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INSIDE AFRICA

Now is the time to invest in Africa

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In-depth:

How to make the green revolution a reality in Africa

Jennifer Blanke is the Vice-President, Agriculture, Human and Social Development at the African Development Bank (AfDB).

In this interview, she speaks on the seventh African Green Revolution Forum, taking place in Abidjan, Côte d'Ivoire, from 4-8 September 2017; how to mitigate the impact of climate change on agriculture; the Bank's Feed Africa Strategy, and other key issues.

What are the goals of the AGRF-AfDB Partnership?

The African Development Bank's Feed Africa Strategy is to transform African agriculture over the next decade into a competitive and inclusive agribusiness sector that creates wealth, improves lives and secures the environment. The goals of Feed Africa are to help eliminate extreme poverty in Africa by 2025; end hunger and malnutrition in Africa by 2025; make Africa a net food exporter; and move Africa to the top of export-orientated global value chains where it has comparative advantage.

For its part, the Alliance for a Green Revolution in Africa (AGRA) focuses on catalyzing smallholder farmer productivity to unleash agricultural transformation by using an integrated value chain approach, with an emphasis on staple crops.

AGRF is a multi-stakeholder partnership effort led and coordinated by AGRA. Its primary objective is to foster public-private partnerships and drive sustainable agricultural productivity as a catalyst for enhancing long-term food and nutrition security, and ultimately, broad-based economic growth for Africa. AGRF is thus a vehicle for unlocking the full potential of agriculture as a driver of economic growth and stability for Africa and transforming smallholder farms into productive and profitable businesses.

Both the Bank and AGRA focus on fostering agriculture as a vehicle for inclusive and sustainable economic transformation in Africa, and eradicating poverty and hunger. To this end, since 2010 when the first AGRF was held in Accra, Ghana, the Bank has participated in all of the meetings: Tanzania, Mozambique, Ethiopia, Zambia, Kenya and Cote d'Ivoire.

The AGRF continues to serve as a vital medium for exchange aimed at unlocking the full potential of Africa's agriculture and agribusiness to help drive growth and standards of living and transform smallholder farms into productive and profitable businesses.

How does the AGRF event align with the African Development Bank's High 5s?

Since the primary objective of AGRF is to foster public-private partnerships and drive sustainable agricultural productivity, as a catalyst for enhancing long-term food and nutrition security, and ultimately, broad-based economic growth for Africa, there is strong alignment between the Forum and the African Development Bank's High 5s.

The Bank's blueprint of operational priority areas, referred to as the High 5s also constitute its vision for African economic transformation. Launched in June 2016, these are to: Light up and Power Africa, Industrialize Africa, Integrate Africa, Feed Africa, and Improve the Quality of Life for the People of Africa. Two of the High 5s- Feed Africa, and Improve the Quality of Life for the People of Africa- are fully aligned with the purpose and activities of the AGRF.

SDG 2 focuses on end hunger, achieve food security and improved nutrition, and promote sustainable agriculture. What are AfDB's key initiatives in reducing malnutrition on the continent?

Within our High 5s strategy, AfDB is poised to invest significantly more in fighting undernutrition through nutrition-sensitive and nutrition-specific activities across all of its sectors by means of partnerships and direct investments, bringing together both critical sides of the equation: food producers and nutrition experts. Indeed, improved nutrition is an articulated goal of Feed Africa, to end hunger and malnutrition in Africa by 2025.

The Bank's key flagship initiatives for nutrition include the Grey Matter Infrastructure which consists of Banking on Nutrition (mainstreaming nutrition as a cross cutting issue across the Bank's portfolio, capacity strengthening of Bank staff, monitoring and evaluation Framework); and

Capacity Strengthening in the ECOWAS Region. The Bank is addressing institutional, organizational and human capacity gaps for nutrition in the West African region with a focus on strengthening and harmonizing existing nutrition training modules, developing a skilled workforce for nutrition, and creating a network of nutrition training institutions and/or center of excellence for nutrition in the region

We also have the African Leaders for Nutrition (ALN) initiative which leverages high-level membership to increase the visibility of nutrition, strengthen political will and encourage policy and financial commitments and spark investment and progress on nutrition goals such as the Comprehensive Africa Agriculture Development Program (CAADP) /Malabo targets and the SDG 2. This includes the dissemination of an updated economic case for cost effective nutrition interventions, proposal of evidence-based policies and programs and the development of an accountability scorecard to track progress towards Malabo & World Health Assembly nutrition targets.

AGRF 2017 will focus on Accelerating Africa's Path to Prosperity: Growing Economies and Jobs through African Agriculture. How does this align with AfDB's initiatives?

As we are all aware, there is a dearth of jobs for the many young Africans coming into the job market. By some estimates, there are only 3 million formal jobs awaiting more than 12 million young people who join Africa's workforce each year. Yet they represent a massive opportunity for Africa's economies if their talents are harnessed. The goal of AfDB's wider Jobs for Youth in Africa Strategy is to create 25 million Jobs and equipping 50 million youth in the ten years leading up to 2025.

This is being achieved through various channels. For example, the Bank is equipping itself and its Regional Member Countries to become engines of job creation, ensuring that all projects we finance have a job creation or vocational training component. In addition, the Bank is assessing, incubating, implementing, and scaling up promising solutions, as well as catalyzing private sector investment for job creation.

Within the agricultural sector, AfDB has approached the continental youth unemployment challenges through the Empowering Novel Agri-Business-Led Employment (ENABLE Youth) model by designing a program to empower young graduates at each stage of agribusiness value chains. It develops 'agripreneurs' by harnessing new skills, technologies and financing approaches so that young people can establish viable and profitable agribusinesses, creating jobs and income for themselves and others.

Is the green revolution really possible in Africa?

The Green Revolution is absolutely possible in Africa. India has shown what can happen in a relatively short period of time. But it has not happened yet given a number of well-known constraints: the lack of decent roads, storage, extension capacity, and finance to name but a few. But when governments and companies invest in agriculture, dramatic gains are possible. Just look at what has happened in Ethiopia (floriculture), Kenya (horticulture), Nigeria (e-wallet and efficient input distribution system), Rwanda (various crops), among others. For the green revolution to happen in Africa, there is an urgent necessity to increase productivity and to move up the value chain into processed foods. Africa cannot feed itself while getting only a quarter of its potential yields and without processing what it grows.

To what level is climate change a threat to the green revolution in Africa, and what measures can mitigate any possible threat?

Climate change is a fundamental threat for Africa. Given its susceptibility to the effects of climate change and other extreme weather events, African agriculture must be developed to simultaneously address three intertwined challenges: ensuring food security through increased productivity and income, adapting to climate change and contributing to climate change mitigation. Addressing these challenges will require radical changes in our food systems. It was precisely to articulate these changes that FAO forged the concept of Climate Smart Agriculture, as a way forward for food security in a changing climate.

The goal is to improve food security, help communities adapt to climate change and contribute to climate change mitigation by adopting appropriate practices, develop enabling policies and institutions and mobilizing needed finances.

For Africa to reap the potential benefits, multiple actions must be taken. This ranges from improving our evidence base underpinning strategic choices, promoting the adoption by farmers of appropriate technologies, creating supportive policy frameworks and public investments and developing and implementing effective risk-sharing schemes among others. The Bank has set up a climate smart agriculture flagship with highly qualified staff to ensure that all of our activities in the agriculture space are fully climate proof and climate smart. (AfDB)

Why Africa needs this one thing to tackle complex problems

Scientific research often requires sophisticated equipment like radio telescopes or laboratories. This infrastructure is essential for scientific discovery. But another form of infrastructure is now essential too: synthesis centres. These specialise in bringing together experts across academic fields and geographies.

Today researchers must address complex problems that cut across disciplines, countries and socioeconomic divides. Climate change, infectious diseases, biodiversity loss and poverty are all problems that cannot be solved by any individual research discipline.

To address this challenge, synthesis centres offer something rare. They dedicate resources, time and space for highly diverse teams of researchers from multiple disciplines, institutions and locations to immerse themselves in a complex problem. These teams meet often and bring together diverse knowledge and datasets. Synthesis teams are a powerful way to accelerate scientific discovery and connect these insights to action.

For example, a synthesis team from academia, business and government applied lessons on how shared resources like fisheries and forests cope with change. They used this knowledge to make recommendations to the United Nations on regulating antibiotic use to prevent antibiotic resistance harming people.

A synthesis centre in Africa would massively improve the ability of researchers to understand complex problems like this. This understanding is essential for countries and communities to successfully manage the impact of people on the environment. And the impact of changing environments on people. There would be advantages to setting up the first centre in South Africa given its record in putting together multidisciplinary teams.

A global gap in synthesis centres

Funding agencies have recognised the strengths and cost effectiveness of synthesis teams for tackling complex social and environmental problems. There are more than a dozen centres internationally. But not one in Africa.

There are also very low numbers of African scholars at international centres. African participants make up 2% of the approximately 2700 members of the synthesis teams funded by the National Socio-Environmental Synthesis Center in the US. The result is that valuable African perspectives and research priorities are often overlooked.

Another weakness is that existing centres focus almost exclusively on natural sciences. Only one, the National Socio-Environmental Synthesis Center, includes social scientists. No centre regularly includes humanities scholars in research teams. Yet many of the problems being investigated ultimately affect people.

For example, a synthesis team of public health scientists and marine biologists recently forecast that, due to a decline in fish catches, up to 1.4 billion people – many of them in Africa – won't be getting enough essential nutrients for healthy pregnancies and childhood development.

What South Africa can offer

South Africa is a massively biodiverse country with rich data sets to test links among environmental, social and economic conditions. The country also has a history of success in acting on socio-environmental research.

One example is the Working for Water programme which was started in 1995 by then Minister of Water Affairs Kader Asmal. Ecologists used historical data to show that invasive trees were reducing water yields from rivers. Since then more than a million hectares of invasive plants have been cleared under the programme. And jobs have been created for 20 000 people (52% of them women. The initiative has been recognised globally as an outstanding example of conservation and socioeconomic development.

But combining research teams, data and policymakers to achieve social and environmental wins in South Africa is often a one-off project – or left to chance. And is frequently restricted in scope by traditional research settings where experts work in silos. A synthesis centre would change this by convening interdisciplinary teams regularly. This would achieve a diverse and sustained research impact.

A synthesis centre in Africa would broaden participation by African scholars and would enable global socio-environmental challenges to be looked at from an African perspective. It should include humanities scholars, as well as rich local and indigenous knowledge on human and environment interactions. In doing this it would be world leading and generate multiple novel insights.

South Africa's location and history would shift research questions towards issues of concern in the Global South. For example, a South African synthesis centre should link environmental change to economic inequality and social justice. This would boost existing networks established under the umbrella of BRICS and South-South collaborations.

Synthesis centres may not be as tangible as radio telescopes. But their discoveries have the power to improve both the environment and people's lives. (By Christopher Trisos - Postdoctoral Fellow, University of Maryland; Charne Lavery - Lecturer at the University of Cape Town, University of Cape Town; Laura Pereira - Researcher/Lecturer at the Centre for Complex Systems in Transition, Stellenbosch University, World Economic Forum)

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

IMF Approves One-Year Extension to Ghana's Credit Program

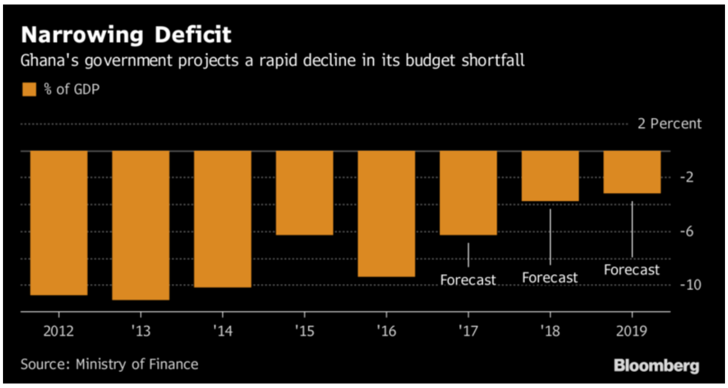
- Lender's prolonged stay gives comfort to market: RMB
- Budget deficit forecast to narrow to 6.3% of GDP this year

The International Monetary Fund approved a one-year extension of its credit-facility program with Ghana, lengthening the lender's economic oversight of the West African nation which is battling to keep spending under control. The country's Eurobonds rallied.

The extension follows after the IMF completed a fourth review of an almost $1 billion assistance program with Ghana agreed to in April 2015, when chronic overspending and power cuts drained public finances and caused inflation to soar. Ghana's budget deficit for 2016 was 9.3 % of gross domestic product compared with an initial target of 5.3 % under the IMF program while debt soared to 73.3 % of gross domestic product. The budget shortfall is forecast to narrow to 6.3 % this year.

"The fund's prolonged stay gives comfort to the market which was starting to get twitchy about the possibility of Ghana's fiscal discipline post the IMF program," Neville Mandimika, an analyst at FirstRand Ltd.'s Johannesburg-based Rand Merchant Bank unit, said in an emailed note. Given Ghana's "track record with expenditure overruns, life after the IMF program would have introduced significant risk premium to both the cedi and local bonds." The new government of President Nana Akufo-Addo, which came to power in January, have committed to fiscal discipline and reforms that will help Ghana to achieve higher economic growth, the Washington-based lender said in an emailed statement. Ghana's economy expanded 3.5 % in 2016, the slowest pace in 25 years, and growth will probably accelerate to 9.1 % in 2018 as oil and gas production increase, according to the finance ministry.

Yields on Ghana's 2023 Eurobonds fell 17 basis points to 6.67 % at 10:58 a.m. in the capital, Accra, the lowest on a closing basis since they were issued in 2013. The cedi traded 0.6 % lower against the dollar at 4.445, extending this year's decline to 5 %.



Encouraging Steps

"The authorities have taken some encouraging steps and the economy is showing signs of recovery," the fund said in its statement. "Ongoing fiscal consolidation and implementation of the medium-term debt management strategy will be key to further reducing domestic refinancing risks." The IMF will disburse $94.2 million to Ghana as part of the review, bringing to total payments so far under the program to about $565 million, the IMF said. "The fund has been very lenient when Ghana failed to adhere to program objectives in the past, which suggests that there is no guarantee that Accra will in fact meet all the programme targets," Cobus de Hart, a senior economist at NKC African Economics in Paarl, South Africa, said in an emailed note. "Then again, the steadfast commitment to deficit targets during the first half of the year, in addition to Accra now seemingly committing to the IMF program, reduces the likelihood of severe fiscal slippages this year." (By Moses Mozart Dzawu, Bloomberg)

INVESTMENTS

Mozambique introduces management contracts for State-owned companies

The managers of state-owned companies must comply with a management contract in their activity starting from 2018, according to information released during the annual planning meeting of the Mozambican State Stakeholding Management Institute (Igepe). According to the information, quoted by the Mozambican press, there will be performance targets and objectives for all the investing companies and also for each of the members of the boards of directors. Raimundo Matule, executive director of Igepe, said these targets will be the basis of the performance evaluation, first of the company as a whole and then of each member of the board of directors of the production units. This means, he continued, that each financial manager will have objectives and goals, as will the commercial sector and other management staff of state-owned companies. The annual meeting also addressed the restructuring of the companies that make up the Igepe portfolio – a total of 99 companies, of which 43 are in operation and the rest in liquidation and dissolution. Economy and Finance Minister Adriano Maleiane said that state-owned companies have to improve their performance, become competitive and be a source of income for the tax administration and stop being a "burden" on the state treasury. (Macauhub)

Japanese investment in Mozambique should involve private companies

Japan should pay more attention to financing private sector projects in Mozambique, rather than what currently happens, where only public institutions are supported, said the chairman of the Mozambican Confederation of Economic Associations (CTA).

Agostinho Vuma, who was quoted in the Mozambican press as saying that the financing granted by Japan was exclusively for the public sector, regretted that the country had fallen from third to 10th place on the list of the largest investors in Africa between 2009 and 2014. The president of the CTA spoke on the sidelines of the Tokyo International Conference for the Development of Africa, in Maputo and which brings together African foreign ministers to discuss the challenges the continent faces.

According to Vuma, of the 73 memoranda signed between Japan and African countries last year, Mozambique signed six, but all these were signed between the Mozambican government and private Japanese companies. Vuma acknowledged that Japan has already shown interest in increasing its investments in Africa, and it is now up to Africans, particularly the private sector, to demonstrate that they are prepared. However, he added that Africa in general and Mozambique in particular would have much more to gain if all these investments took place between private institutions, because only in that way would there be a real transfer of knowledge and technology. During the conference, Foreign Minister Taro Kono said Japan would continue its efforts to ensure free trade and strengthen the routes connecting Asia and Africa, including qualitative investment in infrastructure. (Macauhub)

Angola: Government invests over seven million US dollars in hospitals

At least 7.9 US dollars is the global value that the Angolan Government will invest in the coming days in the equipping of the Physical Rehabilitation Center of Huambo province and the municipal hospital of Cuanhama (Cunene), Angop has learnt. The authorization is contained in the Presidential Order published in State Gazette, dated August 29, to which Angop had access to noting that these health units will be equipped with one of the credit lines of financial institutions of the People's Republic of China.

According to the order, which authorizes the launch of a simplified procurement procedure for the provision of equipment to equip the referred hospital units, the Health indicates the Minister of Health will sign two contracts with China Railway Corporation, LTD. The approved draft contract for the supply of equipment for the municipal hospital of Cuanhama, Cunene, is budgeted at four million US dollars. On the other hand, the equipment of the Physical Rehabilitation Center of Huambo province is valued at 3.9 million US dollars.

These investments are part of the Public Investment Programme (PIP) of 2017, which forecasts the equipping of hospital infrastructures at the provincial and municipal level, with a view to improving working and assistance conditions to the users of the said units. So, the Finance Minister is quoted in this Presidential Decree to establish the agreement in one of the credit lines with the financial institutions of the People's Republic of China and create the conditions to ensure its financial execution. (Angop)

Two Cabo Verde state companies will be valued for future privatisation

The assets and businesses of Cape Verdean state companies, Aeroportos e Segurança Aérea (ASA) and Electra will be valued ahead of their privatisation, Cabo Verde’s (Cape Verde’s) Finance Ministry said in a statement. The valuation work will be carried out by companies selected as part of an international tender launched in 2016 and financed by the African Development Bank, costing 329,800 euros for state power company Electra and US$298,172 for airport and air safety company ASA.

The official statement noted that the valuation of assets and businesses is a mandatory step in the process of opening up the capital of state-owned companies and subsidiaries, whether through concessions, privatisations or public-private partnerships. The valuation work should be completed in the second half of 2017 and coordinated by the State Business Sector Monitoring Unit (UASE), the statement said. The valuation will be made under the resolution approving the privatisation, concessions and public-private partnerships agenda of 23 public and state-owned companies. In addition to ASA and Electra, the government of Cabo Verde intends to privatise several other companies by 2021 and raise a total of around US$100 million. (Macauhub)

BANKING

Banks

South Africa's Zuma signs financial regulation act into law

South African President Jacob Zuma signed in to law the Financial Sector Regulation Act, know as "Twin Peaks", which will establish a prudential regulator and a separate, dedicated market conduct regulator. A statement released by the Presidency said the act aims to achieve a financial system that works in the interests of consumers, and supports balanced and sustainable economic growth. The "Twin Peaks" model will see the creation of a prudential regulator, which will oversee risks taken on by financial firms such as banks and focus on macroprudential aspects of financial stability. It will be housed in the South African Reserve Bank (SARB). The Financial Services Board (FSB) will become a dedicated market conduct regulator, tasked with ensuring consumers are treated fairly and financial firms' conduct complies with law. The act was mooted mainly in response to the 2008 global financial crisis. The Presidency said the act would also ensures co-operation between the financial sector regulators, the National Credit Regulator, the Financial Intelligence Centre and the central bank. (By Mfuneko Toyana, Reuters)

Fairfax Africa takes 42 pct stake in Bob Diamond's Africa bank

Atlas Mara Ltd, the African investment vehicle of former Barclays boss Bob Diamond, said that Fairfax Africa now holds 42 % of the company after it subscribed to 70.1 million new shares. The change in ownership comes after Atlas Mara announced plans in June to raise $200 million so that it could increase its stake in Union Bank of Nigeria and scale up other businesses. Fairfax subscribed to around 80 pct of Atlas Mara's share issue, with existing shareholders taking the rest. Fairfax Africa is part of Canadian investment firm Fairfax Financial, led by Prem Watsa, to invest in African assets. Diamond teamed up with Africa-based entrepreneur Ashish Thakkar to set up Atlas Mara, a vehicle through which they planned to buy up assets to help build it into a powerful force in African banking. (By Andrew MacAskill, Reuters)

The budget bank rattling South Africa's financial sector

A budget bank is booming in South Africa's economic slump, challenging the decades-long dominance of the "big four" lenders and prompting a price war that is driving down banking costs in a country where many people can't afford an account. Capitec Bank has doubled its customer numbers over the past five years and quadrupled in market value, even as South Africa's economic growth has stalled and the country has slid into recession, squeezing household incomes. It offers a single "no-frills" bank account with low fees, as well as unsecured loans to customers including low-income borrowers, but steers clear of the more complex financial products offered by rivals. This model has insulated it from the downturn, which has constrained mortgage lending and vehicle finance, key business areas for the four biggest banks: Standard Bank, FirstRand, Barclays Africa and Nedbank. Those four heavyweights have reigned unchallenged over South Africa's financial sector since the 1990s. But Capitec, whose shares have risen more than 300 % since 2012 and over 30 % this year, now has a market value of 103 billion rand ($7.9 billion) - closing in on the number four lender Nedbank, which is worth 110 billion rand.

The Stellenbosch-based bank, which launched in 2001, has 9 million customers, of which 4 million are so-called primary clients who have their salaries deposited into these accounts. "Most of them we've taken from other banks," Capitec Chief Executive Gerrie Fourie told Reuters in an interview, saying that his bank attracts 100,000 to 150,000 new customers a month. "The economy is helping us," he added. "People have started questioning why they have to pay banking costs." There are clear risks to the bank's business model of offering unsecured loans to lower-income borrowers without any other forms of lending to counter any losses, according to industry experts.

Capitec's rise is nonetheless forcing its rivals to respond. They are all fighting back with their own no frills accounts aimed at hard-pressed consumers. This is pushing down the cost of banking in South Africa - a significant development in a country where only around half of the 55 million population have bank accounts, according to Nielsen research, partly because of the charges involved.

Big Four fighting back

Bank fees for deposits, withdrawals, transfers and administration have for years largely ranged between 100 and 250 rand a month, but can rise as high as 450 - a stiff ask in a country where the minimum wage is 20 rand an hour. Nedbank has reduced the administration fees for its most basic account to Capitec's level of 5.50 rand a month and also lowered transaction costs. It now offers bank accounts that are about half the price of five years ago. Chief Executive Mike Brown told Reuters it was focusing strongly on entry-level banking and was looking to that segment for customer growth.

The other big banks have gone even further, more than halving their fees for their most basic accounts over the past five years to undercut Capitec. FirstRand's FNB arm now offers an account with a monthly fee of 5.25, Standard Bank runs one for 4.99 rand per month, while Barclays Africa's Absa division offers 4.95 rand. Standard Bank's co-Chief Executive Ben Kruger told Reuters it needed to be able to respond nimbly to counter lean new entrants like Capitec who have been able to enter the market without the stifling processes established banks have inherited from their paper-based legacy systems. "Capitec is gaining market share in the bottom end and the middle of the market and they are increasingly becoming more aggressive in business banking," said the bank's other Co-CEO, Sim Tshabalala. FirstRand, the largest banking group with a market value of 318 billion rand, has 7.7 million customers through its FNB arm; Standard Bank, valued at 276 billion rand, has 12 million; Barclays Africa, which is worth 128 billion rand, has 9.4 million through Absa; and Nedbank has 5.7 million.

Risks to Capitec model

Nestled in the vineyards of the Western Cape, far from South Africa's financial hub of Johannesburg, Capitec has enjoyed a rapid rise since it launched 16 years ago. The biggest growth came during the economic downturn of the past five years, both in terms of customers and market value. "Capitec came from zero, to being a big player," said Feroz Basa, head of Old Mutual's Global Emerging Markets Fund. "It's centred around this low-cost model, that's how they are gaining market share." The retail bank has also been swiftly expanding its branch network, adding 76 last year to reach more than 800, compared with Absa's 719, Standard's 630, FNB's 645 and Nedbank's 513. The bank's growing deposit base has narrowed its own

cost of funding significantly, Arqaam Capital analysts Jaap Meijer and Leen Antonios said in a note, adding that they expect it to generate higher-than-expected revenues in the next few years.
However, in terms of risks, the amount of Capitec's loans in arrears at the end of December were up 24 % to compared with a year earlier, at 2.86 billion rand, outstripping the 11 % growth rate of its interest income. Unlike its rivals, the bank offers only unsecured loans and cannot count on other lending areas such as mortgages to counter any losses. The company is due to report half-year results at the end of September. "The other banks might have a bit of a moat by having vehicle finance, housing loans and bonds and higher value loans," said Momentum SP Reid banking analyst Brian Mugabe. "Their (Capitec's) biggest challenge comes as they move up the value chain." Nonetheless, as the price war for low-income customers gears up, Capitec warned its bigger competitors that it plans to climb the income ladder - but not all the way up. "We designed this bank to service 90 to 95 % of South Africa's banking public," said Fourie. "The wealthiest 5 to 10 % of the population we leave for the guys offering private banking services." ($1 = 13.2158 rand) (By TJ Strydom, Reuters)

Nigeria's Access Bank takes impairment on 9mobile loan
Nigeria's Access Bank said it had booked a 4 billion naira ($13 million) impairment on its loan to troubled telecoms firm 9mobile, formerly known as Etisalat Nigeria. Access Chief Executive Herbert Wigwe said the bank had a direct exposure of 11 billion naira to 9mobile, as well as an exposure of 35-39 billion naira to the telecoms firm's suppliers. Wigwe told an analysts' call that Access hoped to recover the debt once 9mobile was sold to new investors. ($1 = 305.3500 naira) (By Chijioke Ohuocha, Reuters)

Markets

Mozambique creates Sovereign Fund with initial funding of US$350 million
The Mozambican government plans to create a sovereign fund that will be financed with tax revenues from the exploration of natural resources, Economy and Finance Minister Adriano Maleiane announced in Maputo. The minister said that the initial funding of the sovereign fund will be the US$350 million that Italian group ENI will pay in capital gains tax due on the deal with US group ExxonMobil. The ExxonMobil group paid US$2.8 billion in cash to the Italian group for a 35.7% stake in ENI East Africa and, through this company, an indirect 25% stake in the Rovuma Area 4 block in northern Mozambique. Mozambican news agency AIM also reported that the fund will be managed by an autonomous institution, most likely the National Investment Bank, a partnership of the Portuguese government through state-owned Caixa Geral de Depósitos and Moçambican government, through the National Treasury Directorate. (Macauhub)

Angolan Finance Ministry still with no lead bank for new Eurobond issue
The process of consulting major international financial institutions before choosing the lead bank for the operation to issue sovereign debt securities in international markets is currently under way, the Angolan Finance Ministry announced in Luanda. The official statement adds that there are no grounds for recent reports that the Russian bank VTB had supposedly been selected to assemble and lead the banking syndicate that would place Angola's second Eurobond issue. The Eurobond issue was authorised by Presidential Order no. 228/17 of 4 August, authorising the Finance Ministry to take the necessary steps to raise financing of nearly US$2 billion. The inaugural Eurobond issue in October 2015 enabled Angola to begin a process of building an external yield curve and new financing mode in the international market, the aim being to lengthen the debt profile and create a reference price for national agents. (Macauhub)

Angola's Capital Market Commission joins IOSCO as ordinary member
Angola's Capital Market Commission (CMC) has been officially admitted as an ordinary member of the International Organisation of Securities Commissions (IOSCO), the institution announced in a statement released in Luanda. The CMC officially transitioned from an associate member to an ordinary member in June, after the signing of the respective IOSCO multilateral memorandum of understanding (MMoU), the statement adds.
CMC chair Vera Daves indicated in the statement that joining IOSCO "has an undeniable influence on ensuring that the Angolan financial system is credible." The institution she heads now "has the right and responsibility to share information about the securities market and transactions that take place therein."
The CMC's IOSCO membership process lasted five years. It began during the term of the board of directors headed by Archer Mangueira, now the Minister of Finance. The status of ordinary member of the organisation confers a certificate of quality on Angolan legislation concerning the securities market. IOSCO

is an international body comprising securities market regulators. It was officially founded in 1983 when the Inter-American Regional Association (founded in 1974) decided to expand and have a worldwide focus. (Macauhub)

Angola's tax administration authorised to collect in foreign currency

Angola's tax administration can now collect taxes in foreign currency from some companies, per the terms of a change in the Angolan General Tax Code approved in May which took force on 17 August after enactment by the president of the republic. The change approved by the National Assembly aims, according to the enactment order, to create "conditions whereby under certain conditions taxes can be paid in foreign currency." The main advantage is to "increase the availability of monetary resources in currencies in the state's favour." Henceforth and "exceptionally at the taxpayer's request or on its own initiative in cases where more than 60 % of the taxpayer's total income resulted from gains in foreign currency during the financial year in question, the tax can be settled and paid in foreign currency," the order reads.

The law's new text indicates that it will now be possible for the Tax Administration to use "mechanisms for compensating tax credits with non-tax debts after prior acknowledgement of the debt by the Public Debt Management Unit."

The legislative initiative was put forward by the government. As he defended at an earlier, date, Finance Minister Archer Mangueira said it was justified for geopolitical and situational reasons "which impose redoubled efforts on emerging economies." "The aim is actually to enable the state to gather more resources through tax payments in foreign currency, thus reducing pressure on the balance of payments and spending abroad," said Mangueira, cited by Lusa news agency. (Macauhub)

Zero Investimentos company listed on the Mozambique Stock Exchange

Zero Investimentos, the first small and medium-sized Mozambican company to float its shares, will be the sixth company to be listed on the Mozambican Stock Exchange, according to an announcement due to be made on Friday 1st September. Zero Investimentos is a commercial company incorporated in 2012, headquartered in Marracuene, whose main purpose is to establish and provide investment, fund and capital management services, as well as to select, manage and invest venture capital and make agreements to provide investment management services. The listing on the stock market will allow the company to gain greater visibility in the Mozambican market, attract investors, provide access to financing alternatives at lower costs and the public has another vehicle in which to apply its savings.

Zero Investimentos joins the five companies currently listed on the stock market – beer maker Cervejas de Moçambique, engineering firm CETA – Engenharia e Construção, oil and gas Companhia Moçambicana de Hidrocarbonetos, insurer Empresa Moçambicana de Seguros and slaughterhouse company Matadouro da Manhiça (Matama). The chairman of the Mozambique Stock Exchange, Salim Valá, said recently he intends to have three more companies admitted to trading by the end of the year, bringing the number of listed companies to eight. (Macauhub)

Nigerian Investor Sets Up $135 Million Commodities Exchange

- Company creating an export hub for agricultural products
- Facility to include processing plants, warehouses by 2018

A Nigerian startup is developing the first agricultural commodities exchange in Africa's most populous country to take advantage of the government's efforts to boost farming output to reduce reliance on oil. The exchange, Integrated Produce City Ltd., will be located near the southern city of Benin, about 300 kilometers (186 miles) east of Lagos, Nigeria's commercial hub, a site accessible to nearby growers of cocoa, palm oil, rubber and cassava, Chief Executive Officer Pat Utomi said in an interview. "The concept of a wholesale-produce market is to enable the farmer to fully dispose of his produce, instead of today where he loses 80 % of his output" that rots before it can reach the market, Utomi said on Aug. 18 in the capital, Abuja. Nigeria is boosting investment in agriculture to increase exports and cut food imports that cost it $3.2 billion in 2015, according to the National Bureau of Statistics. The economy of Africa's biggest oil producer has been hit hard by lower output and prices of crude, which accounts for more than 90 % of foreign income and two-thirds of government revenue. Integrated Produce City will have storage facilities, including refrigerated warehouses, and host processing plants on its 100-hectare (247-acre) site in Edo state's Ugbokun village when it takes off by the end of 2018, Utomi said. "It will be an export hub for produce," where exporters will have access to large quantities stored in one place rather than sending agents to individual farmers to collect small amounts, he said.

Chocolate Factories

The company has put up 20 % of the required $135 million and is in talks with lenders and investors from South Africa, China and Australia for additional capital, Utomi said, declining to name them. Integrated Produce City signed an agreement with KPMG LLP's Nigerian unit to help it raise more capital, Vitus Akudinobi, a spokesman for the new exchange, said. Cocoa, palm produce, cashew nuts and rubber are among the products to be traded on the exchange. Others are fresh fruit and vegetables, grains and tubers such as cassava and yams. Local manufacturing companies will be able to buy agricultural goods at the exchange, he said. "Among the factories we're trying to attract are chocolate makers," he said. "The entire cocoa value-chain will be represented." Nigeria is Africa's fourth-largest cocoa producer and the seventh worldwide with a 2015-2016 output of 190,000 metric tons, according to the International Cocoa Organization. In addition to cocoa, other major exported products during the last quarter of 2016 were sesame seed, frozen shrimps, soy beans, cashew nuts and crude palm kernel, figures from the statistics agency showed. (By Dulue Mbachu, Bloomberg)

Ghana Is Said to Weigh Scaling Down $2.3 Billion Bond Plans

- Nation may stagger sale of local-currency bond for energy debt
- Potential investors seek improved guarantees for debt

Ghana is considering scaling down plans for a 10 billion cedis ($2.3 billion) local-currency bond sale as the West African nation struggles to identify revenue sources for interest and capital repayments, according to two people familiar with the matter.

The debt, which will be issued through a special-purpose vehicle and backed by a tax on the sale of petroleum products, may be staggered in smaller tranches as the projected income from the levies are only sufficient for a bond sale of 7 billion cedis over 15 years, said the people, who asked not to be identified because they're not allowed to speak publicly about the issue. The matter was discussed at an Aug. 16 meeting where the finance ministry and deal advisers Standard Chartered Bank Ghana Ltd. and Fidelity Bank Ltd. gauged investors' appetite for the debt. The ministry will consider more revenue sources before making a final decision on the size of the bond, the people said. Finance Minister Ken Ofori-Atta and a spokeswoman for Standard Chartered didn't answer calls seeking comment. Fidelity Bank Managing Director Jim Baiden declined to comment when contacted by phone. The yield on Ghana's 2026 dollar bonds fell 8 basis points to 7.29 %, the lowest since the debt was sold in September 2014.

Ghana is selling the debt to clear arrears owed to banks by state-owned electricity and petroleum utilities. The seven-month old government of President Nana Akufo-Addo has vowed to boost banks' ability to lend and accelerate growth after gross domestic product in West Africa's second-biggest economy expanded at the slowest pace in 26 years in 2016.

Sovereign Guarantee

The stock of non-performing loans at banks was 8 billion cedis at June 30, according to Bank of Ghana data. The three major power utilities, including Electricity Company of Ghana, Volta River Authority and Ghana Grid Company, had 7.7 billion cedis in payable loans at the end of 2015, according to the International Monetary Fund. Some attendees at the Aug. 16 meeting were concerned that the bond will not carry a sovereign guarantee and seek more assurances that the current and future governments will continue to allocate energy sector levies to the special purpose vehicle, said the people. The ministry and advisers are said to be considering a maturity date of seven to 15 years. Bids are likely to open next month, with the arrangers seeking to place as much as 60 % of the bond with foreign investors, said the people. (By Moses Mozart Dzawu, Bloomberg)

ENERGY

Angola installs turbines to produce electricity

A turbine with a production capacity of 28 megawatts that started producing electricity in the municipality of Moçâmedes has brought an end to the cycle of restrictions in place for over two months, said the Angolan Minister for Energy and Water. Minister João Baptista Borges, after praising the work carried out by the contractor that installed the turbine in just two months, said this project made it possible to close the electricity gap in the city of Moçâmedes and guarantee a power supply to the city's industrial zone. Baptista Borges gave assurances that the city will be connected to the national electricity grid within less than three years, when it will have access to enough power to allow large projects to be launched. The minister said that in the province of Huíla will, in the near future, have more electricity with the launch of a new 28 megawatt turbine, which is currently being installed in the Xitoto (Namibe) thermal power station. (Macauhub)

Ivory Coast in Talks With China's Sinohydro for More Dams

- Chinese-built Soubre dam to be fully operational mid-October
- West African nation to double its energy capacity by 2020

China's Sinohydro Corp. may build three additional hydroelectric plants in Ivory Coast after completing what will be the nation's biggest dam by October, according to a government official. The combined capacity of the three plants may be as much as 500 megawatts, adding to the 275 megawatts that will be supplied by the Soubre dam once it's completed, said Brahima Dosso, the director of the Soubre project at CI-Energies, a state-owned company that oversees investments in the energy sector. The $592 million Soubre dam on the Sassandra river, in the western region, is one of the flagship projects of President Alassane Ouattara, who has vowed to boost the country's energy supply, already the most reliable in West Africa, to maintain high economic growth. Total installed power capacity is currently almost 2,000 megawatts. Plans for the Soubre dam date back to the 1960s. The project "has been a dream for more than 30 years," Dosso said. "The first studies were done in 1962 and everything was ready in 1982. It will be very satisfying to see it finally completed" in October, he said.

Feasibility Studies

At the same time, the government is in advanced discussions with the Beijing-based company for a 112 megawatts dam in Gribo Popoli on the Sassandra river, Dosso said in an Aug. 18 interview in the commercial capital, Abidjan. The Export-Import Bank of China has agreed in principle to fund the project, which is due to start in October and will take about 40 months, he said. Feasibility studies are underway for two other dams further south with a combined maximum capacity of 380 megawatts, he said. The size of the plants in Boutoubre and Louga will depend on their impact on the environment and the local population, he said. "Ivory Coast has relaunched the construction of dams so as to increase the part of hydro in the energy mix," Dosso said. "We have a significant capacity to produce hydro." Ivory Coast, which exports electricity to neighboring countries such as Ghana and Mali, seeks to double its energy supply by 2020. The government has said it plans to inject as much as $20 billion in its energy sector over at least the next decade to cope with an average annual 10 % surge in domestic demand. At least six other projects with a combined capacity of almost 600 megawatts are in the pipeline, Dosso said. (By Olivier Monnier, Bloomberg)

Botswana reaffirms commitment to 100 MW solar project

The Botswana government has assured potential renewable-energy investors that it will follow through with the implementation of a proposed 100 MW utility-scale solar project, for which it received 166 responses to a call for expressions of interest (EoI) released earlier this year. The Botswana Power Corporation (BPC) has been appointed as government's implementation agent for the project and the State-owned utility has indicated that it plans to issue a tender in the coming weeks to a short-list of companies selected from the list of EoI respondents. Department of Minerals Resources, Green Technology and Energy Security chief energy officer Kesetsenao Molosiwa told delegates to an Africa Power roundtable in Johannesburg that the project was a priority for the sun-drenched Southern African country. He also stressed that the BPC tender should be viewed as distinct from an earlier government-issued EoI, which had been abandoned, adding that the BPC tender would definitely "see the light of day". BPC has indicated previously that it is aiming to select an independent power producer before the end of 2017 and that the plant should be feeding into the national grid during the 2018/19 financial year.

However, Molosiwa was unable to provide details as to the criteria that would be applied by BPC when selecting which companies would be invited to make formal bids. However, he indicated that the utility would most probably focus on developers with proven capabilities in delivering solar projects. He also confirmed that government intended coupling the solar project with a requirement for storage, so that the power facility could contribute to meeting the country's morning and evening peaks. Several roundtable participants cautioned that such an approach would raise the cost of the project and recommended that storage be removed as a project requirement. Molosiwa also reported that the Botswana government had selected BPC as its implementation agent for a decentralised solar project to electrify 20 rural villages. He stressed, though, that this project would proceed separately from the centralised 100 MW project.

Coal Ambitions

The move to integrate solar into the Botswana grid comes amid the release of a new energy policy, which broadens the country's energy resources focus beyond its traditional focus on coal. The policy also aims for greater energy self-sufficiency and to position Botswana as a potential exporter of energy, both in the form of electricity and liquid fuels. Botswana Oil new ventures manager Gamu Mpofu reported that the company was pushing ahead with a coal-to-liquids concept study and had recently received 11 responses to a prequalification tender notice for a 30 000 bbl/d project. Mpofu acknowledged that the project, which could involve an investment of up to $5-billion, faced both environmental and financial challenges. However, he said it had been conceived as a way to add value to the country's 212-billion-ton coal resource, while displacing fuel imports into the landlocked country. In parallel, Botswana was investigating options for the export of thermal coal, or increasing coal-fired power generation for both domestic consumption and for export into the Southern African Power Pool. Work was also under way to unlock the country's coalbed methane potential. (By Terence Creamer, Engineering News)

Barloworld to install 7 MW solar power installation at Namibia mine

Gold producer B2Gold has appointed Caterpillar and Cat dealer Barloworld to supply a 7 MW solar power plant at the Otjikoto mine, in Namibia. The full system, including Cat photovoltaic (PV) solar modules and the Cat microgrid master controller (MMC), will be used to reduce reliance on a heavy fuel oil power plant currently used to power the mining facility.

Barloworld is supplying engineering, procurement and construction services for the project. Installation of the system is under way, with the completion of the project expected in early 2018. “As one of the largest solar installations in Namibia, the facility at the Otjikoto mine will help us to leverage a plentiful, renewable resource, while improving the quality of life for nearby communities,” B2Gold Namibia MD and country manager Mark Dawe said in a statement.

Caterpillar's solar PV system is powered by advanced thin-film solar modules that have improved performance over conventional silicon solar panels. The system offers reliable and predictable energy in all climates and applications with modules that are independently tested to pass accelerated life and stress tests beyond industry standards. Caterpillar's solar PV offering is a key component of the Cat Microgrid technology suite, an innovative line-up of power systems that adds environment-friendly solar panels, energy storage and advanced monitoring and control systems to Caterpillar's traditional line of reliable power generation equipment, including heavy fuel oil, natural gas and diesel generator sets, switchgear and automatic transfer switches. The Cat Microgrid technology suite is designed to reduce fuel expenses, lower utility bills, decrease emissions, and reduce the total cost of ownership while increasing energy efficiency in challenging environments. The Cat MMC keeps loads continuously energised with high-quality power at the lowest cost. It manages the flow of power from every source in the system, including the main grid when connected. The MMC also uses Cat Connect technology for real-time collection and communication of on-site performance data that can be monitored and analysed remotely. (By Anine Kilian, Engineering News)

Tanzania invites bids for hydropower project in game reserve

Tanzania has invited bids to build a 2 100 MW hydroelectric plant in a World Heritage site renowned for its animal populations, despite opposition from conservationists to the long-delayed project. The East African nation considers the project at Stiegler's Gorge in the Unesco-designated Selous Game Reserve as vital in its bid to diversify its energy mix and end chronic electricity shortages. The project would more than double the country's power generation capacity. The Energy and Minerals Ministry said it expected construction of the power plant to be completed within three years, according to a document published on its website. The deadline for bids is Oct. 16, according to the document, which specifies that work must be completed within a period of 36 months, with a maximum mobilisation period of three months. The government did not say how much the project would cost and how it would raise financing. President John Magufuli's office said last month the long-delayed hydroelectric plant would be built "to speed up the development of the country". Experts from Ethiopia, which is also building new hydro-electric dams, would advise the government, Magufuli's office said. Critics say construction of a dam in a major river that runs through the Selous Game Reserve could affect wildlife and their habitats downstream.

Covering 50 000 km2, the reserve is one of the largest protected areas in Africa, according to Unesco. It is known for its elephants, black rhinoceroses and giraffes, among many other species. The WWF conservation group said in a report in July the proposed large-scale hydropower dam "puts protected areas of global importance, as well as the livelihoods of over 200 000 people who depend upon the environment, at risk." "The impact on Tanzania's largest river would affect many ecosystem services it provides. It would affect tourism in Selous downstream in some of the most abundant wildlife areas in the game reserve," it said. The government has also been criticised by environmental groups for granting Australia-based miner Mantra

Resources rights to build a $400-million uranium mine in the sanctuary. Tanzania said in February it needed $46.2-billion in investment over the next 20 years to revamp ageing energy infrastructure and to meet soaring demand for electricity. Investors have long complained that a lack of reliable power is an obstacle to doing business in East Africa's second biggest economy. Tanzania aims to boost power generation capacity to 10 000 MW on the next decade from about 1 500 MW now by using hydropower and some of its vast natural gas and coal reserves. (By Fumbuka Ng'wanakilala, Reuters)

INFRASTRUCTURE

Air and sea transport undergoes transformation in Cabo Verde

With the privatisation process of the TACV airline finally launched, the Cape Verdean government is also preparing to make important changes in maritime transport, in a process that is being followed with interest by China.

The current Cape Verdean government recently cancelled international tenders for the sub-concession of the Cabnave (São Vicente) shipyards, granted by the previous government to Portuguese group ETE, as well as the main ports in the country, which had been partially granted to French group Bolloré. The Africa Monitor Intelligence newsletter said that in addition to pressures from Cape Verdean entrepreneurs, demonstrations of foreign interest, notably from China, led to the signing of an agreement with Cabo Verde (Cape Verde) to build a Special Economic Zone on the island of São Vicente.

This SEZ would include Cabnave's shipyards to ensure, in addition to the provision of logistics services, the repair and maintenance of its fishing vessels operating on the west coast of Africa, the newsletter said. The tender for the sub-concession of ports of Praia and Mindelo ports, won by French multinational group Bolloré, was also challenged by national business people.

After setting up a partnership with Spanish airline Binter to operate the domestic flights of TACV, which is already in operation, in the second week of August the government also proceeded with the privatisation process of TACV International, signing and international operation management contract with Loftleidir Icelandic. The Icelandic airline will apply a new business model to TACV International, providing for the expansion of routes and consolidation of Cabo Verde as a platform for air operations in the mid-Atlantic.

Additions to the fleet and opening new routes should increase interest in the company, with a view to future privatisation, with the Icelandair itself taking a stake. The management contract will last for one year, renewable for an equal period, if privatisation does not take place before. TACV has survived only thanks to capital injections by the Cape Verdean governments and its privatisation was a requirement of the country's international partners. The Cape Verdean government also intends to allocate around 100 million euros with the privatization of 23 state-owned and/or part state-owned companies.

The lot to be privatised or restructured includes power company Electra, information society company Núcleo Operacional para a Sociedade de Informação, CV Telecom, the Cabnave shipyards, port manager Enapor, airport manager Aeroportos e Segurança Aérea, Cabo Verde Fast Ferry, CV Handling, Imobiliária, Fundiária e Habitat (IFH) and pharma company Emprofac.

Also included in the list are water and power company Água e Energia da Boavista, fuel company Enacol, postal company Correios de Cabo Verde, Atlantic Tuna, soap maker Sociedade Cabo-verdiana de Sabões, forestry company Sociedade Nacional de Engenharia Rural e Florestas (Sonerf), the Stock Exchange, venture capital firm A Promotora, tourism school Escola de Hotelaria e Turismo and tourism development company Sociedade de Desenvolvimento Turístico das Ilhas da Boa Vista e Maio. (Macauhub)

New road infrastructures await formal businesses in Maputo, Mozambique

Formal businesses need to be established along the route that includes the Maputo Ring Road, the Maputo/Catembe Bridge and the road to Ponta do Ouro in order to prevent the return of people who were resettled in other areas, said the head of the South Maputo Development Company, which manages the three projects. Silva Magaia warned that under current conditions there is a risk that resettled residents would return to occupy in a disorderly manner the places they were transferred from, even after receiving due compensation. Some projected petrol stations have begun to appear along the ring road, though it is still necessary to take advantage of the numerous opportunities to install infrastructures such as banks, shops and other formal businesses, he said. Magaia was speaking during a presentation on business opportunities offered by the company's projects, given during the 53rd Maputo International Fair.

Construction of the Maputo/Catembe Bridge should be finished by December, now that the metal sections that will comprise the bridge's main deck are already on board the ship that will transport them, he explained, adding that it should depart for Maputo in the next few days after completing the respective paperwork. Construction of the bridge, awarded to the China Road and Bridge Corporation, is part of the project to build the 209 km road between Maputo and Ponta de Ouro. The mission of the South Maputo Development Company is to promote construction of the Maputo/Catembe Bridge and adjacent roads, as well as the entire Maputo Ring Road project. It is the public company responsible for all management of those construction projects. (Macauhub)

Financing of new Mozambican railway complete by June 2018
Assembly of the financial envelope for the Moatize/Macuse railroad line project is expected to be complete in the first half of 2018, whereby the construction work should begin immediately, said Thai Moçambique Logística (TML) managing director Mamed Latif. Latif was speaking at the 53rd Maputo International Fair. He explained that US$2.1 billion had already been mobilised for the project, whose final cost is estimated at just over US$3 billion, reports the Maputo daily Notícias. The line conceived to transport coal mined in Tete province will also be used to carry agricultural products grown in the region as well as passengers, he said, adding that although the gauge was the same as other railways in Mozambique, it will allow more tonnage per wagon, "making it more competitive compared to those already operating." The railway between Tete and Macuse is considered the biggest entirely new project conceived since Mozambique's independence in 1975, given that the railway between Moatize and Nacala, more than 900 km long, used existing line in some sections.
The project will be built by a consortium comprising Portugal's Mota-Engil construction group and the China National Complete Engineering Corporation, a subsidiary of the China Machinery Engineering Corporation group, listed on the Hong Kong Stock Exchange. The contract duration is 44 months; the cost US$2.389 billion. Thai Moçambique Logística groups Thailand's Italthai Industrial Company Limited, with a 60 % stake, Mozambique's state-owned Portos e Caminhos de Ferro de Moçambique (CFM), with 20 %, and the Corredor de Desenvolvimento da Zambézia business group (Codiza), also with 20 %. It will be in direct competition with the historic Sena line linking Tete to the port of Beira in Sofala province and with the Nacala Corridor linking the Moatize region to the deepwater port at Nacala-a-Velha in Nampula province. (Macauhub)

Nigeria awards dam power plant contract to Chinese State firm again
Nigeria has approved the construction of a $5.8-billion hydroelectric power plant by a Chinese State firm, the power minister said, the latest in a series of Chinese deals since the project was first envisioned decades ago.
The project, if completed, could provide a much needed source of energy for Nigeria. Despite its wealth of crude oil, Africa's largest economy has long struggled with rickety power infrastructure, leaving many homes and businesses dependent on costly and inefficient fuel-powered generators. The 3 050 MW Mambilla hydroelectric plant has been planned for over three decades. Various administrations have pledged to begin work, signing contracts and memoranda of understanding but next to nothing has been done. Nigeria's cabinet signed off on the award of the contract to build Mambilla to the China Civil Engineering Construction Corporation (CCECC), Babatunde Fashola, the minister of power, works and housing, told reporters in Abuja. China's Export-Import Bank will provide 85 % of the funding and Nigeria's government will supply the remaining 15 % for the joint venture, Fashola said, adding that construction should take around six years. "The scope of works is very extensive, it requires the construction of four dams," he said. "It will involve a lot of preparatory work (and) resettlement ... It will also help Nigeria strike a very big blow on the climate change issue." But environmental groups raised concerns about the project. "Many fear that Mambilla will go the way of previous large development projects (including large hydropower projects) where contracts are meted out but projects are never built," International Rivers campaign group wrote on its official site. "If the Mambilla dam project does continue, it could mean disastrous environmental and social impacts for those already living in poverty along the banks of the Benue River," it said. (By Felix Onuah and Paul Carsten, Reuters)

MINING

Five more cooperatives begin semi-industrial diamond mining in Angola
Five Angolan cooperatives will join existing semi-industrial diamond exploration cooperatives under one-year authorisations and extendable by four granted by the Ministry of Geology and Mines in dispatches

signed by Minister Francisco Queiroz. In the same orders, the minister explains that the "sustainable use of the country's mineral resources" means "strengthening and accelerating the diversification of exploration and mining activities involving both the public sector and the private sector of the economy." For the province of Malanje, concessions were granted to the Cooperativa Mineira Brilho do Mussende, in the municipality of Cangandala, in an area of 50.53 square kilometres (km2), followed by the Cooperativa Mineira Twala Kumoxi, in the municipality of Kunda-Dya-Base, with 190 km2, and Cooperativa de Pesquisa e Recursos Minerais, in the municipality of Malanje, with 200 km2.
Two other orders grant concessions for the semi-industrial exploration of diamonds in the neighbouring province of Lunda Norte, including the cooperatives of Txapemba Canguba, in the municipality of Cambulo, with 84 km2 and L & L Comércio, in 7 km2 of the municipality of Chitato.Cooperatives must comply with a set of obligations, including not allowing foreigners to enter, taking care of the exploration area, selling the diamonds found only to the diamond trading company Sodiam and complying with the standards set out in the Kimberley Process . A director at Angolan state diamond company Endiama recently said that it is promoting the creation of semi-industrial cooperatives for diamond mining in all provinces of the country. (Macauhub)

Mozambique to set up independent fund to invest mineral sales income
Mozambique's government plans to set up a sovereign investment fund where taxes paid on sales of the country's minerals will be used to finance development projects, state-run AIM news agency said quoting the finance minister. Minister of Economy and Finance Adriano Maleiane said the new fund would have capital gains taxes paid on the sales of shares in the country's mineral resources as the main source of funding. AIM reported that the first money to go into the fund would likely be the $350 million in capital gains tax to be paid on the sale by Italian energy company ENI to the U.S. oil and gas giant ExxonMobil.
In June ENI signed an $8 billion deal with government to develop a gas field off the coast of Mozambique, the first of a series of projects that could transform the poor African nation into a major energy supplier to Asia.The Coral South, field operated by ENI, contains about 450 billion cubic metres, or 16 trillion cubic feet (tcf) of gas. Exxon Mobil Corp XOM.N agreed this year to pay Eni $2.8 billion for a 25 % stake in Coral South. AIM reported Maleiane saying the fund would be managed by an autonomous institution, which is likely to be the National Investment Bank (BNI). Maputo has been struggling to shake-off an international scandal after the discovery of hidden loans worth $2 billon to state companies led the International Monetary Fund and Western donors to halt support for Mozambique, triggering the collapse of its currency and leading to a debt default. (By Mfuneko Toyana, Reuters)

OIL & GAS

Gas vital to South Africa's energy mix
All countries face energy challenges and must manage this by improving energy security and economic development, without compromising sustainable development, Department of Science and Technology (DST) director-general Dr Phil Mjwara said. He pointed out that sub-Saharan Africa was facing an energy crisis and that 66.6% of Africans had no access to electricity. "Distributed power generation, coupled with flexible approaches to grid development, must be rolled out to address the needs of the most disadvantaged." Making the case for shale gas development and hydraulic fracturing (fracking) in the central Karoo, Mjwara noted that the World Energy Council ranked natural gas as the third-largest fuel source in the global primary energy mix and the second-largest source in power generation, contributing 24% and 22% to those markets respectively. "According to European Commission-funded work, shale gas production accounts for as much as 13% of global natural gas production, compared with 0.5% in 2000. This reflects a noticeable growth rate," he said at a shale gas national conference hosted by the Academy of Science of South Africa, in partnership with the DST, in Port Elizabeth. Mjwara said South Africa's National Development Plan (NDP) calls for action to increase energy security by improving the country's energy infrastructure and diversifying the energy mix. The NDP identifies the key challenge of delinking economic activity from environmentally degrading carbon intensive energy use, while retaining economic competitiveness.
The policy further states that South Africa should conduct exploratory drilling for economically recoverable shale gas reserves to confirm the usability of the country's gas resource, taking into account environmental implications. "A better understanding of challenges associated with the transition to a low carbon economy and how to overcome them using South Africa's existing set of endowments, is crucial in building a low-carbon economy and society," he said. He highlighted that natural gas could play an important role in the

world's transition to a cleaner energy future, with applications in electricity, heat and transport. "However, until the existence and quantum of shale gas is confirmed to be economically recoverable, the potential benefits will remain just that potential."

Cabinet lifted the moratorium on shale gas exploration in 2012 to allow for normal exploration under certain conditions, to the annoyance of various environmental groups across the country.

Mjwara stated that Cabinet had approved the establishment of a monitoring committee, led by the Department of Mineral Resources, to strengthen the regulatory regime, monitor activities and promote independent research. He also acknowledged that environmental groups have expressed reservations and have called for scientific proof to provide facts about the potential impact that the fracking industry could have on the environment in certain areas of the country. He added that government had been proactive when it came to protecting resources, such as water, by declaring shale gas development a controlled activity. "The Department of Water and Sanitation, through the Water Research Council, continues to undertake water-related research by implementing the recently launched Water Research Roadmap."

The roadmap has seven priority areas, of which two are related to fracking: reuse, desalination and waste reduction; and reducing losses by increasing efficiency of use. "Given that the issue of possible contamination of water and wastewater handling are among some of the key concerns around fracking, I think that mechanisms to support shale gas related water matters should be explored," Mjwara said. He added that there was a clear policy direction by government to ensure South Africans embrace a cleaner sustainable energy system that supports a knowledge-based economy. "We need to achieve this while minimising emissions and pollution by the energy sector so that both social and economic life can be improved," he said. (By Anine Kilian, Engineering News)

Mozambique sets sights on capital gains tax from ENI, Exxon deal

Mozambique will charge Italian energy company ENI $350 million in capital gains tax for its sale of a stake in the Coral South natural gas field to ExxonMobil, the nation's finance minister said on local television. Mozambique's government plans to set up a sovereign investment fund where taxes received on sales of the country's minerals will be used to finance development projects, state media reported earlier this month. The government has authorised the asset sale and the tax authorities can now collect the tax, Minister of Economy and Finance Adriano Maleiane said in a news bulletin on the private television station STV. "The state has already done what had to be done. Officials from outside the country must close, and from there they have a deadline of 30 days to bring the funds here to Mozambique. Before the end of the year is the probable deadline,"said Maleiane.

In June, ENI signed an $8 billion deal with the government to develop a gas field off the coast of Mozambique, the first of a series of projects that could transform the poor African nation into a major energy supplier to Asia. The Coral South field operated by ENI contains about 450 billion cubic metres or 16 trillion cubic feet (tcf) of gas. Exxon Mobil Corp agreed this year to pay Eni $2.8 billion for a 25 % stake in Coral South. Maputo has been struggling to shake off an international scandal after the discovery of hidden loans worth $2 billion to state companies led the International Monetary Fund and Western donors to halt support, triggering the collapse of Mozambique's currency and leading to a debt default. (By Manuel Mucari, Reuters)

Angola Oil Minister Says Nation Needs Crude to Rebound to $60

- Botelho de Vasconcelos says new oil block tenders to open soon
- Minister says too early to comment on extension of OPEC cuts

Angola's Petroleum Minister Jose Maria Botelho de Vasconcelos said it's essential for the southern African nation's economy that oil prices rebound to $60 a barrel this year. "That would be extremely important," Botelho de Vasconcelos said in an interview in the country's capital Luanda. "We've been getting signs from the market that prices could reach $60 by the end of the year."

Angola, which depends on crude shipments for 97 % of its exports, joined fellow OPEC members nine months ago in curbing output in a bid to bolster prices. President-elect Joao Lourenco, who takes over next month as the 38-year rule of Jose Eduardo dos Santos comes to an end, must revive the economy of Africa's second-largest oil producer, which has stagnated following the slump in crude since mid-2014. Brent crude, the benchmark for Angola, traded at $51.46 as of 4:07 p.m. in London. That compares with the $82 Angola needs to balance its budget this year, according to April estimates by Fitch Ratings Ltd. The oil minister said it's too soon to say whether the Organization of Petroleum Exporting Countries should extend production cuts beyond next March. "November will be the best time to analyze whether its best to extend the cuts or not," he said. OPEC is due to hold a ministerial meeting on Nov. 30.

Economic Diversification

Angola emerged from a civil war in 2002 to become of one the world's fastest growing economies, mostly because of oil. Yet, the days of sky-high growth in sub-Saharan Africa's third-largest economy have come to an end and a third of the population still lives on less than $2 a day. Lourenco, whose ruling Popular Movement for the Liberation of Angola Party won elections earlier this month, has vowed to push hard to diversify the economy. "Oil helped relaunch the diversification of the economy but it can't continue to have so much weight in the economy," Botelho de Vasconcelos said.

Angola was the world's fourth-biggest coffee producer and a top exporter of sugarcane, bananas, sisal and cotton before a 27-year civil war after independence from Portugal in 1975 led to a mass exodus of farmers to the cities. Today, the country has the world's most concentrated economy in terms of exports after Iraq, according to the United Nations Development Programme, Angola's political and tax environment is discouraging investment that might counter declining oil output, analysts at Tudor Pickering Holt said this month. International Energy Agency figures show total Angolan output slipped to 1.65 million barrels a day in July, meaning the nation has exceeded its promised cuts under the OPEC deal.

Oil Investment

The minister said foreign oil companies continue to invest in Angola and tenders for onshore blocks that were suspended earlier this year will be relaunched after a new government is appointed next month. A tender for oil blocks in the Namibe Basin off southern Angola may also be opened next year to offset declines at older fields, he said. "It's about 10 offshore blocks, although there is nothing concrete at the moment," said Botelho de Vasconcelos. His ministry has worked with oil companies to cut production costs in Angola to an average of about $10-12 a barrel from about $15-20 three years ago, he said. Measures include giving producers greater flexibility to explore marginal fields that would previously have required separate tenders. "We've been getting positive feedback from oil companies," he said. "Things have slowed down but they have continued to show an interest in staying in the country."

The 67-year-old, who has been oil minister since 2008 after serving a first term in the post from 1999 to 2002, declined to comment on his future plans at the helm of the ministry. "I would rather wait for a new government to be appointed," he said. "But, as you know, we all have several stages during our lifetime and there is a period in which a new generation should step forward." (By Henrique Almeida and Candido Mendes, Bloomberg)

TELECOM

The Plan to Turn Africa's Mobile Phone Towers Green

- GreenWish plans $800 million investment in mobile phone towers
- CEO Aubin-Kalaidjian helps Orange deploy off-grid technology

GreenWish Partners, a renewable energy company run by a former Morgan Stanley executive, is planning to invest $800 million on solar-powered telephone towers across Africa.

The project could fuel economic growth by providing power for essential services. Sub-Saharan Africa has the lowest rates of energy access in the world and is home to about half of the world's 1.2 billion people without reliable electricity, according to the International Energy Agency. The problem extends to businesses as well as households, cutting into productivity and growth. "We reduce the total cost of power by 30 %," said Charlotte Aubin-Kalaidjian, the founder and chief executive officer of GreenWish, who was formerly a managing director at Morgan Stanley Investment Management. "Smaller towers can run entirely on solar and battery and larger ones reduce their diesel use by at least 60 %."

Africa has more than 240,000 telecom towers, which convey signals to and from mobile phones. Most of them are powered by diesel generators because they're often attached to unreliable grids or in remote areas without power network access. The hybrid systems developed by GreenWish combine a solar panel, a battery and a diesel generator to provide complete off-grid reliability.

Leapfrogging

Africa's telecom industry has exploded in recent years, leapfrogging traditional fixed-line infrastructure and moving straight into mobile phones and Internet services. Services have becoming increasingly competitive with local companies taking market share, setting off price wars and squeezing profit margins.

Mauritius-based Greenwish has partnered with Orange SA and will begin with 250 towers in the Democratic Republic of Congo this year. It's aiming to reach 3,000 towers across several countries by 2018 and 10,000 by 2020, Aubin-Kalaidjian said. “Given cost of solar has been declining rapidly and energy costs for off-grid towers are high, tower owners are incentivized to switch to hybrid systems,” said Takehiro Kawahara, frontier power analyst at Bloomberg New Energy Finance. “Africa has potential remaining to increase mobile subscriptions while most other markets are reaching saturation, but energy costs can be significant in rural areas.” Aubin-Kalaidjian set up GreenWish in 2010 after working at Morgan Stanley during the financial crisis. She ran Morgan Stanley’s asset management division in France and Switzerland, helping grow the business from 500 million euros to 7.5 billion euros.

‘Positive Impact’

“I didn’t want to belong to an investment bank anymore, I wanted to create my own business mandate and finance only real assets,” she said. “Projects with a positive impact, socially and environmentally.” She raised $20 million in June 2015, largely from African investors such as the Senegalese sovereign wealth fund. A year later, she raised $250 million, counting Boston-based private equity firm Denham Capital Management LP among her investors.

GreenWish first focused on renewable energy projects on the grid and has built a 27-megawatt solar plant in Senegal. It has a pipeline to install another 350 megawatts in West Africa. It also builds clean power generation for industrial customers, from mines to cement factories to banks.

Aubin-Kalaidjian is in discussions with other telecommunication companies in Africa. Greenwish expects to extend its partnership with Orange beyond the DRC, moving into other markets such as Nigeria, Senegal, Egypt and Ivory Coast. “Our partnership with Orange is a client-supplier relationship, we provide them with energy management services,” she said. “We finance everything ourselves.” GreenWish expects to raise debt from a combination of commercial banks and development institutions such as the Overseas Private Investment Corp, the African Development Bank, KfW and FMO of the Netherlands. (By Anna Hirtenstein, Bloomberg)

RETAIL

Shoprite Profit Rises as South Africa Stores Prove Resilient

- Earnings in line with estimates; Sales growth to continue
- First financial statement after Steinhoff move to buy stake

Shoprite Holdings Ltd. reported full-year earnings in line with analyst estimates as Africa’s largest food retailer boosted market share in South Africa ahead of a partial tie-up with clothing and furniture specialist Steinhoff International Holdings NV.

Headline earnings per share, which exclude one-time items, rose 12 % to 10.07 rand in the 12 months through June, the Cape Town-based company said in a statement. The board declared a full-year dividend of 5.04 rand a share, an increase of 12 %. Shoprite expects “positive sales momentum to continue,” the retailer said, after revenue advanced 8.4 %.

The shares rose 2.5 % to 206.08 rand as of 9:23 a.m. in Johannesburg, extending the year’s gain to 20 % and valuing the company at 123 billion rand ($9.4 billion). “We believe there is room for further growth as we continue to improve efficiencies and profitability both in South Africa and beyond the country’s borders,” Chief Executive Officer Pieter Engelbrecht said. While the South African economy is in a recession, “the group remained resilient with growth in sales and market share.”

The earnings are the first to be reported by Shoprite since fellow retailer Steinhoff agreed to buy a 22.7 % stake as part of the planned listing of its African assets including clothing chain Pep. This will be the first step taken by South African billionaire Christo Wiese, who chairs and is the largest shareholder in both companies, in combining his interests in the retail giants. A previous plan was called off in February.

What Benefits?

“We don’t really see the synergies between food and furniture and more information is needed on how these benefits are found,” Damon Buss, an analyst at Electus Fund Managers Ltd. in Cape Town, said by phone. “We also have questions about the difference in strategy between the two companies with Shoprite having been more organic growth traditionally and Steinhoff more acquisitive growth.” The shares fell the most in almost four months on July 18 after Shoprite reported weaker second-half sales growth partly due to a slowdown in stores beyond its home market. Retailers including Shoprite have been relying on growth across sub-Saharan Africa to help offset sluggish trading in South Africa, where consumer confidence has deteriorated. The company has been focused on capturing market share in three different tiers of customers, Charles Allen, a London-based analyst at Bloomberg Intelligence, said by phone. Growth in Nigeria and

Angola has been “very impressive” while South African chain Checkers has also performed well, he said. (By Janice Kew, Bloomberg)

Cost cuts help Wal-Mart's South African arm Massmart

Massmart Holdings Ltd, the South African arm of Wal-Mart, reported a small rise in half-year earnings, helped by cost cuts as cash-strapped shoppers spent warily. Diluted headline earnings per share (EPS) came in at 149.3 cents in the six months ended June, compared with 145.8 cents a year earlier, said Massmart, which sells everything from food to televisions and refrigerators. Headline EPS, the most widely watched profit gauge in South Africa, strips out certain one-off items.

But sales growth, at 0.5 %, was slower than earnings growth, an indication that much of the profit increase came from reining in costs. "The last six months rank among the most difficult trading conditions retailers have faced in recent memory," Chief Executive Guy Hayward said. "The challenging consumer environment demanded an intense focus on expense control."

South African retailers have struggled as consumers battling job losses and high personal debt levels hold back on spending, but Massmart has lagged its closest rival Shoprite both on the stock market and operationally in recent years. Shoprite, which many investors had expected would lose from the 2011 entry of the world's biggest retailer into South Africa, has defied a recession at home with double-digit earnings growth thanks to a focus on budget-conscious consumers.Shares in Massmart are down about 25 % in the past five years, lagging a nearly one-third rise in Shoprite, Africa's biggest retailer with outlets in countries such as Ghana, Angola and Nigeria. (By Tiisetso Motsoeneng, Reuters)

S.Africa's Woolworths suffers first annual profit fall in eight years

South African retailer Woolworths Holdings posted its first annual profit fall since 2009 and warned of continuing tough trading conditions at home and in Australia.

Recession and political turmoil hit consumer spending in South Africa while Woolworths has faced increased competition in Australia from the likes of H&M and Amazon. "It's going to continue to be tough, we are under no illusions about that," CEO Ian Moir said in a presentation in Cape Town, adding that medium-term targets had been reduced. "We are in a storm of change, the customer is changing, technology is changing our markets are very tough places indeed." The company's Johannesburg-listed shares were down 4.6 % at 0811 GMT, against a 1.2 % decline for the general retailers index

Woolworths, which sells groceries, food and homeware, said that headline earnings per share -- the main gauge of profit in South Africa -- fell by 7.6 % to 421 cents in the year to June 25. That compared with a consensus forecast of a 6 % fall in a Reuters poll of 12 analysts. It declared a final dividend of 180 cents, bringing the total shareholder payout for the year to 313 cents, which was flat on last year.

Clothing and general merchandise sales inched up by 1.4 %, but gross profit margins for the division dropped by 48 % on higher markdowns and a weak sales environment. Moir said that margins will continue the downward trend in the medium term. Woolworths aims to counter the market conditions with a structural shake-up aimed at reducing costs and increasing margins, including moving the headquarters of its David Jones clothing brand to Melbourne from Sydney and strengthening its beauty products offering. "Our view is you either accept [the change in the market], change your model, change your experience, change your approach for the customer or you will whither and die -- and we are not going to whither and die," Moir said.

In South Africa Woolworths also faces increasing competition from Africa's biggest grocer Shoprite, which is now targeting wealthier customers as the recession hits lower-income consumers. (By Zandi Shabalala, Reuters)

South Africa's Steinhoff reports nine-month sales surge

South Africa’s Steinhoff, the world’s second-biggest furniture retailer after IKEA, reported a 48 % jump in nine-month sales, helped by acquisitions and growth in its European and African operations.

The firm is seeking to drum up investor support for spinning off its African operations, a plan that was dealt a blow last week after reports German prosecutors were investigating CEO Markus Jooste and other senior managers for suspected accounting fraud. Steinhoff denied wrongdoing. The company, which has a primary share listing in Frankfurt and a secondary listing in Johannesburg, said sales totalled 14.9 billion euros ($17.69 billion) in the nine months to the end of June. Steinhoff, headquartered in Stellenbosch near Cape Town, added Britain’s Poundland, U.S. unit Mattress Firm and Australia’s Fantastic to its portfolio of no-frills retail assets last year. Jooste said group sales growth was “underscored by the resilience of the low-price, value and discount market segments in challenging consumer environments.”

Steinhoff said this year it wanted to spin off its African retail assets by listing them with a controlling stake in grocer Shoprite on the Johannesburg Securities Exchange as Steinhoff Africa Retail (STAR). The split between emerging and developed market retail businesses would allow investors keen on exposure to Africa to invest directly in STAR, it said.
The move would also give billionaire Christo Wiese, the largest shareholder in both Shoprite and Steinhoff, an opportunity to consolidate his holdings. "Steinhoff will continue to be a controlling shareholder in the company, while STAR will continue to leverage off Steinhoff's strategic, centralised sourcing, manufacturing and logistics expertise to maximise operating efficiencies across its retail operations," the company said.
The retailer makes 27 % of its sales in Africa, 52 % in Europe and 15 % in the United States, it said. "The European household goods segment remains on track to deliver good operating profit growth for the 12 months ending 30 September 2017," the company said. The firm said U.S. sales and profit margin continued to improve following the third quarter. (By Tiisetso Motsoeneng and TJ Strydom, Reuters)

AGRIBUSINESS

Angola to resume export of canned fish

Angola is due to start exporting canned fish to the European market following the inauguration in the municipality of Tômbwa, Namibe province, of two new units for canning, freezing and preserving fish, according to the Angolan press. Pes-Sul, the unit for production of canned fish, has two processing lines and daily production of 125,000. Its owners are considering setting up a line to produce fish paste later this year.
The Minister of Fisheries, Vitória de Barros Neto, noted that the recovery of this unit allows Angola to have canned fish produced in the country again and in the medium term to start exporting to markets such as Europe, "where our canned fish previously had a presence."
She recalled that Angola has always been a producer of canned fish such as tuna, mackerel, sardines, anchovies and horse mackerel, before and after independence, with factories located in the provinces of Namibe and Benguela. The minister also inaugurated the Nova Vida Company, whose facilities were built from scratch, and which has the capacity to freeze 250 tonnes of fish per day through 10 freezing tunnels.
Angola imported more than 3,800 tonnes of canned food in 2016, mainly from Morocco, Indonesia, Thailand and Portugal, and the country's 2012-2017 National Development Plan includes plans for the country to produce around 4600 tonnes of canned fish by the end of the period. The municipality of Tômbwa is located 93 kilometres south of the city of Moçâmedes. (Macauhub)

Angola adds to value of agricultural products with municipal industrial parks

The Cacuso Industrial Park in Angola's Malanje province aims to add value to agricultural products and attract micro and small companies to provide services to agriculture and light industry, the Angolan industry minister said. Minister Bernarda Martins noted the industrial park was built to foster development of the local economy through the combined actions of the programmes to combat poverty and boost rural development, agriculture and small-scale industrialisation, and the recovery of secondary roads.
This park is included in the Rural Industry Development Programme (Profir), which aims to create conditions for increasing employment and income generation at the local level, reducing poverty in rural areas, reducing regional inequalities and diversifying the economy. The industrial park has milling units, animal feed factories and a logistics area, and it also has space to accommodate the industrial units and services that are expected to be phased in. The Minister of Industry inaugurated, in the municipality of Lobito, the Industrial Park of Canjala, which is also part of the Rural Industry Development Programme. Profir is already operating industrial parks in Cacuso (Malanje province), Tomboco (Zaire) and Canjala (Benguela), according to state newspaper Jornal de Angola. (Macauhub)

Group with forestry assets in Mozambique given 'buy' recommendation

Investment bank VSA Capital has made a 'buy' recommendation on the shares of the Obtala group, which holds forestry concessions in Mozambique, for up to 36 pence per share, roughly double the current price of 17.5 pence, the group said in a statement to the market. The recommended price for each share is the result of the group's evolution in the last quarter as well as the expected increase in turnover following the purchase of Woodbois International ApS, a lumber production and marketing company with a forestry concession in Gabon. In its analysis report on Obtala, VSA Capital Bank noted the close relationship between its subsidiaries and the governments of the countries where it operates, as well as with intergovernmental and non-governmental organsations. The Obtala group, through its forestry subsidiary Argento Limited, purchased 100% of Woodbois' capital, which includes land, fixed capital, inventory and the forestry concession in Gabon. The Obtala group, based in Guernsey, has 10 forest concessions in Mozambique covering an area of 120,000 hectares. VSA Capital is a London-based investment bank that provides financial services to companies involved in the exploration of natural resources. (Macauhub)

Creating Kenya's Purple Tea Market – Markets and Competition Policy in Action

Highlights

- *Anti-competitive market rules in Kenya's important tea industry were preventing an exciting new product—purple tea—from getting to market.*
- *Those market barriers have now been removed, thanks to intervention by the Competition Authority of Kenya and the support of the World Bank Group.*
- *While still in its infancy, Kenya's emerging purple tea production has the potential to create a new market, with projections that new tea varieties will generate up to $60 million over the next 3-5 years and comprise up to 5 % of Kenya's vitally important tea export market.*

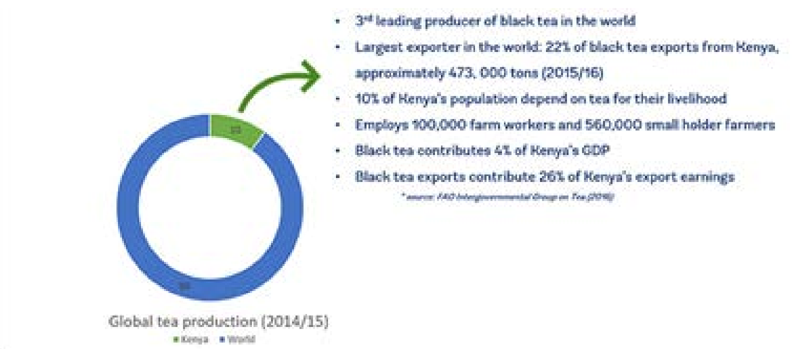
Washington, DC, August 29 - For more than a century, the rich volcanic soils in and around Kenya's Great Rift Valley region have made Kenya one of the world's leading producers of tea. Whether on small farms or sprawling plantations, tea cultivation sustains thousands of Kenyan farmers and their families, and generates the country's second highest foreign income earnings.

The product is black tea, popular all over the world, and responsible for more than a quarter of Kenya's annual export earnings. Ten years ago, farmers working in the foothills of Mount Kenya, the country's highest peak, began experimenting with a new varietal, purple tea. Notable for its dark reddish-purple leaves and floral-fruity flavor, purple tea was found to contain higher levels of antioxidants than are found in green and black teas.

Here was a promising new market, waiting to be created.

But there was a problem. Rules governing Kenya's tea industry enabled tea producers to block entry of new producers into the market. It was an example—concerning one product in one industry in one country—of a problem encountered in many variations all over the world, and a problem that the World Bank Group is working with developing countries to overcome.

Figure 1: Kenya traditional black tea market



Henry Njeru was one of several investors interested in purple tea. Growing conditions in Kenya were perfect for this new varietal. And the potential health benefits of the product had the potential to create a new high-end market for purple tea, generating new investment, creating jobs, driving innovation and diversification, supporting small enterprise growth, boosting exports, and improving farmer incomes.

Blocked by competitor opposition, Njeru decided to seek help from the Competition Authority of Kenya (CAK), which has worked closely with the World Bank Group's Competition Policy team. While the Authority worked with the tea industry to remove barriers to new market entrants, the Bank Group team provided technical support to quantify the additional income farmers who switched to growing purple tea could earn. This information was important in helping CAK make the case for Njeru and other potential purple tea investors to be granted licenses to operate.

With the help of the Bank's economic analysis, CAK was able to clear the way for Njeru to receive a license. Since then, four additional producers have entered the market. "We approached the sector regulator in terms of [demonstrating] the benefits of allowing other investors into the specialty tea industry," said Francis Kariuki, Director General of CAK, "and showed them the negative impact of the then regulatory framework." Without eliminating this anticompetitive regulation, new tea processors would not have developed the purple tea market in Kenya.

Now the government is updating the entire regulatory framework to address these and other barriers to investment in tea and other industrial crops.

Kenya is by far Africa's largest tea producer, and the third largest globally. About 40 % of Kenyan tea is grown on large plantations employing some 100,000 workers; the rest comes from small-scale farmers, some 560,000 of them. An estimated 3 million Kenyan families rely on tea for their livelihoods.

Purple tea has the potential to transform the lives and livelihoods of many of these families by generating higher income, offering opportunities to diversify crops, and stimulating competition among producers (and therefore higher prices for farmers). "We have benefitted from purple tea a lot, because we sell purple tea at $1 per kilogram, compared to $0.14 for regular tea," said tea farmer Anthony Mwangi.

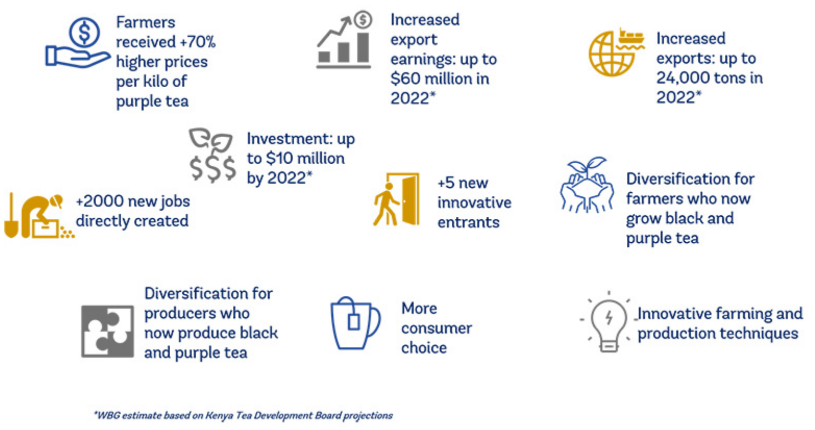
The five factories producing purple tea directly employ over 2,000 workers. These producers include small and medium-sized enterprises such as Njeru's, which has so far invested over $1 million in purple tea production. Purple tea now appears on supermarket shelves and café tables from Kenya to China, Japan, the United States, and Europe.

Kenyan authorities estimate that specialty varieties like purple tea will account for up to 5 %—approximately $60 million—of all Kenya's tea exports in the next three to five years. "Going forward, there's a good market for it," Njeru said. "It's been well received. Moving into the international market, we feel the growth would be large and we are just planning for it. Looking at how huge the normal Kenya tea market is in black, we're looking at a similar market if not larger for purple.

Barriers to market entry and competition exist all over the world in markets across key sectors such as manufacturing, agribusiness, and services. These barriers can cost countries at least 1 % of GDP growth, and they hinder the poorest economies most significantly.

The World Bank Group's Trade & Competitiveness Global Practice (T&C) works on competition policy issues with more than 60 developing countries in a variety of sectors, helping governments and industries break down barriers to competition. In some cases, as in Kenya, this involves removing or overriding rules that hinder competition; in other cases, it means designing different rules and regulations that achieve public policy objectives without creating market distortions while ensuring that firms do not engage in anticompetitive behavior. Success means significant consumer savings, greater private investment generated, more efficient and productive firms, and more globally competitive sectors. "We appreciate the support that we have received from the World Bank, and we expect that this support will continue as we endeavor to dismantle regulatory obstacles which are hindering economic growth in this country," Kariuki said.

Figure 2: creating markets – Kenya purple tea impact



Competition policy can be a key driver in creating new markets and unlocking growth opportunities. As T&C Senior Director Anabel Gonzalez points out, "We see effective competition enabling farmers to get higher prices for their products. We see innovation and diversification as new products enter the market. We see an increase in consumer choice, growth of small businesses. And, most important, we see growing awareness of the importance of sound competition policies for economic growth and job creation."

Recently, client countries across the world are increasingly focusing on policy solutions that foster well-functioning markets. "In the last five years, we at the World Bank Group have supported over 60 reforms, such as this one in Kenya, that have yielded millions in consumer savings and private investment generated," said Martha Licetti, T&C's Global Lead for Markets and Competition Policy. "The tangible results create a reform momentum capable of transforming entire economies." Eliminating barriers to competition has created a market for purple tea and brightened the prospects for Kenya's tea farmers and producers. And for tea lovers around the world, there's a new color in the rainbow. (World Bank)

TCT-Indústrias Florestais invests in limestone quarry in Mozambique

Forestry company TCT-Indústrias Florestais plans to invest US$3 million in the exploration of limestone deposits in central Mozambique, manager James Whaite told Mozambican daily newspaper Diário de Moçambique, published in Beira, Sofala province. The manager added that the

exploration of these deposits is focused on the sale of limestone to agricultural producers, “thereby increasing production and productivity in the sector.”
The investment is planned for the district of Cheringoma, in the central province of Sofala, and Whaite noted the existence of a railway line and a road near the exploration site as important factors for the profitability of the enterprise.
TCT-Indústrias Florestais is controlled by Premier African Minerals Ltd, which in November 2016 acquired a controlling interest of 52% for US$2.1 million in two 26% stakes purchased from Transport Commodity Trading Mozambique Ltd (TCTM) and GAPI Sociedade de Investimentos. The company has an operating license for a limestone deposit in an area of 27 square kilometres and a forest concession with 24,812 hectares located in the centre of Mozambique, which is associated with a sawmill and a factory for production of furniture and semi-finished products for export. (Macauhub)

UPCOMING EVENTS

Africa Hotel Investment Forum 11-12 October 2017 Radisson Blu & Kigali Convention Center – Kigali, Rwanda *www.africa-conference.com*

Nigeria Mining Week 16-19 October 2017 NAF Conference Centre and Suites Abuja, Abuja, Nigeria
www.power-nigeria.com

2nd Ethiopia International Mining Conference & Exhibition 25- 26 October 2017, Intercontinental Hotel Addis Ababa, Addis Ababa, -, Ethiopia
http://ametrade.org/miningethiopia/

African Real Estate & Infrastructure Summit 2017 25- 26 October 2017, Sandton Convention Centre, Johannesburg, South Africa
http://www.african-real-estate-summit.com/

24th Africa Oil Week 23-27 October 2017 Cape Town International Convention Centre - Cape Town
www.africa-oilweek.com

Africa Impact Investing Leaders Forum 2017 17-19 December 2017 London, UK *www.aiilf.com*

Workshop on Sustainable Rural Biofuel Strategy in Africa 2018 - Workshop to be held at 21st Session of the African Forestry and Wildlife Commission, in early 2018 (TBC) - In cooperation with the World Agroforestry Center (ICRAF) and Japan International Research Center for Agricultural Sciences (JIRCAS)

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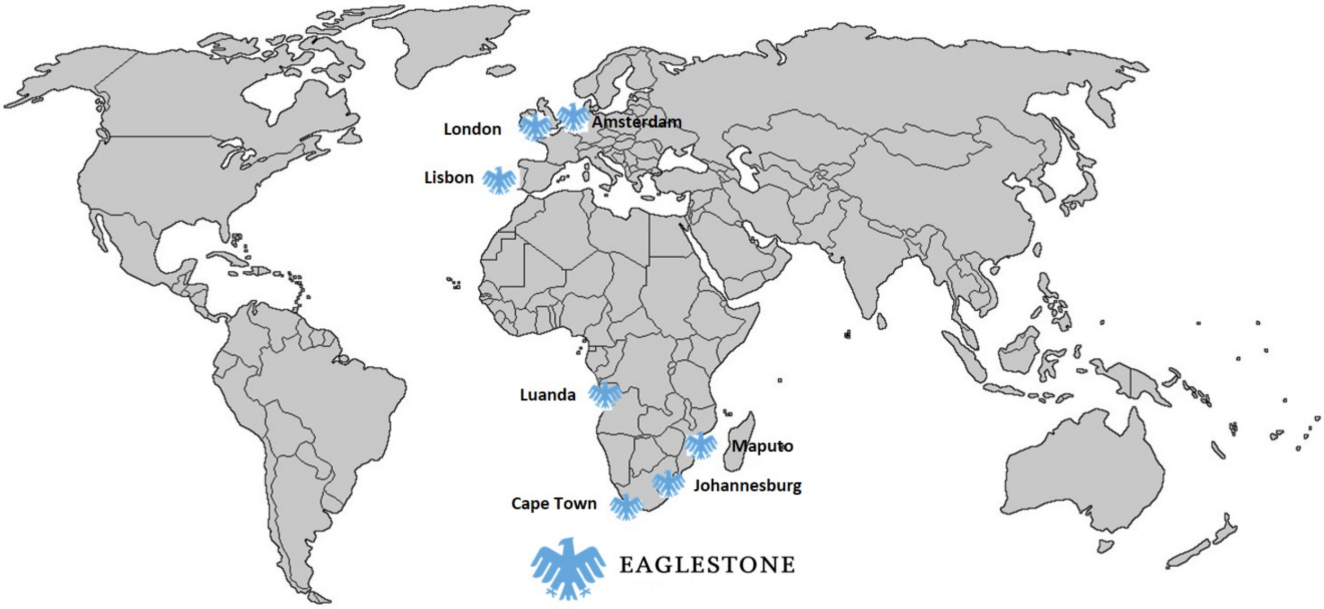

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Disclosures

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

The company has three business activities - financial advisory services, asset management and brokerage - and currently has offices in Amsterdam, 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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