INSIDE AFRICA

Now is the time to invest in Africa

15 September 2017

EAGLESTONE SECURITIES

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Did the Bank's Annual Meetings meet with expectations this year?

The 52nd Annual Meetings in Ahmedabad, India, were a resounding success. They concluded on a very positive note generated by high appreciation for the Bank's strong financial performance, the early successes of our 'High 5' strategic priorities, and the reception of the new leadership team, which is ready and raring to go.

We are grateful to Prime Minister Narendra Modi and the people of India for their generous hospitality. Over 3,500 participants from all over the world, including the governors of the Bank, government officials, business leaders and representatives of civil society, academia, the media and the youth engaged in discussions on pertinent topics under the theme "Transforming Agriculture for Wealth Creation in Africa".

The events were also graced with the presence of two African Heads of State – Presidents Macky Sall of Senegal and Patrice Talon of Benin – as well as John Mahama, Ghana's former Head of State, and Daniel Kablan Duncan, Vice-President of Côte d'Ivoire. This was a sign of the strong support of African leaders for the Bank and its recognition as a trusted partner of choice.

The Governors of the Bank applauded the very strong financial performance of the Bank Group and endorsed urgent actions to finance our High 5 priorities: light up and power Africa; feed Africa; industrialise Africa; integrate Africa; and improve the quality of life for the people of Africa.

Boosting the Bank's capital base, along with other measures to optimise its balance sheet, will move the needle for us to get the job done. I was very pleased with the strong support of the Board of Governors for our achievements and the encouragement for us to do more for Africa.

Can India's economic take-off be transposed to Africa?

In a relatively short space of time, India transformed itself from a basket case to a food basket with its green revolution. African nations should learn from this experience. Political will is the key. Political will is the currency for development.

Second, Africa can learn from India in terms of solar energy systems. India has been able to roll out solar systems at scale and is determined to achieve universal access to electricity by next year. Incredible!

Third, in terms of financial inclusion, it has rolled out systems that have allowed over 250m people to have access to digital bank accounts, all within one year. For someone like me who wants Africa to develop very fast, I am always looking for models that we can learn from. India's experience is not far from that of Africa. I was delighted that Prime Minister Modi said India would strongly support Africa in these areas.

We are also promoting greater bilateral trade and investments between India and Africa, and we expect bilateral trade to reach $100bn by 2018. But Africa will develop on its own terms, not by copying others. The Bank's High 5s are Africa's way to accelerate its own development.

What reforms have you put in place at the AfDB and how are they progressing?

Since I took up my post in September 2015, we have embarked on bold reforms to sharpen the Bank's strategic focus and institutional structure to ensure that it is fit for purpose to accomplish its mandate. The transformation process we launched in April 2016 is geared to get the Bank closer to its clients and enhance operational effectiveness.

The High 5s are the primary accelerators of Africa's development. According to a recent UN Development Programme analysis, if implemented, they would help African countries achieve 90% of the Sustainable Development Goals and the African Union's Agenda 2063 goals.

The Bank is doing more than ever before. In 2016, lending approvals reached $10.6bn, the highest in the history of the Bank. We disbursed $6.4bn, also a record for the Bank.

We raised $10.5bn on the global capital markets to finance our operations, the highest in the history of the Bank, which shows you the strong confidence in the Bank. Despite the tough global economic environment, we maintained our AAA rating.

We have set up five regional development and business delivery offices to help accelerate the pace of our delivery for our clients. There is no substitute for being on the ground, closer to the countries, closer to the private sector, as that allows us to work better with other partners and improve the quality of our operations.

We are reforming our internal processes to do more, better and faster. For example, in the past year, we reduced the time between the approval of loans and their becoming effective by 28%. Similarly, we have cut the time between loan approvals and disbursements by 17%.

Perhaps more significantly, total disbursements have increased by 55% over the same period. I applaud the staff of the Bank for their heroic efforts in ensuring that all our performance metrics are moving in the right direction.

Today, the AfDB has the lowest administrative cost compared to adjusted common equity among all multilateral development banks in the world. We will continue to drive for greater efficiency in all our operations.

What tangible benefits is the AfDB bringing to Africa?

We are accelerating the impacts of our financing on the ground to improve the quality of life of Africans. At the end of the day, only results on the ground matter. And we rigorously measure the impacts of our work.

In 2016 alone, some of the achievements include: 3.3m Africans benefiting from new electricity connections; 3.3m people benefiting from improved water supply; 5.7m people benefiting from improvements in agriculture; 7m people benefiting from improved access to roads; 156,000 small businesses provided with access to financial services, and 9.3m people benefiting from access to better health care services.

Let me cite a few examples of projects making tangible impacts on the ground and impacting peoples' lives in Africa; In Morocco, the Ouarzazate project will provide 500MW of concentrated solar power. This is the largest concentrated solar system in the world.

It will provide clean energy at affordable and competitive tariff while contributing to the diversification of Morocco's energy mix and reducing CO2 emissions. The Côte d'Ivoire–Liberia–Sierra Leone–Guinea (CLSG) Interconnection Project will boost regional security and the overall economic integration of the Mano River Union Countries with Côte d'Ivoire through increased power trade and security of energy supply.

The project will also contribute to climate change mitigation through replacement of thermal-based generation with hydropower. In East Africa, the Ethiopia–Kenya Electricity Highway Project, which entails construction of a 1,068km transmission line with a transfer capacity of up to 2,000MW in either direction, will promote power trade between countries in East Africa region and serve as a transmission backbone to link the power pools in East, South and North Africa.

The Dakar–Bamako Road Corridor has contributed to a fourfold increase in bilateral trade between the two countries while significantly reducing the travel time for passengers and goods transit.

In Senegal, the Bank's participation in the Dakar–Diamniadio road highway project through a €375m loan crowded in debt and equity financing from the private sector. With travel times reduced from 90 minutes to 15 minutes, the project has led to improved urban mobility in the Dakar metropolitan area and opened up the suburb of Diamniado as a new urban growth pole.

But we are also supporting accelerated development in fragile states, especially for infrastructure. Our Private Sector Credit Enhancement Facility was designed specifically for transactions in low-income and fragile countries. We have used this to provide a $20m loan to an Independent Power Producer (IPP) in Sierra Leone to build and operate a 50MW power plant, the largest base load power plant in the country.

In 2016, the Bank approved financing of $1.7bn for power sector operations across 19 countries while leveraging $5–7bn in line with its New Deal on Energy for Africa initiative. This is expected to increase to $2bn this year. We have also set up a $500m Fund for Energy Inclusion with $100m seed capital to provide finance on affordable terms to companies investing in the renewable energy space.

Feeding Africa is an urgent priority. Africa's annual food import bill, currently at $35bn, is estimated to rise to $110bn by 2030. To reverse this trend, agriculture must be seen as a business. That's why the Bank will invest $24bn in Africa's agriculture sector over the next 10 years, with a sharp focus on food self-sufficiency and agro-industrialisation.

In 2016, we approved 29 operations under Feed Africa amounting to $837m for 25 African countries, which represents an increase of 74% over the previous year's lending. We are also making great efforts to improve the image of agriculture among young people and entrepreneurs. Africa's next set of billionaires will come from agriculture and agro-allied industries.

To this end, we are supporting young agripreneurs through our flagship ENABLE Youth programme. Some 34 countries have expressed interest in the programme and so far the Bank has approved $529m of financing for Sudan, Nigeria, Democratic Republic of Congo, Cameroon, Malawi and Zambia.

Why is the African Development Fund experiencing difficulties?

Well, as you know, the global economic environment is tough for everyone. Development financing rises when there is strong global economic growth, and declines when global economic growth slows down. Many donor nations are faced with major challenges domestically, especially with slow economic recovery in Europe, the migration crisis, high domestic unemployment and other social and security challenges.

Some donor countries are also becoming more inward looking and withdrawing from global commitments. So funds normally intended for official development assistance are either being reduced or diverted to cope with domestic challenges.

The African Development Fund (ADF), which we use to support low-income countries, through loans on concessional terms, witnessed a 13.2% drop in donor contributions due to these factors. It should, however, be noted that it's not just the AfDB that was affected. Donor contributions to other Multilateral Development Banks also declined, some at even higher levels than ADF.

But let me assure you that there is overwhelming strong support from our shareholders. As the economic situation improves globally, we will see some improvements. We are already seeing some countries in the past few weeks increase on their original levels of commitment.

Just yesterday I got a letter from the government of Norway raising their financing contributions significantly to NOK1.7bn ($206m), stating "We welcome the progress made in implementing the new development and business delivery model of the Bank, and the focus on the Bank's High 5 priorities, and value your visionary and able leadership."

But we are not just waiting for others. We are moving to mobilise greater domestic resources within Africa. That's why we are supporting efforts to integrate and deepen the capital markets in Africa, including the African Domestic Bond Index and the launch of the $200m African Domestic Bond Fund.

We are also launching the Africa Investment Forum to serve as a transaction platform to leverage the pool of long-term savings from institutional investors, including African and global pension and Sovereign Wealth Funds, for financing transformative infrastructure and major private sector investment projects.

Is it time for an increase in the AfDB's capital?

Africa is already late in its development, so everything for Africa's development must be fast-tracked. We have got to create jobs massively for the rapidly growing youths, end the migration crisis to Europe, boost economic growth to drive down poverty and unlock Africa's full economic potentials. That's why our Board of Governors strongly endorsed our High 5 priorities.

Other world leaders are calling for accelerated actions to support these High 5s. I set up a High Level Panel led by former President of Germany Horst Kohler, former UN Secretary General Kofi Annan and several leading global figures. Their report, Fast Track Africa, noted that achieving the concrete goals set out in the High 5s could be a beacon for poverty reduction and inclusive growth on the continent. They can fast-track Africa and make this continent a new pole of economic growth.

The report called on AfDB shareholders to support proposals to equip the Bank to scale up its financial support to member countries, which will require a substantial increase in ADF resources and the Bank's capital.

At the Annual Meetings of the Bank, the Board of Governors called for the Bank to accelerate its work on the High 5s and said that it would consider, at the appropriate time, a General Capital Increase. There is no doubt in my mind that the time is right to begin those discussions. We must fast-track Africa.

How do you see Africa's status in 2017?

Africa is resilient and buoyant despite the dip in GDP growth in 2016. The continent's economic performance is expected to reach 3.4% in 2017, up from 2.2% in 2016, and trending upwards to over 4% in 2018.

Many factors account for this optimism; the recovery of commodity prices, which is expected to continue for the rest of 2017 and in 2018. For example, oil prices increased by 8.6% in May 2017, compared to 2016; copper prices increased nearly 20%, and the metal index rose by 17.5%.

Perhaps most remarkable is the fact that some of the best-performing economies are resource-poor and even landlocked, which shows evidence of the continent's real transformation. Most of Africa's major economies – Nigeria, Angola, Egypt – are expected to register higher growth in 2017 although the challenges in South Africa may continue.

Let me underscore the diversity of growth of African economies. In 2016, 32 countries grew at 3–5 %, with 12 countries growing at well above 5%. Côte d'Ivoire grew at 8.2%, Ethiopia at 8%, Tanzania at 7%, Senegal at 6.7%, Rwanda and Kenya at 6% respectively.

These are impressive growth rates. These countries demonstrate the resilience of African economies despite the global and regional headwinds. Being mainly non-oil exporting economies, they also point to the need to diversify the sources of growth in African countries, including measures to increase the share of the manufacturing sector and boost intra-regional trade; increase agricultural productivity; as well as sustaining good macroeconomic management and structural reforms to maintain international competitiveness.

Africa is also reforming its business and regulatory environments to be able to turn these growth rates into higher levels of foreign direct investments. Africa accounted for 30% of the global improvements in business and regulatory environments in 2015.

This year, 34 out of the 47 African countries in the World Bank's Doing Business Report have also shown at least one improvement in the business and regulatory environment. Importantly, Sub-Saharan Africa is doing well, accounting for five of the top 10 performers.

Africa is now witnessing an increase in foreign direct investments, which is expected to surpass $57bn this year, compared to $10bn in 2000. Things are looking up for Africa. Average inflation should come down to single digit this year.

The terms of trade, one the most important indicators of macroeconomic performance for open economies, will turn positive to 3.4 % in 2017, from –1.9% last year. Total external debt is projected to remain under 30%, well below the 40% threshold that is generally considered safe for developing economies.

New, bold, and visionary African leadership is emerging in many countries. Many African countries are pursuing structural reforms to boost growth and create employment in industries with competitive potential. The African Development Bank, with its High 5s, will help Africa to speed up its economic transformation. We must fast-track Africa! (African Banker)

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

African Leaders set to accelerate Africa's path to prosperity by growing economies and jobs through agriculture

Over 750 delegates and high-level dignitaries, including African Heads of States, Ministers, and key stakeholders in the agricultural sector, are convening this week in Côte d'Ivoire's economic capital,

Abidjan, for the 2017 African Green Revolution Forum (AGRF), Africa's premier agriculture gathering.
As envisioned in its theme, "Accelerating the Path to Prosperity: Growing Inclusive Economies and Jobs through Agriculture", the Forum will provide a platform for global and African leaders to develop actionable plans that will move African agriculture forward.
It will be an opportunity to showcase ongoing progress in Africa's agricultural transformation agenda and scale up the political, policy and financial commitments needed to achieve the Malabo Declaration and global agenda around the Sustainable Development Goals (SDGs).
Welcoming delegates to the Forum and to Côte d'Ivoire, West Africa's leading agricultural and economic powerhouse, Mamadou Sangafowa Coulibaly, Minister of Agriculture and Rural Development, expressed his country's pleasure at being the first Francophone African country to host the AGRF, which is now in its 7th year. "Côte d'Ivoire is the land of agriculture. Agriculture is the backbone of our economy and our robust growth is driven by sustained investment in agriculture and smallholder farmers," said Coulibaly
"Numbers speak for themselves. The sector contributes 26 %of our GDP, 40 %of all export revenue, close to 75 %of non-oil export revenue and employs close to 60 %of the population. We look forward to this week's engagements and the opportunities it will unlock for our country and the continent as a whole," he added.
More importantly, the AGRF2017 will provide an opportunity for African political and business leaders together with their development partners, to show progress towards the commitments they made at the 2016 Forum in Nairobi, Kenya where over US $30 billion worth of political, financial and policy pledges were made in support of Africa's agriculture.
"We look forward to sustaining and harnessing the momentum created last year. We are delighted to note the progress that has been made by the various partners that committed to increase investments to improve production, income and employment for smallholder farmers and African agriculture businesses over the next ten years," said Dr. Agnes Kalibata, President Alliance for a Green Revolution in Africa. "This year's Forum is an opportunity to continue the push to harness agriculture's potential as the continent's best bet to create inclusive economies," she added.
With more than 50 specially designed sessions, discussions at the Forum will further the messages and calls made in other global and continental gatherings this year, including the African Development Bank (AfDB) Annual Meetings, the AU Summit and the G20 and G7 Summits, which have focused heavily on the creation of jobs for youth.
"Agriculture is instrumental in Africa's poverty: it must also be instrumental in its wealth," African Development Bank President Akinwumi Adesina wrote ahead of the Forum. "Only through agricultural regeneration can growth, diversification and job creation occur for African economies, for no region of the world has ever industrialized without the agricultural sector being first transformed. AGRF offers a platform to align our visions and priorities."
One highlight of the meeting will be the release of the landmark annual African Agriculture Status Report (AASR). This year's edition looks into the business of smallholder farmers in sub-Saharan Africa and advocates for an inclusive transformation that links millions of small farms to agribusinesses, creating extended food supply chains and employment opportunities for millions including those that will transition from farming.
Another ground-breaking moment during the AGRF will be the awarding of the second laureate of the Africa Food Prize, now in its second year. The accolade calls attention to individuals and institutions that are inspiring and driving agricultural innovation throughout Africa. The Africa Food Prize Committee is chaired by Olusegun Obasanjo, former President of Nigeria.
Value chain-specific deals are also expected to be agreed on especially those that will promote the growth of agribusiness in the West African region to spur inclusive economic growth.
AGRF 2017 is hosted by President Alassane Ouattara, a continental champion of agricultural investment, and his team of Senior Government Leaders, including Prime Minister Amadou Gon Coulibaly, Vice-President Daniel Kablan Duncan, Minister for Agriculture Amadou Coulibaly, and

other key Cabinet Members. The other co-hosts are the African Development Bank (AfDB), the Alliance for a Green Revolution in Africa (AGRA) and the 15 members of the AGRF Partners Group.

AfDB steadily pioneers major strategy shift in Africa's agriculture financing

The African Development Bank (AfDB) has deepened agriculture with an initial investment of US $774 million in six countries in Africa to ignite economic growth and make agriculture an attractive investment. Chiji Ojukwu, Director of Agriculture and Agro-Industry Department at the AfDB, said Monday that the Bank's ENABLE Youth Programme, part of its Feed Africa initiative, is making steady progress in changing the way agriculture is perceived – from a traditional way of life, to a lucrative investment.

Through the ENABLE (Empowering Novel Agri-Business-Led Employment) Youth Programme, which aims to produce some 300,000 agribusinesses and create jobs for 1.5 million youth in just five years, the Bank set itself an ambitious target of nurturing a young pool of future agricultural millionaires in order to solve Africa's population growth challenge.

The Bank estimates 100 million young Africans would be entering the job market within 10 years. Bank estimates show a substantial number of the youth currently live in rural areas, where demand for new labourers could continue to absorb the new job-market entrants.

To respond to the job-creation challenge, the Bank's Jobs for Youth Strategy lays emphasis on a series of key agricultural sector reforms, aiming to make land more readily available. It also focuses its approach on improving the capacity of local farmers and producers and creating an enabling field for food processing. AfDB's Chief Financial Economist and the Coordinator of the ENABLE Youth Programme, Edson Mpyisi, said battling a mindset change and beginning to view agriculture as a serious field, much different from holding the hoe, but building an industrial chain, still remains a challenge to overcome.

According to Lilian Uwintwali, Chief Executive Officer at M-AHWI Tech Limited, a Rwandan youth in agricultural technology firm, the perception of the youth towards agriculture remains traditional and the private-sector players continue to perceive agriculture as less lucrative. "For business to thrive, it has to be money-making, there is need for markets and stakeholder cooperation is important. I work with 10,000 farmers, but many still lack information on which banks they can lend from," Uwintwali said during the 7th African Green Revolution Forum in Abidjan at a session on Youth Agripreneurs.

The African Development Bank hosted the side event at its headquarters. In a packed auditorium, young innovators were keen to discuss "Agripreneurship, Enterprise Development and Access to Finance" with more emphasis on creating descent jobs, building job-placement agencies and building business management skills in Africa's value chains.

At least 30 African countries have submitted requests for AfDB funding towards various projects aiming to improve the business environment for the youth involved in the information technology sector, large-scale agricultural production and infrastructure development to spur the agriculture sector. The Bank is billing its value chain approach in six key areas, with a target of US $15 billion to support businesses owned by the youth and women. It wants to invest in some 31 countries to create the 1.5 million jobs and employ some 10,000 unemployed graduates, half of them women. Mpyisi said the key approaches to the programme include initiating dialogue on the development of key skills, services and the training of the agriculture entrepreneurs as well as linking commercial banks with the youth in need of financial resources to enable the youth to access loans at reduced interest rates.

ALSF, UNECA, and African Union cooperate to develop a modeling mining laws

For more than a decade, Africa has enjoyed a mineral boom, producing more than 10% of the world's minerals by value, from over 30% of its global mineral reserves. And yet, despite the critical role played by mineral exploration and production, mining and development have not necessary gone hand-in-hand. While development experts consider how to transform mining into an engine of development, the African Legal Support Facility (ALSF) is helping to make it a reality, alongside its partner institutions and regional stakeholders.

Following an African Union Decision, calling upon the African Union Commission (AUC) and the United Nations Economic Commission for Africa (UNESA) to develop model mining legislation, ALSF staff members Abdoul Karim Kabèlè Camara and Francky Lukanda (AMLA project coordinators and Legal Counsel) participated in a five-day technical meeting, held from 28 August to 1 September in Abidjan, Cote d'Ivoire. With a broad view towards improving the management of African mineral resources, participants of the technical meeting set themselves to the task of harmonizing both the royalties and fiscal regimes associated with extractive efforts, by developing a Model Law which will provide guidance to Regional Member Countries (RMCs) attempting to maximize mining revenues. "The importance of creating and adopting model mining legislation in Africa is to ensure that international investors and mining companies cannot establish terms which are disadvantageous to the country in question. If we can establish standards to which all parties must adhere, it will be to the benefit of everyone," explained Limaryn Leané Louw, an AMLA Legal Research Team member from the University of Pretoria.

The main aim of the African Union Model Mining Law is to support efforts to optimize the dividends paid by mining activities through appropriate, progressive legal and fiscal regimes. The Model Law is expected to provide African governments with specific guidance on establishing and attaining regional standards to increase domestic revenue generation. The technical meeting itself provided the 23 participants with the opportunity to brainstorm and discuss the technical details and guidelines for initiating the drafting of the Model Law. In order to facilitate this process, 8 members of the African Mining Legislation Atlas (AMLA) Legal Research Team (LRT) were present to provide their expertise and experience in the field of mining legislation.

The AMLA platform is a free, online one-stop resource for African mining legislation which provides access to all existing mining codes in the continent in an easily readable and searchable format. To develop specialized expertise on the continent, the project has established the Legal Research Team made up of advanced law students selected from various African universities, representing all five regions of the continent. "The vast mineral wealth of Africa has not been transformed into capital wealth. This is due to region-wide gaps in knowledge, finance, and technology, all of which must be imported from abroad. As a result, African governments have to negotiate with foreign companies and investors, often to their disadvantage. The AMLA platform levels the playing field by providing contemporary examples of African mining regulation, contracts, and laws," said Fallou Samb, Special Advisor to the President of Senegal. "This initiative is about Africa waking up to the reality that, when dealing with mining investments, they will inevitably interact with foreign investors, as this is a very technology and capacity-intensive sector. Traditionally, this has meant that African governments compete with one another to provide greater incentives to foreign investors, racing to the bottom," explained Melaku Geboye Desta of the African Peer Review Mechanism (APRM). "This project will ensure that a baseline exists, below which no countries will go in their negotiations of mining concessions."

The African region is teeming with some of the most copious and abundant mineral reserves on the planet. And yet, for many African governments, translating that natural endowment into economic growth has been challenging. "Often times, mining activities do not generate direct employment or direct benefits for the local economy," explained Deisy Ribeiro, an LRT member studying at the Universidade Eduardo Mondlane. But with the help of the forthcoming model Mining Law, mining activities will generate far more dividends.

Kenyan Government delighted with AfDB's partnership, as Nnenna Nwabufo receives accreditation as Country Manager

The Government of Kenya has expressed delight with the African Development Bank Group as a major partner in the country's development agenda. The Cabinet Secretary for the Ministry of

Foreign Affairs of the Republic of Kenya, Ambassador Dr. Amina Mohammed, made the commendation when Nnenna Nwabufo presented her letter of accreditation as the African Development Bank's Country Manager on August 22. Accepting the accreditation letter, Cabinet Secretary Mohammed said she was pleased to have somebody of Nwabufo's caliber representing the Bank and managing its operations in Kenya. She expressed optimism that the relationship would be strengthened with the upgrade of the AfDB Regional Office serving East Africa. Nwabufo thanked the Government of Kenya for accepting her nomination, and particularly its swiftness in finalizing the diplomatic process of accreditation. This, she stressed, reflects the good and strong relationship the Bank has established with the country. Nwabufo promised to use her position to advance the Bank's goal of moving services closer to clients. Part of the strategy under the broad agenda of the Bank Group President, Dr. Akinwumi Adesina, is to bolster the Regional Resource Centers for greater and effective dialogue with member countries to deliver on the Bank's development priorities, known as the High 5s, she stressed. Consequently, the Regional Resource Center in Nairobi was upgraded to the East African Regional Development and Business Delivery Office, led by the Director General, Gabriel Negatu. "In order to strengthen our relations and by implication the development impact, the Bank also established the position of Country Manager, which will double as the Deputy Director General for the East Africa operations. This strategy demonstrates the Bank's goal to establish a long and viable presence in Kenya and within the region," Nwabufo added.

AfDB announces new youth training drive to promote agricultural industrialization

The African Development Bank (AfDB) has announced a new youth training drive in partnership with the Brazil-Africa Institute to train young farmers (aged 18-35 years) in commodity processing, financial literacy and management techniques.

The initiative aims at providing the much-needed stimulus to drive the expansion of agriculture-based economic development with an initial focus on developing cassava farm products in West Africa. The Bank is currently offering training opportunities for 30 youth to train in Brazil for three months, said AfDB's Director of Agriculture and Agro-Industry, Chiji Ojukwu, who spoke Tuesday, September 5 at the 7th African Green Revolution Forum (AGRF) in Abidjan. The youth training aims at growing the agricultural industry networks and is part of measures being implemented by the Bank to grow Africa's food industry and create agricultural-based entrepreneurs, he said. "I am quite optimistic these kinds of training opportunities provide avenues for the youth to participate in driving new farming techniques. We must also work together to accelerate the mindset change especially in parents who still do not view farming as a career for their children," Ojukwu said.

The Bank is spearheading efforts to revitalize the agriculture sector through investments in building commodities such as cassavas, milk, cotton and other key African produce through a sector-by-sector approach, to enable the youth to grow businesses with the aim of quickening Africa's industrialization. "I call on the stakeholders to accelerate the delivery of results for the African youth," Ojukwu said during a session on the "Next-Generation of Agriculture Fair," showcasing the various programmes the respective organizations such as the Bank and the UN agencies are collaborating in to improve livelihoods. Ojukwu said the Bank believes that access to financing is not the only major challenge facing the youth participating in agriculture. He said the Bank's response to the challenges facing the youth mainly target measures such as how to develop the new agri-business centres and building the skills to manage them. "We see the need for the building of the youth skills as critical to this success. You can do business in a value chain but if you lack the required skills such as financial literacy, business skills and access to finance, then the chances for success are limited," Ojukwu said. The Bank notes that the respective governments which have been beneficiaries of funding towards building the youth enterprise have been slow in dispatching these finances to the youths' benefit.

INVESTMENTS

Private sector makes first move to build electric vehicle infrastructure in SA

JSE-listed information and communication technology (ICT) group, Alviva Holdings, has, through its subsidiary Solareff, acquired 75% of GridCars, a Pretoria-based startup that focuses on the manufacture of electric vehicle (EV) charge points and back office charge point management systems.

Solareff is a specialist renewable energy solutions company that installs medium- to large-scale rooftop and ground-mounted solar photovoltaic (PV) projects. “We were looking to expand in the field of green energy and the next step for us was green mobility,” says Solareff MD Jaco Botha. EVs are zero-emission vehicles. If charged by solar power, they are completely environment-friendly, depending on the manufacturing process at the vehicle plant. GridCars director Winstone Jordaan will retain 25% shareholding in the company. He says GridCars can deliver products such as charge points and EV public charging billing systems, as well as the ICT systems related to charging infrastructure.

Real-time interactive eMobility software, for example, allows users to find available charge points and to manage the rates and billing for energy consumed. EV users can also monitor charging sessions, possible costs and charge history. “These all form part of the back-office services we provide,” notes Jordaan. “We understand the core technologies and platforms necessary to make an EV network operate efficiently. “Three industries are in the process of merging very quickly as the use of EVs expand – the ICT, transport and energy sectors.” Jordaan says GridCars, as a startup, was too small to convince vehicle manufacturers that it could provide the comprehensive services required to implement EV charging infrastructure in South Africa. The Solareff investment, however, serves as a significant boost to the GridCars balance sheet. “Our aim is to give GridCars the critical mass to scale up quickly,” notes Botha.

GridCars will, under the wing of Solareff, look at rolling out EV charging infrastructure across South Africa – at a pace relative to the introduction of EVs to the local market – with the option of solar power as the energy source whenever possible and desirable, he says. “We will look at developing our own charging network, while also developing charging networks for clients, such as property developers, fuel stations and home owners.” Jordaan says the investment will, for example, allow GridCars to carry greater stock, ensuring availability of charge points on a short turnaround time. “We will also be seeking incentives from government as we roll out the network.”

There are currently around 100 EV charging points in South Africa, largely at dealerships, the homes of EV owners and selected retail developments. (See evcharging.co.za) Almost all of these are managed by GridCars. There are two EVs available in South Africa, namely the Nissan Leaf and the BMW i3. Other vehicles also requiring charging includes the BMW i8 plug-in hybrid. Audi plans to introduce its first EV in South Africa in 2019, with Jaguar to also do so by the end of 2018, or the start of 2019. “There are currently around 2 500 plug-in vehicles in South Africa, of which 600 are EVs,” says Jordaan. GridCars can provide two types of charging technologies – AC and DC. DC charging systems are normally associated with fast-charging, and are traditionally also more expensive than AC charging systems. GridCars has locally developed AC charging systems available. The current DC system on offer is imported, but Jordaan is pursuing a partnership agreement that could secure 50% local content on the system. “We can fully support the infrastructure we put in place. There is no need to rely on overseas expertise,” says Jordaan. “Our system also adheres to all the necessary ISO-standards.” GridCars’ infrastructure can also accommodate both charging connectors, namely type 1 and type 2, as used by various vehicle manufacturers. (By Irma Venter, Engineering News)

Mozambican state owes US$464 million for goods and services

The Mozambican state owes around 29 billion meticais (US$464 million) to companies from which it purchased goods and services from 2009 to now, according to figures recently presented by the president of the Confederation of Economic Associations of Mozambique (CTA). Agostinho Vuma, quoted by daily newspaper Notícias, said that about 9 billion meticais (US$144 million) still require authorisation from the Administrative Court. During a session on the occasion of the 100 days since the inauguration of the current board of the CTA, Vuma announced that the government had pledged d to pay 17% of the outstanding amount this year, “following a proposal we presented.” Vuma also spoke about a number of proposals submitted to the government to improve the business climate in Mozambique, which resulted in the elimination of compulsory use of Nacala’s special export terminal services, the establishment of a new border visa and approval of the law on medicines, vaccines and other biological products for human consumption. “In order to ensure the involvement of the private sector in the production and supply of goods and services to major projects in Mozambique, we have begun the consultation process with our associates to create the national content law,” he said. The meeting was held under the motto of “Reforming in Times of Crisis” and brought together a considerable number of business people. (Macauhub)

Dangote Cement Approaches South Africa's PPC About Takeover

- Possible offer may start bidding war for South African company
- Communication still at ‘preliminary stage,’ Dangote says

Dangote Cement Plc has approached PPC Ltd. about a takeover deal, signaling the start of a possible bidding war for South Africa’s biggest cement maker after an earlier offer led by Canada’s Fairfax Financial Holdings Ltd. Dangote has told PPC’s board that it’s interested in buying “the entire share capital,” the Lagos-based company said late Wednesday in a statement to the Nigerian Stock Exchange. “This communication is still at the preliminary stage,” the cement maker said.
The approach by the company owned by Aliko Dangote, Africa’s richest person, follows a joint offer from Toronto-based Fairfax and PPC’s domestic rival AfriSam Group Pty Ltd. While PPC will consider all bids, the Public Investment Corp., its largest shareholder, supports a tie up with AfriSam and Fairfax, people familiar with the matter said earlier this week. LafargeHolcim Ltd., the world’s biggest cement maker, is also monitoring PPC’s situation, the people said. PPC shares rose 2.4 %to 6.10 rand as of 9:33 a.m. in Johannesburg, increasing gains in the past month to 62 %and valuing the company at 9.7 billion rand ($738 million). Dangote, listed in Lagos, has a market capitalization of about $10 billion. “Dangote has the capacity to pull the deal off,” Pabina Yinkere, an analyst at Vetiva Capital Management, said by phone from Lagos. “It is a very liquid company with a very strong cash flow. It is a good strategy that would help Dangote consolidate leadership in the South African market.” A takeover of PPC by Dangote would combine two of Africa’s largest cement makers with operations throughout the continent. It would also scupper the South African company’s plans to merge with AfriSam, a deal that the PIC wanted to get through to create a national champion. Africa’s biggest money manager owns about 11 %of PPC, according to data compiled by Bloomberg. It’s also the biggest shareholder in AfriSam with about 60 percent. (By Paul Wallace and Tope Alake, Bloomberg)

BANKING

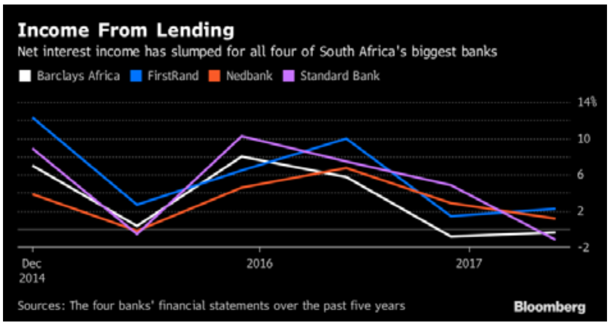
Banks

South African Banks Are Reining in Loans

- Interest income and loans slump as economy wilts under Zuma
- Earnings growth expected to slow further amid economic malaise

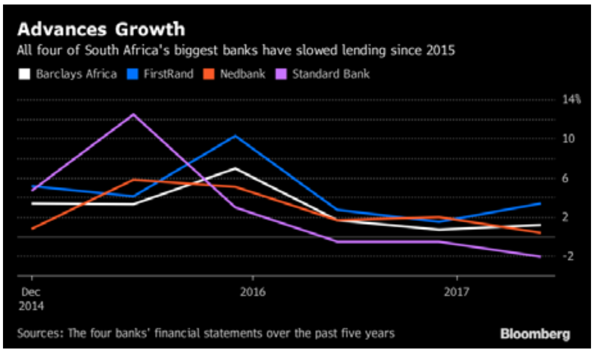
South Africa’s four biggest banks, pummeled by political wrangling and enmeshed in the country’s economic malaise, are increasingly shying away from their main role: lending. “Credit extension is going to be low for the next two to three years, unless we see some real recovery in economic growth,” FirstRand Ltd. Chief Executive Officer Johan Burger said by phone from Johannesburg. “South Africa’s growth prospects remain weak and uncertain.” Banks are reining in lending as President Jacob Zuma’s administration struggles to reignite growth in the continent’s most industrialized economy and cut unemployment, which has reached a 14-year high. Business confidence is at its lowest level since 1985 in the wake of efforts to diminish the central bank's independence, eight failed opposition attempts to unseat Zuma and confusion over new mining rules.

FirstRand, the continent's largest lender by market value, reported net interest income growth of 7 %for the 12 months through June compared with an increase of 18 %in fiscal 2016. Standard Bank Group Ltd., Barclays Africa Group Ltd. and Nedbank Group Ltd. all published first-half results in August that showed a similar pattern. While earnings are still increasing, helped by cost-containment and lower impairments, it's getting tougher to keep the momentum going.



Increases in revenue will be muted over the next 12 months as lending slows, said Adrian Cloete, banks analyst at PSG Wealth in Cape Town. While the lenders aren't expected to slump into losses, earnings growth will be "at a lower rate than the last few years," as improvements made in bad debts turn into a "headwind," meaning costs will have to be reduced, he said. FirstRand doesn't expect to see improvements in impairment levels and is focusing on expanding smaller parts of its business like insurance and investment management to diversify earnings, the CEO said. "When you don't have a lot of top line growth, cost management becomes critical." A 25 basis-point interest rate cut by South Africa's central bank in July won't be enough to kick start a big improvement in lending, Burger said. That month, policy makers reduced the benchmark rate for the first time in five years, projecting the economy will expand 0.5 %in 2017.

S&P Global Ratings and Fitch Ratings Ltd. cut the nation's foreign-currency credit rating to junk in April after the president fired his respected finance minister and replaced him with someone with no financial experience. A succession battle within the ruling party over who will succeed Zuma as president of the African National Congress in December has also spurred infighting and hindered the delivery of government services. It's only a matter of time before local-currency debt is slashed to junk, according to Adrian Saville, chief executive officer of Cannon Asset Managers in Johannesburg, which will further burden the banks as their cost of funding rises. To counter that FirstRand is going to "try and pierce the sovereign ceiling" by building access to offshore funding so it doesn't need to rely on the South African government's credit rating, Burger said. For confidence and growth to return, the country needs ethical leadership, policy certainty and careful fiscal management, while issues such as the skills shortage, improving education and making it easy to do business also need addressed, he said. (By Renee Bonorchis, Bloomberg)



Ghana cenbank triples minimum bank capital requirement to 400 mln cedis

Ghana's central bank has raised the minimum capital required for banks three-fold to 400 million cedis ($90.2 million) as part of measures to ensure financial stability, its spokesman said. "With immediate effect, the Bank of Ghana has set out a new minimum capital requirement of 400 mln cedis for banks as part of a holistic financial sector reform," Bernard Otabil said. The previous capital requirement for banks and new entrants was 120 million cedis. Otabil said the increases took effect from Sept. 11 and that the lenders have up to the end of 2018 to meet them. The central bank last month revoked the licenses of two banks and transferred their deposits and selected assets to state-owned GCB Bank in order to protect financial stability. The new government of Nana Akufo-Addo has vowed to restore financial stability and fiscal discipline to stabilise the major commodity exporter's economy. Ghana has been dogged by high public debt and budget deficits, forcing it to sign a credit programme with the IMF in 2015. "Going forward, banks will require a more sophisticated and robust capital framework ... consistent with the growing risks ... banks are currently facing," a statement by the regulator seen by Reuters said. (By Kwasi Kpodo, Reuters)

Africa's Biggest Bank Names Tshabalala as First Sole Black CEO

- Standard Bank is now only South African lender with black CEO
- Kruger will remain an executive director of the bank

Standard Bank Group Ltd. appointed Sim Tshabalala as sole chief executive officer, ending a dual role he shared with Ben Kruger, and making him the first black person to lead Africa's largest lender independently. Kruger, 58, will step down as joint-CEO immediately and continue as an executive director, reporting to Tshabalala, 49, Johannesburg-based Standard Bank said in a statement on Tuesday. The joint leadership structure was necessary as part of the company's management succession plan when it was introduced in March 2013, the lender said. Tshabalala becomes the only black person to lead one of South Africa's biggest banks since Sizwe Nxasana retired as the head of FirstRand Ltd., the second-largest by assets, in March 2015. President Jacob Zuma has criticized lenders, including Barclays Africa Group Ltd., for doing too little to boost black participation in their companies since apartheid ended in 1994. In the past decade, all but Nedbank Group Ltd.'s board regressed on racial diversity. "The joint CEO structure worked very well," said Adrian Cloete, banks analyst at PSG Wealth in Cape Town. "Most shareholders are usually comfortable with a single CEO, but I don't think that this should be cast in stone. As the senior executives at Standard Bank have been together a long time and have a great working relationship, I don't expect any major changes in strategy."

'Well Qualified'

Standard Bank rose 0.7 %to 164 rand as of 10:17 a.m. in Johannesburg. The share has gained 8.1 %this year, making it the best-performing lender after Capitec Bank Holdings Ltd. The stock has climbed almost 41% since Tshabalala and Kruger took over, lagging a 48 %increase in the six-member FTSE/JSE Africa Banks Index. Kruger was seen as the older, more experienced counterpart and the big issue in 2013 was restructuring and scaling back Standard Bank's international footprint, including its London offices and other developing countries, Patrice Rassou, head of equities for Sanlam Investment Management in Cape Town, said. Standard Bank sold off units in Argentina, Russia, Turkey and the U.K. to focus on its operations in Africa. With that done, "the new strategy is well set, focusing on Africa rather than emerging markets," he said. "Sim used to run the Africa division 10 years ago, so is well qualified for this." In his new role, Kruger will contribute toward the governance of the group and the African region, provide guidance over the "continued digitization of the group" and deepen Standard Bank's relationship with its strategic partner and 20 %shareholder, Industrial & Commercial Bank of China Ltd., the company said. (By Renee Bonorchis, Bloomberg)

Universal Seguros changes name to Fidelidade Angola

Universal Seguros, the third largest insurance company in Angola, has been renamed Fidelidade Angola, said the company's chief executive, Armando Mota, in Luanda. André Cardoso, a member of the board of directors responsible for International Business, said that the change of name "is another step in Fidelidade's strategy to grow abroad, with Angola as a strategic country and an insurance market with high growth potential." Universal Seguros, now Fidelidade Angola, was founded on 1 October, 2011 by Fidelidade. It has 15 branches and a network of 500 agents in Luanda, Benguela, Huambo and Lubango. The company's gross premiums in 2016 were over 11 billion kwanzas (US$66 million dollars) and by the end of August of this year gross premiums had already reached about 10 billion kwanzas (US$60 million), according to figures issued by the board. In business since 1908, Fidelidade – owned by Chinese group Fosun – is the leading insurer in the Portuguese market, with a market share of around 27.7%. (Macauhub)

Markets

Mozambican agency signs agreements to promote airports and stock exchange

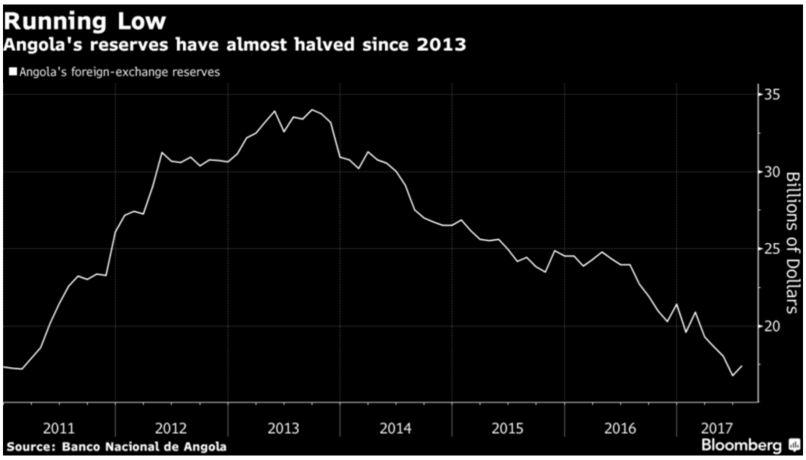
The Mozambican Investment and Export Promotion Agency (Apiex) will promote the projects of airport manager Aeroportos de Moçambique (ADM) and provide information to national and foreign investors on capital market products, under two memorandums of understanding signed in Maputo. The first memorandum was signed with ADM and the second one was signed on Wednesday with the Mozambique Stock Exchange (BVM), according to Mozambican daily newspaper Notícias. Lourenço Sambo said that the signing of these two memoranda is part of the objectives for the recent creation of Apiex, which resulted from the merger of three institutions, namely the Investment Promotion Centre (CPI), the Office of Economic Accelerated Development Zones (Gazeda) and the Institute for Export Promotion (Ipex). "We promote all sectors of the national economy and for the specific case of airports it is important to find strategic partners for the management of real estate as well as tourism areas," said the director general of Apiex.

Sambo added that there is land in the areas surrounding the airports that is available for investment and is expected to generate more revenue sources in order to balance the accounts of state-owned ADM. The memorandum signed with the Mozambique Stock Exchange intends to coordinate the institutions for continuous improvement of the business environment and for development of the capital market in general and of BVM in particular. The aim of the agreement is also to train the human resources of BVM and Apiex in investments and procedures for the export of goods and/or services by national companies, as well as in capital markets. (Macauhub)

Angolans Get Creative When the Dollars Dry Up

- Hard currency shortage prompts investment in art, real estate
- Kwanza devaluation new government's only option, Moody's says

Desperate for hard currency, Angolans are coming up with new ways to convert their kwanzas into dollars and euros. Filipe Afonso got tired of waiting in line at a bank to exchange his kwanzas for greenbacks. So he bought two second-hand BMW motorcycles, shipped them to Portugal and sold them for euros to pay for his family's expenses back home. "You do what you need to do to get hard currency," said Afonso, who runs a truck dealership on the outskirts of Luanda, the capital of the former Portuguese colony. Others travel hundreds of miles to sell diapers, flat-screen televisions or beer in the neighboring Democratic Republic of Congo, where foreign currency is more readily available. Real estate and art are used to hedge against what many expect to be a precipitous decline in the kwanza. Angola, Africa's second-largest oil producer and an OPEC member, was one of the world's fastest-growing economies for about a decade after a civil war ended in 2002. Flush with petrodollars, the government spent billions building roads, railways and other infrastructure, while skyscrapers went up across Luanda. But with the sharp drop in crude prices that began in 2014, economic growth slowed to zero last year, and foreign-exchange inflows dwindled.



Authorities are in a bind: a devaluation of the kwanza is needed to attract investment and spur exports, but that would also fuel inflation, which soared as high as 40 percent this year, in a country that imports almost all its consumer goods. Defending the currency's peg is depleting foreign-exchange reserves, which have plunged in the past four years. **"There continues to be rumors and gossip on the streets about a potential devaluation of the kwanza, but I don't think this will happen before the end of the**

year," said Tiago Dionisio, a Lisbon-based analyst for Eaglestone Advisory SA. "Devaluation would put further pressure on consumer prices. I think the local authorities will continue to defend the kwanza at the expense of international reserves." The kwanza trades at 395 per dollar on the black market, almost 60 percent weaker than its official rate of around 166, where it's been pegged since April 2016. Though the central bank has let it depreciate more than 40 percent since mid-2014, making it one of the worst-performing oil currencies in that period, analysts say it's still too strong. Renaissance Capital said in July its fair value was 314. "The currency remains highly overvalued," David Earnshaw, an analyst at Fitch Group's BMI Research, said in a Sept. 12 note. He expects the central bank to shift to a more flexible regime in 2018 and drop the kwanza more than 20 percent to 210 against the greenback.

Money Laundering

Concerns about money laundering in the banking sector prompted foreign banks to halt dollar supplies to Angolan lenders in 2016, worsening the shortage. The new government of Joao Lourenco, who takes over as president on Sept. 21 as the 38-year rule of Jose Eduardo dos Santos ends, will have no choice but to devalue as the liquidity squeeze persists, Moody's Investors Service said in a research note on Aug. 30. Thousands of Chinese and Portuguese workers have already packed up and left because of difficulties in obtaining hard currency, according to the Angola-China Industrial and Commerce Association and Portugal's Construction Sector Union. Those who have stayed behind are getting creative. Every Wednesday, Juliol Lusol, 33, catches one of dozens of buses in Luanda that are headed to Luvo, an open-air market 348 miles to the north on the border with the Congo.

Import Ban

"I'm not trying to make a profit," said Lusol, as he waited on the side of a dirt track in Luanda for a bus to load half a dozen boxes of diapers, television sets and beer. "I just want to get dollars." The flow of Angolan goods to Congo became so intense that last month the Congolese government imposed a six-month ban on imports ranging from cement to beer from its neighboring country.

Angola is not the only oil producer to try and defend its currency after the plunge in crude prices. Russia and Kazakhstan spent billions of dollars propping up their units before giving up and floating them. Nigeria, Africa's biggest crude exporter, has eased some capital controls this year, but maintains several restrictions and operates a system of multiple exchange rates to protect the naira.

Angola's foreign-exchange reserves have almost halved since 2013 to $17.5 billion, their lowest level in six-and-a-half years, a sign that access to dollars is likely to remain limited for the foreseeable future. The government has started talks with international banks about raising $2 billion through a Eurobond, which may enable it to maintain the kwanza's peg for longer.

Nuno Gaspar, head of the Luanda-based property developer Gestimovel, is selling residential and office buildings by punting real estate's safe-haven status. "Most of our buyers are Angolans or Angolan companies eager to escape the possibility of a kwanza depreciation," Gaspar, 46, said. "People with kwanzas are looking to invest in property, art, wine and even cars to avoid losing their money." (By Henrique Almeida and Paul Wallace, Bloomberg)

Fund

Capitalworks launches $300m sub-Saharan Africa investment company

Independent alternative asset manager Capitalworks Group has launched Africa Capitalworks, an investment company that will deploy permanent equity capital in midmarket companies in strategically selected sectors across sub-Saharan Africa, but excluding South Africa. Africa Capitalworks aims to raise $300-million and has already secured early support and substantial investment, including from UK development finance institution, the CDC, as well as from South Africa's Public Investment Corporation (PIC) on behalf of its client, the South African Government Employees Pension Fund. "Both CDC and PIC recognise the significant imbalance between the supply of and demand for long-term capital in the rapidly growing and developing sub-Saharan African economies and the midmarket companies within them and share Africa Capitalworks' thesis that longer-term capital is one of the best ways to address this imbalance," Capitalworks noted in a statement. Africa Capitalworks is led by joint managing partners Beth Mandel and Nana Sao.

The Africa Capitalworks team will have representation on the boards of directors and key committees of its portfolio companies and will maintain direct, frequent contact with management teams and play a key role in significant strategic, financial and commercial decisions. Further, the team will assist its investee companies to enhance business practices; access markets, finance and technology; improve efficiencies; and build business networks and global relationships. (Engineering News)

ENERGY

Districts of Mozambique linked to the national electricity grid by 2018

Mozambican state-owned power company Electricidade de Moçambique (EdM) will complete the electrification of the remaining four districts that are not connected to the national electricity grid by 2018, three in Zambezia province and the other in Tete, said EdM's deputy commercial director . Sara Mpoa also told Maputo newspaper Notícias that the electrification of those districts – Mulevala, Luabo and Derre, in the province of Zambézia and Doa in Tete – will cost US$18 million, an amount that will be guaranteed by the central government.

Electricidade de Moçambique is currently developing the project for Maputo's natural gas combined cycle thermoelectric plant, which is expected to produce 106 megawatts of power to meet the constant growth in demand for electricity in the city and province of Maputo.

The project, which will improve the quality and reliability of the electricity supply in the region, is funded by Japan's International Cooperation Agency (JICA) and by EdM itself, with US$167 million and US$13 million, respectively. In the central region of the country, the project for construction of a 220KV transmission line between Chibata and Dondo, an enterprise financed by the Mozambican government and the African Development Bank, is underway for a total of US$14.4 million and is due to be concluded in November of this year. Mpoa added that construction of the 11 kV Cuamba/Marrupa transmission line is about to begin, which will extend the national electricity grid to administrative posts in the provinces of Niassa and Cabo Delgado, a project estimated to cost US$54.5 million. (Macauhub)

AfDB approves US $55-million (including US$ 7 million from GEF) loan for three Solar PV Projects in Egypt

The Board of Directors of the African Development Bank (AfDB) Group has approved three senior loans for a total amount of US$ 55 million to finance three solar PV Projects under the second Round of the Feed-in-Tariff (FiT) Program in Egypt. Alcazar Energy Egypt Solar 1 (Alcazar I), Delta for Renewable Energy (Delta) and Shapoorji Pallonji Energy Egypt (SP), are the three Independent Power Producers benefiting from the loans for a tenor of eighteen years. Alcazar I and

Delta will be extended a loan of US$ 18 million each. The US$ 19 million loan to SPEE also includes a US$7-million concessional financing from the Global Environment Fund (GEF).
The GEF financing is mobilized within the framework of the "AfDB-PPP Public-Private Partnership Program," which was approved by the GEF for implementation by the AfDB to promote the scaling up of renewable energy technologies and contribute to the delivery of universal power supply in Africa. The Project is aligned with the GEF6 climate change mitigation focal area – promote innovation, technology transfer, and supportive policies and strategies. It is estimated that the GEF investment will enable the reduction of 61,000 tons of CO_2 per year.
Egypt has one of the best solar resources in the world, with daily sunshine averaging 9-11 hours, low humidity, and global horizontal irradiation of around 2230-2330 kilowatt-hour (“kWh”)/m2 per year. In order to meet the increasing energy demand, diversify the energy mix, and improve the environmental and climate footprint of the power sector, Egypt has developed an overarching regulatory framework for the development of renewable energy capacity with the aim of securing 20% of its energy generation from renewable sources by 2022. In September 2014, Egypt launched a FiT Program for a total of 4,300MW including 2,300MW of solar PV.
Under the aegis of the New Deal on Energy and in line with its key High 5s on Power & Light Up Africa, the AfDB Board approved the financing of three projects with a total installed capacity of 150MW being developed by two sponsors, Alcazar Energy Partners (2x50MW) and Shapoorji Pallonji (50MW). All three projects are located at the same site, on unoccupied desert land in Benban, 40 km north of Aswan. They will utilize a common grid connection funded jointly with other developers under a Cost Sharing Agreement with the Egyptian Electricity Transmission Company (EETC). With a financial close expected by 28 October 2017, the plants shall be operational by the end of 2018.
Commenting on the project, Vice President for Power, Energy, Climate Change and Green Growth Complex (PEVP) Amadou Hott said: “The three Projects will increase Egypt’s power generation capacity, diversify its energy mix, enable significant fuel savings and reduce carbon emissions to the tune of 4.8 million metric tons over the PPA’s 25-year term. Moreover, the generation capacity of the three new solar plants will be enough to serve about 100,000 households.”
By approving these 3 Projects on Monday, 4 September 2017, the AfDB supports the first large scale renewable energy program in the private sector sphere in Egypt. This is expected to have a strong positive demonstration effect, with the potential to build a domestic solar industry in the country. (AfDB)

Southern African Power Pool could learn from Nordic countries’ approach to energy market
Southern Africa can take heed of the success of the Nordic region’s achievement of energy security through successful cross-border trade and integration, its integrated markets and other critical elements of the Nord Power Pool.
This is the message that emerged from the first day of the three-day Nordic Energy Days conference, being held at the Innovation Hub, in Pretoria, from September 13 to 15.
Over a period spanning more than two decades, the Nordic countries – Denmark, Finland, Norway and Sweden – have developed viable and innovative energy systems with a focus on effective system integration, grid stability and sustainable energy solutions. “Huge” opportunities could materialise if Southern African countries strengthened their partnerships with the Nordic countries, with “tremendous know-how” and industrial capacity expected to emerge from the tie-up, Norway Deputy Minister of Petroleum and Energy Ingvil Smines Tybring-Gjedde said during the opening of the conference.
Further, Norway and its Nordic “friends” were taking a long-term view on the development of the Southern African Power Pool (SAPP), she said, indicating the European region’s keenness to partner with Africa to ensure its own energy security.
Through the Nordic countries' own cross-border market, the security of energy supply has been cemented in the region, leveraging a range of sources, including hydropower, nuclear, wind and

solar. The Nordic countries have been assisting South Africa and its neighbours to set up the SAPP on the back of what is deemed to be great potential for enhanced cross-border cooperation.
In the position to lead the way, South Africa can learn from the Nordic countries' models to secure sustainable and reliable energy for the region, particularly as the Nord Pool Market Model has been considered one of the most successful power markets in the world. "We have to learn, as the SAPP, from the Nordic pool on how it is done," said South Africa presidential special energy adviser Silas Zimu, adding that South Africa needed to drive Southern African energy sector development, particularly as the nation already had the necessary resources and capacity. "Let us learn from what the Nordic countries have done," he said, adding that it was time to stop "going into boardrooms" to just talk.
The Nordic system, which is highly interconnected regionally, promotes innovation, efficiencies, technological developments, research and development, along with stability and security of supply, Sweden Special envoy for Africa Promotion Ambassador Bengt Carlsson said. Further unpacking the Nordic electricity market, Norwegian Energy and Water Resources director Ove Flataker said the low-cost system, which incorporates a significant mix of energy sources across several countries, produced more than 400 TWh/y. The cornerstone of the Nordic model was efficient and liquid power exchange, an independent transmission system operator, open access to the network and unbundled utilities in the transmission grid, splitting the monopoly base, he explained.
Other characteristics include efficient and transparent regulation for consumer protection, a level playing field and the elimination of market manipulation and abuse, along with extensive public ownership, with clear-cut roles and responsibilities and transparent processes. "It is important to build trust over time and learn what works and what doesn't," Flataker noted, highlighting the drivers behind the successful Nordic cooperation, which included the complementary mix of natural resources and production technologies, developed through trust among stakeholders and rooted in the Nordic Energy Ministers' determination to expand and integrate the regional electricity market cooperation. At the base of this were transparent processes, balanced solutions and a step-by-step approach. Further, the cross-border trade remained a critical component of the model, eliminating vulnerabilities and reducing risks.
However, Nord Pool Consulting CEO Hans Bredesen warned that, if anything was to be learnt from the Nordic power market experience, it was that "these things take time" and there was a need to allow the process to evolve, pointing out that the Nordic power markets have been integrating for more than two decades. The Nord Pool traded volumes of about 500 TWh in 2016, with 380 companies from 20 countries trading on the markets in the Nordic and Baltic regions and in the UK market, he said.
Last year, the system recorded a new Nordic and Baltic day-ahead market trading record at 391 TWh, while the Nordic, Baltic and German intraday market recorded trade of 5.1 TWh and day-ahead trading in the Nord Pool UK power market reached 109 TWh. The summary notes from the conference reveal that South Africa mirrored the sustainable Nordic renewable-energy experience. The African country has attracted nearly R200-billion in investments in renewable-energy projects, with the number of new construction and operational jobs under the Renewable Energy Independent Power Producer Procurement Programme upwards of 110 000. (By Natasha Odendaal, Engineering News)

INFRASTRUCTURE

Construction of the north-south railway line in Mozambique has two interested companies

The Mozambican government has already identified two companies interested in building the railway line that will connect the north to the south of the country, over a distance of 3,800 kilometres, said Transport and Communications Minister Carlos Mesquita. The minister, quoted by daily Mozambican newspaper O País, did not disclose the companies' names, but gave assurances that the economic viability study for the railway will be presented later this year. At the same time as the presentation of the economic feasibility studies carried out by each of the applicant companies to carry out the works the details of the start date of construction and costs will also be announced. The newspaper said previously announced figures on the amount to be paid for construction of the railway line between the north and the south of Mozambique and to connect with the existing lines between the interior and the coastline are around US$20 billion. The project also provides for links to existing ports and those in preparation for construction in the coming years. Mesquita was speaking on Tuesday at the Fifth Engineering Congress of Mozambique, held in Maputo from 4 to 6 September, which coincided with the 8th Luso-Mozambican Engineering Congress. (Macauhub)

Tete province, Mozambique, will have four railways

Tete province, central Mozambique, will eventually be linked to the rest of the country by four railway lines, with the construction of the Macuse and Chiúta lines to carry coal and iron ore, as well as other goods, said the provincial director of Transport and Communications. Tete currently has two lines, the Sena line to the port of Beira and the recently completed Nacala line, both starting in Moatize, where there is a coal basin whose mines are operated by Vale Moçambique, of Brazilian group Vale, International Coal Ventures Private Limited (ICVL) of India and Minas Moatize. JSPL Mozambique Minerais, of Indian group Jindal Steel and Power Ltd (JSPL), extracts coal in the Marara deposit, another district with this type of ore. Provincial director Romeu Sandoca told Mozambican national news agency AIM that in addition to the two new Moatize-Macuse railways in Zambézia (central Mozambique) and Chiúta-Nacala Port in Nampula (north), the province will also have a dry dock built in Cateme (Moatize). Sandoca added that the Macuse line will include a branch from Moatize to Chitima, the district headquarters of Cahora Bassa, where there are two mining companies, namely JSPL Mozambique Minerals and ENRC Mozambique, a subsidiary of the Eurasian Natural Resources Corporation of Kazakhstan, although the latter has yet to begin mining. The Director of Transport and Communications said the convergence of four rail lines will significantly boost the growth of Tete province.

The Sena line, with an output capacity of 12 million tonnes per year is 547 kilometres long, starting in Moatize and running to the port of Beira and the Nacala line, which is 902 kilometres long, also starting in Moatize and going to the port of Nacala, with a capacity of 20 million tonnes per year. The Chiúta line will stretch over 1,070 kilometres to Nacala and will mainly serve to transport the iron ore that will be mined in the Chiúta and Moatize basin. The 520-kilometer **Macuse line connects Moatize to Macuse in Zambézia province**, with an extension to Chitima, another 125 kilometres, also to transport coal and iron ore. The dry dock, to be built in Cateme, Moatize district, will occupy an area of 100 hectares, and will be located next to National Highway 7. It may be delivered under concession to any interested party, including both domestic and foreign companies, in order to process all kinds of cargo other than coal. (Macauhub)

MINING

Mustang Resources extracts more rubies than expected in Mozambique

Mustang Resources has extracted more rubies than expected from the Montepuez mine in the northern Mozambican province of Cabo Delgado, the Australian mining company said in a statement. The statement said that 277,800 carats of rubies have already been extracted and that the goal of 300,000 carats will be easily exceeded at the first auction of stones extracted in Mozambique, to take place over a four-day from 27 October in Mauritius. Christian Jordaan, CEO of the company, said in a statement, “We have exceeded our most optimistic forecasts and the information we are receiving points to a very strong demand for rubies on a global scale.” Mustang Resources has four mining licenses covering an area of 19,300 hectares, which are adjacent to the world’s largest ruby deposit operated by Montepuez Ruby Mining, a 75% controlled partnership of Gemfields and the remaining 25% by Mozambican company Mwiriti, Lda. (mMcauhub)

Premier African Minerals to exit timber concession in Mozambique
The Premier African Minerals group plans to dispose of a timber concession held in Mozambique by TCT-Indústrias Florestais in order to concentrate on exploiting tungsten and lithium in Zimbabwe and potassium in Ethiopia, the company indicated in a statement released on Thursday in London. TCT-Indústrias Florestais is a company controlled by the Premier African Minerals group, which in November 2016 acquired a controlling stake of 52 % from Transport Commodity Trading Mozambique Ltd (TCTM) and GAPI Sociedade de Investimentos, against payment of US$2.1 million, subject to conditions. The company has a licence to exploit limestone deposits in a 27 square km area and a forest concession of 24,812 hectares located in central Mozambique, with associated sawmill and factory to produce furniture and semi-finished products for export. The statement specifies that although the group is still interested in the limestone deposits, the forest assets do not fit in the group's current strategy, which is confirmed by the recent suspension of authorisations to fell trees and respective export licences.
The group highlights that the controlling stake was dependent on the allocation of tree-felling quotas by the Mozambican government, whereby the current interim period "provides an opportunity to renew the rights and obligations under the acquisition agreements, simultaneously maintaining a 50 % stake in the limestone assets." The group's management "is studying possible partnerships and/or the sale of its stake in the forestry business while maintaining interest in the limestone deposits." The Premier African Minerals Group controls a portfolio of strategic metal assets and agro-mineral projects in southern and western Africa. (Macauhub)

China to loan Guinea $20 bln in exchange for minerals
China agreed to loan Guinea $20 billion over almost 20 years in exchange for mineral concessions focused mainly on bauxite, an ore of aluminium which the West African country has in abundance, the mines minister said. The projects guaranteed by the loan included China Power Investment Corp's planned alumina refinery and Aluminium Corp of China's (Chalco) bauxite project, both in Boffa, northwest Guinea, Mines Minister Abdoulaye Magassouba told Reuters. (By Saliou Samb, Reuters)

Lucapa sells more diamonds, eyes second mine
ASX-listed diamond miner Lucapa has reported gross proceeds of $7.4-million from its seventh sale of alluvial diamonds from the Lulo diamond project, in Angola. The company said that it had sold 3 214 ct in the last tender at an average of $2 298/ct. The latest sale brings gross proceeds for 2017 to $24.3-million, with sales prices averaging $1 640/ct. Meanwhile, Lucapa MD and CEO Stephen Wetherall told delegates at the Africa Downunder conference, in Perth, that the company was targeting production at its recently acquired Mothae mine, in Lesotho, by the second quarter of 2018. Wetherall noted that an optimised development plan was currently being developed for the Mothae project, which would be submitted to the board. Lucapa previously tipped a phased development approach for the Mothae kimberlite project to generate early cash flow. Under Phase 1, Lucapa will process some two-million tonnes of mainly weathered, near-surface kimberlite material at a rate of 720 000 t/y, over the first three years of operation. The Phase 2 development plan will only be implemented once Phase 1 has been fully commissioned. (By Esanrie Swanepoel, Mining Weekly)

Syrah finds buyer for Balama graphite
Graphite developer Syrah Resources has signed an offtake agreement for 30 000 t of graphite from its Balama operation, in Mozambique. The sales agreement with Jixi BTR Graphite Industrial would see the graphite being supplied during the first year of the Balama operation, the company reported. "This contract is a significant and material step forward for Syrah. The relationship with BTR will see Syrah's high-quality graphite placed into the lithium-ion battery market," said MD and CEO Shaun Verner. "In confirming this binding sales agreement with the world's largest

battery anode manufacturer, Syrah will enter the leading geographic market for natural graphite with confidence and capitalise on the significant forecast growth in electric vehicle and energy storage markets." The Balama operation is expected to produce an average of 365 000 t/y of graphite concentrate during its first ten years of production, to deliver free cash flow of $160-million a year. The project is expected to be commissioned in the second quarter of this year. (By Esanrie Swanepoel, Mining Weekly)

Mining exploration expected to drive Mozambique's economic recovery

Mozambique's economic growth is expected to recover slightly at a rate of 4.2% this year, supported almost exclusively by the mining sector, after reaching the lowest value in the last 15 years in 2016, according to the Economist Intelligence Unit (EIU) in its latest country report. EIU analysts also wrote that the coal industry will expand rapidly due to rising international prices compared to 2015/16, robust demand from India, the largest export market for Mozambique, as well as the efforts made by mining companies to reduce production costs. The growing production of graphite in the province of Cabo Delgado, as well as precious stones, notably rubies also extracted in that province of northern Mozambique, will also support economic growth.

However, fiscal pressure, lack of liquidity in the system and high inflation will curb domestic demand and political uncertainty will keep investment low. After 2017, Mozambique's economy is expected to accelerate to average growth of 5.3% in 2018-2021, with a minimum of 4.8% in 2018 and a maximum of 5.5% in the last year of the interval. The EIU document noted that fiscal consolidation will limit the expansion of services and the civil construction sector traditionally dependent on government contracts, but adds that some investment may be expected to occur by 2018 as business owners regain confidence. The expansion of cash crops will allow the expansion of the agricultural sector, but growth will be hampered by poor logistical conditions. The EIU added that the exploration of natural gas reserves discovered in the Rovuma basin will be one of the driving forces behind the development of the country's economy. "Although the production of liquefied natural gas does not start within the forecast period (up to 2021), given the complexity of the projects, the preparation tasks will support economic growth from 2018," says the EIU in its latest report about Mozambique. (Macauhub)

Shenzhen Group to buy graphite mined in Mozambique

The Syrah Resources group will sell graphite mined at the Balama concession in northern Mozambique to Jixi BTR Graphite Industrial, a subsidiary of Shenzhen-based Chinese group BTR New Energy Materials, the Australian company said in a recent statement to the market. The contract stipulates that Syrah Resources will supply 30,000 tonnes of graphite in the first year of production, the statement said, the remaining clauses of the document signed between the two companies will remain confidential. The statement said, however, that the two companies will continue to cooperate under a previously announced Memorandum of Understanding, namely on supply chain management.

The BTR New Energy Materials group manufactures and markets graphite anodes for lithium-ion batteries, among many other electronic, solar energy and composite materials products. The Balama concession, in Cabo Delgado province, is about 200 kilometres west of the port city of Pemba, with proven and probable reserves of 81.4 million tonnes, with a graphite content of 13.2 million tonnes.

At the end of August, the Mozambican government approved the terms of the mining contract for the exploration of graphite deposits by Twigg Exploration & Mining Limited, a subsidiary of Australian group Syrah Resources. The contract with Twigg Exploration & Mining Limited has a term of 25 years and requires a minimum investment of US$87.99 million. (Macauhub)

Cooperative hires Canadian company to explore diamonds in Angola

Canadian company Tango Mining Limited will prospect and market the diamonds extracted from the concession granted to the Angolan cooperative for the semi-industrial exploration of diamonds

Txapemba Canguba, the company said in a statement. Under a three-year contract, the Canadian company will be responsible for capital expenditures related to preparing the mine and the acquisition of equipment. It will be the sole operator of the concession, receiving in 60% of the value of the sale of the extracted stone in return. The Txapemba Canguba concession, located in the municipality of Cambulo, Northern Lunda province, covers an area of 84 square kilometres. It was awarded by the Angolan government last August, under orders from Minister of Geology and Mines, Francisco Queiroz. Tango Mining Limited is involved in mining activities in South Africa where, through subsidiaries, it explores thermal and metallurgical coal deposits with an annual production of 6.5 million tonnes, holding a stake in the Oena diamond mine, an alluvial deposit in Cape Province. (Macauhub)

OIL & GAS

Angola LNG signs contract for supply of natural gas with Vitol

Angola LNG will supply liquefied natural gas (LNG) to Vitol under a multi-year agreement announced on Monday that stipulates that the Angolan company will place the product in destinations around the world. "This sales agreement is an important step for Angola LNG and demonstrates our ability to respond to the needs of customers and the market," said the sales director of the Angolan consortium, Artur Pereira. Angola LNG is an integrated project for use of natural gas, with a processing unit, a maritime terminal and loading facilities, as well as the possibility of developing non-associated gas.

The consortium collects, processes and sells approximately 5.2 million tonnes of LNG (including natural gas supplies to the domestic market) and liquids (propane, butane and condensates) annually from its plant in the city of Soyo, in the Angolan province of Zaire.

The shareholders of Angola LNG Limited are Angolan national oil and gas company Sonangol, with 22.8% and US group Chevron (36.4%), BP (13.6%), Italy's ENI (13.6%) and France's Total (13.6%).

Vitol is a trading company for energy products and raw materials, which was founded in Rotterdam, the Netherlands, in 1966 and which trades more than 7 million barrels of oil and derivatives per day, transported by 250 ships. (Macauhub)

Mozambican government approves deal between ENI and ExxonMobil

he Mozambican government has approved changes to the concession contract for natural gas exploration in area 4 of the Rovuma basin to allow the conclusion of a deal between Italy's ENI and US group ExxonMobil, the Minister of Mineral Resources said. 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, according to the announcement made last March.

Following the approval of the deal, ENI East Africa is now owned by ENI and ExxonMobil, both with 35.7% each and the China National Petroleum Corporation (CNPC), with 28.6%. Minister Leticia Klemens said at the end of the meeting of the Council of Ministers that the Mozambican state expects to raise US$354.4 million by the end of the year as a result of the application of capital gains tax charged to ENI on this deal.

Deep-sea natural gas exploration in Area 4 of the Rovuma basin is in the hands of a consortium made up of ENI East Africa with 70%, by Portuguese group Galp Energia and South Korea's Kogas and by Empresa Nacional de Hidrocarbonetos (ENH) of Mozambique, with 10% each. (Macauhub)

Gas: Beira LNG ocean terminal to start operating in January

The Beira ocean terminal project for the storage, filling and distribution of liquefied natural gas, financed by the Exim Bank of India and valued at 38US$ million, will start operating in January

next year. This information was announced by Petromoc representative Luís Mavie, in the sidelines of a working visit by Minister of Mineral Resources and Energy Letícia Klemens.
Mavie explained that the terminal comprises three tanks, with a total storage capacity of three thousand metric tons of gas. In terms of production, it is expected to fill six hundred cylinders per hour. In the case of trucks, it will have the capacity to fill six vehicles of twenty-five tons per day. Mavie said work was already in its final phase, and about 70 to 80 % complete. “Our enclosure covers 60,000 square meters, counting the filling station for trucks and bottles, offices and other infrastructures. We forecast finishing the work in November or December of this year. The gas industry is complex though, so we will only start production in January,” he promised.
Mavie confessed that construction, which started on 15 July, 2015, was originally scheduled for completion in August last year, but bad weather had caused delays. Hassane Valgy, human resources manager at the terminal, explained that, onxe in operation, the project would satisfy demand for domestic gas in the country and beyond. “This project will also greatly facilitate what the distribution of the product, first in Mozambique, then further afield,” he said. “We want to be leaders in the regional market” – Minister of Mineral Resources and Energy, Letícia Klemens Speaking to reporters after visiting the works, the Minister of Mineral Resources and Energy, Letícia Klemens, said that Beira ocean terminal would make Mozambique a leader in the regional market. “It will have a huge impact. We want to be leaders in the regional market. The terminal will have a great impact for internal and regional needs, and generate tax revenue,” she said. After the one established in Matola, Beira will be only the second terminal for the storage, filling and distribution of liquefied gas in Mozambique. (Club of Mozambique)

Statoil acquires an interest in two South African exploration licences

Norwegian multinational oil and gas company Statoil has acquired an interest in two South African oil and gas exploration licences. It has bought a 35% interest in exploration right 12/3/252 Transkei-Algoa from ExxonMobil Exploration and Production South Africa. The licence covers about 45 000 m2 in water depths of up to 3 000 m. ExxonMobil retains a 40% interest in the licence, while Impact Africa holds the remaining 25% interest. Further, Statoil has also bought a 90% interest in exploration right 12/3/257 East Algoa from OK Energy, which retains a 10% interest. The licence covers about 9 300 m2. “These transactions strengthen Statoil’s position in South Africa and our long-term exploration portfolio. This is in line with our global exploration strategy of early access in basins with high potential,” Statoil southern hemisphere senior VP Nick Maden said in a statement. (By Anine Kilian, Engineering News)

Woodside steadily building its offshore position in Africa

Australian oil and gas major Woodside will continue to grow its portfolio of offshore petroleum assets across the African region, executive VP for global exploration, Phil Loader, said.
Speaking on the sidelines of the Africa Down under conference, in Perth, Loader said that the company was steadily building its position in Africa, targeting areas that offered attractive commercial opportunities. “We are not mortgaging the company to go exploring, we are taking a prudent approach to risk and uncertainty, and we have a world-class exploration team and are making the right decisions,” Loader said. He noted that unlike other players in the sector, Woodside was differentiating between risk and uncertainty, with the company taking two to three years to do the initial groundwork on a possible asset before investing funding. “We’ve looked across the entire globe at all the petroleum provinces around the world, and there are a lot of basins around the world that we don’t want to be in, for either commercial or above ground issues, and we ruled them out. “We then identified some geological provinces that we did want to be in that was based on commercial attractiveness, places where we could harness our capabilities but also where if you find something, it can be big and impactful,” Loader said.

Another characteristic differentiating Woodside from the rest of the flock was the company's capability to monetise gas finds. "So if you are hunting for oil, but find gas, we can still deliver a value proposition to the host government, and a lot of other companies can't do that."
However, Loader warned that offshore exploration in the African region was not a risk-free environment, adding that the natural environment often offered more competition than other oil explorers. "Our competitor isn't Exxon or Shell, its mother nature, and she can be pretty rough sometimes," he said. Woodside currently holds some 5 300 km2 of acreage offshore Gabon, owning a 40% interest in two exploration blocks. The company also holds a 35% interest in the SNE oil block offshore Senegal, one of the largest global deep-water oil discoveries since 2014, as well as some 47 519 km2 in acreage offshore Morocco. (By Esmarie Swanepoel, Engineering News)

Oxfam Urges Fair Compensation for Ugandan Oil-Pipeline Land

- African nation to build conduit to Indian Ocean for first oil
- Charity says citizens should get fair share of resource wealth

Uganda should fairly compensate landowners affected by a pipeline that will transport oil to an Indian Ocean port after accusations that some people reimbursed for earlier public projects were left worse-off, Oxfam International said.
The London-based charity said it's concerned that "community participation, livelihoods and land rights could be overlooked in a quest to meet the schedule for land acquisition" for the 1,445-kilometer (898-mile) conduit that will link Uganda's western oilfields with Tanga in Tanzania. Total SA, China's Cnooc Ltd. and London-based Tullow Oil Plc are developing Uganda's estimated 6.5 billion barrels of oil resources, with the planned pipeline crossing eight districts and 296 kilometers in the country. "Oxfam is interested in seeing that extractives projects benefit host communities and that governments and citizens in resource-rich countries get a fair share of their natural resource wealth," Gerald Byarugaba, extractive industries coordinator at the charity's Ugandan office, said in an emailed response to questions. "Available information points to some irregularities that left some project-affected persons worse-off," he said, referring to earlier government projects, without identifying them. Oxfam said there isn't yet an estimate for how many people will be affected, although the government plans to secure the land by June 2018. Lands Minister Amongi Betty Ongom didn't answer calls to her mobile phone, while Energy Minister Irene Muloni's phone was switched off when Bloomberg sought comment.

2020 Completion

The pipeline, estimated to cost $3.55 billion, is set for completion by the time oil production begins in Uganda's western Lake Albertine basin in 2020 and will eventually transport 216,000 barrels per day. Developing the oil industry is part of the East African nation's plan to achieve middle-income status, the World Bank's definition for a country with a gross national income per capita between $1,045 and $12,736. Gulf Interstate Engineering Co. is carrying out a feasibility study on the pipeline, which will be funded through equity and loans by partners in the project including oil companies. Ahlem Friga-Noy, a Uganda-based spokeswoman for the project's lead sponsor, Total, didn't respond to an email and phone call seeking comment.
The Africa Institute for Energy Governance, a non-governmental organization in the capital, Kampala, said on its website it sued the Ugandan government in 2014 because of allegedly inadequate compensation given to those moved from land on which an oil refinery was planned. It didn't provide details on the outcome. (By Fred Ojambo, Bloomberg)

AGRIBUSINESS

The future of Africa depends on agriculture

Agriculture is instrumental in Africa's poverty: it must also be instrumental in its wealth. Only through agricultural regeneration can growth, diversification and job creation occur for African economies, for no region of the world has ever industrialised without the agricultural sector being first transformed.

In short, the future of Africa depends on agriculture. But Africa cannot develop quickly if farming remains largely a subsistence activity. 60% of the population are involved in farming, yet it accounts for less than one seventh of its GDP, and African agricultural yield is the lowest in the world. So Africa is late in developing but even this very fact offers a large scale opportunity for international investors and big-ticket entrepreneurs.

Economic diversification and lasting wealth creation begins with a vibrant agriculture sector. Between $30 and $40 billion a year over the next ten years is needed to transform African agriculture and create the vibrancy. It's a lot of money, but it is available, even within Africa, if the projects are good enough.

And they ought to be good enough, since such investments will create new markets worth at least $85 billion per year in added revenue by 2025. That's a potential return of at least 100%. But which producers will own, influence and leverage these markets? Most, surely, should be made in Africa? We must own our development. The commitments of last year's AGRF gave us a flying start with $30 billion over 10 years.

And with such transformation would come the reduction of Africa's net trade deficit in food, potentially bringing net savings of up to $100 billion per year. We must bring an end to the costly and damaging anomaly of the net deficit in food. No more should Africa produce what it does not or cannot consume, and no more should it consume what it does not (but could easily) produce.

Other related measures would deliver similarly impressive albeit incalculable financial impacts: fiscal inclusion, tax reform, domestic revenue mobilization, higher remittances, reduced corruption and better governance. There are also still huge and unexploited growth opportunities in Africa. The continent is endowed with 65% of the world's uncultivated arable land and huge reserves of water. Sub Saharan Africa also has 10% of the world's oil reserves, 40% of its gold, and up to 90% of its chromium and platinum. And those are just the known reserves – the whole continent is one of the world's largest unexplored resource basins. Africa may suffer from poverty but it is an unimaginably rich continent, even after fifty years and more of commodity exploitation.

But how to bring about this transformation? How to close this potential deal of the century? Public and private sector should be acting together. They are needed to provide significant opportunities for Africa's emerging innovators and entrepreneurs, not to mention its financiers, fund managers and financial advisers.

Over the past few years, the Bank has been able to bring about a comprehensive re-evaluation of the potentially enormous role of agriculture in the transformation of Africa, and the AGRF has been a critical factor in the shared objective with the Bank of bringing about the green revolution in Africa.

The technologies to feed Africa exist already. This is the period of climate change. High yielding drought-tolerant maize can allow farmers to grow a good crop even during droughts. Some cassava varieties can yield 80 tonnes per hectare. High yielding rice varieties that meet or beat international standards of imported rice now exist. Orange-fleshed sweet potatoes allow us to address the problem of vitamin A deficiency. Tropical and drought-tolerant wheat varieties are being grown in Nigeria, Kenya and Sudan.

These technologies need to be scaled up for widespread adoption. This will not happen by itself. It will require specific incentives. In particular, the African Development Bank and the World Bank plan to jointly provide $800 million through "Technologies for African Agricultural Transformation", a flagship programme for the scaling up of agricultural technologies to reach millions of farmers in Africa over the next ten years

For agricultural transformation more generally, the African Development Bank has committed $24 billion to agriculture over the next 10 years, with a sharp focus on food self-sufficiency and agro-industrialization. It's also why we launched the Affirmative Finance Action for Women in Africa (AFAWA), to make an extra $3 billion available for women entrepreneurs, in order to improve food production levels on the basis that women are demonstrably more dependable and bankable than

men. Getting our youth involved in agriculture as a business is crucial. That is why the Bank launched the ENABLE Youth program. This program will provide access to capital and capacity to "Agripreneurs" to create about 300,000 agribusinesses and 1.5 million jobs in 30 countries across Africa, with an estimated investment of $15 billion over the next five years.
With so many entrepreneurs now on the case of farming, an issue to resolve quickly is the current low level of commercial financing for agriculture. Finance and farming have not been easy partners in Africa, and the farming sector receives less than 3% of the overall financing provided by the banking sector.
The African Development Bank is promoting national risk sharing facilities in every country to leverage agricultural finance, similar to the Nigeria Incentive-Based Risk Sharing for Agricultural Lending (NIRSAL), a facility designed to reduce the risks of lending to Nigerian agriculture value chains. The impact in Nigeria was massive. Over four years, 15 million farmers were reached, 2.5 million of them women. Food production expanded by over 21 million tonnes. Today, several African countries are adopting the approach, as well as others such as Afghanistan. I predict that the next few years will see agriculture emerge fully from poverty and subsistence to become the next big booming business sector of Africa, with entrepreneurs, financiers, inventors and innovators all gathering round a honey pot of bankable projects, programmes and opportunities. After all, who eats copper? And who drinks oil? Africans need to become producers and creators, and not just consumers, in the fast-moving enterprising business of food. The African Development Bank will play its active role as a catalyst of this activity, and I am confident that we will soon see Africa's first tranche of billionaires coming from the farming and food sectors. (AfDB)

AfDB advocates strategies to deepen industrialization of cassava

The African Development Bank (AfDB) is intensifying its financing for the production of crops with the highest potential for industrializing the African agriculture. Top on the list is cassava, which could be used to produce ethanol for industrial use and other frequently utilized home products, according to a Senior Advisor at the Bank. Martin Fregene, an Advisor to the Bank's Vice-President of Agriculture, Human and Social Development in Abidjan, Cote d'Ivoire, said the Bank's Feed Africa Strategy, which advocates for large-scale investment in the cassava crop and its rapid industrial processing, provides the best avenue for more farmers of the crop to benefit. Fregene made the comments at the 7th African Green Revolution Forum (AGRF) in Abidjan during a session on the "Rise of the African Food Economy: Cassava Value Chains", which took place on Thursday, September 7. "Africa accounts for 50 % of the cassava produced in the world and accounts for just 5 % of all processed starch in the world. How is this possible and why shouldn't we achieve our goals of industrializing our crops," Fregene queried.
Researchers, financiers, owners of cassava-processing factories and contract farming organizations attended the session to discuss ways of reversing the cassava industrialization paradox. Fregene said through the Feed Africa Strategy, which focuses on building the cassava value chain, the African Development Bank has partnered with research and development organizations to create cassava varieties with higher ethanol content and longer shelf lives to reduce post-harvest losses during factory transportation.
Naoko Koyama, a Financial Strategy and Business Development Expert, said the cassava crop could enable African countries such as Nigeria to substitute imports worth US $680 million – an amount that is currently spent on the purchase of industrial ethanol and products used in the manufacture of spirits, beer and industrial sweeteners. "Developing the cassava value chain is one of the best opportunities that Africa could capture by industrializing," Koyama told the meeting. The session highlighted how cassava offers the best opportunities for the industrialization of Africa's agriculture due to the demand for industrial products developed from the crop. It also noted that the demand for the crop exceeds 7.6 million tonnes; but with a current capacity for 2.5 million tonnes available. "The right interventions in this sector could spur huge Gross Domestic Product growth from local suppliers," Koyama said.

Current efforts to grow the cassava value chain target 200,000 smallholder farmers in three countries with the mission of cutting US $275 million worth of ethanol imports.
According to Raja Rajasekar, Director at Allied Atlantic – a Nigeria-based alcohol distiller which produces 9 million litres of ethanol every year and boasts a daily production of 30,000 litres – the lack of proper road infrastructure in West Africa makes it much harder for cassava farmers to deliver raw materials to factories. Rajasekar said his factory runs just 60-80 % of its capacity because it is not in a position to meet its 250,000 tonnes of cassava deliveries daily, although production capacity has been rising from 25 percent. Oluyemisi Iranloye, the Managing Director at Psaltry International Company, Nigeria, said, “We could be more competitive if our cassava varieties could contain at least 30 % of starch, but we currently have only 15-17 % of starch, which makes this venture a less profitable undertaking for us. The farmers want to sell at higher prices, while we incur higher cost of processing of ethanol content.” Financiers of African agriculture promise input financing and have agreed to partner with development financiers, including the AfDB, to finance new entities willing to partner with the farmers in producing cassava crops for industrial production of the commodity.
Research institutions such as the Rockefeller Foundation have also pledged to intensify research in the cassava varieties to create better, faster yielding varieties with better ethanol and starch content. To succeed entirely in building the new cassava value chain, participants at the AGRF recommended that investments worth US $600 million are required to be undertaken by State Governments in places such as Nigeria, to provide the requisite environment for the entire cassava value chain to thrive.

Sovereign Fund invests USD 20 million in Pedras Negras farm

Twenty million US dollars is the amount to be invested gradually by the Angolan Sovereign Fund at the Pedras Negras farm, located in Cacuso municipality, Malanje province, for agricultural production and promotion of self-sufficiency of families in the field of the economic diversification process. The information was provided by the head of public relations at Quantum Global Group, the company that manages the Treasury, Reginalda Pedro, on the sideline of a visit he paid there to verify the actions that have been carried out on the farm by the Angolan Sovereign Fund. He said that the investment started in 2016, and has so far been used 4.2 million dollars in the purchase of agricultural equipment and inputs, which will contribute to the production and processing of cereals, such as sorghum, soy, cornflour and feeds.
On the other hand, Reginalda Pedro stated that three thousand and 500 hectares are currently being prepared for maize sowing, 900 hectares for sorgum and 500 for soybeans, with a harvest of 14.000 tons of maize, 1.250 of soybean and 2.800 tons of sorghum.
With this, he added, the farm intends to serve the local market and then export, through a distribution chain, to be created as soon as it achieves the goal set for national foof self-sufficiency.
Meanwhile, the official said that the Angolan Sovereign Fund has 250 million of the general value for financing Pedras Negras farm of Malanje and farms from other provinces of Uíge, Cunene, Bié, Zaire and Cuando Cubando. Created in 2012, Pedras Negras farm is located in an area of ??13.000 hectares. (Angop)

Angola: USD 73 million agro-livestock project gets green light

An integrated development project worth USD 73.1 million will be implemented in the municipality of Samba Cajú, northern Cuanza Norte province, with a view to exploiting the potential of agriculture and cattle breeding in the region. The project was approved under a presidential decree, published in Gazette dated September 1st. The project will be in charge of the Incatema Consulting and Enginnering, S.L company, which is set to sign a contract with the minister of Agriculture. According to the document reached Angop Wednesday, the implementation of the project is part of the efforts undertaken by Government to achieve food security in Angola.

The Government is committed to promoting projects aimed at increasing the sustainable production and processing of agricultural products. The main objective is to facilitate access to the market and making institutional purchases. This also include generating employment and income as well as encouraging entrepreneurship in the agricultural sector. In order to ensure the necessary financial resources, the Finance minister has been directed to create conditions for the implementation of the project, the document states. (Angop)

AgDevCo supports banana production in Mozambique

The Africa Agriculture Development Company (AgDevCo) has partnered with Nika, a Mozambican investment company, to recover a banana plantation by increasing its planted area and productivity, AgDevCo said in a recent statement. AgDevCo will provide funds for investment in irrigation and operational costs related to the development plan, and the US$1.5 million investment will help develop one of the only commercial banana plantations managed by Mozambicans in the country. The increase in banana production of Citrum – Citrinos do Umbeluzi resulting from the support granted will boost both local sales and exports to South Africa. Citrinos do Umbeluzi mainly produces citrus fruits, and growing, selling and exporting bananas is a secondary business.

The statement issued by AdDevCo said that Niko plans to create more agricultural businesses and promote local investments in the sector. AgDevCo is a UK non-profit company which, with the support of the UK Development Assistance Agency, funds debt or equity in agricultural enterprises with the aim of reducing poverty and increasing food security. (Macauhub)

Olam Invests $150 Million to Boost Its Nigeria Food Business

- Global food trader starts animal-feed mills to plug supply gap
- Nigeria looking to agriculture to end dependence on crude oil

Olam International Ltd. invested $150 million in animal-feed mills and poultry farms in Nigeria as it seeks to boost its agribusiness venture in Africa's biggest food market by population. These include bird- and fish-feed mills with the capacity for 360,000 metric tons each, located in the northern Kaduna and western Kwara states, and a hatchery to produce 1.6 million day-old chicks weekly, the global food trader said in a statement handed to reporters Tuesday in Kaduna. Feeds produced are estimated to support the production of 8 billion eggs and 100-million kilograms of poultry a year, the Singapore-based Olam said. "Our new facilities will invigorate the industry by closing the supply gap in animal feed," Olam said in the statement. Nigerian President Muhammadu Buhari, who was at the opening, welcomed the venture as important for "national growth" at a time his government is looking to agriculture to end the country's dependence on oil, which provides two-thirds of state revenue. A plunge in revenue caused by lower output and prices for oil saw Africa's most populous country of more than 180 million people suffer its worst economic slump in 25 years and undermined Buhari's ability to meet his campaign promises, such as rebuilding infrastructure, revitalizing the power industry and strengthening the national currency.

Several Nigerian companies have increased investment in agriculture with Presco Plc and PZ Wilmar expanding their palm-oil output, while the Dangote Group, controlled by Africa's richest man Aliko Dangote, plans to invest $3.8 billion in sugar and $800 million in dairy products over the next three years.

Olam, which started operation in Nigeria in 1989 with purchases of cashew nuts, cocoa and shea nuts, is now one of the world's largest food traders with its presence in 70 countries. Last year, 16 % of its revenue of $20.6 billion came from Africa, led by Nigeria. (By David Malingha Doya, Bloomberg)

Cameroon Seeks to Improve Cocoa Bean Quality After Declines

- Country has distributed dryers to help reduce moisture content
- Government to reward farmers with best-quality crops

Cameroon is taking steps to encourage farmers to grow better quality cocoa after a deterioration in last year's crop resulted in lower prices for the country's beans. About 90 % of Cameroon's cocoa exports in the season through July were classed as Grade 2, the second of three quality ratings for beans, according to Trade Minister Luc Magloire Atangana Mbarga. That compared with 97 % previously and meant that Cameroonian cocoa was about 200 CFA Francs ($0.37) per kilogram cheaper than international prices for the chocolate ingredient, he said.
Cameroon, the world's fifth-largest cocoa producer, has distributed 1,800 new, modern dryers to farmers to help reduce the smoky smell and high moisture content that meant the country's beans fetched lower prices last season, the minister said in an interview in Yaounde, the capital. The government has also announced incentives for growers that produce the best quality cocoa. Cameroon produced 231,642 metric tons of cocoa in the 12 months through July, 14 % lower than a year earlier.
Unfavorable weather, lower bean prices and deteriorating road conditions contributed to the decline, as farmers turned to more profitable crops such as plantains and corn, said National Cocoa and Coffee Board Managing Director Michael Ndoping. The government is hoping that a 50 % cut in the cocoa export levy will result in better prices to farmers and encourage them to stick with the crop, the minister said. The state is also setting up training facilities in the main growing hubs and will aim to instruct 4,000 farmers a year in growing techniques. (By Divine Ntaryike Jr, Bloomberg)

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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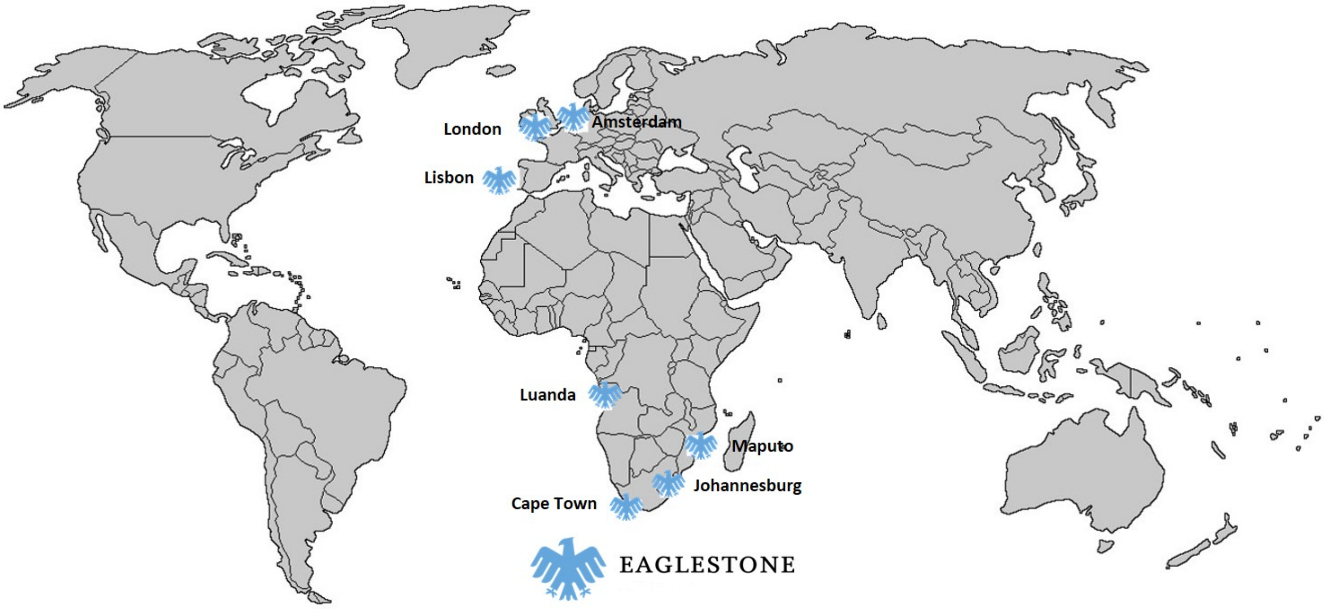

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Disclosures

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

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