of its first office in Lagos, Nigeria's commercial nerve center.

The investment company, which prides itself as having an extensive knowledge in securing financing and providing instrumental advice to clients in the frontier market plans to extend its reach on the continent to Eastern region of the continent where said it already has offers.

In Nigeria, Ali Khalpey, Head of Equities at Exotix said the bank will offer local currency and fixed income trading while it awaits necessary license approval. "Over the last six months we have been focused on rolling out our Sub-Sahara Africa research, sales and trading capability, which is now almost complete," Khalpey had said in a statement on the company's website.

Before the year ends, the investment bank to extend its hold of African stocks from 56 to 100.

Exotix' trading capability covers over 26 Frontier Equity Markets including key markets of Nigeria, Kenya, Vietnam, Pakistan, Morocco and Kuwait. *(Ventures Africa)*

EU bank mulls giving loans to Zimbabwe's private sector

The European Investment Bank is considering extending loans to Zimbabwe's private sector, more than a decade after the European Union slapped sanctions on **Robert Mugabe**'s government over charges of human rights abuses and vote rigging.

The bank will not lend directly to the government until the issue of more than €300-million in outstanding arrears is resolved, EIB head for the African, Caribbean and Pacific region (ACP) **Diederick Zambon** said.

Zambon declined to say how much the loans would be worth, but told journalists the EIB would meet local banks and businesses to discuss their financial needs. It would also discuss the arrears with the finance ministry.

"The way we would like to return in the country, and where we see our role, is for the moment with the private sector," Zambon said. "We will work through banks and that reinforces the financial sector, which is in need of reinforcement."

The European Investment Bank is owned by EU member states and provides €1.5-billion in new loans every year to ACP countries.

The World Bank, International Monetary Fund and traditional Western donors have withheld support to Zimbabwe since 1999 and the southern African country is saddled with around $10-billion in foreign debt.

Relations with the EU have however thawed in the last few years, despite a dispute over a national election won by Mugabe's ZANU-PF party last July. The bloc has removed all Zimbabweans except the veteran leader and his wife from its sanctions list.

The EU, which has for years preferred to work with charities in Zimbabwe, is expected to hold a meeting in November that could pave way for directly channelling development aid to the government from 2015. *(Engineering News)*

Ashish Thakkar: Bob Diamond's African partner

When he was 15 years old, Ashish Thakkar told his parents that he wanted to leave his school in Uganda to build a business. His family gave him a $5,000 loan, but he recalls receiving a stern warning from his father too: "If it doesn't work out within a year then you go back to school, but you'll be a year behind your friends."

Mr Thakkar, now 32, never went back to study. Instead, the precocious young man spent the mid-1990s criss-crossing the continent to establish Mara Group, an African conglomerate that recently gained greater prominence by linking up with Bob Diamond, the former chief executive of UK bank Barclays.

The teenage Mr Thakkar started out reselling computers, which involved flying to Dubai each weekend to buy motherboards and hard drives that he would shift to customers in Africa. Under his leadership, Mara subsequently diversified into a broad range of activities, including call centres, property and cardboard packaging. It has operations in 22 African countries including Kenya, Uganda, Nigeria and Rwanda.

The company's rise has made Mr Thakkar rich. He values his group at "slightly above" $1bn. That would make him Africa's youngest dollar billionaire. But detractors and even some friends say that figure is inflated. Speaking at his parents' home on a hill overlooking the Ugandan capital Kampala, he seems unfazed either way: "I don't like the Africa's-youngest-billionaire title."

Whatever the truth – and Mara Group does not publish its accounts – Mr Thakkar's success in eastern Africa has increasingly made him a go-to man for investors willing to take on the risks of the region.

Well-known to young Africans addicted to social media – he has 585,000 Twitter followers – Mr Thakkar saw his international profile rise after partnering with Mr Diamond to move into African banking.

The Atlas Mara cash shell, in which both he and Mr Diamond have personally invested, listed on the London Stock Exchange in December, raising $325m. In March it announced its first deal, paying $265m in cash and shares to buy BancABC, a medium-sized lender with operations in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe, and signed another deal to acquire a bank in Rwanda through a privatisation programme.

Atlas Mara more recently has failed to raise the $400m it had targeted for its second fundraising, although people familiar with the deal said it raised in excess of $300m. Both Mr Diamond and Mr Thakkar invested in the second capital raising.

The CV

Born: August 1981, Leicester, UK

Education: After fleeing the Rwandan genocide in 1994, drops out of school in Uganda at the age of 15 to start his own business with a $5,000 loan

Career: 1996 Starts trading computer hardware between Uganda and Dubai

2001 Establishes a cardboard corrugation plant in Kampala, Uganda

2006 Diversifies into high-end real estate

2009 Mara Foundation is set up to support young entrepreneurs in Africa

2010-11 Forms IT services joint venture and expands into business process outsourcing

2013 Mara joins forces with Atlas Merchant Capital and lists Atlas Mara on the London Stock Exchange

2014 Atlas Mara announces its first acquisitions: BancABC and the Development Bank of Rwanda

Interests: Tennis, squash, his spiritual leader Morari Bapu

The pair met a year ago at a mutual friend's party in Cape Town. Another meeting followed in New York and they became partners soon after. Mr Diamond left Barclays under a cloud in 2012 amid the Libor rate-rigging scandal. Mr Thakkar disagrees with critics who paint Mr Diamond as the embodiment of reckless "casino banking", saying that the two men will be a "positive", albeit "disruptive", force in African banking. The financial services sector needs to emulate the explosive growth in mobile phones in Africa, he adds.

The alliance with the investment banker is in sharp contrast to Mr Thakkar's origins. He was born in 1981 in the English city of Leicester after his parents were forced to leave Uganda in the early 1970s. He returned to Africa with his family to settle in Kigali, the Rwandan capital, months before the genocide.

Mr Thakkar says the days and nights there remain vivid in his mind – time spent waiting to escape the mass slaughter of approximately 800,000 Tutsi and moderate Hutu by members of the country's Hutu majority in April 1994. "I was 13. I remember everything," he says, recalling what he ate the night the genocide started – "margherita pizza and chips" – and other small details of the days he spent hiding and praying for a rescue.

After fleeing from Kigali to Bujumbura, the capital of neighbouring Burundi, and from there to Kenya, the family finally resettled in Kampala months later. "My dad took a small loan because we had nothing, literally. I could see that people were avoiding my parents . . . You could see people scared that if we get too close maybe we'll ask for a favour."

It was about that time that Mr Thakkar told his family he wanted to try to build a business, rather than study, after making $100 reselling a computer to a family friend. He replaced formal education with inspiration from the biographies of "Richard Branson, Warren Buffett, Bill Gates and Ratan Tata".

The first decade of running his interlocking enterprises was not easy. "Every business was leaning on each other and that's how you grow, initially you don't have a choice," he says. "I really took a large risk . . . to fund it I just basically leveraged everything I could."

Mr Thakkar says he bet everything he had twice in 10 years. At one point in 1996, he took a loan from a moneylender in Kampala at an annual interest rate of 36 %. But a mixture of luck and a flair for networking saw him through the storm.

Of course, the wind was blowing in his favour. In the early 2000s, as commodities prices surged and democracy spread across the region, Africa entered into a virtuous cycle of strong economic growth and improved governance: a decade-and-a-half run that has been labelled “Africa rising”.

The young entrepreneur capitalised on this trend and the connections he built. Mara Group now has five main business lines: technology, including investment in IT and call centres; manufacturing, with assets such as packaging production and glass manufacturing; financial services, through its Atlas Mara arm; property, with developments under way in Uganda and Tanzania; and agriculture.

“The past five years we’ve seen phenomenal growth and I envisage that this trend will continue,” he says. The secret ingredient is knowing Africa better than the competition, he asserts.

After years of expansion, the company, which employs more than 10,000 people, is becoming more professional in its structure, although the family remains in firm control and there are no plans for a stock market listing.

Mr Thakkar has hired executives from outside, such as Bradford Gibbs, the former head of investment banking for South Africa at Morgan Stanley, and Sriram Yarlagadda, the former CEO of Warid Telecom for east Africa.

Mr Thakkar remains at the top as “founder”, with his father as chairman. There is no CEO but he rejects the suggestion that he is the boss. “I am not smart enough to be a chief executive,” he laughs. “Maybe I need to get O-levels [old UK secondary school qualifications] first to become a chief executive.” *(Financial Times)*

Markets

Mota-Engil Africa to list on LSE

Portugal’s largest construction group on Monday said it would list its Africa subsidiary on the London Stock Exchange, joining a wave of initial public offerings in the UK by African businesses over the past six months.

The London listing comes after the flotation in the UK of Seplat, a Nigerian oil and gas group, and Atlas Mara, the Africa-focused cash shell that marked the return to banking of former Barclays CEO Bob Diamond. The flurry of IPOs is consolidating London’s historic role as a big centre for African capital, bankers said

Mota-Engil Africa operates in 10 countries in Africa, with a strong presence in fast-growing Portuguese-speaking Angola and Mozambique. Analysts and bankers said the company could achieve a valuation of about €1.5bn after the IPO.

The company reported net profit of €104.9m last year, up 33 % from €78.6m in 2012. Sales hit €1bn last year and earnings before interest, tax, depreciation and amortisation rose to €243m, up from €158m in 2012.

Gonçalo Moura Martins, who will become non-executive chairman of the listed entity, said Mota-Engil Africa was “well positioned to take advantage of the significant opportunities in the region”. Africa is the second-fastest growing region in the world, only behind the developing Asia region that includes China and India.

Portuguese construction groups have rapidly expanded through the country’s former African colonies Angola and Mozambique, benefiting from rapid economic growth fuelled by the discovery of oil and natural gas and the reconstruction of infrastructure after decades of civil war. On top of Mota-Engil, rival Portuguese groups Teixeira Duarte and Soares da Costa also operate in southern Africa.

Angola accounted for half the sales of Mota-Engil Africa last year. Although the Mota-Engil group is based in Portugal, the company was originally founded in Angola in 1946, initially as a timber company, only later expanding into construction.

Mota-Engil Africa said in a statement that it had “benefited in recent years from increased infrastructure expenditure” across sub-Saharan Africa. “The group believes that this infrastructure expenditure will continue to grow strongly, especially in countries with significant natural resources,” it said.

Mota-Engil said that among its top clients were Vale, the Brazilian mining group with operations in Mozambique, Angola’s state-owned oil company Sonangol, US oil group Chevron, engineering company Bechtel and Dubai’s DP World.

African officials forecast the region needs to build 37,300km of modern highways over the next 25 years and an additional 30,200km of modern railways. African countries are also busy expanding ports and building dams and power stations.

The company had a €1.7bn backlog or orders at the end of March and said it planned to use the proceeds of the IPO to fund its expansion across southern Africa. Standard Bank, Espírito Santo, Millennium BCP and La Caixa are managing the IPO. *(Financial Times)*

Two Angolan banks plan to buy Banco Bilbao Vizcaya Argentaria Portugal

Angolan banks Banco Atlântico and Banco Internacional de Crédito have made binding proposals to buy the Portuguese subsidiary of Spain’s Banco Bilbao Vizcaya Argentaria (BBVA), according to Spanish newspaper El Confidencial.

According the newspaper report two other proposals have been put forward by Banco Santander Totta and Caixa Central de Crédito Agrícola Mútuo, and the latter is considered to be of greatest interest to the chairman of BBVA, Francisco Gonzaléz.

In March the Spanish bank said it planned to sell its branch in Portugal, which has posted losses over the last few years.
El Confidencial said that BBVA deal in Portugal is worth between 207 million and 381 million euros, but that the transaction was likely to involve around 500 million euros.
BBVA Portugal has 83 branches and 750 employees, compared to 190 branches and 820 employees in 2007, and assets of 5.471 billion euros and liabilities of 5.192 billion euros.
In 2013, the Portuguese subsidiary posted a loss of 107 million euros in the banking segment alone and of 357 million euros including other business areas such as pension and investment fund management, vehicle leasing and other financial services.
The newspaper also reported that BBVA Portugal accounted for 0.91 % of BBVA's total consolidated assets on 31 December 2013. *(Macauhub)*

Kenya to raise US$2bn from debut Eurobond

Kenya's debut Eurobond, launched on June 16th, is poised for success after the offer attracted bids of more than US$8bn, of which the government plans to accept US$2bn.
The bond consists of a US$500m, five-year tranche (paying 5.875%) and a US$1.5bn, ten-year tranche (paying 6.875%), giving an average weighted rate of 6.6%. This is slightly lower than had been expected, but this failed to dent investor interest in the largest debut Eurobond in Africa to date. Despite the bond's junk status and growing concerns about insecurity, investors are attracted by Kenya's diversified economy and its central role in the fast-growing East Africa region. In addition, recent monetary loosening in the euro zone has boosted the appeal of emerging-market securities. The bond is being listed on the Irish Stock Exchange.
The offer will close on June 24th, meaning that Kenya will receive the proceeds in the current 2013/14 fiscal year (July-June), as had originally been planned. The funds will be used for general budgetary support, including for infrastructure investment, although the first priority will be to repay a US$600m syndicated bank loan, contracted in May 2012. This was scheduled for repayment in May 2014, before being extended for three months. Kenya could have repaid the loan on time but was reluctant to run down foreign exchange reserves (of US$6.9bn in April), despite the additional costs of an extension. The Eurobond will boost confidence and hard-currency reserves, thereby supporting. *(Economist Intelligence Unit)*

Island Bank of Sao Tome and Principe sold to Energy Bank of Nigeria

The Island Bank, a Sao Tome-based Nigerian-owned bank that has declared bankruptcy, has been sold to Nigeria's Energy Bank, the governor of the central bank of Sao Tome and Principe, Maria do Carmo Silveira said.
Speaking to radio station Rádio Nacional, the governor said shareholders had been given the option to go into liquidation or to sell the business to whoever was interested in investing in it, which was what happened with the sale to Energy Bank, which is also owned by Nigerian investors.
Island Bank, which was set up in Sao Tome by Nigeria's Marc Wabara, filed for bankruptcy a few months after its owner was arrested in Nigeria for alleged involvement in fraudulent use of over US$70 million belonging to the State of Sao Tome.
According to Portuguese news agency Lusa, the US$70 million is the part owed to Sao Tome and Principe from the US$120 million auction of Block 1 of the Joint Development Zone (JDZ) between the two countries and which had been deposited in Nigeria's Hallmark Bank.
Carmo Silveira also mentioned Angolan-owned bank Banco do Equador, which is facing liquidity problems, denying that the state was moving in to resolve these issues but that the bank's activities were limited "and all operations are being carried out under the control of the Central Bank."
There are currently eight commercial banks operating in Sao Tome and Principe, one of which, Banco Internacional de São Tomé e Príncipe, has a 70 % share of the market. *(Macauhub)*

Fund

Marsh & McLennan to Buy 34% of Alex Forbes of South Africa

Marsh & McLennan Cos (MMC) will buy a 34% stake in **Alexander Forbes Ltd. (AFB)** as Africa's largest independent pension-fund manager prepares to sell shares on the **Johannesburg Stock Exchange** next month.
Mercer Africa Ltd., a subsidiary of New York-based Marsh & McLennan, the biggest insurance broker by market value, will buy 14.9% of Alex Forbes at the time of the initial public offering and a further 19.1 percent after regulatory approvals, the Johannesburg-based company said in an e-mailed statement. The preference **shares** declined as much as 5.8% to 8.95 rand, potentially valuing Mercer's stake at about 4.01 billion rand ($377 million).
"This is the beginning of a strong partnership that will generate value for both of our firms and our respective clients," Mercer Chief Executive Officer Julio A. Portalatin said in an e-mailed statement. "We are particularly excited to significantly broaden our exposure to the growth prospects present in South **Africa** and sub-Saharan Africa."
Alex Forbes was delisted and bought out by companies including Actis LLP and Ethos Private Equity Ltd. for 8.2 billion rand in 2007. Deutsche Bank AG and Rand Merchant Bank were hired last year as financial advisers. Shareholders met on June 20 to decide whether to sell shares on the bourse or consider offers from potential trade buyers. Bank of America advised Mercer.

Africa Gateway

International financial companies are seeking ways to increase their presence in Africa to take advantage of rising household incomes and economic growth. While South Africa's gross domestic product shrunk in the first quarter as a record-long mining strike hurt production, the country is used by many companies as a gateway to faster-growing sub-Saharan Africa.

The IPO will take place on July 24, Alex Forbes CEO Edward Kieswetter told reporters at a press conference at the company's Johannesburg headquarters today. Executives will be able to take part in the share sale and while the private-equity owners will all exit they may decide to reinvest. The share sale isn't intended to raise "significant capital" for the company, the CEO said.

The IPO and Mercer investment "balances the best interests of the organization and the outgoing shareholders while creating opportunities for new shareholders," Kieswetter said. "It's a vote of confidence in **South Africa** as an investment destination."

Kieswetter, who became head of Alex Forbes in 2010, has overseen the sale of three U.K. operations and South African insurance unit Guardrisk while returning the company to profitability. *(Bloomberg)*

Tech

BNP Paribas, Orange Partnership Reaffirms Growing Significance Of Mobile Money In Africa

UK-based telecom giant, Orange and the French banking group, BNP Paribas have teamed up to roll out mobile money services for Africans, joining the growing pool of mobile money providers and reaffirming the increasing prominence the innovative service is taking in the continent's financial sector.

This new service is available starting in Côte d'Ivoire and will be extended to other countries in which BNP Paribas and Orange Money are present, particularly Senegal.

The service allows customers of the BNP Paribas group (BICICI in Côte d'Ivoire) to carry out real-time banking operations without going to their banks, simply by using their Orange Money account.

This flexibility in transferring money between bank accounts and mobile accounts will make it easier to use the services already offered by Orange Money, such as payment for goods and services (water, electricity and television bills, etc.) and purchases of airtime credit.

"Orange Money and BNP Paribas are joining forces to deploy Orange Money services to banking customers in their common sales territories in Africa," says Thierry Millet, Director of the Payments and Contactless Programme at Orange.

Through the new partnership, Orange Money and BNP Paribas pledge to increase the percentage of the population holding bank accounts by offering a fast, secure and reliable service for managing all daily banking operations.

Orange Money currently has more than 10 million customers in 13 countries in Africa and the Middle East.

Mobile money has become increasingly popular in sub-Saharan Africa, particularly in the last half decade, with the emergence of a new IT age, fostered by a rapid mobile penetration which currently stands at 84 % and a smartphone proliferation still at 16 %.

Countries such as Kenya and Tanzania have incorporated mobile money into key areas of financial transactions, fostering an even greater inclusive participation from rural dweller who lack the basic skill sets to manage a proper banking account. Through the help of mobile money services including Safaricom's M-Pesa, funds transfer between rural and urban settlements have surged beyond 50 %, confirming the dire need for more countries to ensure the service is a mainstay in financial activities.

Nigeria has also seen a rapid growth in this sector, with over 18 mobile service providers launched in the last 5 years, providing services for more than 5 million people. The recent cashless policy initiative launched by the country's Central Bank, which aims to curb hard currency transactions, has further encouraged patronage of alternative financial solutions and one prominent benefactor has been the mobile money service. *(Ventures Africa)*

With hopes pinned on self-service banking Barclays Africa eyes Bytes

Barclays Africa Group is looking to buy the automated teller machine (ATM) business of Bytes Technology Group in a deal classified by the Competition Commission as a "large transaction".

This could be the third large acquisition that the banking group, under the stewardship of CE Maria Ramos, has made in two years. Under Ms Ramos, Barclays has spent about R28bn on acquisitions.

The value of the Bytes deal remains undisclosed. The bank declined to comment on the transaction.

The proposed transaction was filed with the competition authorities last month and is considered a "large" deal in terms of size.

The commission considers a merger "large" if the combined turnover or assets of both the acquiring and target firms are valued at R6.6bn or more, and the turnover or asset value of the target is at least R190m.

Altron, the holding company of Bytes Technology Group SA, said in its recent annual report that Bytes Document Solutions UK, and the firm's retail ATM base and operations, were being "held for sale".

Barclays Africa and Bytes have a long-standing relationship and a successful acquisition of the technology firm could see the bank overhaul its entire ATM network internally and cost-effectively.

Barclays Africa wants to enhance its self-service banking through ATMs to encourage clients not to use branches so that it can save on costs. Last year, Barclays Africa awarded Bytes Managed Solutions a R400m, three-year contract for support services in Africa.

Bytes Technology is a subsidiary of Altron TMT. Asked if Bytes Technology was for sale, Altron TMT CE Craig Venter said only parts of the group were for sale. "Bytes is a group of companies. Within this group of companies we are always looking at which businesses are core and which are not."

Asked to comment on Barclays Africa buying the ATM business, Mr Venter said: "We can only make an announcement if a deal has been transacted."

Last month, Bytes SA bought 27% of its issued share capital for R669m from a black economic empowerment consortium led by Kagiso Strategic Investments.

An analyst said Barclays Africa was likely looking to buy the Bytes retail ATM business as it had managed the bank's ATM network. "They have a network of business. They would have managed that on their behalf … it would now be managed internally," he said. *(BDLive)*

Paypal Enters Nigeria, Three Other African Markets

PayPal has announced into to bring its global payment services into 10 new markets. "From today, people in more than 200 markets around the world will have the option to pay with PayPal," said Rupert Keeley, senior vice president of PayPal Europe, Middle East and Africa.

The people of Nigeria, Zimbabwe, Cameroon, Côte d'Ivoire, Belarus, Macedonia, Moldova, Monaco, Montenegro, Paraguay will be able to register for a PayPal account and start making payments on millions of websites around the world without the worry of entering their credit or debit card details online as soon as services go live.

"While technology is breaking down barriers to global commerce, many people are wary of entering their credit or debit card details on the website of an unknown seller, operating in a distant country," said Keeley.

Paying via PayPal, according to the senior VP, provides peace of mind, "because people never have to expose their financial information during the transaction." The global payment service company addition of these markets will bring the total number of markets PayPal serves to 203. *(Ventures Africa)*

BCX Acquires 30% stake In Nigerian AppZone

Months after acquiring document management firm, Panabiz Nigeria, JSE-listed Business Connexion Group (BCX) has strengthened its hold in Nigeria by acquiring 30 % of financial IT service provider, AppZone Limited to enable it provide cloud-based solutions to the monetary sector.

This deal was announced a day before the death of Business Connexion CEO, Leetile Benjamin Mophatlane, due to a heart attack prior to a meeting on the company's $260 million takeover by Telkom.

Although the financial details of the AppZone deal was not revealed, the transaction will enable Business Connexion expands its reach in Africa's largest economy as well as expand its cloud strategy across the African market.

The purchase of a major stake in AppZone will enable the company "seize the financial services opportunities within Nigeria and ultimately across Africa," says Matthew Blewett, Chief Operating Officer (COO) at Business Connexion.

BCX hopes to dominate the African online payments market. It has identified Kenya and Nigeria –two regional economic giant – as key growth markets. It is also expecting to rake in more acquisition in Ghana whose capital city, Accra was ranked the highest inclusive growth city on the MasterCard African Cities Growth Index (ACGI).

These acquisitions and expansion projects are expected to boost the company's global revenues by 30 % in the coming years.

AppZone, a company established to promote financial inclusion among the masses, installs technology solutions to financial institution which enables end-users to access financial services through a wide range of connected electronic devices.

One of its notable products is the BankOne, a cloud-based service which caters for financial and transaction processing for Microfinance banks. *(Ventures Africa)*

Portuguese IT companies set up partnership to operate in Angolan market

Portuguese information technology (IT) companies Novabase and I2S have set up a partnership for the Angolan market, which will allow them to respond to the needs of a market experiencing rapid economic growth, according to a joint statement.

In the statement the two IT companies said that the partnership was intended to "support development and competitiveness of the insurance and pension fund sector, the management of which is supported by solutions proposed by the two sides."

The agreement, the statement said, consolidates a 16-year relationship between Novabase and I2S in developing the Portuguese insurance sector no by offering debt and pension fund management solutions by I2S – GIS – along with the Novabase asset management solution – Binfólio.

The strategy is boosted by successful implementation of the Binfólio solution, specifically by the pension fund of Angolan bank Banco de Poupança e Crédito, managed by Sociedade Gestora de Fénix-Pensões, which has been using this solution since 2005. *(Macauhub)*

M&A

Ecobank Acquires 96% Stake In Banco ProCredit Mozambique

Pan-African banking conglomerate, Ecobank Transnational Incorporated (ETI), has acquired a 96 % stake in Banco ProCredit Mozambique, a local credit provider, following the approval from regulatory authorities in Mozambique.
The stake ourchased by Ecobank was previously held by ProCredit Holding group and DEON Foundation.
“We are pleased to have concluded this transaction and leaving the Bank in capable hands,” said Alexander Helen, a spokesperson for ProCredit Holding.
The deal allows Ecobank to expand its Southern presence, with the multinational bank set to begin trading on the Mozambique exchange.
“Ecobank presence in Mozambique is important as Mozambique is strategically positioned within Southern African Development Community (**SADC**) as it provides port access to all the member countries that are landlocked” said Albert Essien, Group CEO Ecobank.
Banco ProCredit Mozambique is a financial institution operating under the umbrella of International ProCredit group. It holds more than 67,000 clients through its 14 outlets in Mozambique and is particularly experienced in supporting SMEs, and financing business activities in key economic sectors including agriculture. *(Ventures Africa)*

Saham Acquires 66% Stakes In Rwanda’s CORAR-AG

Saham Finances SA, a unit of Morocco-based investment firm, Saham Group has acquired a 66 % controlling stake in one of Rwanda’s largest insurance company, Corar-AG for an undisclosed sum.
CORAR-AG Ltd is the third largest insurance company in Rwanda with total premiums of 7.064 billion Rwandan francs ($10million). 75 % of its insurance product is non-life while the remaining 25 % are in life.
Saham says the acquisition will consolidate its development in Central Africa, as it continues on an aggressive push to become one of Africa’s largest insurance conglomerate. Saham believes its investment will stand the test of time, given CORAR-AG’s firm reputation in the market and positive profitability ratio.
Company CEO, Raymond Farhat says the East African nation has a high growth potential rate with current insurance penetration around 0.8 %.
Saham, which is owned by Moroccan millionaire and Minister of Industry, Trade, Investment and Digital Economy, Moulay Hafid Elalamy, is one of the largest privately held companies in Morocco with core business interests in finance, health services, insurance, real estates and off-shoring across 19 African countries.
Saham is aggressively expanding its footprint across the continent and the Middle East. In 2013, it bought AG Angola Seguros – the second largest insurer in Angola and a controlling stake in Kenya’s Mercantile Insurance.
The Moroccan investor however sold 13.3 % of its shares to French investment company Wendel Group for $137.5 million last November. *(Ventures Africa)*

ENERGY

SA should use Angolan, Mozambican gas ‘to boost electricity supply’

SOUTH Africa should look to the use of gas produced by the extensive gas fields in Angola and Mozambique rather than to nuclear energy to meet its electricity supply needs, the Cape Chamber of Commerce and Industry said.
This was in response to the announcement by President Jacob Zuma in his state of the nation address that the government would forge ahead with the procurement of nuclear energy. He said that procurement processes for this would be "fast tracked".
But chamber president Janine Myburgh said it would be a mistake to look to nuclear power as the answer to South Africa’s energy problems. She pointed out that it took a long time to build nuclear power stations and most of the costs were incurred during construction.
"This means borrowing enormous sums of money to finance nuclear builds. Eskom is already in financial trouble because it has too much debt. Adding to the debt bundle will not help and with the country’s credit rating on the slide, financing nuclear power would be almost impossible."
Eskom is already rationing electricity supplies to the mines and to the big industrial users and relief is needed sooner rather than later.
Chairman of the chamber’s industrial focus portfolio committee, Peter Haylett, also pointed out that paying foreign suppliers for nuclear power stations would see money leaving the country "in the context of an existing and deteriorating balance of payment problem". He said that investing in gas power stations made more sense as capital costs were much lower and they could be built in two to three years compared with eight to 10 for nuclear power stations. "We can obtain gas from Angola and Mozambique until our own gas sources are developed and this means that the money we spend on gas stays in the regional economy and much of it will come back to us as neighbouring

countries buy our goods and services. Money spent on nuclear plants will leave this country for distant shores and not much of it will come back to us," Mr Haylett said. The chamber welcomed Mr Zuma's commitment to a growth rate of 5% by 2019 and improved service delivery but questioned how this would be achieved.
"Business stands ready to do the necessary and we look forward to engaging with government on how some of the obstacles to growth will be removed," said Ms Myburgh. "In particular, we welcome the overtures to business and the opportunities for co-operation. This is going to be essential if we are to achieve the economic growth the country needs."
Business Unity SA (Busa) also welcomed what it said was Mr Zuma's clear indication that business and the government had to work together to overcome the obstacles to economic growth. "Busa is generally happy with the state of the nation address albeit broad and high-level. We look forward to engaging government in identifying the critical priorities for economic growth that leads to socioeconomic development. We must emphasise that the critical platform for this is the NDP (National Development Plan), even though the president did not refer to this specifically." *(BDLive)*

Globeleq secures majority stake in Cameroon power projects

Independent power generation group Globeleq has, through its majority-owned independent power generation companies, the Kribi Power Development Corporation and the Dibamba Power Development Corporation, acquired a majority interest in more than 300 MW of generation capacity in Cameroon.
The acquisitions would see the company owning and operating the 216 MW natural gas-fired Kribi power plant and the 86 MW heavy fuel oil-fired Dibamba facility, both of which sold electricity to the national integrated utility company Société Nationale d'Electricité (Sonel) under 20-year power purchase agreements.
Globeleq's parent company Actis, an emerging markets fund manager, recently acquired a majority stake in Sonel.
The Republic of Cameroon would retain its existing shareholding in the power generation companies.
Commissioned in 2013 and located in southern Cameroon, Kribi uses offshore natural gas to supply baseload generation to the grid using 13 Wärtsilä 18 V 50 dual-fuel generating sets.
Plans were under way for a 330 MW expansion of the plant.
Originally designed to provide electricity during times of peak demand, Dibamba, meanwhile, located some 20 km east of Douala, became fully operational in 2009 and uses eight Wärtsilä 18 V 38A generating sets.
With the addition of these assets, Globeleq now had more than 1.2 GW in operation or under construction in five countries in sub-Saharan Africa.
The group's three renewable-energy facilities in South Africa reached commercial operation in April 2014, while the 139 MW expansion of the Azito facility, in Côte d'Ivoire, remained on schedule for commissioning in 2015.
Globeleq's CEO **Mikael Karlsson** said Dibamba and Kribi were the only two independent power projects in Cameroon, adding that the company was "excited" to be an active participant in the country's power sector and contribute to economic development. "These quality assets add significant capacity to the company's existing platform in the region," he commented.Globeleq Africa asset management head Chris Ford added that company had been active in Africa "for many years" and had a proven record of owning and operating global power assets.
"We look forward to providing the country with reliable and affordable electricity and support the ongoing growth of the electricity sector in Cameroon," he noted. Since Globeleq's launch in 2002, it has invested more than $1.3-billion in 42 power projects across the world. *(Engineering News)*

Turkey's power-ship maker Karadeniz to supply electricity to Ghana

Turkish Karadeniz Holding has agreed to provide two electricity-generating vessels to power-hungry Ghana in a ten-year supply deal, the company's chairman said.
Karadeniz builds what are effectively floating power stations which plug into electricity grids after berthing. They run on fuel oil but can use natural gas as an alternative
The Ghana investment is Karadeniz Holding's first in Africa. It already produces electricity for Iraq and Lebanon, through part of its fleet of seven power ships with a combined capacity of 1 100 MW.
"There is an electricity shortage of around 100 000 MW in Africa that needs to be fulfilled urgently. This investment needs to be done," chairperson **Orhan Karadeniz** told reporters.
Home to some of the leading mineral and oil producers, the African continent is chronically short of electricity and is heavily reliant on diesel imports for power generation. "In addition, the countries in that region have plenty of oil and gas reserves. As these reserves come into production, and the countries get richer, the demand for electricity would rise rapidly," Karadeniz said.
The power ships, which are typically converted freighters or other vessels, are aimed at serving mainly developing countries with inadequate onshore infrastructure to cover shortfalls in their electricity supply.
The agreement between Karadeniz Holding subsidiary Karpowership Ghana Company Limited (KPS GHANA) and the State-run Electricity Company of Ghana (ECG) includes the direct supply of 450 MW of electricity to Ghana's grid every year. "We can extend this ten-year deal by another ten years. We can even sell electricity to neighbouring countries through Ghana," Karadeniz said.

The first ship was scheduled to be delivered to Ghana early next year, Karadeniz said, while the second vessel was planned to be shipped within a year.
Building a power ship costs around €1.5-million ($2-million), Karadeniz said, adding that the company was in financing talks with both domestic and foreign banks and aimed to finalise a deal in three months.Karadeniz said the company was building two more ships which would bring total capacity to over 1 500 MW within a year. *(Engineering News)*

Total Eyes Greener Services With West Africa's First Solar-Powered Station

French energy giant, Total has opened a $1.5 million environmental-friendly solar powered service station in Lagos, the first of its kind in the West African region, confirming its keenness to offer greener services across Africa.
Total Nigeria said its decision to build a solar-powered service station which is furnished with SunPower solar panels was part of its pledge to provide renewed energy solutions that are environmentally friendly and efficient.
The service station is part of the company's vow to produce innovative and safe energy that are in line with international health and safety standards, said Momar Nguer, Senior Vice president Total AMO.
"It is not borne out of purely economic reasons but out of Total's passion to make sustainable and positive impact on the lives of people in developing societies," he explained.
Total is aiming to expand its green programme reach across Nigeria with an additional solar-powered service station due to be launched in Abuja, the country's capital city, before the end of the year. It intends to adapt this new identity across its service station in Nigeria by the year 2017.
Meanwhile, Total Nigeria Managing Director Alexis Vovk has noted that while more than 80 million people lack access to electricity in Nigeria, Total has been investing on several creative solutions like the Awango by Total solar lamps, hybrid energy solutions for the telecommunications industry and the newly launched solar-powered service station.
Through the sale of its solar lamps, the company plans to take advantage of the on-going power sector reforms in the country as it seeks to provide access to lighting for 5 % "off-the-grid" households in Nigeria in the next three years.*(Engineering News)*

British group receives order for 10 turbines for Mozambique

British group Clarke Energy will supply 10 gas-fired turbines to the power plant being built by US company Enventure Partners in Chokwé, in Mozambique's Gaza province, the Liverpool-based group said in Liverpool.
Under the terms of the agreement, the group's South African subsidiary will also provide some maintenance services, based on the fact that the group is the authorised distributor of the Jenbacher turbines of US group General Electric in Mozambique, South Africa and Botswana. Delivery of the turbines is scheduled for the third quarter of 2014.
The natural gas-fired power plant, called Kuvaninga, is one of the US company's projects carried out in partnership with South Africa's Investec Bank. Clarke Energy is a private company specialising in the sale, installation and maintenance of thermal power plants that use gas turbines. *(Macauhub)*

Ghana says to raise installed electric capacity to 5,000 MW in 2016

Ghana is confident it can raise installed electricity generation capacity to 5,000 megawatts by 2016 from the current 2,845 MW.
The West African country, like many emerging economies, struggles to produce enough power to satisfy growing demand from business and consumers.
Ghana's fast-growing economy produces oil, cocoa and gold.
Within weeks, Ghana may also resolve a court order to halt building at a gas facility for a pipeline designed to process gas from the offshore Jubilee oilfield and make the pipeline functional by the end of the year, Deputy Energy Minister John Jinapor told ***Reuters*** on Wednesday at an energy conference in Turkey.
The $650 million project has been delayed repeatedly, curbing the country's oil production capacity.
"We are confident that by the end of the year, the gas pipeline will be functional," Jinapor said, extending a previous timetable for completion recently set for September.
A high court in Ghana's western region last week ordered the state-run Ghana National Gas Company (Ghana Gas) to stop construction at the plant until the government pays compensation for land to local chiefs.
The government hopes that the gas project's completion will boost power supply and help reduce spending on light crude imports for thermal power generation.*(The Africa Report)*

MINING

Billionaire Leviev Said to Strike Angolan Diamonds Deal

Billionaire Lev Leviev struck a deal with **Angola** allowing him to charge more for diamonds he mines in the country, according to people with knowledge of the agreement.
The Israeli real-estate magnate will be able to sell gems from his Luminas mine on world markets instead of at a discount to specified Chinese and Dubai traders, said the people, who asked not to be identified as the accord isn't public.

The deal may allow Leviev to raise prices by as much as 50 %, according to two of the people. Stones from Catoca, the world's fourth-biggest mine, are sold through Angola's Sodiam state marketing unit to preferred buyers at an average of about $100 a carat, while they can fetch about $150 on the world diamond market, they said.
A spokeswoman for Leviev Group declined to comment. Antonio Freitas, a spokesman for Angola's state-owned diamond company Endiama EP in Luanda, and Ari de Almeida, commercial director for Sodiam, didn't respond to e-mailed requests for comment.
Angola, the fourth-biggest diamond producing country by value, with sales of more than $1 billion in 2012, is looking to soften restrictions that deter exploration and development after producers abandoned the country during the global financial crisis. **De Beers**, the biggest producer, has cut back its Angolan operations, while BHP Billiton Ltd., **Petra Diamonds Ltd. (PDL)** and Trans Hex Group Ltd. have also surrendered deposits.
Leviev, 57, born in Soviet Uzbekistan before fleeing to **Israel** in 1971, made his fortune undercutting De Beers' diamond cartel by dealing with countries including Russia and Angola.

Latest Deal

His latest deal may spur others to return to Angola, which aims to boost investment in untapped resources. Sociedade Mineira de Catoca, operating a mine held by a group including Endiama, OAO Alrosa, Sonangol EP and Odebrecht SA, may seek the same deal for its Tchiuzo operation, one of two new kimberlite mines being developed in the country, one of the people said.
Sociedade Mineira runs the Catoca mine, which produces more than half of Angola's diamonds. Catoca is owned by Angolan state diamond company Endiama, Alrosa, a venture between **China** and state oil producer Sonangol and Odebrecht of **Brazil**. The mine produced 6.5 million carats in 2012 and sales of $575 million.
Diamond miners in Angola must set up ventures with Endiama and then sell production through Endiama subsidiary Sodiam.
Angola is seen as one of the last great diamond frontiers by an industry that is desperate to find new mines to replace aging assets. Production at many of the world's biggest mines, most of which opened three decades ago, is falling as supplies of more accessible diamonds near the surface are depleted.
Angola has 200 million carats of diamond resources, surpassed only by **Canada**, **South Africa** and Russia, according to a 2013 Bain & Co. report.
Rough-diamond prices are up about 10 % this year, data compiled by WWW International Diamond Consultants Ltd. show, after more than doubling in the past five as the **U.S. economy** recovered and China's rising middle class bought more. *(Bloomberg)*

Lucapa Diamond Company finds diamonds in Angola

Australia's Lucapa Diamond Company in a statement issued last week announced in that kimberlite Se251 at its Lulo concession in northern Angola contains diamonds.
The company said that prospecting work had confirmed the potential of the kimberlite after four diamonds were found amongst the first samples analysed.
With an area of approximately 220 hectares, the potential area for prospecting will be the "largest" kimberlitic area identified at the Lulo concession, which covers a total of 3,000 square kilometres, in the Angolan province of Lunda Norte.
The concession, the exploration rights of which were extended in March 2013 for another two years, until June 2025, is located around 150 kilometres west of the Catoca diamond mine, the largest Angolan diamond mine and the fourth-largest of its kind in the world.
In January of this year the Australian company announced it had found a 32.2 carat white diamond in the shape of an irregular dodecahedron.
By the end of May of this year Lucapa had sold 6 million Australian dollars' worth of alluvium diamonds mined at Lulo, 750 kilometres from the Angolan capital, Luanda.
Diamonds are the second-biggest export product for Angola after oil. *(Macauhub)*

China Railway Construction Corporation to prospect for diamonds in Angola

The China Railway Construction Corporation (CRCC) has signed an agreement of intentions with Angolan diamond company Empresa Nacional de Diamantes de Angola (Endiama) to prospect for diamonds, the Angolan press reported recently.
Focused on the province of Kwando Kubango, the agreement of intentions allows both sides to start preparing a definitive agreement.
The chairman of Endiama, António Carlos Sumbula said that the Chinese company would work on identifying and analysing the anomalies found underground so that at a later stage it could start test drilling.
Endiama is the Angolan state company responsible for prospecting, exploration, cutting and sale of diamonds in Angola. *(Macauhub)*

Coal India plans to buy stake in railway project in Mozambique

Indian state company Coal India Ltd. (CIL) is analysing the acquisition of a controlling stake in a rail project in Mozambique as a way of improving coal transport from the mines it plans to operate in the country, according to Indian newspaper the Economic Times.

A CIL senior official told the newspaper that, although the idea is that the controlling stake would make coal transport easier "everything is still at an early stage."

CIL holds a license in Mozambique for coal exploration in Tete province, which is due to end in August of this year. Its subsidiary Coal India Africana Limitada has yet to launch the third phase of exploration or to begin analysing samples collected in the first two phases.

"Our license ends in August but we are going to ask for an additional period of four years," said the official cited by the Economic Times, adding that the samples collected in the first two phases were on their way to India.

The blocks granted to Coal India Ltd. Contain various types of coal including coal of the highest quality, or coking coal, which has made it difficult for the company to reach a conclusion about whether the existing coal makes the project economically viable.

The newspaper added that is the Mozambican authorities granted the four-year extension on the license CIL would accept proposals from companies interested in carrying out the third phase of exploration, which will involve test drilling of up to 10,000 metres. *(Macauhub)*

Coal prospecting in Mozambique's mid-Zambeze reserved for national companies

The Mozambican government plans to hold a public tender reserved for national companies seeking mining titles for coal prospecting and geological research in the mid-Zambeze basin in Tete province, the Ministry of Mining Resources announced.

The official statement indicates that the licences for prospecting and geological research will be granted to eligible national individuals and companies who submit the best proposals.

The document does not indicate the tender deadlines but does specify that it concerns 12 blocs situated in the Marávia, Zumbo and Changara districts of Tete province and the Guro district in Manica province.

Coal exploitation is currently concentrated in the Zambeze's sedimentary basin, specifically in the Moatize district where the existence of huge reserves of metallurgical coal has been proven.

Companies such as Vale, Rio Tinto, Jindal Africa and Minas de Moatize are active at a time when the Eurasian Natural Resources Corporation (ENRC), Ncondezi Coal Company and Minas Revobué are also planning to start operations.

The Maputo-based daily Notícias reports that the government aims to reserve the tenders for Mozambicans in an attempt to ensure direct advantages for national enterprises in the exploitation of national mineral resources.

Available figures indicate that Mozambican authorities have issued until present more than 110 licences to operate mines in Tete province to 45 national and foreign companies, though the participation of Mozambicans in these projects remains very low. *(Macauhub)*

Savannah Resources gets positive results from heavy sands prospecting in Mozambique

A programme of prospecting by Savannah Resources in Jangamo, Mozambique, has visually identified heavy mineral sands in many test drill areas. The company said in a statement.

The company also said that the 4,000-metre drilling programme had concluded and that a magnetic and radiometric survey was now underway, the results of which would be known at the end of June.

The chief executive of Savannah Resources, listed on the Alternative Investment Market (AIM) of the London Stock Exchange, David Archer, said that the first results of the tests "are very positive" and added that the magnetic and radiometric study would make it easier to better understand the deposits that exist in the area.

The Jangamo region is adjacent to the Mutamba heavy sands deposit of Anglo-Australian group Rio Tinto.

In October 2013 Savannah Resources, formerly known as African Mining and Exploration, sold its subsidiary AME West Africa to Alecto Minerals and announced the acquisition of 80 % of Matilda Minerals Lda, which held the heavy sands exploration license in Jangamo. *(Macauhub)*

OIL & GAS

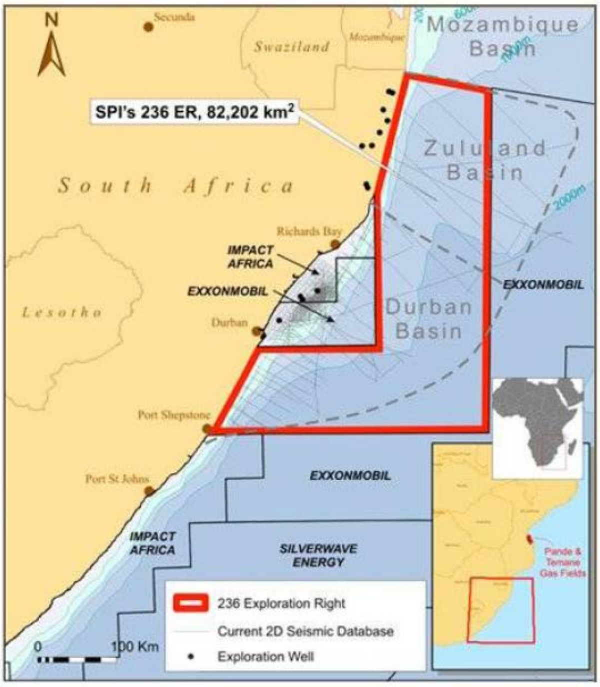
Angola to hold tender for 12 new offshore oil blocks in 2015

Angolan state oil company Sonangol plans to launch a tender for licences to explore 12 new offshore oil blocks in 2015, state news agency Angop cited Oil Minister **Jose Botelho de Vasconcelos**.

Seven of the new blocks will be located in the Namibe Basin and the remaining five in the Lower Congo Basin, a Sonangol spokesperson told Reuters.*(Engineering News)*

ENI farmed into 40% of Sasol's exploration license (ER236). Sasol has completed 4,000 km of a 2D seismic survey in terms of a programme covering an area of 5,950 km. The remainder of the seismic will be acquired in 2014. ENI will operate the block if it proves commercial. Exxon farmed into adjacent blocks last year, suggesting increased interest in the area. The Durban and Zululand basins are of interest because they sit at the southern end of the Mozambique Channel. Significant discoveries have recently been made in the north of Mozambique, most notably in the Rovuma basin. Historically Sasol's E&P business has been an area of disappointment, but it continues to offer potential upside. *(JP Morgan)*

Sasol Licensed Area



Source: Sasol

Kenya to Start Taking Pipeline Bids

Kenya will soon invite bidders for the design and construction of a crude oil pipeline that would enable East African countries to export recently-discovered oil through the Indian Ocean to Asia Pacific buyers.

The Kenya-Uganda crude oil pipeline will link some 800 kilometers from Hoima, near Uganda's western border, via Turkana in Kenya's northwest to a port city of Lamu on the coast of the Indian Ocean, where Kenya is building an oil exporting hub to host many tanks and berths.

"We will start receiving expressions of interest in a few weeks from companies that want to help us build the pipeline," said Davis Chirchir, Kenya's cabinet secretary who also leads the Ministry of Energy and Petroleum. The process to select the winner will take five to six months, he said.

East Africa has become a bustling location for hydro carbon exploration in recent years with international oil companies such as Tullow Oil PLC, Total SA and Cnooc active in the area, although most of the big recent discoveries have been south of Kenya, in Mozambique and Tanzania offshore areas.

In Kenya, where exploration works have been underway in many of its 44 licensed land blocks in the past few years, Tullow has said it discovered an estimated 600 million barrels of oil resources. Uganda said late May that the country estimates its energy reserves as being equivalent to over 3.5 billion barrels of oil and 1.4 billion barrels of it is considered recoverable.

"We are not only looking to build the pipeline to take Kenyan oil to the market. We are also opening a gateway for the landlocked countries of East Africa to access the market through the Indian Ocean," Mr. Chirchir told The Wall Street Journal in an interview in Tokyo, where he came to talk to possible bidders for the pipeline project.

Mr. Chirchir declined to talk about cost and capacity. But Kenya's local media has said the cost is estimated about $3 billion.

Uganda and Kenya agreed last year to build the pipeline. The two countries will split it into two and each country will develop their portions within their own territory. The pipeline can be later extended to link South Sudan and Ethiopia, Mr. Chirchir said *(Wall Street Journal)*

Tanzania's Swala Launches First East African IPO

Swala Oil and Gas (Tanzania), has announced the launch of its initial public offer (IPO) prospectus of 9,600,000 ordinary shares, which would be sold at Tanzanian Sh500 each ($0.3). "We are delighted that today Swala Oil and Gas Tanzania Plc., is officially launching its IPO which is a great step not only for Swala but also for Tanzania and its people," said David Mestres Ridge, Swala's CEO. This listing makes Swala the first locally-owned oil and gas company to go public within East Africa, and comes a week after the company received its official approval from the Tanzanian Capital Markets and Securities Authority (CMSA).

The IPO will give Tanzanians the opportunity to participate in the Oil and Gas business for the first time, echoed Abdullah Mwinyi, a Director at Swala Oil and Gas Tanzania.
Swala Oil and Gas is an affiliated company to Swala Energy Limited, a company listed on the Australian Stock Exchange (ASX) with ticker "SWE". Swala holds assets in the East African Rift System with a total net land package in excess of 17,500km$^{2.}$ *(Ventures Africa)*

Credit lines cover fall in Angolan oil exports

Lower oil revenues in Angola, estimated to be down US$4.5 billion, have been covered by credit lines amounting to US$5.6 billion guaranteed by countries and institutions, reports the Angolan weekly Expansão. The magazine explains that the government's diplomatic offensive in countries such as the United States, China and France, and international institutions such as the World Bank and the African Development Bank, has allowed Angola to assure more than US$5.6 billion and thereby enable infrastructure construction projects to continue.
Those credit lines come at time when oil revenue has been falling, since 2012. This is not so much due to international crude prices but to lower well production, a situation that several studies indicate will continue until 2017.
Finance Ministry figures indicate that in the first four months of this year revenue was down 151 billion kwanzas (US$1.5 billion), -12.6 %, over the same period in 2013.
In 2013 revenue was 400 billion kwanzas (US$4 billion) less than in 2012. At that rate Angola should lose oil revenue amounting to 850 billion kwanzas (US$8.5 billion) in two years.
The decline in the first four months of this year was mainly because oil barrel exports were down by more than 18 million (-9.5 %) to a total of just over 192 million barrels. *(Macauhub)*

Total group launches CLOV oil project in Angola

French group Total launched oil production at the CLOV (Cravo, Lírio, Orquídea and Violeta) project off the coast of the Angolan capital and whose reserves are estimated to total over 500 million barrels of oil, according to a statement from Angolan state oil company Sonangol.
In the statement Sonangol said that the project had production potential for a 20-year period and that it was part of Block 17 located 140 kilometres off the coast of Luanda. The project is expected to achieve daily production of 160,000 barrels "over the next few months" and operations began at four oil fields at depths of between 1,100 and 1400 metres in the Lower Congo basin, Sonangol's statement said.
The CLOV project includes 34 wells and eight collectors linked by 180 kilometres of undersea pipes and a floating production, storage and offloading unit and the natural gas extracted there will be sent by pipeline to the Angola LNG liquefaction plants in Soyo, Zaire province.
The French group has a 40 % stake in the project and is its operator, and its partners are Statoil ASA with 23.33 %, Esso Exploration Angola (Block 17) with 20 % and BP PLC with 16.67 %. *(Macauhub)*

Oil production in Angola falls to 1.6 million barrels per day

Month-on-month drops in oil production in Angola, which have fallen to 1.6 million barrels per day, were explained by Angola's Oil Minister based on maintenance problems at some wells as well as exhaustion of others, Platts news agency reported.
On the sidelines of a meeting of representatives of the 12 member-states of the Organisation of Petroleum Exporting countries (OPEC) in Vienna, José Maria Botelho de Vasconcelos confirmed the 1.6 million figure and also admitted that exhaustion of some blocks was at the root of the downturn.
Oil production in Angola averaged 1.65 million barrels per day in the last six months and has fallen every month since November 2013, according to figures collated and published by Platts.
At the end of May the Minister said that Angola produced over 142 million barrels of oil between January and March, which by the end of this year is expected to total 655 million barrels.
"In 2015 production is expected to reach 1 million barrels of oil per day once new oil fields come online, the projects for which are in the execution phase," said Botelho de Vasconcelos at the opening of the 10th Oil Ministry Consultative Council. *(Macauhub)*

Dutch company produces biodiesel in Mozambique

A factory for producing biodiesel from jatropha seeds started operating last December n the Grudja area of Mozambique's Sofala province, using a Dutch investment of US$7.5 million, according to Mozambican daily newspaper Notícias.
The factory has capacity to process three tons of jatropha seeds per hour, according to the manager of the NiQel project in Mozambique, Henrich Van Der Merwe.
The main aim of the project, which was launched in 2007, is to produce biodiesel from jatropha planted over an area of 6,5000 hectares, of which 1,600 hectares have so far been planted and 700 hectares are being prepared.
According to Notícias when the entire 6,500-hectare area is used the factory is expected to produce 5,500 tons of biodiesel.

The first harvest, of 120 tons in 2012, was exported to the Netherlands for laboratory testing, whilst in the first half of 2013 production totalled an average of 150 tons. *(Macauhub)*

INFRASTRUCTURE

French company Bollore Africa Logistics invests in floating dock in northern Mozambique

French company Bollore Africa Logistics has invested 11.7 million euros in acquiring and assembling a floating dock for logistical support of oil and gas surveying in Mozambique, a group official said in Maputo.

The Bollore Africa Logistics regional director for East and Southern Africa, Tony Stenning said that installing a floating dock at the port of Pemba in northern Mozambique as a logistics base for oil and gas operations in the Rovuma basin was intended to reduce drilling costs.

"On average oil companies, per day, spend US$1.5 million on drilling-related operations and it is important for costs not to overrun, and the floating dock is a solution designed with that in mind," said Stenning.

The floating dock installed at the Pemba oil and gas terminal, Stenning said, was operating as a logistics platform for fours oil and gas prospecting ships operated by US group Anadarko Petroleum and Italy's ENI. *(Macauhub)*

Dam reconstruction in Angola expected to cost US$327 million

Reconstruction of the Neves hydroelectric dam, in the Humpata municipality of Angola's Huíla province, is expected to cost the Angolan government 32 billion kwanzas (US$327 million), said the director of the province's Planning Office.

António Ngongo, who was speaking on the sidelines of a visit by the Minister for Land Administration, Bornito de Sousa, to the facility, said that the first phase of work would cost the treasury 8 billion kwanzas (US$82 million).

The reconstruction project is the responsibility of the Agriculture Ministry, which will this year launch feasibility studies to determine which areas are in the poorest state of repair and will undergo repairs.

The director noted that the dam was built in 1965 to take advantage of the region's agricultural potential, but at the moment it was in a very poor state of repair and had problems with leaks in its foundation and sediment build up in its reservoir.

The dam has a storage capacity of 6.4 million cubic metres of water, which irrigates agricultural areas in the Humpata municipality, to the south of the city of Lubango, the capital of Huíla province. *(Macauhub)*

Mozambican government plans to grant road concessions to private companies

The Mozambican government plans to hand over sections of the national road network as concessions to private companies by the end of the year, The Mozambican Public Works Minister, Cadmiel Muthemba said recently.

In January the minister announced that the Matola-Boane, Marracuene-Lindela, Nampula-Nacala, Vanduzi-Changara and Monapo-Ilha de Moçambique sections of road were identified as priorities to be handed over to private management in order to ensure the roads are maintained.

So far only one section of road in Mozambique has been granted as a concession and is now a toll road, the Maputo-South Africa road or National Road 4, operated by South African company Trans Africa Concessions (TRAC).

At the end of a meeting of the Ministry's Coordination Council, Nuthemba mentioned those sections of road again as future concessions and along which tolls would be charged in the future.

The minister noted that over the last five years 1,500 kilometres of roads had been paved with asphalt, as well as 19,000 kilometres of road per year receiving maintenance work, but added that the difficulties the sector is facing could be overcome with involvement of the private sector.

The Public Works Minister also noted the need to establish public-private partnerships (PPPs) exclusively involving Mozambican companies based on the "user-payer" concept. *(Macauhub)*

Railway linking Mozambique to Zimbabwe to be rebuilt

The Machipanda Railroad, which links the Mozambican port of Beira to Machipanda station, may undergo reconstruction along its entire 317-kilometre length this year, said the director of the Sena Railroad reconstruction Brigade.

Noting that a consultant was being chosen to carry out feasibility studies, Elias Xai-Xai also told Mozambican newspaper Notícias that the work involved state port and rail company Portos e Caminhos de Ferro de Moçambique (CFM) and the Mozambique Regional Gateway Programme, a Mozambique-based programme linked to increasing international traffic in Southern Africa.

The Machipanda Railroad, which was originally built in 1906, is being brought back from the state of abandonment it was assigned to during the concession period of former Beira railway company Companhia Caminhos de Ferro da Beira. CFM has so far spent US$10 million on the line to stabilise the line, and to re-open crossings and stations.

The thus far chronic derailment problem on the line has been substantially reduced, particularly because of reducing sharp bends in the line, replacing rails and sleepers and increasing crossing lines, all of which ahs allowed trains to travel faster.

The Machipanda Railroad, which is located near the border with Zimbabwe, is the only freight line to and from Zimbabwe and Zambia. *(Macauhub)*

TELECOM

New Satellite Service to Provide Connectivity in African Underground Mines

Gilat Satcom, a leading provider of satellite and fibre-based connectivity services in Africa, Asia and the Middle East, has announced a new system which will provide high-quality voice connectivity to people working in underground mines.

Traditionally, communication with underground workers has been via temporary coax cables which are prone to damage and unsuitable for many locations. Gilat Satcom's SuricatePRO service however provides coverage extension for standard satellite phones extending telephony underground without loss of signal quality.

"Communicating with workers in underground mines has always been problematical," says Dan Zajicek, CEO of Gilat Satcom. "Our system is extremely reliable, cost-effective and market-proven. We are actively reaching out to mining companies in Africa where we know our system will be of great benefit."

SuricatePRO takes advantage of Foxcom's leading RF-over-fibre technology.

The company has been providing a similar system to underground bunkers operated by military forces around the world for a number of years. It has adapted this system to cope with the harsh conditions found at many mines, particularly in developing economies. *(Ventures Africa)*

MTN Uganda Anticipates 12% Revenue Growth In 2014

MTN Uganda, a division of South Africa's telecoms giant MTN Group, expects its revenue to grow by 10 to 12 % this year, uplifted by its data businesses and mobile money, the company's chief Executive, Mazen Mroue disclosed.

With a population of about 34.5 million people, Uganda has seven telecom firms serving its populace as recorded by the industry regulator, Uganda Communications Commission. The economy, now growing at about 6 % a year, has expanded strongly in the past decade.

The leading provider, MTN Uganda, commands an estimate of 55 % of the market and as such, anticipates its mobile subscribers increases to 10 million at the end of 2014 as against the 9.5 million recorded in March.

"In 2014, we have an aggressive plan … to increase our 3G and 4G sites coverage across the country to be able to continue accommodating the increased demand (for) internet access." Mroue said.

Mazen Mroue told Reuters that the Ugandan unit planned to spend $72.4 million in 2014 to expand its high-speed internet infrastructure, underpinning its focus on the data market.

MTN Uganda has in prospect, to expand the number of data subscribers from an estimated 2.6million last year, to 3 million by the end of 2014.

Research has shown that mobile penetration in the Ugandan market stands at about 44 % and as such, offers room for mobile providers to expand rapidly, although competition has eroded margins since 2010 and encouraged some players to sell up.

MTN Uganda's Average Revenue Per User (ARPU), a key industry standard, dropped from $6dollars to about $3.5 to $4 dollars since competition picked up.

"The market could not support more than three operators. This market is quite good … to accommodate two operators," he said. "More than three (and) it will be a complete loss." *(Ventures Africa)*

Nigeria Set To Liquidate NITEL, MTEL

After several failed attempts at privatizing national telecom companies, Nigerian telecommunication Limited (NITEL) and Nigerian Mobile Telecommunication Limited (MTEL), the West African country has opted for a "guided liquidation" of the companies' non-core assets to settle debts owed to stakeholders.

Nigeria Bureau of Public Enterprises (BPE) – the organisation that supervises sale of national assets – announced that the government has appointed liquidators to oversee the bidding process for assets of both companies.

The BPE wants bidders with five years of telecom experience and a net worth of at least $200 million. Bids are expected to flow in before the end of June and the assets would be handed over to the preferred bidder in December as stated in a public note.

Nigeria decided to liquidate Nitel in March after attempts to privatize the companies proved unsuccessful.

Privatization of NITEL began as far back as 2001 when the national telecom firm was put up for sale. Ms International London Limited (ILL) emerged the preferred bidder for $1.317 billion but failed to meet the payment deadline. In 2003, Pentascope of Netherlands was contracted by the federal government to manage and reposition NITEL for another round of privatization process which also failed.

In 2006, Transcorp was well placed to acquire the company for $500 million after been victorious in the bidding rounds. The consortium however failed to fulfil its financial obligation .

In February 2010, New Generation Consortium, made up of Nigeria's GiCell Wireless Limited, China Unicom of Hong Kong and Minerva Group of Dubai was lined up to secure the company for $2.5 billion but the deal also failed to materialize. *(Ventures Africa)*

Tingo Eyes $25m Deal For 51% Stake In Nigerian Telco

Indigenous phone maker, Tingo Mobile has expressed interest in acquiring a 51 % stake in Lagos-based Mass Telecom Innovation Nigeria Plc (MTI) for $25 million as it bids to develop rural broadband technology in Nigeria.
Once purchased, MTI will be rebranded but will remain listed on the Nigeria bourse, Dozy Mmobuozi, Tingo's CEO told Journalist. Mmobuozi said the acquisition will help MTI reach out to the mass market.
A significant portion of Nigeria's 170 million population still reside in rural settlements.
According to London-based Research Company Informa Telecoms & Media, Nigeria's mobile subscription is expected to reach 200 million by 2017; an 18 % increase from the 169 million mobile-phone subscriptions recorded by the country's telecommunication regulatory body.
In February, Tingo announced plans to launch six products line by the middle of this year, which will be pre-installed with over 20 unique and indigenous economy-oriented apps. This will include sectors such as agriculture, insurance brokerage, airtime resell, commodities trading platform, health and maternity, security, messaging etc.
The company will also be producing GPS tracking systems and mobile point-of-sale devices, while expanding its Internet-based services business. *(Ventures Africa)*

Africa's White Spaces Revolution: Broadband's Final Frontier

An unused portion of the radio and television spectrum known as White Spaces is now being tapped by tech pioneers as the way to get Africa connected to the internet. Major companies including Google and Microsoft are arguing that these unused spaces have the potential to improve the continent's low broadband connectivity rate.
Television is broadcasted via radio signals, each of which are spaced out to prevent the signals from becoming entangled. These unused gaps in the ultra high frequency spectrum are known as White Spaces or TV White Spaces (TVWS). Many technology companies now see White Spaces as an ideal way to boost broadband connectivity in Africa, particularly in rural areas.
"TV White Spaces technology has great potential to improve connectivity in Africa, where a large percentage of the population remains unconnected," says Ntsibane Ntlatlapa, a manager at South Africa's Council for Scientific and Industrial Research Meraka Institute (CSIR).
White Spaces technology works in a similar way to Wi-Fi, with a wireless router sending and receiving information to other wireless devices. The main difference is that the White Spaces 'router' - called a device or base station - has to register with a geolocation database that tracks which channels, or White Spaces, are available in every region.
Once information about the nearest available White Spaces is received from the database, the device, which is connected to the internet, can then transmit its broadband connection through the White Spaces. Broadband via White Spaces connections can travel long distances and through difficult topographies including mountainous areas. Linking individuals to broadband through White Spaces is also much cheaper than laying optic cables.
Just under 16 % of Africans have access to the internet. Steve Song, founder of Village Telco, a social enterprise that makes inexpensive WiFi technologies and a researcher on shared spectrum for the Network Startup Resource Centre, says that Africa is an ideal region for White Spaces broadband.
"Most African countries do not have many terrestrial television channels so there is a lot of empty spectrum. There is also little incentive for mobile operators to improve communications infrastructure in sparsely populated rural areas, and TVWS is a low-cost alternative," he argues.

Google, Microsoft and Facebook move in

Big players in the technology world have put their weight behind developing White Spaces technology for broadband in Africa. In May, Microsoft announced the launch of a new White Spaces project in Ghana. The initiative will see Microsoft partner with Facebook to connect students and staff at two universities in Koforidua, a city in southern Ghana. Facebook's Connectivity Lab is involved on the technology research side of the project, although no further details about their role have been released.
This development follows Microsoft's successful White Spaces pilot project focusing on rural areas in Nanyuki and Kalema in southern Kenya last year, and the launch of a pilot project in Tanzania in May 2013, which linked Dar Es Salaam University to the internet using White Spaces. In July 2013, Microsoft also started another White Spaces pilot project in the largely rural Limpopo province of South Africa.
Meanwhile, last November Google concluded a successful a six-month White Spaces trial run that connected ten schools in and around Cape Town with high speed wireless broadband. The service was broadcasted via three base stations at Stellenbosch University. Google reported that as a result of the service, students could access multi-media education materials and teachers could show videos during lessons. At the same time, the school was better able to update its website and email parents.
"It was a very successful trial, as it showed that we can deliver fast, quality Internet through TV White Spaces," says Fortune Mgwili-Sibanda, Google's public policy and government relations manager in South Africa. "We wanted to show that TV White Spaces can deliver real broadband speed and we were able to connect the schools to 6MB per second broadband, which is rare in this part of the world."
"Crucially, the pilot showed that you can use White Spaces for this purpose without interfering with the TV Spectrum, which some TV broadcasters have expressed concerns about in the past. So we have demonstrated to the South African

regulator, the Independent Communications Authority of South Africa (ICASA), that this is not the case," he adds. He also points out that ICASA plans to use the findings when it starts proceedings to introduce new legislation on the adoption of White Spaces for broadband later in 2014.

Africa the innovator

Experts insist that Africa is not only a prime candidate for using White Spaces to increase connectivity, but is also a potential site for innovation in this space - rather than just a follower in a trend in tech development that has, until now, been led by the United States.

Mr Ntlatlapa claims that Africa is already making important contributions to White Spaces technology. The developers at CSIR are adopting mesh configuration for White Spaces devices, in contrast with everywhere else in the world where large base stations are the norm. According to him, the mesh configurators have several advantages.

"There are lots of small base stations that auto-configure themselves and are self-healing, so if one of the base stations in the network dies then the other connections jump on another that works so you don't lose the overall connection," he explains.

"In a place like Africa, where you have issues with power supplies, a scenario of a base station dying is a distinct possibility, so it is little surprise that we are seeing this development come from Africa."

Mr Song points out that the Cape Town trial validated the importance of factoring in terrain when calculating the range and scope of available spectrum for broadband. "The United States regulatory model, for example, doesn't take terrain into consideration. If you don't then you a assume a lot of areas are covered but they are not," he says.

Developments in Africa may also be influencing regulators elsewhere, including in the United States. At the Dynamic Spectrum Alliance summit in Accra, Ghana, in May, the representative of US regulator the Federal Communications Commission (FCC) said that the organisation is looking at the results of Google's Cape Town trial. Those findings showed that there does not need to be a guard band between television channels and White Space broadband connections, as US legislation dictates. As a result, it is possible that the FCC will reexamine its model.

Mr Mgwili-Sibanda, of Google, argues that African countries should be pioneering in terms of their broadband legislation, and ought to put in place light touch regulation models. These would lower the necessary criteria for firms to apply to offer White Spaces broadband services. According to Mr Mgwili-Sibanda, this would encourage smaller players to contribute to developing the industry. For example, innovations from these outfits could come up with models for small-scale providers to offer competitive connectivity for homes, offices and individuals.

The problem of regulation

Despite Mr Mgwili-Sibanda's optimism, however, there is broad consensus that the biggest challenge in terms of scaling up White Spaces projects in Africa is lack of regulation. Regulators in Africa have yet to give companies legal permission to offer broadband services from White Spaces beyond small pilot projects. South Africa is set to be the first to issue such regulations.

"We are expecting to hear something from the regulator by the end of this month in terms of kick starting regulatory rule-making discussions. There should be a public consultation process, possibly followed by a Green Paper, then a White Paper," says Mr Mgwili-Sibanda. Mr Ntlatlapa also predicts that there should be progress in South Africa on the regulatory front within the next quarter.

Other regulators in Africa are less enthusiastic about White Spaces innovations. In particular, Kenya's regulator attracted attention when it refrained from supporting Microsoft's project in the country. "The Kenyan regulator questions everybody against White Spaces," says Mr Ntlatlapa.

Mr Song, from Village Telco, suggests that the Kenyan regulator's reluctance may be down to "influence from the status quo. Mobile operators have little incentive for White Spaces to succeed. The current regulatory regime is working well for them and, perhaps unsurprisingly, they are reluctant to embrace new models that might shake things up" he says.

African regulators may also be waiting for the Geneva-based International Telecommunications Union (ITU), to endorse using White Spaces for broadband before they back the technology. The ITU is a UN body dedicated to ICT-related issues- including improving ICT access in the least connected regions of the world. With a membership of 193 countries and over 700 private sector and academic organisations, it is an influential player. The ITU's stance on White Spaces has been conflicted, however, and the organization has yet to clearly support its adoption.

"It's disappointing that the ITU has not been more progressive. Their lack of vocal support for White Spaces has had a chilling effect and has discouraged some African regulators from acting," says Mr Song.

In 2012, at the World Radio Congress, the ITU seemed to give national regulators the go-ahead to legislate in favour of White Spaces. At the Dynamic Spectrum Alliance summit in Accra in May, however, the ITU had a much more muted stance, expressing the need for caution.

"Lack of awareness is a big challenge in Africa. But even when people are aware of the benefits, there is a lot of resistance to change. The ITU and others are publicly asking a lot of questions. Spectrum regulators are by nature very conservative - I know, I worked with many of them," says H Nwana, the executive director of the Dynamic Spectrum Alliance.

Low power and high costs

Apart from regulation, experts think that the biggest challenge in terms of scaling White Spaces-based services is manufacturing. Until now, investors have been making the required technology in relatively small quantities. Mr. Song argues that prices need to come down from around $500 to nearer the $100 mark before the technology can start to be more widely accessible. "To really ramp up production, which will bring down costs per unit, the manufacturers need positive signals from regulators to assure them that there is a market," he says. "It is a Catch-22 situation because regulators have also said they want evidence that manufacturers can offer cheap devices- but they can only do that if they are confident that there is a market. Both sides will need to show strong vision to catalyse change."

There are a number of other uncertainties around scaling up White Spaces services. For example, it is not yet known many people can connect to a single base station at the same time, or how many networks can be supported in one area. If there are limits, then regulators may need to introduce area licenses. However, perhaps the biggest obstacle remains access to power. Just 12 % of rural African households have electricity. Mr Nwana from the Dynamic Spectrum Alliance claims that this is "the biggest impediment to any communications technology on the continent." Yet Mr Nwana remains optimistic about White Space technologies' prospects. "White Spaces will be an important part of the set of solutions for getting the world's final 3 to 5bn broadband-unconnected people online. Most Africans are in that number. That should drive some serious progress on the continent looking forward." *(This is Africa)*

AGRIBUSINESS

Agriculture: Africa's Hidden Treasure

Despite the current low productivity in Africa's agricultural sector, the World Bank believes the sector, which already employs about 70 % of the continent's people, has great future prospects. The global financial institution recently said agribusiness in Africa could be valued at $1 trillion in the next 16 years. The sector's ability to empower the economies of many countries on the continent, advance food security and create jobs is palpable. According to a campaign known as "Do Agric, It Pays", research has indicated that in sub-Saharan Africa (SSA), the advances in the sector have the potential to reduce poverty 11 times more than other economic sectors. Currently, the sector accounts for 25 % of the continent's gross domestic product (GDP), the World Bank says. "Investing in agriculture now could help lift tens of millions of people out of poverty by 2024," the campaign believes.

These comments come at a time when the African Union (AU) celebrates the Year of Agriculture and Food Security this year. At the AU conference next month, African heads will have a moment to assess and refresh the Maputo Declaration, and make new policy commitments for the next decade of African agriculture. The Maputo Declaration refers to a summit held in Maputo in 2003 where African heads of state committed to back up agriculture in all forms.

At the time, they committed to allot about 10 % of national budgets to agriculture and endeavour to achieve at least 6 % agricultural growth annually. States developed country-specific strategies through the Comprehensive Africa Agriculture Development Programme (CAADP). But it is believed that the development on the Maputo objectives have been varied as some countries failed to meet their undertakings. *(Ventures Africa)*

Cotton sales campaign in Mozambique brought forward by 30 days

The official period for the sale of seed cotton in Mozambique began cast week and production this season is expected to total 110,000 tons, an increase of 25,000 tons on the previous season, Mozambican newspaper Notícias reported.

The newspaper added that the sales period this year had been brought forward by 30 days in order to take advantage of prices currently offered on the international market.

Norberto Mahalambe, director of the Mozambican Cotton Institute (IAM) said that as of August international cotton prices would start to fall based on publication of estimates for cotton production in the northern hemisphere, and therefore "if we can place the cotton on the market before August we can take advantage of the high prices before then."

This year the Mozambican government has set the minimum price for sale of seed cotton at 11.75 meticals per kilo for first-rate cotton and 8.70 metical per kilo for second-rate cotton.

These prices were set following an agreement between the companies that support cotton production in Mozambique, such as Olam Mozambique and the João Ferreira dos Santos (JFS) group. *(Macauhub)*

Jiangsu aims to develop agro-cooperation with Portuguese-speaking countries

The government of Jiangsu province on China's east coast plans to organise study visits to Portuguese-speaking countries by official and business delegations with a view to developing agricultural cooperation, Vice-Governor Fu Ziying announced.

During a meeting with diplomats from the Portuguese language countries and members of the Macau Forum permanent secretariat, Fu Ziying recalled that large companies from the province are already established in Angola, Brazil and Mozambique.

He reaffirmed the desire to strengthen contacts with the Macau Forum and to use the Special Administrative Region as a platform for services between Jiangsu province and the Portuguese language countries.

The gathering was attended by diplomats from Angola, Cape Verde, Guinea-Bissau, Mozambique, Portugal and East Timor. The Cape Verdean ambassador and assistant secretary-general of the Forum, Júlio Morais, suggested that matters associated to fisheries, science and technology industries, trade, investment, agriculture, education and tourism should be considered at the 4th Jiangsu, Macau and Portuguese Language Countries Summit Meeting on Commercial and Industrial Development, to be held this coming 23-26 October in Macau.

Also present on behalf of the Macau Forum’s permanent secretariat were Secretary-General Chang Hexi and Assistant Secretary-General and Support Office Coordinator Rita Santos.

Jiangsu province on China’s east coast has an area of 103,000 square km, a population of 79 million and GDP of US$966 billion. Its capital is Nanjing.

Just south of the province is the municipality of Shanghai, with an area of 6,000 square km and population of 24 million. The city of Shanghai is China’s largest, with a GDP of US$352 billion. *(Macauhub)*

Forestry companies with operations in Mozambique merge

The merger of the Global Solidarity Forest Fund (GSFF) with Green Resources (GR), including all assets in Mozambique, has created the biggest forestry company on the continent outside of South Africa, according to an official statement.

The new company, which was created by issuing 17.78 million new shares to be handed over to GSFF shareholders, now has over 40,000 hectares of standing forest in Mozambique, where both countries had operations, in Tanzania and in Uganda.

“This merger leaves GR in an excellent position to capitalise on more than two decades of work and to develop first arte forestry resources in East Africa,” said the chief executive and founder of Green Resources, Mads Asprem.

Green Resources is one of the largest forestry companies in Africa and is one of the main wood production companies. It was founded in 1995 as a private company in Norway and it has invested over US$125 million in its operations in Africa.

Green Resources, whose two main shareholders are the Phaunos Timber Fund with 27 % and NewAfrica with 19 %, has plantations in Mozambique’s Niassa and Nampula provinces.

Global Solidarity Forest Fund AB was an investment company particularly focused on Mozambican forestry sector companies. It was founded in 2006 in Hallstahammar, Sweden.

According to information taken from the Internet Global Solidarity Forest Fund’s shareholders were the Netherland’s state worker pension fund (54.5 %), a number of Swedish and Norwegian religious organisations and US fund Diversified International Timber Holdings.

The company controlled Chikweti Forests of Niassa (28,970 hectares), Tectona Forest of Zambézia (19,540 hectares), Companhia Florestal de Messangulo and Ntacua Florestas da Zambézia (9,005 hectares). *(Macauhub)*

Indian bank funds agricultural research project in Mozambique

A project to research and technology transfer funded by and Indian bank was this week launched in Manjacaze, in Mozambique’s Gaza province, to boost production and yield of rice, maize and wheat crops in the country, Mozambican daily newspaper Notícias reported.

The project, which is expected to cost US$20 million includes setting up six research and technology transfer hubs to increase production, processing and sales of those crops.

The programme includes building soil and seed analysis laboratories and warehouses as well as workshops for production equipment such as tractors, trucks and other agricultural equipment.

Mozambique’s Minister for Science and Technology, Louis Pelembe, said that the centres were being built to find ways of increasing production levels and yields for rice, wheat and maize.

The scheme will later to be extended to the province of Manica, Tete, Nampula and Sofala. *(Macauhub)*

African Development Bank supports projects in Mozambique

An agricultural fund of the African Development Bank (ADB) has granted funding of US$1.5 million to two projects in Mozambique, the fund said in a statement cited by Mozambican news agency AIM.

The two projects selected by the ADB “Fast Track” Fund are one for sugar cane production led by EcoFarm, a US non-profit organisation, and a chicken production project led by Brazilian construction company Odebrecht.

The sugar cane project will receive funding of US$797,500. The two projects were selected for the significant impact they will have on local communities.

With its sugar cane project, located in Sofala province central Mozambique, EcoFarm expects to create 1,000 jobs and US$1.2 million in income for the region. It works with local property owners who own 50 % of the land given over to sugar cane in the region. *(Macauhub)*

Development of aquaculture sector is a priority for Angola

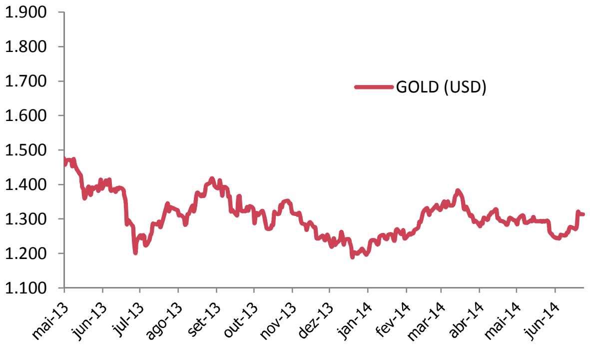
The Angolan government considers the development of the aquaculture sector to be one of its programme’s priorities, Angola’s fishing minister, Victoria de Barros Neto said.

MARKET INDICATORS

23-06-2014

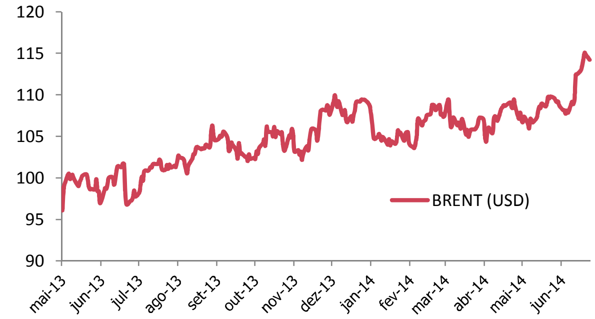
STOCK EXCHANGES		
Index Name (Country)	**23-06-2014**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	9.200,82	22,51%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	233,91	40,42%
Case 30 Index (Egypt)	8.305,25	52,04%
FTSE NSE Kenya 15 Index (Kenya)	193,88	54,18%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	19.326,25	0,96%
Nigerian Stock Exchange All Share Index (Nigeria)	41.577,49	48,07%
FTSE/JSE Africa All Shares Index (South Africa)	50.979,50	29,88%
Tunindex (Tunisia)	4.595,48	0,34%

Source: Bloomberg and Eaglestone Securities



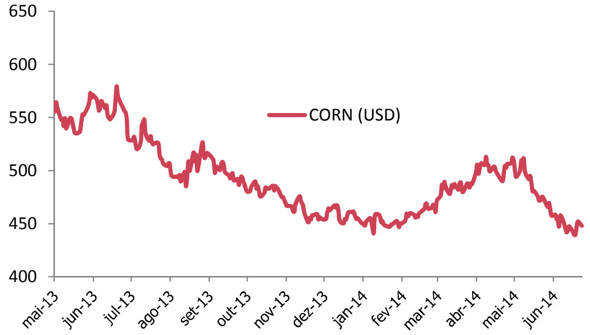
METALS		
	Spot	**YTD % Change**
Gold	1.313	-21,61%
Silver	21	-31,40%
Platinum	1.446	-6,12%
Copper $/mt	6.820	-14,01%

Source: Bloomberg and Eaglestone Securities



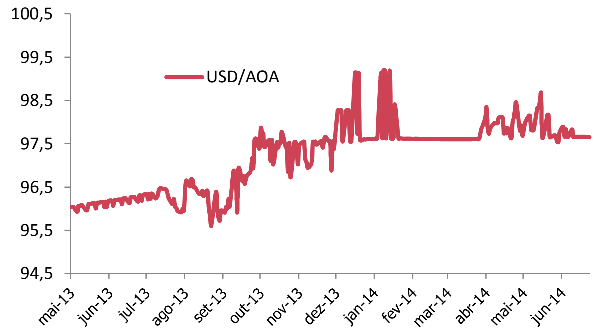
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	106,6	14,39%
ICE Brent (USD/barril)	114,2	5,30%
ICE Gasoil (USD/cents per tonne)	935,3	2,13%

Source: Bloomberg and Eaglestone Securities



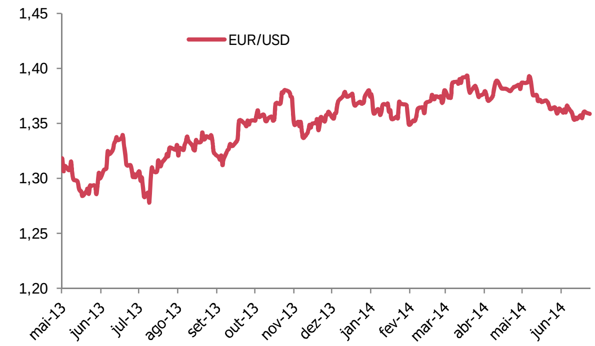
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	448,0	-36,02%
Wheat cents/bu.	593,5	-24,66%
Coffee (KC) c/lb	177,1	20,72%
Sugar#11 c/lb	18,7	-5,37%
Cocoa $/mt	3092,0	37,18%
Cotton cents/lb	76,8	1,24%
Soybeans c/bsh	1238,3	-11,51%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	97,650
EUR	132,684
GBP	166,064
ZAR	9,201
BRL	43,961
NEW MOZAMBIQUE METICAL	
USD	31,550
EUR	42,869
GBP	53,654
ZAR	2,973
SOUTH AFRICAN RAND SPOT	
USD	10,612
EUR	14,418
GBP	18,046
BRL	4,778
EUROZONE	
USD	1,36
GBP	0,80
CHF	1,22
JPY	138,44
GBP / USD	1,70

Source: Bloomberg and Eaglestone Securities



Speaking at the 31st session of the Fishing Commission of the United Nations Food and Agriculture Organisation, held in Rome from 9 to 13 June, the minister said that aquaculture was considered to be an economically viable and profitable way of producing social and economic benefits and contributing to food safety, particularly in rural and coastal areas.
According to Victoria de Barros Neto, around 85 % of catches of over 300,000 tons per year and with potential to reach much higher levels, are sold on the domestic market and per capita consumption totals 19 kilos of fishing products per year. The minister took advantage of the occasion to invite the countries present t take part in the first Angola International Fishing and Aquaculture Fair, held in Luanda from 27 to 30 November. *(Macauhub)*

UPCOMING EVENTS

Africa Debt Capital Markets, 26th June, Mandarin Oriental Hyde Park, London UK
Learn the current trends in Africa's debt capital markets in one day. *www.adcm.eventbrite.co.uk*

AfDB partners in the 6th Africa Carbon Forum in Windhoek: Engaging Africa in the global carbon markets
The sixth Africa Carbon Forum will take place in Windhoek, **Republic of Namibia**, on July 2-4 2014 to support Africa's participation in global carbon markets and catalyze green investment opportunities.

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

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

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

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

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

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Disclosures

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

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

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

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

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