INSIDE AFRICA

Now is the time to invest in Africa

11 November 2013

EAGLESTONE SECURITIES

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BRIEFS

Food purchases The UN estimates that Africa now imports about 40% of the food it consumes compared with 10% to 15% in the 1960s

Fuel frenzy Oil is leading the charge. Demand from Africa grew by an average of 4% between 2012 and 2018, twice the rate in Asia

African Brands Top 10

Rank	Brand	Industry Group	Country of Domicile	Global Brand Value 2013	Africa Brand Value 2013
1	MTN	Telecoms Services	South Africa	5,172	4,655
2	Woolworths	Retail	South Africa	1,294	1,294
3	Shoprite	Retail	South Africa	1,115	1,115
4	Pick n Pay	Retail	South Africa	1,035	1,035
5	Globacom	Telecoms Services	Nigeria	655	655
6	Castle	Beverages	South Africa	340	272
7	Tusker	Beverages	Kenya	222	222
8	Dangote	Consumer, non-cyclical	Nigeria	216	216
9	Guaranty Trust	Banks	Nigeria	201	201
10	Tiger Brands	Food diversified	South Africa	201	201

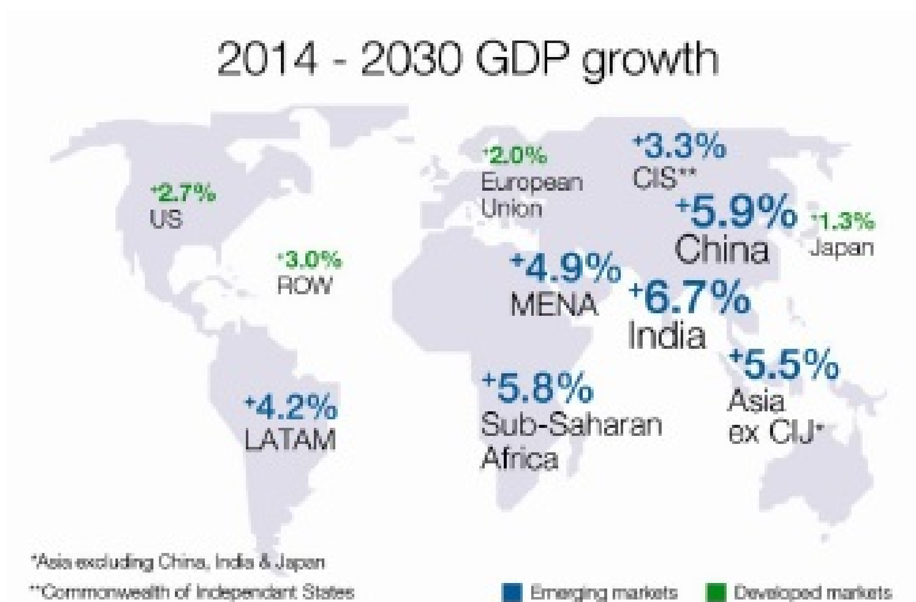
African Business, Eaglestone Advisory

The top 10 African brands are dominated by South African brands. However, many of these brands do have a footprint in other African countries. An African brand is defined as a “multi-national brand developed in Africa, by Africans, with a secondary or primary listing in Africa, serving customers primarily in Africa, a growing international recognition and/or footprint, and contributes to Africa’s economic growth and global image and reputation”. The Brand Africa 100 valuation is based on a methodology that blends a brand’s financial performance and consumer admiration scores to create a unique index and ranking.

In-depth:

New Financing Could Test West Africa's Regulation, Supervision

- Reversal of international capital flows may limit state infrastructure financing
- Therefore development of new sources of infrastructure financing is critical
- Conference reviewed progress made in regional financial integration



As West Africa seeks to mobilize new sources of financing, particularly for infrastructure, policymakers will have to address a host of cross-border regulatory and supervisory issues, a Ghana conference hears. Finance ministers, central bank governors, and other senior officials from West Africa gathered in Accra, Ghana, this week to review progress made in regional financial integration and get a glimpse of what their future could have in store. Conference delegates met to discuss financial sector integration under the auspices of the IMF and the government of Ghana, who co-hosted the conference for the Economic Community of West African States (ECOWAS). The one-day event, focusing on the Opportunities and Challenges of Financial Sector Integration in West Africa, examined in detail many of the issues that this rapidly developing region faces and included in their discussions the emergence of financial institutions now widely known as pan-African banks.

Lessons from other regions

Speaking at the opening of the conference, Ghanaian Vice President Kwesi Amissah-Arthur said that "the development of sources of infrastructure financing is critical at a time when a reversal of (international) capital flows may constrain the capacity of governments to financing infrastructure needs." He called on the conference to draw lessons from other regions that have mitigated risks associated with financial sector integration. IMF Deputy Managing Director Naoyuki Shinohara said that the conference reached important conclusions that will have to be taken forward by the participating governments. "International experience tells us that more complex financial systems require more sophisticated supervision to maintain financial stability," he said. "Countries in West Africa are now host and home to financial institutions that can only be supervised effectively if countries cooperate closely in all aspects of supervision."

Attract private sector

Shinohara also highlighted the importance of financial sector development in creating a business and regulatory environment that attracts private sector investment. IMF officials underlined the importance of the institution's technical assistance in this area, drawing upon the experience of other regions. Also participating from the IMF were Antoinette Sayeh, Director of the IMF African Department, and José Viñals, Financial Counselor and Director of the Monetary and Capital Markets Department, whose departments have been deeply involved in the provision of technical assistance and training in regions of Africa that already have advanced the process of financial integration.

To support this capacity development effort, the IMF will open a new technical assistance center based in Accra in early 2014 that will assist six of the ECOWAS countries. A center based in Cote d'Ivoire already supports other countries from the grouping.

African officials highlighted the importance of cooperation in developing regional integration. "The issues discussed at the conference clearly show that we have some way to go to deepen that cooperation," including information sharing and bank resolution, said Ghana's Central Bank Governor, Kofi Wampah, at a closing press conference. *(IMF)*

Destination Africa

"Africa is fundamentally changing," says Ketan Patel, managing director of Export Trading Group, a commodities trading house in Tanzania which counts Carlyle Group, the private equity firm, as major shareholder. By 2020, he explains, "Africa will be majority young and urban, with an expanding middle class and they will demand energy and food." In the jargon of the industry, Africa has been an "origination" business since colonial times, providing raw materials for overseas consumers: gold from South Africa, coffee from Ethiopia, crude oil from Nigeria, cocoa from Ivory Coast and copper from Zambia. This business model is still crucial to the big trading houses and exporting Africa's commodities has funnelled millions of dollars into the hands of foreign tycoons.

But over the past five years, a new "destination" business has emerged. The commodities traders say that this shift to supplying African consumers means that they are moving away from colonialist models. While they concede their motives are hardly altruistic, they argue that the business of selling to the booming sub-Saharan market is more of a boon to regional development, linking African consumers into broader international markets. "Africa's potential is huge," says Ivan Glasenberg, chief executive of Glencore Xstrata, the world's top commodities trader.

The International Monetary Fund forecasts that the sub-Saharan African region will be the second fastest growing in the world in 2014, behind only developing Asia, which includes China. Such robust economic growth means that Africa is moving away from being "just a low-cost production centre" into also a demand centre, says Sunny Verghese, chief executive of Singapore-listed Olam. "Africa's economic growth over the last decade has been above trend, only next to Asia," he says. Olam is far from alone in its passion for Africa. Other big commodities trading groups, including Vitol and Trafigura of Switzerland, have invested billions of dollars in the continent over the past five years to cater to consumers there.

Cargill, the world's largest agricultural commodities trader, is exploring its first investment in Nigeria, looking at farming cassava locally to produce starch and sweeteners for the domes- tic food industry. Louis Dreyfus Commodities, its agribusiness rival, is also investing into Africa, recently forming a joint venture with the Willow- ton Group of South Africa to sell packaged rice to consumers there.

Booming demand for commodities is not unique to Africa. Asia and Latin America also have voracious appetites for raw materials but, in their case, state-owned companies play a larger role in the commodities business. Africa gives the trading houses far greater leeway in their operations.

The new destination business is creating supply chains that look a world apart from what the industry has been used to for decades. For example, Saudi fuel oil is flowing into Kenyan power stations; wheat from Kansas is arriving at flour mills in the Tanzanian port of Dares Salaam; Chilean copper is consumed in South Africa, and Thai rice is a staple in Nigeria.

Striking a note of caution, some traders observe that it would be misleading to compare Africa's immediate needs with those of Asia.

African countries have been growing at breakneck pace over the past decade, breaking away from a 30-year period of lacklustre performance. According to the International Monetary Fund, the sub-Saharan Africa region expanded at an average of 5.6 per cent a year between 2000 and 2012, more than double the 2.2 per cent of the 1990s. The robust economic expansion has lifted gross domestic product per capita in spite of booming population growth. In 1999, African income per capita was the same as it had been 25 years before, according to the Conference Board, a research organisation. But since then it has jumped almost 40 per cent.

The commodities houses are attracted to the African destination business for three reasons. First, demand is rising fast, in many cases at double-digit annual rates. Second, many African governments subsidise basic commodities such as petrol and wheat, in effect guaranteeing a return to the traders. Third, most African countries lack the infrastructure needed to import raw materials, from silos for storing wheat and rice to terminals for unloading petrol. The commodities houses say that, as they build this infrastructure, they will be able to secure a market and benefit from years of rising demand.

So far, oil leads demand growth in Africa. The International Energy Agency believes Africa is set to "pro-vide one of the fastest paces of global oil demand growth in the medium term", rising by an average of more than 4 per cent annually between 2012 and 2018, double the rate in Asia and far above the global average of 1.3 per cent for the period. "The region's rapid income gain means that great leaps in demand growth may be on the cards," says the IEA.

Oil traders including Vitol, Trafigura and Oryx Energies of Geneva have positioned themselves to profit from the surge in the destination busi-ness. Jean Claude Gandur, the businessman behind Oryx, has no concerns about tempting fate with his bullish projections. “We cannot see the end of this market,” he says.

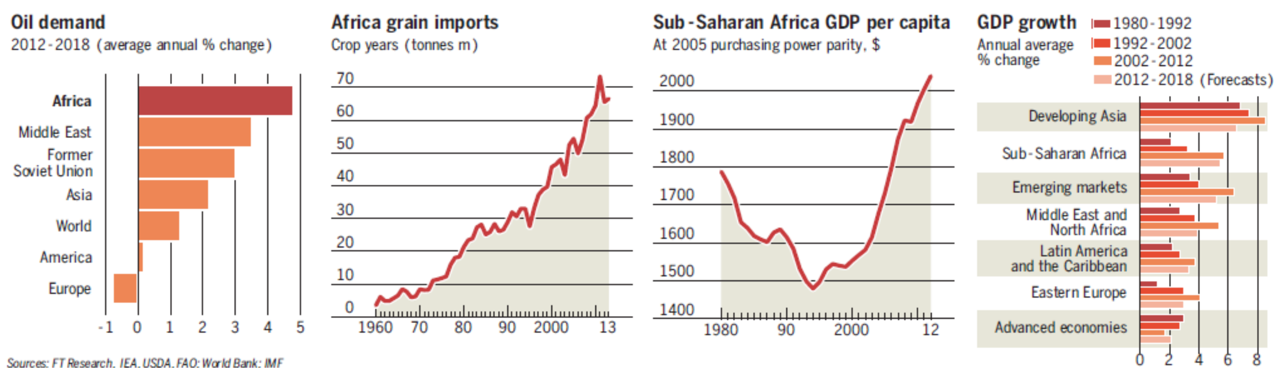
This growth in oil demand comes from obvious places, such as motorists in Nigeria and Kenya. But it also hails from more obscure areas such as imports of bitumen to seal thousands of miles of roads across Africa and the millions of cylinders of liquefied natural gas that are replacing wood and charcoal for cooking from Burkina Faso to Tanzania. Vitol, the world’s largest independent oil trader that once only specialised in exporting crude oil from Africa to Europe and the US, now boasts the third-largest network of petrol stations in Africa. Its 1,400 outlets in 15 countries trail only Total of France and Engen Petroleum of South Africa. The trading house, which is based in Geneva, bought the petrol stations in 2011 from Shell for about $1bn. Vitol’s partner in the deal was Helios Invest-ment Partners, an Africa-focused private equity group.

The partners in Vivo Energy, the new company, each hold a 40 per cent stake, with Shell remaining an investor and keeping a 20 per cent stake. Vivo plans to spend over $250m in Africa during the next three years expanding its business to profit from the increase in local demand for refined oil products. “We are talking about some countries that are moving from walking and bicycles to motor-bikes and cars, boosting consumption,” says Mark Ware, executive vice-president at Vivo Energy. Trafigura has followed suit, acquiring for $296m – through its subsidiary Puma Energy – the network of petrol stations that BP owned in Africa. Since then, Puma has invested another $1bn to expand its presence.

Christophe Zyde, chief operating officer for Africa at Puma Energy, says the continent offers a rare combi-nation of enticements. “Some emerging markets have either strong demand growth or [a] need for infra-structure. But it is rare to find markets where both the demand is booming and there is also a strong need for infrastructure. Africa has the two,” he says.

Shipping agricultural commodities into Africa has also become a far more important business. In the 1980s and early 1990s, food traders grew exasperated with Africa due to sluggish import growth and slow economic growth. According to the US Department of Agriculture, Africa imported in 1995-96 about 27.5m tonnes of grain, the same as in 1983-84. But that changed in the late 1990s as economic growth began to accelerate. In just over a decade, grain imports jumped from less than 30m to more than 70m tonnes.

Louis Dreyfus Commodities has led the food traders in building a destination business in Africa. Guy de Montule, a senior executive at the company, says starkly that the consumer market for food in Africa is “going to be giant”. Backing its optimism with acquisitions over the past three years, Louis Dreyfus has bought SCPA-Sivex International, the leading distributor of fertilisers and pesticides in west and central Africa and Gulf Stream Investment Limited, a vegetable oil storage terminal in Mombasa, Kenya. It has also recently formed a joint venture with Willowton Group, the South African crushing company to sell packaged rice...*(Financial Times)*



SOVEREIGN RATING

FITCH SEES ANGOLA GROWTH IN 2014 6.3% OF GDP
FITCH SEES ANGOLA GROWTH IN 2013 SLOWING TO 4.9% OF GDP
FITCH AFFIRMS ANGOLA AT ’BB-’; POSITIVE OUTLOOK

Fitch Ratings has affirmed Angola's Long-term foreign and local currency Issuer Default Ratings (IDRs) at 'BB-' with a Positive Outlook. Fitch has also affirmed the Country Ceiling at 'BB-' and Short-term IDR at 'B'.

KEY RATING DRIVERS

The affirmation and Positive Outlook reflect the following factors: Government debt has been on a steadily declining trend since 2010, when it reached 37% of GDP, falling to 25% in 2012 and an estimated 24% in 2013 – well below the

'BB' median of 39.5% of GDP. This trend is expected to continue over the next two years, with Fitch forecasting debt as a percentage of GDP dropping below 20% by 2015.
The 2014 budget is expected to target a deficit of 4.9% of GDP, compared with 3.8% of GDP projected for 2013. In Fitch's view, the budget reflects a political wish list of capital projects, rather than a realistic assessment of the government's execution capacity. Fitch expects that under-execution of planned investment will see the government accounts roughly balanced until 2015. The new Sovereign Wealth Fund, which is expected to begin operating in 2014 with funds totalling USD8.6bn, can invest one-third of its capital into regional infrastructure projects, which will help to support investment if oil prices fell sharply.
Angola's commitment to macroeconomic reform and prudent policies has improved the country's external buffers, with reserve cover rising to an estimated 8.1 months in 2013 from a low of 3.3 months in 2009, reducing vulnerability to an oil price shock. The surplus on the current account will continue to support reserve accumulation. Inflation is expected to remain in single digits for the second consecutive year in 2013, reflecting exchange rate stability and improved monetary policy, although further declines will be harder to achieve due to its structural nature.
High commodity dependence, at 97% of exports and 73% of government revenue is well above other Africa oil exporters and is a constraint on the rating. However, the economy is diversifying. Non-oil GDP's contribution to the headline figure has steadily increased to 60% of GDP from 40% in 2008, a trend which is expected to improve in the medium term as growth in oil production rises at a slower pace.
Fitch expects growth to further slow in 2013 to 4.9% of GDP due to stagnant oil production, which has remained broadly unchanged between 2012 and 2013. The authorities forecast that growth will pick up in 2014 to 8.2%. Fitch expects more modest growth of 6.3% for 2014, notwithstanding a post-drought pickup in agricultural production. Much will depend on whether oil production increases in line with the authority's expectations and government spending on infrastructure gathers pace.
Angola's oil sector has greater potential than either similarly-rated Nigeria or Gabon. Continued exploration and a favourable regulatory environment will support its expansion, although technical challenges have set back expected production increases. Oil production is forecast to reach 2m b/d by 2015, up from 1.77m b/d in 2013. The start of liquefied natural gas production in 2013 has boosted the sector.
Weak governance remains a significant constraint on Angola's rating. Angola ranks among the lowest of all Fitch-rated sovereigns in the World Bank's Governance Indicators, despite some improvement in 2012.
Fitch has previously highlighted that Angola's future upgrade depends, among other things, on an improved business environment. The further deterioration in the World Bank's Doing Business Indicator, is therefore not encouraging from a rating perspective. Angola's 2014 World Bank Doing Business Index ranking is 179 out of 189, down one place from 2013 and lower than it scored in 2011 when the country ranked 164 out of 183 countries.

RATING SENSITIVITIES
The Positive Outlook reflects the following factors that may, individually or collectively, result in an upgrade of the ratings:
- A further strengthening of external and fiscal buffers.
- A continued track record of improved economic management and further regulatory reforms being reflected in improvements in the business environment and per capita income as well as improvements in governance measures.
The current rating Outlook is Positive. Consequently, Fitch's sensitivity analysis does not currently anticipate developments with a material likelihood, individually or collectively, of leading to a rating downgrade. However, future developments that may, individually or collectively, lead to a stabilisation of the Outlook include:
- Delays in raising oil production in the short term, or a deterioration in medium-term oil production potential if oil licencing rounds are delayed.
- A severe and sustained fall in oil prices that materially eroded external and fiscal buffers and failed to bring an effective policy response.
- A sustained weakening in public finances due to rapid increases in current expenditure, leading to large deficits and a sustained increase in debt.

KEY ASSUMPTIONS
The ratings and Outlooks are sensitive to a number of assumptions.
- Fitch assumes Brent oil prices will remain high, at USD100 per barrel by 2015, from USD105 in 2013.
- A continuing stable political environment, with no significant challenge to the current ruling establishment.

	Region - Africa/Middle East					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
11-11-2013	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba3	BB-	BB-	NR	B	B
Bahrain	Baa2	BBB	BBB	NR	A-2	F3
Benin	NR	NR	WD	NR	NR	WD
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B	NR	NR	B	NR
Cameroon	NR	B	B	NR	B	NR
Cape Verde	NR	B+	B+	NR	B	B
Egypt	Caa1	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	B1	B+	B+	NR	B	B
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	Ba3	BB-	BB-	NR	B	B
Oman	A1	A	NR	NR	A-1	NR
Qatar	Aa2	AA	NR	NR	A-1+	NR
Republic of Congo	Ba3	B+	B+	NR	B	B
Republic of Zambia	B1	B+	B	NR	B	B
Rwanda	NR	B	B	NR	B	B
Saudi Arabia	Aa3	AA-	AA-	NR	A-1+	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	B	NR	NR	B
South Africa	Baa1	BBB	BBB	P-2	A-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

AFRICAN DEVELOPMENT BANK

Agriculture Fast Track Fund Now Accepting Grant Applications from African Agri-Business Operators

The **Agriculture Fast Track Fund**, a new multi-donor trust fund, managed by the African Development Bank (AfDB), designed to boost investment in Africa's agricultural sector, is now accepting applications for new grants. Launching the call for proposals, the AfDB's Agriculture and Agro-Industry department manager, Josephine Mwangi, said: "If you are in the agriculture business and qualify, then we want to hear from you!"

The AFT provides grant funds up to USD 1.5 million for project development costs such as feasibility studies, market research, financial modeling, business plan development, and environmental and social impact studies.

The Fund's main objective is to reduce the infrastructure deficiency in the agriculture sector by developing a pipeline of projects that are attractive to Development Finance Institutions and can engage the private sector as project sponsors.

By offering entrepreneurs an opportunity to transform their good ideas into bankable investments, AFT aims to attract financiers by ensuring that the grantees present low-risk profitable investments.

In order to qualify for an AFT grant however, applicants must meet a rigorous set of criteria, namely:

- Contribute to Africa's agricultural infrastructure;
- Contribute to the economic health of Africa's struggling smallholder farmers;

- Seek a minimum investment of USD 1 million;
- Be based in one of the six pilot countries: Burkina Faso, Côte d'Ivoire, Ethiopia, Ghana, Mozambique and Tanzania.

The AFT, hosted and managed by the AfDB, is funded by the US Agency for International Development (USAID), the Swedish Development Agency (SIDA) and the Danish International Development Agency (Danida). The Agriculture Fast Track Fund was approved by the Bank Group Board of Directors on 8 May 2013, and launched and signed in Cape Town, South Africa, on 9 May 2013 at the sidelines of the Grow Africa Investment Forum, during the World Economic Forum. The Fund has already awarded six grants for a total amount of USD 3,217,000.
The call for proposals for grants from the Agriculture Fast Track Fund (AFT) is open until 31 December 2013.
Applications are received through the **AFT web-based application platform**. http://www.aftfund.org/apply-now

AfDB Increases its Capital in Atlantic Coast Regional Fund to Support Local Private Sector Growth in Africa

The Board of Directors of the African Development Bank (AfDB) approved on October 30, 2013 an additional US $10 million equity investment in Atlantic Coast Regional Fund (ACRF), a 10-year US $72 million generalist private equity fund whose area of focus includes fragile states and low-income countries in Western and Central Africa. Through this targeting of growth and expansion oriented opportunities in the region; supporting indigenous entrepreneurs and converting promising local enterprises into regional players, ACRF is contributing to the development of the region's private sector. AfDB's financial contribution will therefore enable ACRF to scale up its operations and thus its contribution to poverty reduction, economic growth, capital markets development and regional integration.
ACRF is managed by the Advanced Finance and Investment Group ("AFIG Funds"), a Mauritius-registered limited liability company headquartered in Dakar. AFIG's investment team has over 40 years of combined experience in Africa. With this additional investment, AfDB is participating in the recapitalization of ACRF, and supplementing its earlier investment of US $15 million in 2007. This additional investment is informed by the Fund's implementation progress and performance to date. As of September 2013, ACRF had made seven investments in six countries and the Fund manager had generated a strong deals pipeline of up to US $140 million.
The additional investment will increase development impact and economic benefits through the creation of new jobs in downstream commercial infrastructure and expansion projects sector. The Fund has to date contributed to sustain 1,821 jobs of which 508 are held by women and also helped create 86 new ones. The recapitalization is expected to result in creation of an estimated over 2,000 additional jobs and help to leverage additional investments in target companies. ACRF's new investments will augment revenues to governments in the targeted region, and facilitate technology transfer and development of local entrepreneurship. The investments are also expected to contribute to infrastructure development and regional integration.
The proposed investment is aligned with the AfDB's Private Sector Operations Strategy to support entrepreneurship, thereby contributing to job creation and increased exports. AfDB's participation in recapitalization will reassure other participating DFIs and provide comfort to minority African investors of the Fund. The capital increase will enhance the Fund managers' involvement in community development and business promotion activities in the region.

Infrastructure Development in West Africa: AfDB Invests US $20 Million in ARM-Harith Infrastructure Fund

The Board of Directors of the African Development Bank (AfDB) approved on Wednesday, October 30 a US $20 million equity investment in ARM-Harith Infrastructure Fund (ARMHIF). ARMHIF is a new infrastructure private equity fund based in Nigeria with a targeted fund size of US $250 million.
The lack of efficient infrastructure is a major obstacle to doing business in West Africa. Better infrastructure in the region would create an enabling environment for economic growth by competitiveness of local production, promoting foreign direct investment and facilitating trade. The level of investment required for infrastructure development is far in excess of public and donor resources. The AfDB support to ARMHIF will catalyze further resources necessary to develop infrastructure projects.
ARMHIF has been set up to invest, through equity, in infrastructure projects and companies across West Africa, with a focus on Nigeria. The Fund will invest in assets across a range infrastructure sectors including energy, transport, ICT, water and utilities. ARMHIF is sponsored by Asset and Resource Management Company Ltd. (ARM), a leading Nigerian non-bank financial services company established in 1994 and currently managing over US $2.7 billion of assets. ARM has formed a partnership with Harith General Partners (Harith), an experienced infrastructure investment manager on the continent, to manage the Fund. Harith already manage the US $630-million Pan African Infrastructure Development Fund (PAIDF).
Mouhamadou Niang, Acting Director of the AfDB's private sector department, said "the Bank's support to ARMHIF will contribute toward the delivery of modern and reliable infrastructure that will reduce the cost of doing business and enhance the region's competitiveness".
"We are very pleased to have an institution of the calibre of the AfDB as an anchor investor in our new Fund. AfDB has been instrumental in attracting the interest of other investors, including Nigerian Pension Funds, a sector that has a

significant role to play in providing long-term capital for funding infrastructure development in Nigeria and beyond. We see tremendous infrastructure investment opportunities throughout West Africa. Having the equity capital to deploy is an important part of the equation," said Opuiyo Oforiokuma, Managing Director, ARM Infrastructure.

AfDB to Cooperate with South Sudan in Water Sector

The African Development Bank Group has approved a grant for an assessment study of a water supply and sanitation program for 11 small and medium-sized towns in South Sudan.

The USD 5.4 million grant, extended from the Fragile States Facility, will benefit some 170,000 people living in those 11 towns.

The low levels of access to safe and potable water and adequate sanitation coupled with poor hygiene awareness has been the principal cause of water-related diseases such as diarrhea, cholera and guinea worm in the country. Despite the availability of surface and ground water resources in South Sudan, two out of three people in the country do not have access to safe and potable water services whereas eight out of 10 people do not have access to adequate sanitation.

The grant will finance the feasibility study and detailed designs for water supply and sanitation infrastructure facilities in the identified towns. In order to address the sustainability of the planned infrastructure and operations, a framework for capacity building of sector institutions within the study area will be developed. Based on an integrated approach, the study will address the challenges to sustainable provision of water supply and sanitation services in a holistic manner.

The study will cover aspects of water resources management, knowledge management and capacity building among local institutions as well as facilities for monitoring and evaluation.

The study is anticipated to be concluded in September 2015 and the knowledge generated will enrich the AfDB's continued learning process, and its support to African countries, especially in fragile states.

The 11 towns selected for the study are: Fangak, Mbili, Jikou, Leer, Ayod, Gokmachar, Tonj, Mundri, Cueibet, Terekeka and Kapoeta.

On account of the impact of lack of access to water, South Sudan Government has labeled the water supply and sanitation sector as an extremely high priority and a key entry point to its development objectives. The water sector is therefore one of the top six expenditure priorities as articulated in all the Government's key strategy documents.

The study outcome will be ready to finance and implement project documents for the identified priority 11 towns in South Sudan. This will provide opportunities for the government to access investment funding for water and sanitation infrastructure development, for which the AfDB will be ready to provide the support.

AfDB Approves US$ 96 Million ADF Loan and Grant for Thwake Multi-Purpose Water Development Program – Phase I

The Board of Directors of the African Development Bank Group (AfDB) approved on Wednesday, 30 October 2013 in Tunis, a US$ 94.37 million (UA 61.68 million) **ADF** loan and US$ 1.85 million (UA 1.21 million) ADF grant to the Government of Kenya to finance phase one of the Thwake Multi-purpose Water Development Program (TMWDP).

The objective of the project is to increase water storage for rural and urban human consumption, for irrigation and livestock and for hydropower, with a principal focus on the semi-arid counties of Kitui and Makueni, and the ICT city of Konza.

The Thwake Multi-purpose Water Development Program (TMWDP) comprises a multi-purpose dam for water supply, hydropower generation and irrigation development. It will also provide regulation of flows on Athi River downstream of the dam for flood and drought mitigation.

It targets broad improvement in productivity and livelihoods over a ten-year period (2013-2023). The Program recognizes the symbiotic relationship between Kenya's water secure and water insecure regions by spanning both the lower and higher levels of the economy to ensure that national economic growth is both inclusive and sustainable.

The four phases, which were developed by a team from the Bank's Water, energy and agriculture departments comprise: (1) construction of a 77 m high multi-purpose dam and associated preliminary works needed to enable the other three phases, plus implementing an Environmental and Social Management Plan, (2) water works to treat and distribute up to 34.6 thousand m3 of water to 674.7 thousand rural inhabitants of Kitui and Makueni Counties, and up to 117.2 thousand m3 to 640 thousand inhabitants of Konza City; (3) hydropower and substation development for up to 20 MW of installed capacity, and (4) irrigation works for up to 40,075 hectares of land in Kitui and Makueni counties.

The Program is aligned with Kenya's Vision 2030 and its Medium Term Plan II 2013 – 2017 (MTP-II) both of which underscore the central role water plays in the performance of key sectors of the economy. The strategies further highlight the consequences of underinvestment in: water resources development infrastructure as a fundamental need for productive livelihoods; irrigation and hydropower developments on food and energy security; and ICT for its ability to place Kenya in a leading role of regional economic significance. The MTP-II further provides for irrigation of an additional one million acres (404,685 hectares) by the year 2018, the development of Konza City as an ICT hub, and provision of low cost electricity to rural households, promoting inclusive growth, green growth and addressing climate change. The 2010 Constitution also provides for economic and social rights which include access to reasonable standards of sanitation and access to clean and safe water in adequate quantities.

The Program is closely aligned to the **Bank's ten year development Strategy 2013-2022** and fits with the **Kenya's current 2008 – 2013 CSP** Pillar I focusing on infrastructure improvement for competitiveness and enhanced regional integration and, Pillar II which addresses employment creation and poverty reduction.
For Kenya, the Thwake multi-purpose dam is a flagship operation in the draft National Water Master Plan 2030. It is aligned to the government's new Water Security and Climate Resilience program (WSCRP) financed by the World Bank whose twofold focus is to enhance the institutional framework and strengthen capacity for water security and climate resilience as well as promote irrigation.
The program's target beneficiaries include some 674,700 people in the rural areas of Kitui and Makueni (with poverty rates of 62.5% and 63.8%, respectively) and the 640,000 potential occupants of land reserved for the new urban ICT city of Konza. Other beneficiaries include institutions managing water resources in Athi River Basin as well as the entire Kenyan economy.
The estimated cost of the four phases of Thwake Multi-Purpose Water Development Program is UA 487 million.
The cost for phase 1 is estimated at UA 179.29 million. The Bank will finance UA 60.00 million from ADF 12 Performance Based Allocation for Kenya, and UA 1.68 million as loan and UA 1.21 million as grant from Redeployment from cancelled resources, for a total Bank contribution of 35.1% of estimated Phase 1 costs.

INVESTMENTS

Foschini Group to accelerate Africa strategy

IN THE next five years, Foschini Group aims to accelerate its expansion into the rest of Africa and expects to be trading out of approximately 300 stores by 2018, the retailer said on 7th November.
The continent's consumer-facing industries are expected to grow by $400bn by 2020, presenting a compelling investment case for retailers as home-market growth slows.
The group trade out of 116 stores outside South Africa at present, in Namibia, Botswana, Zambia, Lesotho, Swaziland and Nigeria and has plans to open outlets in Ghana, Angola and Mozambique.
Other clothing companies such as Truworths and Mr Price are also accelerating expansion into the rest of the continent.
Foschini on Thursday reported a 3.8% rise in diluted headline earnings per share rose to 411.2c for the half-year ended September 30. The group's operating margin was 22.5%, down from 23.1% in the previous period.
High unemployment rates and slow income growth have curbed household expenditure, which is already curtailed by soaring utility costs and rising debt. Recent trading updates from retailers have pointed to a marked deceleration in spending across sectors, and that the credit environment was likely to deteriorate further due to current levels of consumer indebtedness.
Foschini CEO Doug Murray said a feature of the past six months — which was marked by the difficult consumer credit cycle — was the growth of the group's cash sales, which were up by 12.7% for the period.
"Cash sales account for about 40% of our total sales and we are very pleased to see cash customers continue to favour our stores," he said.
The group's debtors' book, which amounts to R5.5bn, increased by 5.7% since year end. Bad debt as a percentage of closing debtors' book increased to 11.4% from 10.5% at the year-end. "Enhanced credit risk measures have been put in place," Foschini said. The slowdown in unsecured lending, which has given retail sales a significant boost over the past three years, is expected to be one of the major contributors to the decline in spending. Although there are indications that borrowing has slowed as lending criteria have been tightened, concern remains about the ability of consumers to repay loans and settle accounts.
The group's total retail sales grew 9% to R6.7bn with sales in the rest of Africa growing 25% in the six months to the end of September. An interim dividend of 243c per share was declared, a 3% increase.
Looking ahead, the group expected that the difficult credit environment was unlikely to improve in the second half of the year due to the high level of consumer indebtedness and consequently enhanced credit risk management practices would continue to be implemented. "Measures include scorecards being updated, late stage collections being in-sourced, increased focus on early stage collections and more frequent utilisation of external bureau information," Mr Murray said. He said that group sales for the first five weeks of the second half of the year had continued at similar levels to the first half. "Given the weaker festive season performance last year, we expect a better second-half performance but, as always, it is heavily dependent on festive season trading, which will largely determine the performance of the group for this period," he said. *(BDLive)*

Luxury brands turn attention to Africa

AFRICA's growing middle class has expensive tastes, with research by Bain & Company suggesting that luxury goods sales will increase 11% this year — demonstrating the continent's potential for upmarket goods.
The nascent middle class aside, recent mineral discoveries have swayed the continent's fortunes. They have given rise to a band of super wealthy individuals with expensive tastes in countries such as Nigeria, Angola, Ghana, Mozambique and Kenya.

Total luxury goods revenue in Africa is expected to reach €2bn this year from €1.5bn in 2011, according to Paris-based Bain's worldwide market study.
Other luxury goods groups such as Cartier, Louis Vuitton, Burberry, Gucci, Fendi and Salvatore Ferragamo also have a presence on the continent.
In Lagos's wealthiest district, Victoria Island, Ermenegildo Zegna opened a store this year on the same strip as luxury car maker Porsche. The Italian luxury fashion house makes made-to-measure suits for Hollywood stars Tom Cruise and Robert De Niro.
Two months earlier, Hugo Boss opened a store in the city.
Bain partner Claudia D'Arpizio, the lead author of the study, says with China's growth slowing, Africa is poised to have among the fastest-growing economies. "Luxury sales are still very concentrated in SA and Morocco, but brands are starting to expand in new markets like Angola and Nigeria."
Growth in China cooled after a state crackdown on public officials' spending on luxury and anticorruption campaigns.
Bain's findings on Africa support a report from London-based Euromonitor, which last month said sub-Saharan Africa was set to become a key battleground for the luxury goods industry.
"Between 2008 and this year, sales of luxury goods grew 35% in current value terms, and are set to increase by a further 33% in the next five years in constant terms," the research firm said.
According to the Euromonitor, sub-Saharan Africa was experiencing the second-fastest global economic growth — behind Asia-Pacific — and is home to five of the 10 fastest-growing economies in the world. These include Nigeria, which was the third-fastest growing market in the world for champagne between 2007 and last year.
Euromonitor luxury goods research head Fflur Roberts said luxury brands and retailers are facing many challenges. "Poverty remains widespread, infrastructure is weak, retail markets are undeveloped and brand awareness is lacking.
"Corruption can also be a problem, as can political instability in some countries."
The deluge of counterfeit luxury products remained an issue.
Nonetheless, Ms Roberts said more luxury brands were certain to open new outlets in the sub-Saharan Africa region. "Prada, for example, has confirmed plans to open in Angola, which could be a good bet for Nigeria next year. To succeed, brands will need to overcome these challenges through careful research of suppliers, local partners, end consumers and the business environment."
Wealth-X, in its UBS World Ultra Wealth Report last week, revealed that Africa's ultra-high net worth population had this year increased 9.5% with a combined wealth of $350bn — a 7.7% rise from last year *(BDLive)*

Imperial wins new contract from Kraft Foods

A five -year contract for transport and warehousing services has been awarded to Imperial Retail Logistics by Kraft Foods, now Mondelez South Africa. Outlining the significance of this contract award, commercial director Friedel Spies noted that it represented Mondelez's move from handling these functions in-house to outsourcing their transport and distribution requirements. The contract will see Imperial Retail Logistics moving a total of approximately 62,000 tons, or 25 million cases a year for Mondelez. He said: "The scope of the contract comprises mainly warehousing and secondary distribution, as well as some primary transport on specific land routes. "Imperial Retail Logistics will receive product from multiple manufacturing facilities in Johannesburg, Port Elizabeth, Botswana, Namibia and Swaziland, and distribute this via warehouses in Johannesburg and Durban, to Mondelez customers in Gauteng, the Free State and KwaZulu-Natal." Imperial Retail Logistics' ability to provide a solution that incorporates both temperature-controlled and ambient storage and distribution for Mondelez's range of products was one of the factors that contributed to it securing this contract. Spies said: "We have the opportunity here to leverage our substantial existing experience in temperature controlled distribution networks, and to add Mondelez's well-established, global brands to our confectionary basket." *(African Business Review)*

Multinational brewers turn to cassava for low-cost beer

Cassava is the second most consumed source of carbohydrate in sub-Saharan Africa, but the crop's industrial potential has been largely unexploited.

Cassava is a woody shrub with an edible root that looks like a large sweet potato. Although cassava roots can be processed into a variety of products – including cassava flour, starch, ethanol and glucose syrup – the crop has not been a great commercial success in Africa. The reason for this is because around 70% of the root consists of water, which makes it uneconomical to transport over great distances. While the cassava root can stay in the ground for many years, once it is harvested, it needs to be processed very quickly before it goes bad. Cassava processing plants therefore need to be situated close to the growing areas.
However, some of the world's largest alcoholic beverages companies are finding ways of tapping into the potential of cassava. Both SABMiller and Diageo have over the past two years launched commercially-made cassava-based beers in Africa.
SABMiller was first off the block with its Impala brand in Mozambique. In March this year the company also rolled out the concept to Ghana, where the beer is brewed by SABMiller's local subsidiary Accra Brewery Limited, under the Eagle brand name.

Towards the end of 2012, UK-based Diageo also launched its own Ruut Extra in Ghana, which is made predominantly from cassava raw material.
Both SABMiller and Diageo source their cassava from small-scale farmers. "It's been a win-win really. Seven thousand farmers are connected with this secure market, we connect them with a secure market, they are guaranteed that we buy their output, and it is really working," said Ekwunife Okoli, managing director of Diageo's Africa Regional Markets division, at a recent conference.
To overcome the challenge of transporting cassava over large distances, SABMiller has partnered with Dutch organisation DADTCO, which has developed a mobile cassava processing unit that can travel to the cassava growing regions. Basic processing is therefore done in the rural areas.

Tax incentives

Both SABMiller and Diageo's cassava beers are priced at less than their mainstream offerings and aimed at the lower end of the market. This lower price is partly achieved by negotiating better tax rates with governments for using locally-sourced inputs. "Using cassava and accessing some government incentives for local raw materials' utilisation has given us duty relief, which has allowed us to sell this at 35% discount to mainstream lager brands," said Okoli.
The majority of alcohol consumed in Africa is still in the form of home brews or illicit liquor – products on which governments can't collect any tax. By bringing more customers into the formal beer market, government tax revenues are therefore increased.
According to Okoli, Diageo will roll out more cassava beer brands, as it negotiates tax incentives with governments. "Does the concept work outside of Ghana? Absolutely, but it involves sitting down with the government and discussing and getting opportunities for tax reduction," he said.
Despite the abundance of cassava in many African countries, sourcing the required inputs from thousands of small-scale farmers remains a challenge. "Yes, there is a lot of cassava, but there is a lot of cassava in small minute batches owned by hundreds of thousands of people who you can write contracts with and all of that. In order to structure that into a commercially viable supply chain takes a lot of development and that's what we're currently doing. So, even in Ghana, we're not getting enough supply," said Okoli. *(How we made it in Africa)*

BANKING

Banks

ECOBANK is attributing the Ghana cedi's continues decline to excessive spending by government. The state as at August this year has spent 7 percent more than what it has generated as revenue. Analysts say this is likely to go up by the end of this year because of pressure from organized labour for higher salaries, which would in turn increase the wage bill. ECOBANK is currently putting the local currency rate of depreciation at almost 17 percent. This was after it ranked the Ghana Cedi together with South African Rand and the Swazi lilangeni as the most depreciated currency in Africa. Speaking to Joy Business from London, Head of research at ECOBANK GROUP, Angus Marcus however suggested some measures the country can adopt in the short term to stabilize the free fall in the cedi's value including revenue mobilization and cost recovery measures such as removing subsidies. He however justified the Bank's report which ranked the Ghana cedi as one of the most depreciated currency in Africa. According to figures from the Bank of Ghana, one would need 2 Ghana cedis 41 pesewas (GHc2.40) to get a dollar from a commercial bank. *(Ghana Web)*

Diamond Bank Plc has suspended the launch of its proposed seven-year $550 million bond due to pricing turbulence in the international debt market. The bank disclosed during an investors' conference call on its financial results for the period ended September 30, 2013. "Our efforts towards injection of tier II capital have been put on hold following the persisting pricing turbulence in the international debt market," Reuters quoted the bank to have said in a presentation with analysts. Diamond's bond was marketed by France's BNP Paribas and Afrexim Bank as lead managers. Meanwhile, THISDAY gathered yesterday that the Guaranty Trust Bank Plc (GTBank) has reduced the size of its proposed Eurobond from $500 million to $400 million. According to a report, the bank launched the 5-year dollar-denominated debt instrument with a coupon of six per cent yesterday. It revealed that the Eurobond was initially priced at 6.125 per cent. "While the advertised initial size of the deal was $500 million, the issuer decided to reduce it to $400 million which possibly indicates that the bank was not willing to accept further bids at higher yields. "In fact, the yield in the primary market was also tightened to the lower end of the 6.125 per cent and 6.25 per cent guidance," the report explained. Commenting on the arrangement, the Emerging Markets Strategist at Standard Bank, Mr. Samir Gadio, argued that the reduced amount suggested no immediate urgency for GTBank to raise the fund.
He added: "The funds will likely go towards plans to finance medium-to-long run projects in power, potentially the oil and gas sector and a gradual expansion into Sub-Sahara Africa. The rationale behind the Eurobond sale now was also to take advantage of the cheap financing presently available. "This is expected to become more expensive next year in line with the tapering of the Fed's quantitative easing programme. We suspect that there should be reasonable support for

GTBank from both offshore investors and Nigerian financial institutions in the 6.25 per cent and 6.50 per cent area, especially given the bank's track record and robust fundamentals." *(This Day)*

Markets

Over 90 pct of bank loans taken on in Mozambique have interest rates of over 15 pct
More than 90 percent of loans taken on in Mozambique by individuals and companies have interest rates of 15 percent or more, and in some cases of over 25 percent, the Bank of Mozambique said recently. The figures from the Bank of Mozambique for 2013 showed that 45 percent of loans had interest rates of between 15 and 20 percent and that just 8.4 percent of loans were being paid back at rates of less than 15 percent, according to information on the Mozambican central bank's website. The second biggest percentage of the loans – 35.4 percent – has rates of between 20 and 25 percent, and the remaining loans (11.2 percent) pay a rate of over 25 percent. In October, the Bank of Mozambique, for the third time this year, lowered the permanent liquidity facility rate to 8.5 percent. According to information on the Mozambican central bank's website, 18 retail banks currently operate in Mozambique. *(Macauhub)*

Standard Alliance Life Assurance Limited (SA Life), one of the exclusively life insurance companies in the country, raked in premium income totalling N2.88 billion in the last financial year ended December 31, 2012. The firm returned to profitability last year, reversed the N246.23 million loss it suffered during the 2011 financial year and coasted home with a N336.07 million profit last year. Investors' stake in the company was however grown to the tune of 18.44 per cent from N1.79 billion in the previous year ended December 31, 2011 to N2.12 billion last year. This information formed part of the contents of the company's 2012 Annual Report approved by shareholders during the 2013 Annual General Meeting of the company in Lagos recently. Gross premium income recorded by the company last year was N2.88 billion, a 26.32 per cent increase over the figure of the previous year, which was N2.28 billion. Net premium income raked in by the firm in the same period peaked at N2.05 billion, a 7.89 per cent increase over the N190 billion recorded in 2011. Last year, the company earned commission on reinsurance to the tune of N201.71 million, a 78.55 per cent improvement on the N112.97 million recorded in the previous year. Gross claims paid by SA Life last year was N1.49 billion last year, a 16.41 per cent improvement in customers' expectation met and surpassed. In the previous year, claims settled by the group totaled N1.28 billion. Within the same period, the company's underwriting profit peaked at N423.54 million, a 10.94 per cent shortfall from the N475.54 million made in 2011. The group also raked in N480.13 million from its investments, a 29.53 per cent shortfall from the N681.35 million it raked in by the end of 2011 financial year. Also, fees and other income earned by the firm last year was 4.62 per cent short of the 2011 figure. This went down from N399.44 million in 2011 to N381 million last year.
The firm puts its result of operating activities at N448.22 million, a 49.85 per cent increase when compared with the N299.11 million it recorded in the previous year. The profit before taxation declared by the life insurer last year was N384.88 million, as against the N213.55 million loss it suffered in 2011; a 280.23 per cent improvement. Profit after taxation recorded by the life office last year peaked at N336.07 million, a whopping 236.49 per cent improvement on the N246.23 million loss it suffered in the previous year. The life insurer within the year under consideration maintained its share capital and share premium at N2.70 billion and N1.17 billion respectively. Its contingency reserve was raised by 30.84 per cent from N86.91 million in 2011 to N116.33 million last year while its retained earnings improved by 14.29 per cent, reducing the N2.17 million deficits it recorded in 2011 to N1.86 million deficits by the end of 2012. Shareholders' interest in the company rose by 18.44 per cent, having been grown from N1.79 billion in 2011 to N2.12 billion in 2012. The company also increased the balance in its insurance contract liabilities considerably to the tune of 43.64 per cent from N1.10 billion in 2011 to N1.58 billion in 2012. In contrast, its investment contract liabilities were reduced by 41.01 per cent, from N774.56 million in 2011 to N456.95 million last year.
SA Life also last year raised its financial and reinsurance assets by 33.43 per cent and 51.98 per cent respectively. Financial assets held by the firm rose from N173.15 million in 2011 to N231.04 million last year its reinsurance assets peaked at N147.56 last year, up from the N97.09 million it recorded in 2011. The life insurer also increases its investment in properties by as much as 61.07 per cent and 80.79 per cent respectively. The former was grown from N352 million in 2011 to N567 million last year while the figure for the latter went up from N49.91 million in the previous year to N90.23 million in 2012. However, the life office's investment in property, plant and equipment went down from N182.18 million in 2011 to N94.03 million last year, a 5.48 per cent shortfall. The firm's total assets was grown to the tune of 11.68 per cent from N4.11 billion as at the end of 2011 accounting period to N4.59 billion last year. Earnings per share by the insurance group rose by 33.33 per cent, reversing the 9 kobo loss per share in 2011 to 12 kobo last year. *(This Day)*

Deals

PRIVATE Equity investment firm Brainworks Capital is set to make a mandatory offer to all listed African Sun shareholders. This is after the group recently completed an acquisition of 36,51 percent of the total shares amid indications that the hotel group together with its landlord Dawn Properties are set to be combined back

into one entity. The offer is being made to comply with Chapter 9 of the Zimbabwe Stock Exchange listing requirements which compels shareholders to make a mandatory offer to minorities once their shareholding passes the 35 percent level. Brainworks acquired a shareholding in African Sun through a share-swap deal with former controlling shareholder Mr Shingi Munyeza. The remaining two tranches of the transaction made up of 29 million shares and 14 million shares were completed in the past two weeks. African Sun is expected to issue a cautionary statement on the take-over. The firm also completed transactions in Dawn Properties after the disposal of a 12 percent shareholding or 294 705 134 shares by African Sun at a 53 percent premium from the last trading price at US1,47c, through its subsidiary Lengrah Investments. Brainworks went on to raise its stake last week in a book-over on the stock exchange to 16 percent. This means that African Sun together with Brainworks now control 32 percent of Dawn. If they increase it above 35 percent they will be forced to make another mandatory offer to minorities and delist the group if that is successful. Well-placed sources told the Herald Business that pieces of the deal are coming together with the intentions of Brainworks pointing to a re-bundling of Dawn and African Sun. African Sun unbundled Dawn in an effort to unlock value in its properties but wrangles between the two started in 2010 when the hotel group tried to register a US$12 million bond over Crowne Plaza Monomotapa without board approval.

In 2012 former chief executive Mr Mike Manyika left the group after an acrimonious year in which he tried to evict African Sun from eight hotels citing breach of the lease agreement. With a lack of collateral, African Sun has been struggling to refresh its product and has been saddled with short term debt. However, with the coming on board of Brainworks, African Sun has been able to restructure its debt while the private equity firm is expected to unlock further value by raising international capital for the group. The disposal was in line with African Sun's target of reducing the net debt to below US$10 million. Net proceeds from the disposal will be applied entirely towards reduction of short-term debt with the following benefits expected to accrue to the company. Analysts say if Brainworks is to emulate the Ecobank deal where the then Premier Bank partnered with a reputable foreign institution, then African Sun can only benefit from the group's international exposure. The main African Sun deal held two investors, one from Australia and one from New Jersey. Both investors are said to be experienced entrepreneurs in the hotel sector. They are expected to lead a technical team which will work together with Mr Munyeza to expand and create value for shareholders. Brainworks have also raised international capital for BancABC through the African Development Corporation. ADC's activities in growth markets align to African Sun's regional activities. It is expected that ADC will play a key role in bringing in new hotel developments through its linkages. *(Herald)*

THE National Social Security Authority blocked business tycoon, Mr Nicholas van Hoogstraten from acquiring Capital Bank's 21 percent stake in First Mutual Life, a deal that would have made the businessman one of the major shareholders. Mr van Hoogstraten had proposed to buy Capital Bank's 79 million shares at US20c per share, but on condition NSSA would dispose of an additional 12 percent stake in FML to him. This would have given him about 35 percent stake in FML, including 3 percent he already owns, while NSSA's shareholding would have been whittled down to 39 percent. NSSA, the 86 percent shareholder in Capital Bank, formerly Renaissance Merchant Bank has 51 percent direct interest in FML and 21 percent through the bank. NSSA is winding up Capital Bank's operations and since it already enjoys a direct controlling interest in FML, the authority has already authorised the disposal of the shares. The proceeds will partly pay off depositors. Sources at Capital Bank said it was now considering bids from other potential investors. "Although his proposal was attractive in monetary terms, the conditions attached to it were not favourable at all," said one source who spoke on condition of anonymity. No comment could be obtained from Mr van Hoogstraten by the time of going to print yesterday. At US20c per share, Mr van Hoogstraten would have paid US$15,8 million for Capital Bank's 21 percent stake in FML. This represents a 66 percent premium at yesterday's price of US12c. When NSSA resolved to invest in Capital Bank, it had high expectation of return on the investment. Initially, the authority invested US$24 million. In February this year, it converted its deposits in the bank to equity in a rights issue. As such, the total invested in the bank by way of equity amounted to US$30,2 million equivalent to 86 percent stake.

The revival of the bank did, however, not materialised as the debtors' book did not perform as had been intimated by the curator. The fresh capital injected was used to settle old depositors leaving little or no funds for new lending. Despite rebranding to attract depositors, non-performing old loans militated against the revival of the bank. Even a fresh cash injection of US$6 million by NSSA in a rights issue did not help. Instead, the financial situation of the bank worsened with capital levels falling from US$20,1 million in March last year to about US$17,3 million by August 2013. With the winding up of Capital Bank, NSSA said it may write off the US$30 million it invested. But it has accrued more benefits through FML and Peal Properties and RTG. The investment in Capital Bank provided NSSA with an opportunity to end up in FML group as the major shareholder which was initially the main reason for NSSA to consider the investment. The value contributed by FML group to NSSA's balance sheet was US$176 million as at end 2012. *(Herald)*

Tech

Africa is the flavour of the month for global companies wanting to expand their footprint in emerging markets, but, says Peter Harvey of PayGate, some operators have a lot to learn about what works in each country. Any company which "tries to do e-commerce in Africa offering only global payment methods is setting itself up for failure", says Harvey. "Africa is characterised by huge diversity in payment methods and preferences, which means every region or country needs to be approached as a distinct market." For example, says Harvey, "M-Pesa is wildly popular in Kenya, where there are more mobile money accounts than bank accounts. But it's never taken off in South Africa and is not even a blip on the radar in Nigeria." The Nigerian payment method of choice, he says, is the Interswitch Verve card issued through 16 of the country's major banks. "There are over 10m Verve cards active in Nigeria, far outnumbering Mastercard and Visa credit cards. Those have a definite presence in the country and will continue to grow, but anybody selling into the Nigerian market who doesn't take Verve payments is going to struggle."Africa's diverse payment methods also come with different risk profiles for merchants, adds Harvey. "We find some merchants are wary of M-Pesa, for example, because mobile money is such a new thing. But in fact, because it's a direct cash transfer system it's incredibly safe for merchants – I haven't yet heard of a way to defraud someone using M-Pesa." Card payment systems are more vulnerable, which means merchants need extra protection. "In the case of Mastercard and Visa you have the option of using 3-D Secure; that's not available for Verve cards, but there are other steps you can take as a merchant to protect yourself." The bottom line, says Harvey, "is that any company thinking of doing e-commerce in Africa needs to research its market very carefully. Assume you will need a different approach for each country, and find a skilled and experienced local payment services provider to advise you." *(How we made it in Africa)*

Strong growth in data and mobile money services in the six months through September propelled Safaricom to the best half year performance since listing at the Nairobi bourse in 2008.
The company's net profits for the period increased by almost a half to Sh11.3 billion, up from the Sh7.77 billion reported during a similar period last year. Chief executive Bob Collymore said the company had solid growth all round with non-voice services being key contributors. "Non-voice service revenue streams continue to deliver solid growth having increased by 30 per cent," Mr Collymore told investors in Nairobi. Total revenues went up by 17 per cent to Sh69.2 billion, with voice, the firm's biggest revenue stream, contributing about 61 per cent from 20.8 million customers. SMS (Short Messaging Services) had the highest growth of any single revenue stream at 48.7 per cent to Sh6.35 billion. Growth was stimulated by promotions such as the recently concluded Bonyeza Ushinde na Safaricom. Earnings from data, on the other hand, grew at 37.4 per cent to Sh5.7 billion, triggered by an increase in customers from 5.59 million the previous period to 8.48 million. However, the average revenue per user in mobile data fell by 5.18. "We gained 2.9 million customers in the data segment but they have not yet grown to match the spending of earlier adopters," said Safaricom chief financial officer, Mr John Tombleson. In the wake of dwindling revenues from the traditional voice revenues, the firm hasearmarked data and mobile money as its future drivers of growth.
In the period under review, M-Pesa, the firm's mobile money service, which was started in 2007, remained key contributing 18 per cent of total revenue. The service generated Sh12.5 billion due to a 19 per cent increase in active M-Pesa customers from 9.7 million to 11.6 million and an increase in the average number of transactions per customer. M-Pesa agent outlets also grew by 73 per cent to 78,856. Mshwari, the saving and credit service offered on M-Pesa had 2.3 million active users, with Sh1.7 billion deposits and Sh700 million lent out. "We also launched the Lipa na M-Pesa service which enables cashless merchant payments and facilitates trade between businesses and their customers," Mr Collymore said. "We are well on course in our strategy to deepen financial inclusion and embed the service as an integral part of the Kenyan society and economy". "As part of our commitment to democratize access to affordable broadband in Kenya, we have requested the Government of Kenya to allocate to Safaricom additional spectrum resources to facilitate the nationwide rollout of a 4G or LTE networks over the next 24 months," Mr Collymore said. The company's shares at the Nairobi Securities Exchange eased to close Tuesday trading at Sh9.65 after touching an all-time high of Sh9.90 on Monday. *(Daily Nation)*

ENERGY

South Africa to lend $314m for Tanzania power plants
The Development Bank of Southern Africa is lending Tanzania $314-million for two power plants, South Africa's treasury said on Thursday, as the east African nation country looks to tap more of its abundant gas reserves.
The State-owned lender has underwritten $227-million for the construction of the Kilwa Power plant and another $87-million for a 240 MW gas-fired plant at Kinyerezi, the treasury said.
Despite natural gas reserves estimated at more than 41-trillion cubic feet, Tanzania experiences frequent power outages as it is heavily reliant on hydro-power capacity and fuel-run generators.
The country's average power demand stands at 750 MW per day and peaks at around 850 MW.

The state-owned power utility burns fuel worth more than double the amount of money it receives as daily revenue, and is now racing to build infrastructure to tap a gas potential that is seen equal to some Middle East producers.
Last month, the east African country signed a $692.7-million contract for the construction of a 400 kV transmission line with a Chinese company.
China is also financing a $1.2-billion 532 km natural gas pipeline from the southeast of the country to the commercial capital Dar es Salaam.
The Development Bank of Southern Africa is also active in Angola, where it is financing around $146-million of a $700-million facility it is helping to arrange for two Angolan national roads.*(Engineering News)*

60 MW Free State solar project secures R1.8bn from US development agency

Solar energy group SunEdison announced on Wednesday that it had secured R1.8-billion in development finance from the US government's Overseas Private Investment Corporation (OPIC) for its 60 MW Boshoff solar park project, being developed in South Africa's Free State province.
The foreign-debt funding, which was facilitated by Absa, amounts to 75% of the R2.4-billion project cost, with the balance of the funding derived from the equity participants.
New York Stock Exchange-listed SunEdison has a 51% stake, with the other owners being the Public Investment Corporation (19%), Nehawu Investment Holdings (20%) and a community trust administered by Kurisani, the investment arm of loveLife (10%).
Boshoff is also the first South African project being developed by SunEdison to have received OPIC support. However, its global project portfolio has benefited to the tune of around $400-million in countries such as Bulgaria, Chile and India.
The plant, which was selected during the second bid window under the Department of Energy's (DoE's) Renewable Energy Independent Power Producer Procurement Programme, will be SunEdison's third in South Africa and is scheduled to begin generating electricity in the fourth quarter of 2014.
Its other two plants, the 28 MW Soutpan and the 30 MW Witkop project, are both located in the Limpopo province and should begin producing in early 2014.
South Asia and sub-Saharan Africa VP **Pashupathy Gopalan** tells ***Engineering News Online*** that the company also submitted several bids during the highly contested third bid window, but none of its projects were listed among the six solar photovoltaic (PV) projects appointed on October 29.
In total, 17 renewable-energy preferred bidders have been appointed across the various technology platforms from 93 bids received by the August 19 closing date.
Gopalan is still hopeful that some of the group's projects could yet be added to the list of third-window bidders should the DoE decide to approve additional projects.
Energy Minister **Dikobe Ben Martins** has reported that government is giving serious consideration to the possible extension of the list of bidders and that a decision should be made known in the not too distant future.
Gopalan believes it would be in South Africa's interest to extend the bidders list, owing to the competitive nature of the offers, as well as the possibility that module prices could begin to rise as the global supply/demand balance begins to even out as a result of manufacturing rationalisation and demand growth.
He is supported in this view by the South African Photovoltaic Industry Association chairperson **Davin Chown**, who says that the eligible projects offer good value for the country, noting that the prices have fallen materially since round two.
The six successful solar PV bidders, which shared an allocation of 435 MW, were particularly aggressive with their pricing. Fully indexed prices, using April 2011 as the base year, showed that the average solar PV price fell from R2.75/kWh in bid-window one to 88c/kWh in the third round.
Gopalan adds that the localisation aspects of the programme have also improved, with Boshof set to be supplied by a South African majority-owned PV module manufacturer, which has yet to be selected.
About 50% of the project's total value will go to South African manufacturers and service providers, but many of the key components will be imported.
OPIC president and CEO **Elizabeth Littlefield** said the agency was "pleased to be supporting a project that will provide a clean and reliable source of electricity and help stimulate economic development". *(Engineering News)*

Actis to invest $220m in Cameroonian electricity assets

A leading energy investor, which supplies 10 million customers with electricity every day, is to acquire three major power assets in Cameroon. Actis, a global pan emerging market private equity investor, has signed an agreement with American energy giant, AES, to acquire the majority interest in three power assets in Cameroon for $220 million.
The investment gives Actis a 56 percent stake in Cameroon's national integrated utility, Société Nationale d'Electricité (SONEL), and in two independent power plants, Kribi and Dibamba.
SONEL provides 933MW of generation and supplies electricity to more than 800,000 customer connections throughout the country, while Kribi and Dibamba contribute a combined 300 MW towards Cameroon's generation capacity.
While Actis will manage SONEL directly, Globeleq, Actis' wholly-owned private power company, will manage and operate Kribi and Dibamba. Actis is an experienced energy investor supplying 10 million customers with electricity every day.

The firm has owned Umeme, Uganda's national grid, since 2005. In 2012, Actis led a heavily oversubscribed successful IPO when it floated 40 percent of Umeme's shares on the Kenyan and Ugandan stock exchanges.
Since 2011 Actis has also owned 92 percent of Energuate, which operates the majority of Guatemala's national grid.
Speaking on the investment, Actis Energy Head Torbjorn Caesar, said: "Cameroon is a nation with great prospects.
"Our experience managing major electricity assets in Uganda and Guatemala means Actis comes to the investment with the confidence that we can deliver strong infrastructure and excellent customer service.
"We have deployed over $1bn in the energy space in the past decade; this latest investment is a natural next step for us in Africa." The transaction is pending government and lender approval. *(African Business Review)*

MINING

New lease of life for world's richest diamond mine

ANOTHER massive earthmoving operation to extend the life of the world's richest diamond mine, Jwaneng in Botswana, will be taken to the board of Debswana for approval in the middle of next year, Albert Milton, GM of the mine, said.The Jwaneng mine, which was officially opened in 1982, is an open-cast mine and is one of the world's five super pits. It is owned by Debswana, which is jointly owned by De Beers and the Botswana government.
Anglo American owns 85% of De Beers and the Botswana government a 15% stake.
Debswana is busy with an enormous $3bn earthmoving operation called Cut 8 that pushes one edge of the pit back, allowing mining to continue safely to deeper levels to extract diamonds from the three kimberlite pipes, ancient volcanic flows, that make up the mine. By end-October, Jwaneng had exceeded its target of 7.76-million carats by 14%, producing 8.8-million carats. Jwaneng produces on average about 10-million carats a year and the intention is to build output to 12-million carats in five years, not quite reaching the peak of 16-million carats in 2006.
The mine contributes two-thirds of Debswana's annual earnings and is described by the firm as the world's richest piece of real estate. Cut 8 will allow the mine to go to 650m below ground level from 350m. It is a mind-bogglingly big project but the next cut, which goes before the board next year, will be bigger, Mr Milton said. It takes up to six years to move the waste rock to open fresh mining areas. Cut 8 will move 680-million tonnes of earth while Cut 9, the project that will go before the board next year, will have to move 1-billion tonnes and take the mine to a depth of 850m. The reason is that the push back on that side of the pit entails moving waste rock generated in Cut 5, and which is now near the pit as the mine has expanded over the years, he said.
To put the figures into context, during the development of Cut 8 about the same amount of rock will moved between 2010 and 2016 as the mine has extracted in the past 25 years, but Debswana reckons it will generate diamonds worth $15bn. It will probably be the last big expansion of the Jwaneng pit before mining moves underground, Mr Milton said. Work has begun on a study on whether to put in a further push back, Cut 10, or go underground by sinking a shaft and tunnels to extract diamonds. If the latter option is chosen, it will be the second mine where De Beers has decided to go underground. Last month it launched the start of a R20bn project to build an underground mine at its Venetia opencast mine in northern Limpopo. The economic feasibility of Cut 10 is undermined by the need to further move the Jwaneng processing plant, parts of which had to be moved to accommodate Cut 8, Mr Milton said. The mine is 2.7km long and 1.8km wide. "My feeling is that we'll go for the underground option but we've not finished the trade-off study yet, between Cut 10 and underground," he said. Jwaneng will start mining from Cut 7 in the middle of next year and from Cut 8 in 2017, adding 11 more years of mining to the project, the mine's senior finance manager, Victoria Lekoma, said. A further complication comes with the limited space left for Jwaneng to store waste. Management wants to appropriate land from the nature reserve it has set up alongside and ask the government to give it more land in the sparsely inhabited area to maintain the reserve at 6,500ha, Mr Milton said. *(BDLive)*

Angolan company to prospect for diamonds in Zimbabwe

The Angolan company Sociedade Mineira de Catoca (SMC) plans to begin operations in Zimbabwe in 2014 in the Limpopo Basin and Marane regions near the Mozambican border, said the company's general manager, José Ganga Júnior. Entry in that country is assured by the signing of an Angola/Zimbabwe cooperation memorandum on mining activity, centring on research, prospecting, exploitation and technical and technological support, Ganga Júnior said, adding that it was too early to speak about the amount to invest. "First the contract for the areas to be exploited has to be signed, then a programme will be drawn up for the intervention, which will begin with prospecting activities," Ganga Júnior told the Angop news agency.
The Limpopo River is southern Africa's second longest river. Its 1,600 km course marks the borders of South Africa, Botswana and Zimbabwe before entering Mozambique in northern Gaza province and emptying into the Indian Ocean near the city of Xai-Xai.
According to some investigations the Marange diamond field is one of the biggest diamond discoveries in recent times, with huge potential to boost Zimbabwe's economy.
Sociedade Mineira de Catoca is formed by the companies Endiama (Angola) with 32.8 percent of the shares, Alrosa Russia with 32.8 percent, Daumonty (Israel) with 18.0 percent and Odebrecht (Brazil) with 16.4 percent. *(Macauhub)*

How Botswana is positioning itself as a major diamond hub

The gravity of the diamond world is shifting towards Botswana due to a new development in which mining company De Beers is moving its sales activities to the Southern African country

Diamonds account for about 30% of Botswana's GDP. Debswana – a 50-50 joint venture between De Beers and the Botswana government – claims to be the worlds' largest diamond producer by value. Debswana's Jwaneng open-pit mine is the world's richest diamond mine.

Relocating diamond sales from London to Gaborone

The Diamond Trading Company (DTC) is a subsidiary of De Beers and is the company's chief gem distribution arm. Its activities are focused on the sorting, valuing and sales of rough diamonds, including diamond beneficiation.

In 1888, De Beers was established at South Africa's world famous Kimberley diamond fields following the merger of the mining assets held by two young entrepreneurs: Cecil Rhodes and Barney Barnato. Within two years, De Beers had signed an agreement with a group of 10 London-based diamond dealers to sell its entire output. From this point and for the next 120 years, London became a global focus of De Beers' sales operations.

However, this is changing. De Beers has signed an agreement with the Botswana government that will see the DTC relocate its London-based sales activities to Botswana by the end of 2013. Diamonds from all De Beers' mines in Botswana, Namibia, South Africa and Canada will now be brought to Botswana. Sales to sightholders – a select group of buyers picked by De Beers to buy rough gems – will take place in Gaborone. The world's most influential diamond traders will fly to the Botswana capital 10 times a year from major centres such as Antwerp, Tel Aviv and New York to buy diamonds from De Beers, reports ***Business Day***. It is expected that over US$6bn worth of diamonds will flow through Botswana every year. As part of the agreement, De Beers will also make rough diamonds available for sale in Botswana. The idea is that in-country jewellery manufacturers will make use of this opportunity.

One person who is enthusiastic about the relocation of the DTC is Mokgethi Magapa, country manager of DHL Express in Botswana. "From an economic point of view this is probably the biggest development in Botswana in a long time. It is significant to the country as more value will now be extracted locally, and hopefully it shall have a multiplier effect on the economy." De Beers already started with worldwide diamond aggregation in Botswana last year, which is the first phase of the migration of all its sales activities to Botswana. The process of aggregation involves the mixing of like-for-like diamonds from De Beers' global production.

Opportunities for local companies

Magapa says there has been an influx of diamond cutting and polishing companies from countries such as India, Israel and the US into Botswana. "These companies are providing employment opportunities for the local population. The DTC relocation in itself also comes with job opportunities." According to Magapa, the influx of top diamond buyers to Botswana, as well as other related businesses setting up shop in the country will create a need for numerous services, from hotels and restaurants to telecommunications and banking. He says Botswana is already experiencing a boost in economic activity and highlights the newly established Diamond Technology Park property development, which plans to house companies involved in the diamond industry, as evidence of anticipated future activity. "We are expecting an influx of foreign nationals either by way of relocations or contract employment as well as regular sight holders who will come from time to time." He says the full benefits of the DTC relocation will, however, only be felt in the medium to long term, based on government programmes to ensure Botswana benefits from this development. He says DHL itself is also poised to continue benefiting from the diamond industry. "Companies setting up operations in Botswana as well as the regular sight holders coming into Gaborone expect a world-class service, and DHL is geared for that. DHL Express Botswana operates on the same global standard operating procedures as its sister companies in Belgium, UK, Canada, etc. and as such will be in a position to provide world-class service. We have a good number of clients within the diamond industry and they expect the same service that they get anywhere else in the world."*(How we made it in Africa)*

Singapore digs into S Africa coal

Singapore-based Blumont Group will acquire 15% interest in South African coal miner Resource Generation (RES), a likely investment of between $20m and $25m. Proceeds will be used to develop Resource Generation's Boikarabelo coal mine in Waterberg, South Africa, which comprises around 40% of South Africa's remaining coal resource with probable reserves of 744.8m tonnes of coal. *(African Business)*

Zimbabwe Mining Development Corp., a state-owned company, plans to start metal production with Eurasian Natural Resources Corp. (ENRC) and a Chinese company on concessions taken from Anglo American Platinum Ltd. (AMS) and Impala Platinum Holdings Ltd. A venture with ENRC, controlled by businessmen from Kazakhstan and the government of the former Soviet Union country, is due to start producing platinum in the first quarter of next year. An exploration report from an alliance with the Chinese company, previously identified as Norinco International Cooperation Ltd. (000065), is due by year-end. "Everything is on course" for the venture with ENRC, , to start production in the African country by April, Jerry Ndlovu, managing director of the state-owned Zimbabwean company, said in an interview in Harare, the capital, yesterday. ENRC declined to comment when called yesterday. Zimbabwe, which has the world's biggest resources of platinum after South Africa, is trying to expand its mining

industry to help the country recover from a decade of economic contraction between 2000 and 2009. Failed land reform programs slashed production of tobacco and roses, increasing the country's reliance on metal.
The country will produce about 365,000 ounces of platinum as well as metals found in the ore alongside the metal this year from mines owned by Anglo American Platinum, Impala and Aquarius Platinum Ltd. (AQP), according to the country's' Chamber of Mines, an industry body. Those companies, the rest of whose assets are in South Africa, are the only producers of the metal in Zimbabwe. Mining companies operating in Zimbabwe are compelled by law to cede or sell control of their assets to the government or black local citizens. ENRC holds 60 percent of Todal Mining Ltd., which owns a 4,500-hectare (11,120-acre) concession near Shurugwi, 233 kilometers (145 miles) south west of Harare, according to its last annual report. ZMDC owns the rest. ENRC acquired the interest when it took over Central African Mining & Exploration Co., known as Camec. Camec paid $120 million in cash and shares to Zimbabwe for the stake in 2008 and agreed to lend the government of President Robert Mugabe a further $100 million, it said in a statement at the time. The concessions were formerly held by Johannesburg-based Anglo American Platinum.
In 2008 Camec said a mine on the Bougai and Kironde concessions would be built at a cost of $200 million within 18 months months and would produce as much as 150,000 ounces of platinum annually. ZMDC also has an equally owned venture, Global Platinum, with a Chinese company, Ndlovu said, declining to give the identity of the company. The venture will operate as Shin-Zim Ltd., he said. In 2006 the ZMDC said it formed Global Platinum with Norinco, a state-owned Chinese engineering company, on concessions taken from Impala. "We have spent $40 million on exploration for that project," he said. "The final report for exploration shall be with us before the end of the year." Global's concessions are in Selous 69 kilometers (43 miles) south west of Harare. "We are still at the exploration stage," Richman Ncube, a spokesman for Global, said in an interview. Results are "favorable, these things take time. The chamber listed other potential producers as RusChrome, Amari Platinum and ACR, in a report this month. In August Russia's Kommersant newspaper reported that Vi Holding, Rostech and Vnesheconombank, a state-owned development bank, were considering buying 40 percent of RusChrome Mining for $300 million to gain access to the Zimbabwean deposit. Kommersant cited two unidentified people close to the talks. *(Bloomberg)*

OIL & GAS

US group finds natural gas and oil in Angola's pre-salt layer
US group Cobalt International Energy has found natural gas and oil in Angola's Lontra and Mavinga test wells in blocks 20 and 21 of the pre-salt layer. The group is the operator at the Lontra well (block 20), with a stake of 40 percent in the project, and its partners are Angolan state oil company Sonangol P&P and BP and Kwanza Benguela Limited, each with 30 percent.
At the Mavinga well (block 21), the US group is also the operator with a 40 percent stake and its partners are private Angolan company Nazaki Oil & Gas with 30 percent, Sonangol P&P with 20 percent and Alper Oil, a private Angolan company, with the remaining 10 percent. Cobalt International Energy also indicated that once prospecting operations were concluded it would move its Petroserv SSV Catarina drilling platform to the Orca well, which is also in the pre-salt layer, about 25 kilometres northwest of the Lontra well. *(Macauhub)*

Total has resumed exploring for oil and gas in Uganda's lake Albert region, the French oil major said on Tuesday, more than a month after the discovery of unexploded ordinance led it to suspend operations. Personnel from the Uganda People's Defence Forces personnel have assessed much of Total's Block 1 and determined it to be safe, allowing the company to restart exploration, it said. Block 1 is located in northern Uganda where the military fought the Joseph Kony-led Lord's Resistance Army insurgency for nearly 20 years before ejecting the rebels from the region. "UPDF has declared 80 percent of the northern area of Block 1 safe," Ahlem Friga-Noy, spokeswoman for Total's Ugandan unit, said. "Therefore, 3D seismic activities have immediately resumed in this area, leading to a partial lifting of the force majeure."
She said risk assessment was continuing in the remaining part of the block and that exploration activity would also resume after it is declared safe. Uganda discovered commercial hydrocarbon deposits in the Albertine rift basin along its border with the Democratic Republic of Congo in 2006, and the government estimates reserves at 3.5 billion barrels of oil equivalent. In early 2012, Total and China's CNOOC each took a third of British explorer Tullow Oil's exploration assets in Uganda for a total of $2.9 billion. The Ugandan government said last month that CNOOC had won a final production licence for the Kingfisher oil field and would spend $2 billion over four years to develop it. Total and Tullow are still waiting to get their production licences. Total declared a force majeure on September 20 after finding two unexploded devices while conducting exploration. Kony and his group are now believed to be roaming a remote jungle that straddles the borders of DRC, Central African Republic and South Sudan. *(Reuters)*

AfDB reports significant opportunities of shale gas production in Africa
Several African countries have potentially viable shale gas deposits, which, if developed, could lead to lower gas prices, increased consumption of natural gas, reduced greenhouse gas emissions from power generation and

substantial economic benefits to producer countries, finds a report launched by the African Development Bank (AfDB).

Shale Gas and its Implications for Africa and the African Development Bank, examines both the positive and cautionary lessons that Africa can learn from the "shale gas revolution" – the recent explosion of shale gas production in the US. The physical difference between shale and conventional gas is the location of the resource in rock formations. The low permeability of shale and its tendency to run in horizontal layers mean that conventional drilling techniques with a vertical well are unable to recover commercially viable amounts of shale gas. To overcome this difficulty, an approach using hydraulic fracturing (fracking) and horizontal drilling has been developed. This approach, however, brings consequences not found using conventional gas exploitation techniques.

The authors also conclude that the development and production of shale gas can present substantial environmental challenges. These include the large amounts of water required for extraction, water contamination, increased seismic activity and the venting and flaring of associated gas. Governments and the public must consider the most advantageous way to proceed before embarking on the full development of the resource, they stressed.

"The African Development Bank is encouraged by the study's findings in terms of the economic promise that new shale gas extraction techniques could hold for the region. At the same time, we cannot stress enough how important it is that production is accompanied by good environmental planning and management," said Kurt Lonsway, AfDB manager of environment and climate change in the Energy, Environment and Climate Change Department.

Shale Gas and its Implications reviews estimates that have been made for shale gas deposits in Algeria, Libya, Tunisia, Morocco, Mauritania, South Africa and the Western Sahara and highlights the challenges to their development. In a foreword to the report, AfDB President Donald Kaberuka affirms the bank's willingness to support these and any other member countries and sub-regions that have shale gas prospects.

Indeed, the study's authors call for an "honest broker" role for the AfDB moving forward. The AfDB should work to ensure that governments with possible shale reserves are well informed and have access to reliable information on possible environmental consequences. This includes understanding possible solutions to these challenges, as well as grasping the legislative and regulatory actions needed to minimise risk.

AfDB support could also come in the form of technical assistance loans and, in some cases, through the financing of infrastructure associated with shale gas development.

To better understand the shale gas revolution's relevance for African countries, the study also looks at the experience in the US, where by 2012 production amounted to one-third of the country's total gas output and where increased supplies of gas from shale have cut spot gas prices by more than half. *(How we made it in Africa)*

New foreign exchange regime for the oil sector in Angola starts having a positive impact

The new foreign exchange regime for the oil sector, in place in Angola since June, has started having a "positive" impact on the national financial sector, the chief executive of Angolan bank Banco Angolano de Investimentos (BAI) João Fonseca said in Luanda. In the last four months there has been a "significant increase in liquidity in the banking system," and Angolan financial institutions are able to provide loans to the economy, despite the banks remaining cautious in granting loans, said Fonseca during a seminar on transforming oil and gas. The chief executive also said that the process of replacing the US dollar with Angola's currency within the economy has been on the increase, with greater effect in loans provided by banks in foreign currency. "Credit in foreign currency has fallen from 64 percent in 2010 to 40.2 percent in September 2013, which means that the Angolan currency is replacing the US currency," said the BAI chief executive, cited by state newspaper Jornal de Angola. Noting that since the law had been put in place there had been 11 percent growth in total deposits, mainly driven by deposits in Angolan currency, Fonseca added that exchange rate volatility was no longer an issue. "The exchange rate is no longer fixed, but there is a certain balance, which is normal in any developed economy," said the BAI chief executive. *(Macauhub)*

INFRASTRUCTURE

Brazilian group Odebrecht delivers road in northeast Angola in March 2014

Brazilian construction group Odebrecht has given assurances that it will deliver on a project to repair an 86-kilometre section of road between Lóvua and Catata, in Angola's Lunda Norte province in March 2014, Angolan news agency Angop reported. The official in charge of the project, Elisson Serra, said that the work, which began in August 2012, would be delivered within the stipulated deadline. The official also said that 56 kilometres of that section of road had been asphalted, 10 kilometres were in the process of being asphalted and that a further 20 kilometres would be completed in January and February 2014. Serra said that the project involved 1,000 workers, of which 2560 were hired locally and trained up for specific aspects of the work. *(Macauhub)*

China in Africa: New challenges beyond the commodities super cycle

Following the decline in China's demand for commodities during the summer months, its imports of crude oil, copper and iron ore are slowly beginning to recover again. To this day, China's economic relations with Africa

are shaped by securing the supply of resources by financing infrastructure and other major projects. There is indeed much to suggest that China's future activities will be more complex and by no means limited to the commodities sector.

Africa's importance for Chinese external trade has increased steadily over the last 10 years. Bilateral trade with African countries grew in 2012 to a volume of US$198bn – with South Africa and Angola topping the list. Although trade with Africa represents a comparatively small share of China's external trade at just over 5%, the rapid increase is not least a reflection of the desire to share in Africa's growth.

In the next five years there are 13 African countries that are likely to join the ranks of the world's 25 fastest growing economies, including commodities exporters such as Nigeria, Zambia and Sierra Leone. This is also reflected by the investment flows to Africa that are increasingly originating in emerging markets. China's stock of direct investments in Africa grew by 34% year-on-year in 2012 to $21.7bn and thus amounted to 4% of total Chinese foreign direct investment. South Africa, followed by Zambia and Nigeria, are the main recipients, but the largest inflows in 2012 were to Angola and the Democratic Republic of Congo.

China's energy requirements remain huge, even though weaker growth, the changeover to alternative energies and reining in coal consumption should curb demand over the medium term.

China is responsible for some 25% of global demand for commodities, while Africa is home to around 10% of global oil reserves and between 40% and 85% of global deposits of gold, chromium and platinum. China covered over 70% of its iron ore needs in 2012 via imports, with South Africa rising up the ladder to become the country's third biggest supplier. For crude oil, China's reliance on imports climbed from 30% in 2001 to 60% in 2012. Africa is therefore of paramount importance when it comes to meeting China's future commodity requirements. But even though the focus remains on securing the supply of commodities there are strong indications that China's activities in Africa will be more varied in future:

- Firstly, Africa is becoming increasingly attractive as a market where products can be sold, and not just labour-intensive imported items. Some 18% of Chinese exports to Africa in 2010 were textiles, whereas in 2006 the figure was still about 25%. Machinery and electronics made up the largest share at 29%. With China's move upstream in the value chain, more advanced technologies are proving a good fit for a more demanding clientele and the fast growing market for mobile phones in Africa.
- Second, in the manufacturing sector Chinese firms are making more frequent use of local labour and are relying on their own experience of industrial development driven by companies from Taiwan and Hong Kong. Since wage costs in China are rising, it is likely to become more important in future to exploit the differences in wage costs by generating more added value on African soil.
- Third, China's activities in Africa are no longer performed solely via state-owned entities. On the contrary, 45% of China's direct investments in 2011 came from the private sector, including small and medium-sized enterprises.
- Fourth, China can speed up knowledge and technology transfer that benefits both sides via its special economic zones in Africa, though only if (private sector) local decision makers are also involved. The training of local workers will also become essential for China given the growing competition in Africa.
- Fifth, the hitherto adopted model, in which Chinese infrastructure projects in Africa – often the critical prerequisite for extracting raw materials – were tied to export guarantees or asset stakes, can no longer be utilised so easily. Until 2008 preferential infrastructure loans were a constant feature of China's foreign policy strategy. However, only a few of the stakes acquired as collateral for infrastructure projects are productive. Despite their substantial financial leeway Chinese state-owned companies will probably have to operate more efficiently in future in order to hold their own against the competition when operating outside their domestic comfort zone.

In all, numerous projects that can decisively advance Africa's industrialisation entail extensive investments and long amortisation periods. China possesses the necessary means to fund such projects. A more complex range of activities will not only provide opportunities for China, but can also generate an increasingly positive contribution to Africa's economic development by establishing better integrated local manufacturing.

This article was first published by Deutsche Bank DB Research.

New dam inaugurated in Cape Verde

The Saquinho Dam was inaugurated last Friday and is the fourth infrastructure for retaining surface water built in Cape Verde, reports the Panapress pan-African news agency, citing an official source. The agency indicated that the opening ceremony was attended by Portugal's State Secretary for Foreign Affairs and Cooperation, Luís Campos Ferreira, whose country granted Cape Verde a 100 million euro credit line to finance infrastructures and facilities meant to hold back water for agricultural use and to supply the population. Under this programme dams at Salineiro and Faveta, respectively in Ribeira Grande de Santiago and São Salvador do Mundo, were inaugurated this year, joining the dam at Poilão, the first infrastructure of its kind built by China in the island country, which opened in 2006. These first four dams inaugurated to date in Cape Verde are all situated on Santiago Island, where another three are also under construction, at Gorda (Santa Cruz county), Flamengos and Principal (both in São Miguel). Next year will see dams open at Canto Cagarra on Santo Antão Island and Figueira Gorda on São Nicolau Island, the first built outside Santiago, the country's largest and most populous island. The water storage and catchment programme envisages a total of 17

dams to be built by 2017, along with 29 large dikes and more than 70 wells. The aim is to mobilise nearly 75 billion cubic metres of water for irrigation and domestic consumption. *(Macauhub)*

AfDB and Namibia sign ZAR 2.9 billion loan agreement for the construction of new Port of Walvis Bay Container Terminal

The African Development Bank Group (AfDB) and Namibia on November 8, 2013 signed a ZAR 2.9 billion (US $338 million) sovereign guaranteed loan to Nambia Ports Authority (Namport) to finance the construction of a container terminal at Walvis Bay New Port.

In line with its **Ten Year Strategy** and focus on infrastructure development and regional integration, the AfDB Group approved the construction of the New Port of Walvis Bay Container Terminal Project in July 2013. The Bank also provided a UA 1.5 million grant (US $2.3 million) to the Government of Namibia for logistics and capacity building complementing the port project loan.

Namibia's Finance Minister and Governor for the Bank, Sara Kuugongwelwa-Amadhila, signed the loan guarantee and grant agreements on behalf the Government in Windhoek. Namport CEO Bisey Uirab signed the loan agreement on behalf of Namport, while Ebrima Faal, Regional Director of the AfDB's Southern Africa Resource Center (SARC), signed for the Bank. In her intervention, Kuugongwelwa-Amadhila stressed the importance of the project and its contribution to one of the key development goals (the logistics pillar) of the National Development Plan which aims to position Namibia as a regional logistics hub by 2017. The Minister also thanked the AfDB for its strong and holistic support to Namport and the Government of Namibia through the loan and grant financing. For his part, the Namport CEO acknowledged the positive spirit and enthusiasm of the AfDB in committing to finance the project and its unwavering commitment throughout the project preparation process.

In his statement, Faal emphasized the developmental impact of the project: "This project is important for Namibia and for the Southern African Development Community (SADC) region. It is critical to fulfilling Namibia's aspirations to become a world-class logistics hub in the SADC region," he said. According to Faal, the project will enhance international and inter-regional trade and regional integration and Namibia will be able to fully exploit its unique geographical location to facilitate trade to and from the region. "With the high levels of youth unemployment, the Bank's support to Namport and the Government of Namibia will greatly improve private sector development and youth employment and will especially boost women participation in the logistics sector," he emphasized.

The Project is expected to enable Namport to triple the container-handling capacity at the Port of Walvis Bay from 350,000 TEUs to 1,050,000 TEUs per annum. It will also finance the purchase of up-to-date port equipment and the training of pilots and operators for the new terminal. The grant component will fund the preparation of the National Logistics Master Plan study, technical support and capacity-building for the Walvis Bay Corridor Group and training of freight forwarders with particular emphasis on female staff.

According to the AfDB Director of Transport and ICT, Amadou Oumarou: "Through this project which potentially serves up to seven major economies in the SADC region, the Bank is assisting in the diversification and distribution of port facilities on the southwest coast of Africa, and provides the much-needed alternative for the region's landlocked countries."

The project will stimulate the development and upgrade of multimodal transport corridors linking the port to the hinterland while improving the country's transport and logistics chains. It will also boost competition among the ports and transport corridors in the region with the ripple effect on reductions in transportation costs and increased economic growth. The projected project outcomes include improvement in port efficiency and increase in cargo volumes by 70% in 2020 as a result of increased trade in the region. The benefits of the project will include among others, the stimulation of inter-regional trade and regional integration, private sector development, skills transfer and most importantly employment creation, leading to significant economic development and poverty reduction in Namibia, and the SADC region. *(AfDB)*

AGRIBUSINESS

Mozambique reduces rice imports by 100,000 tons

The increase in rice production in the agricultural campaign that has just finished in Mozambique made it possible to reduce the amount of rice imported into the market, the Mozambican Agriculture Minister, José Pacheco said recently.

According to Pacheco, Mozambique has an average annual consumption of around 600,000 tons of rice and in the 2012/2013 agricultural campaign increased rice production by 100,000 tons. "We have reduced the rice deficit from 300,000 tons to 200,000 tons," said Pacheco, cited by the Mozambican press, adding that "for other crops," such as maize and cassava, the country has already "achieved levels of self-sufficiency," and is now seeking to "sell its production surpluses." At the start of the 2013/2014 agricultural campaign, launched last week in Gaza province, Minister José Pacheco said that it was likely that in the 2017/1018 campaign Mozambique would be producing all the rice it consumes, given that rice production and processing projects are underway in the provinces of Gaza, Sofala, Zambézia and Nampula.

Last week Chinese company Wanbao Grains & Oils Co. announced it planned to invest US$10 million from the Fund for Cooperation between China and the Portuguese-speaking Countries in a rice production project in Mozambique. The project has an estimated total cost of US$200 million. *(Macauhub)*

Agri-Vie invests in olive business

Agri-Vie, the private equity fund focused on food and agribusiness investments in Sub- Saharan Africa, has announced a 63 percent stake in Cape Olive Holdings (Pty) Ltd. Executive director at Agri-Vie, Izak Strauss, said that the decision to become a major shareholder in Cape Olive comes after the private equity firm identified major growth opportunities for the company in the retail and food services sectors. Cape Olive is currently the largest table olive supplier in SA packing, among others, the market leading Buffet Olives brand. *(African Business Review)*

Higher demand, price recovery to bode well for sub-Saharan African sugar producers

Rising demand and a subsequent recovery in international sugar prices would contribute to a positive long-term outlook for sugar companies in sub-Saharan Africa (SSA), provided that the producers were able to withstand the current price volatility and market conditions. This was according to investment banking and asset management group Imara, which released its 2013 SSA Sugar Sector report this week.

The report stated that global sugar production was at a record level, with the US Department of Agriculture forecasting production of 175-million tonnes for 2013/14. Demand was likely to amount to 167.35-million tonnes.

"However, global sugar consumption has been growing at a compound annual growth rate of 2% for the past five years and, should this trend continue in the long run, we do not see the current sugar market surpluses as being sustainable," Imara said, adding that this would affect the global sugar price and subsequently impact positively on sugar companies. Similarly, the outlook for sugar demand and consumption in SSA remained positive, owing to several key drivers, such as rising populations, rising income levels and rising urbanisation rates. Currently, Egypt and South Africa were the top sugar producers in Africa, contributing more than 40% of the total sugar produced on the continent.

Meanwhile, the report stated that, while white sugar prices in the European Union (EU) remained firmly above world market prices, the programmes under which African countries have been exporting to Europe were being phased out and the preferential price benefit of selling into the EU was being eroded. "Of all the African countries we currently cover, we expect Mauritius, which has traditionally been one of the biggest African exporters into the EU, to be affected the most as the gradual quota removal will impact most of its major producers' revenues significantly.

"Nevertheless, most of the sugar-producing companies we cover in SSA will be affected to varying degrees by the phasing out of export quotas by the EU over the medium term. As a result, they may need to overhaul and restructure their operations significantly in order to remain profitable and competitive," Imara said.

Further, the company also expected several legislative changes to be made that would have a material impact on several sugar producers across SSA. The first of these was the expiry of the Common Market for Eastern and Southern Africa (Comesa) tariffs and safeguards in March next year. The removal of duties and tariffs for Comesa countries is expected to materially impact competition within Kenya, one of the region's main markets. Kenyan sugar producers, such as Mumias, will be negatively affected owing to current high costs of production for sugar, the company said.

Further, the report expected a more positive legislative environment to prevail for sugar manufacturers in West Africa, where consumption and demand levels have regularly exceeded production levels over the last few years *(Engineering News)*

Angola plans to revive its agricultural sector

In the most expensive city in the world, Angola's capital Luanda, everything is expensive but time. Even with pre-scheduled meetings, people can leave you waiting for more than an hour and then apologize for it with just a smile; a smile that I will come to understand over the course of my assignment in the country and that translates simply into: "Sorry, traffic."

Navigating the streets of the capital is an onerous task, and it can take two to three hours to move between districts, a clear indicator that Luanda's infrastructure is not catching up with the city's exponential and visible growth.

Construction projects that are springing up across Luanda's skyline to meet the growing demand for office and living space, as well as the changing spending habits of a non-negligible proportion of the population are testament to the country's growth. Mercedes and other upscale car dealerships, and expensive restaurants, have no trouble finding a local clientele. Unfortunately, the vast majority of Angolans can't count themselves among that clientele, just yet.

After its ill-remembered civil war, Angola stumbled upon a wealth of natural resources, including oil, gas and diamonds. However, revenues from these resources are taking a considerable amount of time (hindered by bureaucracy among other things) to be transformed into enough projects to generate employment for the local youth and to create a welcoming economy for foreign investors. Aware of the current predicament, Angola's government has set up strategies to revive and diversify the country's economy. One of the sectors of central importance to Angola's economic future is agriculture. After gaining independence in 1975, Angola became self-sufficient, and a top exporter of various food crops, including bananas and coffee. Fast forward to 2013: the country imports the majority of its food needs and has almost no industrial capacities to process what it produces into agricultural consumer goods.

In various interviews given to Infomineo by top government officials, big farmers and heads of industrial companies, the key messages highlighted a few simple ideas that can hopefully develop the local agricultural sector.

First, more focus should be placed on small-scale farmers who are responsible for 90% of the agricultural production in Angola, by improving their yields and training them in basic sales and marketing. Second, the cost of local production, which is still high compared to neighbouring economies, should be brought down and, most importantly, incentives to ease investments in the food processing industry to substitute the country's heavy reliance on imports should be offered. If this is done, the rest is simple: Angola is already endowed with high quality soil and water resources. Thus, there is no reason why the country shouldn't fulfil its agricultural potential and find its way back to self-sufficiency and, eventually, rejoin of the podium of top food exporters.

Mohamed Zin El Abidine is a senior analyst at Infomineo.

Infomineo is a business research company, focusing on Africa and the Middle East. The company provides its clients, including the majority of the leading global management consulting firms and several Fortune Global 500 companies, with ad hoc data on countries, markets, companies and people gathered through primary and secondary research. For more information please contact info@infomineo.com or visit www.infomineo.com. ***(How we made it in Africa)***

Mozambique is first country to benefit from Fund for Cooperation between China and the Portuguese-speaking countries

Chinese company Wanbao Grains & Oils Co. plans to invest US$10 million from the Fund for Cooperation between China and the Portuguese-speaking Countries in an agricultural project in Mozambique, under the terms of an agreement signed Wednesday in Macau. The agreement was signed by the President of the Cooperation Fund, Chi Jianxi and the chairman of Wanbao Grains & Oils (Hubei) and Wanbao (Africa) Agricultural Development (Moçambique), Chai Shungong, on the sidelines of a meeting between businesspeople from China and the Portuguese-speaking countries and a seminar and contact meeting about projects supported by the fund.

The investment will be made by the company in an agricultural project in the Lower Limpopo region, in the Mozambican coastal province of Gaza. Total investment in the project is expected to be US$200 million.

This project, which may eliminate Mozambique's need to import rice, will have two phases, the second of which will add greater value to the product by processing the harvested rice. Mozambique is thus the first Portuguese-speaking country to benefit from the Cooperation Fund, for which China provided funding of US$1 billion. *(Macauhub)*

TRADE

Angolan ambassador to China recommends diversification of exports

Angola should start diversifying the products it exports to China, the Angolan ambassador to China, João Garcia Bires recommended, according to Angolan news agency Angop. On the sidelines of the 4th Ministerial Conference of Forum Macau, held last week, the ambassador noted that Angola mainly exports oil to China and added "I think we should diversify the products we send to China a little." Bires mentioned China's intention to get involved in mining in Angola and noted that technical teams from both countries could meet in future to determine which areas to prospect and explore. Angola is Angola's second-largest Portuguese-speaking trade partner, after Brazil, according to figures from the Office to Support the Permanent Secretariat of Forum Macau. Figures point to an increase of 5.73 percent in trade in the first nine months of 2013, to US$27 million, with Angolan exports to China of US$24.3 million, or 5.73 percent less, and imports from China of US$2.78 billion, or 5.69 percent less than in the same period of 2012. *(Macauhub)*

AfDB signs two trade-related programs worth $8.5 million with COMESA

A delegation from the African Development Bank led by Moono Mupotola, Division Manager, Regional Integration and Trade (ONRI), and Freddie Kwesiga, Resident Representative in Zambia, and comprised of Zambia Country Office, ONRI and Southern Africa Regional Resource Centre officials participated in the inauguration of two Bank-financed trade-related projects, namely: the Tripartite Capacity Building Programme (TCBP) and the COMESA Trading for Peace Project.

Both projects were developed by the Bank and the three regional economic communities (RECs): East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA) and the Southern Africa Development Community (SADC).

The Tripartite Capacity Building Program is a $7.5-million grant to the Tripartite (EAC-COMESA-SADC) which aims to enhance the capacity of the RECs to address trade-related constraints. The program will facilitate the negotiations process for the establishment of a Tripartite Free Trade Area, scale up industrial research and help in the identification and the removal of non-tariff barriers and other bottlenecks that prevent the Tripartite region from being borderless.

The second project which was signed was a $963,000 grant to COMESA to support the implementation of its Trading for Peace Programme (TfP). The TfP is the first formal COMESA program to address post-conflict reconstruction and development. Its objective is to consolidate peace in post-conflict areas, especially the Great Lakes Region by encouraging interaction and building trust between communities through the facilitation and formalization of cross-border trade. The project will increase access to information in various border areas through the establishment of Trade Information Desks and the provision of targeted trade-related trainings. The TfP is financed through the recently

launched **Africa Trade Fund (AfTra)**. AfTra is a Bank-hosted, trade-related technical assistance facility with the objective to enhance the trade performance of African countries. Canada provided the seed capital to launch the AfTra.

In his remarks, Kwesiga highlighted the progress made in trade and regional integration in COMESA and the Tripartite, the challenges that remained and how the recently approved projects would help in addressing many of those challenges. He noted that he was confident that the TCBP would accelerate the consolidation of the Tripartite region into a single economic space and that the TfP Project would result in a significant reduction in informal activity, trade-related complaints and insecurity while generating increases in cross-border trade volumes.

Kumar Gupta, Head of Office and Representative of the High Commission of Canada, underscored the long-standing relationship of the Government of Canada, the Bank and COMESA. He noted that Canada was particularly keen to scale up its **Aid for Trade (AfT)** programs and that the African Development Bank, through the Africa Trade Fund, provided an excellent vehicle for the channeling of AfT resources. He welcomed both projects, noting that they would help alleviate many of the bottlenecks that traders face in the COMESA and wider Tripartite region.

For his part, Sindiso Ngwenya, Secretary General of COMESA, saluted the Bank for its consistent focus on regional infrastructure, stating that without regional infrastructure connectivity, deep African integration would never be achieved. He noted that the Tripartite was a significant step in the realization of the African Union’s continental objectives, particularly the Continental Free Trade Area and that COMESA was honoured to have been designated by the RECs and the Bank as the executing agency for the program. He thanked the African Development Bank and the High Commission of Canada for the financing provided to the TfP, stressing that the program had already received the praise of numerous donors for its ability to show results on the ground and positively impact the lives of thousands of formal and informal cross-border traders.

In conclusion, both COMESA and the Bank noted that conceptualizing a project and launching it only represented 10 per cent of the work required. The remaining 90 per cent is in the quality of implementation. They reassured the meeting of the continued support and commitment of their respective institutions during the implementation phase so as to ensure that the projects are implemented in a timely and efficient manner and the expected benefits are attained.

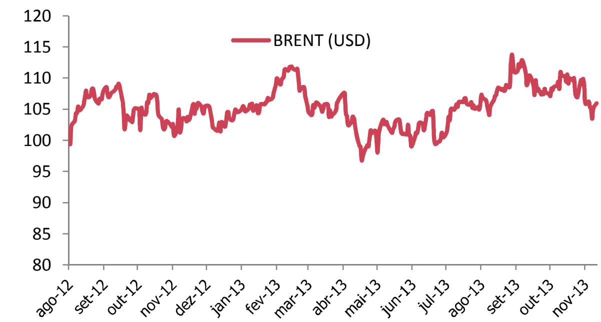
MARKET INDICATORS
11-11-2013

STOCK EXCHANGES		
Index Name (Country)	**11-11-2013**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	8.771,40	16,79%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	215,14	29,15%
Case 30 Index (Egypt)	6.323,69	15,77%
FTSE NSE Kenya 15 Index (Kenya)	174,14	38,48%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	19.145,63	0,01%
Nigerian Stock Exchange All Share Index (Nigeria)	37.898,30	34,97%
FTSE/JSE Africa All Shares Index (South Africa)	45.488,18	15,89%
Tunindex (Tunisia)	4.523,09	-1,24%

Source: Bloomberg and Eaglestone Securities

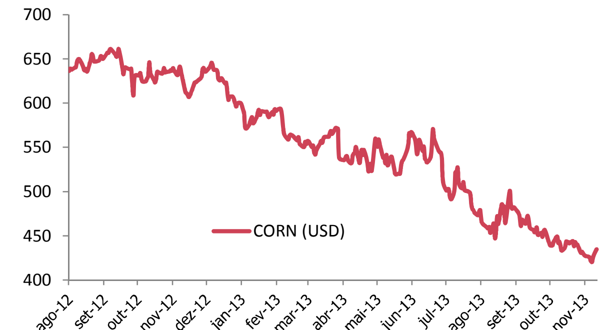
METALS		
	Spot	**YTD % Change**
Gold	1.282	-23,45%
Silver	21	-29,68%
Platinum	1.432	-7,02%
Copper $/mt	7.168	-9,63%

Source: Bloomberg and Eaglestone Securities



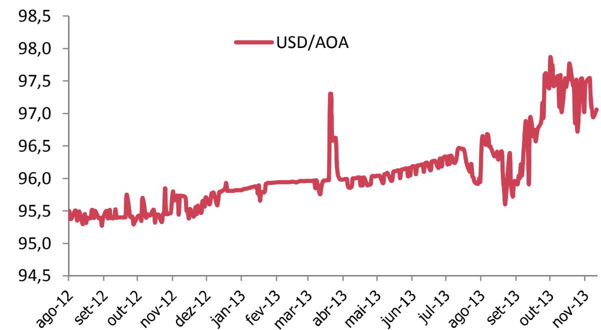
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	95,2	2,14%
ICE Brent (USD/barril)	105,9	-2,33%
ICE Gasoil (USD/cents per tonne)	899,8	-1,75%

Source: Bloomberg and Eaglestone Securities



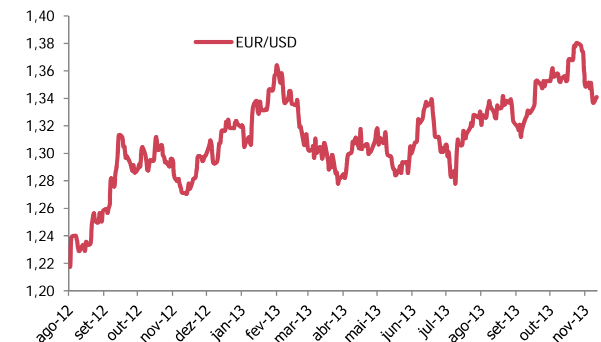
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	434,8	-37,92%
Wheat cents/bu.	655,5	-16,79%
Coffee (KC) c/lb	105,8	-27,88%
Sugar#11 c/lb	18,0	-8,71%
Cocoa $/mt	2606,0	15,62%
Cotton cents/lb	78,7	3,69%
Soybeans c/bsh	1292,0	-7,66%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	97,060
EUR	130,132
GBP	155,059
ZAR	9,348
BRL	41,637
NEW MOZAMBIQUE METICAL	
USD	29,855
EUR	40,024
GBP	47,691
ZAR	2,875
SOUTH AFRICAN RAND SPOT	
USD	10,385
EUR	13,922
GBP	16,588
BRL	4,455
EUROZONE	
USD	1,34
GBP	0,84
CHF	1,23
JPY	133,01
GBP / USD	1,60

Source: Bloomberg and Eaglestone Securities



UPCOMING EVENTS

Inter Solar- Mumbai, India November 12-14, 2013. Intersolar India is India's largest exhibition and conference for the solar industry and, as a leading industry platform, focuses on the areas of photovoltaics, PV production technologies, energy storage and solar thermal technologies.(*http://www.intersolar.in/en/visitor-service-india/programs.html*)

Africa Investment Summit- 13 November, Conrad Hotel, **Hong Kong -** ***Sub-Saharan African investment strategies for Asian investors*** *(www.AfricaInvestSummit.Asia)*

45th AFRAA AGA-Mombasa, Kenya November 24-26
The AGA and Summit is a high profile air transport event dedicated to airline CEOs and invited top executives in the aviation industry. Annually it brings together more airline Chairmen, CEOs, top executives and principal decision-makers in the aviation industry than any aviation event in Africa. *(http://aga45.afraa.org/)*

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

Brazil - Africa Leadership Forum 2013 - New Partnerships for the 21st century, 27 November 2013 | Johannesburg, South Africa. The Second annual Brazil Africa Leadership Forum, organised by This is Africa and Financial Times Live, brings together key players in driving this strategic partnership. As the global economy shifts, and both Brazil and Africa take on increasingly important international roles, this one day summit will provide a platform for constructive dialogue on how to deepen the relationship between the two regions. (*http://event.ft-live.com/ehome/index.php?eventid=70801&)*

African Mining Indaba- 3-6 Feb 2014-Cape Town, South Africa
Global professionals including key mining analysts, fund managers, investment specialists, and governments clearly define Mining Indaba as their preferred venue for obtaining the most current economic and mining developments from the world's leading experts on African mining. It is held annually at the Cape Town International Convention Centre in Cape Town, South Africa and is organised by Mining Indaba LLC. (*http://www.miningindaba.com/)*

Africa Renewable Energy Investment Forum 5th - 7th March 2014 Centro de Congressos de Lisboa-Lisbon, Portugal
This Forum will bring together all the major actors involved in the renewable energy sector in Africa, including African Ministers of Energy, energy companies, representatives of the European Union, African regional economic communities, development financial institutions, investors and financiers. The aim of the Forum is to discuss current projects, learn about case-studies, and explore new opportunities. The forum will offer a platform to significantly develop the African Renewable Energy sector by creating win-win solutions for governments, investors and businesses in Africa as well as internationally.*(http://www.ic-events.net/2013/renewableenergy/)*

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Disclosures

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

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

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

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

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