INSIDE AFRICA

Now is the time to invest in Africa

EAGLESTONE
SECURITIES

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Contents

BRIEFS

Sales of local assets by foreign companies operating in Mozambique to be taxed at 32%
It has been reported that the sales of local assets by foreign companies operating in Mozambique will from next year be taxed at a fixed rate of 32 percent, a tax official in the emerging coal and gas producer said. *(Reuters)*

Angola Cuts Key Lending Rate for First Time in Seven Months
The key lending rate was lowered to 9.75 percent from 10%, the first reduction in seven months by the Luanda-based Banco Nacional de Angola, according to a statement on its website. The bank lowered the rate by a quarter of a percentage point in January, only the second cut since it was introduced in October 2011.
Inflation in July was 0.52 percent, 0.11 basis points less than June, the central bank said.*(Bloomberg)*

Germany, China lead auto exports into Africa, India fastest climber
While Africa still sources the bulk of its new vehicles from traditional Western markets, it has been India that has made the most pronounced strides in recent years in growing its vehicle exports to the continent. A Standard Bank report on vehicle demand in Africa, South Africa included, published in August, notes that "while still nascent, the market for new vehicles in Africa is expanding". *(Standard Bank)*

Tower Resources announces extension of completion date for acquisition of Wilton Petroleum

Fugro Wins US$ 26 Million Survey Contract from Total for Work off Angola

East Timor is offering to invest US$ 800 million to build a pipeline to take gas from the Timor Sea

Tullow Oil provides update on Buzio-1 exploration well, Mozambique

In-depth:

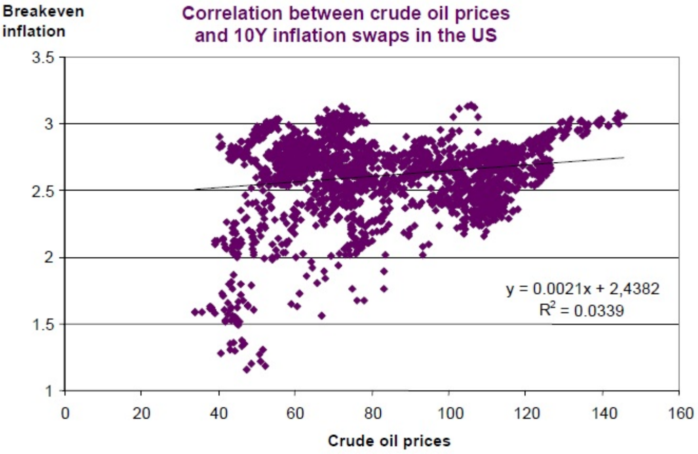
What would change if there was an oil shock

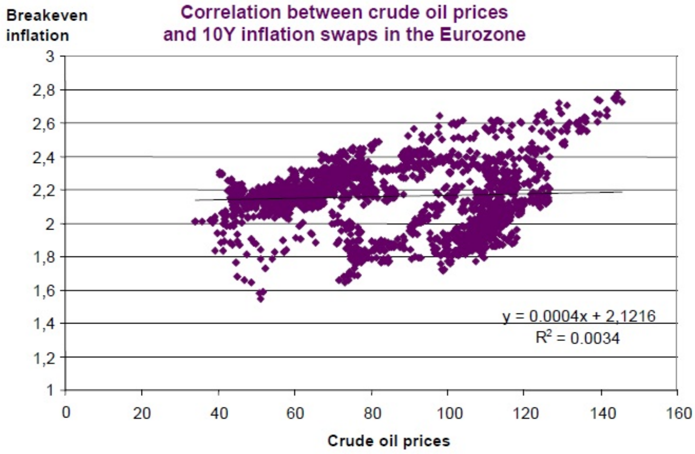
The threat of air strikes in Syria could lead to a surge in crude oil prices, not because of the crude produced in this country, but because it would destabilise the world's main oil exporting region. This risk comes when the situation is deteriorating in Libya (where crude production is way below normal levels) and still delicately poised in Egypt (raising concerns for oil supply through the Suez Canal).

Crude oil prices have already risen sharply: in two days, Brent has soared from USD 112/bbl to € 117.6/bbl (before stabilising at this level yesterday). However, it still remains below the year's high of USD 119.67 set on 14 February, while it has risen by only 3.7% year-on-year. Even so, this would be enough to dampen growth: if crude oil prices hold at current levels, this could be expected to reduce GDP growth in Europe and the US by around 0.15pp in the third quarter.

If Brent holds at current levels on average, this would not be without consequence for the markets.

The first possible impact would be an increase in inflation breakeven points, which in turn would lead to another increase in nominal government bond yields. However, past experience indicates that there is no automatic link between crude oil prices and inflation breakeven points, there being no correlation between crude oil prices and inflation swaps in the US or in the Eurozone (charts below cover the period January 2005 right up to now).





In the current context, it is likely that central banks will be far more concerned about the impact of an oil shock on growth than on inflation, which means they could maintain extremely accommodating monetary policies (in the case of the European Central Bank, it would be most unlikely to raise its repo rate to head off the risk of second-round effects as it did in 2008, as these effects are totally non-existent at the moment).

The second impact could be to bring renewed pressure to bear on the Eurozone. One reason why strains have subsided in the Eurozone are the hopes the economy is on the mend, supported by data published recently (notably the French, German and Portuguese GDP). If these hopes are dashed by an upturn in crude oil prices, aggravated eventually by a rise in long rates (not because of higher crude oil prices but because of the eventual impact of the Federal Reserve's tapering on all bond markets), the solvency of certain peripheral countries could rapidly become a critical issue.

Finally, if there is an oil shock, this would prompt investors to flock back into safe havens, to the further detriment of emerging markets notably.*(Natixis, Bloomberg)*

High African growth rates distort the real development image

How many times have you heard that many of the fastest-growing economies in the world at the moment are in Africa? At almost every African conference these days this is trotted out as a way of highlighting the fact that Africa is the go-to place for investment.

A new list of the fastest-growing economies in Africa — and by extension, the world — put out recently by the African Development Bank in its African Economic Outlook 2013 includes some of the poorest countries in Africa, some of which are developing off an extremely low base. At the top are Libya (11.6%), Sierra Leone (9.6%), Chad (9.5%), Côte d'Ivoire (9.3%),Democratic Republic of Congo (8.8%) and Ghana (8.4%). Growth rates are used by fund managers, investment bankers and others to portray Africa as the new frontier for growth, in essence to talk up their book. But high levels of poverty are pervasive across these same economies. Not only is underdevelopment a potential security threat, not fully understanding the nature and spread of that growth also presents investment risks.

Take development indicators of these economies. Last year, Sierra Leone sat at 177 out of 187 countries ranked by the United Nations on its Human Development Index on education, life expectancy, health, per capita incomes, poverty and inequality, among other things. Per capita gross national income (GNI) was US$881 last year. Its high growth rates are based on a few large deals in the resources sector — mostly in iron ore and diamonds — yet about 70% of people live below the poverty line. Chad ranks at 184 on the list, with a life expectancy of 49.9 years, mean years of schooling an extremely low 1.5 and national income per capita at $1,258. Côte d'Ivoire, finally stabilising after a long-running civil conflict, is ranked at 168. The Democratic Republic of Congo is ranked at 142, while Mozambique, at number seven on the African Development Bank list and a top destination for investment, sits at 185. Its per capita GNI is just $906. In Chad, the government reneged on a deal with the World Bank to spend a portion of oil profits on alleviating poverty in return for bank funding of a pipeline to take oil from the landlocked country to the sea. Chad remains one of the poorest countries in the world. Chad, Congo and Côte d'Ivoire are in the bottom 10 of the World Bank's ease-of-doing-business rankings.

Angola, eighth on the African Development Bank list, saw its growth rate plummet to 2.4% in 2009 after the oil price crashed in 2008, from more than 20% in 2007, highlighting the undiversified nature of its economy. Despite the sorry state of the human development statistics in most of these rapidly growing countries, there is no shortage of investment in resources. But lifestyle improvements tend to be reflected almost entirely in the big cities, with limited trickle-down of new wealth and opportunity beyond these "city states" unless it is in towns close to resources. There is no doubt much has changed and there is starting to be a rising tide effect of growing, and increasingly diversified, investment in Africa. But the growth is resting on shaky pillars.

Governments, on the whole, are not investing their increasing take from resources and corporate tax in providing quality education and health facilities, despite the evidence in successful nations everywhere that these are key underpinnings of development. Political and business elites tend to get their medical treatment abroad and educate their children in private schools, often outside Africa. It's fine to celebrate high growth rates in Africa, but to look at them in isolation is to distort the real picture. Assessing the statistics from five-star hotels in African capitals or glossy office blocks in foreign cities can be misleading. Even in improving African cities, ordinary people still struggle to get power, potable water, financial support and other services. Inclusive growth (the buzz word that has crept into the debate lately) is not happening at the same pace. This raises issues of governance and the commitment of leaders to invest in a sustainable future.

This article was first published in Business Day. Dianna Games is the CEO of** Africa @ Work**, a South African-based company that aims to facilitate and improve business in Africa through the provision of research, information and networking opportunities. She is also a columnist for Business Day.

SOVEREIGN RATING

Region - Africa/Middle East

02-09-2013	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba3	BB-	BB-	NR	B	B
Bahrain	Baa1 -	BBB	BBB	NR	A-2	F3
Benin	NR	B	WD	NR	B	WD
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B	NR	NR	B	NR
Cameroon	NR	B	B	NR	B	NR
Cape Verde	NR	B+	B+	NR	B	B
Egypt	Caa1	CCC+	B-	NR	C	B
Emirate of Abu Dhabi	Aa2	AA	AA	NR	A-1+	F1+
Gabon	NR	BB-	BB-	NR	B	B
Ghana	B1	B	B+	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Israel	A1	A+	A	NR	A-1	F1
Jordan	B1	BB-	NR	NR	B	NR
Kenya	B1	B+	B+	NR	B	B
Kuwait	Aa2	AA	AA	NR	A-1+	F1+
Lebanon	B1	B	B	NR	B	B
Lesotho	NR	NR	BB-	NR	NR	B
Libya	NR	NR	WD	NR	NR	WD
Mali	NR	NR	WD	NR	NR	NR
Mauritius	Baa1	NR	NR	NR	NR	NR
Morocco	Ba1	BBB-	BBB-	NR	A-3	F3
Mozambique	NR	B+	B+	NR	B	B
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	Ba3	BB-	BB-	NR	B	B
Oman	A1	A	NR	NR	A-1	NR
Qatar	Aa2	AA	NR	NR	A-1+	NR
Republic of Zambia	B1	B+	B+	NR	B	B
Rwanda	NR	B	B	NR	B	B
Saudi Arabia	Aa3	AA-	AA-	NR	A-1+	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	B	NR	NR	B
South Africa	Baa1	BBB	BBB	AA-	A-2	F3
Tunisia	Ba2	B	BB+	NR	B	B
Uganda	NR	B+	B	NR	B	B
United Arab Emirates	Aa2	NR	NR	NR	NR	NR

Sources: Bloomberg, Eaglestone Advisory

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

North and South America - Asia

02-09-2013	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
USA	Aaa	AA+u	AAA	NR	A-1+u	F1+
CANADA	Aaa	AAA	AAA	NR	A-1+	F1+
BRAZIL	Baa2	BBB	BBB	NR	A-2	F2
ARGENTINA	B3	B-u	CC	NR	Bu	C
URUGUAY	Baa3	BBB-	BBB-	NR	A-3	F3
COLOMBIA	Baa3	BBB	BBB-	NR	A-2	F3
INDIA	Baa3	BBB-u	BBB-	NR	A-3u	F3
CHINA	Aa3	AA-	A+	NR	A-1+	F1+
JAPAN	Aa3	AA-u	A+	NR	A-1+u	F1+
AUSTRALIA	Aaa	AAAu	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

	Eurozone					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
02-09-2013	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AAA	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	Caa3	CCC+	B-	NP	C	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AAA	AAA	NR	A-1+	F1+
France	Aa1	AA+u	AA+	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	C	B-	B-	NP	B	B
Ireland	Ba1	BBB+	BBB+	NP	A-2	F2
Italy	Baa2	BBB u	BBB+	NP	A-2	F2
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A+	NR	A-2	F1
Neherlands	Aaa	AAAu	AAA	P-1	A-1+u	F1+
Portugal	Ba3	BB	BB+	NR	B	B
Slovakia	A2	A	A+	NR	A-1	F1
Slovenia	Ba1	A-	BBB+	NR	A-2	F2
Spain	Baa3	BBB-	BBB	P-3	A-3	F2

Sources: Bloomberg, Eaglestone Advisory

S&P Affirms Angola Ratings At 'BB-/B'; Outlook Stable

OVERVIEW

-- We are affirming our long- and short-term foreign and local currency sovereign credit ratings on the Republic of Angola at 'BB-/B'.

-- The stable outlook balances our view of Angola's low fiscal and external debt burdens and rising foreign exchange reserves against its political succession risk, institutional weaknesses, and lack of development outside the oil sector.

RATING ACTION

On Aug. 30, 2013, Standard & Poor's Ratings Services affirmed its long- and short-term foreign and local currency sovereign credit ratings on the Republic of Angola at 'BB-/B'. The outlook is stable. The transfer and convertibility assessment remains at 'BB-'.

RATIONALE

The ratings on Angola are constrained by what we view as its weak institutions, low level of development outside the oil sector, political succession risk, and underlying political tensions. The ratings are supported primarily by the country's large oil and gas sector, strong growth prospects, reasonably low government and external debt levels, and its net external creditor position. Additionally, Angola's GDP per capita, which we estimate at about $6,300 in 2013, compares favorably with most peers'. That said, very large income disparities exist, which could pose risks to Angola's political stability.

As an oil-dependent economy, Angola is prone to potential oil-price and production shocks and we believe its capacity to adequately respond to such shocks remains low. We also view transparency, policy expertise, and institutional capacity as weak compared with some similarly rated peers'. Not with standing these structural constraints, Angola has made progress in strengthening its economic management and institutions under its now-completed Stand-By Arrangement with the International Monetary Fund.

President Jose Eduardo dos Santos was re-elected in August 2012. However, succession is untested and could pose a potential stability risk. That said, developments such as the vice-presidential appointment of Manuel Vicente (the former head of state-owned oil concessionaire, Sonangol) imply that a succession plan could be in place. Since a constitutional amendment in 2010, Angola now runs a parliamentary system and the People's Movement for the Liberation of Angola (MPLA) dominates the legislature.

We forecast that real GDP per capita growth will remain in the 3%-4% range through to 2016. We anticipate that Angola's oil sector will continue to grow, with production averaging at least 1.8 million barrels per day (barring major technical outages), which we believe will help to maintain fiscal and external surpluses. The non-oil economy is also likely to perform strongly in the medium term, albeit from a very low base, led by services, construction, and infrastructure.

In the global oil industry, Angola has gained a reputation as a reliable partner and has attracted many of the world's largest oil companies. This is one of the sovereign's key strengths. However, owing to the complexity of deep-water offshore drilling and the volatility of the global oil market, oil production is susceptible to production disruptions and the economy is exposed to significant volatility risk.

Angola has a significant net external asset position, which we estimate at 33% of GDP. We forecast that this will be bolstered by current account surpluses averaging above 6% of GDP over the next few years. Nevertheless, the country's external balance sheet is also subject to oil-sector-related volatility. In addition, stock-flow inconsistences and volatile foreign direct investment flows limit our understanding of the external (and fiscal) accounts.

We project headline fiscal surpluses will average about 4% of GDP in 2013-2016 (less than in recent years), owing to increased infrastructure and development-related expenditure, driven by popular demand for better public services. We also forecast lower surpluses partly because previously off-budget spending by state-owned oil company, Sonangol, is increasingly captured in the national budget. However, we still expect sizable unreported off-budget spending activities will boost general government debt levels and lead to a borrowing requirement not in line with headline fiscal figures.

Nevertheless, with rapid growth in nominal GDP, we forecast that net general government debt as a percentage of GDP, currently about 5% of GDP, will fall to minus 3% of GDP (a net asset position) by 2016.

The central bank intervenes heavily in the foreign exchange market to shield the Angolan kwanza from oil-driven appreciation, while also containing imported inflation. However, with limited monetary policy options and weak transmission mechanisms, inflation has fallen sharply, but will remain at about 10%-13% for several years. In light of these factors and high, albeit declining, dollarization, we equalize our local currency ratings on Angola with the foreign currency ratings. Monetary policy may face further challenges from exchange controls as well as new laws requiring oil (and other companies) to increasingly channel transactions through Angolan banks.

OUTLOOK

The stable outlook balances Angola's low fiscal and external debt burdens against its succession risk, institutional weaknesses, and lack of economic diversification. The outlook also reflects our view that the government will maintain broad policy continuity and that institutional quality and transparency will improve, albeit slowly.

We could consider lowering the ratings if global oil prices fell sharply, leading to a decline in oil revenues, or if government debt or inflation rose significantly. Deterioration in the political or institutional environment could also put downward pressure on the ratings. We could consider raising the ratings if Angola's economy materially diversified, if institutional capacity and transparency substantially improved, if prospects for a smooth political transition became more certain, or if fiscal and external balance sheets significantly strengthened.

KEY STATISTICS

RELATED CRITERIA AND RESEARCH

-- Sovereign Government Rating Methodology And Assumptions, June 24, 2013

-- General Criteria: Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013

-- Sovereign Defaults And Rating Transition Data, 2012 Update, March 29, -- Methodology: Criteria for Determining Transfer and Convertibility Assessments, May 18, 2009

RATINGS LIST

Ratings Affirmed Angola (Republic of):	Sovereign Credit Rating BB-/Stable/B
	Transfer & Convertibility Assessment BB

INVESTMENTS

Minor Hotels in Partnership with Rani Investment, Takes Anantara into Mozambique

Minor Hotel Group, a hotel owner, operator and investor, has announced the formation of a long term strategic partnership agreement with Rani Investment, the owner of high end resorts across Africa. The two organizations have formed a joint venture company for ownership of Indigo Bay Resort & Spa in Mozambique, with plans for further expansion in Africa.

Located on Bazaruto Island, 30 kilometers off the east coast of the country, Indigo Bay is a five star 44-villa resort, and will be re-branded to Anantara Bazaruto Island Resort & Spa later this year and managed by Minor Hotel Group.

This new addition to MHG's portfolio takes the number of properties in operation to 94 and adds a new country of operation, taking the total to thirteen. The new strategic partnership will explore more opportunities in Mozambique, including in the capital Maputo, and in the vibrant East Africa market to further strengthen MHG's presence on the continent.

These properties will be a mix of new-build and re-brand and will be flagged with MHG's international hotel brands, including Anantara, the recently launched contemporary upscale brand AVANI and the serviced apartment Oaks brand which is currently expanding into Asia and the Middle East.

Dubai-based Rani Investment is the investment arm of Aujan Group Holding with more than US$300 million of dedicated investments in the Middle East and Africa. Rani Investment is the largest private hospitality owner-operator in Mozambique, having first established its presence in 1999 under the Rani Resorts name.

Dillip Rajakarier, chief executive, Minor Hotel Group, commented: "We are excited to be partnering with Rani Investment and are looking forward to working closely with them to grow our portfolio in Africa, specifically in Mozambique to begin with.
"We are already present in Tanzania and Kenya through our partnership with Elewana Collection and we are keen to expand further into other parts of this vast continent where there is so much untapped opportunity."
Minor International (MINT) is a global company focused on three primary businesses including restaurants, hotels and lifestyle brands distribution. MINT is one of Asia's largest restaurant companies with over 1,400 outlets operating system wide in 17 countries under The Pizza Company, Swensen's, Sizzler, Dairy Queen, Burger King, Thai Express, the Coffee Club, Ribs and Rumps and Riverside brands. MINT is also a hotel owner, operator and investor with a portfolio of 49 hotels and 42 serviced suites under the Anantara, Avani, Oaks, Per Aquum, Marriott, Four Seasons, St. Regis, Elewana and Minor International brands in Thailand, Australia, New Zealand, the Maldives, Vietnam, Tanzania, Kenya, the Middle East, Sri Lanka, China, Malaysia and Indonesia. MINT is one of Thailand's largest distributors of lifestyle brands focusing primarily on fashion, cosmetics and contract manufacturing. Its brands include Gap, Esprit, Bossini, Charles & Keith, Pedro, Red Earth, Tumi, Zwilling J.A. Henckels, ETL Learning and Thaisale. For more information, please visit www.minorinternational.com
Anantara. The word in Sanskrit means "without end" and evokes the freedom, movement and harmony that are the spirit of the Anantara Experience. Each Anantara Resort draws its strength from the rich cultural traditions, historic heritage and natural beauty of its destination. As such, every experience is a unique voyage of discovery and inspiration that is distinctly Anantara. The Anantara Experience was born in 2001, with the launch of the first Anantara Resort in Thailand's historic seaside resort enclave of Hua Hin. We sought to bring our guests closer to the heart of the rich culture and history of Thailand by surrounding them in the atmosphere of a traditional Thai village. We highlighted the experience with interactive immersions in the culture of the destination, through cooking courses, fruit carving demonstrations, a weekly floating market and even instruction in the traditional martial art of Muay Thai. *(How we made it in Africa)*

ABD provides loan to Cape Verde for technology park

The African Development Bank (ADB) has provided a loan of 32 million euros to Cape Verde to build a technology centre, the bank said in a statement issued Sunday.
The loan, which is intended to fund the project to create a Technology Park, includes construction of two data centres, a business centre and joint facilities, an incubation centre and a training centre.
In a statement, the Cape Verdean government said that the Technology Centre, which is already under construction in Praia, is the first phase of the future Technology Park, and that the entire physical infrastructure and equipment will be ready to operate this year and officially start operating in the first few months of 2014.
“The facility will have high levels of security and will be prepared to provide high reliability and availability services to the State and third-parties,” the statement said. *(Macauhub)*

Mozambique – first and third world in one place

While Mozambique’s economy has experienced rapid growth over the past years, much of this new wealth has not trickled down to the broader population.
So says Dominique Lalous, country manager of logistics company DHL in Mozambique.
Mozambique’s nascent coal mining and natural gas sectors are attracting significant foreign investment. Rich coal deposits in the western Tete Province have lured mining companies such as Rio Tinto as well as Brazil’s Vale, while US-based Anadarko Petroleum and Italian oil and gas company Eni have announced significant offshore gas discoveries in their respective blocks in northern Mozambique.
Lalous says these investments however, haven’t yet had much of an impact on unemployment. The coal mining companies have only recently started with production and many of the natural gas projects are still in exploration phase. It will still take some time before the average man on the street will feel the benefits of these projects in his pocket. The majority of the rural population still live on less than US$2 a day.
Because of Mozambique’s inadequate transport infrastructure, many of these projects are also not progressing as fast as they should. “To effectively transport the coal exports, infrastructure projects to the key port cities – Nacala, Beira and Maputo – are being implemented by the public and private sector. Another challenge is to get goods in and out of mining and gas locations. The national airline has a monopoly on a majority of the routes and limited cargo capacity. Road transport is the only alternative, but it takes days to get in an out. The conditions of the roads are very poor and unpredictable, especially during rainy season,” explains Lalous.
She says the economy needs to be less reliant on the resources sector. “Despite its strong and sustained past economic growth, the Mozambican economy has undergone minimal structural transformation. The country’s productive base remains dependent largely on natural resources, which are concentrated in a few megaprojects, specifically coal, aluminium and gas. These projects result in large foreign direct investment inflows, which have driven economic growth, but not had a significant impact on government revenues, unemployment and economic diversification.”

Potential for retailers

Mozambique's retail industry offers significant potential for new players to enter the market.

Lalous, who was born in Belgium, says when she first arrived in the Mozambican capital Maputo in 2008, there was only one supermarket in town. "We had to go to South Africa every three weeks just to stock up on the basics. Now more chains have come in, such as South Africa's Pick n Pay and Woolworths. However, many products are still not available in Maputo. There are many opportunities, from clothing to pet shops to drug stores."

She says service quality in Mozambique is often below standard due to low competition.

For example, Lalous says there is only one manufacturer of cardboard boxes in Maputo and it can take anything from one to three months for an order to be delivered. "They don't care about providing a good service because they have a monopoly; they don't have competition."She adds that foreign investors currently operating in Mozambique expect the same level of service they are used to in their home countries. This creates an opportunity for more companies to set up shop in certain industries.

Doing business in Mozambique

Although Mozambique is not as expensive as its fellow Portuguese-speaking country Angola, Lalous says the cost of doing business has increased in recent years. "Over the last five years the price of renting office and residential space has risen due to high demand, particularly from large companies and the arrival of foreigners. The average rental price of office space ranges from $2,000 -$3,200 per square metre. As most goods are imported, the cost of living is relatively high."

According to Lalous, Mozambique's customs regime is in need of reform. "The law is interpreted differently in the south, centre and north of the country. What applies in the south is not what is implemented in the north. Last year a new single windows system was launched, whereas the clearing process was now being introduced in to an on-line system. This created a chaotic situation as customs officials were not trained properly and resulted in huge backlogs at the borders, ports and airports, which affected the flow of goods in to Mozambique. It eventually stabilised and all went well until about 10 weeks ago, whereas customs in Maputo now introduced a manual duplication of the single windows system. The average time to clear goods has doubled. These new measures are obstructing growth and are disruptive for business."

Finding skilled human resources can also prove to be a challenge for companies. "The civil war, which ended in 1992, left a huge gap and the small pool of skilled people is targeted by international companies. Companies often recruit staff based on their potential, and then train them in-house."

According to Lalous, one of the biggest misconceptions about Mozambique is that it is unsafe. "Mozambique is one of the safest places I have lived so far." *(How we made it in Africa)*

DHL country manager discusses Côte d'Ivoire's business environment

In 2010/2011, Côte d'Ivoire experienced significant unrest in post-election violence between the supporters of current president Alassane Ouattara and those loyal to the previous incumbent Laurent Gbagbo

However, these days the political situation is stable, says Patrick Assi, country manager for logistics company DHL in Côte d'Ivoire. "There was a serious political crisis in Côte d'Ivoire, which ended up in a civil war. It received a lot of publicity, and it was preceded by 10 years of political turmoil. However, the political outlook is currently stable, at least for the short term. It has been about a year without any serious trouble," Assi told ***How we made it in Africa***.

The African Development Bank (AfDB) has announced that it is in the process of relocating its headquarters from Tunis back to Côte d'Ivoire's commercial capital Abidjan. The AfDB currently runs its operations from its temporary location in the Tunisian capital since relocating there from its Abidjan headquarters in 2003 due to the Ivorian crisis.

According to Assi, foreign investors are also showing interest in the country, although many are "tip-toeing until they can be sure of long term stability". Local business people, who often have a better understanding of the risks, are also investing in new projects. After its GDP fell 4.7% in 2011, the economy recovered with estimated growth of 8.6% in 2012, driven by public investment and a pick-up in consumption, according to AfDB numbers. In 2013 and 2014, GDP growth is expected to reach 8.9% and 9.8% respectively. The agricultural sector is responsible for most of DHL's business in Côte d'Ivoire. The country is the world's biggest producer of cocoa, much of which is exported from the port city of San-Pédro. Coffee and rubber are also important exports. Assi says the retail industry is starting to modernise. Earlier this year Abidjan's Cap Sud mall was ranked second in sub-Saharan Africa (excluding South Africa) based on shopping centre attractiveness for international retailers. A number of French brands have a presence in Côte d'Ivoire. French supermarket chain Casino operates in the country, while its competitor Carrefour, the second largest retailer in the world, has also indicated its intention to set up shop. Barely a month after the end of fighting, popular French grill restaurant chain Hippopotamus also opened an outlet in Abidjan. At the time the local franchise holder told ***How we made it in Africa*** he is not basing the business on a European or Lebanese clientele, but on Ivorians. *(How we made it in Africa)*

Foreign investors need to do their homework

Assi notes that foreign business people need to ensure they have a proper understanding of the market before making an investment. He advises companies to appoint Ivorians, who have a good grasp of the local market, in management positions. "You can't just come with a bunch of expats and say, 'we are going to set up and succeed', because you will make a lot of mistakes in the beginning.” He says it is relatively easy to find good human resources in Côte d’Ivoire. The labour force is further complemented by a steady number of internationally educated Ivorians returning home from Europe and the US. According to Assi, the biggest challenges to doing business in Côte d’Ivoire are corruption and insecurity. “The security situation is improving, but there are certain places in Abidjan where I would not advise you to go in the middle of the night.” Despite this, he says the quality of life in Abidjan is good. “Abidjan is quite a modern city. The cost of living is reasonable. The roads are not bad with a few highways going in and out. You also have some nice beaches to relax over the weekends.”Stories about Africa’s astonishing economic growth and rapidly advancing middle class have been told at conferences and in the media over the past years. Assi says he is confident conditions on the continent will continue to improve. “Look at a country like Nigeria. They are experiencing massive economic growth after years of so much negativity about Nigeria. Today, Ghana is setting an example for the rest of the continent, although just a few decades ago the country was in a mess. As soon as you have democracy and political stability, then this continent will improve.”

BANKING

Banks

BAI bank opens main branch in Lubango City

Located in 1º de Agosto street, the rehabilitation of the branch cost over 100 million kwanzas and lasted one year. Its re-opening has created sixteen new jobs. “We are here in Huila Province to re-open the main branch and we have several branches in Lubango City, so the expectation is that we can be able to provide our customers with all the services we have available for the public”, Mário Alberto Barber said on the occasion. For Huila Province, he said, the institution intends to open one branch in the municipalities Matala, Jamba and Caluquembe. In Lubango Municipality BAI has six branches. *(Angop)*

Akz 7.7 billion for BPC rehabilitation

Under the deal signed by the CEO of the Savings and Credit Bank, Paixão Júnior, and the director general of the construction company, Gu Yongxin, the Chinese firm will release the funds for the rehabilitation of the building inaugurated on 28 January 1967. According to the CEO of BPC, the Chinese firm has come up with a bid that offers better refund terms for a period of ten years, a two-year deferred period and interest rate of 6.5 percent a year, which he considered competitive. The official said that with the signing of the deal, the fund is transferred to the BPC.
Paixão Franco said as well that in the process of rehabilitation of the 46-year old building all architectonic and technical features will be kept unchanged. In the process, the official also stated, the bank workers will be transferred to the Luanda branches of the company. The works that will be carried out in two years will start in October this year and offer jobs for 400 people, 250 Angolans. The BPC’s 46-year old building is currently crippled with structural and electric system problems, which endangers the safety of the workers. Once rehabilitated, the building will gain another lifetime of 50 years, the CEO said. *(Angop)*

Standard Chartered Bank expected to be granted Angolan banking license this year

The Standard Chartered Bank is expected to be granted a license to operate in Angola by the end of this year, which will allow it to compete with banks already operating in the country, said António André Lopes, the deputy governor of the Angolan National Bank.
Speaking to financial news agency Bloomberg, André Lopes also said that the request made by Standard Chartered needed approval from the Council of Ministers and noted that the central bank had been receiving a lot of requests from national and foreign banks to establish new banks.
Standard Chartered has had a representative office in Angola since 2010 and established a 60/40 partnership with insurance company Empresa Nacional de Seguros de Angola (ENSA).
Angola now has 23 banks, including local banks Banco Angolano de Investimentos (BAI) and Banco BIC and foreign-owned banks such as Banco Espírito Santo Angola (BESA) and South Africa’s Standard Bank.
There are 10 foreign banks with representative offices in Angola including the Bank of Brazil, Commerzbank, HSBC, PNB Paribas, Nedbank and the State Bank of India.*(Macauhub)*

Bank of Brazil considers partnering Angolan bank

The Bank of Brazil (BB) may, at some time in the future, partner an Angolan bank in Angola, the manager of the Brazilian bank’s representative office set up in Luanda in 2004, said Wednesday.
On the sidelines of a meeting organised by the Association of Brazilian Executives and Businesspeople in Angola (Aebran), manager Ângelo Mendes Lima also said that any future decision would depend on mergers and acquisition of bank in Angola, which he said was “something that is expected to happen over the next few years.”
According to Portuguese news agency Lusa, Mendes Lima did not name the Angolan bank that the Bank of Brazil has in mind, saying only that, “the bank continually looks at the situation, which changed radically when the foreign

exchange law was put in place for oil companies," requiring all financial transactions to be carried out in Angolan currency. Mendes Lima added that in 2012 alone the Bank of Brazil had transactions in Angola totalling US$150 million, which he considered "representative" for a bank that has a single office in Luanda.
The Bank of Brazil is a Brazilian state bank. *(Macauhub)*

Deals

Russian bank VTB-Africa grants a further US$1 billion to Angola

Russian-owned bank VTB-Africa is set to loan Angola over US$1 billion as a credit line, to be managed by the Finance Ministry, for projects included in the State Budget, said the bank's chief executive.
On the sidelines of the Angola-Russia Business Forum, organised by VTB-Africa and by the Economy Ministry, CEO Amílcar Barros told Angolan newspaper Expansão that "the funding will only depend on negotiations with the Finance Ministry." VTB-Africa's credit lines to Angola total US$2 billion, of which, US$1 billion of which was provided in 2012. Barros also said that the way in which the funding would be used by various sectors would depend on "government priorities" but added that, given the amount involved, the funding will be used for infrastructure, particularly energy projects. Barros added that the bank also had financial instruments that would ensure the launch of private projects, notably in the diamond sector which, he said, had already received funding from the bank. *(Macauhub)*

Markets

Mozambique Sells MZN1 Bln 182-Day Bills; Yield 6.52%

Aug. 28 (Bloomberg) -- The following issue went on sale:
Issuer: Republic of Mozambique
Manager: Bank of Mozambique
Type: T-Bill
Amount Tendered: 1.275 billion new meticals
Amount Allotted: 1 billion new meticals
Bid to Cover Ratio: 1.28
Average Yield: 6.52 percent
Maturity: Feb. 26, 2014
Settlement: Aug. 28, 2013

Mozambique Sells MZN500 Mln 364-Day Bills; Yield 7.13%

Aug. 21 (Bloomberg) -- The following issue went on sale:
Issuer: Republic of Mozambique
Manager: Bank of Mozambique
Type: T-Bill
Amount Tendered: 500 million new meticals
Amount Allotted: 500 million new meticals
Bid to Cover Ratio: 1.00
Average Yield: 7.13 percent
Maturity: Aug. 20, 2014
Settlement: Aug. 21, 2013

Demand for dollars in Angola falls to half in June

Demand for US dollars from the National Bank of Angola fell to half following the introduction of the new Foreign Exchange Law, which requires companies, particularly in the oil sector, to make payments in kwanzas, financial news agency Bloomberg reported.
Citing the deputy governor of the central bank, António André Lopes, the agency said that the National bank of Angola in June sold the equivalent of US$200 million per week, which compares to US$400 million per week in May.
This drop in demand comes at a time when the country is seeking to reduce the role of the dollar in the domestic economy and the introduction of the Foreign Exchange Law, on 1 June, was a step in that direction.
The deputy governor also said there was a high supply of foreign currency, as oil companies are now required to pay in kwanzas, which they buy in exchange for dollars, and noted that the measures that have been introduced were intended to "reduce the role of the dollar in the economy."
"There is some pressure to transform the kwanza into a traded currency," said António André Lopes adding that, "we have to think about the impact this decision could have on the economy." *(Macauhub)*

Tech

Promise of Africa lures MasterCard

MASTERCARD, the second-biggest US payments network, has distributed 10-million South African debit cards that replace cash for social grant recipients as the company boosts its market share across Africa's fastest-growing economies. The company was working with the government of oil-rich Nigeria, after agreeing to issue 13-million debit cards in that country, which would also act as identity documents, MasterCard president of international markets, Ann Cairns, said in Pretoria on Wednesday. It was also expanding in Angola and Mozambique and working with local partners such as Kenya's Equity Bank for growth, she said. MasterCard is counting on the continent's expansion and rising levels of wealth to help it distribute financial products to the more than 200-million people in Africa still without access to banking services, according to McKinsey. Mobile operators such as MTN and banks such as Togo's Ecobank Transnational are also trying to reach Africa's poorest by offering easier access to bank accounts and the ability to transfer money without going into a branch of the bank. "We think financial inclusion can be brought by different instruments," Ms Cairns said. MasterCard would be able to realise the "big promise of Africa" if it could grow its payment systems, Middle East and Africa president Michael Miebach said. In Nigeria, Mastercard said on Wednesday it would commence the pilot phase of the rollout of 13-million national identity smart cards before the end of the year. Vice-president and area business head of West Africa for MasterCard, Omokehinde Ojomuyide, said there "are 14 banks (involved) and … the plan is that every Nigerian bank would be able to issue cards as it would not be exclusive to a particular bank". Ms Ojomuyide described the initiative as the broadest financial inclusion initiative on the continent. (***Bloomberg)***

ENERGY

Portugal's REN has 14 pct of company which is building power transmission lines in Mozambique

Portuguese power grid company Redes Energéticas Nacionais (REN) has a 14 percent stake in the consortium that will build power transmission lines linking central Mozambique to the south of the country, Portuguese financial daily Diário Económico reported. The newspaper said that the Portuguese company was expected to invest around US$252 million in the project known as Cesul (Centre-South). The biggest stake in the consortium, the newspaper said, is in the hands of REN's strategic partner and majority shareholder, China State Grid. The Chinese group has a 46 percent stake of the Mozambican company that will build the line between Tete and Maputo. Other companies in the consortium include South African power group Eskom, the biggest customer of the electricity generated at the Cahora Bassa dam, with a 20 percent stake. *(Macauhub)*

Aggreko plant expanded to supply midtier power to Namibia, Mozambique

Temporary power and temperature control solutions provider Aggreko officiated its power purchase agreement (PPA) with Namibian power utility NamPower at the unveiling of Phase 2 of the gas-fired power plant at Gigawatt Park, in Ressano Garcia, Mozambique, on 5th September.

The $200-million expansion project, inaugurated on site by Mozambique Energy Minister **Salvador Namburete**, makes Ressano Garcia the world's largest cross-border interim power plant, with its gas-fuelled power generation being used by three national utilities. Phase 2 has been operating since June and has added 122 MW of capacity to the facility, bringing the total generation output of the plant to 232 MW.

Following the announcement of the PPA in March, work began immediately to more than double the plant's generating capacity. This was achieved in a record 12 weeks, owing to the company's specially designed initial plant infrastructure, which allowed for modular increases in capacity. "This project highlights the precision and speed in which Aggreko can deliver large-scale temporary power capacity to help our customers address gaps in energy supply as and when they arise," commented Aggreko Europe, Middle East and Africa regional MD **David Taylor- Smith**. He added that the project enabled Aggreko to supply power generated in Mozambique to three national entities, using the regional transmission infrastructure of the Southern African Power Pool (SAPP), which includes Namibia – more than 1 500 km west of the power source.

The additional power generated through Phase 2 would provide NamPower with 90 MW of mid-merit power, with the remaining 32 MW reserved for Mozambique power utility Electricidade de Moçambique (EDM). This is in addition to the 15 MW of power that EDM already receives from Phase I of the Aggreko power plant project, which started operating in July 2012. South African power utility Eskom receives 92.5 MW of the initial 110 MW generated by the Phase 1 plant through its own PPA with Aggreko.

Highlighting the mutual cooperation between the utilities to make this possible, both EDM and Eskom committed to playing a key role in transmitting power to Namibia. EDM would transmit the power over its network to the South African border, while Eskom would handle the wheeling of the power across the South African grid network to Namibia on behalf of NamPower. NamPower MD **Paulinus Shilamba** described the project as an "innovative approach to securing an effective power supply for the people of Namibia", which added to the spirit of Southern African cooperation. "This unique project will contribute to the provision of a reliable power supply across Namibia and support the continued development of the country," he said. EDM CEO **Augusto de Sousa Fernando** welcomed Phase 2 of the Aggreko interim power plant at Ressano Garcia, which would assist EDM and its SAPP partners in temporarily bridging the power supply gap in Southern Africa until permanent plants are implemented.

Matola Gas Company supplies the natural gas to fuel the plant through its gas infrastructure at Ressano Garcia and Aggreko is generating power using a subconcession agreement with Gigawatt Mozambique. "The good thing is that Mozambique is making money through monetising its gas early and we've been able to turn that into power for the benefit of the people of Mozambique and neighbouring countries," commented Taylor-Smith. The Ressano Garcia power plant is strategically placed on the border between Mozambique and South Africa, 90 km north-west of Maputo, enabling Aggreko to feed power to up to nine different countries within the Southern African Development Community region.

Meanwhile, Aggreko Southern and East Africa MD **James Shepherd** confirmed that Aggreko was in talks with several parties in the SAPP, including utility companies and industrial users, about Phase 3 of the interim gas-fired power plant project. "I hope that by the end of this year we will be in a position to announce further expansion of the plant," he told ***Engineering News Online***, adding that the existing two plants will be in production, under the respective PPAs, until 2015, while renewal of these PPAs was subject to several main power plants – such as South Africa's Medupi power plant ¬– coming on-line. *(Engineering News)*

Grand Kenya port plan faces headwinds despite oil finds

A mega-port project on the north Kenyan coast conceived in the 1970s may finally be gaining traction based on commercial oil finds in Uganda and Kenya, but it needs more financing to compete with a Chinese-backed port in Tanzania and other rivals.Initial work has started on a mangrove coast near the ancient Arab trading post of Lamu that could in a few years be a bustling container port and crude terminal, creating an export hub for fast-growing east African states and their oil.

But Kenya must shore up regional commitment for the $25.5-billion Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) plan that by 2030 envisages a port, new roads, a railway and pipeline.It must also overcome environmental worries and make a clearer economic case to avoid creating one more African white elephant.The prize will be to bolster Kenya's primacy as east Africa's trade gateway and capitalise on a bonanza from one of the world's hottest undeveloped oil provinces, where exports from Uganda and Kenya alone could reach 500 000 barrels per day.Experts say the Lamu port and transport links are viable, if not on such a huge scale. Some South African banks are watching closely. But emerging markets now face tougher times raising cash and no big donors, such as China, have thrown their full weight behind the plan. Other pitfalls also lurk.

"The big obstacle is really a political one and making sure all the discussions that need to happen, happen," said **Clare Allenson**, analyst at the Eurasia Group consultancy, referring to a region where rivalries can run deep even within the east African trade bloc."This is a very grandiose scheme and there are ample examples of this type of thing never coming off the ground [in Africa]," she said.Initially predicated on convincing South Sudan to switch its oil exports to Lamu from the regularly disrupted pipeline it now uses via Sudan, the Kenyan scheme has found a new raison d'etre.

First, Uganda agreed to ship its future oil output through a pipeline to Lamu. Then last month, British explorer Tullow Oil increased Kenya's oil reserve estimates and said east Africa's biggest economy could start oil exports by 2016."We are now talking about three oil sources, up from one oil source when the studies were previously done," LAPSSET CEO **Silvester Kasuku** told Reuters.

Economies of scale

Kenya's virtual monopoly on regional trade through its now-congested Mombasa port, however, has often rankled its neighbours.South Sudan has suggested that a new pipeline, probably warranted only if it finds more oil to replace mature fields, could run through Ethiopia to a port in Djibouti. Uganda lately backed a Kenyan route, after mulling one via Tanzania.But Kenya and Uganda may be enough to get the oil terminal going. Nairobi is confident it can make an economic case for a Uganda-Kenya pipeline costing an estimated $2.5-billion to $5-billion, made costlier because Uganda's waxy oil means it must be heated to enable flow. A spur could then go to South Sudan."We are talking about economies of scale here ... which gives greater investment credence to the project, raises the project's profitability and de-risks a lot of other factors which were associated with one single oil source," Kasuku said.The desire swiftly to monetise oil in the ground may also be focusing minds in the region, where many are still in poverty.

"East Africa is getting its act together in terms of starting to realise that if they do things together, they can move faster," oil and gas consultant **Mwendia Nyaga** said. A compacted dirt road cut through the mangroves is the first sign of work at the site, where a Chinese firm has a $470-million contract for Lamu port's first three berths.Those are the first of 32 planned berths at a port estimated to cost $5.5-billion. Further funds will be needed for the planned roads and railway linking South Sudan and Ethiopia, a land-locked nation of 90 million people that is growing swiftly.But financing is merely trickling in. Battling a big budget deficit, Kenya allocated only about $48-million to the project this fiscal year. China's involvement with Lamu pales against its backing for Tanzania's $10-billion Bagamoyo port plan.

The World Bank, African Development Bank and European Union are funding roads linking Kenya with South Sudan and Ethiopia. Though this could help the Lamu project, these donors and concessionary lenders are not directly funding LAPSSET.On the international markets, funding has become trickier as the United States looks set to rein in its loose monetary policy, hiking interest rates for emerging market borrowers. Still, some South African banks and others are keeping an eye on the project.

Economic case

"Given the ultimate size of the project, there will be considerable space for all lenders with African debt capacity to play (a role) in the funding," said **Mike Peo**, head of infrastructure at Nedbank Capital, the investment banking arm of South Africa's fourth-largest bank, Nedbank.South Africa's Rand Merchant Bank also said it was interested, while London-based emerging markets specialist Standard Chartered said it was watching progress.The Development Bank of Southern Africa (DBSA) has said it was keen to be a lead arranger for funding. Kasuku said the bank could offer as much as $1.5-billion to LAPSSET.Fast-expanding regional economies provide a case that could make both Lamu and its Tanzanian rival commercially attractive, as trade increases to meet more demanding populations.Kenya, Uganda, Ethiopia and others in the region with annual per-capita incomes now in the hundreds of dollars are aiming for middle-income status around $1 430 in the next decade or so. But Nairobi needs to make a more careful case to secure funding and may need to focus on the oil side of the plans."A lot of the elaborate elements of the project are not going to reach fruition," Africa Confidential editor Patrick Smith said. "On the core oil terminals, I think they'll struggle but I think they'll get the money for it."Some say Kenya must make a clearer case for creating a new container port over expanding and upgrading Mombasa."I don't see how container shipment through Lamu port can be the business case for the port," said **Steve Felder**, east Africa managing director of Danish shipping and oil group A.P. Moller-Maersk.

On the ground, the government faces worries the new port and surrounding development will harm delicate coastal vegetation and marine life, and could overwhelm the popular tourist destination of Lamu, where donkeys are still the main form of transport amid traditional Swahili coastal architecture.Residents fear a land grab by a wealthy elite as the project gets under way at the expense of locals, a perennial complaint in Kenya. Local officials insist they will not let this happen."We have learnt from the Mombasa port experience where everything goes to the central government," Governor **Issa Timamy** told Reuters at a Lamu meeting where residents complained about seizures. "We are not willing to repeat that mistake in Lamu." *(Engineering News)*

Kenya to step up wind energy investments

Wind energy would form a substantial portion of Kenya's planned 5 000 MW power generation capacity increase expected to take place over the next 40 months, Kenya Energy Ministry acting director for renewable energy **Isaac Kiva** said on Friday.To this end, a high-level government delegation recently participated in an European study tour facilitated by the World Wind Energy Association (WWEA), as part of a programme organised by wind energy development and technical service provider Windforce Management, aimed at analysing and improving the conditions for wind power in Kenya.Windforce Management had been contracted to analyse wind-data and propose a wind energy development plan and prospectus for Kenya.Windforce Management chief mentor and cofounder Dr **Jami Hossain** said that after an elaborate country study of Kenyan wind resources was conducted, the company saw the need to connect the policymakers and main stakeholders in Kenya with the international wind industry.

The delegation, which comprised representatives from the Kenyan Energy Ministry, the Kenya Power and Lighting Company and the Energy Regulatory Commission of Kenya, visited Germany and Denmark to learn ways in which Kenya could optimise its national wind power strategy.

During the tour, the delegation visited wind companies, including developers, operators and equipment manufacturers, government agencies and international organisations and associations as well as research and training institutes.

Kiva said that the study tour helped Kenya to understand and appreciate the necessary policy and regulatory frameworks, as well as other key drivers for effective wind energy development programmes.

“Key elements of the tour were the understanding of advancement in wind energy grid integration technologies and arrangements, which make it possible to inject higher percentages of wind than previously conservatively stated," he said.

WWEA secretary general **Stefan Gsänger** stated that given that Kenya was setting up the correct policies in the near future, the country was about to become the wind power hub of East Africa.

“Considering the potential market size of several thousands of megawatts, Kenya may soon attract domestic as well as international investors in this sector on a large scale. We are more than happy to support Kenya in this process and make wind power available for the benefit of the people of the country,” he said. Hossain added that Kenya's wind power potential was tremendous and that Windforce Management's study had identified many sites in the country which could be used to significantly enhance availability of power in grid-connected and off grid modes. . *(Engineering News)*

SDE Plans $100 Mln Wave-Power Plant for Government of Guinea

SDE Energy Ltd., a Tel Aviv-based maker of wave-power technology, plans to build a $100 million electricity plant in Guinea. The Israeli company agreed with the government of the West African nation to install a 100-megawatt power station, **Shmuel Ovadia**, chief executive officer of SDE, said Aug. 21 by e-mail. Construction in Conakry will begin when funds are raised, the CEO said, without saying how long he expects this to take. SDE will cover 70 percent of the costs and the government the rest, he said. Electricity will be transmitted to the grid and the facility may be expanded in the future. As little as 0.1 percent of the power of the world's waves may be able to supply five times its energy needs, according to the European Commission. No utility-scale projects working yet as the technology is still experimental.

So far wave-energy costs work out at about $496 a megawatt-hour, according to Bloomberg estimates. The figure compares with about $78 a megawatt-hour for coal fire power.*(Bloomberg)*

First phase of the King Abdullah Initiative for Solar Water Desalination to be operational by year end. According to a senior energy official, the first phase of the King Abdullah Initiative for Solar Water Desalination will be operational by the end of this year. Yousef Al-Yousef, supervisor at the Energy Research Institute at King Abdulaziz City for Science and Technology (KACST), said the plant would have a capacity of 30,000 cubic meters of drinking water. He said the first phase of the project started in 2010 and involved the production of 10MW of solar energy and reverse-osmosis membranes over a period of 3 years, Alsharq newspaper reported. As part of the project, two solar energy plants were constructed in Al-Khafji and in the solar village at Al-Oyainah, near Riyadh. The second phase of the initiative, which aims to develop a solar desalination plant with a capacity of 300,000 cubic meters a day, will take 3 years to finish. The third phase will involve the construction of several plants for solar desalination in all parts of the Kingdom, he said. *(Saudi Gazette, 26 Aug 2013)*

MINING

Mozambique and Angola to share investments and knowledge in the geology and mining sector

Mozambique and Angola, on the 21st August in Maputo, signed a memorandum of understanding to share investments and knowledge in the geology and mining sectors, Mozambique's Mining Resources Minister Esperança Bias said.

Angola's knowledge of diamond mining and Mozambique's experience of geology are the two main areas of interest that Mozambique and Angola plan to leverage with this deal.

"We want to use the knowledge the Angolan have (of diamond mining), in order to move on and better define whether Mozambique has diamonds or not and, if it does, in what amount and their locations," said Bias.

The Minister also said that "state companies from both countries," would establish, "how to move ahead with joint geological work".

Giving assurances of Angola's interest in "Mozambique's potential," Angola's Minister for Geology and Mining, Francisco Queiroz, who is in Maputo at his counterpart's invitation, praised Mozambique's experience in geology, calling for investment between companies from the two countries.

The Angolan minister gave assurances that his country "will share its experience with Mozambique of drawing up a Mining Code which creates greater transparency for geological and mining information."

During Queiroz's visit to the Mozambican Geology Museum, in Maputo, the director of the institution, Luís Costa Júnior, said it was possible that the Community of Portuguese-speaking Countries (CPLP) could establish a "geological and mining block". *(Macauhub)*

Mozambique: Two New Coal Concessions Granted

Maputo — The Mozambican government on the 21st August approved two new coal mining concessions, each to last for 25 years, in Moatize district, in the western province of Tete.

Briefing reporters after a meeting of the Council of Ministers (Cabinet), the Deputy Minister of Mineral Resources, Abdul Razak, said the two contracts will be made public once they have been approved by the Administrative Tribunal.

One of the concessions was granted to the Indian company Midwest Africa, covering an area of 15,840 hectares about 50 kilometres from Tete city. Razak said the viability study on this area showed reserves of about 480 million tonnes of coal. Of this, 363 million tonnes is coking coal, and the rest thermal coal.

Total investment in this concession is estimated at over 1.4 billion US dollars. Coal production is expected to begin in 2019, with annual production of a million tonnes of coking coal and six million tonnes of thermal coal.

Razak said the mine should employ 1,320 workers in the production phase, and will pay the state some 35 million dollars in tax per year. The Mozambican state, represented by the Mozambican Mining Exploration Company (EMEM), will have a holding of five per cent in the mine.

The second concession was granted to Rio Tinto-Mozambique, the local subsidiary of the Anglo-Australian Rio Tinto group. This concession is known as the "Zambeze Project", and is just ten kilometres outside Tete city, covering an area of 9,700 hectares. Rio Tinto expects to invest 3.3 billion dollars in this concession area. During the production phase, which should begin between 2023 and 2025, the mine should produce seven million tonnes of coking coal and five million tonnes of thermal coal a year. It will employ 1,400 workers.

This is Rio Tinto's second concession in Tete. The first is at Benga, also in Moatize district, where a giant open cast coal mine is already in production.

Under their contractual obligations, both Midwest Africa and Rio Tinto must sell five per cent of the shares in the new mines to Mozambican nationals through the Mozambique Stock Exchange.

As for the tax benefits that these mining companies will enjoy, Razak said these are restricted to exemptions from customs duties and Value Added Tax (VAT) in the first five years of the projects, under the mining legislation of 2007 which drastically reduced the scope of fiscal incentives.

The contribution of mining companies to the state budget since 2007 has been much higher than previously, said Razak.

“Even so, if we want the country to be attractive for investment we have to look at the regimes practiced in the region, such as in Zimbabwe, South Africa and Botswana, which in some cases are more beneficial”, he added, “We want to gain more benefits, but we also want to be competitive, and that is the perspective in which we are working. *(AllAfrica.com)*

Australia’s Cokal group partners Mozambican state company for coal mining

Australian metals group Cokal has set up a partnership with Mozambican state mining company Empresa Moçambicana de Exploração Mineira to mine coal in Mozambique, the group’s chief executive, Peter Lynch said.

According to the Brisbane Business News magazine, Peter Lynch said that the agreement signed with Empresa Moçambicana de Exploração Mineira (EMEM) focused on mining coal in Mozambique and setting up mines and other related facilities together.

Noting that Mozambique would become Africa’s largest coking coal producer as well as one of the world’s largest, Lynch said that the agreement “shows the confidence there is in Mozambique, both in terms of mining high quality coal and of the stable business climate.”

EMEM is a company set up by the Mozambican government to take part in mining projects, to explore mining resources and add value to the country’s mining products. *(Macauhub)*

OIL & GAS

Non-OECD tax regimes bear greater uncertainty

In non-OECD countries, JPM see increased risks for oil & gas companies from:

· increased upfront signature bonuses – for example in West Africa.

· tighter supervision and audit by industry regulators – for example, this led to accusations of a breach of contract by the Gabonese government and the cancellation of Sinopec’s (Addax) rights to the Obangue field.

·increased risk of direct state participation – this has occurred in Kazakhstan (with partners diluted in the Kashagan and Karachaganak fields), Venezuela (with multiple concession dilution by PDVSA) and, in its most extreme form, the nationalization of YPF by the Argentine government with, as yet, zero compensation to Repsol *(JPM)*

Citigroup said oil prices may “come off steeply” on the low likelihood of a violent response from Syria, Iran or Russia. U.S. or the IEA won’t release supplies from strategic stockpiles without the combination of Brent “persistently” above $120 a barrel and U.S. gasoline prices rising quickly, the analysts said. *— Ramsey Al-Rikabi*

BNP Paribas recommends buying call options and selling puts to benefit from rising price volatility amid supply losses in Libya, Iraq and the threat of escalation in Syria. “Under the current circumstances, there seems to be little downside risk to being long crude,” the analysts said.*— Grant Smith*

Bank of America said a NAT O-led strike against Syria would send Brent to between $120 and $130 a barrel. *— Grant Smith*

Societe Generale said it “strongly believes” there won’t be any significant volume of shale oil production outside the U.S. and possibly Canada over next five years. The rest of the world may be as much as a decade behind the U.S., said the bank. The bank forecasts Brent at $117 a barrel in 2018 and WTI at $109.50 a barrel.*— Winnie Zhu*

BP issues force majeure on Angola’s Saturno crude exports

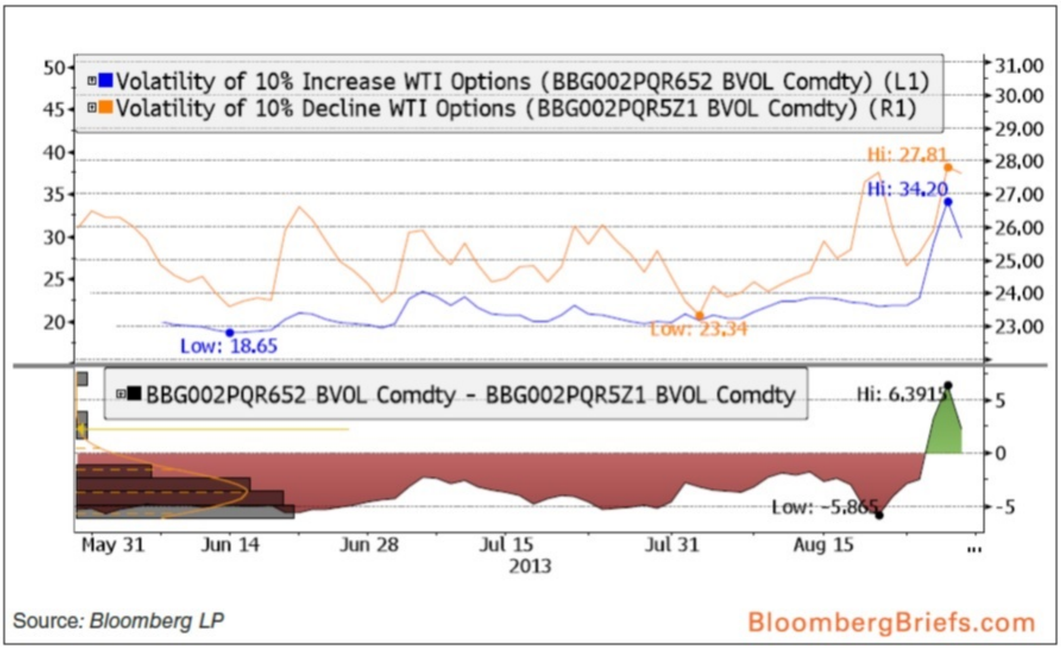
BP declared force majeure on Saturno exports last week, press reports said,citing unidentified traders with knowledge of matter. A mooring hawser failure has led to the curtailment of production of the PSVM crude since Aug. 18, the traders said, citing BP’s notice. Saturno exports are expected to be delayed by a week to 10 days, the notice said. David Nicholas, a spokesman for BP, declined to comment on the story, according to press reports.*(JPM)*

Ophir announces successful Pweza-2 appraisal in Tanzania

Ophir announced the successful appraisal of the Pweza discovery as the Pweza-2 well intersected 20m of net pay in excellent reservoirs and also confirmed to be in communication with Pweza-1. This well has confirmed the resource estimates for the Pweza field at 1.7 TCF of gross recoverable resource, according to the statement released by the company. *(JPM)*

Oil Options Show Syria Biggest Risk Since 2011

For the first time in two years, options traders are paying more to prepare for a gain in oil prices than a decline as the threat of military action against Syria spurs concern that Middle East exports will be disrupted. Options to bet on a 10 percent advance in WTI for October delivery became more expensive than for a drop of the same magnitude on Aug. 27, data from the Nymex show. The volume of contracts giving the right to buy WTI at $125 a barrel, or about $15 more than current levels, has increased more than 10-fold in the past two days, the data show. "No one saw Syria coming," **Harry Tchilinguirian**, **BNP Paribas's** London-based head of commodity-markets strategy, said in a telephone interview. "How much downside is there to being long oil right now? Virtually none." The last time calls became more expensive than puts was in February 2011, when the uprising against Libyan leader **Muammar Qaddafi** resulted in the halt of the country's 1.6 million-barrel-a-day production, according to BNP Paribas. Puts became more expensive than calls in May that year. *(Bloomberg)*



About 10 to 15 Angolan crude cargoes for October remain unsold. Grades still available include Plutonio and Dalia, said three traders who participate in market. The pace of sale is faster than last month **because of improved demand from China**, one of the people said. Purchases via tender from Asian refiners include Taiwan's **CPC** with two Nemba and India's **MRPL with** one Dalia. **Angola plans to export 55 cargoes in October, two more than September, with most shipments at 950,000 to 1 million barrels, according to a loading program.**

Anadarko announced that it has entered into a definitive agreement to sell a 10% working interest in its Mozambique Offshore Area 1 for $2.64 Bn in cash. APC retains operatorship of Area 1 with a 26.5% WI. The APC press release includes little detail on the deal structure, the transaction appears to be an outright sale vs. APC's previously stated preference of a carried structure. APC expects the transaction to close around the end of 2013, and it is subject to existing preferential rights, government approvals and other customary closing conditions. Earlier this year, APC indicated that it was jointly marketing its 10% WI with Videocon's 10% WI. On June 25, 2013, ONGC and Oil India announced that they would pay $2.5 Bn to buy Videocon's 10% WI in Offshore Area 1. OVL, the buyer of APC's WI, is a wholly owned subsidiary of Oil and Natural Gas Corporation Ltd (ONGC). Thus, the buyer of APC's interest is the same as that of its partner's interest. The press release provided only little detail about the deal structure, mainly that it is a cash deal for a 10% WI. APC's transaction appears to be an outright sale. The Videocon transaction also appeared to be an outright sale. APC previously indicated that it preferred to divest its 10% WI through a carried structure (vs. an outright sale) in order to avoid a Mozambique government-implemented 32% capital gains tax. Also, Anadarko previously had indicated that its deal was more complicated than the two months-earlier announced Videocon deal. However, this deal, with no carry, appears no more complicated than that deal, based on the information in the APC press release.*(JPM, Bloomberg)*

Oil Prices and Implications for Africa

Oil prices have remained persistently high and volatile in the past few years and according to estimates they may remain so at least until 2014. The Brent crude spot price, which averaged US $112 per barrel in 2012, is projected to remain above US $100 per barrel at an average of US $108 and US $101 per barrel in 2013 and 2014, respectively (U.S.). High oil prices may dampen the global economy which is still struggling to recover from the 2008 financial crisis. High oil prices above US $100 can be explained by many factors and they may affect economies in an uneven way with an unclear outcome for the global economy as a whole. According to estimates by the International Monetary Fund, a 50 per cent increase of oil prices due to a supply shock would lead to a one to 1.5 per cent decrease of output in many regions of the world.

Rising oil prices will affect African economies differently depending on whether they are net exporters or net importers of the commodity. For oil-importing economies, high oil prices could translate into high import bills with adverse effects on inflation, production and employment. In contrast, oil-exporting economies could benefit from high oil prices because an increase in oil revenues improves their balance of payments. In addition, price volatility may harm both importers and exporters of oil as it lowers, for instance, the predictability of marginal costs of production for companies. The uncertainty regarding their cash flows may induce companies to reduce their investments and limit job creation which can consequently harm economic growth.

Recent trends in oil prices

Oil prices have increased since 2003 from less than US $40 to more than US $100 per barrel today. Oil prices fell sharply in 2008 before recovering steadily since then. Prices of oil were volatile during 2011 and 2012 mainly because of the Arab Spring and events in Libya and conflict between Sudan and South Sudan. Many uncertain and conflicting factors on both supply and demand sides are contributing to the persistent high oil prices in recent years.

Supply-side factors: Geopolitical factors are the main causes that drove up oil prices in producing countries. In the past decade, wars in Iraq and political tensions in the Middle East and North Africa have affected the oil market. More recently, disagreements between Western nations and Iran, one of the largest oil producers and exporters in the world, have fuelled risks of sharp disruptions in oil supplies globally which in turn had a significant impact on prices of the commodity. In contrast, OPEC countries and mainly Saudi Arabia may not be able to boost production and to cover losses elsewhere as their capacities are reaching their limit. The decline in aggregate oil inventories and high costs of oil extraction and production are other supply-side factors affecting oil prices.

Demand-side factors: Increasing demand from major emerging economies such as China and India has also played an important role in keeping oil prices persistently high in past years. The Asian continent surpassed the USA and is now the largest consumer of oil in the world. Despite the slowdown in economic growth in China and India, demand will remain higher which will keep oil prices at high levels. Furthermore, as growth is resuming in the U.S. and as the crisis in the euro area seems to ease, global demand for oil may increase.

Development of shale gas: Recent advances in extracting shale gas notably in the U.S. are changing the dynamics of global energy markets. The projected development of shale gas in the world is expected to affect global energy prices. However, oil-exporting African countries will not be threatened as much by the shale gas as the depletion of traditional oil fields will not be totally covered by new discoveries of shale gas. In addition, the impact of lower demand for African crude oil by the U.S. will be compensated by the boom of energy consumption by developing countries including mainly China and India.

Impact of high oil prices on Africa

High oil prices do not benefit all African countries. Only a quarter of African countries produces oil and have run financial surplus. In contrast, African oil importers have to pay substantial amounts when oil prices increase. Thus, 15 per cent of the income of countries such as Liberia, Seychelles and Sierra Leone is used to pay for imported oil. High oil prices may affect economic growth; agricultural and manufacturing sectors; exploration and production activities; social and political stability, as well as fostering the creation of sovereign wealth funds.

Impact on economic growth: Over the past decade, the African continent recorded unprecedented high growth rates. For many African countries, economic growth was mainly driven by high commodities prices especially oil prices. Thus, African economies will be vulnerable to variations in oil prices and growth may sharply fall in case of a reversing trend of the oil market. The impact of oil prices on growth may be transmitted through other channels. In Nigeria, Africa's largest oil producer, the increase in world oil prices has led to higher budget revenues which have created room for lower tax receipts which in turn have boosted investment spending in other sectors.

Natural resources curse: Due to persistent high oil prices and large discoveries of oil and gas reserves, resource-rich African countries may face the Dutch disease phenomenon. In fact, large exploitation of oil, gas and minerals may lead to the decline in productive sectors such as manufacturing and agriculture. In Ghana, for instance, where large commercial production of oil has begun in the past two years, the economy started showing signs of Dutch disease. In fact, recent evidence indicated that the growth of the country's agricultural sector declined.

Increasing exploration in Africa: High oil prices are driving growth in exploration activities in Africa. In some parts of the continent, high oil prices and the arrival of new exploration techniques have created incentives for major oil and gas companies to intensify their presence in the continent. This growing interest may transform Africa into a new hub for natural resources especially for oil exploration and production. The East African region is particularly enjoying a boom in its oil and gas industry through massive investments undertaken by global energy companies and by countries including China.

Social and political stability: As an input for many products used daily by millions of people, increases in oil prices may affect significantly the cost of living of Africans. This could trigger social protests and threaten political stability of a country. In addition to the issue of youth unemployment, high cost of living was considered one of the issues that fuelled the uprising in Egypt and Tunisia. Food prices are particularly vulnerable to increases in oil prices, as the cost of production in the agricultural sector are linked to energy prices. Persistent high oil prices will further worsen the situation of the poorest as food represents the bulk of their consumption basket. In 2008, many African countries experienced social unrest following a significant spike in food prices.

Sovereign wealth funds: High oil prices generate more oil revenues for oil producing countries. In the recent years, many African countries established their own sovereign wealth funds to better manage rising revenues from energy exports. These funds aimed essentially to manage resources for future generations and to stabilize government fiscal and foreign exchange revenues. In the few past years, Africa has known a wave of sovereign wealth funds creation especially in oil-rich countries such as Nigeria, Angola and Ghana. Sovereign funds may contribute to the development of the continent through promoting intra-African investments and enhancing productivity.
Categories: Energy & Power, Economic & Financial Governance (*AdFB)*

INFRASTRUCTURE

Portuguese construction group Mota-Engil awarded project worth 165 million euros in Brazil

Portuguese construction group Mota-Engil has been awarded a construction project in Brazil worth 530 million reals (165 million euros), the group said in a statement issued Monday through Portuguese stock market regulator CMVM.
The project, which involves improving the capacity of a 37.5 kilometre section of road, was awarded in partnership with subsidiary Empresa Construtora Brasil (ECB) and consulting company Engesur Consultoria e Estudos Técnicos.
In the statement the Portuguese group also said that via Mota-Engil Latin America it had been awarded contracts in Mexico, Peru, Colombia and another in Brazil, worth 20 million euros through its subsidiary ECB, to a total value of US$300 million (231 million euros).
The group noted it had recently been awarded its first waste collection contract in the city of Los Cabos, in Mexico, thus diversifying the group's business in Latin America. *(Macauhub)*

Water distribution in Angola to be managed under concession

The Angolan government is this year expected to hand over as a concession the management and distribution of drinking water to the urban and rural population and its inspection under the terms of the "Water for All" programme, the secretary of state for Water said in Lubango.
Luís Filipe da Silva, who worked in Huíla, said last weekend that the move was intended to promote good management and prevent wastage of resources.
The secretary of state noted that the companies would have better and more efficient management skills at a time when the water supply system is undergoing refurbishment and expansion across the country.
The government, da Silva said cited by Angolan news agency Angop, is also setting up ways of getting the water to new urban areas being built in Angola, and that the respective financial plan was being drawn up by the Construction Ministry and Sonangol Imobiliária e Propriedades (Sonip). *(Macauhub)*

Chinese company expands water supply and sanitation system in Namibe, Angola

A Chinese company will rebuild and expand a drinking water and sanitation system in the city of Namibe, in the Angolan province of the same name. The project will benefit 100,000 residents, Angolan news agency Angop reported.
Angop, which named the Chinese company as Hwam Chan, added that the first stone of the project had been laid last Thursday and that work would take 24 months to complete and cost 13.4 billion kwanzas (US$139.4 million).
An official from the contractor said that the tender contract included construction of 40 water fountains, 80 wash houses, reservoirs, sewage pipes and other equipment.
The work will lead to some problems travelling around the city, as it will lift the pavements and road surfaces where the new pipes will be laid. *(Macauhub)*

Africa50 fund open by year end — AfDB head

A NEW fund to accelerate the building of infrastructure across Africa and reduce a current annual funding gap estimated at $45bn should be open for business by the end of this year, the president of the African Development Bank (AfDB) predicted on Wednesday.
Donald Kaberuka said support was growing for the bank's proposed Africa50 Fund. Its main objective is to ensure that the continent does not miss a historic boat by failing to rapidly improve its key infrastructure at a time of high international interest.
The fund will target a middle zone between major projects which will attract only public money and those such as submarine and overland cables which have clear appeal to private investors because they will swiftly show a return.
"There is a whole range of projects which fall in between, where a combination of public money and private savings together can actually get it going," Mr Kaberuka said in an interview in Sandton.
"They range in sectors from transport, maritime, energy, urban water and sanitation, in different parts of Africa. These will be commercially viable projects, not politically selected," he said, speaking after attending a meeting of business leaders from the Brics (Brazil, Russia, India, China and South Africa) group of nations. He defined a political project

as one which was in the public interest of one or more countries but not commercially viable. An example was a road project running from Algeria across the Sahara, linking North Africa and West Africa.
"But there are many which are commercially viable and also in the public interest — we are looking at that category."
The Africa50 Fund, so-named because its ambition is to help secure Africa's economic transformation over the next half century, is being marketed as a vehicle which will be as attractive to African institutional and other investors, in terms of yields and risk mitigation, as instruments in Europe and North America.
The Tunis-based AfDB is hoping to house the fund but the latter will have its own balance sheet, separate from the bank's, and says that it wants to build the fund gradually to about $10bn with an initial draw-down of $3bn.
Mr Kaberuka on Wednesday set out his next steps.
"First of all, I need to raise enough equity and, number two, I need to get these projects ready. These are bankable, transformational projects and on the basis of the equity we will go to the market and raise the funds.
"I hope by the end of the year we are up and running," he said.
"We think Africa possesses a sufficiently interesting pool of savings to which some infrastructure projects can be attracted."
The chief economist at South Africa's Industrial Development Corporation, Lumkile Mondi, is also confident.
"This fund is different because it is going to be an African agenda. We can use it to promote our own agenda.... I think we want to put our money where our mouth is. Given that this is Africa's century, it's certainly time for an Africa Fund," Mr Mondi said.*(BDLive)*

Escom Group finishes real estate project in Luanda, Angola

The Escom group at the end of July finished construction work on the four-building "Sky Tower", in which it invested 65 billion kwanzas (US$674.4 million), the group said in a statement.
Cited by Angolan news agency Angop, the statement said that the four high rise buildings were for housing, offices and retail spaces.
The building work, which took four years, was funded by Banco Espírito Santo Angola (BESA) and was carried out by Portuguese construction company Teixeira Duarte.
The Escom group is one of the largest private investors in Angola, with interests in the real estate, mining, energy and oil sectors.*(Macauhub)*

AGRIBUSINESS

First sparkling wine made in Cape Verde presented Thursday

The first sparkling wine produced in Cape Verde, "Espumante de Fogo", is made from a muscatel grape variety from the Chã das Caldeiras wine region, said production manager, Franz Egger.
This new wine, which will be presented publicly Thursday in Praia, is a product of the Delgado-Egger-Fonseca company, owned by one Cape Verdean and two foreign investors, one of which is Franz Egger, an Italian oenologist who has helped the wine cooperatives on Fogo Island to produce quality wine and other products since 1998.
Production of the new sparkling wine will total 400 0.75 litre bottles and, as the price is practically double that of the white wine produced in Chã de Caldeiras, the idea is to analyse the market's reaction to the new product.
Egger noted that around 20 percent of the sparkling wines produced in the world are bought by Germany, and it is therefore expected that the Cape Verdean wine will have a "good market" amongst German and French tourists visiting the islands. *(Macauhub)*

Cabinda Port manages 16,000 tons of cargo

At least 16,000 tons of various cargos (containers) were managed by the Cabinda Port during the first semester of the current year, thus overcoming the 11,532 tons of the same period in 2012.
This information was given to ANGOP by the Cabinda Port Board chairman, Nazaré Neto, who also revealed to ANGOP that the institution registered the mooring of 58 ships from Europe and some African countries, as well as over fifty local vessels and 74 tankers.
In view of the registered movements, Nazaré Neto said he is convinced that the assessment of the activities in the mentioned period is positive.
"With the current scenario in Cabinda Port, it means that we are well, although we are facing some difficulties relating to sea swells, due to the lack of breakwater, which often forces the suspension of operations at the wharf", he said.
He explained that the port has problems in receiving ships with a capacity higher than 130 metres long. "When we have built the breakwater, we can be sure that the Cabinda Port will have a significant increase in its revenue for the development of the province and the country as a whole", he clarified.*(Angop)*

Prolonged dry spell may cut Cameroon cocoa output: farmers

Months of dry, cool weather in Cameroon's cocoa-producing Centre, South and East regions have sparked fears of a drop in production in the recently opened 2013/14 season, farmers said on Friday. The cocoa season in Cameroon, the world's fifth largest producer, runs from August 1 to July 31, with the main harvest period from October to January/February and the light crop harvest from April/May to July. The rainy season in the Centre, South and East, which together account for around 60 percent of national output, typically runs from mid-March to mid-October. However farmers there complained that rains tapered off as early as June this year. "Our plants are not flowering as much as before and the young pods produced on some plants are drying and falling off because of a lack of rainfall," said Emmanuel Nguile, a major cocoa farmer in Bafia in the Centre Region. Some 40 percent of Cameroon's cocoa comes from the Centre Region. "In a long time we've not witnessed this kind of dramatic climate change. This is not a good sign for coming production," said Nguile, who is also vice-president of the 53,000-member ONPCCC farmers' association. December cocoa futures on ICE were up $3 or 0.1 percent at $2,457 a tonne on Friday, consolidating below a 9-month high of $2,547 reached on Tuesday amid concerns linked to poor weather in West African producing countries. December cocoa in London edged down 1 pound to 1,628 pounds a tonne, below the 11-month high hit on Tuesday of 1,673 pounds a tonne. Cameroon produced a record 240,000 tonnes in the 2010/11 season, but output dropped to 220,000 tonnes the following year partly due to a prolonged dry season. Production rose only slightly to 227,000 tonnes in the recently ended 2012/13 season.

"We've never witnessed these strange weather conditions at this time of the year.

It's cloudy most of the day and in the evening cold and dry," said Essian Efa, a farmer in Ebolwa in the South Region where 15 percent of Cameroon's cocoa is grown. "As a result, the plants are not flowering as usual. Those that flower a bit develop young pods which soon dry and fall off the plant because of the lack of rainfall," he said. Similar conditions were reported in the East Region, which produces around 5 percent of the country's cocoa. Meanwhile farmers in the South-West Region, which produces around 40 percent of Cameroon's cocoa and typically sees regular heavy showers from February through October, complained of too much rain. They said they were struggling to dry harvested beans. And they worried that the heavy downpours could further damage dirt roads already in poor condition, making it more difficult to transport cocoa from remote areas to trading centres. *(Reuters)*

TRADE

Singapore company ship on its way to Mozambique to assist with oil and gas prospecting

Jaya Holdings Ltd, a Singapore-based marine services company, has signed a contract to place the platform supply vessel (PSV) “Jaya Vigilant” in the Mozambican sea, the company said in a statement issued on the 26th August.

The contract, which is valid for a two-year period, will bring in over US$20 million in revenues for the Singapore company.

The PSV is currently receiving the additional equipment needed for the activities stipulated in the contract signed with an unnamed company.

The additional equipment includes a remote control submersible vehicle to collect samples at depths of up to 2,000 metres, which requires a 50-ton crane to be installed as well as an additional deck to park the submersible.

The “Jaya Vigilant” is the second PSV owned by Jaya Holdings Ltd, and the first, “Jaya Valour”, is operating in Southeast Asia. *(Macauhub)*

Angola open to Australian investment – Minister

The minister was speaking at the "Africa Down Under" Forum about the investment opportunities in Angola.

On the occasion, Francisco Queiroz mentioned the services and instruments made available to potential investors, particularly the Mining Code, and announced that geological data will soon be added to the National Geological Plan (PLANAGEO). "Our bet is clearly the diversification of mining exploration in Angola, more contribution of the sector to the Gross Domestic Product, more employability and safety for foreign investment. We will also carry out a nationwide prospecting within the coming five years, followed by a large international campaign. We are calling the attention of investors to this phase and to the Angolan Mining Code,” he said.

"Mining diversification is crucial for Angola. Steady steps are being taken and there is need for investors to pay attention to mining geological investors that will be generated by our country when the PLANAEDRO reaches conclusion,” the minister added. In his turn, the executive director of the company Minbos Resources Ltd, Scott Sullivan, said Angola is establishing a large platform of conditions favouring investments in mining, especially its new Mining Code and a diversification of minerals. Besides Angola, the meeting going until Friday is being attended by representatives of eight African countries, namely Zambia, Tanzania, Burkina Faso, Nigeria, Mozambique, Rwanda, Ghana, Gabon and Somalia, who also presented their experiences and perspectives of their economies. According to data contained in the United Nations’ African Economic Outlook report, the continent is expected to record a growth of its Gross Domestic Product of 4,8 to 5,3 percent in 2014.

Africa is currently the home to 11 of the world's fastest growing economies. They are those of Libya (11,6%), Chad (9,5%), Cote d'Ivoire (9,3%), Sierra Leone (9,6%), Ghana (8,4%), Democratic Republic of Congo (8,8%), Rwanda (7,2%), Angola (8%), Zambia (7,6%), and Mozambique (8,3%). However, Africa continues in great need of intensive investments in the prospecting and exploitation of its resources. *(Angop)*

Trade between Mozambique and China rises to US$707 million in first half

Trade between Mozambique and China totalled US$707.89 million in the first six month of the year, which was a rise of 10.66 percent year on year, according to figures published in Macau by the Chinese Customs Service.

Between January and June of this year Mozambique imported goods from China worth US$532.39 million (+22.61 percent) and exported good to China worth US$175.5 million (-14.59 percent).

Trade between China and Cape Verde, Guinea Bissau, Timor-Leste (East Timor) and Sao Tome and Principe in the first half totalled US$53.82 million. However, China did not import even a single cent's worth of goods from either Cape Verde or Sao Tome and Principe in the period. *(Macauhub)*

World Trade Organisation may assist Cape Verde to produce statistics

The World Trade Organisation (WTO) may help Cape Verde to improve its methods of producing statistics in order to boost its ability to add value to the economy, Cape Verde's Prime Minister said on 21st August in Praia.

At a joint press conference as part of the two-day visit by the outgoing director-general of the WTO, Pascal Lamy, to the West African archipelago, Prime Minister José Maria Neves also said that the support would focus on improving statistical services with a view to putting together new statistical information.

Lamy said that Cape Verde was "on the right path" to achieving its goals in relation to joining the WTO, and that the only thing missing was political consensus and competitiveness in the private sector.

Noting that after the "success" of the last few years, it is "important" to establishes the basis for new activities, Lamy said that the "fundamental" issue was to identify the sectors that would help the country "increase trade and improve," its economy.

He pledged to hand over to his successor, Brazil's Roberto Azevedo, the list of different points of cooperation that have been identified that was drawn up Tuesday with the Cape Verdean authorities including the private sector, the maritime sector and the tourism sector.

Lamy, who is at the end of his term as director-general of the WTO, visited Cape Verde at the invitation of Prime Minister José Maria Neves, which was made at the WTO round table meeting last June in Geneva, Switzerland.

Cape Verde formally requested membership of the WTO in 1999 and became the organisation's 153rd member on 23 July, 2008. *(Macauhub)*

Côte d'Ivoire to open trade office in Sandton next month

CÔTE d'Ivoire will open an economic and trade office in Sandton next month, signalling that the West African country is slowly getting back to business. Known in English as Ivory Coast, the former French colony was one of Africa's success stories and the world's biggest cocoa producer. But poor governance led to ethnic tension and a military coup in 1999, which propelled the country downhill to a bitter civil war from which it is only timidly recovering. Bilateral trade limped back to about R1bn last year, five to one in South Africa's favour. South African imports of Ivorian cocoa and cocoa-related products were dwarfed by exports of plastics, metals, machinery, electrical and transport equipment, paper, chemicals and fruit. "The potential for growth in bilateral trade is real. I think it could grow five-fold in the next five years," said Patrice Mallet, the head of the new economic and trade office opening next month in the Sandton Eye building. "There is a lot of scope. At the moment there are only three sizeable South African companies in Côte d'Ivoire: Randgold, MTN and SAA," he said, adding that equipment to revive agricultural output was in particular demand. Mr Mallet, an Ivorian, is an economist who previously worked at the World Bank and for the Gauteng Fund in Johannesburg. After many years abroad, he went back to Abidjan in 2011 after the end of the civil war, working as an adviser in the planning ministry in President Alassane Ouattara's government. Mr Ouattara is due to pay an official visit to South Africa later this year. Côte d'Ivoire was dubbed the Switzerland of Africa after independence in 1960, building roads, ports and telecoms to support its booming agribusiness, and investing heavily in education. Felix Houphouet-Boigny was the country's richest man at independence and remained as a mostly benign president until his death in 1993, permitting a modicum of democracy at the end of his rule. He shrugged off criticism that he was a neo-colonialist and broke ranks with most of Africa by launching "dialogue" with apartheid South Africa. South Africa's then prime minister, John Vorster, visited Côte d'Ivoire in 1974. Apart from Didier Drogba's prowess at soccer, the country fell a long way in the 2000s during the unstable rule of President Laurent Gbagbo, a leftist academic with friendly ties to former South African president Thabo Mbeki. Mr Gbagbo and his allies blame France for his incarceration at The Hague, awaiting trial for crimes against humanity by the International Court of Justice. Neighbouring Ghana thrived during Côte d'Ivoire's years of instability, taking over the role of West Africa's number two economy behind regional giant Nigeria. But in a strong motion of confidence in Mr Ouattara's government, the African Development Bank says it will return to its refurbished headquarters in Abidjan next year, 11 years after abandoning them and moving to Tunis.

MARKET INDICATORS

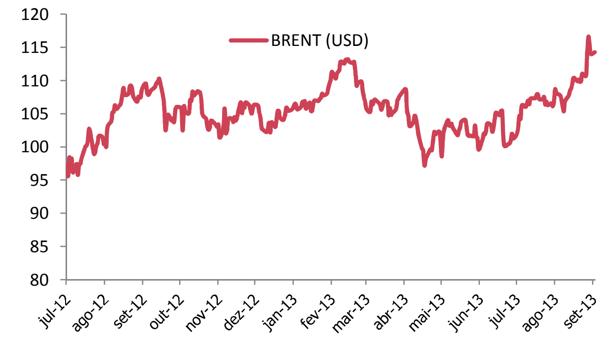
02-09-2013

STOCK EXCHANGES		
Index Name (Country)	**02-09-2013**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	8.495,30	13,12%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	201,95	21,23%
Case 30 Index (Egypt)	5.255,61	-3,79%
FTSE NSE Kenya 15 Index (Kenya)	155,76	23,86%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	17.421,49	-8,99%
Nigerian Stock Exchange All Share Index (Nigeria)	36.253,45	29,11%
FTSE/JSE Africa All Shares Index (South Africa)	42.584,10	8,49%
Tunindex (Tunisia)	4.604,86	0,55%

Source: Bloomberg and Eaglestone Securities

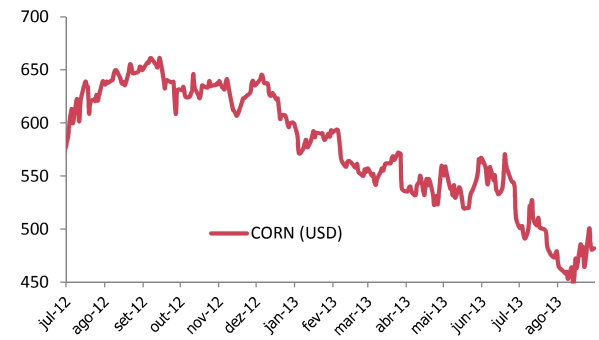
METALS		
	Spot	**YTD % Change**
Gold	1.393	-16,83%
Silver	24	-20,39%
Platinum	1.527	-0,84%
Copper $/mt	7.100	-10,48%

Source: Bloomberg and Eaglestone Securities



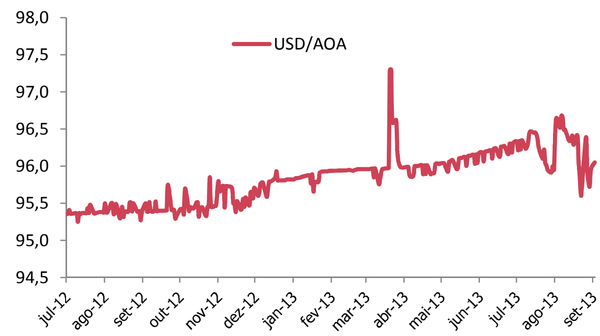
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	107,0	14,88%
ICE Brent (USD/barril)	114,3	5,37%
ICE Gasoil (USD/cents per tonne)	960,3	4,86%

Source: Bloomberg and Eaglestone Securities



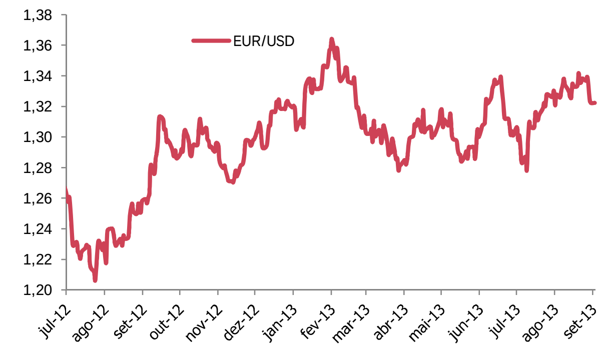
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	482,0	-31,17%
Wheat cents/bu.	654,0	-16,98%
Coffee (KC) c/lb	116,3	-20,72%
Sugar#11 c/lb	16,3	-17,22%
Cocoa $/mt	2436,0	8,07%
Cotton cents/lb	83,5	10,06%
Soybeans c/bsh	1357,5	-2,98%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	96,050
EUR	126,966
GBP	149,643
ZAR	9,414
BRL	40,275
NEW MOZAMBIQUE METICAL	
USD	29,850
EUR	39,458
GBP	46,505
ZAR	2,926
SOUTH AFRICAN RAND SPOT	
USD	10,202
EUR	13,486
GBP	15,894
BRL	4,282
EUROZONE	
USD	1,32
GBP	0,85
CHF	1,23
JPY	131,24
GBP / USD	1,56

Source: Bloomberg and Eaglestone Securities



UPCOMING EVENTS

Bauma Africa 2013- 1st International Trade Fair for Construction Machinery, Building Material Machines, Mining Machines and Construction Vehicles
The first Bauma Africa takes place from **September 18–21, 2013 in Johannesburg** and is directed primarily at attendees from Sub-Saharan Africa. The premiere of Bauma Africa is attracting great interest in the sector, both at home and abroad: the South African Construction and Mining Equipment Suppliers' Association (CONMESA) expressly welcomes the launch of a show for the whole construction and mining branch *(http://www.bauma-africa.com/en/visitors)*

African Leadership Forum, New York, 21st September. The Forum will be held in conjunction with the **UN Global Leaders Summit 2013**, which will bring together over 1000 chief executives and leaders from civil society, government and the UN *(www.ic-events.nets)*

Africa Hotel Investment Forum 2013 which will take place 23-25 September at the InterContinental, Nairobi. *(http://www.africa-conference.com/)*

Ai CEO Institutional Investment Summit 2013- 24 September 2013 - New York Stock Exchange, New York, USA
Africa investor will again host its market leading, annual Ai CEO Institutional Investment Summit in partnership with the New York Stock Exchange, to profile leading African capital market opportunities to African and global pension fund investors through high-level panel discussions and interactive one-on-one meetings.*(http://www.africainvestor.com/event.asp?id=342)*

Water Africa 2013, **International Trade Exhibition – Abuja – Nigeria , 25-27 November 2013**
(http://www.mbendi.com/ace/events/e97p.htm)

Bank Risk Africa - Event Date: 7-9 October 2013 , **A Five Stars Venue to be Confirmed, Johannesburg, South Africa** *(http://bankriskafrica.marcusevans.com/EventDetails.asp?PageID=520&AD=africainvestor)*

Africa Electricity 2013 The third edition of the **Africa Electricity** Exhibition & Conference takes place **9 – 11 October 2013** at the **Sandton Convention Centre**, Johannesburg, South Africa.
Africa Electricity serves as a comprehensive showcase for these core segments of the power and energy industry: power generation, transmission & distribution, lighting, new and renewable energy, nuclear energy, water. *(http://www.africaelectricity.com/)*

U.S.-AFRICA BUSINESS SUMMIT 2013 - The Corporate Council on Africa's 9th Biennial U.S.·Africa Business Summit will take place **October 8-11, 2013** at the McCormick Place Convention Center in **Chicago**, Illinois. Since 1997, CCA's U.S.-Africa Business Summit has been regarded as an essential conference for anyone looking to do business in Africa *(http://www.africacncl.org/*

PRIVATE EQUITY IN AFRICA – 16 OCTOBER , INTERCONTINENTAL PARK LANE, LONDON - FT AND EMPEA
This is Africa and the Emerging Markets Private Equity Association (EMPEA), are pleased to present this year's annual Private Equity in Africa Summit. Against the backdrop of a slowing global economy and increasingly constrained development spending, the private sector is now recognized to lie at the heart of driving Africa’s economic transformation. On the back of business friendly reform, investor interest in the region is soaring, with FDI levels at their highest ever. Harnessing such trends for domestic private sector development will be essential to realizing Africa’s potential. This one day event will critically examine the role of private equity in supporting and accelerating private sector development across Africa, and the true return potential of the continent

IPAD MOZAMBIQUE POWER & GAS FORUM – 22-24 October , Maputo, Mozambique
iPAD Mozambique Power & Gas Forum is the vital platform to discuss the infrastructure requirements of the Power & Gas sectors and also highlights the vital issues shaping the industry. iPAD Mozambique invites government, global experts and regional leaders to share their expertise and knowledge around investment opportunities, technological innovation, risk management - natural disaster damage prevention, legal and regulatory updates : latest projects evolving, impacts on the energy sectors across the regions, infrastructure developments, transport & logistics, finance & investment and the latest on the new master plan as it impacts on the Power & Gas sectors. *(http://www.ipad-mozambique.com/conference)*

Disclamers Appendix

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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, New York, Cape Town London, Lisbon, Luanda and Maputo

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

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

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