INSIDE AFRICA

Now is the time to invest in Africa

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Now estimated at 925M, **the number of sub-Saharan Africans** grew from 186M in 1950 to 859M in 2010, at a staggering 2.6% average annual rate. It is forecast to reach 1.2bn in 2026 and 2bn in 2050, when one in five people on the planet will be African – growing at a lower rate than earlier, but still the highest in the world for decades to come. This high growth rate is driven largely by high fertility rates, on average 5.2 children per woman (compared to a world average of 2.5).

Economic growth in Africa is creating employment but not on the scale required to absorb new market entrants. Africa's youthful population can result in a dividend, but only if enough jobs are created. Sub-Saharan Africa's decade of growth has done little to alter underlying labour market conditions. For example, in Uganda, waged jobs grew at 13% a year between 2003 and 2006 but this absorbed less than one in five new labour market entrants. Sub-Saharan Africa's total labour force is projected to increase by 70% between 2000 and 2020.

The degree and the path of the ongoing structural transformation vary within sub-Saharan Africa. Most oil exporters have seen sustained increases in average labour productivity through spillovers into the non-oil sector. Most middle-income countries have experienced both labour productivity growth in the agricultural sector and a declining share of the sector in GDP. Agricultural productivity growth has occurred, to a lesser degree, in most non-fragile, low-income countries but hardly in most fragile countries, which have experienced low irregular growth. Although its agricultural potential is huge, sub-Saharan Africa has experienced on the whole slow growth in agricultural labour productivity over the past three decades, mostly due to low fertiliser use and soil depletion.

The majority of sub-Saharan Africa's labour force lives in countries with income per capita below US$1,000 and 60% of those have agriculture as their primary economic activity, according to recent estimates by the IMF and the World Bank. The share of agricultural employment is decreasing – slightly in low-income countries, more so in lower-middle income countries and even more so in resource-rich countries. This reflects mostly a sharp increase in services through spillover from the natural resources sector, e.g. trading. To accelerate a budding structural transformation, sub-Saharan Africa's countries must make the most of existing sectors and activities, particularly natural resources of agricultural and extractive origin.

In-depth:

New Sadc initiative seen as shining ray of light

THE plan by the Southern African Development Community (Sadc) to extend its common electronic payment system to all 15 member countries will lift trade, tourism and investment, but the embattled rand could be a major beneficiary too.

Moves are afoot to extend the facility to three more countries after its initial success in South Africa, Namibia, Lesotho and Swaziland, the four countries of the Common Monetary Area (CMA). The system makes the payment element of intra-regional trade much easier and more efficient, but it comes on news by the Bank for International Settlements that the rand has dropped to the 18th most traded global currency from tenth in 1998.

The Sadc Integrated Regional Electronic Settlement System (Siress) was successfully implemented in a live environment for the CMA on July 21. In a historic moment for the often-derided regional grouping, which is not known for its efficiency, the first funding instructions between South Africa’s Real Time Gross Settlement System, Samos, and Siress were processed at 8.12am on Monday, July 22. Colen Garrow, an economist at Meganomics, says while any direct effect on the rand price would "take a while" to be seen, the move was likely to increase currency flows and make the rand more liquid. "It will give the rand the liquidity boost it needs and could boost the current account of (the) balance of payments." He says the news is positive for income and service flows if more dividend and payment flows enter South Africa’s payments system and if something is earned on these transactions.

"There isn’t really an alternative to the rand. This should encourage trade finance based in rands, like loans for foreign direct investment, portfolio and other investment flows." But Mr Garrow is concerned that the system may need to be taken beyond Sadc. "There are not many liquid currencies in Sadc. It is not really a strong constellation of economies."

The head of group strategy and communications at the South African Reserve Bank, Hlengani Mathebula, says the Sadc Committee of Central Bank Governor’s (CCBG) approved the vision and strategy document for the Sadc payment integration project in an effort to support the harmonisation of financial and payment systems within the region. Reserve Bank governor Gill Marcus is chair of the CCBG.

Under existing settlement arrangements, a transaction is settled in a number of days while on the Siress system transactions will be settled in seconds and in real time as soon as the settlement account of the paying bank is funded on the system, says the Bank. "Settlement of cross-border transactions within the region was until now executed through correspondent banks, while in this system all participant banks have direct access to the system for them to on their own pay their obligations or those of their clients or receive funds from other participants in the system without any delay. The system should also lower the cost of cross-border transactions over a period of time depending on the take-up," says Mr Mathebula. A problem at the moment is that African banks lose 48% of this business to foreign banks, according to a Swift report, and so the change will allow local banks that are nimble enough to move with the times to benefit more from these flows as the need for such a high amount of international settlements will be eliminated.

The Sadc Banking Association is working with the Committee of Stock Exchanges in Sadc, which includes the JSE, to facilitate the simultaneous movement of cash and share ownership across member countries.

The dollar remains the major trade currency in Africa, according to the report, but a shift to other currencies is on the horizon as financial flows begin to match commercial transactions and regional initiatives kick in.

Swift facilitates financial transactions via its secure messaging system for more than 10,000 banks, securities institutions and corporate customers. "As counter-parties to transactions work more inside Africa, they may ask banks to do things differently. There is a lot of analysis suggesting currency shifts," says the primary author of the Swift paper, Thierry Chilosi. "We saw the Group of 20 countries talk about Brics and the currency dimension is important when you trade with the rest of the world and trade precedes the currency," he says.

Banks may look to further integrate the trade finance and cash management offerings as moves to the renminbi, China’s official currency, gain ground, according to the report. Renminbi only represents 0.04% of the African flows at the moment, while commercial and financial flows are relatively balanced. However, the data shows that the market share of US dollar clearing banks has risen from just less than 25% to almost 40%, even while trade with Asia has increased at the expense of trade with the US.

Investment Solutions chief economist Chris Hart says a challenge for a company such as Swift when the trend to new currencies happens, is whether a country such as China sets up its own business to facilitate these transactions. At the moment, Swift benefits as banks which use its services already expand their operations into Africa.

Arthur Cousins, head of project co-ordination for Sadc payments at the Sadc Banking Association, calls the payments project a "shining light" — it shows progress can be made on regional development initiatives.*(BDLive)*

Investment bank identifies four African countries that continue to surprise

South African based Rand Merchant Bank (RMB) has recently released its 2013/14 ‘Where to Invest in Africa’ report, which ranks African countries according to their attractiveness for corporate investment

The top 10 most attractive destinations remain the same as last year: South Africa, Nigeria, Egypt, Ghana, Morocco, Tunisia, Libya, Ethiopia, Tanzania and Kenya. To compile the rankings, RMB looked at the market size, market growth and the business environment of each country.

RMB has however, highlighted four countries that continue to surprise, both on the up and downside.

Ghana: The report notes that for a small country, Ghana continues to perform well. It is ranked fourth in Africa and 47th in the world. “This ranking is just shy of the much larger and well known emerging markets of Vietnam and the Philippines, and is three places higher than Italy,” notes the report. Ghana started with offshore oil production in 2011, and the industry has been responsible for much of the country’s rapid economic growth over the past two years.

Ethiopia: Although many still associate Ethiopia (ranked in eighth position) with poverty and famine, the country is experiencing exceptional rates of economic growth. It also has a relatively large economy which is a result of its sizeable population of over 85m people.

Rwanda: RMB says continued reforms in Rwanda have created a favorable operating environment and spurred economic growth. Rwanda has made great strides since its tragic 1994 genocide. In 2011, Charles Robertson, global chief economist at Renaissance Capital, wrote that a visit to Rwanda was the greatest positive shock of his professional career. He stated that Rwanda is implementing many of the same economic reforms that Singapore introduced since the 1960s to transform itself into one of the world’s foremost financial centres. RMB notes that Rwanda’s ranking (14th) is being held back by its relatively small market size of about 10m.

Angola: While the first three countries were highlighted for outperforming expectations, Angola is not delivering on the growth people anticipated a few years ago. Angola is placed 20th in RMB’s rankings.“This is down from the third position it held in 2006 and 2007 if we apply our methodology over a longer period. The decline is mainly from the slowdown in growth: back in 2006-07 GDP was growing and was expected to keep growing at 15% per annum. Growth expectations are now 6% – still very attractive but far from what they were. There has also been deterioration in the operating environment,” says the report.

The African Development Bank plans to raise $100 billion (Sh8.8 trillion) to finance bankable infrastructure projects across the continent, a senior bank official has said. The institution’s regional director for East Africa Gabriel Negatu said about half of the fund would be raised by digging into the foreign currency reserves of willing states among the financier’s 53-member countries. The rest of the money will come from borrowing from global markets and could help finance regional railway, ports and electricity projects in Africa. Mr. Negatu was speaking to business executives from across the continent in Mombasa at the fourth Africa Governance, Leadership and Management Conference, a think-tank organised by the Africa Leadership Forum. He said the fund is expected to be operational within three years and could help finance the proposed port at Lamu, the planned $11 billion harbour at Bagamoyo in Tanzania, and the standard gauge railway line from Mombasa to Kigali, Rwanda through Uganda. Participants heard that prudent macro-economic management, a boom in resource exports and pro-business reforms had driven growth in Africa over the last decade with half of the continent now enjoying per capita incomes of more than $1,000 per year. He said although foreign Direct Investment was up fivefold since 2000, the cost of starting a business had dropped by more than two-thirds and delays halved in the last five years, the growth had not been felt by many. “This growth is not felt by all Africans and has not been inclusive,” Mr. Negatu said. “The rising tide has not lifted all boats.” The meeting is seeking ways of accelerating growth and intra-African trade and partnerships, under the theme “Opening up Africa to Africa”. Former Nigerian President Olusegun Obasanjo, who is the patron of the AFL, said political leaders had driven the African integration agenda over the last 50 years and that while they needed to continue showing commitment and involvement, the private sector must “seize the wheel” and drive the process.

“The process of integration is too important to be left in government hands alone,” he said. He said intra-African trade, which has remained low since the early 1990s while growing in Asia, Europe and North America, was a “sad commentary” on Africa’s integration process. “I do not buy the argument that we cannot trade among ourselves because we produce the same commodities. In Europe , France and Germany produce similar commodities but they trade heavily with each other,” he said. Kenyan entrepreneur Manu Chandaria, whose business interests span the continent and as far as China, said the private sector must lead efforts to achieve faster growth and deeper trade partnerships. “Africa cannot wait for singular expansion. It must be multiple growth and this must be driven by the private sector.” Apart from putting the private sector at the heart of Africa’s economic renaissance, African policy makers are looking at new ways of engaging the rest of the world in light of China and Asia’s growing economic influence. Abdoulaye Mar Dieye, a director at the UNDP regional bureau for Africa said because six of the 10 fastest-growing countries in the world in the last decade are in Africa and 16 out of the 29 countries expected to grow fastest in the next couple of years are also in the continent, there is a need to define a joint African economic policy of engagement. “Africa needs to be cautious not to replace the Washington Consensus with the Beijing Accord,” he said in remarks read to participants on his behalf. “Africa needs to develop its own consensus for partners to buy into.” Central Bank of Kenya Governor Njuguna Ndung’u said poverty in Africa was due to lack of access to markets and that Kenya’s progress in mobile banking offered practical examples of mobilising capital from previously unbanked people and bringing them into the formal economy.*(Business Daily)*

Four reasons why the emerging-country crisis may drag on

As emerging countries’ currencies are tending to stabilise after weeks of depreciation, it could be thought that the crisis is coming to an end. Nevertheless, four reasons lead us to be cautious:

1/ Even though it will increase further next year, global liquidity will provide less support for emerging markets, by virtue of its origin;
2/ Even though the depreciation of emerging currencies is significant, it will not be sufficient to rebalance current-account balances; 3/ The rise in oil prices is making the situation worse, except in Russia;
4/ Monetary policy cannot solve all problems, whether through currency interventions or rate hikes. In response to this crisis, authorities in emerging countries will have to consider structural measures that generally take a long time to change investor sentiment. *(Natixis)*

SOVEREIGN RATING

	Region - Africa/Middle East					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
16-09-2013	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba3	BB-	BB-	NR	B	B
Bahrain	Baa1 -	BBB	BBB	NR	A-2	F3
Benin	NR	B	WD	NR	B	WD
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B	NR	NR	B	NR
Cameroon	NR	B	B	NR	B	NR
Cape Verde	NR	B+	B+	NR	B	B
Egypt	Caa1	CCC+	B-	NR	C	B
Emirate of Abu Dhabi	Aa2	AA	AA	NR	A-1+	F1+
Gabon	NR	BB-	BB-	NR	B	B
Ghana	B1	B	B+	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Israel	A1	A+	A	NR	A-1	F1
Jordan	B1	BB-	NR	NR	B	NR
Kenya	B1	B+	B+	NR	B	B
Kuwait	Aa2	AA	AA	NR	A-1+	F1+
Lebanon	B1	B	B	NR	B	B
Lesotho	NR	NR	BB-	NR	NR	B
Libya	NR	NR	WD	NR	NR	WD
Mali	NR	NR	WD	NR	NR	NR
Mauritius	Baa1	NR	NR	NR	NR	NR
Morocco	Ba1	BBB-	BBB-	NR	A-3	F3
Mozambique	NR	B+	B+	NR	B	B
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	Ba3	BB-	BB-	NR	B	B
Oman	A1	A	NR	NR	A-1	NR
Qatar	Aa2	AA	NR	NR	A-1+	NR
Republic of Zambia	B1	B+	B+	NR	B	B
Rwanda	NR	B	B	NR	B	B
Saudi Arabia	Aa3	AA-	AA-	NR	A-1+	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	B	NR	NR	B
South Africa	Baa1	BBB	BBB	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 designations ('BB', 'B', 'CCC', etc.) are considered low credit quality, and are commonly referred to as "junk bonds".

16-09-2013	North and South America - Asia					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
USA	Aaa	AA+u	AAA	NR	A-1+u	F1+
CANADA	Aaa	AAA	AAA	NR	A-1+	F1+
BRAZIL	Baa2	BBB	BBB	NR	A-2	F2
ARGENTINA	B3	CCC+u	CC	NR	Cu	C
URUGUAY	Baa3	BBB-	BBB-	NR	A-3	F3
COLOMBIA	Baa3	BBB	BBB-	NR	A-2	F3
INDIA	Baa3	BBB-u	BBB-	NR	A-3u	F3
CHINA	Aa3	AA-	A+	NR	A-1+	F1+
JAPAN	Aa3	AA-u	A+	NR	A-1+u	F1+
AUSTRALIA	Aaa	AAAu	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

16-09-2013	Eurozone					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AAA	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	Caa3	CCC+	B-	NP	C	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AAA	AAA	NR	A-1+	F1+
France	Aa1	AA+u	AA+	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	C	B-	B-	NP	B	B
Ireland	Ba1	BBB+	BBB+	NP	A-2	F2
Italy	Baa2	BBB u	BBB+	NP	A-2	F2
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A+	NR	A-2	F1
Neherlands	Aaa	AAAu	AAA	P-1	A-1+u	F1+
Portugal	Ba3	BB	BB+	NR	B	B
Slovakia	A2	A	A+	NR	A-1	F1
Slovenia	Ba1	A-	BBB+	NR	A-2	F2
Spain	Baa3	BBB-	BBB	P-3	A-3	F2

Sources: Bloomberg, Eaglestone Advisory

INVESTMENTS

Dubai group's purchase of Kenyan auto company marks start of investment in Africa

Dubai headquartered conglomerate Al-Futtaim Group is set to acquire a Kenyan car dealer for US$86m, marking its entry into the sub-Saharan market. Al-Futtaim Group has made a cash offer for the purchase of 100% of issued share capital of Nairobi Securities Exchange-listed CMC Holdings.

The family-run Dubai conglomerate which has interests in a number of areas including retail, financial services, engineering, automotive, electronics, real estate and hospitality operates in 20 markets. The group, which has operations in Egypt, is now eyeing other markets in Africa. Low returns in the Middle East and saturated Western markets are pushing well financed Gulf investors to expand into Africa through joint ventures, mergers, acquisitions and takeovers.

Earlier this year, Dubai-based investment bank Arqaam Capital said it would expand into sub-Saharan Africa by the fourth quarter of 2013. Untapped resources in Africa in the non-oil sectors, geographical proximity and air connectivity offered by airlines such as Emirates has made Africa an attractive destination for Gulf investors. "We are continuing our expansion drive across Africa and we hope that CMC will be the jewel in the crown of our inroads into this great continent," said Marwan Shehadeh, group director for corporate development at Al-Futtaim Group. According to CMC Holdings, the takeover proposal has received endorsement from 50.6% of its shareholders. **The deal represents one of the biggest foreign direct investment inflows into the Kenyan economy this year and is expected to highlight the appeal of Kenyan blue chip companies as global firms seek a foothold in the booming African economy**.

"We believe in CMC Group, our first sub-Saharan target, the great brands it sells and the employees behind its success over the years. We also respect the heritage of the company and its 65-year-old history in fostering economic development in Kenya," said Shehadeh. CMC Holdings owns dealerships in Kenya, Tanzania and Uganda and has exclusive distribution rights for a number of international auto brands. The company has not traded publicly since September 2011 when its stock was suspended due to a boardroom row. Al-Futtaim was established in the 1930s and currently runs more than 100 companies in 20 markets employing 40,000 people. In recent years, the company has expanded its footprints beyond the Cooperation Council for the Arab States of the Gulf through strategic acquisitions.

Guinea-Bissau holds untapped business potential, but challenges remain

At a time of general optimism around Africa's economic prospects, it is important not to get carried away by the euphoria and to remember that some countries on the continent still have many challenges to contend with.

One of these countries is the West African nation of Guinea-Bissau. Instability over the past years has had a negative effect on the economy. Frequent coups, a civil war and general unrest over the past decades have prevented the country from establishing effective economic and legal conditions to boost the private sector.

Identifying the business opportunities

Despite the difficulties, Gilbert Gomis, manager of logistics company DHL in Guinea-Bissau, says there are many companies that manage to do good business in the country. International brands operating in the country include mobile operators MTN and Orange, beverage giant Coca-Cola and pan-African banking group Ecobank. The country's relatively small population of less than 2m however, means that the market is limited for consumer focused companies.

Agriculture is the most important sector of Guinea-Bissau's economy, with cashew nuts and fish being important products. The majority of the people rely on subsistence agriculture.

The former Portuguese colony is also rich in a variety of mineral resources such as phosphate and bauxite. Most of these resources remain unexploited due to a lack of infrastructure. Several offshore oil discoveries have also been made although their commercial viability remains uncertain.

Off Guinea-Bissau's coast lie the magnificent Bijagós Islands, an archipelago of about 20 tropical islands. Although there are some facilities on the islands catering for tourists, their potential for eco-tourism remains largely untapped. On the island of Orango it is possible to see hippos, while others are home to turtle nesting grounds. In 2009, the ***New York Times*** called these islands a "tranquil haven in a troubled land".

Navigating the business environment

Gomis says business people looking to invest in Guinea-Bissau need to factor high energy costs into their business plans. Due to inefficient electricity generation, most companies depend on generators.

Gomis also advises foreign companies to ensure they have enough local representation on their management teams. This will help companies navigate the local environment. Finding skilled human resources might however, prove challenging due to poor education; many skilled Bissau-Guineans currently live abroad. For this reason it is important that companies put good training programmes in place.

There is often a strong link between business and politics in many African economies. However, Gomis advises against forming business connections with politically-linked individuals. In an earlier article for ***How we made it in Africa***, Mitchell Mackay, a senior analyst for Pasco Risk Management, wrote that choosing a politically exposed business partner can backfire in the event that the business relationship sours or as a result of changes in government and circles of political influence.

While Guinea-Bissau clearly has its work cut out, the ***African Economic Outlook*** report notes that the country has made progress in speeding up the business registration process and stimulating investment in the mining industry. Much more of these reforms are however needed for the country to realise its full potential. *(How we made it in Africa)*

Portugal's Sumol+Compal group signs investment contract in Angola

The Portuguese group Sumol+Compal signed on Thursday in Luanda an investment contract with Angola's National Private Investment Agency (ANIP) to build a juice, nectar and soft drink production facility, the group announced.

The statement released via the Portuguese Securities Market Commission indicated that the contract was signed by Sumol+Compal Angola Invest, SGPS, a company in which the Portuguese group holds 50.1 percent of the share capital, and the Angolan company OGA – Companhia de Máquinas e Sistemas, Limitada.

Plans call for 22 million euros to be invested in the contract signed with the ANIP. The sum will be invested in the construction and operation of a factory to fill TetraPak containers and cans with juices, nectars and soft drinks, including marketing and distribution in Cuanza Norte province.

The investment will be financed by equity capital and accomplished by a company eventually incorporated under Angolan law.*(Macauhub)*

Construction of facilities at Futila Industrial Hub, in Angola, begins

The Futila Industrial Hub, in Cabinda province, will house 56 companies that will initially create around 2,000 jobs, said the provincial representative of the project's management office, João Martins. Cited by Angolan news agency Angop, Martins said that conditions had been created to launch the project, which was awarded to Portuguese construction companies Edifer and Soares da Costa in a public tender held in July 2012.

Martins also said that the ceremony to award the basic infrastructure work would take place on 16 September, and that the project was estimated to cost US$62 million. Martins added that the tender document included construction of infrastructure, such as roads and water supply, electricity and communications network, and the companies awarded the contract should sub-contract work to companies in that Angolan province. At the Futila Industrial Hub, located some 30 kilometres north of the city of Cabinda, covers an area of 2,345 hectares, 112 of which have been set aside for the first phase. *(Macauhub)*

Private sector eyeing opportunities in Africa's healthcare sector

Healthcare in Africa has not had a great track record in recent decades – too many people still die from preventable diseases and it is common for African leaders to travel abroad for treatment. Despite this, many private sector companies are seeing lucrative opportunities in areas such as pharmaceuticals and medical equipment.

Private equity firm The Abraaj Group yesterday announced it has made an investment in Moroccan pharmaceutical manufacturer Steripharma.

According to The Abraaj Group, the pharmaceutical sector is currently one of the best performing in Africa. "The industry has been growing at a steady rate over the past few years and this momentum is expected to continue in tandem with overall economic growth being witnessed in Africa," said Ahmed Badreldin, who oversees the group's investments in the Middle East and North Africa.

With its head office in Casablanca, Steripharma manufactures and markets a range of pharmaceutical products, both in solid and liquid form. It is expected that this new investment will allow Steripharma to boost its exports to the rest of the continent.

"A consistent theme throughout Africa is the unavailability of quality healthcare goods and services at accessible price points," commented Shakir Merali, managing director at The Abraaj Group. "This deficit presents an opportunity to invest in solid companies to build scale, increase affordability and achieve world-class quality."

South African pharmaceutical firm Adcock Ingram has also expanded into the rest of the continent. It is primarily targeting the continent's emerging consumers and the middle class, a group the company says is becoming more discerning. "They actually like brands, and they want quality, and they are the same anywhere on the continent," said Kofi Amegashie, Adcock Ingram head of Africa operations, at an EY conference earlier this year.

He explained that lower down the income scale, affordability becomes vitally important, with customers demanding value for money.

Amegashie added that companies ignore the rural consumer at their peril. He said developing the right pack sizes and effective distribution strategies are crucial for companies looking to target low-income consumers. Innovative, fast-moving consumer goods manufacturers have, for example, come up with single use packets and these have underpinned the profitability of these companies.

Healthcare– a changing landscape

According to global logistics company DHL, Africa is the "next frontier for healthcare".

Sumesh Rahavendra, head of marketing for DHL Express sub-Saharan Africa, said: "Companies are increasingly turning to Africa due to the opportunities that the continent offers as it is one of the few locations that can still obtain double digit economic growth. The life sciences logistics model in Africa is therefore changing drastically as, in the last two and a half years, we have seen major growth in hubs like Kenya, servicing East Africa, and South Africa, which plays a key role for the Southern African Development Community (SADC) countries, in addition to direct shipments into specific countries, as the capabilities grow within the region."

Rahavendra, however, noted that there are key challenges that need to be met based on the current changes in the sector. "Increasing differentiation of supply chains and the need for companies to keep their supply chain flexible to adapt to requirements of innovative products is a key challenge.

"As innovation in the pharmaceutical industry shifts towards specialties and biotech products, so does the need for temperature controlled, and monitored, cold chain transport and storage, historically only required for shipments of vaccines and blood fractions," he added.

In July, professional services firm KPMG hosted a conference in Johannesburg with the continent's top healthcare leaders. In a statement following the event, Sven Byl, head of healthcare and life sciences in Africa at KPMG, said the industry faces challenges, with current models not delivering the required care at an affordable price.

"I always tell people that even if I had only one dollar to invest, I would invest it in healthcare," Byl said. "In Africa there is ample opportunity and from the level of engagement over our conference there is a clear appetite to invest in Africa." *(How we made it in Africa)*

Real estate in Africa: Possibilities for property pioneers

For the past 15 years, Global Real Estate Institute (GRI)-hosted conferences have been meeting points for the world's leading real estate players. This year, international investors and developers congregated for the first Africa GRI conference in Nairobi, Kenya.

Holding a GRI conference in Africa is an indication of the increasing importance that investors and developers in the real estate sector are placing on sub-Saharan Africa as a largely untapped region within which to invest and build.

The aim of the conference, held in June this year, was to explore the opportunities of doing business together and to identify the principles of successful and sustainable growth in the real estate sector in Africa. The conference focused on discussions around investors being ready to open Africa's investment doors; where to invest beyond South Africa; hotel and retail developments in East and West Africa; and, significantly, private equity in African real estate.

Opportunities to invest

To date, investment flows in the real estate sector in Africa have depended on a number of considerations. Investment is normally favoured in markets that benefit from an extensive population with a burgeoning middle class; offer a healthy growth rate and real opportunity for real estate; exhibit relative political stability and regulatory frameworks; ensure security of title to property; and generally offer investor-friendly markets. Such investment parameters have meant that real estate developers and investors have initially focused on markets like that of Ghana, Nigeria, Tanzania, Kenya, Mozambique and Angola, with South Africa being considered a developed market in the real estate sector.

While the participants at the GRI conference generally acknowledged that sub-Saharan Africa offers significant opportunities in real estate, participants pointed out a number of challenges experienced by developers and investors. Many of these challenges have been around for many years and include infrastructure (or the lack thereof); title security; a scarcity of professionals qualified as quantity surveyors, town planners, architects and sworn valuers; and development financing. Because these challenges hamper development, the importance of urgently addressing these issues was stressed at the conference. On the other hand, participants made it clear that for those investors willing to look beyond the challenges, the yields are promising.

Financing real estate growth

Developers raised the important issue of a lack of financing for real estate development, which is desperately required to satisfy, for instance, the three million square metre retail gap in West Africa and the lack of affordable housing across the continent.

Jeremy Cleaver of CDC Group, a participant at the GRI conference, remarked that, historically, development finance institutions (DFIs) and multilateral development banks have provided a significant portion of the capital required for real estate. The situation is now changing, with international and African pension funds, sovereign wealth funds and African private equity and real estate funds becoming significant players in the sub-Saharan region. New emerging market investors, such as regional and Chinese investors, have furthermore been bringing liquidity into the continent.

There is also a growing recognition of the need for domestic finance to play a more significant role in real estate development, with rent being paid by tenants in local currencies. In Zambia, for instance, the recently promulgated Statutory Instrument No 33 of 2012 aims to reinforce the use of the kwacha in all domestic transactions by stipulating that the Zambian kwacha must be the sole legal tender for all public and private transactions. Typically, investors who have financed their Zambian developments, whether retail, office or industrial parks, in foreign currency (usually in US dollars) would necessarily require the rentals to be received in dollars in order to service the dollarised funding. While such legislation may have resulted in some investors placing their real estate pipeline investment into Zambia on ice, investors are noticeably still willing to entertain creative solutions to deal with the kwacha value fluctuation. The legal validity of some of these solutions has not yet been tested.

Participants at the conference generally agreed that domestic finance can play a role in providing long-term finance to the burgeoning middle class who desire to buy residential properties secured by mortgage bonds. In the East African market, there are currently only approximately 18,000 mortgages registered in Kenya, resulting in a substantial opportunity in the mortgage market for banks and other finance houses.

DFIs require recipients of development finance to implement and maintain good environment, social and governance (ESG) principles, as well as to comply with international anti-bribery legislation, such as the UK Bribery Act and the Foreign Corrupt Practices Act of the US, which have extra-territorial reach. The benefit of regulation associated with DFI financing includes that it is generally easier to on-sell an African development company which demonstrates good ESG and anti-bribery principles, as buyers in the real estate market look for well-managed companies in order to reduce the perceived risk of doing business in Africa. The creation of such high value "stock" in the real estate market, in turn, creates a healthy secondary exit market. This makes it easier for investors to sell their developments, whether it is a retail mall, office block or hotel, and offers a sophisticated platform for investors to invest in. Given the relative infancy of the real estate market in Africa, a further challenge highlighted is the lack of trading information or data on real estate developments in Africa, which makes it difficult to set rentals. Rentals are currently perceived as being very high and therefore lucrative for investors as demand outstrips supply, but some concern remains regarding the sustainability of such high rentals; and as more and more developments are rolled out in the continent, so the rentals will reduce. The ability to attract high quality tenants in the retail space is a challenge, resulting in a relatively poor depth of retailers. This will, however, improve in the near future as tenants start looking to expand their operations into the continent. Participants also suggested that a good development should make provision for expansion possibilities at the outset, as the market will in due course expand exponentially.

Demand outstrips supply

Historically, real estate developments revolved around tourism. This pattern is however changing, especially in East Africa, where the developments in the oil and gas sector are leading to business people and not tourists occupying hotels. The demand outstrips the supply by far. Participants at the GRI conference pointed out that the segmentation of urban areas due to infrastructure challenges (staying where you are meeting) prohibits the potential growth to service this change in hotel occupancy.

Savvy investors now know that one cannot apply a previously successful development plan to another region without implementing changes suggested by well-informed and connected locals. The “Africa is not one country” refrain is more important than ever, as each jurisdiction is continuously developing its own processes and regulatory frameworks. Successful developments will also increasingly rely on well-qualified real estate advisors such as valuers, town planners and architects.

Security of title remains a concern for developers and investors alike. Participants pointed out that some 50-year leasehold rights obtained in Nigeria in the previous century are now being renewed without challenge. This may lead to some certainty in that the perception that the system is reliable, may be established. Title insurance as a business opportunity remains a reality.

A general feeling of optimism prevailed among the participants, those from Europe again pointing out that the opportunities there are far less than in Africa. Participants were urged to use the know-how of institutions like banks that have already done much of the local groundwork investigation. Add thereto thorough due diligence processes based on advice of locals and many concerns can be allayed to reap the rewards of a pioneering spirit.

Maria Krüger and Christy Hobson are senior associates at Webber Wentzel. *(How we made it in Africa)*

Portuguese hotel group Pestana wants to sell hotel in Brazil to fund expansion

Portuguese group Pestana Hotels & Resorts has started negotiations for the sale of the Pestana Rio Atlântica hotel, in Copacabana, Brazil, but will continue to manage the hotel unit, said Pedro Reimão, the group’s chief executive. Cited by Portuguese daily financial newspaper Jornal de Negócios, Reimão said that he group was negotiating with financial institutions in Brazil, as “the hotel is mature enough for us to do this, and may be the first of many.” The aim, according to the CEO, is to free up funds to finance the group’s expansion, without increasing its debt or the expense involved with asking for bank loans, “as this is just a financing solution.” As well as Portugal, where the group has its headquarters, Pestana Hotels & Resorts has hotels in the United Kingdom, Germany, the United States, Cuba, Argentina, Brazil, Colombia, Venezuela, South Africa, Mozambique, Cape Verde, Sao Tome and Principe, and Morocco. *(Macauhub)*

BANKING

Banks

Portuguese banking group Crédito Agrícola to open bank in Mozambique in 2014

Portuguese group Crédito Agrícola plans to start operating in the Mozambican market with a locally-based bank starting in 2014, said the group’s chief executive Licínio Pina. Cited by Portuguese daily newspaper Diário Económico, Pina also said that investment would be carried out with a Mozambican minority partner and would mainly focus on the agricultural sector. “We plan to install a cooperative bank in Mozambique and the starting point will be Nacala, the port city of the Mozambican province of Nampula,” said the Crédito Agrícola CEO, according to whom the group needs to move beyond Portugal in order to grow. The chief executive of Crédito Agrícola also said that the group had been contacted to help create a cooperative bank in Mozambique, but may just provide technical support. Pina said that his group and the Mozambican Agricultural Development Institute would sign a protocol to set up a system to support the primary sector similar to Portugal’s Institute for Funding Agriculture and Fishing as well as a bank. *(Macauhub)*

Sol Bank pledges management of surplus resources companies

The Sol Bank’s companies centre is able to guarantee the surplus resources of the firms, said the financial institution’s CEO, Coutinho Nobre Miguel Coutinho Miguel said at the inauguration of the companies centre, pledging that the unit will also secure the capitalisation of savings both of the companies and individuals. According to him, the process will also enable the provision of a differentiated service of products and financial solutions. Coutinho Miguel highlighted, among some products, the short, medium and long term funding. He said that the country can develop only with a strong business class supported by micro, small and medium enterprises. The Sol bank CEO said that the companies and strategic investors will ensure job and development of human capital. *(ANGOP)*

UNITED Bank for Africa Plc (UBA) has unfolded a new strategy known as Project Alpha, in an effort to consolidate its Pan-African status with operations in 19 African countries, New York, London and Paris. The strategy, which marks the Group’s next stage focus for strategic transformation, is a three-year route map of key initiatives, designed to consolidate the Group’s strategic positioning and fully capture the opportunities from Africa ’s economic renaissance and the Group's unique platform. According to the bank, it has for eight years executed a dedicated strategy of local, regional and global expansion, which implementation has seen the Group move from a national player to an institution of international prominence. To drive this, the group is reinforcing its senior African leadership with the appointment of Emmanuel Nnorom, as the Chief Executive Officer of UBA Africa. He was the Executive Director, Finance and Risk Management at UBA. Also Apollos Ikpobe has been appointed as Deputy Managing Director, Domestic Bank and Ms. Obi Ibekwe as Executive Director, Human Resources and Customer Service, while the Central Bank of Nigeria (CBN) has already approved the appointments. Ikpobe was an Executive Director at Zenith Bank for seven years and is expected to bring his over 21 years of experience of the Nigerian banking sector to drive UBA's domestic business in Nigeria, while complementing the existing Deputy Managing Director, Kennedy Uzoka, who is responsible for Resources and Treasury. The new Executive Director of Human Resources and Customer Service, Ibekwe, had a distinguished career with Zenith Bank Plc, where she was responsible for Human Resource Management and Customer Service, as well as Credit Risk Management. She has a background in consulting, banking and customer service, which is critical for leading the renewed service excellence culture at UBA. Her appointment to the board brings to five, the number of female Directors at the group's board of UBA. Also, Rasheed Adegoke, General Manager has been appointed the Group Information Technology. Adegoke joined UBA from First Bank of Nigeria Plc, where he was Chief Information Officer, a role he has held for over 13 years at different institutions in the Nigerian financial services sector. Other senior level appointments in UBA Africa include Mrs. Amie Sow, Managing Director, UBA Senegal; Demola Ogunfeyimi, Managing Director, UBA Tanzania; Mamadou Sanon, Managing Director, UBA Gabon; Martin Che, Managing Director, UBA Congo Brazzaville; Marcel Bitang, Managing Director, UBA Democratic Republic of Congo; Stanley Ugwueze, Managing Director, UBA Zambia; Mrs. Abiola Bawuah, Deputy Managing Director, UBA Ghana; Benedict Nklama, Executive Director, UBA Kenya; Wilbrod Owor, Executive Director, UBA Uganda and Chinedu Obeta, Executive Director, UBA Sierra Leone.*(Guardian)*

Deals

Mozambique Sells MZN300 Mln 182-Day Bills; Yield 6.43%
Sept. 11 (Bloomberg) -- The following issue went on sale:
Issuer: Republic of Mozambique
Manager: Bank of Mozambique
Type:T-Bill
Amount Tendered: 300 million new meticals
Amount Allotted: 300 million new meticals
Bid to Cover Ratio: 1.00
Average Yield: 6.43 percent
Maturity: March 12, 2014
Settlement: Sept. 11, 2013

Mozambique Sells MZN405 Mln 91-Day Bills; Yield 5.11%
Sept. 11 (Bloomberg) -- The following issue went on sale:
Issuer: Republic of Mozambique
Manager: Bank of Mozambique
Type: T-Bill
Amount Tendered: 405 million new meticals
Amount Allotted: 405 million new meticals
Bid to Cover Ratio: 1.00
Average Yield: 5.11 percent
Maturity: Dec. 11, 2013
Settlement: Sept. 11, 2013

The Bank of Ghana will issue a 600 million cedi five-year bond on September 26, the head of the country's treasury said on Thursday. Adams Nyinaku said proceeds from the auction, which will be open to offshore investors, will be used mainly to retire debts maturing on September 30. *(Reuters)*

Tech

Safaricom warns against extra taxes on Kenya mobile banking
NAIROBI — Kenya's leading cellphone operator Safaricom cautioned the government against further rises in excise duty on mobile money transfers, saying there was a risk new county-level administrations would add to the tax burden. CE Bob Collymore said on Thursday further tax increases would put a service that has deepened financial inclusion, particularly in rural areas, beyond the reach of the poor.

The company said in May that a 10% tax imposed late last year on transfers using its M-Pesa mobile service had forced it to absorb costs of 400-million shillings (R46m) in the 2012-13 financial year to shield consumers from the full burden. "Mobile money is still relatively new and government should be wary of putting any additional tax burden on the customer, and in particular on the poor who rely on M-Pesa more than any other," Mr Collymore told the company's annual general meeting. He said more than 28 shillings out of every 100 shillings charged to a telecoms customer went to the taxman, making Kenya's telecoms taxes amongst the highest in the world. Mr Collymore said he worried it could rise higher if county governments, which were introduced this year, targeted the telecoms sector to raise revenues. "This is an industry-wide area. We have seen one county which attempted to charge fees for putting fibre (optic cable) on the ground," he said. "We are urging governors and local county governments not to take a short-term approach because operators will de-prioritise those counties (provinces)." The county governments have been allocated funds from the national budget to pay for projects but will have to meet shortfalls by raising their own revenues. No government tax officials could be reached.

Safaricom, 40% owned by Britain's Vodafone, posted record pretax profits of 25.5-billion shillings last year. M-Pesa accounted for 18% of revenue, a share expected to climb to 20% within two years. Mr Collymore said Safaricom was still negotiating access to the 4G spectrum with the telecoms regulator. Other telecoms operators in Kenya are a unit of India's Bharti Airtel, Essar Telecoms' Yu and Telkom Kenya, owned by France's Orange ***(BDLive)***

ENERGY

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

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

$50m funding for Tanzania renewable-energy project secured

The World Bank's Climate Investment Funds (CIF), designed to help developing countries pilot transformations to clean technology, on Thursday endorsed an investment plan aimed at assisting Tanzania in scaling up the development of its abundant renewable-energy resources. The plan was designed to transform the country's energy sector, shifting from its increasing dependence on fossil fuels and climate-sensitive hydro resources to a more diversified energy mix, that would make use of geothermal and solar resources, the African Development Bank (AfDB), which was leading the development in Tanzania, said.

The project, which included geothermal development and developing renewable energy for rural electrification, would receive $50-million in funding from the CIF's Scaling-Up Renewable Energy Programme in Low-Income Countries (SREP), with the balance of the funding to be provided by the AfDB, the World Bank, local government, the private sector, commercial sources and other development partners. The AfDB stated that the geothermal component of the project, that would catalyse the development of more than 100 MW of geothermal power, while also establishing an enabling environment for large-scale geothermal development, was expected to receive $25-million from SREP and $45-million from the AfDB. Meanwhile, the component of the project focusing on renewable energy for rural electrification would include investments in renewable-energy technologies, stakeholder capacity building, integration with public-private partnerships and the provision of technical assistance and advisory services. The AfDB added that it was expected that the Tanzanian SREP would have a transformative impact on the country through supporting low carbon development pathways that reduce energy poverty and increase energy security. "By 2020, it is expected that per capita electricity use in Tanzania will increase from 78 kWh to 350 kWh, with yearly electricity output from renewable-energy sources increasing from 370 GWh/y to 2 000 GWh/y once the geothermal plant becomes operational," the AfDB explained. An additional $1.7-million in project preparation grants for the two components of the plan had also been approved. *(Engineering News)*

Ressano Garcia emerges as hub in trinational interim power deal

Temporary power and temperature control solutions provider Aggreko cele- brated its power purchase agreement (PPA) with Namibian power utility NamPower at the unveiling of Phase 2 of its Ressano Garcia gas-fired power plant at Gigawatt Park, in Mozambique, last month. The $200-million expansion project, inaugurated on site by Mozambique Energy Minister **Salvador Namburete**, makes Ressano Garcia the world's largest cross-border interim power plant, with its gas-fuelled power generation being used by three national utilities. Phase 2 has been operating since June and has added 122 MW of capacity to the facility, bringing the total generation output of the plant to 232 MW.

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

The additional power generated through Phase 2 will provide NamPower with 90 MW of mid-merit power, with the remaining 32 MW reserved for Mozambique power utility Electricidade de Moçambique (EDM). This is in addition to the 15 MW of power that EDM already receives from Phase I of Aggreko's Ressano Garcia power plant project, which started operating in July 2012. South African power utility Eskom receives 92.5 MW of the initial 110 MW generated by the Phase 1 plant through its own PPA with Aggreko. Highlighting the mutual cooperation between the utilities to make this possible, both EDM and Eskom have committed to playing a key role in transmitting power to Namibia. EDM transmits the power over its network to the South African border, while Eskom handles the wheeling of the power across the South African grid network to Namibia on behalf of NamPower.

NamPower MD **Paulinus Shilamba** described the project as an "innovative approach to securing an effective power supply for the people of Namibia", which demonstrated the spirit of Southern African cooperation. "This unique project will contribute to the provision of a reliable power supply across Namibia and support the continued development of the country," he said. EDM CEO **Augusto de Sousa Ferna**ndo welcomed Phase 2 of Aggreko's interim power plant at Ressano Garcia, which will assist EDM and its SAPP partners in temporarily bridging the power supply gap in Southern Africa until permanent plants are implemented.

Mozambique -based gas distributor Matola Gas Company supplies the natural gas to fuel the plant through its gas infrastructure at Ressano Garcia while Aggreko generates power using a subconcession agreement with Gigawatt Mozambique. "The good thing is that Mozambique is making money through monetising its gas early and we've been able to turn that into power for the benefit of the people of Mozambique and neighbouring countries," commented Taylor-Smith.

The Ressano Garcia power plant is strategically placed on the border between Mozambique and South Africa, 90 km north-west of Maputo, enabling Aggreko to feed power to up to nine different countries within the Southern African Development Community region. Meanwhile, Aggreko Southern and East Africa MD **James Shepherd** confirmed that Aggreko was in talks with several parties in the SAPP, including utility companies and industrial users, about Phase 3 of the interim gas-fired power plant project. "I hope that, by the end of this year, we will be in a position to announce further expansion of the plant," he told ***Engineering News***, adding that the existing two plants will be in production, under the respective PPAs, until 2015, while renewal of these PPAs was subject to several main power plants – such as South Africa's Medupi power plant – coming on line. *(Engineering News)*

MINING

Australia's Triton Minerals discovers more graphite in northern Mozambique

Prospecting in northern Mozambique by the Australian company Triton Minerals has enabled discovery of a 3 km long concentration of graphite, the company announced in a statement released on Wednesday in Perth.

While prospecting for graphite in the Balama project in Cabo Delgado province, the company found coal deposits with a 16.2 percent concentration of graphite. The company's general director, Brad Doyle, said the results were "very positive", given that coal deposits with a graphite content of 2 percent are usually considered economically viable. The bloc in question is located near the high quality graphite deposits already discovered by another Australian company, Syrah Resources.

Graphite is a form of carbon valued for properties such as the ability to conduct electricity. It is also used to produce the very strong material graphene. *(Macauhub)*

Mali plans mine contract review

The west African nation's new government will review contracts in a bid to realise real returns from its mineral reserves Mali's new government will continue a programme to review existing mining and hydrocarbons contracts and stands to renegotiate any which are not in the country's interests, the incoming mining minister Boubou Cisse has said.

"The government has decided to carry out a complete inventory of what exists - mining contracts, titles, licenses - be it in the mining or the oil sector," Mr Cisse, a former World Bank economist, told Reuters after taking office. "If there are contracts which it is necessary to revise in the interests of Mali, we will start negotiations with the partners in question." Mr Cisse added that the review would be conducted transparently and its results made available to the public, Reuters reported. President Ibrahim Boubacar, who swept to victory in peaceful August elections, has appointed a cabinet consisting mostly of technocrats tasked with restoring economic growth and stamping out corruption after the nation was divided by a coup and a war in the desert north. Africa's third biggest gold producer has an output of around

50 tonnes of gold a year, as well as significant potential uranium reserves. International companies operating in the country include Randgold Resources and Anglogold Ashanti. A handful of oil juniors are also exploring for commercial hydrocarbon reserves.
Many African countries have renegotiated or revoked resource contracts whose terms were too concessional, and which failed to benefit them. The Extractive Industries Transparency Initiative has recommended that Zambia review its mining licenses to ensure tax compliance and to enable to state to realise real returns from its copper reserves. An ongoing contract review process in Guinea has garnered international praise for its transparency.
But Mali's government will want to protect its long-standing reputation as an investment-friendly mining destination. The recent announcement of arbitration proceedings between Mali and Randgold Resources over a $60m tax dispute was the first in the mining company's 17-year history there, and an uncharacteristic move by the government according to Randgold chief executive Mark Bristow. "It is not what we have been used to in Mali," he says. "There was a period when things were more aggressive than normal. We got reviewed by the previous regime, before the coup - we disputed it and started a process. As you can imagine the politics got a bit awry, but once the interim government had been established we worked with them and started the process." Randgold and the government had "usually found consensus and settled our disputes in the past" he said, but arbitration proceedings became inevitable when no resolution had been reached after 18 months. Mali's new government aims to increase the contribution of the mining sector to GDP from 8 percent to 15-20 percent in the long-term, Mr Cisse told Reuters. *(This is Africa)*

OIL & GAS

Anadarko Petroleum promotes Mozambican natural gas in Japan

US oil group Anadarko Petroleum is expected to announce deals to supply natural gas from Mozambique this year and in 2014, the group's chief executive, Al Walker said in Tokyo. Walker also said that the first shipments of natural gas would be, as previously outlined, in 2018, and added that at the end of the year the group will have invested US$3 billion in prospecting in Area 1 of the Rovuma basin in northern Mozambique. So far, Walker said cited by financial news agency Reuters, the group had found reserves of between 35 and 65 trillion cubic feet of natural gas in the area. At a conference with potential buyers, Walker said that the group planned to launch the project by installing four natural gas processing plants, which may be increased to 10, in an area of 7,000 hectares.
The US group partnered Italian group ENI jointly to develop the Area 1 and Area 4 blocks, and Anadarko announced on its website that liquid natural gas (LNG) production in Mozambique may total 50 million tons per year. The two groups have found around 150 trillion cubic feet of natural gas in the two blocks, and new discoveries are announced regularly, the latest of which by ENI. *(Macauhub)*

Mozambican and Thai state oil companies to sign memorandum of understanding

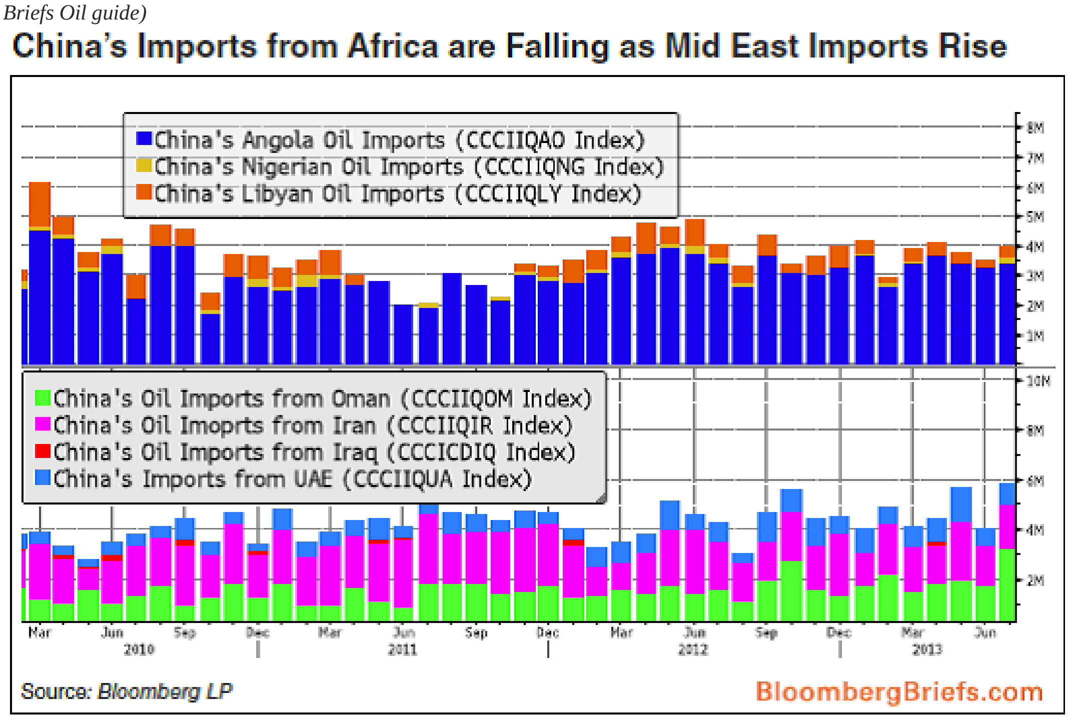
A memorandum of understanding is due soon to be signed by the state oil companies of Mozambique and Thailand, said the chief executive of Thailand's PTT Exploration and Production (PTTEP). Tevin Vongvanich told the Bangkok Post that the Mozambican government was "impressed" with the 30-year success of the Map Ta Phut oil and gas complex, which may be reproduced in the East African company. Noting that the group and the remaining partners of the Area 1 block of the Rovuma basin are preparing an economic feasibility study for the project, the PTTEP CEO said that the Mozambican government wanted to attract new companies to explore the country's mineral resources. In a 2012 deal, the Thais state group paid US$1.9 billion for an 8.5 percent stake in the block then owned by Irish company Cove Energy. "As well as needing natural gas from Mozambique we want to help the country to become a success story, like the Map Ta Phut oil and gas project," said Vongvanich. US group Anadarko Petroleum and Italy's ENI recently announced that natural gas reserves discovered so far in blocks in the Rovuma basin, in northern Mozambique, totalled 150 trillion cubic feet. This would make Mozambique the world's third-largest gas exporter after Qatar and Australia.

Marathon Oil group sells stake in Angolan oil block to Sonangol

US oil group Marathon Oil has agreed to sell a 10 percent stake in Block 32 off the Angolan coast to Angola state oil company Sonangol for US$590 million, the group said in a statement issued on the 10th of September in Houston. With the sale of this stake in Angola "we have concluded our divestment process that has raised US$3.5 billion, or US$500 million more than expected," said the group's chief executive Lee M. Tillman. The group also announced it was re-purchasing its own shares in the amount of US$1 billion and noted that the second phase of this programme would be finished when the sale of another 10 percent of Block 31 in Angola was concluded. "This transaction, worth around US$1.5 billion, is due to be finished in the fourth quarter of the year," the statement said. According to the US press, since Marathon Oil Corp. separated all its activities downstream of oil prospecting and exploration into the Marathon Petroleum Corp. its business has focused on the United States. *(Macauhub)*

Tanker Rates Drop On China's Africa Oil Demand

China's smallest oil imports from West Africa in at least two years are curbing demand for tankers on the second-longest trade route, prolonging the worst rates in more than a decade for owners. Chinese refiners will buy 28 percent less West African crude this month than a year earlier, according to loading plans and a Bloomberg News survey of eight traders. China's preference for cheaper Middle East oil over West African supplies shortens voyages by 42 percent, effectively increasing the capacity of the fleet, says **ICAP Shipping International**. That's adding to changes in trade flows as the U.S., the only country that buys more oil than China, meets the highest proportion of its energy needs since 1986. "Falling shipments point to potentially one more bad month of earnings, which tanker owners could really do without," **Simon Newman**, the London-based head of tanker research at ICA P Shipping, said by telephone on Aug. 28. "To avoid an even weaker market, owners will need significant support from shipments out of other areas." *(Bloomberg Briefs Oil guide)*



Mozambique's capital due to start receiving piped natural gas in May 2014

Distribution of natural gas in the city of Maputo and in Marracuene is due to begin by May 2014 and priority will be given to large consumers, such as hospitals, hotels and shopping centres, the Energy Minister said. Salvador Namburete noted that this was the date set out in the contract and added that only after large consumers started receiving the piped natural gas would the residential market become a priority, according to Mozambican news agency AIM. Costing an expected US$38 million, the domestic gas project was launched in March of this year and includes construction d operation of a gas pipeline running form Matola to Maputo and to the district of Marracuene, in Maputo province, and the gas distribution network is a total of 62 kilometres long. The project is controlled by state oil and gas company Empresa Nacional de Hidrocarbonetos (ENH) and construction is the responsibility of the Korea Gas Corporation (Kogas). The natural gas to be used for this project is extracted at the Temane and Pande gas fields, in Inhambane province, which are explored by South African petrochemical group Sasol. *(Macauhub)*

INFRASTRUCTURE

Portugal's Mota-Engil provides link by lake between Mozambique and Malawi

Management of the "Chambo" ship that provides a link by lake between Mozambique and Malawi, has been handed over to two companies owned by Portuguese group Mota-Engil, Mozambican daily newspaper Notícias reported. The "Chambo" ship, which was recently bought by the Mozambican government, is due to start operating "in the next two months," linking the communities that live on both sides of lake Nyassa (also known as Lake Malawi), and is managed by Emocil – Empresa Moçambicana de Construção e Promoção Imobiliária and the Malawi Shipping Company. In 2010 the Malawian government gave the Malawi Shipping Company a 35-year concession on shipping services on the lake and, this year, also handed over management of the main ports on the lake to the Malawi Ports Company, which is also a subsidiary of Mota-Engil. The "Chambo", the largest Mozambican ship operating on Lake Nyassa, was built in Portugal and has capacity for 100 passengers and two vehicles. *(Macauhub)*

Foster Wheeler awarded EPCm contract by Sasol for compression project in Mozambique

Foster Wheeler AG (Nasdaq:FWLT) announced that a subsidiary of its Global Engineering and Construction Group has been awarded an engineering, procurement and construction management (EPCm) contract by Sasol Petroleum International (SPI) for the low pressure compression project at Sasol's Central Processing Facility (CPF) in Temane, Mozambique.The Foster Wheeler contract value was not disclosed and was included in the company's second-quarter 2013 bookings.Foster Wheeler's scope of work includes provision/procurement of gas turbine-driven low pressure compressors plus auxiliary equipment, including inlet gas scrubbing equipment and discharge air coolers, a new substation, including high voltage switchgear and transformers, modifications to an existing substation, additional instrument air and nitrogen facilities, and the expansion of the distributed control system to accommodate the new facilities. The objective of the project is to enable the Temane CPF to maintain the design throughput and pressure as the gas field declines. The new facilities are scheduled to be ready for commissioning during the fourth quarter of 2014."We first worked with SPI in Mozambique in 2000, when we developed the basic design and engineering package for the original Temane Field Development, the first major upstream development in Mozambique," said Umberto della Sala, President and Chief Operating Officer of Foster Wheeler AG. "We were subsequently awarded the EPCm contract for this project, which project we safely and successfully completed in 2004, with significant development and use of local labour, subcontractors and suppliers. We have gone on to work with SPI on the further development of its gas assets and look forward to adding this latest award to our list of project delivery successes in Africa."Foster Wheeler AG is a global engineering and construction company and power equipment supplier delivering technically advanced, reliable facilities and equipment. The company employs approximately 13,000 talented professionals with specialized expertise dedicated to serving its clients through one of its two primary business groups. The company's Global Engineering and Construction Group designs and constructs leading-edge processing facilities for the upstream oil and gas, LNG and gas-to-liquids, refining, chemicals and petrochemicals, power, minerals and metals, environmental, pharmaceuticals, biotechnology and healthcare industries. The company's Global Power Group is a world leader in combustion and steam generation technology that designs, manufactures and erects steam generating and auxiliary equipment for power stations and industrial facilities and also provides a wide range of aftermarket services. The company is based in Zug, Switzerland, and its operational headquarters office is in Reading, United Kingdom. For more information about Foster Wheeler, please visit their Web site at www.fwc.com. *(MBendi)*

Grindrod looks to accelerate scale-up of Maputo port to 50Mt

The Maputo port is expected to handle around 18-million tons of cargo this year, up from 15-million tons last year, and 12-million tons in 2011, says Grindrod CEO **Alan Olivier**."We are in new territory here. "The port handled 15-million tons at its peak, and then dropped to a couple of million tons before we took over."JSE-listed bulk handling and shipping group Grindrod operates the Maputo port in partnership with Dubai Ports World and the Mozambique Ports & Railways Company. The original plan was to take the port to 50-million tons a year by 2025, but now the operators are hoping to do this by 2020, notes Olivier.

The growth is expected to come from coal, magnetite, iron-ore, chrome ore, containers and vehicles, says Grindrod Freight Services CEO **Dave Rennie**. Olivier adds that the product mix in the Maputo terminals will be driven in favour of magnetite. Magnetite is a form of iron-ore.He says demand for the commodity is motivating this decision, while export volumes are also available at Maputo. The magnetite moving through Maputo comes from Palabora Mining, at roughly five-million tons a year, with 1.25-million tons of iron-ore coming from Swaziland. Rennie says Palabora Mining has "massive stockpiles" of magnetite that could be exported through Maputo.While market demand will ultimately drive expansion at the Maputo port, he expects to soon see capacity for magnetite and iron-ore at 10-million tons a year to 15-million tons a year. July saw the completion of the 1.3-milion-ton Maputo coal terminal Phase 3.5 expansion project to a yearly capacity of 7.3-million tons.Key work streams on Phase 4 are progressing.

Jump in Volumes The Maputo car terminal experienced a 91% jump in volumes in the half-year ended June 30 to 37 155 vehicles imported and exported through the facility.The South African Pretoria-based manufacturing operations of Nissan, Renault and BMW all make use of the terminal.A second-phase expansion, increasing yearly capacity to 121 000 units a year, up from 52 000 units, was completed in July.There are plans in the pipeline to further increase capacity at the car terminal, says Rennie.Important The Maputo port is important to Grindrod, as private port and rail operators do not have access to this type of infrastructure in South Africa, as such infrastructure is owned by parastatal Transnet, notes Olivier. He says opportunities such as those presented at Maputo are "the only ones available to companies like us seeking concessions".Maputo also has strategic value, he adds. For a start, it is closer to Gauteng than any South African port. It is also well connected. It has rail access from Swaziland, Zimbabwe, South Africa and also Botswana. Olivier says there is also a regional need for the development of the Maputo port, as Durban is "fairly full" and the Richards Bay Coal Terminal is "close to capacity". "Also, from a customer point of view, do you want to put all your eggs into one basket?" Olivier emphasises that Transnet has been "good to Grindrod", having allocated rail capacity to the Maputo coal terminal."They are operating very well." *(Engineering News)*

Skills shortage inhibiting success of local infrastructure projects – Hitachi

The primary construction contractor for the Medupi and Kusile coal-fired power stations, Hitachi Power Africa, has identified rampant skills shortages in the local engineering and construction sector as a primary challenge in the successful completion of large-scale infrastructure projects on time and within budget. Speaking at a Department of Science and Technology seminar on Thursday, Hitachi Power Africa fleet director for Medupi and Kusile **Mark Marais** said a key constraint facing the company during the construction of both power stations was a shortage of experienced engineers, construction and fabrication supervisors and artisans. "There is, in particular, a shortage of experienced A-class welders," he noted. Marais' comments came a day after Eskom commercial director **Dan Marokane** told Parliament's Portfolio Committee on Energy that the parastatal was now in a position to make performance bond demands against the Hitachi Japan subsidiary for failing to deliver on its construction contracts at Medupi. Sapa reported earlier on Wednesday that Eskom had demanded that Hitachi restore its performance bonds to 100% to mitigate losses from any further failure by the company to meet welding standards on a R20-billion contract to construct the boilers at Medupi. This followed allegations against the firm of faulty welding and a failure by a subcontractor hired by the company to heat-treat welds to ensure they could withstand operational stress. Sapa reported that, should the power utility call in all bonds, it would recover R1.5-billion from Hitachi, the biggest contractor at the plant and whose poor performance was alleged to have contributed to driving up the estimated cost of completion of Medupi to R105-billion.

"We have asked them to increase these bonds to that level so that they have more skin in the game. The bonds are now sitting at about 50%," said Marokane.

While refusing to be drawn on the controversy surrounding the company's alleged poor performance, Marais alluded to the challenges faced by welders on site as a central driver of potentially substandard work.

"Mirror welding is required on projects such as Kusile and Medupi, but this can only be performed by A-class welders. Mirror welding is extremely difficult; I can't even tie my shoelaces while looking in the mirror," he commented, adding that there "could not be errors" during welding.

Marais further emphasised the importance of managing the "natural" clash of objectives and interests among stakeholders, such as labour, government, the contractor and the subcontractor, in public infrastructure development projects.

He added that the success of such infrastructure projects lay not only in managing the "iron triangle" of schedule, cost and quality, but in satisfying several other performance criteria, including safety norms, environmental compliance and the management of labour and union expectations.

Citing an earlier research report by audit, tax and advisory firm KPMG, Marais said factors influencing the success of large-scale infrastructure projects included the project environment, political control, the role of national government and the effectiveness of procurement and financing systems. "Critically, the report found that political institutions that made decisions about infrastructure projects needed to have the authority to see them through. "Government needs to provide clarity by defining the rules for approving projects and the disbursement of central funds, as well as providing predictability for the scale of future funding," he commented.

In addition, projects required "political legitimacy", as there was unlikely to be long-term support for a project if the population did not understand its purpose.

Alluding to Eskom's empowerment requirements that were inherent in the awarding of local tenders, Marais noted that the selection of the appropriate strategic local partner was also central to a project's success.

In addition, timelines had been affected by "a culture of striking, often accompanied by violence and associated low levels of productivity," he said.

Despite the controversy surrounding its performance on the Medupi contract, he confirmed that the company would pursue the maintenance contracts for both power stations once completed, and would also bid for the construction tender for the third proposed new coal-fired power station – Coal 3. While Eskom had initially planned to have the first unit at Medupi on line by the end of this year, this has been delayed until the second half of next year. *(Engineering News)*

AGRIBUSINESS

Maize production in Mozambique has one of lowest yields in southern Africa

The yield for maize production in Mozambique is 1 ton per hectare compared to an average of 4.9 tons per hectare for Southern African countries, according to an official from the Mozambican Agricultural Research Institute (IIAM).

Pedro Fato, a researcher from the institute, told Mozambican news agency AIM that although maize was Mozambique's most important crop after cassava, its yield was still very low, and in that region was only higher than that of Angola.

In Mozambique, maize production is predominantly in low-lying areas and covers 65 percent of those areas, with each family farming plots of up to 3 hectares.

Despite low yields, maize is one of the crops that, along with cassava, has had a production surplus in teh last few years in Mozambique, with total production of 14.7 million tons per year. *(Macauhub)*

ProSavana in Mozambique sets up website

The ProSavana agricultural project, which involves Mozambique, Brazil and Japan, now has a website – http://www.prosavana.gov.mz/ – which publishes all information available about the project.
The website will be regularly updated with news, videos and the results of studies and public consultations, allow anyone that is interested to keep up with the progress of ProSavana. The project is focused on agricultural, social and economic development of the communities located along the Nacala Corridor, by contributing to security, increased yield and productivity.
The project intends to reproduce the success Brazil has had in its "cerrado" area in Mozambique's savannahs by using the area for agricultural production with the technical and financial support of Brazil and Japan through the Japanese International Cooperation Agency (JICA) and the Brazilian Cooperation Agency (ABC). *(Macauhub)*

THE Agricultural Development Bank of Zimbabwe has secured a $98,6 million loan from the Brazillian government to boost the agricultural sector as the country continues to reel under a high food import bill.
In an interview yesterday, Agribank chief executive officer Sam Malaba said the development came hardly six months after the bank was removed from the sanctions list by the European Union in March this year. The bank has been on the sanctions list since 2008. "We signed the agreement on Tuesday on a government-to-government basis. The money will be used to finance the purchase of agricultural machinery and equipment," Malaba said. Malaba could, however, not comment on the interest rates and whether farmers would be required to submit collateral in order to access funding. "It depends on the source of the funding. We will discuss with government on what will be the conditions," he said. Farmers have been failing to access funding from banks due to lack of collateral as the issue of land tenure remains unresolved. Government is still to implement the use of acceptable forms of land tenure and security, including the negotiable 99-year lease. On Tuesday, the United Nations World Food Programme (WFP) estimated that 2,2 million people could require food aid by early next year due to poor harvests realised in the previous cropping season.
The mid-term fiscal policy review for the Second Round Crop and Livestock Assessment Report from the Ministry of Agriculture indicated that 798 600 tonnes of maize would be realised in 2013, down from an initial projection of 1 100 000 tonnes. The poor maize output is mainly a result of the erratic rainfall pattern witnessed during the 2012/13 season, which affected yields and hectarage. Out of the 1 442 845 hectares planted, 177 605 hectares were written off. This reduced harvested area from 1 265 237 hectares to 967 229 hectares during the same period. By May this year, the import bill stood at $3,2 billion compared to exports of $1,3 billion resulting in a trade deficit of $1,9 billion. Malaba said the bank was also negotiating with PTA Bank, African Development Bank, and African Export Import Bank for additional lines of credit. The agricultural sector requires an estimated $2 billion for it to perform optimally. Plans are already underway by government to dispose of a significant stake of the bank to a strategic partner to boost the bank operations. The government engaged financial and legal advisers for the bank and due diligence reports have been submitted to the technical partners while an evaluation would be conducted before privatisation takes place.*(News Day)*

TRADE

Mozambican government orders 30 ships from France

The Mozambican government has ordered construction of 30 ships from Constructions Mécaniques de Normandie, of Cherbourg, France, costing a total of 300 million euros, Lebanese businessman Iskandar Safa, who owns the shipyard, said Friday. The order includes building 24 trawls, three 32-metre patrol ships and another three 42-metre ships, said Safa as he announced the order, at a session attended by three ministers, including Arnaud Montebourg, who is responsible for industrial reconversion in France. According to the shipyard's owner, CMN has annual turnover of between 50 and 100 million euros. Safa added that this order was part of a contract that the Safa group signed with Mozambique that includes the same number of ships to be built at shipyards in Germany and Abu Dhabi, in the United Arab Emirates. *(Macauhub)*

Namibe airport in southern Angola reopens to air traffic

The airport in the city of Namibe, in southern Angola, started operating again last Friday and its official inauguration is scheduled for Tuesday, the chairman of Empresa Nacional de Navegação Aérea (Enana), Eugénio Manuel Ceita said. The chairman of Enana noted that modernisation of the airport took some 16 weeks, at a cost of US$90 million, which means that Yuri Gagarin Airport will have capacity to handle 400 passengers at peak times compared to 100 passengers previously. The airport is designed for domestic flights and can be now be used by aircraft similar to Boeing -737s. As well as its runway, which was made longer and repaved, and two new buildings, internal finishing work has yet to be finished. This work is due for completion by December. On Thursday 12th September, an experimental flight was carried out, which transported an inter-ministry delegation to the inauguration of the facilities to support the 41st Roller Hockey World Championships, due to begin on 20 September. *(Macauhub)*

Angola's trade surplus narrowed 17% to $8.8bn in the second quarter from a year earlier, as exports from the oil-producing nation slipped on lower crude prices while imports jumped, the National Statistics (INE) said

on Wednesday. Angola is Africa's No.2 oil producer after Nigeria and crude represents over 95% of its exports. Lower crude prices, which fell over 7% during the second quarter, led to a drop of 3.9% in Angola's total exports from a year earlier to just over $16.3bn, the INE said in a statement. Angola is still recovering from a 27-year civil war that ended in 2002 and shattered productive sectors such as agriculture, and the government wants to diversify the economy and boost non-oil sectors to reduce reliance on hydrocarbons. Still, the fast-growing economy - the government forecasts a 7.1% gross domestic product expansion this year - continues to rely heavily on overseas market to meet rising demand for consumer goods, equipment and services as it rebuilds infrastructure and invests in new sectors. INE said imports jumped 18% from a year earlier to $7.5bn, with vehicles, industrial equipment and agricultural products representing the bulk of goods entering the country. China, whose decade-long trade partnership with Angola is one of its most important in its strategy of procuring natural resources from Africa, was the main destination for Angolan goods, representing around 46% of exports. The United States with a distant second with 10.28% of total export revenue. *(Reuters)*

MEDIA & ADVERTISING

GOtv goes big across Africa

GOtv, MultiChoice's nascent digital terrestrial television (DTT) service, has proven popular with viewers across Africa, bagging thousands of subscribers just two years after it first launched in Zambia. "The service has managed to attract more than 400,000 paying subscribers to date and is growing at a rapid pace," said Nico Meyer, CEO of MultiChoice Africa. "It is still early days and we believe this will pick up as we expand our network in existing countries and launch in new markets." The service provides options to viewers hungry for more content but who are put off by the cost of satellite dishes and installation. **The service has also been launched in Zimbabwe, Namibia, Kenya, Malawi, Uganda, Nigeria and Ghana. It competes with Chinese-owned StarTimes in three of these countries**.

Although market share statistics are not readily available, StarTimes had 1.5million DTT subscribers in 10 African countries at the end of last year, according to a report by analyst firm Digital TV Research. Member states of the United Nations International Telecommunications Union have committed to a June 2015 deadline to turn off analogue television broadcasting, creating a market for paid DTT.Ted Hall, an analyst at technology research firm Informa Telecoms & Media, said the total global number of pay-television homes would grow owing to the competitive attraction of DTT."[This] is set to rise by 19% from 658million [50% penetration] in 2010 to 785million [56% penetration] in 2015," he said.Digital TV Research's Simon Murray predicted sub-Saharan Africa would have 33.8million DTT homes by 2018, with eight million of these signed up for pay DTT. GOtv offers 20 to 40 channels through two bouquets — GOtv and GOtv Plus. It is operating through a process called "dual illumination", whereby DTT signals are transmitted alongside analogue signals.

"The major cities in some countries had fewer frequencies," said Meyer. Asked how GOtv subscribers stacked up to its DStv subscribers, Meyer said although the GOtv subscriber numbers were growing fast, they represented only 20% of MultiChoice Africa's total DStv subscriber base on the continent outside of South Africa.*(BDLive)*

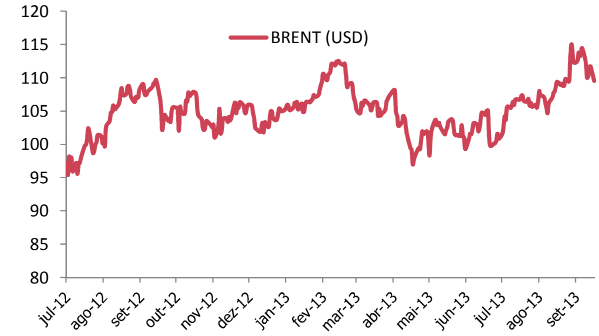
MARKET INDICATORS
16-09-2013

STOCK EXCHANGES Index Name (Country)	16-09-2013	YTD % Change
Botswana Gaborone Domestic Index (Botswana)	8.575,95	14,19%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	204,92	23,02%
Case 30 Index (Egypt)	5.541,88	1,45%
FTSE NSE Kenya 15 Index (Kenya)	159,45	26,80%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	17.563,54	-8,25%
Nigerian Stock Exchange All Share Index (Nigeria)	36.067,73	28,45%
FTSE/JSE Africa All Shares Index (South Africa)	43.563,01	10,99%
Tunindex (Tunisia)	4.561,27	-0,41%

Source: Bloomberg and Eaglestone Securities

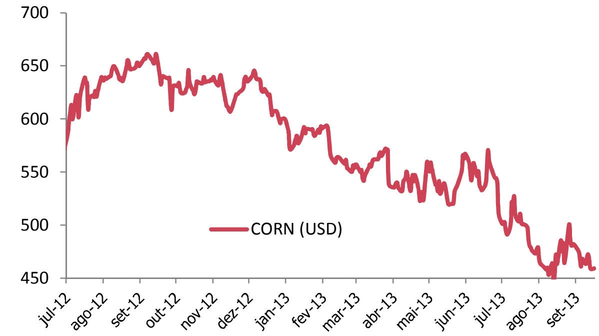
METALS	Spot	YTD % Change
Gold	1.319	-21,28%
Silver	22	-27,45%
Platinum	1.448	-6,01%
Copper $/mt	7.041	-11,22%

Source: Bloomberg and Eaglestone Securities



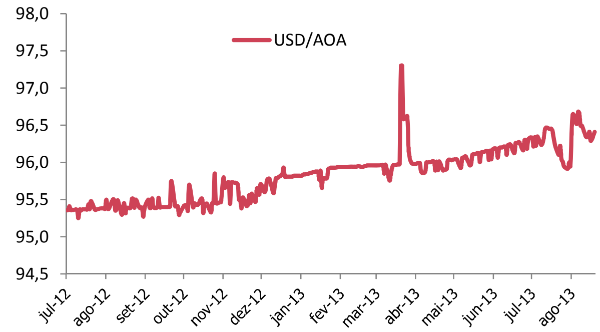
ENERGY	Spot	YTD % Change
NYMEX WTI Crude (USD/barril)	106,4	14,18%
ICE Brent (USD/barril)	109,6	1,00%
ICE Gasoil (USD/cents per tonne)	942,0	2,87%

Source: Bloomberg and Eaglestone Securities



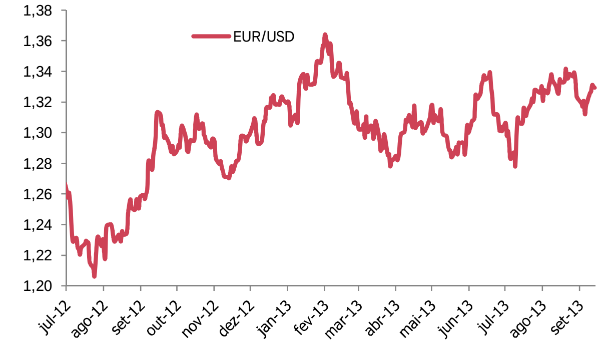
AGRICULTURE	Spot	YTD % Change
Corn cents/bu.	459,3	-34,42%
Wheat cents/bu.	641,5	-18,57%
Coffee (KC) c/lb	119,5	-18,54%
Sugar#11 c/lb	17,6	-10,89%
Cocoa $/mt	2633,0	16,81%
Cotton cents/lb	83,9	10,62%
Soybeans c/bsh	1367,0	-2,30%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	Spot
KWANZAS	
USD	96,647
EUR	129,487
GBP	154,388
ZAR	9,923
BRL	42,854
NEW MOZAMBIQUE METICAL	
USD	29,600
EUR	40,501
GBP	48,289
ZAR	3,104
SOUTH AFRICAN RAND SPOT	
USD	9,756
EUR	13,053
GBP	15,562
BRL	4,319
EUROZONE	
USD	1,34
GBP	0,84
CHF	1,24
JPY	132,06
GBP / USD	1,60

Source: Bloomberg and Eaglestone Securities



Disclamers Appendix

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Additional information is available upon request.

UPCOMING EVENTS

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

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

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

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

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

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

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

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

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

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/)*

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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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