INSIDE AFRICA

Now is the time to invest in Africa

30 September 2013

EAGLESTONE SECURITIES

Contents

BRIEFS

Kenya imports all its fuel, almost 80,000 barrels of oil a day at a daily cost of more than $8m.

Chinese investment in Africa are growing. By industry:

- **Oil and Gas: $8.09bn**
- **Metals and Minerals $6.67bn**
- **Banking $5.61bn**
- **Machinery $0.28bn**
- **Other industries $0.11bn**

China was the country which lent the most money to Mozambique in 2012, a total of US$1,148.67 million in low-interest and commercial loans. External debt contracted by Mozambique during the last year reached US$1,915.07 million. Mozambique contracted 15 low-interest loans worth a total of US$674.98 million, with China financing four projects with US$167.08 million. In that lending mode the country's top lender was the World Bank's International Development Association (IDA) – three projects with US$268.12 million. Commercial lending accounts for most of the contracted debt, US$1,240.09 million, China being the foremost lender to Mozambique with a total of US$981.59 million in two projects, the Maputo Ring Road (300 million) and the Ponte/Estrada Maputo/Catembe/Ponta do Ouro route (681.59 million).

The World Bank approved $340m of financing for hydroelectric project to provide electricity to 62m people in Rwanda, Tanzania anf Burundi . The Regional Rusuma Falls Hydroelectric Project has a total cost of $468.6m and will have generation capacity of 80MW.

Half of sub-Saharan Africa's 89m internet users are in Nigeria. Kenya and Nigeria have 62% of internet users in sub-Saharan Africa.

World Bank estimates that mobile phones have added 1% a year to Kenyan GDP growth since 2000.

Africa accounts for less than 2% of world-wide insurance premiums although it has 15% of global population

Africa's economies are projected to grow 4.8% this year according to AfDB chief economist

In-depth:

AfDB and Made in Africa Foundation Launch Fundraising for Africa50 Infrastructure Fund

The African Development Bank and Made in Africa Foundation officially launched the fundraising for the **Africa50 infrastructure fund** on Thursday, September 26 at the NASDAQ Stock Exchange in New York City.

The African Development Bank (AfDB) and Made in Africa Foundation (MIAF) have partnered to co-market initiatives that will catalyze funding for Africa's largest infrastructure delivery vehicle created to-date, Africa50.

With the critical objective of reducing the timing required to develop infrastructure projects in Africa, Africa50 is the result of experience and innovation. Over the past five years, AfDB has delivered over USD 5.4 billion in critical infrastructure investment in Africa through private sector and public-private partnership financing.

For its part, MIAF was born when internationally renowned Ghanaian-born designer Ozwald Boateng and leading Nigerian entrepreneur Kola Aluko of Atlantic Energy realized that a few hundred million dollars of investment in project development could change the course of economic development for the whole of Africa. The alliance between MIAF and AfDB aims to raise up to USD 500 million for Africa50's project development arm by the first half of 2014.

The historic alliance between MIAF and AfDB was formally launched at the NASDAQ Stock Exchange early Thursday. The effort was supported live by Boateng; Aluko; Sam Kutesa, Uganda's current Minister of Foreign Affairs and the next president of the United Nations General Assembly; Tas Anvaripour, Team Leader for Africa50; and Anne Kabagambe, Chief of Staff and Director of Cabinet at the President's office of the AfDB.

The NASDAQ event was followed by a luncheon hosted by Arthur Sulzberger, Jr., publisher of The New York Times, where the African Development Bank Group President, Donald Kaberuka, delivered a video message on Africa50.

Discussion on Africa's newest infrastructure delivery vehicle involved participation by African business leaders, American investors, Patrick Zhong of the Fosun Group in China and former UK Foreign Minister and International Rescue Committee CEO David Miliband.

Africa50 will comprise two funding arms: Project Development and Project Financing. At a recent meeting of African Central Banks in Mauritius, AfDB President Donald Kaberuka explained that "to increase the rate of infrastructure delivery in Africa we need to speed up project preparation and project development. The critical objective is to shorten the time between the idea and financial close from a current average of seven years to less than three years."

Tas Anvaripour, Team Leader of Africa50, notes, "African infrastructure projects are increasingly capturing the attention of investors worldwide. However, the number of bankable infrastructure projects brought to market is still insufficient, even though they offer an excellent way to diversify investment portfolios and steady, long-term, and above average returns." Having closed over 40 large infrastructure private sector projects in the past five years, AfDB strongly believes in the infrastructure opportunities latent in Africa.

Africa50 infrastructure fund

In 2012, African Heads of States in their Declaration on the **Program for Infrastructure Development in Africa (PIDA)** called for innovative solutions to facilitate and accelerate infrastructure delivery in Africa. In response, and after broad consultations with African stakeholders, the African Development Bank has proposed the establishment of a new delivery vehicle called Africa50.

Africa50 is the result of experience and innovation. The vehicle aims at mobilizing private financing to accelerate the speed of infrastructure delivery in Africa, thereby creating a new platform for Africa's growth. Africa50 will focus on high-impact national and regional projects in the energy, transport, ICT and water sectors.

Africa50 is to be structured as a developmentally-oriented yet commercially operated entity. It will be complementary to and legally independent of existing development finance bodies in Africa. Accordingly, the operational decisions will be made by a management team selected solely on technical merit and demonstrated managerial competence.

Africa50 will establish two business segments, as follows:

- **Project Development:** The primary objective of this segment is to increase the number of bankable infrastructure projects in Africa. This will be accomplished through substantially increased funding of early stage project development activities, made possible by innovative partnerships and incentive schemes. Further, Africa50 will make skilled legal, technical and financial experts available to projects from an early stage of development, sharing costs with member governments and developers and recovering its funding at financial close or through a carried interest in the project.
- **Project Finance:** This segment will focus on delivering the financial instruments required to attract additional infrastructure financing to the continent. These will include, but will not be limited to: i) bridge equity, ii) senior secured loans, iii) refinancing/secondary transactions, as well as iv) credit enhancement and other risk mitigation measures geared at attracting non-traditional funders such as institutional investors and international investment banks.

Africa50's critical objective is to shorten the time between project idea and financial close –from a current average of 7 years to under 3 years, thereby delivering a critical mass of infrastructure in Africa in the short-to-medium term.

Africa50 builds on AfDB's recent successes in overcoming early-stage bottlenecks to infrastructure projects, mobilizing political support for necessary reforms, and deploying skilled experts to work along-side government.

To deliver on Africa's current infrastructure pipeline, including PIDA, Africa50 will need an equity investment of USD 10 billion, thereby attracting USD 100 billion worth of local and global capital. To begin operations, Africa50 targets raising USD 3bn in equity capital, to establish credibility with governments, private developers and financial markets. Depending on funding needs and the project pipeline, Africa50 will augment its financial capacity by raising debt in the international capital markets. In order to ensure reliable access to capital markets while also offering additional operational flexibility, Africa50 will target an investment grade rating of single A.

As a commercially oriented financial institution, Africa50 will seek to preserve and grow its capital base as well as provide a return to shareholders. It will have three broad groups of investors: i) African Countries, ii) the AfDB and other major development financiers, iii) institutional investors such as Sovereign wealth and pension funds.

The ownership of the risk capital by African countries is central to the strategy of Africa50. Such ownership is intended to send a strong signal to developers and financiers about the commitment of African countries to address the non-financial risks to the successful execution of infrastructure projects in Africa, such as inadequate regulatory structures or reforms, adverse political actions, etc

SOVEREIGN RATING

	Region - Africa/Middle East					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
30-09-2013	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 Zambia	B1	B+	B+	NR	B	B
Rwanda	NR	B	B	NR	B	B
Saudi Arabia	Aa3	AA-	AA-	NR	A-1+	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	B	NR	NR	B
South Africa	Baa1	BBB	BBB	P-2	A-2	F3
Tunisia	Ba2	B	BB+	NR	B	B
Uganda	NR	B+	B	NR	B	B
United Arab Emirates	Aa2	NR	NR	NR	NR	NR

Sources: Bloomberg, Eaglestone Advisory

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

30-09-2013	North and South America - Asia					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
USA	Aaa	AA+u	AAA	NR	A-1+u	F1+
CANADA	Aaa	AAA	AAA	NR	A-1+	F1+
BRAZIL	Baa2	BBB	BBB	NR	A-2	F2
ARGENTINA	B3	CCC+u	CC	NR	Cu	C
URUGUAY	Baa3	BBB-	BBB-	NR	A-3	F3
COLOMBIA	Baa3	BBB	BBB-	NR	A-2	F3
INDIA	Baa3	BBB-u	BBB-	NR	A-3u	F3
CHINA	Aa3	AA-	A+	NR	A-1+	F1+
JAPAN	Aa3	AA-u	A+	NR	A-1+u	F1+
AUSTRALIA	Aaa	AAAu	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

30-09-2013	Eurozone					
	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AAA	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	Caa3	CCC+	B-	NP	C	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AAA	AAA	NR	A-1+	F1+
France	Aa1	AA+u	AA+	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	C	B-	B-	NP	B	B
Ireland	Ba1	BBB+	BBB+	NP	A-2	F2
Italy	Baa2	BBB u	BBB+	NP	A-2	F2
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A	NR	A-2	F1
Neherlands	Aaa	AAAu	AAA	P-1	A-1+u	F1+
Portugal	Ba3	BB-	BB+	NR	B	B
Slovakia	A2	A	A+	NR	A-1	F1
Slovenia	Ba1	A-	BBB+	NR	A-2	F2
Spain	Baa3	BBB-	BBB	P-3	A-3	F2

Sources: Bloomberg, Eaglestone Advisory

INVESTMENTS

African Development Bank donates US$8 million to Sao Tome and Principe

The African Development Bank (ADB) has provided Sao Tome and Principe with over US$8 million, said the country’s Planning and Finance Minister, Hélio de Almeida Friday.

The funds will be used for the Project to Support Economic and Financial Management (PAGEF), a Sao Tome programme for economic diversification and growth over the next three years.

The minister said that the PAGEF programme is part of efforts to improve quality of life and poverty of the Sao Tome and Principe population.

The new ADB representative, Jaime Gama, said that the bank had provided the country with over US$20 million for a variety of national projects and noted the Project to Renew Infrastructure to Support Food Safety (PRIASA), which receive a donation of US$7 million. *(Macauhub)*

First s Africa entrepreneurs' hub open South Africa's newly-launched Transnet Enterprise Development Hub, the first of its kind, will expand business opportunities for smaller enterprises and new business entrants. It will be a "one-stop shop" for entrepreneurs and new players. Services include business development, business registration, procurement advisory services, tax registration and compliance, financial support and guidance on black economic empowerment requirements. State-owned Transnet will invest over $200m. The plan is to roll out the concept across the country. *(African Business)*

Nigeria will launch its **global online business registration platform**, to allow Nigerians in the diaspora or foreigners to register their businesses in Nigeria from any part of the world. It also intends to review registration fees for new companies and issue business visa to investors at entry points. *(African Business)*

Public-private partnerships promise a bright future for the African pharmaceutical industry

The African pharmaceutical sector is expected to grow tremendously in the coming years. With a booming demand on drugs and medicine expected to raise up to US $40 billion as early as 2020, Africa's pharmaceutical prospects are attracting growing interest from private investors around the world. An increasing number of Africans with significant disposable income and spending power, strong demographic dynamics, including fast urbanization, steady economic growth in most parts of the continent, improved infrastructure in both rural and urban areas are the drivers of Africa's pharmaceutical boom. The pharmaceuticals industry development is also very high on the agenda of African countries, which are developing continental and regional strategies on the local production of drugs. The opportunity is such that public-private synergies are key to the development of the industry. These were the conclusions that emerged from the first African Pharmaceutical Summit, held on September 23 and 24 in Hammamet, Tunisia. With a compound annual growth rate (CAGR) of more than 10%, Africa is the second most dynamic pharmaceutical market after Asia Pacific, with a pharmaceutical spending expected to reach $30 billion by 2016. The important meeting was an opportunity to highlight the need of public-private partnerships which are more than ever necessary to seize opportunities in this sector and improve the health of Africans. The AfDB has embarked on an ambitious program to support its Ten-Year Strategy for 2013- 2022. *(AdFB)*

BANKING

Banks

Barclays' create Africa's largest branch network: Barclays will create Africa's largest retail bank in terms of branch networks and customers in a tie-up deal. The ABSA banking group, of which Barclays plc. own a 55.5 percent controlling stake, has been given regulatory approval to acquire the British bank's African business, consolidating the assets and rebranding the business as Barclays Africa. The R18.3 billion merger deal will see Barclays plc, headquartered in London, increase its stake in ABSA to 62.3 percent. Barclays Africa will now serve 14.4 million customers across more than 1,300 branches.*(African Business Review)*

The government of Zimbabwe plans to create a free zone with a banking center where even people who do not live in Zimbabwe can open bank accounts, and to invest $150m in expanding the town's airport to accommodate bigger aircraft, with funding partners including multilateral financial institutions. . *(African Business)*

The favourable demographics of subSaharan Africa suggest it will be the only region not to experience a decline in its saving rate by 2030, according to the World Bank. Africa's growing savings will help to drive the intra-regional investment surge. Sub-Saharan Africa's stock of capital is set to rise to $23.3 trillion in 2030, from $11 trillion in 2010, according to the world Bank. Pension funds in Africa could become prominent continental investors. South Africa's Government Employees Pension Fund, with $120bn in assets, is investing 1% in the rest of Africa, but could invest up to 5%. Namibia's $6bn Government Institutions Pension Fund (GIPF) invests 27% in South Africa and 8% in the rest of the continent. Total assets under management of subSaharan Africa's six biggest pension funds could surge to $622bn by 2020, from $260bn in 2010. Private equity is tapping into local capital. *(African Business)*

South African company buys stake in Nigeria's Mr Bigg's fast food chain

Famous Brands, the South African quick service and casual dining restaurant franchisor, today announced a deal to acquire a 49% stake in Nigeria's UAC Restaurants (UACR). UACR owns the Mr Bigg's fast food brand, with a product offering ranging from pastries and other snacks to burgers and hot meals. According to a statement released by Famous Brands, Mr Bigg's is the largest food franchise brand in Africa, excluding South Africa. About 25,000 pieces of chicken are sold in Mr Bigg's restaurants daily. UACR has over 155 franchised restaurants across Nigeria and Ghana. The company also operates a small logistics and manufacturing component.

According to Famous Brands chief executive Kevin Hedderwick, the transaction will have benefits for both parties. "UACR will be vending in a formidable brand (Mr Bigg's), local expertise and existing franchisees, as well as a nationwide distribution network and Lagos-based manufacturing infrastructure. In exchange, Famous Brands will add value to the business through our expertise in managing intellectual property, growing brands and optimising supply chain operations and efficiencies," Hedderwick said. Famous Brands owns well known South African chains such as Steers, Debonairs Pizza, Wimpy and Mugg & Bean, to name a few. It already has a presence in a number of African countries. Larry Ettah, managing director and CEO of UACR's parent company UAC Group, said that Nigeria has seen an influx of quick service restaurant brands recently. Fried chicken fast-food chain KFC opened its first outlet in Nigeria in 2009. "Future consumer expenditure is underpinned by a range of key drivers, including higher monthly income levels resulting from GDP expansion, an increase in the minimum wage, and a shift in social class demographics, with the middle class expected to increase to 35% of the population in 2015 compared to 30% in 2009. Significantly, this middle class comprises a large, young population with an average age of 18," commented Ettah. *(How we made it in Africa)*

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

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

The family-run Dubai conglomerate which has interests in a number of areas including retail, financial services, engineering, automotive, electronics, real estate and hospitality operates in 20 markets. The group, which has operations in Egypt, is now eyeing other markets in Africa.

Low returns in the Middle East and saturated Western markets are pushing well financed Gulf investors to expand into Africa through joint ventures, mergers, acquisitions and takeovers. Earlier this year, Dubai-based investment bank Arqaam Capital said it would expand into sub-Saharan Africa by the fourth quarter of 2013. Untapped resources in Africa in the non-oil sectors, geographical proximity and air connectivity offered by airlines such as Emirates has made Africa an attractive destination for Gulf investors."We are continuing our expansion drive across Africa and we hope that CMC will be the jewel in the crown of our inroads into this great continent," said Marwan Shehadeh, group director for corporate development at Al-Futtaim Group. According to CMC Holdings, the takeover proposal has received endorsement from 50.6% of its shareholders.

The deal represents one of the biggest foreign direct investment inflows into the Kenyan economy this year and is expected to highlight the appeal of Kenyan blue chip companies as global firms seek a foothold in the booming African economy. "We believe in CMC Group, our first sub-Saharan target, the great brands it sells and the employees behind its success over the years. We also respect the heritage of the company and its 65-year-old history in fostering economic development in Kenya," said Shehadeh. CMC Holdings owns dealerships in Kenya, Tanzania and Uganda and has exclusive distribution rights for a number of international auto brands. The company has not traded publicly since September 2011 when its stock was suspended due to a boardroom row. Al-Futtaim was established in the 1930s and currently runs more than 100 companies in 20 markets employing 40,000 people. In recent years, the company has expanded its footprints beyond the Cooperation Council for the Arab States of the Gulf through strategic acquisitions. *(How we made it in Africa)*

Deals

AfDB prices a new 5-year US Dollar Global bond

The African Development Bank **priced** a new USD 1 billion 5-year Global benchmark bond. This is AfDB's second fixed-rate USD transaction of the year after having issued a 5-year in January.

Following the US Federal Reserve's announcement to continue with loose monetary policy for longer than anticipated and the subsequent stabilization of yields, the AfDB decided to take advantage of a clear issuance window ahead of expected heavy supply with a new 5-year Global benchmark transaction. Final pricing achieved was in the context of midswaps plus 6 basis points.

Final distribution figures underscore AfDB's diverse investor base across key regions. Investors from the Americas came in as the largest buyers at 39 percent. EMEA and Asian investors bought 35 and 26 percent, respectively.

The 28 accounts involved in the deal included high quality orders from Central Banks and official institutions, which bought 39 percent of the deal, while banks bought 31 percent and asset managers 30 percent.

Joint Lead Managers on the transaction are Citigroup, Goldman Sachs International, HSBC and TD Securities. The bond matures in five years on 2 October 2018.

AfDB is a triple-A rated institution by the international ratings agencies Moody's, Fitch and Standard & Poor's. The USD 1 billion Global benchmark transaction demonstrates the Bank's credibility as an international financial institution *(AfDB)*

Tech

MTN is most valuable brand

MTN has achieved yet another impressive feat, emerging as South Africa's most valuable brand in this year's BrandFinance Most Valuable Brands Survey, for a second consecutive year. Launched in 2012, the BrandFinance South Africa's 50 Most Valuable Brands survey measures the financial brand value of South African companies that operate both within and outside of South Africa MTN is a leading emerging market operator connecting subscribers in 22.*(African Business Review)*

Botswana is the first country to benefit from combined Orange and Visa services. It will allow access to funds 24 hours a day, and new point of- sale, on line and ATM transactions. Subscribers can use their Orange Money account to make Visa enabled payments and pay invoices at stores. International online merchants and at over 300 Visa ATMs. *(African Business)*

ENERGY

Angola says $23bn electricity plan needs sharper, skilled sector

Angola's plans to invest $23-billion by 2017 on its electricity network to help create new sectors in the oil-producing economy can only work if its energy companies become more efficient and skilled, senior officials said.
Angola, Africa's No 2 oil producer, wants to cut its reliance on crude output but the country's old, war-ravaged and under-capacity energy network hampers investment in new sectors. Oil output represents over 95 percent of Angola's export income and around 45% of its gross domestic product. As the country posts fast economic growth - estimated at 7.1% for 2013 - home and business energy consumption often brings the grid to its knees, resulting in long blackouts.
President **Jose Eduardo dos Santos**'s government has pledged to solve the problem by building several dams to quintuple installed production capacity and by investing in electrical grids. "Our energy policy has to be a lever for the economy, creating conditions for new companies in various sectors, jobs and wealth for the country and individuals," Joaquim Ventura, Secretary of State for Energy, told a conference in Luanda. He warned, however, that besides investing in the network, Angola also faces other structural challenges.
These include energy price subsidies that cost the state around $720-million last year and which it plans to phase out.
State energy companies must also become more efficient, including by cutting losses from non-payment and illegal access to the network, both of which are being tackled by introducing a pre-paid metering programme, Venura added.
"The tariffs have to rise, the subsidies are not sustainable. Production and consumption rises and so does the weight of the subsidies, a vicious circle," **Jose de Oliveira**, an energy expert at Luanda's Catholic University, told Reuters.
Only an estimated 30% of Angolans have access to electricity. Still, Ventura said, the system is already insufficient because of infrastructure damaged by a 27-year civil war that ended in 2002, as well as rising consumption.
"With the entry in the next few years of heavy industry into the economy, we expect even bigger pressure on supply," he said.
Ventura also said that Angola plans to train technical workers to have the skills manage the electricity system effectively, but analysts say it is a tough task. "The main challenge is in human resources, there is more to manage and not enough trained people to do it," said a senior source in the sector, who asked not to be named. "You can offer scholarships but weak quality of secondary schooling means students reach the programmes very badly prepared".*(Engineering News)*

Solarcentury's African expansion gains momentum

UK-based solar solutions provider Solarcentury's ambition to expand into African markets has gained momentum as the group established a 85:15 joint venture (JV) with a South Africa-based partner.
Solarcentury and project developer Momentous Energy officially launched Solarcentury Africa last week in a bid to roll out new solar power solutions for an electricity-constrained continent, CEO **Frans van den Heuvel** told ***Engineering News Online*** this week.
The parent group had established regional offices in Nairobi, Kenya, which serviced the East African region, while the South African office would serve as a platform to the rest of the continent.
As electricity prices rose and the resource became increasingly scarce, Solarcentury Africa would work across the commercial roof, solar park and isolated grid markets, to meet the increasing energy demands of businesses across Africa.
The company noted in an earlier statement that the yearly 24-hour global solar radiation average was about 220 W/m² for South Africa, compared with about 150 W/m² for parts of the US, and 100 W/m² for Europe and the UK.
"This makes South Africa's local resource one of the highest in the world," said Van den Heuvel.
This enabled the company to step in and develop solutions to replace or complement current fossil fuel-based power generation with solar energy and enable significant savings across the board.
He compared the roll-out of solar energy to that of the roll-out of mobile telecommunications technology. Instead of forking out tens of billions of dollars to lay the required infrastructure for coal-powered electrical grids across Africa, it would be cheaper and easier to install the technology of the future, which was solar, he argued.
Momentous Energy was currently building the 7 MW, 19 ha RustMo1 solar farm, near Rustenburg, under the first window of the South African government's Renewable Energy Independent Power Producer Procurement Programme. The solar park was expected to deliver power to the national grid by November.
Solarcentury Africa, which completed its first 88 kWp solar photovoltaic system installation as a JV in August – a roof installation for property group Zenprop – was set to embark on the installation of 500 kW – as part of a 10 MW programme – for undisclosed properties owned by Growthpoint, after signing an agreement last week. *(Engineering News)*

Denmark blows some power into SA's wind industry

Denmark, which is working closely with South Africa on its wind energy programme, believes the African country can become the hub of wind power in Africa.South Africa's wind energy industry is rapidly gaining momentum, with numerous wind farms being developed and 250 turbines currently under construction in the country.Danish Ambassador to South Africa **Rene Dinesen** told ***Engineering News Online*** that South Africa had the potential to be a major player on the continent and that Denmark would be there to lend its support. Denmark is a frontrunner on wind energy, with 30 years of experience in the industry and on- and offshore wind turbines providing more than 28% of its electricity needs.

It has also invested a substantial amount of money in research and development over the years.The European country is sharing its expertise with South Africa by providing technical assistance to the Department of Energy (DoE). Denmark has been helping the department with policy and strategy development in the field of renewable energy, particularly wind energy."We want to help South Africa reduce its carbon dioxide (CO_2) emissions and create jobs," said Dinesen at the sidelines of the WINDaba conference, which has drawn leaders in wind energy and companies from 17 countries to Cape Town.He said that, while Denmark had phased out most of its development assistance to South Africa, it was very optimistic about turning its focus towards renewable energy and could provide valuable expertise.Dinesen said he was keen to initiate more cooperation between South African and Danish universities, particularly in the field of engineering and wind power.As part of its cooperation with South Africa, Denmark has developed the Wind Atlas for South Africa, which includes new measuring masts covering large parts of the country. The mapping is also used as input to the DoE for strategic energy planning.Danish companies have made a strong mark at the WINDaba, with representatives from 40 Danish firms descending on Cape Town.Among them is wind turbine manufacturer Vestas, which is supplying and installing wind turbines to several wind power plants in South Africa, including Chaba, Waainek and Grassridge in the Eastern Cape, as well as Hopefield in the Western Cape.Danish Wind Industry Association CEO **Jan Hylleberg** said Denmark had set a goal for wind power to account for half of Denmark's energy consumption by 2020.The long-term goals are to shift the entire energy system to renewable energy by 2035 and to phase out oil, gas and coal entirely by 2050. Denmark has rallied global and local support through its State of Green Consortium, the organisation behind the official green brand for Denmark.South Africa has ambitious targets for renewable energy and aims to slash the country's CO_2 emissions by 42% by 2025.

Global Wind Energy Council secretary general **Steve Sawyer** told the conference that the drop in the global price of wind energy had make it an increasingly viable alternative for South Africa, but this could be a very real threat to the fossil fuel lobby."Both wind and solar have become far more competitive, with much lower prices than the government had expected. This could create dissension within the government," he said.

The anticipated price of electricity from the Medupi and Kusile coal-fired power stations, which are still under construction, was now 30% higher than wind power, said South African Wind Energy Association CE **Johan van den Berg**. *(Engineering News)*

Nigeria signs $1.3bn power plant deal with China

ABUJA – Nigeria has signed a deal for Chinese state companies to build a $1.3-billion power plant, the finance ministry said on Sunday, part of efforts to end chronic electricity shortages that are a major brake on growth.

Nigeria produces only a few hours of electricity a day, forcing those who can afford it to rely on expensive diesel generators that drain billions of dollars from Africa's second largest economy and discourage foreign investment. President **Goodluck Jonathan** is on a drive to increase investment in the power sector and has nearly completed the privatisation of its inefficient state electricity company. A loan from China's Eximbank will pay for 75% of the planned 700 MW Zungeru hydro-electric power plant, while the Nigerian government has put up the rest of the cash.

The plant would be a boost to the country's current 4 500 MW electricity capacity and is scheduled to be finished in four years, although Nigerian projects usually run over time and over budget and many are never completed.

The building of a hydro plant in Zungeru, Niger state, was first announced three decades ago but this is the most significant effort yet to get the project underway, experts say.

"This project will create thousands of jobs for Nigerian engineers, technicians and artisans during the construction phase ... It will also boost the economy," Nigeria's Finance Minister **Ngozi Okonjo-Iweala** said in a statement.

Despite holding the world's ninth largest gas reserves, Nigeria only produces a tenth of the amount of electricity as South Africa for a population three times the size. *(Reuters)*

DEG invests in African infrastructure

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, invests 30 million US-Dollar in African infrastructure: it provides the Africa Finance Corporation (AFC) with a long-term loan of this amount. Furthermore, it arranges the complete debt financing amounting to 60 million US-Dollar. Co-financer is the Dutch development finance institution FMO with another 30 million US-Dollar

A functioning infrastructure is an essential prerequisite for economic growth. Without streets, seaports and energy, there can be no progress. In developing countries, however, investing in larger investment projects often exceeds the financial resources of the state. "Our commitment enables AFC to further finance the expansion of infrastructure across West Africa that is needed for private sector development. We are pleased that DEG is able to provide this important financing together with our cooperation partner FMO, thereby forging a strategic partnership aimed at Africa's economic development," said Bruno Wenn, Chairman of DEG's Management Board on the occasion of the signing ceremony in Cologne.

Andrew Alli, President and Chief Executive Officer of the Africa Finance Corporation, stated "This facility will be utilised for on-lending to infrastructure projects in Africa. Apart from the liquidity that this transaction provides, the line of credit is of strategic importance to AFC, as it comes with a technical assistance programme to support our environmental and social risk management system. The facility also deepens our relationship with two key strategic partners."

AFC, a multilateral finance institution, was founded in 2007 and has a current capital base of 1.2 billion US-Dollar. It was established to finance infrastructure, heavy industry and natural resource projects across Africa. Financial products offered by AFC include long-term debt, equity and mezzanine, thereby decreasing the financing gap in African infrastructure. The institution has been involved in a number of landmark deals, including the submarine cable company Main One. Its broadband connection, which commenced operations in summer 2010 via a submarine cable that stretches over almost 7,000 kilometres between Portugal and Accra in Ghana and Lagos in Nigeria, was also co-financed by DEG.

In addition to the loan for AFC, DEG provides funds for accompanying measures in order to help the institution enhance its environmental and social management system, thus complying with international standards.

Africa has been one of the focal regions of DEG, a subsidiary of KfW Bankengruppe, for many decades; this is true particularly for sub-Saharan Africa. Besides investments in agribusiness and infrastructure, a further key area is funding for the manufacturing industry. The current Africa portfolio is at 1.1 billion Euro.*(African Finance Corporation)*

Biomass project moving to bankability stage

Engineering, management and specialist technical services group Aurecon, whose biomass-to-energy (B2E) project in Nkomazi, Mpumalanga, envisions the production of charcoal briquettes from sugar cane, is structuring propopals for funders to move the project from the feasibility to the bankability stage at its R20-million commercial charcoal briquette production plant. "Recent advances in the B2E conversion technologies have delivered new, more versatile and well-priced plants that allow for the production of various tradable commodities. The second-generation B2E technologies convert waste biomass, including plantation and process waste, alien vegetation and municipal solid waste into energy products. These energy products entail solid and liquid fuels, electricity and gases, which can be used to generate revenue and reduce operational costs," says Aurecon project manager **Jean Bouwer**. He explains that the proposed Nkomazi plant will be based on slow pyrolysis of sugar cane residual biomass, which will show better and more reliable returns than other product options, such as bio-oil production or elec- tricity generation, despite the electricity reaching the renewable-energy preferential rate when sold to consumers and connected to the grid. The company notes that, if successfully implemented, its B2E service offering will act as a catalyst for economic development and job and wealth creation in Nkomazi. The project began with the Mpumalanga Cane Growers Association contracting Aurecon and sugar producer TSB Sugar to carry out a feasibility study that investigated ways of boosting economic development in the Nkomazi district using B2E. Being focused on the need to assist previously disadvantaged small-scale sugar growers (SSGs), the study received €100 000 from authorised close-ended investment company Eastern European Property Fund, which is a partnership between Finland and Austria whose participation was facilitated by the Development Bank of Southern Africa. "The success of the scalable fluidised-bed pyrolysis technology means that it can grow as the production of SSGs increases and it might even accommodate large-scale growers wishing to make their biomass available. This could more than double the supply of biomass to 38 000 t within five years," Bouwer points out. Aurecon explains that the SSGs in Mpumalanga typically produce 450 000 t/y of sugar cane. Currently, in the Nkomazi district, there are still more than 1 200 SSGs, with an average plantation size of 7 ha, producing and delivering sugar cane to TSB's mills in Malelane and Komatipoort. A large number of the SSGs received their lots through the government's land restoration process. Traditionally, after the sugar cane has been harvested, the tops and green leaves, containing about 30% of the energy available in the plant, remain in the field as a so-called trash blanket. The trash has a moisture level of about 60% and the longer it is left to dry, the higher the yield. The company highlights that the trash blanket preserves the ground moisture and protects the ratoons – the stump of the cut sugar cane that will sprout to produce a new crop. At this stage, farmers are allowing about one-quarter of the trash to be gathered as biomass feedstock. It is then collected and transported to the conversion plant. "The feasibility study estimated an average biomass yield of 18 000 t/y of wet feedstock, which is equivalent to 7 233 t of oven-dry feedstock, after passing through a rotary drier. Thereafter, processing in a slow pyrolysis plant produces 2 228 t of charcoal briquettes. "Recognising that a sustainable business in briquettes requires a proven market and distribution network, the study investigated these aspects and took the costs into consideration in the financial modelling," points out Bouwer. Aurecon mentions that, on completion of the study, the financial model confirmed that the production of green charcoal from sugar crane plantation waste for the domestic and international markets is the most feasible solution to pursue. Also, the rate of return sparked real interest from potential funders. "The financial model also showed immense potential to uplift rural farming communities across Southern Africa's sugar production areas through the generation of additional income streams, product diversification and new domestic and international markets.

"A market exists for these products and what is still needed is for us to tap into this market and sign takeoff agreements. This forms part of moving the project from the feasibility to bankability stage and requires additional funding," highlights Bouwer. On a socioeconomic level, Aurecon highlights that the production of charcoal will create a specialised sector in the Nkomazi community's sugar industry that adds value along the entire production chain. "In addition, the operation of the pilot plant alone created 16 formal employment opportunities. Ultimately, we hope that the business will be a community-owned organisation, with labour sourced from the local area. The necessary skills for the full operation of the plant are not available at present and attention will be given to training, establishing apprenticeships and the appropriate mentoring," notes Bouwer. Through the B2E study, he says, Aurecon identified various suitable areas on the South Coast, in KwaZulu-Natal (KZN), in the northern parts of the Eastern Cape, and in the KZN Midlands, where the project could be successful and readily replicated. Aurecon has since negotiated with various sugar cane supply areas. There has been great interest and a measure of curiosity, as a result of this being a new product in the biomass industry. "The project was well received at the twenty-first European Biomass to Energy Conference, held in Denmark, in April, and at the South African Sugar Technology Conference, held in KZN. "Also, we hope that government realises that there is immense potential to uplift rural farming communities across Southern Africa's sugar production areas and that it will invest in moving the project forward as part of the Department of Rural Development and Land Reform's initiatives," Bouwer concludes. *(Engineering News)*

MINING

Mozambique approves coal projects, ponders iron-ore proposal

The Mozambique government recently awarded four coal concessions with a total value of $5-billion.

The first of these will start operations next year and they should create more than 1 000 permanent jobs. This information was released by Mineral Resources Minister **Esperança Bias** at the start of the XXVIII Coordinating Council meeting of her Ministry. "[They are] the Revobóe mine, with an estimated investment of $746-million and a total production of seven-million tons of coal a year; the Zambeze project, with an estimated investment of $3,3-million, predicted to produce a total of 258-million tons; the Midwest mine, with an estimated initial investment of $758-million, predicted to produce 7,2-million tons; and the Ncondezi project, with an initial investment of $288-million, which will also produce 7,2-million tons," she enumerated. The government is confident that the interruptions in mineral production caused by the heavy rains early this year will not damage the growth projects for the sector, once the miners have restored full production.

Research by Mozambique's Social and Economic Studies Institute, published last week, revealed that, over the period 1990 to 2011, large-scale foreign investment in the country was concentrated in five provinces – Gaza, Nampula, Tete and Zambézia. Each of these has received investments of more than $500-million. Each of these provinces was the site of at least one 'megaproject' (as the Mozambicans call them) and these megaprojects were responsible for more than 70% of the investments in each province.

All the megaprojects were concerned with the exploitation of natural resources, which were exported with little or no processing done in Mozambique. The main sectors concerned were mining, particularly coal and heavy mineral sands, and forestry (export of wood).

That Maputo is aware of this is shown by the fact that, at the XXVIII Coordinating Council, it was announced that the government was studying a $1,2-billion proposal to establish a pig iron industry in the country. Mozambique is rich in metallurgical coal, and iron-ore has been discovered in the country. At the start of this year, it was reported that Capitol Resources, a subsidiary of Australian miner Baobab Resources, had discovered a large deposit of high-quality iron-ore in the Chiuta district of Tete province. Inferred iron-ore deposits were 482-million tons. Tete is also the province that is the centre of the country's metallurgical coal production.

Meanwhile, Brazilian mining major Vale has pointed out that its logistics operation in Mozambique had celebrated the completion of its second year of operation last month. In August 2011, the first train carrying coal from the group's Moatize mine, in Tete, left for the port of Beira. It carried 2 100 t of coal. Since then, some 1 600 trains have carried 4,2-million tons to the sea.

In addition, Vale is investing more than $1,2-billion in the rehabilitation of existing, and the construction of new, railway tracks through Malawi and Mozambique to link Moatize to the port of Nacala to complement the existing Sena line from Tete to Beira. Work started in 2012 and should be completed during the second half of next year. Some 3 500 construction jobs have been created by the project, with 82% of them held by Malawians. (Most of the new track is being laid in Malawi.) The Nacala line will run for 912 km and has a nominal capacity of 18-million tons a year. It will also be used to transport people and general cargo. *(Mining Weekly)*

Jindal Africa opened their Chirodzi coal mine in Mozambique, with estimated reserves of 1.2bn tonnes. Jindal Steel and Power is one oflndia's major steel producers Two new 25-year coal mining concessions in Moatize

Indian company Midwest Africa, for 15,840 hectares with reserves of 480m tonnes. Total investment is estimated at over $1.4bn and it will pay the state $35m in tax per year. The Mozambican Mining Exploration Company (EMEM), will have a 5% holding.*(Mining Weekly)*

Rio Tinto-Mozambique, 9,700 ha, local subsidiar of the Anglo-Australian Rio Tinto group. It expects to invest $3.3bn. Both companies must sell 5% of the shares in the new mines to Mozambican nationals through the Mozambique Stock Exchange.

Beacon Hill Resources' coal mine in Mozambique has reserves of 40 million tons

Australian company Beacon Hill Resources has updated the size of its proven and likely coal reserves at its Minas Moatize concession to 39.38 million tons, the company said in a statement. The company, which is listed on the Australian Stock exchange and the Alternative Investment Market (AIM) of the London Stock exchange, also said that of those reserves 16.16 million tons were proven and saleable and at least 8.3 million tons were coking coal. According to the statement, Minas Moatize, which was acquired in 2010 from Borneo Mining/AMCI and had a 10 –year prospecting license in a block covering 266 hectares, has an expected lifetime of 15 years. Beacon Hill recently made a request to the Australian Stock exchange to delist its shares as of 31 December 2013 as it is listed on the London Stock Exchange. *(Macauhub)*

OIL & GAS

Feasibility study under way for $5bn Mozambique gas pipeline

A feasibility study is currently under way for the construction of a $5-billion 2 600 km natural gas pipeline that could connect significant natural gas discoveries in northern Mozambique to benefit gas-to-power markets in Southern Africa.
Having concluded a prefeasibility study in December last year, clean energy project developer Gigajoule International presented its findings to the Mozambique government in January, after which a memorandum of understanding (MoU) was signed in April with Mozambique State-owned oil and gas company Empresa Nacional de Hidrocarbonetos (ENH).

The MoU laid the foundation for a joint study to examine the feasibility of the pipeline, dubbed Gasoduto do Norte ao Sul de Moçambique, or Gasnosu, that could run from Cabo Delgado to Maputo and to regional markets further south, possibly including Richards Bay, in South Africa.
Prior to that, Gigajoule spent 18 months evaluating the economic and technical feasibility of a project aimed at supplying liquefied natural gas (LNG) to major gas markets in Mozambique.
Subsequently, several Mozambique stakeholders requested Gigajoule to study the feasibility of a large-diameter north-to-south gas pipeline that could link more markets than an LNG project would.
Gigajoule MD **Johan de Vos** tells ***Engineering News*** that the latter option proved to be the most economically feasible way of monetising the abundance of gas that northern Mozambique's Rovuma basin has to offer, provided that large offtake customers are secured.
While the Rovuma basin contains more than 150-trillion cubic feet (tcf) of proven natural gas reserves, Gigajoule calculated that, if 400-million gigajoules a year is distributed to energy-needy regions south of Maputo, including South Africa, for 30 years, less than 10 tcf of the Rovuma discovery would be needed.
Currently, most of the gas that will be extracted from the Rovuma basin is destined for Asian LNG markets, though there remains an oversupply in the region that could cater to Africa-based projects.
"We estimated that Mozambique would need to dedicate less than 7% of its already proven gas reserves to make a project like this economically feasible," says De Vos, adding that Gasnosu will only take three years to construct – a significant turnaround time when compared with alternative energy generation projects such as coal-fired or nuclear power stations.
If approved by government, construction on Gasnosu will begin in 2016 and is, therefore, expected to be operational by 2018.
Gigajoule and ENH's partnership started in 2003 when they formed the Matola Gas Company (MGC), of which Gigajoule is a 49.6% shareholder. With the concession rights to transport and distribute natural gas in the Maputo province, MGC developed the gas transmission and distribution network from Ressano Garcia to Matola.
Construction of this network started in June 2004 and was completed by March 2005 – ahead of schedule and within budget.
Having been in operation for almost a decade now, MGC is supplying gas to more than 30 industries, including gas- powered vehicles and two power stations across the Maputo province. The company currently sells and transports 99% of all natural gas used in Mozambique.
This formed the platform from which Gigajoule expanded into other natural gas-related projects in Southern Africa, such as temporary power solutions provider Aggreko's cross-border interim power project, based at Gigawatt Park, in Ressano Garcia.
Using its previously installed natural gas infrastructure, MGC currently transports and sells natural gas to the 232 MW gas-fired power plant, which generates electricity for three cross-border State-owned power utilities – South Africa's Eskom, Namibia's Nampower and Mozambique's Electricidade de Moçambique.
Gigajoule is also co-developer in a permanent 100 MW gas-fired power station at Ressano Garcia, which is scheduled for commissioning in 2015.
De Vos tells ***Engineering News*** that, through these projects, Gigajoule and its partners have proven that gas-to-power is a competi- tive sector that can provide major benefits for the Southern African region.
He reiterates that a large-diameter pipeline connecting gas discoveries in the Rovuma basin with the energy needs of the south can have a dramatic impact on the economy of Mozambique and its neighbours.
Adequate volumes of clean natural gas, delivered to critical areas, can alleviate major current and future power shortages in the region, with minimum impact on the environment.
Moreover, Mozambican communities along the pipeline route will benefit by having gas available for public and agri-cultural transport and power generation.
While the cost of the pipeline project is estimated to be about $5-billion, about $5-million will be spent on the detailed feasibility study, which should be ready for presentation by February 2014.
Meanwhile, Gasnosu has appointed South Africa-based engineering firm VGI and diverse economic advisory firm Econex to assist with the Gasnosu feasibility study, while **advisory firm Kensani Eaglestone Capital Advisory has been appointed financial adviser for the project.**
With extensive expertise in gas pipeline design and construction, VGI was appointed to assist with the route engineering and pipe design and sizing, while Econex is conducting a socioeconomic-impact assessment to determine the effect the gas pipeline will have on Mozambique and South Africa.
De Vos expects the socioeconomic-impact study to be concluded this month, after which it will be presented to the governments of South Africa and Mozambique. *(Engineering News)*

Italy's Eni will pay Mozambique $4oom tax on the $4.2bn sale of a gas field stake to China and build a 75 MW a power station, which could cost $75m.

Swala Oil and Gas Tanzania could be the first firm to be listed on the Dar es Salaam second market Enterprise Growth Market (EGM).

ConocoPhillips and Statoil are among oil explorers investing at least $3bn in wells off Angola in its biggest deepwater drilling campaign. They will drill 20 wells at a cost of $150m each.

India's biggest oil explorer, Oil and Natural Gas Corporation (ONGC), will buy a 10% stake in an offshore gas field in Mozambique. It will pay Anadarko $2.6bn. With Oil India, it agreed to buy 10% stake in the Rovuma Area I field in Mozambique from the Videocon Group for $2-48bn.

Soma Oil & Gas, a UK-based company established to survey and explore oil and gas potential in Somalia is the first to sign an oil deal with the new Somali government. *(African Business)*

INFRASTRUCTURE

China Development Bank (COB) has invested over $2.4bn in Africa's infrastructure. Its wholly owned subsidiary fund, China-Africa Development Fund, has financed projects in mineral resources development, power generation., agriculture and machinery manufacturing in 30 African countries, and has also offered loans worth a reported $18.9bn

Kenya secures funds for $650m airport expansion

Kenya's airport authority has received full funding offers from three banks to build a new terminal and second runway at its main airport, hit by a massive fire last month, which will cost $653-million, the transport minister said.

The plans to expand the ageing airport, a regional gateway for passengers and cargo, are not new but the authorities have come under pressure to speed up the expansion after the blaze destroyed the arrivals terminal.

The new terminal and runway will provide a further capacity of 40-million passengers, Transport Secretary **Michael Kamau** said, seen by government as necessary to cope with the anticipated boost to the economy the expected exploitation of oil reserves will bring. Speaking to Reuters on the sidelines of a conference on the country's economy in Nairobi, Kamau declined to say which banks had offered funds to the Kenya Airports Authority, a parastatal. He did, however, say the lenders would not require a government guarantee, suggesting the lenders are confident they can recoup their money on the project expected to get under way this year. The old arrival hall remains a charred shell and the airports authority is relying on a makeshift terminal made out of giant tents to handle arriving passengers. Even before the fire, Nairobi's Jomo Kenyatta International Airport, built in the 1970s to handle 2.5-million passengers annually, was struggling to handle more than 6 million people a year as its regional importance grew.

"The discovery of oil is a game changer in this country. I don't think people are sufficiently prepared for what is coming," Kamau said. National carrier Kenya Airways has been blaming lack of capacity for delays to expand operations. The carrier, which is partly owned by AirFrance KLM, plans to more than double its fleet to more than 80 planes in five years.

Like most other sub-Saharan Africa nations, Kenya suffers a massive infrastructure deficit, holding back its economic growth potential. There are signs a mega-port project on the north Kenyan coast may be gaining traction based on the commercial oil discoveries in Uganda and Kenya. Kamau said a feasibility study into an oil pipeline linking South Sudan's oil fields to the Lamu port scheme had been completed. "There are three companies that are willing to fund it with guarantees from oil revenues," he said, without offering details.*(Engineering News)*

Water supply to city of Luanda, Angola expected to double by 2017

The supply of drinking water to the city of Luanda is expected to increase from 433,000 cubic metres per day at the moment to 692,000 cubic metres per day by 2017, the national director for Water, Lucrécio Costa said Friday in Luanda. Describing the current situation of the water sector in the country, at the 1st International Conference on Energy and Water, Lucrécio Costa said that the future of water supply in the country needed conditions to be created to serve the largest possible percentage of the population alongside increasing improvement of the quality of the services provided.

According to Angolan news agency Angop, Costa also described the production capacity of the country’s other provincial capitals, notably Benguela which is expected to see an increase from 133,000 cubic metres per day to 310,000 cubic metres in 2017. The most significant change will be in the city of Menongue, where the water supply is expected to rise from 5,000 cubic metres per day at the moment to over 20,000 cubic metres in 2017. The national director for Water added that in order to achieve these targets over 138 water supply systems would have to be repaired across the country. *(Macauhub)*

AGRIBUSINESS

Phatisa: Final close of the African Agriculture Fund at $243m

Following the finalisation of the Overseas Private Investment Corporation's (OPIC's) US$50m investment, Phatisa, a multi-award winning African private equity fund manager, announced the successful conclusion of its fundraising for the African Agriculture Fund (AAF), with $243m in total capital commitments.

The AAF was launched on the principle of harnessing capital from diverse international sources to invest in Africa's long term food security in a sustainable and transparent manner. The solution? Solicit European, African and US investors and target businesses across the African food sector requiring equity capital to expand and grow, where traditional bank debt is neither available, nor appropriate.

The fund's investors are a wide-ranging national and institutional mix of development finance institutions, government agencies, development banks, commercial banks, fund-of-funds and private investors that have come together to bolster this truly continental effort to stimulate food production. With the support of such a prestigious group of limited partners, Phatisa is convinced that the AAF is poised to contribute to economic growth in this essential sector.

Despite the current global economic climate, Phatisa, an African-based fund manager, has exceeded expectations in raising and investing development capital. By combining an experienced and passionate senior team with a proven track record, clear goals and vision, Phatisa foresees the AAF's future as extremely positive, building on a strong foundation that has been laid in just over two years.

The AAF commenced operations in January 2011 and its first deal, located in post conflict Sierra Leone, was concluded within six months and swiftly followed up by a sizeable investment into Zambia's poultry protein chain. The investment momentum has continued and, to date, the AAF has committed in excess of $84m across Africa from Sierra Leone to Madagascar and six other countries in between. Phatisa hopes to disperse 50% of the AAF's equity by the end of 2013. This reflects a total of nine investments across diverse disciplines: primary farming, processing, inputs, fertiliser, protein production, FMCG and beverages.

The AAF's nine investments across seven countries include:

- Palm oil plantation and milling, Goldtree (Sierra Leone) and Feronia (Democratic Republic of Congo);
- Poultry layers, Goldenlay (Zambia) – two follow-on investments have been concluded;
- Bottling and distributing mineral water, Continental Beverage Company (Côte d'Ivoire); and
- Private equity fund, AAF SME Fund (pan-Africa), first closed in February 2012 at $30m, focused on SME companies in the food and agri sectors. Three portfolio investments have been concluded to date in Cameroon, Zimbabwe and Madagascar.

To date, no investments have been made in any of the African engine economies, demonstrating the fund's aim to combat chronic undercapitalisation of the agri and food sectors outside of these economies.

Senior founding partner Stuart Bradley comments: "Given the nature of the financial markets throughout the fundraising period, 2010 to 2012, we were pleased to gain the support of a diverse investor base that shared our vision of development and private equity in Africa. We value our investors entrusting us with their capital and are focused on providing them with attractive financial and developmental returns."

Phatisa is single-minded in its efforts to find investment opportunities throughout sub-Saharan Africa, aligning itself with the best of African businesses and building long term sustainable value that will continue far beyond the life of the fund – leaving a tangible legacy for a more prosperous Africa.

Phatisa ***is a private equity fund manager, operating across sub-Saharan Africa, from offices in Port Louis, Johannesburg, Lusaka, Nairobi, Accra and London. Phatisa comprises a team with a significant track record of managing private equity funds and agricultural businesses throughout the continent. The Phatisa team is located in Africa and spends a considerable amount of time developing relationships with strategic partners in all countries where funds under management are active. This ensures that funds have reliable networks and information in the countries in which they invest. Team members have a reputation built up over the last decade, which can be seen in their track records, on-the-ground network, and access to agricultural players and facilities on the continent. Phatisa provides the experience necessary to invest, manage and successfully exit what will be one of Africa's most pioneering agricultural private equity funds.(How we made it in Africa)***

United States provides aid of US$15 million for cashew production in Mozambique

The United States government plans to donate US$15 million to Mozambique to support cashew production via the "Food for progress" programme of the Department for Agriculture, said the US embassy in Mozambique.

In a statement, the embassy said that the aid was intended to boost productivity of the cashew sector, as well as to expand its sale and improve the product's access to the market. The announcement was made at the end of a visit to agricultural projects in Nampula, in northern Mozambique, byb a team headed up by the Assistant secretary of state for the United States Agricultural Department, Krysta Harden. According to the statement, the funding will also benefit producers and small and medium-sized companies that process cashew nuts, which is one of Mozambique's most important product, which it exports to the European Union, the United States and the Middle East. In 1974, Mozambique was the world’s largest cashew nut producer, producing 42.7 percent of the world’s cashews and, after independence, in 1975, the government adopted protectionist measures, which prevented unprocessed cashews from being exported. Problems with financing the economy and inefficient production processes led to a downturn in the sector and tech industry in the 1980s, which led to its total disappearance, with factories closing and thousands of people made unemployed. In June of this year, the president of the National Cashew Institute (Incaju), Filomena Maiopué, estimated that cashew production in Mozambique this year would total 110,000 tons, recovering from poor performance in 2012, in which the country produced just 64,000 tons of cashews. *(Macauhub)*

An Indian sugar cooperative, Rajarambapu Patil Saharaki Sakhar Karkhana Ltd, run by India's Maharashtra's Rural Development Minister Jayant Patil, is leasing 27,000 hectares in Mozambique. It is also eyeing a sugar mill in Kenya.

Nigeria has increased customs duty on raw sugar from 5% to 10% with an additional 50% levy. Nigeria imports about 90% (about 1.5m tons in 2012) of its raw sugar from Brazil, which is refined locally.

Kenya has suspended sugar import licences. Local millers are holding unusually high stocks of raw sugar of 24,979 tonnes against an optimal level of tonnes. Kenya has an annual sugar deficit of around 200,000 tonnes. It plans to privatise five sugar factories, and limit imports.

Brazil has extended a $98.6m agricultural credit facility to Zimbabwe. It will benefit small-scale farmers under the Exporting Financing Programme sponsored by the More Food International Programme. Zimbabwean farmers will receive technological assistance and assistance with financing agricultural machinery and equipment.

EU to fund projects to supply drinking water in Sao Tome and Principe

The European Union is set to fund a project to improve the water supply and support agricultural development in Sao Tome and Principe for a six-year period (2014-2020), said the Sao Tome Minister for Foreign Affairs, Cooperation and Communities. Minister Natália Umbelina, who led her country’s team at the meeting with the European Union delegation, said that it was essential that the entire population of the archipelago had access to drinking water, and that there was currently no estimate for the cost of such a project. As well as the Minister for Foreign affairs, Sao Tome and Principe was also represented at the negotiations by the Minister for Public Works, Natural Resources and the Environment, Osvaldo Abreu, the Minister for Agriculture, Rural Development and Fishing, António Dias and technical staff from a number of ministries.

“In terms of agriculture, we will be able to produce and export at least to neighbouring countries such as Gabon and Equatorial Guinea. We are at the centre of the Gulf of Guinea and we can be an export centre for products other than cocoa and coffee,” noted Natália Umbelina. *(Macauhub)*

Government of Sao Tome and Principe encourages cocoa production

The government of Sao Tome and Principe, with funding from the International Fund for Agricultural Development (IFAD), has earmarked US$122,000 for construction of facilities to increase organic cocoa production, African news agency Panapress reported.

In the central northern region of Sao Tome, specifically in the agricultural community of Laranjeira, which has over 100 producers and exporters of organic cocoa, a 200 cubic metre irrigation reservoir is under construction and in Monte Café a dryer and a testing laboratory for cocoa and coffee are being built.

Carminda Viegas, the coordinator of the programme to Support Family Agriculture and Artisanal fishing (PAPAFPA), said that the investment would help to develop cocoa trees and their seeds. All the coffee and cocoa produced will be sold to a French company.

Each kilogramme of dried cocoa is sold for around 2 euros and coffee for around 4 euros.

In Sao Tome and Principe thousands of farmers grow organic cocoa and coffee after the PAPAFPA was introduced, which over the last few years has driven the development of cooperatives and changed how family-based farmers think and operate. *(Macauhub)*

TRADE

Continental free trade area 'to come'

African countries are expected to establish a free trade area by 2015, combining the markets of 26 countries with a population of nearly 6oom and a combined GDP of $1 t rillion. This will form the basis for an Africa-wide Free Trade Area, which could create a single market of $2.6 trillion. Africa's output is expected to expand by 50% by 2015, resulting in a 30% rise in the continent's spending power.

Zimbabwe and Zambia have signed a bilateral agreement to create a second one-stop-shop border post between at the Victoria Falls border post to allow travellers and freight carriers to move through borders quickly and with minimal hassles

Cooperation between Angola and China has been positive, Angolan Foreign Minister says

Angola’s economic and financial cooperation with China since 2002 has been positive and contributed to the reconstruction and development of the country, Angola’s Foreign Relations Minister said Tuesday in Beijing.

Speaking at the opening of talks between the delegations of both countries as part of an official two-day visit to china, the Angolan minister noted that China was a strategic partner for Angola, according to Angolan news agency Angop.

Noting that two-way trade in 2002 had totalled just US$1.8 billion, Georges Chikoti said that in 2011 trade had grown by over 42 percent and that last year it totalled US$37.5 billion. The strategic partnership between China and Angola made way for increased relations and two-way trade. This new scenario is characterised by several Chinese companies investing in reconstruction projects in Angola, particularly in the construction of buildings, roads, schools and setting up small factories, amongst other areas, the minister said. Speaking to his Chinese counterpart Wang Yi, Chikoti said that 30 years after diplomatic relations were established with China, in 1983, Angola’s government now wants take relations to a new level, promoting economic, trade, financial, construction, agriculture, justice and staff training activities, amongst other things. *(Macauhub)*

MEDIA & ADVERTISING

BBC to launch Africa business show

BBC World News has announced that it will launch Africa Business Report, a new weekly flagship business TV programme presented by Lerato Mbele, covering key business stories and trends from across Africa. The show will be broadcast on BBC World News (DStv channel 400) on Fridays and Saturdays from October. The announcement by the BBC comes amid increased appetite by broadcasters to provide the continent with broadcasting services. DStv has in recent months also seen the launch of new local news service channels and recently acquired the rights to 24-hour news services from the Gupta-controlled Africa News Network ANN7 and the SABC. Ms Mbele presents the BBC World Service breakfast radio programme, Newsday. In her new role, she will be reporting for BBC World News and BBC.com. Africa Business Report will be produced from the BBC’s production centre in Johannesburg and use correspondents in 48 African countries. According to the BBC, the show will report on the continent’s latest business and technology news, "showcasing the latest trends across the continent, through a mixture of on-the-ground reports and high-profile interviews". BBC global business editor Peter Eustace said Africa was thriving and the international broadcaster would like to tell the story. "The BBC has a long history of reporting to audiences across Africa and along with the daily newscast Focus on Africa, Africa Business Report will continue that tradition," he said.

"Africa is thriving, and not only does it host some of the fastest growing economies in the world, but it is also leading the way in a range of technology developments.".*(BDLive)*

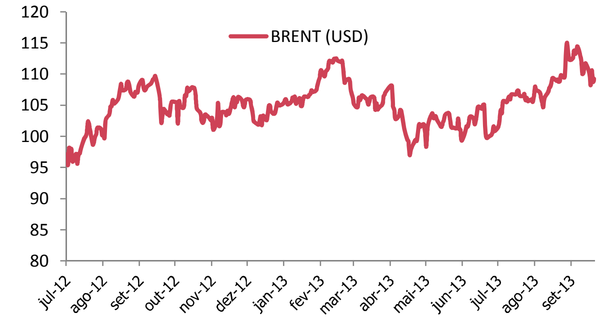
MARKET INDICATORS
30-09-2013

STOCK EXCHANGES		
Index Name (Country)	**30-09-2013**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	8.594,93	14,44%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	204,37	22,69%
Case 30 Index (Egypt)	5.620,53	2,89%
FTSE NSE Kenya 15 Index (Kenya)	166,21	32,17%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	18.007,63	-5,93%
Nigerian Stock Exchange All Share Index (Nigeria)	36.436,98	29,77%
FTSE/JSE Africa All Shares Index (South Africa)	44.031,83	12,18%
Tunindex (Tunisia)	4.462,23	-2,57%

Source: Bloomberg and Eaglestone Securities

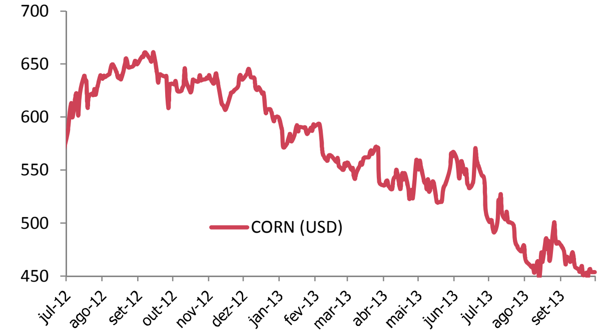
METALS		
	Spot	**YTD % Change**
Gold	1.331	-20,54%
Silver	22	-28,01%
Platinum	1.413	-8,24%
Copper $/mt	7.300	-7,96%

Source: Bloomberg and Eaglestone Securities



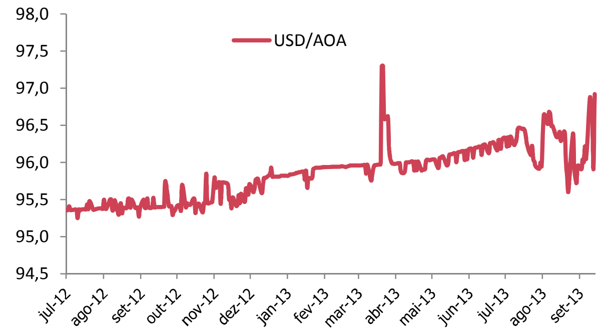
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	101,9	9,38%
ICE Brent (USD/barril)	108,0	-0,48%
ICE Gasoil (USD/cents per tonne)	913,0	-0,30%

Source: Bloomberg and Eaglestone Securities



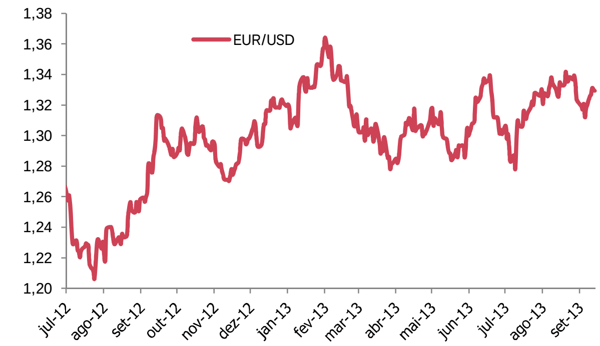
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	453,8	-35,20%
Wheat cents/bu.	683,3	-13,27%
Coffee (KC) c/lb	114,4	-22,02%
Sugar#11 c/lb	18,1	-8,21%
Cocoa $/mt	2638,0	17,04%
Cotton cents/lb	87,3	15,13%
Soybeans c/bsh	1306,3	-6,65%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	97,390
EUR	131,842
GBP	157,655
ZAR	9,696
BRL	43,791
NEW MOZAMBIQUE METICAL	
USD	29,800
EUR	40,342
GBP	48,240
ZAR	2,967
SOUTH AFRICAN RAND SPOT	
USD	10,043
EUR	13,596
GBP	16,257
BRL	4,516
EUROZONE	
USD	1,35
GBP	0,84
CHF	1,22
JPY	133,03
GBP / USD	1,62

Source: Bloomberg and Eaglestone Securities



Disclamers Appendix

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UPCOMING EVENTS

Mozambique Coal – is the future burning bright? – 2nd October. All in all this day promises to be a unique opportunity for southern African specialists to get together and to establish a dominant position in the understanding of the coal deposits of Mozambique. Issued by: the Fossil Fuel Foundation. Tel: +27 11 487 2260/3819. All wishing to attend this conference should contact the conference secretariat: RCA Conference Organisers: robbie@rca.co.za
events@rca.co.za
On 2nd October at the Maslow Hotel in Sandton the Fossil Fuel Foundation will be holding its inaugural Mozambique Coal Conference. The purpose of this one day meeting is to bring together all those involved in coal exploration and mining in Mozambique, and to provide a forum for the presentation and exchange of relevant and practical information, as well as the creation of networking opportunities

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

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

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

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

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

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

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

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Disclosures

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

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

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

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

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