INSIDE AFRICA

Now is the time to invest in Africa

EAGLESTONE SECURITIES

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Contents

IN-DEPTH:

- How can African countries capitalise on the current geopolitical changes? 2
- African partnerships with new emerging economies 3
- SOVEREIGN RATINGS 4
- African Development Bank 8

INVESTMENTS 9

BANKING
- BANKS 12
- MARKETS 14
- DEALS 14
- TECH 14

ENERGY 15

MINING 15

OIL & GAS 16

INFRASTRUCTURE 18

AGRIBUSINESS 19

TRADE 21

TOURISM 21

MARKETS INDICATORS 22

UPCOMING EVENTS 24

BRIEFS

Ghana has secured $9.75m from the Climate Investment Fund's (CIF) Forest Investment Programme (FIP) to undertake a forestry preservation project.

Senegal launches a nationwide reforestation campaign and Gambia is also on a campaign to restore its forest cover.

Nigeria is leveraging $3.5bn for agriculture from local banks in a bid to attract the participation of the private sector.Agriculture accounts for 44% of GDP and 70% of all employment but it has only 2% of all bank lending.

Africa currently imports almost $40bn worth of food a year, but it shou ld implement measures to attract private sector investment in agriculture in order to reduce its food import bill and increase its self-reliance

A $5bn agreement between Kenya and China includes building a new standard-gauge line from Mombasa to Malaba on Kenya's border with Uganda

Nigeria produced 1.90mn b/d of crude in September, broadly in line with an average of 1.93mn b/d in 2013 but well below a five-year production high of 2.23mn b/d in August 2011. This compares with the 2.53mn b/d Finance Minister Ngozi Okonjo- Iweala assumed in her 2013 budget. This decline in Nigerian output is one of the reasons behind the wider fall in OPEC production this year.

The quarterly Rapid-Growth Markets Forecast (RGMF) released on 24th October by global tax and financial advisory firm EY has forecast the GDP growth for 25 rapid-growth markets (RGMs) next year, including Africa's Ghana, Nigeria, South Africa and Egypt.

In-depth:

How can African countries capitalise on the current geopolitical changes?

This year Africa celebrates 50 years since the founding of the Organisation of African Unity (OAU); never before has the continent been so poised to reap the benefit of its enormous resources. Sweeping political and economic changes over half a century have reformed global power structures, reconfigured international relations and led to serious rethinking of development paradigms.

It is only befitting to recognise the significance of the African Union's (AU's) role in this transition. The OAU, established in 1963, laid the foundation for the unity of the African continent. It aimed to rid the continent of the remnants of colonialism and restore Africa's dignity and pride after centuries under domination; promote the integration of the continent; and defend its interest in a Cold War arena. As the continent evolved, the OAU, heralded as the most notable result of pan-Africanism, was replaced by the AU in 2002. The AU symbolised a new era for the continent, aiming at accelerating the process of economic integration, resolving socio-political problems and intensifying continental unity, to enable Africa to play a more meaningful role in the global economy.

In just over a decade, Africa has experienced growth from only 2.1% in the 1990's to 5% in the past decade. The future outlook remains promising as Africa's economy is projected to continue growing, despite global financial market turmoil. Investor confidence has also been revived, brought about by drivers such as an increased prevalence of peace, democratic elections and improved governance. As a result, Africa has attracted more foreign direct investment (FDI). Africa has been experiencing an upward FDI trend, with US$47bn mark in 2011. In 2012, this upward trend has continued, with FDI registered at $50bn. Outward FDI flows from Africa nearly tripled in 2012, from $5bn in the previous year to an estimated $14bn.

How can Africa capitalise on the current trends?

Africans can take control of their natural resources

Africa's industrial potential had been stifled by the legacies of colonialism which left behind weak institutions and an infrastructure designed to enhance extraction of the continent's resources. Structural adjustment programmes had particularly negative effects on technological accumulation, human capital development and export performance. However, Africa's resources wealth accounts for approximately three-quarters of the world's platinum supply, half of its diamonds and chromium, one fifth of gold and uranium supplies, just over half of the world's uncultivated arable land, with the potential to become the breadbasket for the world, and has gas and oil production in over 30 countries. With the abundance of resources and the rising global demand for them, Africa must manage its resources carefully.

Currently, there are far too many economies in Africa that are dependent on the production and export of primary commodities. These are generating prosperity and development in other regions instead of in Africa, exporting jobs and opportunities. The continent runs the risk of marginalising its own role in international trade if it does not add value to its commodities. Commodity-based industrialisation therefore offers the scope for value addition as well as forward and backward linkages. Ethiopia's leather industry and Nigeria's oil supply industry provide good yet random examples of linkages that are not only developing, but also deepening into high value-added activities. Such initiatives must become the norm.

Africa's economic future will be determined by how it designs and implements effective policies to promote industrialisation. There is an urgent need to address infrastructure constraints and bottlenecks, facilitate the development of the commodity sector and linkages, boost availability of unskilled and semi-skilled jobs, provide job training in higher artisanal skills and deploy data driven evidence to inform planning. These all present opportunities for Africa and its partners to better collaborate without depriving Africa of the benefits of its resource boom.

Africa's demographic dividend

Africa's population is projected to double attaining close to 2.3bn people over the next 40 years. This will represent about half of the globe's total population growth. Africa is also the only continent with a significantly growing youth population. Projections suggest that in less than three generations, 41% of the world's youth will be African. By 2050, Africa's youth will constitute over a quarter of the world's labour force. By the end of the century, the continent will have the lowest dependency ratio in the world.

In addition, Africa is experiencing an unprecedented rate of urban growth. Projections indicate that between 2010 and 2025, some African cities will account for up to 85% of the population. This will mean a transition from a rural to a predominantly urban society, with the largest cities on the continent, Lagos and Kinshasa, growing to 15m people by 2025, and others such as Dar es Salaam reaching 7m. Cities in Africa generate approximately 55% of the continent's total GDP relative to cities in developed countries that generate approximately 90% of their GDP. Being cognisant of

the related challenges, such as the need to ensure essential services to cater for this phenomenon, the opportunities for economic growth, poverty reduction and human development are profound.

Approximately 54% of Africa's youth is currently unemployed and more than three-quarters live on less than $2 a day. A correlation and lessons to be learnt can be drawn from Asian emerging markets, where 40% of its rapid economic growth between 1965 and 1990 was attributed to an increase in the working age population.

However, a youth population of such magnitude also indicates that the real challenge of the 21st century is the ability to address this demographic imbalance in a manner that will preserve the interests of future generations. A demographic dividend is needed. Inspired by Jean-Jacques Rousseau's seminal work ***The Social Contract***, there is need for a new intergenerational social contract that is driven by the necessity to balance the needs of the current and future generations; between a young Africa and an aging population elsewhere in the world.

African partnerships with new emerging economies

The once dominant influence of the West is diminishing and it will have to metamorphose a new relationship with Africa. India, China and new players have increased their engagement in Africa in rather dramatic ways, transforming Africa's traditional trade and investment relations. The largest increases in FDI to Africa in recent years have come from the BRICS, targeting Africa's natural resources, from oil in Angola, Algeria, Nigeria and Sudan to mining in Niger, Mauritania, Zambia and Liberia.

It is however, a very partial view of what is going on. There is significant diversification of investments. For example, India is investing in social services, textiles and medium-sized enterprises, as well as technology and China is investing heavily in Africa's infrastructure and services. Ways of doing business have been revolutionised, accompanied by advances in technology.

This new paradigm of engagement reflects cooperation in which partners see themselves as peers in mutually beneficial relationships. Interest in Africa from a larger pool of partners is favourable to the continent and is creating choice. Africa in turn, is well positioned to be a more assertive player in the global arena and to capitalise on the different development models and comparative advantages offered by the array of partners. To benefit fully, Africa must strengthen its institutions, take the lead in negotiating, designing and implementing strategies with partners to leverage its comparative advantages as well as broker good deals. Africa must transform from being perceived as a price taker to a price maker.

The Africa-EU future

Europe and Africa have historical and geographical relationships. Europe has been more of a trade, development and investment partner while Africa has been a crucial source of hard and soft commodities for Europe, such as strategic metals and minerals and captive market. Having said this, perhaps the most successful area in its long partnership has been in the thematic area of peace and security.

The EU-Africa partnership over the last decade has evolved under the framework of the Joint Africa-EU Strategy from one that was criticised for being an unbalanced donor-recipient relationship to one that promised a profound change in its approach to Africa. In 2007, the Joint Africa-EU Strategy was premised on principles of equal participation and representation, as well as to treat Africa as one.

However, development and political cooperation between the two continents has not resulted in any fundamental transformation; instead the gap has only become wider. This can be attributed to factors such as dwindling development budgets that have been affected by the euro zone's sovereign debt crisis; in turn, the financial expectations under the Joint Strategy have not been delivered. The emergence of new economies rival Europe's historic role and style of development aid cooperation in Africa. Several partnership agreements have since mushroomed, such as the Cotonou Agreement, fragmenting the strategy.

The fourth Africa-EU summit therefore comes at an opportune time for both continents to develop consensus on what they want and how to transform the Africa-EU relationship. In the new landscape of multi-polar partnerships, Africa needs a coherent strategy so that its development is not compromised by competition among potential partners. In doing so, mutual accountability, mechanisms of enforcement, mechanisms that foster compliance of multinational firms to international norms and standards should be indispensable features for the future partnerships. It is time for Africa to capitalise on the geopolitical changes but by driving and owning the process.

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SOVEREIGN RATING

	Region - Africa/Middle East					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
25-10-2013	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba3	BB-	BB-	NR	B	B
Bahrain	Baa2	BBB	BBB	NR	A-2	F3
Benin	NR	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	B1	B+	B+	NR	B	B
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	Ba3	BB-	BB-	NR	B	B
Oman	A1	A	NR	NR	A-1	NR
Qatar	Aa2	AA	NR	NR	A-1+	NR
Republic of Congo	Ba3	B+	B+	NR	B	B
Republic of Zambia	B1	B+	B+	NR	B	B
Rwanda	NR	B	B	NR	B	B
Saudi Arabia	Aa3	AA-	AA-	NR	A-1+	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	B	NR	NR	B
South Africa	Baa1	BBB	BBB	P-2	A-2	F3
Tunisia	Ba2	B	BB+	NR	B	B
Uganda	NR	B+	B	NR	B	B
United Arab Emirates	Aa2	NR	NR	NR	NR	NR

Sources: Bloomberg, Eaglestone Advisory

AAA' and 'AA' (high credit quality) and 'A' and 'BBB' (medium credit quality) are considered investment grade. Credit ratings below these

Angola: Country Outlook

POLITICAL STABILITY: The president, José Eduardo dos Santos, sits at the centre of a vast patronage network, skilfully appeasing conflicting interests both nationally and within his party while shoring up his own position. He and his ruling party, the Movimento Popular de Libertação de Angola (MPLA), extended their complete hegemony over the political system in August 2012 by winning 72% of the votes in the legislative election, maintaining an absolute majority in parliament. Power is likely to remain centralised within the presidential circle. New ministers of finance and construction were named in a surprise cabinet reshuffle in May 2013, but this is not thought to signal any major shift in power within the MPLA. The adoption of a new constitution in January 2010 has consolidated the president's grip on power, establishing a presidential-parliamentary system under which the president is no longer elected by popular vote but instead is the head of the party with the most seats in parliament. Although a limit of two five-year presidential terms has been set, this does not apply retroactively, meaning that Mr dos Santos--who has been president since 1979--could remain in the post until 2022. Mr dos Santos, who turned 71 in August, has remained ambiguous about how long he plans to remain president, and a prolonged period of absence from the country in June-August led to renewed

speculation about his health and the possibility that he may decide to stand down during his current term. If Mr dos Santos does eventually decide to bow out, it will be on his own terms, which will include retaining the ability to influence matters from behind the scenes. A less managed transition, should the president die unexpectedly, for example, could lead to political instability, although the MPLA (via the security services) would be likely to crack down hard on any such unrest.

ELECTION WATCH: Emboldened by the improvement in their electoral performance since the 2008 polls, opposition parties will switch their attention to the long-delayed first municipal elections, which are unlikely to be held before 2015. When these polls take place, the opposition will hope to capitalise on popular discontent with poor public services, high unemployment, widening inequality and allegations of graft and nepotism (although UNITA was itself hit by an alleged corruption scandal in September 2013) to increase their representation. The next legislative election is scheduled for late 2016, when the MPLA will be expected to take advantage of its solid funding base, strong business connections and domination of the media to win another majority and retain its hegemonic grip on all aspects of power, including the presidency (under the constitution, the leader of the party with the most parliamentary seats automatically becomes president).

INTERNATIONAL RELATIONS: Angola's key foreign policy aims will be to diversify access to international finance, to expand the country's regional and international influence and to consolidate relations with key strategic partners--in particular China, Portugal and the US. Angola will continue to deepen its relationship with China through large trade and investment deals, particularly in oil, construction and agriculture. However, civil opposition to Chinese involvement in the country is growing as discontent rises over the influx of Chinese immigrants. Strong ties with Portugal will continue despite a judicial investigation in that country into alleged money-laundering by Angolans, with Portugal's financially strapped government keen to attract Angolan investment.

POLICY TRENDS: Growing popular discontent over living standards, particularly given the country's oil wealth, has led to more frequent protests; Mr dos Santos, keen to limit any threat to his rule, will aim to improve access to basic services such as healthcare, sanitation, drinking water and adequate housing.
Social sector spending will increase, and policy will focus on the implementation of the poverty-reduction programme without jeopardising macroeconomic stability as rising hydrocarbons output boosts government revenue. The government will also seek to move largely unregulated non-oil companies into the formal sector, as part of efforts to boost competition, create jobs and increase tax contributions to the Treasury. In addition, new import duties will protect local industries from January 2014, in an attempt to boost domestic production--particularly of
food--and to help Angola to become more competitive in the region. New legislation for oil companies will have a big impact on the financial sector. Supervision is weak and there are substantial swings in liquidity depending on oil prices or production. Legislation requiring oil companies to use local banks, phased in between October 2012 and October 2013, will greatly increase liquidity in the banking system. While this is likely to bolster foreign interest in local banks, it could also lead to a reduction in short-term oil output if the influx of such large sums of money causes delays in banks' processing of transactions. The government is hoping that a new mining code will encourage investment in the exploitation of largely untapped reserves of minerals such as iron, copper, gold and uranium, helping to diversify the economy away from oil and gas. However, that will also require improvements in infrastructure and skills. The government plans to open a licensing round for ten onshore blocks before the end of 2013 (although the blocks may not be awarded until early 2014) and for another 40 or so in the early part of the forecast period, attracting significant interest from international oil majors.

ECONOMIC GROWTH: A steady rise in oil output will drive real GDP growth in 2014-18. We forecast that crude output will rise from an estimated average of 1.79m barrels/day (b/d) in 2013 to 2.16m b/d in 2018. However, given the history of technical delays and the slim possibility that OPEC may try to enforce Angola's quota more strictly, there is a risk that production may increase at a slower rate. Overall, the hydrocarbons outlook for 2014 is bright. BP (UK), ConocoPhillips (US) and Statoil (Norway) are among the oil exploration firms expected to invest at least US$3bn in offshore wells, while the promised oil licensing round should help to drive activity in the onshore sector. Production at the US$10bn liquefied natural gas plant at Soyo, which will generate 5.2m tonnes/year, finally started in mid-2013 and will continue to support growth in the early part of the forecast period. Exploration of Angola's pre-salt fields will also support economic growth; Angola is thought to have the biggest pre-salt potential in Sub-Saharan Africa. However, we do not expect extraction of any pre-salt discoveries to start during the forecast period. Overall, we forecast that real GDP growth will moderate slightly from 6.8% in 2013 but remain robust at an annual average of 6.6% in 2014-15. Growth will moderate to an average of 6.3% in 2016-18, owing to a forecast fall in global oil prices.

INFLATION: The year-on-year rate of inflation slowed to a multi-decade low of 8.9% in January 2013; the rate for August 2013 was 8.97%. The increase in liquidity from the fourth quarter of 2013, owing to the impact of new oil legislation, could exert some upward pressure on prices, but we expect the monetary policy committee of the Banco

Nacional de Angola (BNA, the central bank), having lowered the benchmark interest rate to 9.75% in July, to adopt a relatively cautious policy stance in order to avoid this. We expect inflation to remain in single digits over the forecast period. However, this will also be contingent on the ability of the MPC to resist political pressure for a substantially more accommodative monetary policy.

EXCHANGE RATES: The BNA's ability to support the kwanza through market intervention will depend on the level of foreign-exchange reserves. Falling reserves forced the central bank to loosen the unofficial peg to the US dollar in October 2009, resulting in a sharp decline in the kwanza. Since then the currency has followed a much more stable pattern, and with reserves expected to remain equivalent to around 8 months of imports throughout the forecast period, the authorities will have considerably more firepower to defend the currency. We expect the currency to depreciate modestly against the dollar, owing to a decline in the
current-account surplus and to signs that the Federal Reserve (the US central bank) will soon start to rein in its extraordinary monetary easing, which will strengthen the dollar (although unless resolved rapidly, the current shutdown of the US government and the potential threat of a debt default could put downward pressure on the US currency). We forecast that the kwanza will depreciate from an estimated average of Kz96:US$1 in 2013 to Kz98.9:US$1 in 2018. The country remains vulnerable to any sharp and sustained decline in oil prices, which could lead to a sudden, deeper depreciation.

EXTERNAL SECTOR: We expect the merchandise trade surplus to be largely determined by the international oil price. The surplus will peak in 2015, at US$50.3bn, as the price rises to a forecast US$107.3/b, before moderating thereafter alongside the price. The continuing rise in imports in the coming years will reflect a recovery in investment and domestic demand. However, despite our expectation that oil prices will weaken in 2016-18, large trade surpluses will be sustained throughout the forecast period, averaging US$45bn a year, underpinned by the strength of oil revenue. Robust activity in the oil sector will also ensure the continuation of large deficits on the services and income accounts. The current-account position will deteriorate as the forecast period progresses, because of rapid growth in import demand on the back of government-led capital investment and a fall-off in export performance in 2016-18 as oil prices decline. The current-account surplus as a %age of GDP is forecast to contract from an estimated 7.8% in 2013 to 1.2% in 2016; the current account will edge into deficit in 2017, and will reach a deficit of 3.5% of GDP by 2018. *(Economist Intelligence Unit)*

Mozambique economy: Quick View

The Banco de Moçambique (BDM, the central bank) has cut its key lending rate, the standing lending facility, by 50 basis points to 8.25%.

Analysis

The BDM is aggressively cutting policy rates in an effort to boost bank lending to the private sector. Its decision to once again lower the rate on the standing lending facility, the Facilidade Permanente de Cedência (FPC), on October 16th marks the tenth rate cut in two years. In October 2011 the FPC stood at 16%. Other policy instruments, such as the Facilidade Permanente de Depósitos (standing deposit facility) and reserve requirements, were left unchanged this time, but have also been relaxed in the past two years.

Inflationary pressures have receded in recent months, enabling the BDM to pursue its objective of supporting economic activity more resolutely. Consumer prices registered five consecutive month-on-month declines in May September as international commodity prices eased and the currency, the metical, appreciated sharply against the South African rand (most non oil imports are sourced in South Africa). The short term inflation outlook remains stable, which has further encouraged the BDM to ease its policy stance. The Economist Intelligence Unit forecasts that average annual inflation will be 4.4% in 2013, edging down to 4.2% in 2014, well within the BDM's target of 5 6%. Should inflationary pressures re emerge, the BDM is likely to raise its policy rates again, so as to preserve macroeconomic stability and avoid cost-of-living-related unrest.

Nonetheless, the BDM's current strategy carries risks. Although prices have hitherto remained under control, monetary loosening has resulted in rapid year on year growth in the money supply and in domestic credit: by 24.8% and 27.2% respectively at end July 2013. Combined with wage increases, enacted in mid 2013, and adjustment in some administered prices, this could create inflationary pressures. These risks are exacerbated by the fact that most of the current moderation in prices is attributable to external factors. Owing to Mozambique's dependency on oil and food imports, it remains particularly vulnerable to external price shocks. Finally, another issue is that the rapid rise in domestic credit could lead to a deterioration in the quality of loans, undermining stability in the banking system. *(Economist Intelligence Unit)*

Mozambique: Quarterly economic indicators	2011		2012				2013	
18-10-2013	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr
Prices								
Consumer prices (2000=100)	173.1	174.1	177.8	176.8	175.6	178.4	184.3	185.8
Consumer prices (% change year on year)	7.6	6.7	3.1	1.9	1.5	2.5	3.7	5.1
Financial indicators								
Exchange rate MT:US$ (av)	27.47	27.03	27.40	28.00	28.60	29.53	30.37	30.17
Exchange rate MT:US$ (end-period)	27.20	27.30	28.10	28.10	28.80	29.80	30.50	30.00
M1 (end-period; MT m)	90,172	97,578	95,495	105,201	114,2	129,197	122,17	129,486
M1 (% change year on year)	2.6	9.4	8.1	17.8	26.6	32.4	27.9	23.1
M2 (end-period; MT m)	133,989	143,802	143,148	155,909	166,787	186,013	183,738	189,951
M2 (% change year on year)	4.7	7.8	9.6	19.3	24.5	29.4	28.4	21.8
Foreign reserves (US$ m)								
Reserves excl gold (end-period)	2,371	2,469	2,315	2,473	2,867	2,77	2,429	2,492
Sources: IMF, International Financial Statistics; UN Food and Agriculture Organisation. Eaglestone Securities (c) Economist Intelligence Unit 2013								

AFRICAN DEVELOPMENT BANK

Two Businesses from Cote d'Ivoire and Tanzania Win Grants from the Agriculture Fast Track Fund

"Two new applicants have been awarded grants under the Agriculture Fast Track Fund," the African Development Bank (AfDB) announced on 18 October 2013. This coincides with the celebration of the 2013 World Food Day.
According to Chiji Ojukwu, Director, Agriculture and Agro-Industry, "these awards are a demonstration of the extent to which African countries and their development partners are willing to go to propel the African agriculture transformation through enhanced development of agribusinesses in a manner that is more consistent with how business and investors really work."
The Agriculture Fast Track Fund (AFT) is a multilateral fund supported by USAID, the Swedish Agency for International Development (Sida) and the Danish International Development Agency (Danida). Its aim is to enhance food security by assisting Africa's agricultural sector to "transform innovative ideas into bankable investments". Administered by the African Development Bank, the AFT funds the sponsors of public and private sector agriculture infrastructure investment projects to undertake the project preparation studies and analysis necessary to attract investment. The current donors' pledges amount to US$ 26.8 million.
The two new grantees—the National Federation of Food Production Cooperatives (FENACOVICI) of Côte d'Ivoire and Tanzania-based Darsh Industries, a tomato processing company—have met all of the AFT grant requirements. They will now work with the AfDB to finalize the paper work that will lead to the release of the resources.
FENACOVICI is a national professional body of 11 food and agricultural cooperatives. The Federation plans to increase its members' food production through investments in drip irrigation system and improve the marketing of this output with new fresh produce handing and food processing facilities. It will receive a grant of US$ 552,000 to cover the initial preparation.
Darsh Industries is planning to set up a new tomato processing plant in Iringa, Tanzania with a daily processing capacity of 150 MT. The factory will purchase tomatoes from local farmers, who often struggle to access markets. In the past, lack of markets resulted in spoilage and market gluts that in turn led to depressed prices. Darsh Industries will also offer extension services to farmers. The grant award of US$221,000 will enable the company finalize the preparatory work including a feasibility study and Environmental Impact Assessment.
These two new grants follow on the successful completion of AFT's first grants made to Bobo Dioulasso-based Fruiteq SA of Burkina Faso and Eden Tree Limited of Accra in May 2013, which are now fielding investors.
The AFT will open a new call for applications for grants in early November, through its website.

AfDB supports SMEs in Africa with a US $12.5 Million Equity Investment in Kibo Fund II

The Board of Directors of the African Development Bank (AfDB) approved on Friday, October 18 a US $12.5-million equity investment in the Kibo Fund II. This contribution will allow the Fund to provide access to finance and capacity building to an underserved market of outward-looking small and medium enterprises (SMEs) and mid-market African firms, particularly in low-income and fragile states within various sectors in Africa, thereby boosting income generation and job creation.
Based in Mauritius, the Kibo Fund II will be managed by Kibo Capital Partners (KCP), an indigenous Mauritian Fund Manager. Kibo Fund II has targeted capital commitments between US $75 million and $80 million to invest in SMEs and mid-market companies, with annual revenues US $10 million to $40 million.

The investments will be diversified across industries and sectors. Moreover, the Fund will promote regional integration by supporting regionally expanding SMEs.
Kibo II will primarily target the Indian Ocean Region, including Madagascar, Mauritius and The Seychelles; the Eastern Africa Region, covering Kenya, Tanzania, Uganda and Rwanda; and the Southern Africa Region covering Zambia, Malawi, Namibia, Botswana, Mozambique, the Democratic Republic of Congo, Angola and Ethiopia.
The main expected development outcomes of this investment will stem from private sector development through alleviation of the financing constraint faced by SMEs, improved governance and business practices for these companies, thereby further job creation and inclusive growth in the region. Moreover, additional benefits will arise from enhanced regional integration through strengthening of the regional operations of an African fund manager.

AfDB grants VoLo US $284 500 for credit bureau initiative in Senegal and The Gambia

The African Development Bank (AfDB) and VoLo signed on Friday, October 18 a grant agreement amounting to US $284,472 to facilitate financial inclusion and improve the efficiency of micro, small and medium-sized enterprises (MSMEs) financing in Senegal and The Gambia through the piloting of an innovative technology-based solution for collecting and disseminating credit information on MSMEs to prospective creditors. This innovative project will enhance the region's financial structures by improving credit information, thereby ultimately fostering access to lending for local entrepreneurs.
VoLo is a privately-owned company registered in Senegal and The Gambia that seeks to improve financial inclusion and reduce poverty through the establishment of credit reference service providers that use VoLo's Trust Information Platform, VoLo's proprietary technology information platform. This technology ensures that information on individuals and firms is credible, up-to-date, independently verifiable, timely and accessible. VoLo's unique systems and processes bind biographical, biometric, and credit data into one platform and a scalable database that analyzes information and provides a comprehensive and balanced score for MSMEs and individuals.
This grant, provided from the Fund for African Private Sector Assistance (FAPA), funded by the Government of Japan, the AfDB, the Austrian Development Bank and the Government of Austria, will finance the VoLo Senegal & The Gambia Trust Information and Credit Bureau Pilot. This technical assistance program will allow VoLo to produce a robust dataset supporting a commercially viable business plan for the establishment of a credit reference information provider in both countries while identifying and measuring the development impact of the VoLo's Trust Information Platform technology in terms of greater access to finance by MSMEs.
At pilot stage, the beneficiaries would include 1,500 MSMEs and 700 individual entrepreneurs participating in the roll-out of the V-TIP technology to make their credit risk profile transparent, facilitating access to finance. Moreover, eight to 10 financial institutions, providing finance and trade insurance to those MSMEs will benefit from the program by enhancing their credit portfolio management through accessing high-quality credit information processed with broadly tested analytics. The AfDB will implement a throughout pilot project impact evaluation to demonstrate its commercial viability and developmental impact, in the perspective of replication of this program in other countries thereby increasing dramatically the potential beneficiaries while VoLo would scale up its operations. The signing ceremony, held at the AfDB regional office in Senegal, was chaired by Leila Mokadem, AfDB Resident Representative in Senegal, and Draman Touray, VoLo Executive Chairman, in the presence of Akiko Takano, the Japanese Embassy First Secretary, and Gerhard Deiss, Ambassador for Austria. Abdou Draman Touray, VoLo Executive Chairman, said: "The use of our VoLo Trust Information Platform (V-TIP) will enable financial firms to use objective and measurable criteria for extending credit. This will create a level playing field for all MSMEs and will enhance access to finance especially for women and youths.
Enhanced access to finance will in turn reduce poverty and increase access to other vital needs such as healthcare."Leila Mokadem, the AfDB's Resident Representative, added: "By contributing to VoLo's pioneering initiative, the AfDB, in line with the key pillars of its Ten-Year Strategy, aims at enhancing the inclusive growth in the region through a better access to finance for MSMEs, the core of Senegal and The Gambia private sector development. We would like to thank the governments of Japan and Austria for their financial support and we hope that this pilot project will be successful and will have the opportunity to be replicated throughout the continent."

AfDB reports significant opportunities of shale gas production in Africa in a new publication

Several African countries have potentially viable shale gas deposits, which, if developed, could lead to lower gas prices, increased consumption of natural gas, reduced greenhouse gas emissions from power generation and substantial economic benefits to producer countries, finds a report launched today by the African Development Bank (AfDB).
Shale Gas and its Implications for Africa and the African Development Bank, examines both the positive and cautionary lessons that Africa can learn from the "shale gas revolution" – the recent explosion of shale gas production in the United States.
The authors also conclude that the development and production of shale gas can present substantial environmental challenges. These include the large amounts of water required for extraction, water contamination, increased seismic activity and the venting and flaring of associated gas. Governments and the public must consider the most advantageous way to proceed before embarking on the full development of the resource, they stressed.

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

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

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

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

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

Note to Editors: The physical difference between shale and conventional gas is the location of the resource in rock formations. The low permeability of shale and its tendency to run in horizontal layers mean that conventional drilling techniques with a vertical well are unable to recover commercially viable amounts of shale gas. To overcome this difficulty, an approach using hydraulic fracturing ("fracking") and horizontal drilling has been developed. This approach, however, brings consequences not found using conventional gas exploitation techniques.

AfDB expands climate finance outreach with new Growing Green Africa series

The African Development Bank (AfDB), as a key implementing agency for the $7.6 billion **Climate Investment Funds (CIF)**, has launched a new Growing Green series to expand stakeholder and public knowledge about its CIF partnership in Africa.

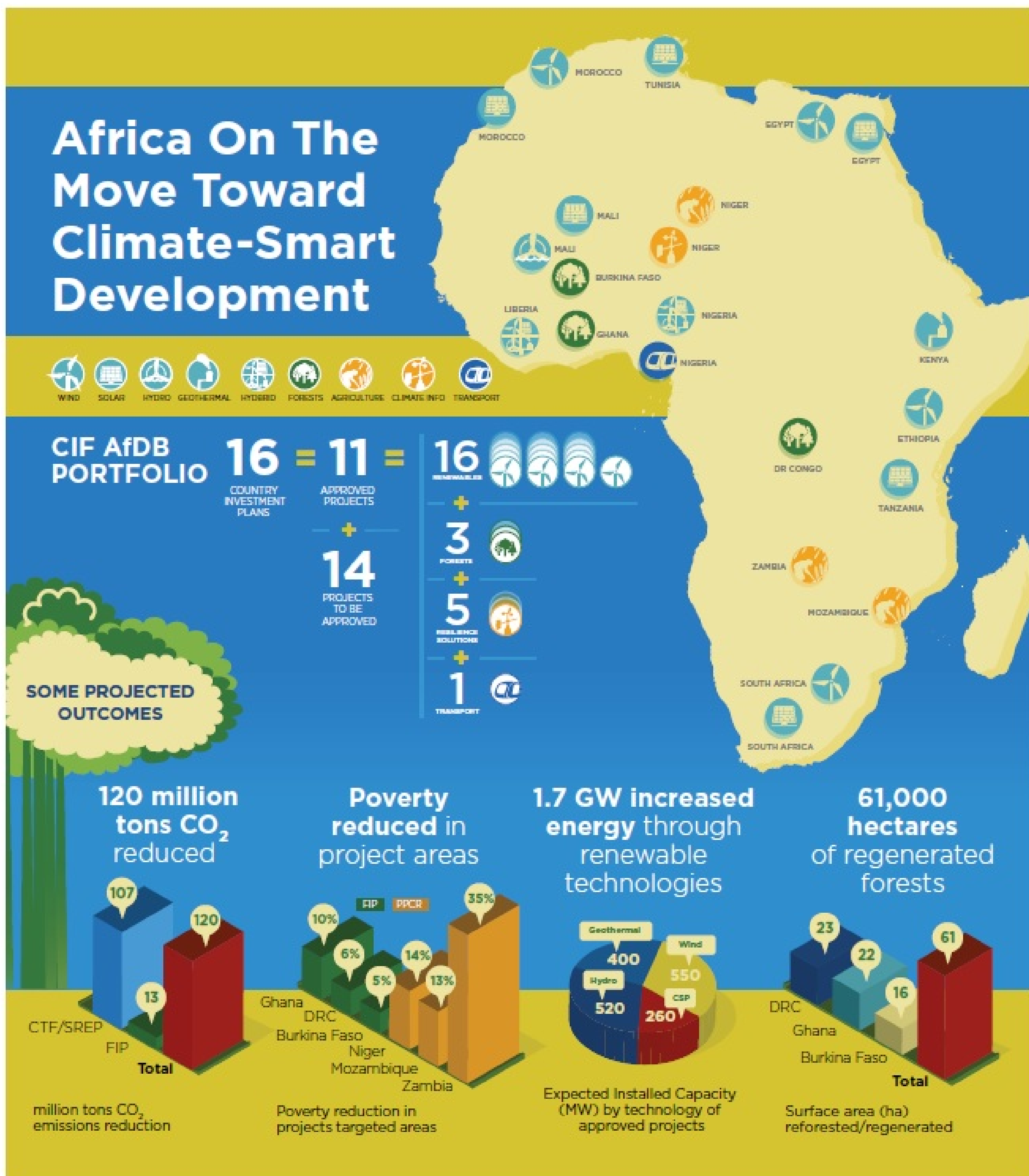
The series includes:

- an overview of the AfDB CIF portfolio, including pivotal data about the 16 African countries with CIF/AfDB climate-smart investment plans, and highlighting the 11 projects already underway in 8 of the 16 countries;
- a regular update of news and features in the portfolio, including highlights in technology solutions, voices for CIF in Africa, and country-specific features

As the documents show (below), the 16 countries in the AfDB/CIF portfolio are on tap to carry out 25 projects: 16 in renewable energy, 3 forest projects, 5 climate resilience projects, and 1 transport project. Of these 25 projects, 11 are already approved and are getting up and running, with $450 million of CIF funds and an additional $1.1 billion from the AfDB. Projected results from the portfolio include:

- 120 million tons of CO2 reduced through three of the CIF programs (Clean Technology Fund (CTF), Forest Investment Program (FIP), and Scaling-Up Renewable Energy Program in Low Income Countries (SREP))
- Poverty substantially reduced in project areas in Burkina Faso (5%), DR Congo (6%), Ghana (10%), Mozambique (14%), and Zambia (35%)
- 1.7 GW increased energy through renewables in the currently approved projects: 400 MW geothermal, 520 MW hydro, 550 MW wind, and 260 MW Concentrated Solar Power (CSP)
- 61,000 hectares of regenerated forest in the three countries under the FIP portfolio: 23,000 ha in DR Congo, 22,000 ha in Ghana, and 16,000 ha in Burkina Faso.

The AfDB partnership with CIF African pilot countries is part of the Bank's strategic commitment to help African nations embed climate action as a fundamental element of their work to ensure effective poverty alleviation and sustainable development.



INVESTMENTS

Angolan minister invites Belgian businesspeople to invest in Angola

Angola's economy minister, Abraão Gourgel, Monday in Luanda invited Belgian businesspeople to set up partnerships in Angola with a view to creating more jobs for Angolans.

At the Angola-Belgium Forum the minister said that, as well as creating jobs, the partnerships should provide the economy with increased levels of productivity and offer tax benefits to the State and business benefits to investors.

"We have potential, but we need resources for investment in large projects, as well as access to technology and large markets," said the Economy Minister, according to Angolan news agency Angop

During the meeting Gourgel noted Angola's financial stability, "as a result of budgetary discipline and wide-ranging fiscal reforms that allow the government to execute the State Budget at a surplus and to control public debt, which is currently estimated at 30 % of GDP."
Noting that the rate of inflation had been consistently driven down since 2002 to less than 10 % in 2012, the minister added that, "since 2011 that our forecast points to a return to growth despite the uncertainties still present in the world economy." *(Macauhub)*

Distell sees cider as means to quench thirst for growth in Africa

AFTER two major acquisitions in international cognac and whisky brands, Stellenbosch-based liquor group Distell will now prioritise the global growth of its highly profitable cider brands.Speaking at the company's annual general meeting on Wednesday, outgoing MD Jan Scannell said Distell had a "tremendous opportunity" to build cider markets in emerging markets and the rest of Africa."Our research work into these markets shows enormous promise for cider growth." Distell, which dominates the local cider market through its best-selling Savanna and Hunters Dry brands, is already ranked as the second-biggest cider company globally (behind Heineken).
In recent years local cider sales have driven top and bottom-line growth at Distell, offsetting weaker trading conditions in the spirits and wine segments. Demand for ciders has been so strong in recent years that Distell in 2012 expanded both cider production capacity at its primary production plant in Paarl and bottling facilities at the secondary production site in Springs. Distell does not provide a specific breakdown on cider sales. But a recent presentation showed its ready-to-drink (RTD) sales category in South Africa – which is dominated by ciders — grew 18.7% to R5.2bn in the year to end-June. More encouraging was that RTD growth in sub-Saharan Africa markets grew 24% to R938m — comprising 41% of Distell's total sales in that market. Mr Scannell was also upbeat about Distell's two recently acquired global brands, Bisquet (cognac) and Burn Stewart (whisky). He said the Bisquet acquisition comprised essentially the brand and stock. "We had to build production facilities, and we are extremely pleased with the progress so far. We think we can compete well with other global (cognac) brands." Mr Scannell said prospects for Burn Stewart, which was acquired earlier in 2013, were good in the medium to long term. "The potential, without any doubt, is there."
Distell shareholder Chris Logan of Opportune Investments commended management on their efforts to globalise the business. He said that Distell's performance for investors was ahead of global liquor giants like SABMiller, Diageo, Pernod-Ricard and Heineken. "I can liken Distell to the All Black rugby team. Whether they play at home or abroad, the result is always the same."
The annual meeting also saw Distell chairman David Nurek pay homage to the long-serving Mr Scannell, who steps down early next year. "When Jan started his tenure as MD the profit of Distell was just R90m. The company's profit this year was R1.1bn." *(BDLive)*

Barloworld Logistics chief says shift to rail could offset Gauteng's e-toll costs

State-owned railways utility Transnet Freight Rail (TFR) has signed yet another collaborative deal with a private logistics partner as it seeks to accelerate the implementation of South Africa's stated goal of shifting rail-friendly cargo from the country's roads back on to rail. TFR signed a memorandum of understanding with Barloworld Logistics on Tuesday opening the way for multimodal transport and logistics collaboration between the two entities, having initialled a similar deal with Imperial Logistics earlier in the month. CEO **Siyabonga Gama** said the alliances made it possible for private logistics companies to incorporate TFR's long-haul service offering into their end-to-end logistics solutions, which could reduce costs, improve safety and lower carbon emissions.
Barloworld Logistics CEO **Steve Ford** stressed that, despite its heavy reliance on road, the company had always maintained an agnostic stance with regards to the transport platforms it used. He added that rail made sense in light of the "enormous" distances that goods needed to travel in South Africa to reach areas of demand.
Ford also anticipated material savings from the proposed multimodal strategy – savings that could even go some way to offsetting the costs associated with introduction of urban tolling on Gauteng's motorways. "We believe strongly that moving the right product onto rail will make significant impacts on the cost of distribution. So, I think e-tolling is a fact of life and customers will have to pay for it . . . but the cost/benefit of moving to rail will strongly outweigh any cost of e-tolls," Ford asserted. However, both he and Gama stressed that the full cost and efficiency benefits would only flow if appropriate investments were made into associated logistics infrastructure, as well as into modernising and expanding TFR's rolling stock.
Major logistics hubs were being planned for Gauteng, as well as a number of other provinces, with a nearly R1-billion expansion already under way at Gauteng's existing inland port of City Deep, which should be officially opened in early 2014.
In additional, TFR was moving ahead with a fleet recapitalisation exercise, with rail-related investment comprising 65% of the larger Transnet Group's R307.5-billion capital investment plan to 2020. Transnet was currently adjudicating bids for the supply of 599 dual-voltage electric locomotives and 465 diesel locomotives, which could involve an investment of around R38-billion.

In addition, TFR had already taken delivery of, or had placed orders for, various other locomotives, which were being deployed across its heavy-haul and general-freight corridors. Its wagon fleet was also being upscaled, with TFR anticipating the addition of more than 2 800 wagons in the current financial year alone. Gama said the investments were creating the basis for the alliances TFR was currently forging with the private sector, as TFR was now in a position to deliver on its commitments. Ford added that the envisaged partnership with TFR should improve Barloworld Logistics' business sustainability, as well as the sustainability of the country's transport system. *(Engineering News)*

BANKING

Banks

Corporate governance scandal threatens Nedbank's Africa strategy

FOR South African banks, having an Africa strategy is essential. Standard Bank led the way. Absa's remake into Barclays Africa Group has put it firmly on the front foot. FirstRand has had some success with new operations but has been frustrated in a number of attempts to buy banks across the continent. Nedbank, however, is where it gets most interesting. Nedbank threw its lot in with West African regional bank Ecobank through an "alliance" struck in late 2008. Neither bank put any hard cash into the venture, so it all seemed flaky.

In 2011, Nedbank helped fund Ecobank's acquisition of Nigeria's Oceanic Bank with a $285m loan. With the loan Nedbank earned the right to subscribe to 20% of the shares of Ecobank holding company Ecobank Transnational. But the details of this arrangement were always rather vague.

In the West African press it emerged that Ecobank was claiming it had a similar reciprocal right to subscribe for shares equivalent to 20% of Nedbank. Somehow the original Nedbank press release failed to mention this reciprocal arrangement and I wonder if the Nedbank executives were even aware of it.

Both the options are subject to various approvals, which would include approval by Nedbank's shareholders to take such significant dilution. The reciprocal leg is pretty academic anyway because Ecobank's balance sheet is too small to be able to fund such an acquisition, but you wonder why it was done in the first place.

Nedbank's right to 20% was also strange. One has to look to the Ecobank annual report to get the details because, oddly, the Nedbank annual report fails to provide them. Ecobank says Nedbank can subscribe to 2.478-million new shares by converting the $285m loan to equity. That would price those shares at 11,5 US cents each, but Ecobank is currently trading at about 9c in Lagos, so the option is underwater. Also, such a conversion would only give Nedbank 12.6% of Ecobank based on the number of shares in issue at the end of last year. It has the right to buy enough additional shares at the market price to take its stake up to 20%. At current prices that would require Nedbank to pay out a further $164m on top of converting its loan to get to 20%. Strangely, the Ecobank annual report does not mention a thing about Ecobank's reciprocal rights. But Ecobank CEO Thierry Tanoh was quoted by Bloomberg in May discussing delaying exercising these rights, which he said have "no expiration date". I am fairly certain the good people at Nedbank are not in the habit of granting perpetual options to a fifth of the bank, so I looked in its annual report for confirmation — there is not a word. But there is a new headache for Nedbank. It has the next 12 months to exercise it before the $285m facility is due to be repaid at the end of next year, and Ecobank has been thrust into a big corporate governance scandal.

Nigerian regulators are investigating Tanoh and chairman Kolapo Lawson after a former employee blew the whistle on alleged fraud. The allegation is that the bank had been writing off debts to a company owned by the chairman and selling off assets on the cheap (presumably to related parties). Nigerian regulators are on the case because Ecobank has extensive operations in the country, even though the head office is in Lome, Togo.

South Africans are more than a little cautious considering that Ethos Private Equity and Old Mutual's private equity unit lost a fortune in Oceanic Bank when it collapsed into central bank management amid serious allegations of fraud in 2008.

It is more than symbolic that Ecobank used Nedbank's funding to buy exactly that bank out of judicial management. I am certain Nedbank would not exercise its option while the dark clouds are hanging over Ecobank.

Amid all this, the Public Investment Corporation (PIC) is also a major shareholder in Ecobank, one of the first investments it made in terms of its mandate to acquire African assets. Considering the PIC also holds 6,5% of Nedbank, there is a natural opportunity for the PIC to play an important role in any deal.

Nedbank can only hope the governance scandal is brought to a close before that option expires. But given the time spent in Nigerian regulators' past investigations, there does not seem much chance of that.

What now for Nedbank's Africa strategy? Unfortunately, I do not see a plan B.*(BDLive)*

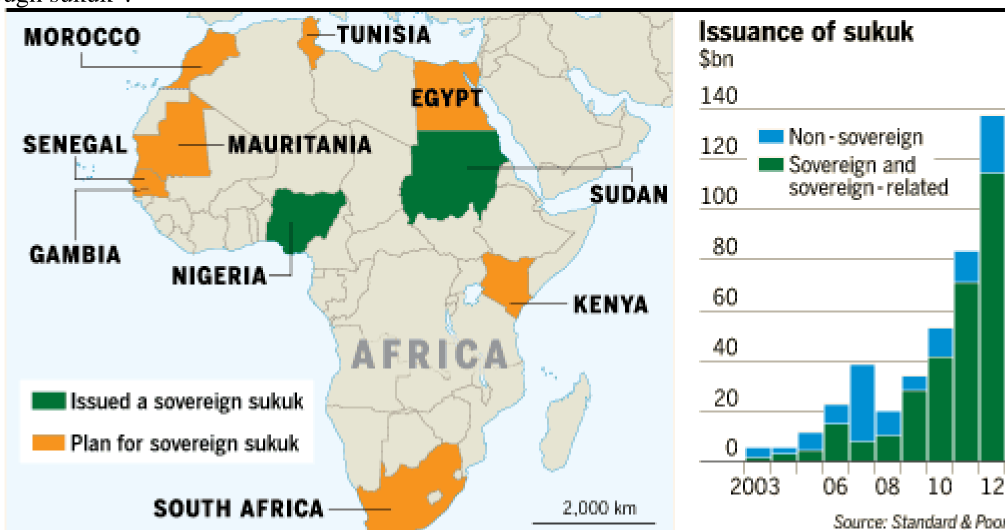
Sao Tome and Principe taken off Financial Action Task Force black list

Sao Tomé e Príncipe has been removed from the list of countries where money laundering is considered easy, according to a decision by the Financial Action Task Force (FATF), which met at a plenary session in Paris from 14 to 18 October. Announcing the news, Sao Tome's Minister for Planning and Finance, Hélio D' Almeida, said that the country

should be "congratulated" but warned that it would be necessary to work to ensure that the archipelago does not go back on the black list. With the support of the World Bank and the International Monetary Fund (IMF), Sao Tome and Principe introduced new legislation on money laundering to reduce capital entering the country's banks as a result of drug trafficking and to fund terrorism.
In a statement, FATF said that, given the tiny size of the archipelago's financial system the country had been removed from the black list, although the system still had deficiencies.
The Financial Action Task Force is an inter-governmental organisation set up in 1989 to create standards to combat money laundering, financing terrorism and other threats to the international financial system. *(Macauhub)*

Africa adopts Islamic sukuk to fund big infrastructure projects

Africa is for the first time embracing large-scale Islamic finance as countries seek to tap cash-rich Middle Eastern investors to finance their large infrastructure programmes. The market for sukuk, or Islamic bonds, received a boost this month after Nigeria became the first major economy in sub-Saharan Africa to use the $100bn a year Islamic market, followed days later by Senegal. Africa is home to roughly 400m Muslims – about a quarter of the world's total – but until now only Gambia and Sudan have issued any sukuk, and they were for tiny sums on a short-term basis.
Analysts said the Nigerian sharia-compliant bond issued by Osun state in the southwest of the country, while relatively small at $62m, signalled the start of a trend.
Sukuk, are structured to pay a fixed profit rate rather than a coupon and are commonly backed or based on real estate or infrastructure. "Increasingly, it seems that sovereign sukuk issues from Africa might now be on the radar," said Christian Esters, at credit rating agency Standard & Poor's. Senegal said it had plans for a $200m sukuk in 2014 with the support of the Jeddah-based Islamic Development Bank. Amadou Ba, finance minister, said the offering was the "beginning of an ambitious programme which could lead to the financing of innovative infrastructure and energy projects through sukuk".



The use of Islamic finance on the continent could grow further as several north and sub-Saharan African countries – including Morocco, Tunisia, South Africa and Kenya – are laying the legal groundwork to be able to issue sukuk. The central banks of Nigeria and Mauritius are also shareholders in the Malaysia-based International Islamic Liquidity Management Corp, which has started to issue sukuk to help Islamic banks manage their finances.
Bankers and lawyers caution that the industry is in its infancy and it will take several years before Islamic finance takes off across the continent. Clement Fondufe, partner at law firm Latham & Watkins, said that compared with Asia and the Middle East, "Islamic finance is at the early stages of development" in Africa.
If the development of the US dollar-denominated sovereign bond market is any guide, it could take at least five years for Islamic finance to win widespread acceptance. The Seychelles and Ghana became the first countries in the region outside South Africa to issue global bonds, in 2006 and 2007 respectively, but it was not until 2011-12 when others followed en masse. Amadou Sy, a fellow at the Brookings Institution and former official at the International Monetary Fund who has studied the sector, says sukuk issuance could help Africa to pay for multibillion-dollar infrastructure programmes. "You have money from the Gulf and then you have the Islamic Development Bank, and also Malaysia and Indonesia – there is money out there," he said.
In addition to Islamic bonds, African countries are exploring other sharia-compliant instruments, according to Neil Miller, head of Islamic finance at law firm Linklaters. "Sukuk is the tip of the iceberg. There is a lot more Islamic finance going on linked to infrastructure projects, trade and food security transactions," he said.
The Islamic Development Bank, for example, is lending $150m through sharia-compliant facilities for the new Lekki port in Nigeria. It also supported the construction of the Kenitra power plant in Morocco with a $200m loan.

African countries are keen to tap into Islamic finance partly because the cost of borrowing can be cheaper because of high demand, particularly from the Middle East, analysts said.
Global issuance of sukuk hit a record high of nearly $140bn last year, up 60 per cent from 2011, with Malaysia, Indonesia and Saudi Arabia dominating. *(FT)*

Ecobank, AGF guarantee SMEs
Ecobank Transnational Incorporated and the African Guarantee Fund (AGF) have signed a s5om portfolio security to support small and medium scale enterprises (SMEs) across sub-Saharan Africa. It aims to provide viable but small businesses with an AGF-backed partial guarantee, under the loan facilities extended to customers of the SM Es financing programmes, in Benin, Burkina Faso, Nigeria, Cameroon, C6te d'Ivoire, the DRC and Kenya.*(African Business)*

Markets

First legislative package for Angolan stock exchange in place
The Angolan government approved the first set of laws that will make way for the creation of the stock exchange in the country on 9 October 2013, a date that will go down in Angolan economic history, said the chairman of the Capital Markets Commission (CMC), Archer Mangueira. On 9 October the Legal Framework of the Regulated Public Debt Market, the legal frameworks of Regulated Markets and Financial Services Management Companies, Brokerages and Securities Distributors, and the legal framework for Collective Investment Organisations came into force.
The legal framework for the Regulated Public Debt Market, alongside stock exchange trading mechanisms and the organised over-the-counter market, creates the regulated public debt market as another trading system, through which Angola public debt securities can be listed, as financial instruments that can attract the interest of investors in the financial market. In a statement cited by Angolan news agency Angop, Mangueira said that he first transactions on the Angolan stock market would be of public debt securities, “an instrument that makes it possible to meet the State’s financing needs whilst also paying the people and companies that invest in them.”
“The fact that it is an investment without risk or with almost no risk, in that these securities are guaranteed by the State itself, gives this public debt market a great benefit which is that it shows us an income curve upon which all other market segments can be designed,” said the chairman of the CMC. *(Macauhub)*

Deals

Zambia in loan talks
Zambia plans to sign a deal with Standard Chartered and Citigroup for a syndicated loan of up to *$15om* to help fund infrastructure projects that are widening the budget deficit.

Old Mutual to raise $1bn
Old Mutual's investment arm plans to raise as much as $994m for agriculture, infrastructure and private-equity funds in Africa. It also plans a fund that will invest in African mutual funds, an impact fund targeting development initiatives, including housing, and possibly health funds. Private equity is a great African opportunity because capital markets can be illiquid.

Tech

Africa is the flavour of the month for global companies wanting to expand their footprint in emerging markets, but, says Peter Harvey of PayGate, some operators have a lot to learn about what works in each country.

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

ENERGY

Solar PV-focused power firm homing in on SA prospects

Global independent power producer Sonnedix, which focuses solely on the development and operation of solar photovoltaic (PV) facilities, has earmarked South Africa as a potential core future investment destination for both projects and acquisitions.
The company, which is backed financially by long-term investors primarily from the Americas and Europe, currently has a fleet of 23 solar plants with a combined operating capacity of over 100 MW across France, Italy, Spain, Thailand and Puerto Rico
President **Franck Constant** tells ***Engineering News Online*** that it will seek to build a portfolio in South Africa with a “critical mass” of between 50 MW and 100 MW over the coming few years.
He indicates, though, that part of this domestic portfolio could be derived through the acquisition of existing assets, owing to the fact that a number of investors in the country’s nascent solar sector are not necessarily long-term plant operators.
Sonnedix has participated, together with local partners Mulilo Renewable Energy and Ixowave-Women in Power, as a participant in the Department of Energy’s (DoE’s) third bidding round under the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), having adopted a wait-and-see stance while identifying high quality local partners and projects during the subsequent two windows.
The DoE has already allocated 2 460 MW across 47 renewables projects, including 27 solar PV projects. Another 1 165 MW is to be allocated in the third round, with an allocation of around 400 MW for solar PV anticipated. It is widely believed that pricing will be particularly aggressive for the solar PV projects.
Constant has been impressed by the design of the REIPPPP, but indicates that it places a significant administrative burden, especially for small projects, on developers, which has increased barriers to entry.
However, that burden has been partially offset through a systematic allocation of capacity across the various renewables technologies, which, together with the competitive bidding framework, has balanced the needs of investors with government’s desire for lower tariffs.
For Sonnedix, which is pursuing opportunities in jurisdictions that offer long-term, fixed-price contracts with premium customers, South Africa’s power sector policy and regulatory stability is even more attractive to it than the country’s solar resource.
Subject to DoE approval, Constant expects acquisition opportunities to begin arising as the projects start to come into operation. However, he stresses that the company’s growth strategy will be balanced between organic and acquisitive growth.
“Some of our current global portfolio is made up of projects we have developed, with the balance made up of projects we acquired either during construction or once they began operating,” he explains.*(Engineering News)*

Kenyan start-up offers solar credit

A mobile technology startup is extending credit to low-income earners to buy solar power systems using a GSM-enabled pay-as-you-go solar solution. M-Kopa enables low-income households to acquire a d.light solar home system and make payments for the kit on an instalment basis. The kit comes with an embedded Safaricom-enabled sim card and operates much like a mobile phone. *(African Business)*

Geothermal comes to Ethiopia

US-Icelandic geothermal development company, Reykjavik Geothermal (RG), will build a 1,000 MW geothermal plant in Ethiopia's Corbetti Caldera region as part of US President Obama’s $7bn Power Africa initiative, the largest in Africa. It will be Ethiopia"s first independent power plant project and it is expected to be one of the world's largest geothermal power plants. Reykjavik Geothermal will be Ethiopia's first independent power producer and expects to invest $4bn over 8-10 years. *(African Business)*

MINING

Australia’s Triton Minerals granted new graphite mining license in Mozambique

Australian company Triton Minerals has expanded the area in which it is prospecting for graphite after being granted another exploration license in Mozambique, the company said in a statement issued in Perth Monday.
“The granting of Exploration License 5966 now provides the Company the ability to start exploring the highly prospective graphite area of Nicanda Hill Prospect,” managing director Brad Boyle said.
In the statement Boyle said that geological mapping had identified some graphite exposures in an area roughly 3.75 kilometres long.
According to the statement, “the company is now redefining its exploration programme to obtain a better understanding of substructures and to test continuity of graphite mineralisation between the Cobra Plains Prospect on License 5365 and Nicanda Hill Prospect on License 5966, which now spans over 10 kilometres in length.*(Macauhub)*

Analysts: Angola's Diamond Production is Poised for Growth, Investment

Data intelligence consultant Sínese and investment services firm Eaglestone believe that Angola's diamond industry is poised for growth following the enactment of more investor friendly mining laws and relatively untapped reserves of high-quality diamonds. Angola's annual production was fairly flat in 2010 through 2012 at about 8.3 million carats, down from a peak of 9.7 million carats in 2007.

Eaglestone stated that mining codes since 2011 now encourage more foreign investment in Angola following changes that included granting of mining and marketing rights through the same instrument, coupled with changes that should make it possible for private sector investors to take a majority stake in mining operations – a right that was previously reserved for just ENDIAMA.

Manuel Reis of Eaglestone said, "The Angolan diamond industry is in the midst of a major restructuring as a result of both external changes and internal forces. The Angolan government has made a major effort in simplifying the law relating to mining and is also committed to using the country's oil wealth to diversify the economy and improve infrastructure. Mining and diamond production should be important beneficiaries of that process as the upgrading of the country's road and power infrastructure will improve the mining sector's productivity."

Sínese cited signs of an expansion boom at the Lucapa Diamond Company (formerly Lonrho Mining), which has increased exploration activity in the Lulo concession. De Beers is attempting to establish the economic viability of 22 of 117 kimberlites and diamond production has either begun or will shortly at the alluvial diamond mines of Tchegi, Calonda, Maua, Uári and Cambange.

Luis Chambel of Sinese, said, "The Angolan government has set very ambitious forecasts for the expansion of diamond production and while current output looks some way off the levels needed to achieve that target, the increased level of activity that we have observed is encouraging. Some foreign investors entering the Angolan market in the past have been disappointed by the lack of quick results so reforms to the Angolan mining laws were an important step. However, the industry still has a long way to go to reach its maximum potential so dealing with the basic infrastructure problems and an underdeveloped skills base need to stay high on the government's agenda."

Sínese and Eaglestone noted that Angola offers significant alluvial diamond deposits, including in riverbeds, which have traditionally been understudied by major mining companies because of the difficulties associated with evaluating and exploiting the reserves. But new technology reduces the risk in finding and evaluating these deposits, which can often yield a higher proportion of high grade and high value diamonds than kimberlites, according to the firms.

Chambel added, "We expect the prices of top quality diamonds to outperform those of lesser grade stones. That means the successful exploitation of Angola's alluvial reserves would be particularly rewarding."

Reis concluded, "With a major role in the international diamond industry, Angola is now entering its second century as a diamond producer. This moment is also one of tectonic reshaping, both of the international diamond industry – from mining through to the diamond jewellery markets – and in the structure and organisation of the Angolan sector." (*Diamonds.net)*

OIL & GAS

South Africa to take 20% free stake in new oil projects

South Africa's government plans to take a 20% free stake in all new oil & gas projects in the country and it will also reserve the right to take its stake up to 50%, with the remaining 30% being bought at market related rates, mineral resources minister Susan Shabangu said. The government announced its intention to take a free share in all future projects when it announced the proposed changes to the Mineral and Petroleum Resources Development Act last year. (JPMorgan)

Angola set to impose up to 10% consumption tax on oil companies

Angola is seeking to impose a new consumption tax on oil companies that will raise costs by as much as 10%, a Bloomberg news report said, citing government documents. The law proposes an additional 5% tax on most service and supplies and 10% tax for equipment rentals, the report said, citing a presidential decree. The law will come into effect on the publication of the decree, which may happen as early as today, the report said. *(JPMorgan)*

South Africa says fracking fluids must be disclosed

South Africa proposed regulations for hydraulic fracking that requires companies to disclose the chemicals used as a part of the impact assessment and also meet standards set by the American Petroleum Institute. The Minister of Mineral Resources Susan Shabangu said that the draft regulations were to augment gaps in the current regulatory framework. *(JPMorgan)*

BP farms-into Kosmos' offshore blocks in Morocco

BP has entered Morocco by buying stakes in three blocks operated by Kosmos Energy. BP has agreed to buy an interest in the Essaouira, Foum Assaka and Tarhazoute offshore blocks in the Agadir Basin by paying for an exploration well in

each block and part of a second exploration well and past costs, Kosmos said in a statement without disclosing terms of the deal. Kosmos will remain the operator of the licenses with a 30% stake. *(JPMorgan)*

Angolan state oil firm Sonangol to open trading office in China

Angolan state oil firm Sonangol plans to open its fourth international trading office in China, the country's top crude export destination, CE **Francisco Lemos Jose Maria** said. Angola, which is Africa's second-largest oil producer after Nigeria, sold almost half its crude to China last year. Asia has become Angola's main market, with India also overtaking the US – once the top buyer – as the second-biggest importer of Angolan oil in 2012. "We have three trading offices, selling crude oil, gas and liquefied petroleum gas in America (Houston), the UK (London) and Singapore, and we are about to establish in mainland China for the crude oil trade as well," Jose Maria said in a presentation to a trade delegation from Belgium. He did not detail when the new office will be opened. The CEO said Angola is seeking to raise oil production to two-million barrels per day (mbpd) from around 1.75 mbpd currently, and once that target is reached the goal will be to sustain the level "for at least ten years".

Angola's oil minister said earlier this year the country wants to reach the target in 2015. "We are about to approve oil projects to develop three-billion barrels in the next few months," Jose Maria said. Sonangol last month said it plans to hold bidding this year and next for licences to explore for oil onshore in ten new blocks in the Kwanza and Lower Congo basins.

Jose Maria said Sonangol wanted to expand the $10-billion liquefied natural gas plant - Angola LNG - which started exports this year. "If there are enough resources, and we believe there are, we will expand the 5.5-million-tonne unit we have in the north of the country," he said. US oil company Chevron operates the project with a 36.4% shareholding, while Sonangol has a 22.8% stake. Total, BP and ENI hold 13.6% each. *(Engineering News)*

Precious metals bourse may replace State Diamond Trader – Minister

– The creation of a State-enabled precious metals and gemstone bourse was under consideration to replace South Africa's State Diamond Trader, which had failed to deliver as a standalone entity, Mineral Resources Minister **Susan Shabangu** has revealed.

The government created the State-owned State Diamond Trader six years ago to allow historically disadvantaged South Africans to add value to 10% of the diamonds mined in the country.

However, it has come under criticism for failing to supply polishable rough diamonds to local producers at competitive prices.

Responding to *Mining Weekly Online* at a media conference after the Venetia underground diamond mine launch, Shabangu said that consideration was being given to an overhaul of the work of the State Diamond Trader as well as a review of the entire regulatory framework for the precious metals and diamond jewellery industries.

"The State Diamond Trader indeed has weaknesses, which we have identified. That's why what we are looking at is how to reposition the State Diamond Trader in a way that will make it viable, "Shabangu told *Mining Weekly Online*.

Linked to this was the envisaged introduction of an exchange incorporating all precious metals and minerals.

"What we anticipate we may have in future is what in other parts of the world is referred to as a bourse, where your precious metals and gemstones are exchanged.

"That's our next phase in dealing with the issue of the State Diamond Trader because the challenge is that you can't deal with what needs to be done just as a diamond trader.

"You've got to look far more holistically and broader to play a significant role in the area of beneficiation.

"We also can't confine ourselves just to cutting and polishing. We've got to look at the entire value chain and we know that diamonds without jewellery mean nothing," Shabangu added.

In the development of a bourse, the State would continue to regulate and to create an enabling environment.

The State would also be required to open up opportunities to attract more participants into the field by dealing with value added tax (VAT) impediments.

"Among the issues are tax issues, when you deal with diamonds, issues of VAT, and we have to consider the kind of mechanisms needed in future to make diamond beneficiation a viable proposition in South Africa," Shabangu added to *Mining Weekly Online*.

Shabangu hosted South Africa's first National Jewellery Forum in Johannesburg on Wednesday, which brought together mining and jewellery manufacturing associations and government, with the view to creating entrepreneurs with the requisite skills to enable South Africa to become a jewellery hub, as announced in the Minister's Budget Vote speech in May. Jewellery manufacturing is one of the five value chains identified in the beneficiation strategy approved by Cabinet in 2011. A curriculum for entrepreneurial jewellery design and manufacturing is to be offered at further education and training colleges and financial support is mooted for designers and manufacturers.

The Minister, who defined beneficiation to include the fabrication of finished products for sale to consumers, described South Africa's minerals as a strategic resource that had the potential to benefit the entire population through secondary and tertiary mineral-based industries. "The beneficiation process includes large-scale and capital-intensive operations like smelting and technologically sophisticated/advanced refining as well as labour-intensive activities such as the craft of jewellery," Shabangu said.

“We want to break with the job-seeking mentality and nurture and develop empowered, vibrant, excited self-employed jewellery entrepreneurs who are hopeful about a better life. “We want to promote and stimulate jewellery manufacturing in South Africa,” Shabangu added. *(Mining Weekly)*

Indonesian company buys 75 % stake in oil block in Mozambique

Indonesian company PT Energi Mega Persada Tbk. (Enrg) has acquired a 75% stake in the exploration, production and concession contract (EPCC) for oil and gas in the Buzi block, in partnership with Mozambican state company Empresa Nacional de Hidrocarbonetos (ENH), which will own the remaining 25 %, the Jakarta Post reported.The stake in the block, which cost the Indonesian company US$175 million, which will be cash and bank loan funded, is expected to launch production in 2017. According to the newspaper, the block attracted attention from international oil sector groups, particularly after a natural gas deposit of 283 billion cubic feet was found there. It is possible that the block may contain another 13.4 trillion cubic feet.
The chairman of Enrg, Iman Agustino, said in a statement that Mozambique was becoming a new big player in the natural gas sector, after deposits of over 170 trillion cubic feet of natural gas were discovered in the north of the country, “and may become the world’s third-largest supplier of natural gas.” *(Macauhub)*

Natural resources in Mozambique attract US$5 billion in investment

Exploration of natural resources in Mozambique, in which US$5 billion has been invested, has created 15,000 jobs over the last five years, Mozambique’s Natural Resources Minister said.
During a public consultation meeting on policies and strategies for natural resources and social responsibility of mining companies, Minister Esperança Bias also said that mining natural resources had also led to over US$1 billion in tax revenues. Bias added that investments were expected to continue to grow, with the execution of several projects already underway and new companies entering the mining and oil and gas sectors all the time.
Mozambique produces ad exports natural gas to the regional market, mainly to South Africa, as well as minerals extracted from heavy sands, coal and precious stones that are sold all over the world. Asia is the main market for coal mined in Tete province by groups Vale and Rio Tinto.
The documents are due to be submitted soon to the Council of Ministers for final appreciation and approval, Mozambican newspaper Notícias reported. *(Macauhub)*

INFRASTRUCTURE

Railway firms to discuss ways to link Congo to Angola’s Benguela line

KINSHASA — Railway companies from the Democratic Republic of Congo and Angola will meet to discuss linkages that would allow the Congo’s mine operators to ship copper to the port of Lobito.
Société Nationale des Chemins de Fer du Congo (SNCC) and Caminhos de Ferro de Benguela (CFB) will decide on a technical and operational plan so that the Congo can link to the newly rehabilitated Benguela railway line in Angola, said state-owned SNCC director of finance and investment Patricia Nzondjou Nzeale. "To move towards the opening of the Lobito corridor, a meeting is expected in the coming weeks between SNCC and CFB in order to define in the short term the minimal conditions of starting up," Ms Nzeale said on Wednesday at a conference in Lubumbashi, capital of the Congo’s mineral-rich Katanga province. "We’re planning a meeting between the SNCC and miners as well," she said.
The Congo was the world’s eighth-largest producer of copper and mined the most cobalt last year. The majority of the nation’s copper is currently transported about 3,500km by road from Katanga to Durban, or east to Dar es Salaam, Tanzania’s commercial capital. The 1,344km Benguela line, which ends at Angola’s Atlantic coast, carried Congolese minerals until it fell into disrepair during the country’s civil war that started in 1975. Glencore Xstrata, Freeport-McMoRan Copper & Gold and Eurasian Natural Resources Corporation were the Congo’s largest miners last year, responsible for 58% of copper exports, according to mines ministry statistics.
The World Bank is providing about $280m in grants to rehabilitate the railway on the Congolese side, with work continuing for the next four to five years, and SNCC has already put out tenders to purchase equipment and materials, Ms Nzeale said. SNCC needs at least $204m more to complete its plans, she said. The Congo’s government withdrew $200m in promised financing from its $6.2bn infrastructure deal with China to focus on other priorities, she said.
"What we’re doing today is identifying within that $204m what can be financed by private partners," Ms Nzeale said. SNCC is looking to create a separate entity to attract private financing that will not share SNCC’s $225m debt burden, she said.
Angola’s line-rehabilitation efforts are part of a continent-wide push to improve infrastructure. Kenya plans to spend $25bn on a second port, a crude pipeline and roads, while Nigeria is spending more than $3bn to build about 300km of rail lines in the next three years. In West Africa, an iron-ore boom is motivating Rio Tinto Group to spend $25bn on railways and ports, according to JPMorgan Chase. Zambia, Africa’s biggest copper producer, plans to invest up to

$1.5bn in the five years to end-2018 upgrading its 1,200km system, which President Michael Sata said last year in November had "deteriorated beyond description".
Ports and rail utility Transnet is spending R307bn on infrastructure improvements in South Africa.
"On the Angolan side everything is in place," Katanga infrastructure minister Jean-Marie Dikanga told the conference. "On the Congolese side there are still some small problems."
Besides rehabilitating the line between Lubumbashi and the Angolan border, the two countries still need to work out co-operation issues, Mr Dikanga said.
Namibia will begin a $300m expansion of its port in Walvis Bay next year in order to attract more of Southern Africa's shipping business, Walvis Bay Corridor Group CEO Johny Smith said at the conference.
The company has completed a feasibility study for a rail connection to Zambia, and will encourage that nation to build an extension to the Congo, he said. "This is for economies like Katanga," Mr Smith said. "There must be alternatives for imports and exports."(*Bloomberg/BDLive)*

Traffic at port of Maputo increase four-fold in nine years

Traffic at the port of Maputo rose almost four-fold between 2003 and 2012, but the facility and its associated transport corridor still have potential to grow, the Economist Intelligence Unit (EIU) reported.
In a recent report on Mozambique, the EIU said that "a lot of progress was made" in setting up conditions to increase goods traffic at the port, which resulted in growth of 275 % between 2003 and 2012, to 15 million tons of cargo per year, which even so is less than the record of 17 million tons per year in 1971.
Empresa de Desenvolvimento do Porto de Maputo, which is controlled by Dubai Ports World and South African logistics company Grindrod, and state port and rail manager Portos e Caminhos de Ferro de Moçambique, expects traffic to reach 40 million tons over the next six years and expects investments to total US$750 million by 2038.
"We expect business and investment in the port and in the associated corridor to continue to increase, but it will stay at below potential," the EIU said
The Maputo Corridor includes the Johannesburg industrial hub and the South African provinces of Limpopo and Mpumalanga, which border Mozambique. Support facilities such as opening the Ressano Garcia border on a 24-hour basis, have yet to be put in place. "The current congestion at the Ressano Garcia border post has been a significant obstacle to trade," the EIU said.
The United Nations Conference on Trade and Development in its latest report gave the Maputo Corridor as a success story, but also noted that trade needed to be liberalised. The level of economic growth expected over the next few years – around 7.9 % between 2014 and 2017 according to the EIU – will be the result of coal mining projects and investment in new transport facilities. "Transport, communications, industry and Services, will grow significantly," said the EIU. *(Macauhub)*

Partnership between Secil Marítima and Mediterranean Shipping Company analysed by Angolan government

A memorandum of understanding between Secil Marítima and the Mediterranean Shipping Company (MSC) with a view to re-launching Angola's flagship shipping company was analysed Thursday by the government, according to a statement issued at the end of the Council of Ministers.
The statement said only that the economic commission of the Council of Ministers had analysed the memorandum, which sets out the basis for a strategic partnership to re-launch Angola's flagship goods and passenger shipping company.
Secil Marítima replaced the former Linhas Marítimas de Angola (Angonave), with the intention of reducing the cost of shipping goods to the country, which is high compared to other countries in the region (Namibia, South Africa and Mozambique).
The Mediterranean Shipping Company, which was founded in 1970 and has its headquarters in Geneva, Switzerland, and is one of the world's largest shipping companies, operating 474 ships and with a transport capacity of 2.3 million 20-foot equivalent units (TEUs). *(Macauhub)*

AGRIBUSINESS

Angolan government plans to encourage industrial salt production

Artisanal salt production in Angola is to be replaced by industrial production in order to reduce the amount of salt that is imported each year, said the Angola Secretary of State for Fishing, Antónia Nelumba.
At the opening session of a national meeting on salt production, in Benguela, Nelumba said that national production was estimated at 40,000 tons per year and added that his situations needed to change as Angola had natural conditions to increase production substantially.
The secretary of state said that human, animal and industrial salt consumption was calculated a 120,000 tons a year, and that 70 % of that amount was imported, according to Angolan state daily Jornal de Angola.
Eradicating illnesses due to a lack of iodine was another challenge for salt production pointed out by Antónia Nelumba, after the Angolan authorities committed to this goal at the 1999 World Children's Conference in Geneva.

Health problems related to a lack of dietary iodine include goitre, miscarriage, mental retardation and sexual impotence. In Angola these problems are particularly prevalent in the provinces of Huambo, Lunda Norte, Lunda Sul, Moxico, Bié and Kwando Kubango. *(Macauhub)*

Angolan government launches programme to purchase agricultural products directly

A programme to buy agricultural products in Angola directly from producers is due to begin on 5 November when logistics centres are due to start operating in the provinces of Luanda, Huambo, Bié, Kwanza Sul and Benguela, Angola's Trade Minister said. According to Angolan news agency Angop, on Monday the minister travelled to Huambo province to check on the progress of the programme to identify the main areas to collect agricultural products in order to transport them to consumer markets. Rural markets and mobile branches of the Banco de Poupança e Crédito bank will be set up at each logistics centre, where rural workers will sell their products and receive payment directly without any middlemen involved. Rosa Pacavira said that the programme was intended to combat rural poverty, increase agricultural production and family income as well as to develop the agricultural sector, which is considered key to economic growth in Angola.The minister announced that the Trade Ministry had plans next year to provide trucks to rural associations and cooperatives to transport their products to the main consumer markets. *(Macauhub)*

Mozambique opens new park

MOZAMBIQUE's newest game park nestled between huge coal mines is proof of the Southern African nation's efforts to balance mineral wealth with a vulnerable environment damaged by a 16-year civil war.

The 350,000ha Magoe Park located on the southern banks of the giant Cahora Bassa dam was a week ago declared a national game park to boost wildlife and tourism. It is set to be an oasis for wildlife in the northern Tete province where 60% of land has already reportedly been allocated to mining firms through concessions. Known better for its beaches and diving destinations than wildlife, Mozambique lags behind regional neighbours South Africa, Kenya and Tanzania in game parks.

Nearly a fifth of its surface has been set aside for environmental protection and to build up wildlife numbers, but it has been tricky in the coal-rich Tete province in the northwest. This overlap in concession and conservation areas causes a "difficult dilemma" to the government, according to Charles Laurie of Maplecroft risk analysis. "It attempts to strike a balance between safeguarding important habitats while fostering economic growth," he said.

Two decades after the end of a crippling civil war the country is still struggling with poverty and is eager to tap coal as well as vast reserves of natural gas discovered in 2010 to spur growth. Companies from Brazil, Australia and India have over the past three years set up polluting open-cast operations on some of the world's largest untapped coal reserves — by some estimates enough coal to supply a quarter of the world's fuel by 2025.

About 60% of Tete has already been set aside for mining, according to advocacy group Human Rights Watch. So the government's declaration of the new park came as a relief. "The main objective of the park … is to reduce pressure on the use of natural resources, given that they are finite," said government spokesman Alberto Nkutumula.

Situated close to the Zimbabwe border, the park will protect hippos, elephants, lions, leopards and the rare roan antelope. "The rest of the province is being mined for whatever they can get out, so it is good that something has been put into conservation," Mozambique-based environmental consultant Sean Nazerali said. "This is one of the most active countries in the developing world in making new concession areas." Mr Nazerali cautioned "it will take more than 20 years for game densities to catch up".

Firms can win mining concessions in national parks if they prove what is under the ground is more valuable than the current use.

But the law prevents them from prospecting for minerals in protected areas in the first place, according to Mr Nazerali.

Yet mines limited the Magoe Park's area, which had to be cut by a third from original plans. "We found out that there were mining exploration concessions there," said Oscar Zalimba, a provincial government conservationist. Mr Laurie said the new park would put miners on their toes as their effect on the environment would receive greater scrutiny. "Extractive companies in Tete will … face reputational damage should their activities be perceived as harming protected sites or undermining the ability of local communities to pursue their livelihoods."

Meanwhile the tourism industry also celebrated the new visitor drawcard to the area that has a newly tarred road. "Tourism is non-existent around this lake — it should be big," said hunting safari operator Simon Rodger.

Mozambique's seventh national park, Magoe, "will offer huge protection against mining", Mr Rodger said.

Since the civil war ended in 1992, some big game is returning to Mozambique and sports hunting, especially for elephants, is becoming a major attraction. A buffer zone around the park will be given to hunting companies, with a project already running to give local communities a portion of the profits.

The government still needs money to run the reserve and is mulling partnerships with the private operators like it did in the central Gorongosa park. Before it can open, rangers also need to stop bush-burning, illegal logging and poaching. *(BDLive)*

TRADE

Commercial transactions of more than US$10 require an invoice in Angola

Issuing an invoice or an equivalent document for goods or services transactions worth over 1,000 kwanzas (US$10) is now a requirement for all economic agents in Angola, Angolan news agency Angop reported.

The new rule is included in the Legal Regime for Invoices and Equivalent Documents recently published, which is intended to ensure that all transactions are properly documented. “This means that the process of formalizing the Angolan economy now has a new tool,” according to technicians from the National Directorate for Taxes, of the Finance Ministry.

According to the National Tax Directorate, “the aim of this measure is to boost mechanisms for tax inspection, and, consequently, to limit use of the informal market.”

The National Tax Directorate warned that “the entities that do not comply with this invoicing requirement will risk being fined, which will range from 20 to 40 % of the value of the transaction of the goods sold or service provided.” *(Macauhub)*

TOURISM

International hotels build on Africa

Major international hospitality companies are looking to increase presence in Africa, which they see as the next growth market. A survey found there are 207 hotels in the pipeline in Africa with almost 40,000 rooms, a 17% increase compared to 2012, and 37% higher than 2011. Nairobi has entered the global hospitality map with 11 new hotels set to open in the coming months as global chains tap into growing business tourism. This is the first time Kenya has made it to the top ten African countries. In the top four spots are Algeria, Angola, Egypt and Ghana.

The new hotels under construction are expected to add 1,469 rooms, making Kenya the fifth most attractive destination in Africa for international hotel chains. Egypt has attracted 20 hotels, Nigeria 49, Morocco 30,
and Algeria 17. Ghana, Tunisia, Libya, South Africa and Gabon are the other countries in the top 10 list.

The Hilton and Radisson Blu brands have the highest investment with 17 new properties each. Radisson Blu is looking to open its property in Kenya late next year. Other brands are Novotel, Ibid, Sogled Tulip, Park Inn, Marriott, Kempinski, easyHotel and Mantis. The new Lagos Intercontinental is the tallest hotel in west Africa.

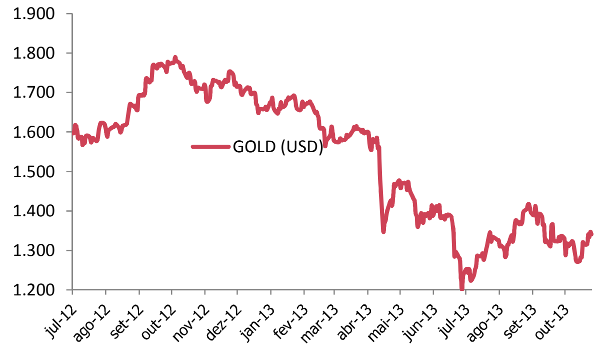
"Africa is receiving more attention from the international chains, which clearly see the need to expand, with above-average growth in the number of travellers to the region and some of the fast-growing economies in the world", said the W Hospitality survey.

MARKET INDICATORS

25-10-2013

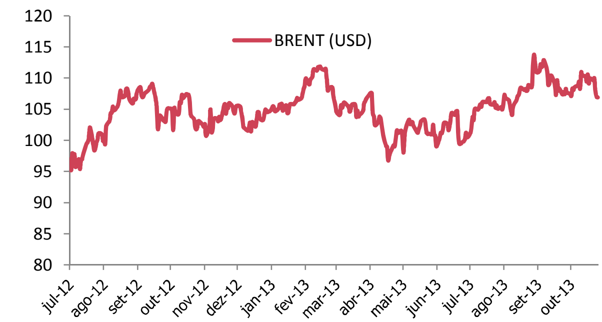
STOCK EXCHANGES		
Index Name (Country)	**25-10-2013**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	8.700,08	15,84%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	208,26	25,02%
Case 30 Index (Egypt)	6.171,21	12,98%
FTSE NSE Kenya 15 Index (Kenya)	172,09	36,85%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	18.816,83	-1,70%
Nigerian Stock Exchange All Share Index (Nigeria)	37.629,99	34,02%
FTSE/JSE Africa All Shares Index (South Africa)	45.041,37	14,75%
Tunindex (Tunisia)	4.459,29	-2,63%

Source: Bloomberg and Eaglestone Securities



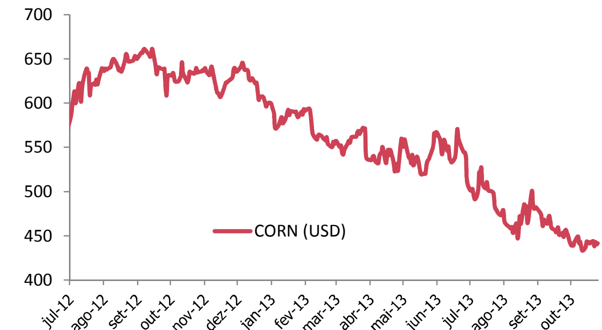
METALS		
	Spot	**YTD % Change**
Gold	1.341	-19,97%
Silver	22	-26,28%
Platinum	1.444	-6,23%
Copper $/mt	7.175	-9,53%

Source: Bloomberg and Eaglestone Securities



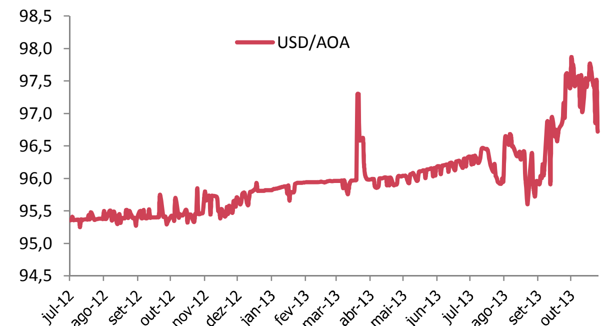
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	97,5	4,62%
ICE Brent (USD/barril)	106,9	-1,45%
ICE Gasoil (USD/cents per tonne)	905,8	-1,09%

Source: Bloomberg and Eaglestone Securities



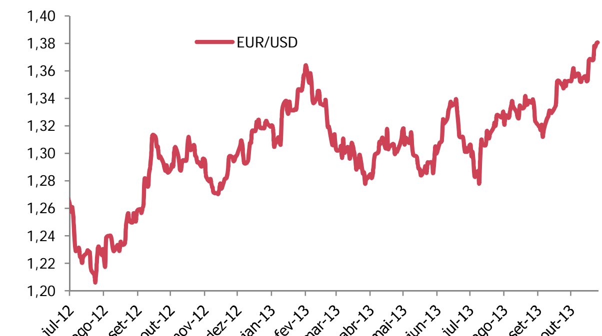
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	441,5	-36,95%
Wheat cents/bu.	699,8	-11,17%
Coffee (KC) c/lb	111,3	-24,16%
Sugar#11 c/lb	18,9	-4,46%
Cocoa $/mt	2685,0	19,12%
Cotton cents/lb	79,0	4,15%
Soybeans c/bsh	1302,8	-6,90%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	96,720
EUR	133,524
GBP	156,688
ZAR	9,847
BRL	44,166
NEW MOZAMBIQUE METICAL	
USD	29,700
EUR	41,002
GBP	48,115
ZAR	3,024
SOUTH AFRICAN RAND SPOT	
USD	9,825
EUR	13,567
GBP	15,915
BRL	4,486
EUROZONE	
USD	1,38
GBP	0,85
CHF	1,23
JPY	134,25
GBP / USD	1,62

Source: Bloomberg and Eaglestone Securities



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Additional information is available upon request.

UPCOMING EVENTS

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

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

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

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

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

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

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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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