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In-depth:

Why African companies should view China as a market, not as competition

China is often viewed as a threat to Africa's manufacturers due to its cheap exports. But Jas Bedi, the Kenya-based chairman of the African Cotton & Textile Industries Federation (ACTIF), sees the Asian giant as a market for Africa's textiles and apparel. He cites demand from China's growing middle class increasingly spending on everything from cars to fine wines.

Additionally, China's strength as the world's manufacturing hub is now threatened by rising production costs and an ageing workforce.

"Chinese consumption is going up. China is no longer the factory of the world. China is becoming the market of the world. Last year China bought the largest amounts of Mercedes Benz cars, whiskey, wines … we have to think differently. China is not competition anymore, if anything it is a market. So how do we service that market?"

Little faith in 'Made in Africa'

Bedi co-founded ACTIF in the mid 2000s to lobby for the extension of the African Growth and Opportunity Act (AGOA) after its first expiry. The Act offers manufacturers in Africa duty-free access to the US market. Since its inception, ACTIF has focused on expanding market access and trade opportunities for African cotton, textiles and apparel manufacturers. Africa's garment industry is one of the big beneficiaries of the programme.

However, when AGOA came into effect in 2000 Bedi recalls there was little faith in 'Made in Africa'.

"Initially we found it difficult to penetrate the market. They looked at Kenya and all they saw was a great country for a wild life safari. But they wondered whether we could really make garments. So we had to deal with our image, and after a while buyer perceptions towards Africa changed."

But in 2005 export restrictions on Asia were lifted allowing countries such as China to do as much export volumes as it could. Bedi says many Africa-based manufacturers suffered as foreign investment relocated back to Sri Lanka, China, India and Bangladesh.

'The sexiest bride in town'

The Kenyan industrialist notes the tide has been changing with costs rising in China. Health and safety concerns have also affected buyer perceptions towards countries such as Bangladesh where 117 people died in a textile factory fire last year.

"We see a renewed interest in Africa," says Bedi, adding there are several factors that work in favour of the continent's textile industry. For one, it has significant production of cotton, although currently a vast majority is exported in raw form. Hence there is room for value addition. Africa also has a big and expanding young population.

"That tells you we are going to have a big labour force in Africa," he says. "In the 1900s everything was made in England. Later trade moved to Hong Kong, Korea, China, Vietnam, Bangladesh and Cambodia. Where will it go next?

"I say Africa. I call Africa the sexiest bride in town. Everybody wants a slice of her."

He notes investment into Africa's textiles industry is also increasing. In the last few months new investments have been made in Uganda while foreign investors have made commitments to pump hundreds of millions of dollars into Ethiopia and Kenya's industries.

"Industrialisation all over the world started with basic industries like textiles and apparel. It is an industry that employs a lot of people. From here we can continue with the industrial revolution and move into other industries like electronics. That is how we will move up the ladder and become wealth creators," he predicts.

It's not all doom and gloom

Whilst poor infrastructure and the high cost of electricity is a key challenge for manufacturers in Africa, Bedi believes "not everything is gloom and doom here". With AGOA in place, textile and apparel manufacturers in Africa have access to a multi-billion dollar market in the US alone.

"We have an opportunity to grow our business 100-fold because we are allowed to export to the US duty free, while Asia is not. To me, that is massive opportunity waiting in front of us."

He adds that African countries like Uganda which is a significant cotton producer, and Nigeria with a large population and big "national dress", hold immense potential.

"You and I wear three metres of fabric each, but in Nigeria the national dress is made of seven metres of fabric. That is double per capital consumption… it is like India. The Indian sari is seven metres long; no wonder the textile industry is flourishing there."

Bedi says the picture is even more promising globally citing industry statistics which show as at 2012 the textile and apparel industry was valued at $1.7tr. *(How we made it in Africa)*

Regional Economic Outlook: Sub-Saharan Africa

The October 2014 Regional Economic Outlook: Sub-Saharan Africa anticipates continued strong growth in much of Sub-Saharan Africa, driven by efforts to invest in infrastructure and by strong agricultural production. However, the current Ebola outbreak in Guinea, Liberia, and Sierra Leone is exacting a heavy toll, with spillovers to neighboring countries. In addition, external threats to the region's overall positive outlook include global financial conditions and a slowdown in emerging market growth. Other topics are building resilience in fragile states and addressing the infrastructure deficit

Strong Growth in Sub-Saharan Africa, but Pockets of Difficulty

- Infrastructure, services, agriculture driving growth in most economies
- Positive outlook overshadowed by Ebola impact in affected countries
- Goals are high, inclusive growth and addressing fiscal risks in a few countries

Strong growth in the majority of sub-Saharan Africa's economies should underpin a robust regional expansion in 2014 and 2015, the IMF said in its regional outlook.

In most countries, growth benefits from a combination of infrastructure investment, expanding services, and robust agricultural production. Growth momentum remains particularly strong in Nigeria, the region's largest economy, and in the region's low income countries. Recent revisions of national accounts data, notably in Nigeria, have also revealed that the economies of the region are more diversified than previously thought, highlighting in particular the large role played by services.

The IMF's latest Regional Economic Outlook for sub-Saharan Africa projects regional GDP growth to pick up from about 5 % in 2013-14 to 5¾ % in 2015. This overall positive outlook is however overshadowed by pockets of acute difficulty in a few countries. In Guinea, Liberia, and Sierra Leone, the Ebola outbreak is exacting a heavy human and economic toll. In addition, the security situation continues to be difficult in some countries, including the Central African Republic and South Sudan.

In a few other countries activity is facing headwinds from domestic policies. In South Africa growth remains lackluster under the drag of difficult labor relations, low confidence, and inadequate electricity supply. More worrisome, in a few countries, including Ghana and, until recently, Zambia, large macroeconomic imbalances have resulted in pressures on the exchange rate and inflation.

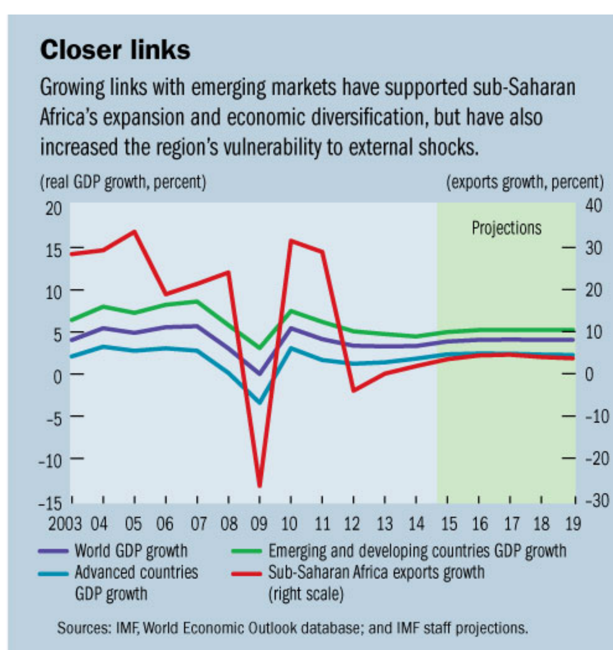
Rising vulnerabilities

A more protracted Ebola outbreak or a wider extension of the epidemic could have severe consequences for the economy of the region, as it would undermine trade, transport activities, and investment. In other parts of sub-Saharan Africa, a deterioration of the security situation could also have severe regional spillovers.

In a few other countries, rapid growth has masked increasing fiscal vulnerabilities, especially where large deficits have been prompted by an acceleration of recurrent spending.

Less supportive environment

During the past decade, growing links with emerging markets have supported the region's expansion and economic diversification but have also increased its vulnerability to external shocks (see chart).



Although global growth is projected to gradually strengthen, an expected deceleration in emerging markets and a rebalancing of Chinese demand toward private consumption will make the external environment less supportive for the

region. In particular, these trends could soften global demand for key sub-Saharan African exports, including commodities.
Tightening financial conditions -- stemming from a faster-than-expected normalization of U.S. monetary policy, adverse geopolitical developments, or a worsening of the countries' fundamentals -- could also result in lower and more expensive access to external funding and a scaling down of foreign direct investment.

Sustaining high growth

For the vast majority of the countries the over-riding policy objective remains sustaining high growth to facilitate employment creation and inclusive growth, while preserving macroeconomic stability. Countries should continue to prioritize growth-enhancing measures, including by directing public spending toward investment in infrastructure and other development spending and safeguarding social safety nets.
Boosting fiscal revenue mobilization and improving the business climate also remain important policy priorities. Monetary policies should continue to focus on consolidating the gains achieved in recent years in reducing inflation.
In the few countries where large fiscal deficits and sharply risen current spending have become a cause of concern, these imbalances should be addressed but fiscal consolidation should avoid overly adverse consequences on the poor and other vulnerable groups.
In countries affected by the Ebola epidemic, fiscal accounts are coming under considerable pressure. Ideally, support should be provided through grants from the donor community. However, when grants are not immediately forthcoming, and provided that public debt is manageable, fiscal deficits should be allowed to widen, subject to the availability of financing.

Building up resilience

The Regional Economic Outlook also discusses, in two background studies, how fragile states can become more resilient and how countries in the region can cover their remaining infrastructure deficit.
The first study compares the experience of countries that were deemed fragile in the 1990s and have managed to build resilience since then with that of other countries that have not made progress or have even regressed. The analysis performed on a panel data from 26 sub-Saharan African countries and on four case studies from the region highlights that overcoming fragility is a slow and complex process.
Succeeding in these efforts requires an appropriate combination of well-prioritized actions, including a political arrangement that deters violence, strong leadership, and selected policies geared at fostering good governance, transparency, and economic stability. In particular, strengthening fiscal institutions is critical, both to create the fiscal space needed to deliver key public services and urgent investments, and to establish trust between the citizens and the state.
International stakeholders should be prepared to engage with these countries on a long-term basis, both to support their capacity building process and to provide the high levels of aid that may continue to be needed until the country has achieved a minimum level of resilience.

Addressing infrastructure deficit

The second study reviews the progress achieved in recent years by countries in sub-Saharan Africa in fulfilling their need to expand their infrastructure, highlighting the current trends in financing these operations and the challenges that lie ahead. The study finds that many countries in the region have sustained a high level of public investment, but only some of them have managed to improve their infrastructure significantly.
The major obstacle to addressing the continent's infrastructure deficit does not generally appear to be a lack of financing, but rather capacity constraints in developing and implementing projects. The study concludes that countries should seek to make the most of new financing instruments and flows by improving their absorptive capacity and removing remaining regulatory constraints, while controlling fiscal risks and maintaining debt sustainability.
More specifically, countries should strengthen their public financial management capacity by upgrading their methods to plan, execute, and monitor public investment, strengthening their project appraisal procedures, and adopting a medium-term budgetary framework that includes adequate provisions for the cost of operation and maintenance. Public-private partnerships can be an effective tool to upgrade infrastructure, but need to be underpinned by an appropriate institutional and legal framework, and to be carefully monitored to minimize fiscal risks.

Angola: Constructing a new country

In 2002, Angola emerged from almost 30 years of internal conflict. Since then, the nation has developed into one of Africa's fastest- growing economies. Africa's second-biggest oil producer and perhaps Africa's most richly endowed nation in terms of natural resources, Angola has now embarked on a massive construction programme that is expected to completely change the face of the nation.
After the 27-year civil war which devastated the country's infrastructure and brought virtually all economic activity to a grinding halt, Angola has been lifting itself up by its bootstraps and has so far made a remarkable job of it.
Under the leadership of President Jose Eduardo dos Santos, the economy has been growing at around 10% per annum over the past five years. Much of Angola's income comes from its oil exports – it is Africa's second-biggest oil producer after Nigeria – but a vigorous campaign to diversify its economic base, especially by developing agriculture and fishing, has borne fruit and the two sectors now contribute around 10% of GDP.

But you cannot undo the wholesale damage caused by the war with a few years of peace and growth. All basic soft and hard infrastructure – transport, water supply and sanitation, housing, energy, education, health, local administration, jobs – you name it, is being rebuilt almost from scratch.
After the wasted decades, Angola is impatient to get on with it. The country resembles a giant construction site. Luanda, the capital, is bristling with cranes and scaffolding as glittering new buildings spring up. According to Mercer's 2013 Cost of Living Index for expatriates, it is the most expensive place to live in on earth. This reflects both the demand for residential and business property as well as the shortage that is driving up prices.
But for the country's Minister of Urbanism and Housing, José António Maria da Conceição Silva, the overriding concern is to provide affordable housing to the majority of Angolans. Perhaps as a result of the instability in the rural countryside during the civil war, the urban drift in Angola was faster than elsewhere in Africa. According to the World Bank, the country's urban population forms almost 60% of the total. Luanda, with over 7m people, is Africa's fifth largest city.
Minister José da Conceiçao Silva says that while bustling cities are tremendous sources of creativity and wealth, they can also become ugly, festering slums unless properly managed. He points out that the phenomenon of rapidly rising urban populations is a characteristic not only of the rest of Africa but the entire developing world. "How we manage our urban growth will determine what sort of future we bequeath our people. Properly planned and managed, out cities can generate unprecedented growth and inclusive wealth; neglected or poorly managed, our cities can become like some of the hell holes of poverty and crime that we see in parts of the world, including of course in Africa."
Angola has been among a small handful of African countries that has taken the critical issue of urban growth and regeneration very seriously. It has developed several strategies to provide the right sort of hard and soft infrastructure to provide affordable and pleasant living and working space for its citizens. The immediate aim is to construct a million homes and thus halve the current deficit of around 2m homes.

Multi-dimensional master plan

While the country's urban redevelopment programme is a complex, multi-dimensional project, Minister José da Conceição Silva has honed in on two prongs of the overall strategy: these are the creation of new urban centres around the major cities and areas of dense population and to encourage greater resort to auto-construção, or self-build. Angola has a tradition of families working with artisans to build their own homes and the Minister has been working to leverage low interest credits and state support, such as access to architects and other technical specialists, to help more families build their own homes.
But while the rationale behind the plan is sound, several glitches are getting in the way of a comprehensive roll out. For example, access to land is still mired in bureaucratic red tape and issues such as title deeds still need to be ironed out. Nevertheless, says the Minister, auto-construção is a central plank in the government's 'one million homes' project to provide serviced and legalised houses for ordinary Angolans. Microcredit oganisations such as KixiCredito are already providing essential financing.

***According to the World Bank, 60% of Angola's population live in cities. Luanda, with over 7m people, is Africa's fifth largest city*.**

To encourage local banks to provide lowcost loans and mitigate risks, the Housing Development Fund provides subsidies to around nine banks involved in the scheme. These are: BPC, BAI, BIC, BFA, Private Atlantico (BPA), International Business Bank (BNI), Trade and Industry (BCI), Sol, and Keve. The fund will provide 80% of the loan to value, and by mid-2013 was offering loans for a select number of government sponsored housing projects in Luanda.
More broadly, the World Bank is providing $1bn in financing to help Angola rebuild infrastructure and develop its agriculture. It is convinced the government has a coherent and practical programme, so will support it financially through the International Bank for Reconstruction and Development. This support could also be used to leverage more financing from the private sector, including pension funds and domestic and overseas banks that want to take part in Angola's infrastructure projects.

China to the fore

But perhaps the most significant player in Angola's current construction boom has been China. It has provided an estimated $13.4bn in 'oil-for-infrastructure' loans to Angola. As a result, Chinese construction companies are heavily involved in the reconstruction projects.
The most ambitious project carried out by a Chinese company is the $3.5bn Nova Cidade de Kilamba (Kilamba New City), a huge 5,000 hectares development designed to house half a million people and consisting of 750 eight-storey apartment buildings, as well as schools and retail units.
It is situated 30 km south of downtown Luanda and is being built by the China International Trust and Investment Corporation. This development is one of the largest new-build developments on the continent.
Lusophone Brazil has been long involved in Angola's infrastructure development and is now an important player in the construction landscape. It has recently extended a new credit line worth $2bn towards the energy and construction sectors. This is the sixth credit line from the Latin American country, bringing the total to $7.83bn so far.

Brazil's giant construction company, Odebrecht is intimately involved in a slew of projects ranging from electricity, agribusiness, water and roads. Odebrecht has been involved in Angola since 1984 when it won a contract to build the Capanda hydroelectric dam on the Kwanza river, 360 km from the capital. However, the civil war interrupted the completion of the project and the dam only started generating electricity in 2004. The company is currently Angola's biggest private employer.

Construction companies from Angola's former colonial power, Portugal, are also active in the country. Somague, for example, has been involved in the construction of the Luanda International Airport, hospitals, a university campus and several war-damaged primary schools. It is now concentrating on transportation, energy and public health projects.

Another Portuguese company, Acail Angola has built bridges, hospitals, shops, homes, the new National Assembly building, and various electrification projects.

Interesting, the US Export-Import Bank drove a hefty wedge in what is considered a Lusophone 'monopoly' when it financed Angola to the tune of $1bn to purchase railway and energy equipment from General Electric.

Perhaps the most spectacular project currently in the works is the $7bn up-market hotel, restaurant, entertainment and hospitality complex around the Luanda Bay. It is being developed by Baia de Luanda SA, whose shareholders include Angola's state oil company Sonangol and billionaire businesswoman, Isabel dos Santos.

As Urbanism and Housing Minister José António Maria da Conceição Silva pointed out, one of the advantages of having to reconstruct from scratch is that the only limitation to what can be done is that of one's imagination. Angola has set out not only to build a new country; it wants to build a great, modern global country. *(African Business)*

*Angola will host the 2nd African Urban Infrastructure Forum in Luanda from 19th -20th January 2015.

AFRICAN DEVELOPMENT BANK

AfDB Board approves €15-million loan to finance governance and investment programme in Cape Verde

The Board of Directors of the African Development Bank Group on Wednesday, October 15 in Abidjan approved a €15-million general budget support loan to finance the Public Corporate Governance and Investment Promotion Support Programme in Cape Verde (PAGEPPI-II). The programme, now in its second year, aims to improve public corporate governance and promote private investment to streamline public expenditure and promote private sector contribution to growth.

It seeks to contribute to the consolidation of the macroeconomic framework and foster growth recovery by improving public corporate governance and promoting private investment. In view of its recent ranking among middle-income countries, Cape Verde would increasingly rely on non-concessional loans to finance its development.

Thus improving the governance of public enterprises would help to optimize their financial and operational performance, thereby reducing their losses which weigh heavily on the State budget. It would also promote international and local investment as well as foster private sector development.

This programme is expected to benefit the population of Cape Verde as a whole and, in particular, public enterprises, the domestic private sector, foreign investors as well as users of public services (electricity, water and transport).

Eritrea – Interim Country Strategy Paper 2014-2016

The AfDB Board also approved the Interim Country Strategy Paper (I-CSP)for Eritrea. The I-CSP covers the period 2014-2016 and aims to assist the Government of Eritrea in addressing its binding development challenges in a coordinated and consultative manner.

The strategy focuses on enhancing skills development and technology, in support of inclusiveness and transition to green growth. In addition, the Bank will support the government to build resilience and capacity to deal with, and adapt to a challenging environment to promote inclusive growth and poverty reduction.

It will also scale up advisory services through economic and sector work as well as assist in creating capacity and conditions necessary for the finalisation and implementation of the National Development Plan (NDP) as well as preparation of a full-fledged Country Strategy Paper.

Support of the rehabilitation of the Kariba dam: The Zambezi River Authority finalize preparations with donors

The Zambezi River Authority (ZRA), an organization established to manage the Zambezi River Basin on behalf of the Governments of Zambia and Zimbabwe, recently hosted representatives from the African Development Bank (AfDB), the European Union (EU), the Swedish Embassy to Zambia and the World Bank Group (WBG) to finalise preparations in support of the rehabilitation of the Kariba Dam.

The rehabilitation works are estimated to be in excess of US $290 million. The Cooperating Partners have responded to a request from the Governments of Zambia and Zimbabwe to assist with the rehabilitation project. The EU intends to mobilize US $100 million while the WBG proposes to finance US $75 million. ZRA is also looking at US $75 million from the AfDB. The Government of Sweden considers covering another US $30 million, and the rest will be counterpart funds from the Zambezi River Authority.

Speaking at the end of a series of meetings between the Cooperating Partners and officials from the two Governments over the past three weeks, the Zambezi River Authority Chief Executive Officer, Munyaradzi Munodawafa said, “The outcome of the meetings between the two governments and the Cooperating Partners has been successful. A number of issues relating to implementation were discussed which paves the way to ensure the rehabilitation works are adequately funded, with expertise that will undertake the project to meet international safety standards to give a new lease of life to the Kariba Dam.”

The Kariba Dam and Hydro-Electric Scheme (HES) was constructed across the Zambezi River between 1956 and 1959 and has been central to energy security and supporting economic development in both Zambia and Zimbabwe. After 50 years of operation serving the Southern African Region, the Kariba Dam now requires rehabilitation works for its continued safe operation. A failure to invest in the timely rehabilitation of the dam will result in the gradual degradation of key dam safety features to a level below international standards. Therefore, this rehabilitation project, which represents the culmination of a series of in-depth technical studies over the past few years, is absolutely crucial and urgent, and will restore the full safety of the dam.

Also welcoming the conclusions of the evaluation meetings by the Cooperating Partners, the EU Head of Delegation to Zambia, Gilles Hervio confirmed that he was “… pleased with the progress that has been made so far in the preparatory work to ensure that the rehabilitation works are done in a timely manner to avert a power deficit in future. This illustrates the EU's resolve to secure and increase access to electricity in Zambia and the Region with the aim of improving the living conditions of the poor and promoting economic development.

Freddie Kwesiga, the AfDB Country Representativestated “I am impressed with the great team work and sense of urgency by the technical teams of the financing institutions and ZRA. They have shown that working together among Cooperating Partners can achieve greater development results”. He added that “the rehabilitation is important in that it will also secure an already constrained generation capacity in the southern African region.

The Country Director of the WBG, Kundhavi Kadiresan, said “We are pleased that the intensive work that the technical teams have been doing for the last few years has finally come together with this program of rehabilitation for the Kariba dam. Reliable power generation is needed to meet the ever increasing demands of the region. The work between Zambia and Zimbabwe on the Kariba rehabilitation has paved the way for further collaboration on harnessing energy sources between the two countries so that transformational changes can be made in the lives of the people in the sub-region.”

Lena Nordström, Sweden’s Ambassador to Zambia, said that “Access to secure and sustainable energy is a key priority for development cooperation in the country. The consequences of a dam failure would be a serious setback for efforts to reduce poverty and to the impressive economic development of Zambia in recent years, making swift rehabilitation of the dam is the only available course of action.”

AfDB and SREP help promote renewable energy in Mali

With support from the African Development Bank (AfDB), Mali received US $1.5 million from the Scaling-Up Renewable Energy Programme in Low Income Countries (SREP) of the Climate Investment Funds (CIF). The SREP financing will benefit the Project for Scaling-up Renewable Energy in Mali (PAPERM).

PAPERM aims to contribute to (i) improving the policy, legal, regulatory and institutional framework for scaling-up renewable energy investments; (ii) strengthening the capacities of stakeholders and ensuring knowledge management, communication and advocacy to facilitate the development of renewable energy; and (iii) improving the sub-sector’s monitoring and evaluation system. The project covers the entire country and will take place over three years.

Following the grant approval, Alex Rugamba, Director of the AfDB’s Energy, Environment and Climate Change Department, said, "The Bank actively participated in the preparation of the SREP investment plan for Mali and will support the implementation of three of the four projects that it contains, including the Project for Scaling-up Renewable Energy in Mali. Through PAPERM, the Bank seeks to support Mali in transforming its energy sector and improving the environment for future investments in renewable energy."

PAPERM has an estimated budget of US $2.602 million. The project also benefits from a US $530,000 grant from the Sustainable Energy Fund for Africa. With co-financing from SEFA and SREP, this project demonstrates that the AfDB can mobilize the various climate funds it manages in order to create greater synergies between these different funding instruments. Beneficiaries of the project include the National Directorate of Energy and other agencies in Mali’s energy sector, as well as private and public investors who will benefit from improved strategic, legal and regulatory frameworks.

Mali has great renewable energy potential, which remains largely untapped to date. The country’s Strategic Framework for Growth and Poverty Reduction 2012-2017, however, plans "to make renewable energy the main energy source in the country." PAPERM is in line with the objectives of the National Renewable Energy Development Strategy, which are to (i) promote the widespread use of renewable energy technologies and equipment; (ii) develop the biofuel sector; (iii) create optimal conditions for the sustainability of renewable energy services; and (iv) identify sustainable and adapted financing mechanisms.

AfDB is financing a real sector in Morocco: Ouarzazate solar power plant takes shape

With a team of African Development Bank experts, at the margin of the various Bank events in Morocco, the Vice-President in charge of Governance, Agriculture and Human Development, Aly Abou-Sabaa, on Thursday, October 16, 2014 visited a Bank cherished solar power plant project (NOORo1) in Ouarzazate, which energy specialists are calling "the world's largest using concentrated solar power technology."

The Vice-President, accompanied by the Bank's Resident Representative in Morocco, Yacine Fal, the project task manager, Adama Moussa, and a Bank Communication expert, held a technical meeting with the project implementing unit, the Morocco Agency for Solar Energy (MASEN). NOORo1 consists of the construction of the one thermo solar plan with a gross capacity of 160 megawatts, using solar energy collected in a field of mirrors (parabolic collectors) as the primary energy source. It is the first phase of the 500 MW Ouarzazate solar complex project, which is being built on an area of 3,000 hectares. NOORo1 is structured on approximately 700 hectares, as a public-private partnership (PPP) and includes a system of thermal energy storage using molten salts, which allows the power generation even when there is no solar radiation, to effectively function at full capacity for three hours.

In engaging in this project, the Bank Group has contributed in providing an appropriate and long-term response to factors that undermine inclusive growth in the continent: lack of infrastructure and limited access to energy. With the effective implementation of the Ouarzazate solar plan, Morocco will be on track to achieving these goals as outlined by the African Development Bank. "Energy is vital to efficiently drive African economies and its impact is recognized. This plant is an important step in Morocco's green and inclusive growth strategy, and should be replicated all over the continent," Abou-Sabaa said, adding: "Businesses and industries permanently need power to run smoothly. And any African nation to grow to maturity and become a force to reckon with in upcoming years should develop it."

Moussa also affirmed that "this huge solar project will positively impact beneficiaries in the project zone, as well as the entire country, in terms of productivity for SMEs and SMIs [small and medium industries], and job opportunities for the youth. It will help diversify the Kingdom's energy production sources a well." During the visit, the Bank team noticed the presence of more than 1,700 workers actively performing on the project site, of which 90% are Moroccans. More than 30% of all the workers are natives of Ouarzazate region.

The Moroccan driver, a native of Ouazarzate, who drove the team to the project area said, "Women in this country need energy at home for cooking, lighting and powering electronic devices."

The project is structured as a public-private partnership (PPP) between MASEN and a consortium led by the Saudi International Company for Water and Power (ACWA Power). It is the third of its kind that the AfDB is financing in the country's renewable energy sector after the Ain Beni Mathar Solar Power Plant and the Integrated Wind, Water and Rural Electrification Project. The official launch of the first phase of the Ouarzazate solar power plant took place on May 10, 2013 in the Moroccan rural municipality of Ghessate (Ouarzazate Province), was attended by King Mohammed VI and representatives of the Moroccan Agency for Solar Energy (MASEN) and the African Development Bank (AfDB) Group. The AfDB has financed the first phase of the works, with EUR 100 million, from its own resources, in addition to a concessional loan of USD 100 million granted through the Clean Technology Fund (CTF). The Bank plays a very prominent role in advancing Morocco's development agenda, with a cumulative commitment in the country's energy sector is estimated at EUR 1.35 billion (15 billion dirhams) out of a total commitment of EUR 10 billion to all economic sectors. The opening of the Bank's office in the country (MAFO) in 2006 reinforces the institution's presence on the ground, and strategically positions it to step up its policy dialogue, technical assistance and capacity-building operations in the country. "The Bank will continue to engage in charting the way forward in Morocco," Yacine Fal said.

AfDB approves US $82.7-million grant to improve Batshamba-Tshikapa road in the DRC

The Board of Directors of the African Development Bank on Wednesday, October 22 in Abidjan, Côte d'Ivoire, approved a grant of US $82.7 million (UA 55.56 million*) for the development of a 56-kilometre portion of the Batshamba-Tshikapa road in the Democratic Republic of Congo, between Lovua and Tshikapa on the country's NR1. The grant supplements earlier Bank interventions on the same road. The works include construction of a new bridge over the Kasaï River which crosses Tshikapa town. It aims to improve the service level of the transport logistics chain on the Kinshasa-Tshikapa road as well as the living conditions of people in the area. The project is also expected to help open up the Bandundu and West Kasaï Provinces. Some of the targeted economic benefits include lower vehicle operating expenses and shorter travel time and indirect benefits linked to various social and economic activities (job creation, higher agricultural production, development of marketing activities, better access of the population to basic services). In particular, the project is expected to halt massive exodus of youths towards mining operations – prevalent in the project area in permanently insecure conditions – and keep them in their homelands to engage in profitable agricultural activities. The project aims ensure the autonomy of local populations, and contribute to poverty reduction, mitigation of vulnerability to external shocks (diseases, rise in the prices of essential products, climate change and instability of seasons) and inclusive growth in the target area.

AfDB eases investor risk in large African geothermal project

The Board of Directors of the African Development Bank (AfDB) approved an USD 12.7 million African Development Fund partial risk guarantee (ADF PRG) for the 105 MW Menengai Independent Power Producers project. The global Menengai project will exploit a portion of Kenya's geothermal potential to provide power to about 500,000 households and 300,000 businesses. The ADF PRG will mitigate the risk to independent power producers (IPPs) – and the providers of debt financing to IPPs – of non-payment by state-owned enterprise Kenya Power and Lighting Company Limited under the Power Purchase Agreement (KPLC) and non-supply of steam by state-owned enterprise, Geothermal Development Company (GDC) under the Project Implementation and Steam and Supply and Agreement.

The Menengai geothermal steam field development project involves the supply of steam by the GDC to three power plants at the Menengai Geothermal field, as well as the purchase by KPLC of the power generated by those plants. The plants are to be financed, designed, constructed, installed, operated and maintained on a build-own-operate basis by three independent power producers – Sosian Menengai Geothermal Power Limited, QPEA GT Menengai Limited and OR Power Twenty-Two Limited.

Alex Rugamba, Director of the AfDB's Energy, Environment and Climate Change Department, put the project into context: "Eighty-four per cent of Kenya's population does not have access to modern forms of energy and the country is currently suffering from insufficient generation capacity. Yet Kenya's geothermal potential is among the greatest in the world. So we see the PRG as having three roles: attracting needed investors to realize the Menengai project, helping to tap unleashed geothermal potential, and helping to bridge the tremendous gap between supply and demand."

By covering GDC Steam supply obligations and KPLC's Power Purchase obligations associated with non-payment, the PRG is providing credit enhancement to the overall project structure, securing cash flows for repayment purposes for debt providers. This mitigation of perceived political risks will promote foreign direct investment in Kenya and "crowd in" private financing for power generation.

To meet the demand for electricity, the Government of Kenya currently relies on providers of costly emergency generation capacity. The three IPPs will develop and construct three 35 MW geothermal power plants with a total capacity of 105 MW. This will help diversify Kenya's energy mix, provide clean, reliable, low-cost power and strengthen the national grid by increasing national installed renewable power by approximately 10%.

The ADF PRG is a risk mitigation instrument that covers private lenders and investors against the risk of a possible government failure to meet contractual obligations to a project.

ADB donates US$59 million to Mozambique budget

The African Development Bank (ADB) will provide a donation of US$59 million to Mozambique, with the first tranche of US$29 million earmarked for 2014 State Budget 2014, the local ADB representative said in Maputo.

Joseph Ribeiro said that the donation was part of the Economic Governance and Inclusive Growth PRogramme, that the Mozambican government agreed with the ADB and provided support to the state budgets of 2014, 2015 and 2016.

Among the programme's objectives, the Minister for Planning and Development of Mozambique, Aiuba Cuereneia, noted the "improved efficiency and transparency in management of natural resources and expansion of opportunities for creation of businesses and jobs," especially for women and young people.

Cuereneia also said that the Mozambican government would use the donation to boost its institutional capacity by supporting policies for management of public finance and regulation of natural resource management, which should be introduced through the Administrative Court and the General Inspectorate of Finance.

According to the ADB representative in Mozambique, the progress of the first phase of the programme follows "positive findings" of the Mozambican government and the group of the Programme Aid Partners (including the bank), about the Annual Review 2014 process, which assesses execution of the targets set by the government with organisations and donor countries.

The ADB also said the Mozambican government had made "notable progress" in mobilising resources and increasing tax revenues, which have grown steadily over the last decade, reducing the need for donor support to State management expenditure, currently around 30 % of the total value, according to recent information from the government.

This is the sixth budget support operation of the ADB, which, in June, was involved in about 15 projects in Mozambique in the areas of development of road infrastructure, energy and irrigation, and other initiatives.

For 2014, the African bank opened a credit line of US$60 million for Mozambique, especially focused on the development of infrastructure, with half the amount available in the form of donations and the rest through "interest-free loans." *(Macauhub)*

INVESTMENTS

British companies look to expand to Angola

A group of eight British companies that provide support services to the oil industry is considering expansion in the Angolan market, the UK embassy in Angola said in a statement. Representatives of those companies are making a visit to Angola on a mission organised by the Angola Active Venture Capital Fund (FACRA), by the UK Embassy in Angola and by the Scottish development agency. During this visit, which will last a week, the delegation will observe the economic and business environment in Angola, as well as having "introductory meetings" with various local representatives.

Member of the FACRA investment committee, Teodoro Poulson, said in a statement that this was an opportunity for UK companies " to learn more about the rapid economic growth of Angola". FACRA, a fund backed by the government of Angola, provides financial long-term investments to allow small firms or entrepreneurs to develop their businesses. The Fund is currently one of the largest venture capital funds in Africa, with assets in excess of US$250 million, according to the statement issued in Luanda. *(Macauhub)*

Angola creates support programme for small industrial initiatives

Small business initiatives in Angola, especially in the industrial sector, will have their own specific support programme, said Angola's Minister of Industry, Bernarda Martins.

The minister said support for small industrial projects was fundamental for the overall growth of the sector, with a view to reducing imports into the country, as she opened a tyre re-treading factory, according to Angolan news agency Angop. With an estimated cost of 108.2 million kwanza (US$1.08 million), the new factory will provide truck tire re-treading services, repair tires, sell new tires of different brands and sizes and provide after-sales service.

Named "Pneuang" the factory is expected initially to re-tread 10,000 tyres per year.

The factory, which also has a store for retail customers, will provide services for all types of vehicles and equipment, including wheel and steering alignment, quick lube and mechanics.

The factory, which has been operating for two months with a single production line, has passenger, cargo and fuel transport companies as its main customers. *(Macauhub)*

$246bn Worth Of Projects To Be Presented At The Global African Investment Summit

Stakeholders in the public and private sectors are set to convene in London for The Global African Investment Summit (TGAIS) where 136 bankable projects worth a combined total of $246 billion, will be presented.

Specific transactions and access to finance in Sub Saharan Africa requiring investment and technology transfer will also be discussed at the event which holds from October 20 to 21. "Today, Africa stands as the last great frontier in emerging markets. Its attractiveness is real. More than $200bn worth of capital under management will be represented at TGAIS," said Olusegun Obasanjo, former president of Nigeria and chairman of the event. "Its money that I hope we can direct towards agribusinesses, power and energy projects and vital infrastructure over the course of the Summit," he added. Many African economies have grown exponentially over the last decade and the upward trajectory is expected to continue. A recent World Bank report projects regional GDP growth to strengthen to 5.2 % yearly in 2015-16 from 4.6 % in 2014, due to significant public investment in infrastructure, increased agricultural production and expanding services in African retail, telecoms, transportation, and finance. Pension funds, sovereign wealth funds, PE firms, asset managers, bankers, corporates, professional services firms and project developers will therefore convene at the summit, to review the continent's most bankable projects in strategic sectors spurring the continent's growth and competitiveness: power and transport infrastructure, agribusiness, natural resources and tourism.

The focus of the Summit, which is seeking to direct funds from some of the world's largest institutional investors into quality projects across the continent, will be on Ghana, Rwanda, Tanzania and Uganda. The Presidents of these countries will open the Summit.

The 136 projects due to be presented in London include a crude oil pipeline development project worth $5 billion in Uganda, a pineapple production and processing project in Ghana worth $341 million, a $13.5 billion Mombasa-Kampala-Kigali railway, among others. Investors will listen to pitches from the developers of a range of power generation and distribution projects spanning the full energy mix from traditional sources to renewables and ranging from 35MW to 4800MW in locations across Nigeria, Ghana, Kenya, Tunisia, Rwanda, DRC, Benin, Sierra Leone, Cameroon and South Africa. The government of the DRC will present the Bukanga-Lonzo Agriculture Business Park project, an integrated production, processing and infrastructure initiative, which has a ticket of $ 500million. According to Ayo Salami, Chief Investment Officer at Duet Group, a global alternative asset management firm noted that the Global Africa Investment Summit "is critical in facilitating transactions and building a more nuanced understanding of risk and opportunity on the ground. "The more people engage actively with the continent, embracing the contradictions, the unpredictability and the incredible thirst for innovation, the better they will be placed to identify outsize returns," Salami added. It is expected that the Summit will herald greater investments in Africa as the continent continues its impressive great *(Ventures Africa)*

Japan supports guarantee fund for SMEs in Mozambique

The government of Mozambique, in partnership with the Japanese Agency for International Development, has created a financial security for small and medium enterprises (SMEs) with an initial allocation of US$13 million, according to Mozambican daily newspaper Notícias. The guarantee fund is intended to support SMEs in their dealings with banks and enable applications for loans to finance their business ventures. The announcement was made by the Deputy Director General of the Institute for the Promotion of Small and Medium Enterprises (Ipeme), Adriano Chamusso at a seminar to train provincial departments of Industry and Trade and district departments of Economic Activities on the instruments to be used in support of micro, small and medium enterprises as part of the "Each District, One Product" programme. Chamusso also said that the fund was available to interested parties through banks Millennium bim, Banco Comercial e de Investimentos (BCI), Banco Único and MozaBanco. With the fund Ipeme wants to provide guarantees and to streamline the banks' requirements for granting loans, as well as to provide subsidised interest rates in order to make SME investments sustainable. The Institute for the Promotion of Small and Medium Enterprises supports and promotes micro, small and medium enterprises in Mozambique. *(Macauhub)*

Tax reform in Angola increases revenues

Angola's Executive Project for Tax Reform (PERT) had a cumulative impact of 361.100 billion kwanza (US$3.647 billion) in non-oil tax revenues from 2011 until the end of the first half of 2014, according to official figures.

This impact means that non-oil tax revenue became a significant portion of the State Budget, bolstered by the reform of the Urban Property Tax, the boost to mechanisms for verification and collection of taxes, as well as changes to Capital Gains Tax, Excise Duty and payment of customs debts. Cited by Angolan daily newspaper Jornal de Angola, the author of the Executive Project for Tax Reform, Ngouabi Salvador, noted that the volatility of oil tax revenue is a dilemma that affects the oil-producing countries due to price instability cycles in the world market . "Tax reform is basically the introduction of legal and organic innovations and procedures of the bodies that make up the national system of revenue collection," said Ngouabi Salvador. The tax reform underway in Angola aims to increase non-oil tax revenues by broadening the tax base, streamlining incentives, increased supervision of self-declared taxes and the fight against tax evasion. *(Macauhub)*

Indian consortium ICVL announces investment in logistics in Mozambique

Indian state consortium International Coal Ventures Ltd (ICVL) plans to invest US$500 million in Mozambique to set up a logistical support network for mining operations in the next two to three years, said a senior official from the consortium. The official also told the Press Trust of India (PTI) that the consortium intends to hire a technician with experience in coal mines in Mozambique to lead the project and make the deal move from a loss to a profit.

On 28 July ICVL signed an agreement with Anglo-Australian group Rio Tinto to buy all of the group's coal assets in Mozambique, including 65 % of the Benga mine and 100 % of two other projects for US$50 million.

"There are logistical problems. The mining operation is losing money now but as there are coal reserves estimated at one billion tons, it is a strategic investment to apply US$500 million in the next two to three years to resolve these problems," he said. The Benga mine, the only one currently in operation, produces 5 million tons of coal per year, the consortium intends to increase this to 12 million tons per year and "we have to build another 500 kilometres of railway lines and port facilities" *(Macauhub)*

BANKING

Banks

AFB's lending model based on trust rather than collateral

When financial services group AFB started in 2010 in Ghana, it mainly focused on lending to government employees, but two years ago started expanding into consumer and SME lending Karl Westvig, AFB's group CEO believes the future of financing is in consumer lending. A growing population of African youth is joining the job market, keen to acquire assets. Westvig explains the majority need financing not tied to collateral, as is the norm in traditional lending.

AFB offers its clients cards which they use to make purchases in select retail outlets on credit. AFB settles the payment with the merchant, and consumers repay AFB within six months.

In Kenya it has over 70,000 cardholders and is currently expanding at a rate of 10,000 new clients per month. In the two years it has been in Kenya, AFB has disbursed in excess of US$11.2m. Its cardholders purchase items such as clothes and books and household equipment like refrigerators and microwaves.

The business has just launched in Tanzania and was recently licensed to open in Zambia. Westvig notes the potential for consumer lending is "incredibly large" in Africa. "I think we are at the beginning of a 15 to 20 year wave of the consumer. We are just scratching the surface."

In Ghana AFB continues to lend to government employees, although Westvig says it is not a viable business in the long-term. It is "highly competitive" because generally, lending to people who have a guaranteed salary is seen as safer.

"We see the long-term opportunity in consumer financing," he notes. Nonetheless, Westvig explains, consumer financing remains risky, adding there is always a minority who don't want to repay debts. "So if your fraud and risk

procedures are not very good, you can lose a lot of money." The company also lends to formal and informal SMEs. Informal traders, often shunned by banks, can borrow up to $100 for working capital. AFB has branches in local markets where traders such as vegetable vendors operate. Those who wish to borrow are assessed for credit-worthiness and disbursed money via mobile phone wallets. "In the formal SME market the largest advance we have just given out was $110,000 in Kenya. This is the fourth advance given to that one entrepreneur. Their first was to buy chairs and tables when they opened their first restaurant. Today they are opening the fourth," says Westvig.

Lending based on trust

He adds AFB targets "average people" such as traders who can't get loans from banks because they either lack collateral or their businesses are not formalised. Although microfinance institutions do serve them, their lending is based on savings, and they have to be a member of a group for three to six months to borrow. "We lend to individuals and we don't ask them to make deposits. We take a risk on a customer based on their willingness and ability to pay. We inherently believe most customers want to repay their debts." AFB has a debt repayment rate of more than 90%. Since it doesn't ask for collateral, Westvig says the company focuses on understanding people, building relationships and rewarding those with a good repayment record with better terms and bigger funding. "If you truly want to touch the broader population in Africa, you have to lend based on trust," he says.

The challenges

As it expands, some of the challenges AFB faces revolve around talent and financing. The company has 1,500 employees across five countries. "To build a very large consumer financing business across Africa you need capital," he says. In Kenya, AFB has now invested $22m while in Ghana it has injected a total of about $40m. Although Ghana has opportunity, Westvig says the business environment is "challenging right now". He attributes this to large budget deficit, high inflation and a devaluation of the Ghanaian cedi. "We got into Ghana because it is a good market to be in, and in Ghanaian cedis we perform really well, but not so well in US dollar terms because of the currency devaluation."

Spreading risk

Westvig says the company sees opportunity in countries that have a strong sophisticated retail sector and a variety of telecommunication firms with mobile money wallets. Markets where there is "concentration of power" in one person or organisation is a turn-off for AFB. "The market must have diversified risk, so that if you lose one big retailer or one mobile operator you don't close business." *(How we made it in Africa)*

Seven banks in Angola and Mozambique among the 100 largest in Africa

Seven banks in Angola and Mozambique are on the list of the 100 largest banks in Africa by capital, put together by African Business magazine, and published in the October issue. The list is led by Standard Bank of South Africa, a country whose banks take five of the top ten places in the ranking, the other four being Barclays Africa, FirstRand, Nedbank and Investec South Africa. The other five places in the top 10 places are taken by three Moroccan banks, one from Nigeria and one from Algeria.

On 31 December, 2013, Standard Bank had share capital of US$12.998 billion, while the first in the list from Angola – BESA – had capital of US$1.022 billion and the only one from Mozambique had capital of US$403 million.

The first bank from a Portuguese-speaking country to appear is in 26th place, Banco Espírito Santo Angola (BESA), which is currently in a difficult situation following the division of Portugal's Banco Espírito Santo into two institutions – one with good assets and other with toxic assets. After BESA on the list are Banco Angolano de Investimentos (29th place), Banco de Poupança e Crédito (32nd), Banco BIC (41st), Banco de Fomento Angola (42nd), Banco Millennium Angola (74th) and Banco Privado Atlântico (77th), all from Angola. The only bank from Mozambique included in this list – Millennium bim – comes in 57th place. *(Macauhub)*

Ecobank Is Nigeria's Only Lender Partnering UK's $4.8bn Export Facility

Export credit agency, United Kingdom Export Finance (UKEF), has listed Ecobank Nigeria as the only Nigerian financial institution among 20 others it will partner with to help provide a £3 billion ($4.8 billion) Direct Lending facility (DCF) to exporters in the UK. By leveraging the DLF, UKEF can provide loans to buyers outside of the UK to finance the purchase of goods and services from UK exporters; this is very similar to the role played by Export-Import Banks and other export credit agencies. The partnering firms have explained in a statement that the loans will cover international sales by any business exporting from the UK to any country where the UKEF medium term cover is available, and such loans can be made available in US Dollars, Euro, Sterling or Japanese Yen. David Godfrey, CEO of the UKEF, commenting on the launch of the facility said; "This is a key milestone in the delivery of the £3 billion Direct Lending Facility. Panel members cover a wide range of overseas markets, with complementary geographical strengths that will make it easier for UK companies to arrange competitive loans throughout a worldwide network."

Going further, he added; "The reach will increase UKEF's capacity to lend to overseas buyers of UK products and services. It will also provide a springboard to help us cater for the needs of a broad range of companies, in a variety of sectors, requiring loans of different sizes." Apart from Ecobank Nigeria, other partnering financial institutions include Citibank, Barclays Bank Group, Bank of China, JPMorgan Chase Bank Group, The Royal Bank of Scotland among others. Ecobank Nigeria Managing Director, Mr Jibril Aku welcomed the appointment with optimism saying it was a validation of the bank's track record in international trading. "This international recognition is a great feat. It is a great

privilege to have been selected alongside other global brands. This will help to enlist more local companies importing British goods," he said. As a reward for partnering with the UKEF, the institutions can negotiate fees from borrowers directly thus generating a new revenue stream and, potentially, new businesses. In the face of increased global competition, the new facility will come in handy to help the UK facilitate international trading with the rest of the world and Africa, arguably, will be a prominent destination for some of these goods and services. *(Ventures Africa)*

Access Bank To Raise Capital Base With $415m Stock Sale In November

Nigeria's fourth largest Bank by market capitalisation, Access Bank Plc is set to raise N68 billion ($415 million) by way of rights issue following shareholders' approval, the bank's chief executive Herbert Wigwe has disclosed this week. The lender said it would issue 7.64 billion shares at N8.90 each to existing shareholders, to bolster core capital and support its lending business.

"We would concentrate on concluding our rights issue while making sure that we maintain our growth momentum. We would continue to build a high quality loan book … and a low cost retail banking strategy," Reuters quoted Wigwe as telling an analysts' call. According to Wigwe, who presented the bank's nine-month results, loans grew 33 % in the nine months to September. Shares in the top-tier lender shed 1.03 % to N8.62, lower than the rights price, to value the bank at 197.25 billion naira ($1.20 billion). Just like Access Bank is set out to do, several Nigerian banks have been looking to raise capital in recent months. Unity Bank and Diamond Bank have recently raised fresh equity capital, with First Bank and Skye Bank expected to follow suit. United Bank for Africa (UBA) and Sterling Bank are expected to announce equity raising plans this month. "Our rights issue will ensure that we build a very strong buffer against the regulatory environment," Said Kumapayi, who noted that Access Bank's capital adequacy ratio declined by 10 basis point to 19.9 % during the nine-month in review occasioned by significant loan growth and an interim dividend payment. The CEO told analysts that he expected the share sale to begin by the second week of November, after the bank gains approval from the Nigerian Securities and Exchange Commission, and the capital raising should be completed by the end of the year. *(Ventures Africa)*

WesBank signs MoU to enter Nigerian new car finance market

The Nigerian Automotive Council (NAC) and WesBank signed a memorandum of understanding (MoU), which should see the South African vehicle and asset financier enter the Nigerian new vehicle finance market in 2015.

"We have an optimistic objective that we can write our first deal in March," WesBank CEO Chris de Kock told Engineering News Online. The signing of the MoU followed eight months of talks, he added, and flowed from the Nigerian government's aim to grow its fledgling vehicle assembly industry. In order to stimulate sales of locally made vehicles over popular imports, the West African country had to provide affordable mobility to its domestic market, explained NAC director-general Aminu Jalal during this week's South Africa Automotive Week, in Midrand.

Unconfirmed figures put the Nigerian official new car market at 50 000 vehicles a year, with grey new vehicle imports and second-hand imports at between 375 000 and 450 000 units a year. "The Nigerian government realised that in order to create a market for its own vehicles, the country had to have vehicle finance solutions available to a large portion of the public, at a reasonably affordable price," noted De Kock. "They then went looking for a partner, and they found us." The MOU WesBank signed with the NAC applied only to vehicles assembled in Nigeria.

WesBank had experience in six countries outside South Africa, namely Mozambique, Swaziland, Zambia, Namibia, Lesotho and Botswana. WesBank's Nigerian business would be funded from an increase in tariffs on imported passenger cars, already implemented this year, said De Kock, with WesBank's parent, FirstRand Bank, as well as various market instruments, providing the balance.

"This will allow us to put forward a product that is available at a completely different rate than what is currently available in that market." He said Nigerian banks were highly risk averse, largely offering credit at high interest rates to high net-worth, low-risk individuals. De Kock said WesBank's challenge was "to find a way" to provide the finance required. "Nigeria's credit market is quite underdeveloped. So we have to use our developing country expertise around building a process and credit scorecard that can bring a fairly good number of customers onboard." De Kock said a WesBank team had already spent "substantial time" in Nigeria, looking at legal aspects, the dealership environment and credit bureaus, and developing a high-level plan for WesBank's entry into the country. Following the signing of the MoU, the next stage was to put funding in place, followed by a process to develop the capability "to build the systems, scorecards and processes to run a vehicle finance business in Nigeria. We need the necessary licences and we need to set up the necessary infrastructure". "We are in the process to appoint a full-time CEO." De Kock emphasised that WesBank would not rush into Nigeria. "We do not have the intention to barge in there and sign bilions of rands of business. We are going to grow slowly and carefully. But, the MoU gives us a great opportunity to get our feet on the ground and test the Nigerian market." De Kock said while the MoU with the NAC applied only to vehicles assembled in Nigeria, it was WesBank's intention to ultimately also finance corporate assets and vehicles imported into the West African country. *(Engineering News)*

Old Mutual Wealth Boosts Prospects in $940 Million Deal

Old Mutual Plc (OML), Africa's largest insurer, agreed to buy U.K.-based Quilter Cheviot Ltd. for as much as 585 million pounds ($940 million) to accelerate its growth in wealth management and expand its client base.

Quilter Cheviot, which traces its roots to 1771, has 38,000 clients and manages 16.2 billion pounds, London-based Old Mutual said in a statement . The acquisition will be funded by proceeds from the sales of Old Mutual's European units and a minority stake in its U.S. asset-management arm.

"Quilter Cheviot fills a significant gap in our business, allowing us to serve better the affluent and high net worth segments," Julian Roberts, chief executive officer of Old Mutual, said in the statement. Old Mutual said it plans to build a wealth business managing 92 billion pounds. The purchase price includes about 42 million pounds of deferred stock for Quilter Cheviot's managers, depending on the business's performance. Quilter Cheviot has been owned by private-equity investors since the end of 2011. Buyout firm Bridgepoint Advisers Ltd. is exiting its investment through Old Mutual Wealth's purchase. "This is a smart, well-priced deal by Old Mutual utilizing the proceeds raised recently from corporate transactions of its own," Eamonn Flanagan, a Liverpool, England-based analyst at Shore Capital, said in a note to clients as he kept his rating on Old Mutual at hold. "It forms part of a very consistent strategy," he said, adding that the stock "is starting to look very attractive once the current volatility in investment and forex markets settles down." U.S. IPO Old Mutual Asset Management Plc completed its initial public offering in New York on Oct. 15, raising a total of $483 million. Sales of insurance businesses in Germany, Austria and Poland will garner about 310 million euros ($396 million) for Old Mutual as it simplifies its operations. Its stock climbed 1.5 % to 172 pence as of 10:45 a.m. in London trading. By March, Old Mutual "will be able to update the market on our capital strategy with a clear picture of our surplus cash," Roberts said in a phone interview from London. Quilter Cheviot has about 510 employees and no major changes are planned. The wealth unit's base is now in place and there are "no plans to do anything else" for the unit except add specialist investment management teams when needed. With the U.S. IPO done, the purchase of 20 % of Ecobank Transnational Inc. (ETI) by Old Mutual's banking unit Nedbank Group Ltd. (NED) underway, the sale of non-core assets completed, and expansion into fast-growing African countries achieved, Roberts has tackled some of the goals he first set out six years ago. "As for what's next, I have to absolutely deliver on the strategy we've got," Roberts said. "We made a very large investment in Ecobank with Nedbank and that needs to work and we're still sub scale in some of the African countries we've started in. But we've now got the building blocks we need." *(Bloomberg)*

Private companies account for half of bank deposits in Mozambique in 2013

About 49 % of bank deposits held in Mozambique in 2013 were owned by private companies, followed by Mozambican and foreign families, with 45 %, the Bank of Mozambique said, according to Mozambique's Correio da Manhã newspaper. The remainder of the deposits are held by the public sector, according to the central bank, which points out that last year the proportion of deposits of private companies fell by 50 basis points, compared with an increase of family deposits of 1.3 basis points, whilst public sector company deposits contracted by 1.8 percentage points. Mozambican currency deposits grew by 25.073 billion meticais, while deposits in foreign currency increased by the equivalent of 2.287 billion meticais, primarily reflecting foreign exchange inflows. The Bank of Mozambique said the rise in totals means of payment in 2013 was due to increased bank loans to the private sector, in the amount of 33.833 billion meticais, and the points as factors behind the increase in total means of payment in 2013 the expansion of bank credit to the private sector totalling 33.833 million meticais and the introduction of liquidity by the State.

Total bank deposits were instrumental in increasing the money supply by 16.4 %, while notes and coins in circulation increased by 3.0495 billion meticais, representing an increase of about 15.5 %, said the Mozambican central bank. *(Macauhub)*

Markets

African dollar-denominated bonds from Nigeria to Kenya tumble

AFRICAN dollar-denominated bonds from Nigeria to Kenya tumbled, sending yields higher, as an oil-price slump and concerns about the spread of Ebola put a damper on investor demand for assets in frontier markets.

Yields on dollar bonds sold by Nigeria, the continent's biggest oil producer, jumped the most since they were issued in July 2013 to the highest level since April. Ghanaian, Kenyan and Zambian securities also suffered record losses.

"Frontier Africa dollar debt is in meltdown on a combination of sliding oil prices and to a lesser extent Ebola," Marc Ostwald, a strategist at ADM Investor Services International, in London, said in an e-mailed note.

Brent crude fell to the lowest in almost four years to languish in a bear market, threatening foreign-exchange revenue for producers, including Nigeria and Ghana, and raising concerns about their ability to service debt, Mr Ostwald said.

Ebola, which has killed more than 4,000 people in West Africa, is intensifying investors' anxiety, he said. Ebola may wipe out as much as $32bn from the economies of West Africa through 2015 if not contained, the World Bank said on October 8.

Yields on Nigeria's $500m of bonds due July 2023 climbed 43 basis points to 5.8% by midafternoon in Lagos, the capital. That is the biggest one-day increase since the bonds were sold in July 2013, according to data compiled by Bloomberg. Yields on Ghana's $1bn of securities due August 2023 surged 60 basis points to 8.47%.

Non-oil producers also suffered as investors dumped high-yield debt, said Chris Becker, lead economist and strategist at African Alliance Capital Markets in Johannesburg. Weaker than forecast US data added to concern that economic growth is slowing, spurring a global stock-market rout. Rates on Zambia's April 2024 debt climbed 33 basis points to 6.92%, the most on record. Yields on Kenya's $1.5bn of bonds due June 2024 rose 40 basis points to 6.59%. Senegal's July 2024 yields increased 47 basis points to 6.81%. "The tide is now moving out for sub-Saharan African Eurobonds that performed in line with investment-grade bonds in recent months, despite being speculative and junk grade bonds," Mr Becker said in an e-mailed note. *(BDLive)*

Namibia to Issue $91 Million of Bonds on Johannesburg Bourse

Namibia plans to sell 1 billion Namibian dollars ($91 million) of bonds on the Johannesburg Stock Exchange before the end of March to fund its budget deficit. Barclays Plc and FirstRand Ltd.'s Rand Merchant Bank were appointed lead arrangers, Ericah Shafudah, permanent secretary in the Ministry of Finance, said in an e-mailed response to questions yesterday. Namibia is tapping a sovereign-bond program it listed on the JSE in 2012, she said. "The raised funds would complement those raised on the domestic market," Shafudah said. "We are monitoring the financial situation in the South African market and when it is suitable for us, we shall draw from the facility."

Namibia, the world's biggest offshore diamond miner and fifth-largest uranium producer, estimates its budget deficit will narrow to 5.4 % of gross domestic product in the fiscal year through March compared with 6.4 % a year earlier. The government, which in October 2011 sold $500 million in Eurobonds, does not "foresee any other foreign bond issuance," Shafudah said. Borrowings at around 27 % of GDP is below the nation's 35 % ceiling, Shafudah said. *(Bloomberg)*

Kenya Seen Selling More Infrastructure Bonds on Demand

Kenya may sell more debt for infrastructure after demand for the bonds on sale this month was more than double the amount offered, according to two traders in Nairobi, the capital.

The East African nation, which the African Development Bank estimates needs $4 billion annually for projects from roads to water supply, sold 15.8 billion shillings ($177 million) of 12-year infrastructure bonds, the Central Bank of Kenya said on its website yesterday. Investors sought as much as 38.8 billion shillings in the offer of 15 billion shillings, it said. "The bids were very high so we obviously expect them to tap the bond within the next month," Alexander Muiruri, head of fixed-income trading at Nairobi-based Kestrel Capital (East Africa) Ltd., said by phone. "They took a small amount because probably they wanted to have a lower yield."

The weighted average rate was 11.26 % and the bonds had a fixed coupon of 11 %, the central bank said. The government is building infrastructure to maintain economic growth that may outpace the sub-Saharan African average. The sale is part of a plan to raise 35 billion shillings through infrastructure bonds in the fiscal year through June, the central bank said in an undated statement e-mailed Oct. 14 that announced the start of the debt sale.

"At 15.8 billion shillings we still have more room and certainly there will be a tap," Stanslaus Kimani, a fixed-income trader at Nairobi-based African Alliance Kenya Investment Bank Ltd., said by phone.

Kamau Thugge, principal secretary in the National Treasury, didn't answer calls seeking comment .Kenya's economy is projected to grow 5.3 % this year, compared with the regional average of 5.1 %, according to the International Monetary Fund's regional outlook released this week.

Local-currency Kenyan debt returned 8.6 % this year, compared with 6.4 % average among 31 emerging markets tracked by Bloomberg indexes. Yields on 12-year infrastructure bonds sold last year and due September 2025 were unchanged at 10.99 % by 12:29 a.m. in Nairobi. *(Bloomberg)*

Private Equity

Africa's Largest Fund Manager Hires Dolamo as Resources Head

South Africa's Public Investment Corp., the continent's biggest fund manager, hired Stanlib Ltd.'s Sholto Dolamo to head its resources team. Dolamo on Oct. 1 replaced Fidelis Madavo, who was promoted to head the state-owned company's equities department, it said in an e-mailed response to questions yesterday. Dolamo spent six years at Stanlib, most recently as head of resources, the Johannesburg-based company said. Dolamo "has been in resources for a long time including working for companies like Lonmin," the Pretoria-based PIC said, referring to Lonmin Plc, the world's third-largest platinum producer. He "will be a great addition to our equities team at the PIC." The Government Employees Pension Fund contributes most of the PIC's 1.6 trillion rand ($145 billion) under management. More than half of that is invested in listed equities, with the Pretoria-based PIC holding stakes in most of the 40 biggest companies on the Johannesburg Stock Exchange. "Sholto is both a friend to many of us at Stanlib and a colleague and we wish him well in his expanded role at the PIC," Stanlib's head of research Henry Munzara said. The asset manager said it's "finalizing" Dolamo's replacement. The PIC's board is due to appointment a permanent successor to Elias Masilela, who resigned as chief executive officer in May. *(Bloomberg)*

Mozambique Plans Capital Fund to Help Small Businesses

Mozambique's Banco Nacional de Investimentos intends to set up a unit by year-end to act as a venture-capital investor in small businesses judged to have the potential to thrive as the country becomes a major gas exporter.

The unit of BNI, as the bank is known, would give financial and managerial assistance, ultimately selling the stakes through initial public offerings on the local exchange, BNI's head of structured finance and advisory, Abdul Jivane, said in an Oct. 20 interview. An initial fund size of $10 million is under discussion, Jivane said in the capital, Maputo.
Mozambique's economy is set for an influx of investment stemming from offshore gas discoveries that the International Energy Agency estimates at $115 billion over the next 25 years. The ruling Front for the Liberation of Mozambique, or Frelimo, which is leading in vote counting after last week's elections, promised in its manifesto to ensure the gas wealth benefits the population. More than half of the country's people remain in poverty, according to 2009 figures from the World Bank. BNI was established in 2010 as a joint venture between the Mozambican and Portuguese governments. Mozambique bought out the Portuguese-owned stake in 2012. The lender is headed by Chairman Adriano Maleiane, a former governor of the southeast African nation's central bank.
The program would target "medium-size companies that have a lot of potential in terms of growth prospects," Javine said. Qualifying criteria will include how many people they employ. "When we see that the company is stable, it can sustain itself, has good liquidity, then we sell our stake on the stock market," he said. The BNI plan, along with other initiatives, may help to enliven the local exchange, the Bolsa Valores de Mocambique, by generating two IPOs a year, he said. "The stock exchange is not liquid, it's not active." Three companies trade on the bourse, according to its website. *(Bloomberg)*

Tunisia Plans $500 Million Sukuk Sale by End of November

Tunisia, where citizens started voting for a new parliament, plans to raise $500 million from the sale of sukuk by the end of next month, according to Finance Minister Hakim Ben Hammouda.Citigroup Inc., Natixis SA, Standard Chartered Plc and Qatar-based QInvest "expressed their willingness to cooperate" and consultations are ongoing, Hammouda said in an interview in Tunis on Oct. 24. Former Finance Minister Elyes Fakhfakh in July 2013 said the nation would raise as much as $700 million from the sale of Islamic bonds, the same month it approved a sukuk law."The issuance of sukuk took a long time because of the complexity of this process and lack of experience in this field," Hammouda said. "But in the end our government decided to have this challenge and to issue sukuk by the end of November."Tunisia may follow the U.K. and Hong Kong in selling debut Islamic bonds this year as governments globally seek to attract Shariah-compliant investors. The sovereign sukuk market is expected to reach $30 billion this year, Moody's Investors Service said last month. Global sukuk sales climbed 13 % so far this year to $37.8 billion from the same period last year, data compiled by Bloomberg show.Tunisians cast ballots for a new parliament, marking a milestone in the North African nation's transition to democracy following the ouster of President Zine El Abidine Ben Ali more than three years ago. Results are expected Oct. 29, according to the election commission, and presidential elections are scheduled for next month.The Islamist Ennahda movement won the first free election in 2011 after Ben Ali's ouster with 37 % of the vote. It stepped aside earlier this year after a political crisis triggered by the assassination of two secular leaders by Islamist militants. *(Bloomberg)*

ENERGY

Angolan government provides guarantee on loan to Companhia de Bioenergia de Angola

The government of Angola has approved a sovereign guarantee of a 70 % portion of a US$300 million investment by Angolan-Brazilian bioenergy partnership Companhia de Bioenergia de Angola (Biocom), according to a presidential order. The guarantee is provided due to the creation of the Capanda agro-industrial complex (Malanje province) and to attract "large" projects to the region in order to develop the agro-livestock sector.
The same order said the company had a "strategic role" as an anchor company to "promote the structure of the supply chain in the region" and provide electricity for "industrial and domestic consumption" in the region.
Finance minister Armando Manuel is thus authorised to issue the guarantee "on behalf of the Angolan State," covering 70 % of the US$300 million bank loan taken on by Biocom.
Biocom plans to invest a total of US$750 million according to the loan contract signed in Luanda with the Angolan National Agency for Private Investment (ANIP) on 28 August. Biocom, which is part of the Capanda Agro-Industrial Complex, is a partnership between the Angolan State, through the National Agency for Private Investment (ANIP) and Sonangol Holding, with a 20 % stake and Angolan group Damer and Brazil's Odebrecht, with 40 %. The project is based on production of sugar from sugar cane and ethanol (ethyl alcohol), as well as electricity for its own consumption and to sell the surplus to the national grid. *(Macauhub)*

South African investors bulk financiers of renewable energy success

South Africa's financial institutions have been instrumental in funding the bulk of the projects under the Department of Energy's multibillion-rand Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), delegates heard at the Solar Indaba, in Sandton. The REIPPPP has progressed through four bidding rounds, enabling selected independent power producers to connect renewable energy projects to the country's strained national grid, and South African financial institutions have been behind 86% of the required funding to date. Two-thirds of the debt acquired for the qualifying bidders had emerged from commercial banks, University of Cape Town Graduate School of

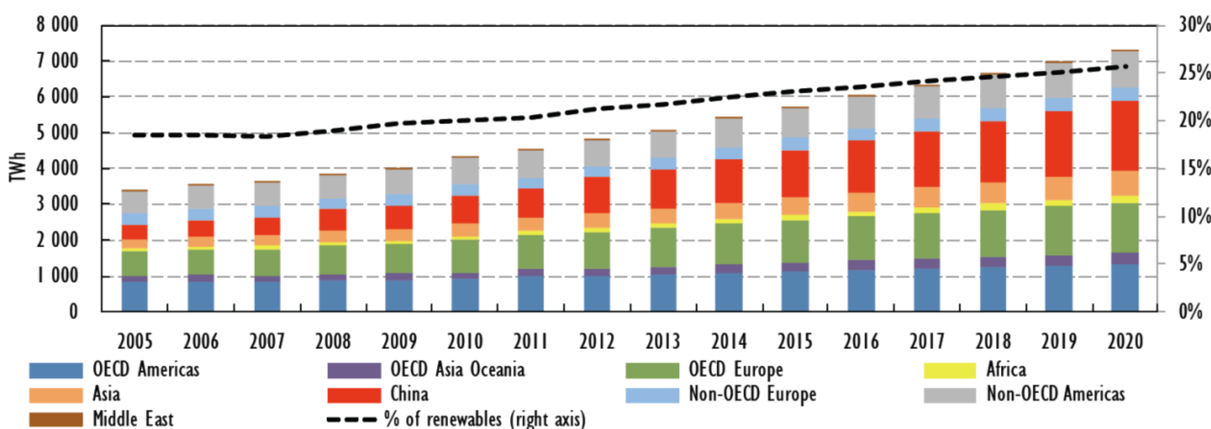
Business management programme in infrastructure reform and regulation director Professor Anton Eberhard said. Discussing the REIPPPP financing to date, he told delegates attending the two-day conference that, increasingly, the REIPPPP was occupying "centre stage" in debates surrounding the incentivising of renewable projects and developing innovative financing options.

In less than three years, the programme had attracted R120-billion for 3 922 MW across 63 mostly solar and wind projects from 100 shareholders – 46 of which were involved in two or more projects.

Over 25 projects have already been connected to the grid following three bid windows. Further, as the rounds progressed into the fourth bid window, prices for solar photovoltaic and wind had dropped 68% and 42% respectively – a trend that was expected to continue. While the scale, profitability and success of the project was attracting international investor interest, Eberhard was "impressed" with how South African banks assumed their role within the renewables programme, rapidly learning and adapting through each round. He was optimistic about the programme's future, noting that prices continued to decline, financing was increasingly becoming more innovative and competition had remained steady. *(Engineering News)*

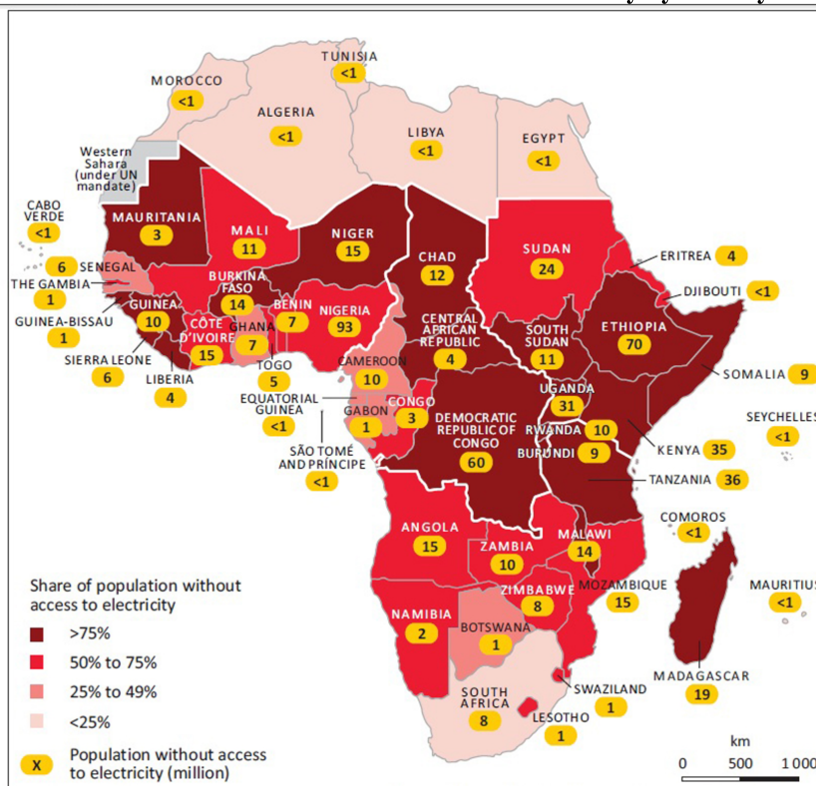
Global renewable electricity production by region, historical and projected

Global renewable electricity production by region, historical and projected



Notes: unless otherwise indicated, all material in figures and tables in this chapter derive from International Energy Agency (IEA) data and analysis. Hydropower includes pumped storage; the onshore and offshore wind split is estimated; total generation is gross power generation.

Number and share of Africans without access to electricity by country in 2012



This map is without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

More than 620 million sub-Saharan Africans live without access to electricity, more than in any world region and nearly half of the global total, the new IEA Africa Energy Outlook reports. While more than 99% of North Africa's population has access to electricity, Sub-Saharan Africa is also the only region in the world where the number of people without it is rising. The rate of access across sub-Saharan Africa rose to 32% in 2012 from 23% in 2000, led by Nigeria, Ethiopia, South Africa, Ghana, Cameroon and Mozambique. But the number of people without electricity rose in 37 countries in the region, as rapid population growth keeps outpacing the many positive efforts to provide access. *(IEA)*

Norway provides funding for the electricity sector in Mozambique

Norway plans to grant US$90 million to support construction of a power transmission line from Tete to Maputo in Mozambique. The Norwegian ambassador to Mozambique, Mette Masst told Mozambican daily newspaper Notícias the funding would be used not only for the Tete-Maputo transmission line but also construction of the Maputo-Malawi transmission line. The Tete-Maputo line, considered to be the backbone of the electricity grid in southern Mozambique, is expected to cost US$2.7 billion and includes two power transmission lines. The first alternating current transmission line, costing US$951 million will link the provinces of Tete and Maputo, and will cover all substations along its route, to supply electricity to different points in the provinces of Gaza, Inhambane, Manica and Sofala. The second line will carry direct current and is expected to cost US$849 million and will be a direct link between the provinces of Tete and Maputo. Norway recently granted funding of US$5.3 million for completion of the rural electrification programme in the provinces of Cabo Delgado and Zambezia. *(Macauhub)*

Nigeria: USAID and Partners Sign Single Largest Loan Guarantee to Advance Power Goals in Nigeria

Washington, DC — The U.S. Agency for International Development (USAID), GuarantCo and Standard Chartered Bank announced an agreement to make available $90 million in new private sector financing for the power sector in Nigeria. A loan from Standard Chartered Bank, supported by a partial credit co-guarantee from both USAID's Development Credit Authority and GuarantCo, will provide Nigeria's Zenith Bank $90 million in new capital earmarked for on-lending to the recently privatized distribution and generation companies. The funding will provide much-needed liquidity to the sector and support capital expenditures required by these companies to stem losses and generate revenue.

"This transaction exemplifies the strengths of the Power Africa model , engaging with our development partners and private sector actors to advance meaningful power projects at scale," said USAID Administrator Rajiv Shah. "With this support, businesses and individuals will eventually have greater access to power, boosting opportunities for Nigerians and others across Sub-Saharan Africa."

This facility is expected to contribute to the sustainability of the power sector in Nigeria while creating local jobs in the assembly and installation of power equipment such as meters and switches, and in the installation of equipment in local businesses and homes. Nigeria privatized its power generation and distribution companies in 2013. This project directly addresses the capital needs of those companies while complementing ongoing efforts by the Government of Nigeria to support the sector.

"Reliable access to power is an absolute pre-condition to economic progress and inclusive growth, which unfortunately is not available in Nigeria and many parts of Africa," said Peter Sands, Group Chief Executive of Standard Chartered Bank. "This agreement illustrates how the right partnerships and financing models can address the problem of power distribution in Nigeria. It also demonstrates our commitment to Power Africa, a catalyst that galvanizes partnerships and facilitates the delivery of efficient electricity in Sub-Saharan Africa."

"GuarantCo is delighted to partner with USAID to co-guarantee this transaction, which we believe will provide a template for how to crowd-in the private sector to enable financing of critical infrastructure in developing countries," said Dianne Rudo, member of GuarantCo's Board of Directors.

USAID's Development Credit Authority uses partial credit guarantees to mobilize local financing in developing countries. Credit guarantees encourage private lenders to extend financing to under-served borrowers in new sectors and regions. By opening up local channels of financing, USAID is empowering entrepreneurs and municipalities in developing countries at a minimal cost to the U.S. taxpayer. DCA has cost-effectively mobilized more than $3.9 billion in private, local funds to finance development. This guarantee is one of 32 transactions closed this year by DCA, which mobilized a record $769 million in financing for USAID development priorities around the world.

More information: http://www.usaid.gov/dca *(US Aid)*

Japanese consortium oversees construction of thermal power plant in Mozambique

A Japanese consortium will oversee the construction of a natural gas-fired combined-cycle power plant to strengthen the supply of electricity to the city of Maputo, capital of Mozambique, from 2018 onwards, Mozambican daily newspaper Notícias reported. The consortium consists of Tokyo Electric Power Services Co. (TEPSCO) and Oriental Consultants Japan Co. (Oriconsul), and the advisory and supervisory contract signed with Mozambican state power company EdM marks the beginning of the project.

The chairman of EdM, Gildo Sibumbe, said the new plant, which will be built on the land where the old Maputo Thermal Power Station was located will have capacity to generate about 100 megawatts (MW) and “will strengthen the supply of electricity so that more people have access to it.”
The chief representative of the Japan International Cooperation Agency (JICA) in Mozambique, Katsuyoshi Sudo, said the project would improve and stabilise the supply of electricity in the southern region, where demand is growing, driven by strong economic growth in recent years.
Demand for electricity in the south of Mozambique, including the city of Maputo, with a population of approximately 1.2 million people, is expected to increase at an annual rate of about 18 % over the next five years.
With an estimated cost of US$166 million, construction of the plant will be funded by Japanese cooperation under an agreement signed last January to provide a loan of 17.26 million yen with a maturity of 40 years and a grace period 10 years. *(Macauhub)*

Portuguese company completes construction of the largest dam in Cabo Verde
Construction company Conduril has finished building the largest dam in Cabo Verde (Cape Verde), which will also have the largest reservoir in the archipelago, said Pedro Ribeiro, Director of Production of the branch of the Portuguese company in Cabo Verde. The Figueira Gorda dam, in the Santa Cruz area of Santiago Island is the largest water project in Cabo Verde, with a capacity to store about 1.5 million cubic meters of rainwater.
Ribeiro told Portuguese news agency Lusa the dam is 32 metres high and has a gallery for technical monitoring and a spillway surface. The Figueira Gorda dam, whose construction began in February 2012 and cost 407 million escudos (3.7 million euros), is located in a mountain gorge near Pedra Badejo (in the central eastern area of the island), the geology of which presented the project with a number of difficulties, Ribeiro noted.
Besides the Poilão and Figueira Gorda dams, the island of Santiago has another three dams: Salineiro (Ribeira Grande), Sachet (Santa Catarina) and Faveta (São Salvador do Mundo), and the Principal and Falmengos dam have yet to be completed. *(Macauhub)*

IFC Invests $50 Million in Nigeria’s Seven Energy Debt Issuance
The International Finance Corp. bought almost 13 % of the debt sold by Seven Energy International Ltd., a Nigerian oil and gas company, with some proceeds earmarked for a pipeline in Africa’s biggest economy.
Seven Energy raised $400 million in bonds, of which the IFC bought $50 million, the Washington-based lending unit of the World Bank said in an e-mailed statement. This month’s sale of 2021 debt included $300 million senior secured notes and the remainder were private bonds, according to a statement from Standard & Poor’s yesterday.
Companies in Africa’s biggest oil producer are selling debt to boost operations in an economy set to expand 7 % this year, faster than the sub-Saharan African average of 5.1 %, according to the International Monetary Fund. The IFC invested $105 million in equity in Seven Energy earlier this year to support the World Bank’s Nigeria Energy Business Plan to double power capacity within five years, according to the statement.
Seven Energy will use some of the debt proceeds for the Oron-Calabar pipeline to carry gas for power projects in southeastern Nigeria, the IFC said. Yields on Seven Energy’s $300 million of notes, issued at a 10.25 % coupon, rose 19 basis points to 10.26 % in Lagos. *(Bloomberg)*

Botswana reliant on S Africa's Eskom as power station fails
Botswana's only power station has broken down due to boiler leaks and generator failures, leaving the world's biggest diamond producer entirely dependent on power imports from South Africa's already strained grid, its energy minister said. "All four units at the 600 MW Morupule B Power plant have broken down. Two units broke down in September while the other two failed early this month," Kitso Mokaila told a news conference.
The plant was supposed to be fully operational by October 2012 but has been plagued by boiler failures, leading to power cuts and rolling blackouts across the landlocked southern African nation.
Mokaila said scheduled outages would be kept to a minimum due to imports from South Africa, although this in turn could put added pressure on Eskom, the sole State power provider in Africa's most advanced economy.
Eskom was forced to impose rolling blackouts for the first time in six years earlier this year to prevent the national grid from collapsing. The utility is racing to build new plants to keep ahead of rising demand after more than a decade of underinvestment. Eskom confirmed it had increased supplies to Botswana under an agreement to export between 100 MW and 300 MW of power. Another power station, Morupule A, is currently being refurbished and is expected to be complete in 2015. *(Engineering News)*

Zimbabwe to Raise $300 Million to Revamp Three Power Plants
Zimbabwe’s state-owned power utility said it plans to raise $300 million to restore three plants across the southern African nation, which struggles with electricity shortages. “We need money for new boilers at all the plants,” Zesa Holdings (Pvt) Ltd. Group Chief Executive Officer Josh Chifamba said in an interview yesterday in Windhoek, Namibia’s capital. “About $300 million is the total costs of the entire project. If a project is doable, money can always be sourced. We are already talking to quite a number of financiers and things appear to be positive.” The stations in

Harare, Zimbabwe’s capital, the city of Bulawayo and in Munyati each have installed capacity of 120 megawatts. The Harare facility isn’t working, while the other two each have 20 megawatts to 25 megawatts available.
Zimbabwe, the world’s biggest platinum producer after South Africa, is expanding power-generation capacity to curb blackouts that have paralyzed mines and industry. It produces an average of 1,300 megawatts, compared with peak demand of 2,200 megawatts, resulting in daily rationing and cuts. About 37 % of the population has access to electricity, according to the World Bank. “We are experiencing pervasive shortages and this is affecting every sector of the economy; the biggest brunt is borne by our domestic customers,” Chifamba said. Zesa has 1,374 megawatts capacity available from its five plants, the utility said on its website.

Supplies Critical

Supplies will remain critical until about 2018, when more becomes available through the expansion of the Kariba South and Hwange plants. Kariba South’s potential will increase by 300 megawatts to 1,050 megawatts, while Sinohydro Group Ltd. is adding 600 megawatts by building two units at the Hwange coal-fired facility, which has 940 megawatts of capacity now. Jaguar Overseas Ltd., based in New Delhi, won the contract to refurbish the Harare plant, with work to start soon, Chifamba said. Financing for the other two facilities has yet to be secured, he said.
Zesa signed a 15-year agreement to sell 80 megawatts to state-owned Namibia Power Corp. from its Zimbabwean counterpart’s Kariba South plant from April. The deal replaces a 2007 accord in which Nampower advanced Zesa a $40 million loan to refurbish four units at the Hwange station in return for a guaranteed supply of 150 megawatts. *(Bloomberg)*

Tanzania extends audit into graft claims in energy sector

Tanzania's public audit office is extending its investigation into corruption in the energy industry, a move likely to further delay financial aid to the east African nation.
A group of 12 international donors has withheld aid payments until the investigation's findings are released and appropriate action taken by the government.
The move followed allegations by the opposition that senior government officials fraudulently authorised payment of at least $122-million of public funds. They said the money came from an escrow account held jointly by state power company TANESCO and independent power producer IPTL and went to IPTL's owner, Pan Africa Power (PAP) in 2013.
PAP said the transfer was legal. The government denies charges of graft. It says it investigates all such allegations and takes action when any cases are uncovered. Tanzania has made big discoveries of natural gas, but its energy industry has been dogged by allegations of corruption in the past. Businesses have long complained graft is one of the main reasons for the high cost of doing business in Tanzania. The donor group - comprising Finland, Germany, Britain, Norway, Sweden, Denmark, the European Commission, Ireland, Canada, Japan, the World Bank and the African Development Bank - has so far paid $69-million of $558-million pledged.
"The extension of the time limit for the completion of this audit has been caused by the need to gather sufficient information and evidence that will help the auditor to fulfil the terms of reference of this audit," the auditor general, or CAG, said in a prepared statement The CAG said in May it would conclude its audit into the escrow account in 45 days, but no findings have been made public so far. The government's anti-graft agency, PCCB, is still conducting a separate corruption investigation.
The CAG's office said it was investigating transactions made from the escrow account and would submit its findings to Tanzania's parliament and the energy ministry. It did not say when the investigation would be completed.

PARLIAMENT DEBATE

The east African nation of 45-million people has said it expects donors to contribute about 15 % in both grants and concessionary loans to its 2014/15 fiscal budget. The Finance Ministry said linking financial aid to the IPTL case was affecting budget implementation. The chairman of the watchdog parliamentary public accounts committee (PAC), Zitto Kabwe, said in a statement the findings of the CAG's investigation would be tabled in parliament next month, despite the extension of the probe. "It is true that the CAG has not completed the special audit ... The report (of the CAG) will be debated in parliament in November," said Kabwe, who is also a leading opposition figure in Tanzania. One analyst said the financial aid delay by donors was unlikely to seriously undermine the government's budget implementation. "While a full-blown aid strike is unlikely and will thus limit fiscal risks, the fallout from the scandal could trigger the dismissal of key officials," said Ahmed Salim, senior associate at consultancy Teneo Intelligence in a note to clients . *(Engineering News)*

MINING

State company Ferrangol prepares to prospect for minerals in Angola

Angolan state company Ferrangol, the mining rights concessionaire, is preparing projects for mineral and precious metal exploration, including gold, iron and manganese in several Angolan provinces, the company’s chairman said.
Diamantino Pedro Azevedo said that prospecting would mainly take place in the provinces of Huila, Cabinda and Kwanza Norte, but noted that the activity could be extended to other parts of the country and to other minerals.

"We have no production project, all we have is prospecting projects," Azevedo said after meeting with the Minister of Geology and Mines, Francisco Queiroz, who paid a visit to the company.
Iron prospecting is also underway in Cassinga, Huíla, and Cassala and Kitungo, in Kwanza Norte, with a view to extracting and processing iron ore.
"Ferrangol is the Sonangol [Angolan state-owned oil company and concessionaire] of our common minerals," Queiroz said at the time. *(Macauhub)*

Baobab testwork confirms chosen technology route, robust project economics

Bench and pilot scale metallurgical testwork at Aim-listed Baobab Resources' Tete pig iron and ferrovanadium project, in Mozambique, have confirmed the chosen technology route for the project, MD Ben James said.
He noted that the results, to date, had also identified areas where process optimisation had the potential to significantly improve the robust economics of the 2013 prefeasibility study (PFS).
Boabab outlined that direct reduction testwork had achieved up to 65% metallisation using coarse iron concentrate and local coal, while optimisation trials testing the direct reduction characteristics of pelletised iron concentrate and local coal had returned significantly improved results of up to 93% metallisation.
"The higher metallisation and consistent sizing of pellets would enhance kiln performance and furnace productivity, thereby improving operating costs," the company said.
Further, the company noted that it had conducted pilot trials simulating a smelting operation where melting was achieved and a titanium slag generated and removed, after which the molten, vanadium-bearing, hot metal was refined to produce a vanadium-rich slag and a pig iron. These tests have confirmed that the titanium could be readily separated from the iron as a primary slag, and that the secondary vanadium slag recovery stage was successful with in excess of 80% of the total vanadium reporting to the vanadium slag. The company indicated that these vanadium results were in line with global benchmark operations in New Zealand and South Africa, adding that the final pig iron product reported low impurities and was within commercial specifications.
James further noted that Baobab, in conjunction with various potential partners, had been closely assessing opportunities to reduce capital and operating costs, thereby further mitigating execution risk and improving investor returns. *(Mining Weekly)*

Biggest Zimbabwean gold miner to decide on London listing by March

THE founder of Zimbabwe's largest gold mining group said he will decide by March whether to expand Metallon into a pan-African bullion company that will trade in London. "It's going to depend on how many assets we can assemble so that when we list, we go onto the main board in London," Mzi Khumalo, who is also the company's CEO, said in an October 9 interview in the capital, Harare. "We have assets in the Democratic Republic (of Congo) that we intend to develop. We are in the final throes of securing assets in Tanzania. In March next year, we will have a definitive answer." This isn't the first time Mr Khumalo, a South African who served time as a political prisoner during apartheid with Nelson Mandela on Robben Island off the coast of Cape Town, has proposed an initial public offering (IPO) of the company he created in 2002. In 2007, Metallon delayed an IPO planned for the following year because of a lack of equipment and foreign exchange and power cuts in the southern African nation that reduced output. Mr Khumalo, who bought the Zimbabwean gold-mining assets of Lonmin in 2002 for $15.5m to build up Metallon, had also considered listing stock on the country's bourse and in London in 2010, as well as on SA's stock exchange in 2005. Differences with Zimbabwe's central bank halted plans for Johannesburg trading, he said. The company had to close its five mines for two years from 2007 because it hadn't been paid for gold sold to the central bank.

Production forecast

By 2019, Metallon forecasts 500,000 ounces of gold production a year, said Mr Khumalo, the former chairman of JCI Ltd, which was SA's first black-owned mining group before its assets were sold. "We have a plan that has been worked out and engineered," he said. Metallon produced 82,000oz in 2013 and estimates this will rise to 100,000oz this year. At its peak in 2006, output was 156,000oz. "In the next three years, we should have invested $500m," he said. "By that time, we should be quite significant in terms of production." Average production costs across Metallon's four operating mines are $900/oz and as little as $600/oz at its flagship How mine, Christopher Kamkazingeni, acting GM for the operation that is in Umzingwane, 470km southwest of Harare, said in an October 16 interview there.

Average costs

Gold for immediate delivery rose 0.1% to $1,240.03/oz at 8.35am in London.
The average all-in sustaining costs at the world's nine biggest gold producers including Johannesburg-based AngloGold Ashanti were $967/oz in the second quarter, according to an October 15 Bloomberg Intelligence report.
How produces 5g of gold per ton, and the deepest part of the mine is 940m, compared with operations in neighbouring SA that are as deep as 4km. The mine has a 12-year life span and has 6-million tons of ore reserves, he said.
A fifth mine, Redwing, is flooded, and a return to production is planned for next year, Mr Khumalo said.
Zimbabwe fell into recession and inflation accelerated as much as 500-billion %, according to the International Monetary Fund, after Mr Mugabe in 2000 backed an often violent programme of seizing white-owned commercial farms and redistributing them to black subsistence farmers.

‘Nostradamus predictions’
"I came into Zimbabwe when nobody would touch this country with a barge pole," Mr Khumalo said. "I took the risk. There were times when felt I had made a terrible decision but I decided to wait. As they say in the classics, if you wait long enough, even Nostradamus’s predictions will come through. So we waited and waited and things have started to come through." Under a policy known as indigenisation, the government is now compelling foreign-owned miners such as Anglo American Platinum, the world’s biggest producer of the metal, and banks to cede control of their businesses.
Metallon has submitted indigenisation proposals to the government and is awaiting final approval, Klara Kaczmarek, the group’s head of communications, said by e-mail on October 13. The plan will include share ownership for employees, local black communities and vocational training, she said. "We have quality assets, we produce great results," said Mr Khumalo. "People say we live in a rough neighbourhood. On matters of beauty, there can be no disagreement amongst gentlemen. It depends on your definition and assessment of risk." *(BDLive)*

Angola conducts geological and mining survey
Angola’s National Geology Plan (Planageo) will produce credible processed and mapped information to manage and make use of mineral resources in the long term, the Angolan minister of Geology and Mining said in Luanda.
Minister Francisco Queiroz said that the information collected by Planageo would be available, in addition to state agencies, to potential investors, academics and other interested parties. “Planageo is the largest programme for production of geological and mining information and the most comprehensive, on a global scale,” said Queiroz. The Minister noted that in addition to covering the whole territory at once, the Planageo survey would focus on geophysics, geochemistry, geology, geotechnics, hydrogeology, laboratory infrastructure and staff training.
Alongside the National Development Plan for Staff Training Francisco Queiroz said 276 senior staff would be hired by 2018, 148 of which under contract with Plangeo service providers. To date, according to minister Queiroz about 285,000 linear kilometres have been overflown and mapped. *(Macauhub)*

OIL & GAS

Angola Set to Overtake Nigeria as Africa’s Largest Oil Producer
Nigeria is set to lose its crown as Africa’s largest oil producer, at least temporarily, in large part due to oil theft and governance issues, the International Energy Agency said in a report recently published.
The IEA forecasts Angola will overtake Nigeria as the region’s top oil producer from around 2016, a status Nigeria won’t reclaim until the mid-2020s.The shift will in part be due to an expected increase in production in Angola, but much of it is the result of domestic issues in Nigeria.The IEA estimated that Nigeria currently loses 150,000 barrels a day to oil theft, the equivalent of $5 billion a year. On top of that, regulatory uncertainty—the result of a seemingly-permanently stalled Petroleum Industry Bill—has led to delays in investment decisions.“What will put Nigeria second are uncertainty over the Nigerian investment framework, oil theft and governance issues,” the IEA’s Chief Economist Fatih Birol said. *(Wall Street Journal)*

Mozambique signs new contracts for oil exploration in 2015
New contracts on concession areas for exploration and oil production in Mozambique will be signed after April 2015, the Resource Valuation Director of the National Oil Institute (INP) said.
On the sidelines of the launch, in both Maputo and London, of a tender to award 15 blocks for oil exploration and production, José Branquinho said April 2015 was when he expected negotiations between the government and interested companies to be concluded.
Information provided on the occasion showed that offshore areas include the Rovuma basin, with three areas, Angoche, with two and the Zambezi delta, with six areas. Onshore areas included in the tender are in Pande/Temane, with three areas and Palmeiras, with one, to a total of 76,802 square kilometres.
Branquinho said the deadline for proposals ends at 12 noon on 20 January, 2015, to be followed by a phase of clarification of the documents (February/March) and then the negotiation process, which will end with the signing of contracts.
The launch of this tender had to wait for new legislation, which came about on 18 August with the approval of Law 21/2014, when the National Assembly approved a new legal regime for oil operations in Mozambique and respective tax scheme through Law 27/2014 of 23 September.
Among several provisions, Law 21/2014 requires 25 % of gas production to be reserved for the domestic market, requires local content development, and mandatory registration of oil companies on the Mozambique Stock Exchange. *(Macauhub)*

Mozambique Set To Welcome Second Natural Gas-Fired Energy Plant Worth $166m
Mozambique state owned power company, Electricidade de Moçambique (EDM) has contracted Japanese consortium, Tokyo Electric Power Services Co (TEPSCO) and Oriental Consultants Japan Co (Oriconsul) to construct the country’s second natural gas powered electricity generation plant worth over $166 million.

This is being done to cover power deficit faced by the southern African country and its neighbors.
Last month EDM also launched the country's first natural gas powered electricity generation plant in Moamba district.
The electrification rate in Mozambique is approximately 12 %, which is well below the average for Sub- Saharan Africa. The Government of Mozambique recently said is targeting 20 % electrification by 2020, which will still fall well short of the regional average."The new plant, which will be built on the land where the old Maputo Thermal Power Station was located will have capacity to generate about 100 megawatts (MW) and will strengthen the supply of electricity so that more people have access to it," said chairman of EdM, Gildo Sibumbe.EDM, the national power utility, owns and operates the balance of transmission in Mozambique and has been working to reinforce the back-bone transmission network in Mozambique since 2003, using funding from a number of international development agencies.Although EDM runs the national grid, it does not control all of the domestic transmission and distribution networks. Smaller regional grids are controlled by the Ministry of Energy, through district governmental bodies.
Recently Mozambique discovered some of the world's largest natural gas reserves. The southern Africa nation is believed to have the fourth largest gas reserves in the world, behind Russia, Iran and Qatar.
Power projects worth an anticipated $12 billion are also understood to be in the pipeline as the country foresees an industry boom and new coal and gas reserves are exploited to fuel a broader capacity. *(Ventures Africa)*

Africa set to switch on gas-to-power potential

Africa's under used gas reserves, either exported or burnt away into the sky, are set to play a big role in stemming the continent's crippling electricity void, a shift that should boost economies and small-cap energy firms. Sub-Saharan Africa contains some of the fastest growing and most dynamic economies in the world but electricity shortages deter investment, pushing up business costs and sustaining poverty and inequality. The World Bank estimates electricity outages on average cost African countries around 2.1% of GDP with current output only meeting half of demand and 70% of the continent's population living without power. With the exception of South Africa, which uses coal almost exclusively to generate electricity, the rest of Africa relies mostly on expensive and dirty diesel imports. Gas is a cheaper and cleaner alternative. Driven by huge recent finds in East Africa, sub-Saharan gas reserves have more than doubled in the last 20 years to around 310-trillion cubic feet, around 5% of global supply, according to the U.S. Energy Information Administration *(EIA).*
The region's gas output has already grown by 10% a year in the last decade, but most of this has been exported by Nigeria, Equatorial Guinea and Mozambique through liquefied natural gas (LNG) terminals, the EIA says.
However, a shale gas boom in the United States, LNG expansion in Qatar and Australia and slow growth among consumers has created a global gas glut. Meanwhile LNG projects in Angola, Mozambique and Nigeria are hitting stumbling blocks. This is prompting a fresh look at using gas domestically. "I think there is a changing dynamic locally," Ian Ashcroft, gas and LNG analyst at Wood Mackenzie, told Reuters. "What we've seen in Africa recently is a growing domestic obligation or a realisation that there are other benefits to growing your gas infrastructure, including gas-to-power."

RISING POWER

The International Energy Agency (IEA) said in its first Africa Energy Outlook this week that it expects the continent's electricity generation to quadruple by 2040 with gas-to-power growing its share to 25%, from 17% now.
In West Africa, gas will make up 50% of overall electricity output by 2040, the IEA said, driven by reforms in Nigeria, home to the world's eighth largest reserves. Emerging market-focused investment bank Renaissance Capital (Rencap) said African-focused oil and gas companies would also benefit from rapidly spreading government incentives given to develop oil and gas for domestic use, known as "indigenisation". The bank sees the biggest upside potential in Nigeria's Seplat, Lekoil and Canada's Africa Oil, which operates mostly in East Africa. Gas is becoming profitable enough to tempt energy firms but remains cheaper for consumers than oil for power generation. In Nigeria, gas prices have risen from $1 per-million British thermal units (Mbtu), to around $3 Mbtu in the last three years and should increase further, trade sources say. A United Nations backed report released in May calculated gas in East Africa could reach power plants at between $5-$15 Mptu, depending how close they were to the source. Diesel can cost African industry $20-$40 Mbtu, experts say. "We believe surging domestic demand coupled with growing regulatory changes take the economics of sub-Saharan gas to a new level," Rencap said in a research note this month.
Further impetus has been provided by U.S. President Barack Obama who has made cutting electricity shortages his legacy policy on the continent, in a project called "Power Africa", which will include $7-billion in U.S. financial support. There remain major hurdles, including implementing commercial gas pricing, building expensive infrastructure and working alongside competing LNG projects.

CHALLENGES

Nigeria, Africa's energy giant, has struggled to overcome these problems but the oil ministry has said using gas domestically is its biggest priority, a drive which has coincided with two LNG projects grinding to a halt.
Nigeria defied many critics by completing a relatively successful privatisation of the state-power company two years ago, while locally-owned oil companies are exploiting gas reserves after buying assets from oil majors in recent years.
Progress on reforms has been slow and government projections to increase power output tenfold by 2020 are unrealistic but changes, including lifting domestic gas prices, are in motion.

"Progress was glacial for three decades. The price of gas was a tenth of the commercially viable price," said David Ladipo, whose company Azura is spending $750-million to build a 450 MW gas-to-power plant. Seplat is providing the gas. "It has taken two years for privatisation to progress and we're starting to see the benefits. This year has been the turning point," Ladipo added. Tanzania has set out energy policy which prioritises domestic gas use over LNG. U.S.-firms Symbion Power and General Electric have already committed nearly $1-billion to building power plants there.
Mozambique, which has had the world's largest natural gas discoveries in a decade, two months ago passed a petroleum law which will force oil companies developing LNG projects, including U.S. firm oil Anadarko Petroleum and Italy's Eni, to use 25% of production domestically. Mozambique is also carrying out a study, partly-financed by the World Bank, for a pipeline linking its gas reserves to neighbouring countries with the continent's most developed economy, South Africa, offering a huge potential market. Africa Oil, partnered with Marathon Oil Kenya, said in June it was talking with the Kenyan government about fast-tracking a gas-to-power project at its well in the north of the country, which could hold up to 1-trillion cubic feet of gas. *(Engineering News)*

IEA Cuts Outlook for Oil Demand Growth to Lowest in Five Years

Prospect of Unchecked Supply Has Hit Global Oil Prices in Recent Weeks

The International Energy Agency slashed its oil-demand growth forecast for this year by more than a fifth—its weakest in five years—predicting global consumption is easing dramatically, even as producers show few signs of cutting back output. The prospect of unchecked supply has hit global oil prices hard over the past two weeks amid signs of a deep split among OPEC members. The grouping of some of the world's biggest oil producers hasn't been willing to rein in output to help bolster prices. Instead, members have been slashing prices in an effort to boost, or defend, their global market share. Slowing growth in Asia and a sputtering European economy have also weighed on prices over the past few months. Those worries intensified after the Paris-based IEA, in its closely watched monthly oil-market report, cut its forecast for global demand growth by about 22%. It now forecasts demand will climb a meager 700,000 barrels a day this year, about 200,000 barrels a day lower than previously forecast
A handful of weak economic reports in Europe further underscored the dim prospects for any quick recovery there—and by extension any boost to oil demand. British inflation slowed sharply in September and eurozone factory output slumped in August, while the Spanish underlying inflation rate fell into negative territory for the first time in more than four years. While lower fuel costs feed into weak inflation, the numbers add further concern that a downward spiral in prices across Europe could upend a fragile economic recovery there.
Meanwhile, oil production surged last month, the IEA reported. The Organization of the Petroleum Exporting Countries pumped more oil than it has in 13 months, while non-OPEC producers added 2.1 million barrels a day in the period, or more than 2% of global daily demand.
Oil prices fell sharply. In midmorning trading in London, September Brent crude on the ICE Futures exchange fell 93 cents, or 1%, to $87.96 a barrel, hovering close to a four-year low. On the New York Mercantile Exchange, light, sweet crude futures for delivery in September traded down 88 cents, or 1%, at $84.86, close to their lowest level in 22 months. "Clearly there's downward pressure on prices," said Antoine Halff, head of the IEA's oil industry and markets division. "If you look at the balances of the next few quarters we see potentially more supply growth than demand growth, he said. The IEA said it sees demand picking up more next year, increasing by an annual 1.1 million barrels a day. But oil supply looks set to continue growing strongly, the agency said.
Non-OPEC production is expected to remain robust in the coming years, led by the continuing shale-oil boom in North America. The U.S. has already become the world's largest producer of petroleum-based liquids—including oil and natural-gas liquids. The IEA said earlier this year the U.S. had overtaken Saudi Arabia and Russia, though it still lags behind both countries in terms of crude-oil production alone.
Total liquids production in the U.S. is expected to rise to about 12 million barrels a day next month and stay above that threshold until the end of 2015. That is a rise of nearly 20% from last year's average of about 10.2 million barrels a day. OPEC output is also rising quickly. After a period of stop-and-start Libyan production, thanks to political instability and violence there, output in the country is growing again strongly. Iraq, too, is on track to boost output.
In past periods of price weakness, OPEC has often acted in concert to rein in production and support prices. This time around, a split between members has kept the group from agreeing to do the same. Saudi Arabia over the summer acted on its own, cutting prices. Since then, though, Riyadh has dropped its prices to Asian and European buyers, essentially undercutting other OPEC members. It recently told the group it has ratcheted up output by 100,000 barrels a day in September, to 9.7 million barrels a day. OPEC is set to meet next month to discuss prices and output. A weekend call by Venezuela—one of the cartel's members most sensitive to falling oil prices—for an emergency meeting has so far been ignored by other members. Analysts have said there could be a natural floor for oil: the price at which U.S. shale producers need to keep their wells flowing profitably. If prices fall below that so-called break-even price, producers could rein in output. The lost supply could then bolster prices. The IEA, however, said that floor is still considerably lower than today's prices. According to the agency, only around 4% of U.S. shale-oil projects have break-even prices of more than $80 a barrel. Even then, the IEA said it isn't clear whether new wells will need the same prices to break even or lower ones. "There's not one single drop of oil which cannot be produced for commercial reasons with today's price," the IEA's chief economist. Fatih Birol, said in an interview. *(Wall Street Journal)*

Saudi billionaire Alwaleed warns over impact of falling oil price

A Saudi billionaire investor has sounded the alarm over the potential impact of falling oil prices on the Gulf kingdom's economy. In an open letter to Saudi ministers posted via Twitter, Prince Alwaleed bin Talal al-Saud expressed his "astonishment" at comments made by Ali al-Naimi, the oil minister, who reportedly played down the impact of oil prices falling below $100 a barrel. Prices have since fallen below $88 a barrel, or a quarter since June.

Prince Alwaleed, noting the kingdom's 2014 budget was 90 per cent dependent on oil revenues, said belittling the impact of lower prices was a "catastrophe that cannot go unmentioned".

The prince expressed similar concerns last year over the rise of shale oil, which, with weakening Asian demand, has contributed to the rapid slide in oil prices – despite geopolitical uncertainties in Iraq, a major producer.

His public broadside against the veteran oil minister came as analysts said the Gulf members of Opec, the oil producers' cartel, led by Saudi Arabia, seem prepared to drive down oil prices to retain market share and fend off the threat of rising US production, despite the risks to their hydrocarbon-dependent economies. "Saudi thinking has to be that lower prices are not so bad and Gulf states can cope, either by cutting spending or dipping into reserves or borrowing," said Robin Mills of Manaar Energy Consulting. "$100 a barrel is too high – you get weak demand growth, so maybe if it cools off to around $80, the shale boom cools off and you get more reasonable demand."

Gulf oil producers, most of which have large cash reserves, seem to be betting that the short-term pain of declining oil revenues from lower prices will close off competing supplies and revive the lowest global oil demand since 2009.

Oil prices are reaching levels that, if sustained, threaten the ability of some Gulf states to meet domestic spending commitments, forcing a drawdown on reserves or debt issuance.

Saudi Arabia needed an oil price of $89 a barrel in 2013 to balance the budget, up from a "fiscal break-even" of $78 a barrel in 2012, according to the International Monetary Fund. But Riyadh's regional political rivals, such as Iran and Iraq, as well as other Opec members such as Venezuela, have much higher fiscal break-evens. "In the short term, the Gulf Co-operation Council economies have the financial resources to maintain spending plans," said Masood Ahmed, the IMF's regional director. "Should the drop in oil price last over a longer period of time, fiscal policy adjustment would become imperative."

The Gulf states have weathered low prices before, building reserves through the global financial crisis when in 2009 prices briefly slumped to $34 a barrel. At the turn of this century, Saudi Arabia was dealing with oil prices at $10 a barrel, and public debt ballooned to 100 per cent of gross domestic product.

In August, Saudi central bank reserves reached $747bn, the equivalent of more than three years' budgeted spending.

Riyadh would only have to draw on net assets of more than 100 per cent of gross domestic product if oil stayed at $80 a barrel for almost a year, said Emad Mostaque, a strategist at Eclectic Strategy.

But rising Gulf government spending has never been more important politically. Sunni jihadis are marauding through Iraq and Syria, just a decade after al-Qaeda launched a domestic insurgency in Saudi Arabia, raising concerns about the government's ability to deliver broad-based prosperity. Saudi Arabia unleashed a $160bn spending plan in 2011 as unrest swept through the region, including violent protests on the streets of Yemen, Bahrain, Oman and Kuwait. Large capital expenditure and welfare spending have since underpinned strong economic growth. "Spending from reserves or borrowing is simply not sustainable," said Farouk Soussa, chief Middle East economist at Citi. The IMF is urging all Gulf states to rationalise massive subsidy programmes, which outpace per capita spending on health and education, and bolster economic diversification and job creation efforts.

But depriving pampered populations of this support would come at a high political cost, given longstanding social compacts that trade loyalty for generous welfare.

Economists also worry that even a slight cut in capital spending will puncture the Gulf's mood of economic exuberance, thereby damping growth. "The implications for sociopolitical stability of an austerity drive in the Gulf are significant," Mr Soussa said *(Financial Times)*

Mozambique Gas Bonanza Hinges on State Finishing LNG Laws

More than half a dozen yellow tower cranes planted in the hillside above Mozambique's capital are visible from a single vantage point at Anadarko Petroleum Corp. (APC)'s office. There are more poised along the beachfront in the other direction. "That's anticipation," said John Peffer, country manager for The Woodlands, Texas-based oil and gas explorer. Peffer's referring to the prospect of developing the world's largest natural-gas discovery in a decade off Mozambique's northern coast. It's a resource that could help the economy in one of Africa's poorest countries grow 10-fold by 2035, according a Standard Bank Group Ltd. (SBK) report.

The trouble is Anadarko and Italian explorer Eni SpA, which have found gas in a neighboring block, can't start development until the government completes legislation setting the terms for exports. If the law isn't signed this year, it could be delayed further by shifts in the political landscape after presidential and parliamentary elections.

"A good decree law provides investors, financiers and LNG buyers with an improved risk profile," said Peffer. This could "benefit Mozambique significantly as it competes globally for high-value markets against established suppliers," he said. Filipe Nyusi, candidate for the Front for the Liberation of Mozambique, or Frelimo, which has ruled since

1975, is expected to win the presidency with more than 55 % of the vote, Mark Rosenberg, senior Africa analyst for New York-based Eurasia Group, said in an Oct. 9 note.

Chill Gas

A shift is expected in parliament, where the Mozambique Democratic Movement, or MDM, will probably displace the Mozambican National Resistance, or Renamo, which fought a civil war against Frelimo, as the biggest opposition party, he said. Anadarko had three employees in Mozambique in 2007, compared with 1,800 today, according to Peffer. That could grow to about 10,000 once construction starts on plants to chill the gas into liquefied natural gas, or LNG, for export. Mozambique's revenue could reach as much as $212 billion over the life of the project, based on 45 trillion cubic feet from Anadarko's Area 1, Standard Bank said in a July 31 study. That's less than half of the total estimated resource. Area 1 and Italian explorer Eni SpA (ENI)'s Area 4 combined hold technically recoverable reserves of 120 trillion cubic feet, according to industry consultant Wood Mackenzie.

Exploration Drilling

The company has conducted exploration drilling for five straight years, "which ends in January, and requires the decree law to provide the legal and contractual framework to progress the project towards final investment decision," Peffer said in an interview in his office in Maputo, the capital. If developed to the full, Mozambique could become the world's third-largest exporter of LNG, behind Qatar and Australia, according to a website for the project. That could transform a country that ranks 178th out of 187 nations in the latest United Nations Human Development Index. "Government is doing more now in terms of wanting to increase the government take," Adriano Nuvunga, director of Maputo's Center for Public Integrity, said in an Oct. 3 interview. "Companies, they're pushing hard that all decisions are made quickly. Government is trying to be cautious."

2018 Deadline

Last year Luca Bertelli, Eni's executive vice president of exploration, said it would be "very challenging" for Mozambique to meet a 2018 deadline to be able to ship the gas. Work hasn't started in Mozambique and building an LNG plant can take four to six years. LNG projects in Africa, Canada and Australia could face cancellation as global demand slows and 40 million metric ton of exports from the U.S. come online, Goldman Sachs Group Inc. analysts said in an Oct. 2 report. Mozambique will probably be among the world's competitive LNG projects under consideration, Goldman said.

"There is a strong will to get the decree law done, because the government realizes that it's needed by the international oil companies to reach final investment decision," said Anne Fruhauf, southern Africa analyst at New York-based risk adviser Teneo Intelligence. If it isn't finished by December, the decree law will be delayed by at least three months because of government priorities, including the presidential handover and the budget, she said. Sticking points in negotiations over the decree law include the time before terms can be renegotiated, Nuvunga said. The companies have requested 30 years, while the government has accepted 15, and parliament has said it should be 10 years. "There's a need to be balanced in terms of time sensitivity but also have the necessary time to negotiate a better deal for the country," he said. "Whether that will travel down to the poor, that's a different story. In the meantime there is time pressure. All issues are time sensitive." *(Bloomberg)*

South Africa's Zuma Says Clear Law Needed for Oil Investors

South Africa's government recognizes that it must create laws that encourage investment in its nascent oil and gas industry, President Jacob Zuma said.

"We are aware that we have to create the enabling environment to give industry the comfort to invest in this capital-intensive sector," he told reporters in the eastern port city of Durban. "We have to provide clarity and stability in the legislative framework governing offshore oil and gas, ensuring a win-win outcome for government, industry, and society." Mineral Resources Minister Ngoako Ramatlhodi asked Zuma to hold off on signing changes to the 2002 Mineral and Petroleum Resources Development Act into law pending a review by some ministries. Exxon Mobil Corp. and Total SA (FP) are among those that have objected to it on the grounds that it's too vague and will undermine their businesses. Proposed changes to the act include giving the state the right to a free 20 % stake in all new energy ventures and to buy an unspecified additional share at an "agreed price." Exxon, Anadarko Petroleum Corp. (APC) and Royal Dutch Shell Plc (RDSA) have begun prospecting off South Africa's coast as new technology boosts their ability to find and pump oil from deep beneath the seabed.

Proposed Changes

The nation may split rules for the oil and gas industry from the amended mining laws should the government find that the regulations are at odds with the constitution, Ramatlhodi said on Oct. 8. It can only be referred back to Parliament if its constitutionality is in doubt, even if the government is concerned that some of the proposed policy changes are inappropriate, said Ramatlhodi, who was appointed in May.

The country is also preparing draft regulations on oil and gas exploration that companies will be able to comment on, he said in July. "We are waiting for the president to sign the mineral resources act and if he does, we are exploring whether the 20 % free carry that will go to government from exploration profits should be outlined in the bill or the regulations," Ramatlhodi said . "I am looking at the process of the amendment of the minerals bill related to the oil and gas exploration to be completed by early next year."

Possible Resources

South Africa's coast and adjoining waters have possible resources of as many as 9 billion barrels of oil, enough to meet 40 years of local consumption needs, Zuma said. It also has 11 billion barrels oil equivalent natural gas, or sufficient to meet 375 years of current domestic demand. He said there is uncertainty about the extent of the resources.

"We have to build a one-stop shop within the Department of Mineral Resources to streamline and regulate the licensing process for offshore oil and gas exploration and production," he said. Royal Dutch Shell's local unit plans to spend about $200 million building 24 of 30 exploratory wells in the Karoo Basin as soon as it obtains its exploration-rights agreement, Chairman Bonang Mohale told reporters. South Africa's shale gas reserves, concentrated in the semi-desert Karoo region, could be the world's eighth-biggest, the U.S. Energy Information Administration said last year. *(Bloomberg)*

Oriental Energy Refutes Unauthorized Payments to Afren Executives

Nigerian Partner Says Afren's Summary of Findings Was a Collection of Suppositions

The controversy surrounding U.K.-based oil explorer Afren PLC deepened after its Nigerian joint-venture partner refuted claims it was involved in unauthorized payments to former top executives at Afren.

Earlier this week, Afren dismissed its Chief Executive Osman Shahenshah and Chief Operating Officer Shahid Ullah for "gross misconduct" after an independent review by law firm Willkie Farr & Gallagher LLP alleged they had received more than $17 million in unauthorized payments from Oriental Energy Resources, a privately held company.

In a statement, Oriental said that Afren's summary of WFG's findings was "a collection of suppositions, unsupported innuendoes and series of false and defamatory statements." Oriental said it "does not understand how so much time was spent producing a report with so little that can be relied upon." Oriental said the agreement for it to pay 15% of the cash flows from its joint venture with Afren that owns Nigeria's Ebok oil field into a special purpose vehicle called Ntiti BVI was intended to reward and retain key employees connected to the project. WFG alleged in its review that Ntiti is owned and controlled by Mr. Shahenshah and Mr. Ullah, and that they had used the vehicle to pay special bonuses to themselves and other Afren employees. Oriental also disputed the account of payments made to it by Afren in 2012 and 2013 totaling $400 million, saying Afren had "misrepresented" their nature. WFG's review had concluded the transactions weren't properly disclosed under U.K. accounting rules. Oriental said the payments related to its share of oil produced at the Ebok field and the resolution of a dispute over tax allowances stemming from capital spending on the project. Afren declined to comment. WFG wasn't immediately available for comment. Mr. Shahenshah and Mr. Ullah couldn't be immediately reached for comment. *(Wall Street Journal)*

INFRASTRUCTURE

EIB Releases $27.3m Capital For Liberia's Single International Airport Upgrade

The European Investment Bank (EIB) has agreed to provide Liberia with a twenty-year 19.6 million Euros ($27.3 million) loan facility for the rehabilitation of its only international airport – Roberts International Airport (RIA).

The project will be co-financed with the Saudi Fund for Development and the Arab Bank for Economic Development in Africa and will see the upgrade and restoration of RIA's safety operations.

The Monrovia-based airport has been in a deplorable state for a while now forcing global carriers like Air France to pull out of Liberia's airspace.According to EIB, Liberia needs to secure a long-term loan that will enable it commence urgent work to upgrade the runway and address safety issues."Upgrading Monrovia's airport is essential for Liberia and we are pleased to share experience from similar projects elsewhere in Africa," EIB Vice President, Pim van Ballekom said.Once completed, the investment will allow Liberia rehabilitate and re-brand the airport, ensuring a compliance with international civil aviation standards.Categorically, part of the funds will be used to rebuild the airport's runwayImprovements to the drainage and lighting are some of the key areas that will be addressed in the runway rehabilitation process, a facility that has been declared "unsafe" by aviation experts.EIB approved the loan for RIA on the sidelines of the World Bank/International Monetary Fund (IMF) meeting in Washington at a ceremony attended by Liberian Minister for Finance Amara M. Konneh and Executive Governor of the Central Bank of Liberia (CBL) Dr. J. Mills Jones.The occasion allowed both parties to discuss economic issues concerning Liberia and EIB's engagement in West Africa."The European Investment Bank has always been a true partner to the people of Liberia. The airport rehabilitation project is another clear manifestation of that partnership," Konneh said. *(Ventures Africa)*

World Bank Floats New Infrastructure Financing Facility for Developing Regions

At the 2014 IMF/World Bank annual meeting in Washington DC, the World Bank group has launched a Global Infrastructure Facility (GIF) in order to provide financing in the realms of billions of dollars for the developing world.

The facility spearheaded by the World Bank will actually be executed in partnership with a whole ecosystem of asset management and private equity firms, commercial banks, pension and insurance funds, and multilateral development institutions. Some of these partners include the Asian Development Bank (ADB), European Investment Bank (EIB), the government of Japan and Singapore, the Nigeria Sovereign Investment Authority (NSIA) which manages the Sovereign Wealth Fund and 23 others.Mr Jim Yong Kim, World Bank Group President, was impressed at the participation of the

numerous institutional investors indicating that it was a breath of fresh air for developing nations who had seen investment in their infrastructure drop from $186 billion to $150 billion from 2012-2013."We have several trillions of dollars in assets represented today looking for long-term, sustainable and stable investments. In leveraging those resources, our partnership offers great promise for tackling the massive infrastructure deficit in developing economies and emerging markets, which is one of the fundamental bottlenecks to reducing poverty and boosting shared prosperity," he said.However, he emphasized the need for commercially viable and bankable projects saying; "The real challenge is not a matter of money but a lack of bankable projects – a sufficient supply of commercially viable and sustainable infrastructure investments."A group of other stakeholders and partners expressed their optimism at the wealth of opportunities that can be made available to the developing world via the new facility. Speaking on behalf of them, Joe Hockey, Australian Treasurer and Chair of the G20 Finance Track said; "We all recognize that investment in emerging markets and developing economies will expand access to basic services and raise living standards. It also helps to underpin economic growth. The G20 looks forward to working closely with the World Bank Group and other multilateral development banks on such vital innovations."According to the World Bank Group's CFO, Bertrand Bader, the GIF would start a pilot phase later this year aimed at delivering complex public-private infrastructure in low and middle income countries. *(Ventures Africa)*

Uganda plans $1bn public-private partnership road tender in 2015

Uganda plans a public–private partnership (PPP) tender next year, worth up to $1-billion, for a new road linking its capital to Jinja, an industrial hub in its east, a spokesman for the roads agency said.

The government adopted the PPP policy in 2010 to help fund the prospective oil producer's dilapidated infrastructure, crucial for ramping up flows of foreign investment. It also plans to tender a major refinery project as a PPP.

Dan Alinange, spokesperson for the Uganda National Roads Authority (UNRA), told Reuters the World Bank's International Finance Corporation (IFC) had been hired as the road project's transaction advisor to help with the tender.

"Early next year the project will be advertised ... it's a massive project because we're looking to raise between $800-million to $1-billion," he said, noting that the road PPP will be Uganda's first in that sector. The six-lane, 77-km (48-mile) road is expected to be Uganda's second toll road after another stretch under construction linking Kampala to Entebbe, the sole international airport in East Africa's Number 3 economy.

China's EximBank is partly funding the 51 km airport expressway, expected to cost $470-million. Alinange said the PPP project will help vastly speed up the flow of cargo and other motor traffic on the Ugandan section of the so-called Northern Corridor -- east Africa's primary trade route for shipping both imports and exports. "We want to reduce congestion on this corridor ... for Uganda as a country that corridor is a lifeline," Alinange said.

The Northern Corridor is the highway stretching from Kenya's Mombasa seaport through Uganda and branching out to Rwanda, Burundi, Democratic Republic of Congo (DRC) and South Sudan. Kenya, the biggest economy in the region, has also talked about using PPPs to build new roads and infrastructure projects but the plans are at an embryonic stage.

Uganda expects to start pumping crude as early as 2017 from oil fields in the Albertine rift basin along its DRC border. President Yoweri Museveni has said his government would spend much of the petrodollars on funding infrastructure, especially roads and railways. Alinange, however, said oil money was likely to take a longer time to start being available and that UNRA was exploring other economically viable road sections in the country that could be funded by PPP arrangements. "We're are aware there's enormous appetite for this sort of project and that's what gave us confidence to structure Jinja-Kampala as a PPP," he said. *(Engineering News)*

Zambezi authority set to finalise funding for Kariba dam rehabilitation

Efforts to adequately fund the $290-million rehabilitation of the Kariba dam, on the Zambezi river basin, have proven successful as the Zambezi River Authority (ZRA) moves to finalise pledges of up to $280-million.

The ZRA said it had embarked on the final funding preparations for the project that would avert a power deficit for the Southern Africa region in future.

The Kariba dam and its hydroelectric scheme, constructed between 1956 and 1959 across the Zambezi river between Zambia and Zimbabwe, had been central to energy security and supporting economic development in the two nations over the past 50 years.

The Kariba dam was one of the world's largest hydro dams, generating more than 1 300 MW of hydropower.

In May, the Zambian government issued an urgent appeal to financiers for funding to revamp and upgrade the system after warnings of potential collapse of the dam wall within the next few years.

A collapse of the dam's 128-m-high wall could cause flooding from the Zambezi river and affect parts of Zambia, Zimbabwe, Malawi and Mozambique.

The rehabilitation works proposed included the design, fabrication and installation of an emergency gate and new gantry to prevent uncontrolled loss of water in the event of floodgate failure; the refurbishment of the upstream stop-beam guides; the replacement of secondary concrete to prevent failure during the operation of stop-beams; and the reshaping of the plunge pool downstream of the dam to limit scouring and erosion that could potentially undermine the dam foundations, leading to dam failure. "A number of issues relating to implementation were discussed [at a meeting last month], which paves the way to ensure the rehabilitation works are adequately funded, with expertise that will

undertake the project to meet international safety standards [giving] a new lease of life to the Kariba dam," ZRA CEO Munyaradzi Munodawafa said. The European Union would invest $100-million, with $75-million each expected from the World Bank Group and the African Development Bank. Sweden was considering injecting about $30-million, with the balance to be covered by the ZRA. *(Engineering News)*

TELECOM

South Africa To Host First iPhone 6 Africa Launch

Africa's most developed economy, South Africa will play host to Apple's first launch of the iPhone 6 and iPhone 6 Plus in Africa. According to a statement released by Apple, the iPhones will be available in Africa's second largest economy on October 24. Other countries were the phones will be released include Israel, Czech Republic, Bahrain and Kuwait, India and China – the world's biggest smartphone market. This means that by the end of October, the iPhone 6 and iPhone 6 Plus would have been available in a total of 69 countries and territories.
Subsequent launches will be done in more than 115 countries by the end of the year, making this Apple's fastest mobile roll-out. iPhone 6 and iPhone 6 Plus is the biggest advancements in Apple's iPhone history. It is also the company's fastest selling iPhone products in its opening weekend. On September 22, Apple announced that it sold over 10 million new iPhone 6 and iPhone 6 Plus models in just three days after the launch of the newly released iPhones on September 19 – setting a new sales record of the iPhone till date. *(Ventures Africa)*

Angola confirms first African satellite will be in orbit in 2017

Angosat 1, Angola's the first communications satellite, built by a Russian consortium, will be put into orbit in 2017, the National Director of Telecommunications of Angola, Eduardo Sebastian told radio station Rádio Nacional in Luanda.
The satellite, construction of which began in November 2013, will be the first operated by an African nation and will have a lifetime of 15 years. The project contract was signed in 2009 by Angola and a Russian consortium that includes the RSC (Rocket Space Corporation Energiya), Telecom-Projeto 5 and Rosoboronexport companies, which leads the group. Angosat 1 will provide Angola with communications and digital terrestrial services, replacing the current analogue system. Investment in the project totals US$403 million. *(Macauhub)*

$260m Fibre-Optic Cable To Reshape Angola's Internet Market

State-owned telecom firm iAngola Cables is set to lay a $260 million-worth undersea fibre-optic cable linking Angola and Brazil in an effort to provide high-speed data connections between the two countries.
The optic fibre cable will be 6,000 kilometres long and will link Luanda (Angola) to Fortaleza (Brazil). It is expected to be operational in 2015 and will have a data transmission capacity of 40 Tbps (terabits per second).
"The bank guarantee, from two Angolan banks, was granted to state-owned company iAngola Cables, and is intended to lay an undersea telecommunications cable between Angola and Brazil, called the South Atlantic Cable System, and another between Brazil and the United States, called the Americas Cable," reads a statement from the Angolan President's Office.
An optical fibre cable is a cable containing one or more optical fibers that are used to carry light. The optical fibre elements are typically individually coated with plastic layers and contained in a protective tube suitable for the environment where the cable will be deployed.
Since the end of the Angolan Civil War in 2002 that ravaged the country from its start in 1975, access to information and communication technologies (ICTs) has improved dramatically. In 2001, the Angola government began adopting regulations to liberalize the telecom industry, which enabled private investments to revitalize the country's ICT infrastructure that had been severely damaged by the decades-long conflict. Today, Angola has one of the largest mobile telecom markets in sub-Saharan Africa and internet access is growing steadily. *(Ventures Africa)*

Intel Bequeaths Select Nigerian Universities with Digital Boards

American Semiconductor manufacturing company, Intel Corporation has donated digital Galileo boards to eight Nigerian universities as yet another move to demonstrate its commitment to promoting learning and innovation around the world. The boards were recently presented to the eight institutions which were selected after a thorough application process. The winning universities included Ahmadu Bello University (ABU) Zaria; Afe Babalola University, Ado Ekiti, Ekiti State; Covenant University, Ota, Ogun State; Ekiti State University (EKSU), Ekiti State.
Other benefitting universities were the Federal University of Technology Akure (FUTA), Ondo State, Federal University of Technology Owerri (FUTO), Imo State and the University of Ilorin, Ilorin, Kwara State.
At the handing-over event, Intel's Corporate Affairs Group Director, Moise Adams Leye, revealed the rationale behind the move saying it was geared at motivating people to adopt more innovation and technology. "Intel is a powerful enabler of local innovation. Intel is donating 50, 000 Galileo board worldwide; we are working in 18 countries around the world including Kenya, South Africa and Nigeria. Many schools around the world are already using the boards in embedded computing or micro-computer," he said.

Describing the unique features of the digital boards, he added; "Galileo Board will enable students to embrace technology because the whole idea of it is to encourage learning and creating things that solves challenges. It is unique in that it allows the students to go from the simplest innovation to the more sophisticated things which is really the way to go." Also present at the event was a representative Professor Julius Okojie, Executive Secretary of the National Universities Commission (NUC). He lauded Intel for the donation while also congratulating the benefitting institutions. "The National Universities Commission (NUC) is happy to be partnering with Intel and appreciate Intel for donating the boards to the Nigerian universities. We are convinced that the boards will encourage innovation because ideas and innovation are what move societies forward," he said. "While the NUC congratulates the beneficiary universities and enjoined other corporate bodies to emulate such gestures, we also hope that the boards will be put to excellent use so that Nigeria can also produce inventors like Bill Gates, Steve Jobs and the likes in the near future," he concluded.
Further news from the Intel Corporate Affairs Department suggests that other workshops with the universities will be executed as a sequel to the donation, the objective still being to inspire innovation. *(Ventures Africa)*

AGRIBUSINESS

Africa To Become Top Rice Producer

Between 2014 and 2031, Africa will expand its rice production area by almost 50 %, according to new analysis on the global outlook on rice production and demand released last week, by IHS, a global source of critical information and insight. Africa's rapid expansion of areas for rice production will be the fastest globally, in percentage terms.
"Cote d'Ivoire intends on spending $4 billion on agriculture development in order to improve crop yields and, in four years, become a rice exporter," said Karanta Kalley, chief economist for Africa at IHS.
However, economic development, particularly in West Africa, is rather questionable. "Right now, the question on everyone's mind is what the impact of Ebola will be on the economic growth of sub-Saharan Africa," Kalley said.
IHS expects gross domestic product (GDP) growth to be lowered significantly for 2014 in Guinea, Sierra Leone and Liberia as a result of the ongoing Ebola outbreak.
The IHS confirmed GDP growth rate forecasts have been cut between one-half and nine-tenths of previous forecasts, with Sierra Leone's economy projected to have the highest rate of growth at 3.1 % followed by Guinea at 2 %. IHS foresees only a marginal real economic growth rate of 0.8 % for Liberia's economy.
The spread of Ebola is still a concern for Nigeria, the region's most populated area and economic giant. "Public awareness and facilities in Lagos are better than in the Sierra Leone-Guinea-Liberia triangle, so there is a good chance that Nigeria can control its outbreak," Kalley said.
"Although agriculture has dropped from 35 % of the Nigerian economy to 22 % due to the recent data criteria change, prospects for Nigeria's real economic growth for the rest of 2014 are bright".
In the next year, world rice demand is predicted to rise to 478 million metric tons, a 4.4 million metric ton increase from the previous year. By 2016, that figure is expected to rise by 4.5 million metric tons, to 483 million metric tons. "Asian demand, from China in particular, is driving a majority of the growth in rice consumption during 2014/15," said IHS senior economist Brandon Kliethermes. "However, Africa's rice import demand is pumping the world's long-term import growth." World rice yields in the next year are expected to gradually improve year over year to 2.96 metric tons per hectare, but world production is projected to increase by a little over one million metric tons.
This implies that India will lose top spot as a result of issues relating to a later monsoon. "Thailand has regained its spot as top exporter, reaching 10 million metric tons, followed by India at 8.4 million metric tons, and then Vietnam at 6.6 million metric tons. With the military government in Thailand aggressively trying to find a solution to their large rice inventory, Thai rice exports are expected to increase." Thailand and India will subsequently battle for the position of top exporter, with both exporting more than 12 million metric tons per year. *(Ventures Africa)*

Sales of Mozambican cotton total US$21 million

Revenues from exports of cotton fibre to the markets of the European Union, Asia and Mauritius, in the first half of 2014 totalled US$21.2 million, according to the Mozambique Cotton Institute (IAM). In the first six months of the year cotton exports amounted to about 12,000 tons, which was surplus production from the previous cotton crop of 2012/13. IAM said that 2012/13 production of 2012/2013 was partially put on hold so that it could be sold only when prices were high. Mozambique only exported 1,600 tons of cotton fibre from this year's production between January and June of this year. IAM projections point to exports of around 41,800 tons of cotton fibre by the end of the year. *(Macauhub)*

Mozambique receives US$1.3129 billion in investments in third quarter

The Mozambican Centre for Investment Promotion (CPI) authorised 137 projects in the third quarter of the year, amounting to investment of US$1.3129 billion, with national investors outpacing foreign investors, according to CPI figures sent to Macauhub in Maputo. With total investment of US$575.2 million, Mozambican investors overtook foreign investors, which invested a total of US$533.2 million in the period.
Leading the list of international investors was South Africa, with US$317.5 million , representing 53.5 % of total foreign direct investment, followed by Mauritius (US$76.8 million), Portugal (US$46.4 million), Macau (US$27

million) and China (US$20.6 million). Along with these countries, the United Arab Emirates (US$13.5 million), Tanzania (US$5.6 million), Malawi (US$5 million), France (US$4.2 million) and South Korea (US$2.99 million) make up the list of the 10 biggest investors, of a total of 23, which include Brazil and Angola, both with investments of US$100,000.

By sector, Agriculture and Agro-industry attracted the most investment, with US$483.3 million, followed by Tourism and Hospitality (US$408.6 million), services (US$316.9 million), Construction and Public Works (US$51.2 million), Transport and Communications (US$25.5 million), Industry (US$24.1 million) and Aquaculture and Fisheries (US$3 million). The Tourism and Hospitality sector received the largest volume of investment originating in Mozambique, around US$326.3 million, while the Agriculture and Agro-industry sector received the most foreign investment, of US$319 million in total. By geographical area, Cabo Delgado province (north), where there are large development projects in oil and gas exploration, received the largest volume of investment (US$938.1 million), followed by Maputo City (US$265.6 million), Tete (US$43.6 million), Gaza (US$19.7 million), Maputo province (US$14.7 million), Sofala (US$13 million), Nampula (US$7.8 million), Zambezia (US$5 million), Inhambane (US$3.7 million) and Manica (US$1.3 million), with no record of investments focused on Niassa province.

In the first nine months of the year, the CPI recorded total investments in the order of US$2.524 billion, with South Africa leading the list of investing countries (US$364.5 million dollars), followed by Portugal (US$295.2 million) and Mauritius (US$159 million). *(Macauhub)*

SA to take black spot row with EU to WTO

SA HAS lost patience with the European Union’s (EU’s) stance on the alleged effects of South African citrus fruit with black spot on EU orchards and is taking the issue to the World Trade Organisation (WTO). SA will also challenge the EU’s continued threat to ban SA’s citrus fruit exports.

Trade and Industry Minister Rob Davies said SA was left with no choice but to take on the EU at the WTO, a move that will make history as SA becomes the first African country to take the EU through the WTO’s dispute resolution process. SA’s citrus industry annually sells about 600,000 tonnes of fruit, including oranges, lemons, limes and tangerines, to Europe. The first sign of the stricter measures came at the start of this year when black spot was picked up in a consignment of oranges. If the EU closed its market to citrus from SA, the local economy could lose R26bn, and more than 60,000 jobs.

SA had raised the issue of the EU regulations at the sanitary and phytosanitary committee of the WTO, Mr Davies said. There was no scientific consensus to support the EU’s claim that citrus black spot found on peels could infect European orchards. The EU stance was "fundamentally driven by protectionist, rather than plant health, concerns". It was aimed at restricting highly competitive citrus imports from SA to the benefit of citrus producers in the EU, he said.

Proposals from SA to divide the EU into different zones with stricter regulations for imports into citrus-growing areas in southern Europe had been ignored. SA has already engaged the EU on the issue through a panel under the International Plant Protection Convention in Rome. Its approach to the WTO to act as an independent arbitrator is a step forward, but no quick fix for the industry as the process can take from 12 to 18 months, if there is no appeal.

The European Commission’s food safety authority, Efsa, introduced a temporary ban on citrus fruit from SA at the end of last year. The ban was lifted in May, but stricter plant safety rules have since been implemented. The symbolic temporary ban came at the end of the season. The industry has already stopped exporting to the EU for fear of attracting a permanent ban. Deon Joubert, special envoy for market access and EU matters at the Citrus Growers Association, said it was regrettable that SA had reached this point in its interaction with the EU. However, the measures had left the industry in a dire position. "We welcome the chance to finally get clarity on the matter regarding market access. We hope that the dispute can be settled in an amicable and civilised manner," he said.

Gustav Brink, associate director at XA International Trade Advisors, said under the dispute settlement process, SA would have to identify each EU transgression of WTO agreements in "granular detail". SA would then have to ask for consultations on those with the European Commission. This could take up to 60 days.

"If SA feels at any time during the process that the EU is not consulting in good faith, or they do not see the consulting process going anywhere, they can request the establishment of an independent panel of experts. Given the level of co-operation so far, it seems inevitable that it would go to an independent panel for a final decision," he said.

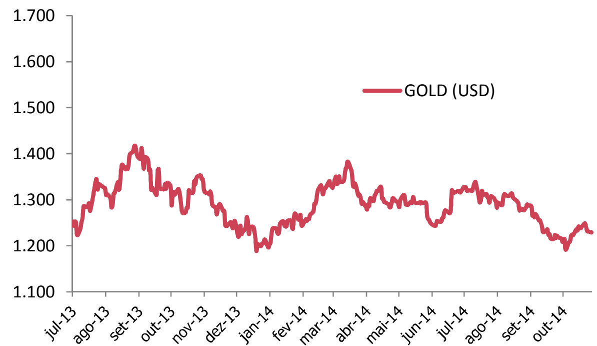
The establishment of this panel could take several months, since the WTO has a shortage of experts. The panel’s decision can be appealed against, which can take six to nine months more. The EU could also decide to ignore the decision of the panel or the appeal body of the WTO, if the matter is decided in favour of SA.

SA will have to request arbitration and the outcome of that could be the payment of damages suffered because of the measures to block South African citrus from entering the EU. In 90% of WTO dispute cases the resulting measures were properly implemented by countries. *(BDLive)*

MARKET INDICATORS
27-10-2014

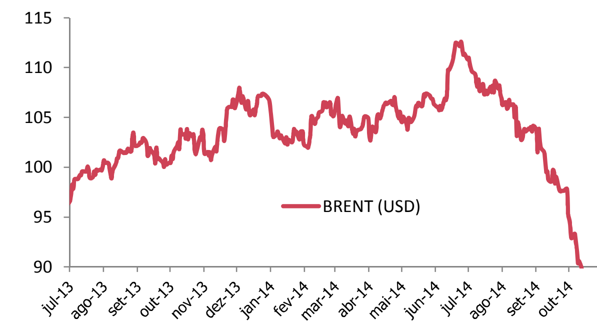
STOCK EXCHANGES		
Index Name (Country)	27-10-2014	YTD % Change
Botswana Gaborone Domestic Index (Botswana)	9.570,74	27,44%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	241,77	45,14%
Case 30 Index (Egypt)	8.648,99	58,34%
FTSE NSE Kenya 15 Index (Kenya)	205,59	63,49%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	21.344,44	11,50%
Nigerian Stock Exchange All Share Index (Nigeria)	38.724,15	37,91%
FTSE/JSE Africa All Shares Index (South Africa)	48.015,64	22,33%
Tunindex (Tunisia)	4.678,26	2,15%

Source: Bloomberg and Eaglestone Securities



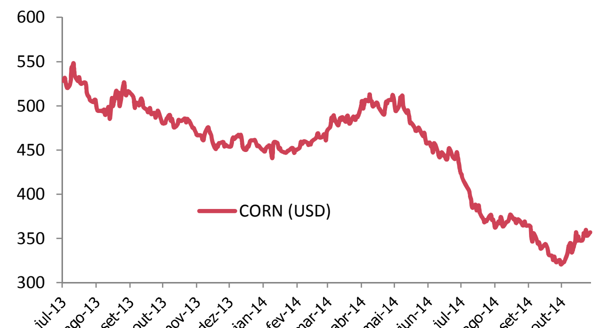
METALS	Spot	YTD % Change
Gold	1.229	-26,64%
Silver	17	-43,46%
Platinum	1.253	-18,65%
Copper $/mt	6.690	-15,65%

Source: Bloomberg and Eaglestone Securities



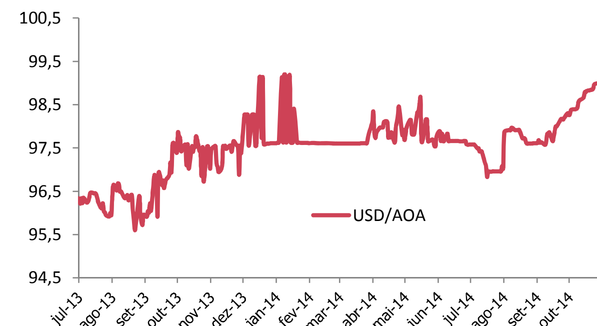
ENERGY	Spot	YTD % Change
NYMEX WTI Crude (USD/barril)	80,1	-13,98%
ICE Brent (USD/barril)	85,2	-21,43%
ICE Gasoil (USD/cents per tonne)	733,5	-19,90%

Source: Bloomberg and Eaglestone Securities



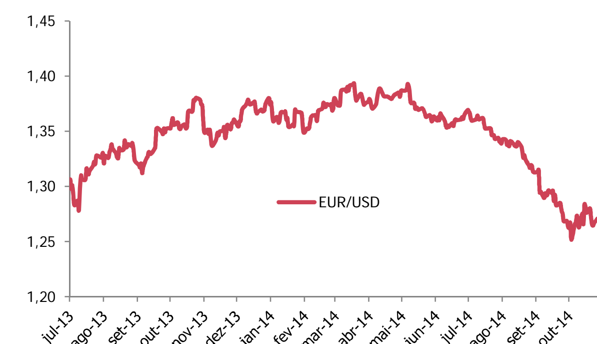
AGRICULTURE	Spot	YTD % Change
Corn cents/bu.	357,0	-49,02%
Wheat cents/bu.	520,8	-33,89%
Coffee (KC) c/lb	191,1	30,23%
Sugar#11 c/lb	16,0	-18,84%
Cocoa $/mt	3019,0	33,94%
Cotton cents/lb	63,9	-15,77%
Soybeans c/bsh	986,3	-29,52%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	Spot
KWANZAS	
USD	98,994
EUR	125,815
GBP	159,706
ZAR	9,041
BRL	39,199
NEW MOZAMBIQUE METICAL	
USD	31,601
EUR	39,462
GBP	50,098
ZAR	2,836
SOUTH AFRICAN RAND SPOT	
USD	10,951
EUR	13,917
GBP	17,669
BRL	4,336
EUROZONE	
USD	1,27
GBP	0,79
CHF	1,21
JPY	137,00
GBP / USD	1,61

Source: Bloomberg and Eaglestone Securities



UPCOMING EVENTS

Norwegian African Business Summit 2014 – Mapping The African Infrastructure Landscape – 30th Oct, Radisson Blu Scandinavia Hotel Oslo, Norway. *www.norwegianafrican.no*

African Economic Conference 2014: "Knowledge and Innovation for Africa's Transformation"
The 9th edition of the African Economic Conference will take place in **Abidjan, Côte d'Ivoire, on November 1-3, 2014** on the theme "Knowledge and Innovation for Africa's Transformation".
The Conference, which is co-organized each year by the African Development Bank (AfDB), United Nations Economic Commission for Africa (ECA) and United Nations Development Programme (UNDP), will provide a unique opportunity for researchers, policy-makers and development practitioners from Africa and elsewhere, to explore Africa's existing knowledge generation approaches and frameworks, the efficacy of its knowledge and innovation institutions in developing needed skills, technology and innovation capacities. It will look at the policies required in the areas of knowledge generation and innovation to achieve Africa's transformation agenda. *http://www.afdb.org/en/news-and-events/article/african-economic-conference-2014-knowledge-and-innovation-for-africas-transformation-13380/*

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.

African Economic Conference 2014: "Knowledge and Innovation for Africa's Transformation", Addis-Ababa, Ethiopia
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http://www.afdb.org/en/news-and-events/article/african-economic-conference-2014-knowledge-and-innovation-for-africas-transformation-13380/

ANGOLA will host the 2nd AFRICAN URBAN INFRASTRUCTURE FORUM in Luanda from 19th -20th January 2015

INVESTING IN AFRICAN MINING INDABA 9-12 February 2015- Cape Town, South Africa
Investing in African Mining Indaba™ is an annual professional conference dedicated to the capitalisation and development of mining interests in Africa. It is currently is the world's largest mining investment event and Africa's largest mining event.
http://www.miningindaba.com/ehome/index.php?eventid=84507&

World Economic Forum on Africa 2015, Cape Town, South Africa 3-5 June 2015
Then and Now: Reimagining Africa's Future
In 2015, the World Economic Forum on Africa will mark 25 years of change in Africa. Over the past decade and a half, Africa has demonstrated a remarkable economic turnaround, growing two to three percentage points faster than global GDP. Regional growth is projected to remain stable above 5% in 2015, buoyed by rising foreign direct investment flows, particularly into the natural resources sector; increased public investment in infrastructure; and higher agricultural production. *http://www.weforum.org/events/world-economic-forum-africa-2015*

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Disclosures

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

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

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

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

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