



# Africa Project Access

**AFRICA PROJECT NEWSLETTER**

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# New Data & Publications

## *Africa Project Access Visit Reports*

**Mtwara, Tanzania, Katanga, DR Congo; North-Western Province, Zambia; Juba, South Sudan; Dar Es Salaam, Tanzania; Tete, Zambezi Valley, Nacala, Pemba, Mozambique; Kampala, Uganda, Guinea Conakry etc**

(Contact *Africa Project Access* at Johannesburg 27 11 4656770 or cell 0826510707 for details on how to obtain copies)

# Editorial

## **AFRICAN BORDER POSTS & INTRA-AFRICAN TRADE**

*Africa Project Access recently undertook an assignment which entailed crossing the Kasumbalesa border post between the Zambian and DR Congo Copperbelts as pedestrians. We had heard that this border post had recently been upgraded and modernised. However, it took us approximately ninety minutes to cross despite all our documents being in order, (ten minutes on the Zambian side and some eighty minutes on the DR Congo side.) Problems included lack of signposting and clarity on procedures required, absence of officials as well as numerous touts harassing travellers and trying to extort money. Trucks and other vehicles were parked in long haphazard queues and appeared to have been waiting for considerable time.*

*How close are we to achieving effective and cheaper intra-African trade through border post improvements and the North-South Corridor ideal of one-stop border crossings?*

The current situation is lamentable. In 2009, intra-African trade accounted for only 10% of the continent's total trade compared with Asia at 50%. The import duration for Africa is estimated at 38 days compared with 22 days for Latin America and only 12 days for the *European Union*. Analysts believe that a 1% improvement in transport infrastructure would result in a 3% increase in the value of African exports. Operators and freight logistics companies differ greatly regarding the comparative costs of importing from outside the continent and then transporting the items further overland into African markets. For example, one operator reports that an item imported from Europe and landed at Durban at one unit of transport cost will effectively land in Lubumbashi at five to seven times that amount!

And yet, sub-Saharan Africa is experiencing a commodities boom with exponential growth points popping up all over the region such as Zambia's new Copperbelt, the Zambezi Valley in Mozambique and Mtwara in Tanzania. Many of the lucrative mining deposits are 'stranded' and require not only efficient import of requirements such as heavy machinery but also effective means and routes for the export of the copper, iron ore, coal and other resources. The historic neglect and poor state of Africa's road and rail networks is hampering economic development but also creating lucrative opportunities for contractors and suppliers. Rail infrastructure in particular needs to be quickly improved.

Lack of basic transport infrastructure is a major problem but so is the self-imposed inefficiency of customs and border control systems.

There have been some major positive developments such as declarations by region economic groupings of imminent standardisation of procedures and levies and intent to address the problem of non-tariff barriers. The cooperation agreement between *SADC*, *COMESA* and the *East African Community (EAC)* is encouraging in that it suggests future harmonisation across a broad area of the continent. The *North-South Corridor* declaration made a few years ago in Lusaka placed the emphasis on intra-African trade and announced the establishment of one-stop border posts such as that of Chirundu between Zimbabwe and Zambia which is being presented as a model Project. It is reported that the Chirundu post collects about R300 million per month.

There has also been progress at a micro level. Cargo from Zambia and the DR Congo is being consolidated at City Deep near Johannesburg and more efficiently transported to vessels. The EAC is leading with the implementation of its *Authorised Economic Operator (AEO)* model. Inspection agencies are using scanning, bar coding and other technologies more effectively to smooth out trade through pre-clearance. Some ports have increased their efficiencies for example Walvis Bay which has developed a competency in the import of motor vehicles. Logistics companies in Mozambique are establishing effective coastal shipping services.

However, the overwhelming view of importers and exporters is that while regional organisations and governments are making grand declarations and signing agreements, these “have no teeth” and that the situation on the ground remains difficult and costly as problems persist. In December 2012, there was a major blockage and congestion of road trucks at the Beitbridge border post between South Africa and Zimbabwe. Despite all the calls for one-stop border posts, observers believe that only Chirundu and Malaba between Kenya and Uganda are registering substantial success. Corruption is an important component and there have been recent complaints that trucks with South African registration plates are being particularly targeted.

Another major complaint is the existence of excessive non-tariff barriers. African authorities view border posts as sources of revenue and are sometimes loathe to implement harmonisation measures. Operators report increasing costs through fines. They complain of “new fees” being charged in Zimbabwe and Zambia. Governments are conscious however of trade fraud through practices such as mis-invoicing. For example, it is estimated that between 2001 and 2010, Zambia lost USD 8,8 billion in illicit financial flows. The services of pre-shipment inspection agencies are employed by governments to combat this problem. Nevertheless, as *Barney Curtis*, Executive Director of the *East and Southern African Road Transport Associations* puts it, “Just because a country has an acceptable reason for a levy or charge it has implemented, it does not mean that it is not a non-tariff barrier.

The following are some suggested macro and micro measures gleaned from operators and analysts that can be undertaken to

reduce the high cost of intra-Africa trade through greater efficiencies.

- Implement one-stop border posts through bilateral agreements where the countries share revenue.
- Differentiate between cargo and passenger traffic ensuring that processes for both are made more efficient.
- Consolidate cargo through efficient warehousing systems and containerise where possible, (albeit that much cargo will remain breakbulk).
- Make effective use of technologies such as bar coding and security scanning.
- Use pre-shipment inspection agencies for pre-clearance thus reducing delays.
- Make use of freight forwarding and logistics companies that have a particular long-standing knowledge of the specific markets. Those that have offices at the border posts concerned will be able to ‘trouble-shoot’ far more effectively.
- Investigate the possibility of ‘back-haul’ freight, for example supply of cement from Nacala Port to the Tete area of Mozambique on the rail trucks that arrive at the port transporting the coal. Much traffic in Africa is effectively ‘one way’ and rates for empty back hauls are much lower.
- Investigate the possibilities of local beneficiation of imports. Any degree of local value-addition such as assembly of imported parts could qualify the components for reduced import duties.
- Improve sign posting for procedures at border control points and remove the touts that harass travellers. A problem at the Ressano Garcia border post is directions to the prefabricated office that sells car registrations.
- Maintain contact with freight forwarders associations such as that of Zimbabwe that can supply updates on the current status of border posts, delays etc. Truck drivers working the main routes are also mines of practical information.
- Possible establishment by the regional economic communities or *NEPAD* of a team to visit border posts unannounced in order to ascertain the current state of affairs at individual posts and suggest practical remedies.

# Additional Services

## ADDITIONAL SERVICES FOR SUBSCRIBERS & ACTIVITIES OF AFRICA PROJECT ACCESS

The last **FULL APA BRIEFING** took place at Werksmans Attorneys on Thursday, 25 April 2013. Subjects covered were current and upcoming Projects in Angola and the DR Congo as well as a situation report on the possibilities for the export of Botswana's coal.

The previous **FULL APA BRIEFING** took place at Henley Business School, Paulshof on Wednesday, 20 March 2013. It included presentations by selected panels of operators and analysts on the Pemba gas development in Mozambique as well as a report back on the APA exploratory visit to the development zone of Mtwara in southern Tanzania. Mike de Pontes of i-Gas provided insights on gas in Africa.

A special **OIL AND GAS SUB-GROUP MEETING** was held on Tuesday 26 February 2013 at the Henley Business School.

The tenth **ICT/TELECOMMUNICATIONS SUB-GROUP** will take place on Tuesday 28 May 2013 in collaboration with the South African Electro-Technical Export Council (SAEEC) at their offices in Midrand.

The ninth **ICT/TELECOMMUNICATIONS SUB-GROUP** was held on Wednesday 5 December 2012 in collaboration with the South African Electro-Technical Export Council (SAEEC) at their offices in Midrand. The NEPAD eAfrica Programme and the UNIDO Supplier Partnership Exchange Programme were discussed. It was decided that representatives of the Konza City ICT Park in Kenya as well as of the technology parks in Mozambique will be invited to address the next meeting as well as the ICT Sector Lead at the International Finance Corporation and Intertoll. Green energy will be included on the next agenda.

The **APA AGRICULTURE SUB-GROUP** briefing took place at the Henley Business School on Tuesday, 21 May 2013. It was agreed that the next meeting would include representatives of mobile telecommunications companies responsible for corporate social investment (CSI) Programmes, the agriculture directorate of the Development Bank of Southern Africa (DBSA), an agriculture equity fund manager and the South Africa office of the African Development Bank (AfDB).

The **APA HOTELS/COMMERCIAL PROPERTY SUB-GROUP** briefing was held on Tuesday 26 February 2013 at the Henley Business School. It was agreed that the IDC hotels unit, a hotel management group, a logistics company, a retailer or retail broker and a developer/property management company will be invited for the next briefing.

The **APA POWER SECTOR SUB-GROUP** meeting took place at the Henley Business School on Tuesday, 21 May 2013. The meeting included a focus on methodologies for accessing African power utilities. It was agreed that the next meeting will include representatives of the Southern and East African Power Pools, NetPlan, the Trans Caledonian Authority, IPP's such as Globeleq, Aurecon and Group Five.

The last **APA INFRASTRUCTURE SUB-GROUP MEETING** "Show me the Projects" was held on Thursday, 28 June 2012 at the Development Bank of Southern African in partnership with the Built Environment Professions Export Council (BEPEC). It concentrated on Project developments in Mozambique and the BEPEC industrial centre to be established in Tete. The next meeting is scheduled for 31 July 2012. A "Show Me the Money: sub-group meeting was held on Friday, 17 August 2012 at the DBSA with BEPEC. There were addresses by the Manufacturing Competitiveness Enhancement Programme (MCEP), the Export Credit Insurance Corporation (ECIC) and the Capital Projects Feasibility Programme (CPFP).

The fourth **APA HEALTH SECTOR SUB-GROUP** meeting was held on 30 October 2012 at the Henley Business School. Various health and health-related Projects and initiatives were discussed but especially the viability of boutique hospitals in Africa and the servicing of remote site Projects.

Africa Project Access is participating with B.A. Link in a series of **AFRICA COUNTRY FOCUS BREAKFAST BRIEFINGS**. Recent briefings were on Ghana, Angola, Rwanda, Botswana, Mozambique the DR Congo and Namibia.

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The May-June 2013 edition of the London-based publication, **AFRICA INVESTOR** carries articles on Nigerian bonds, changes in the African telecommunications sector, Africa's top banking brands, General Electric in Africa, the Nigerian sovereign wealth fund, political and civil unrest as a factor for investors, the slow pace of Public Private Partnerships (PPP's), agribusiness stocks, the hotels sector in Africa.

# Projects

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for templates/further details/contacts pertaining to specific Projects listed below)

## ANGOLA

The **NATIONAL HYDRO POWER PROGRAMME** aims to increase power generation to 6 200 MW by 2017. In 2002, production was 700 MW and this increased to 1 200 MW in 2012. Targeted Projects for the Kwanza River area are: Lauca (2 069 MW), Caculo Cabaca (2 047) and Cambambe (960). For the Cunene River, they are: Matala (40), Jamba Ya Mina (126) and Jamba Ya Oma (50). For Eastern Angola, they are: Lauchino (36), Chicapa (12) and Chilumbe Dala (12).

\*\* Investors are sought for the development of the **HANGA FARM** situated in the Lobito area of Benguela Province, central Angola. The 9 796 hectare Project comprises a palm oil processing plant, a piggery, cattle ranch and banana plantation. Twenty kilometres of access gravel roads plus a bridge over the Cubal River are to be constructed as are buildings, housing and warehouses. The company is *Hanga Agricola*.

\*\* Investors are sought for the **VISSATI FARM** situated in Cuando Cubango Province in southern Angola. The 10 000 hectare farm will produce maize, soya, sunflowers, beans and peanuts. The Project includes a vegetable oil production plant, canned food factory, bio-fuels plant, seed production facility, a water purification and bottling plant, aquaculture Project, eco-tourism facilities and a game reserve. The farm had 500 hectares in production in the 1980's.

## BOTSWANA

The signing of the bilateral agreement between the governments of Botswana and Namibia for the 1 500-kilometre **TRANSKALAHARI RAIL LINE** from southern Botswana to Walvis Bay port in Namibia has reportedly been delayed because of the need for final agreement on the Terms of Reference (TOR) for the transactional adviser. An initial Memorandum of Understanding (MOU) was signed in 2009. The estimated cost of the Project is USD 11 billion. The implementing agencies are the Namibian Ministry of Works and Transport and the Botswana Ministry of Minerals, Energy and Communications. There will be a need to compensate farmers operating on the route for land utilisation.

The African independent upstream oil and gas company, *SacOil* has been granted three **OIL & GAS EXPLORATION LICENSES** by the Botswana Ministry of Minerals, Energy & Water Resources. The licenses were granted on 29 April 2013.

## CAMEROON

The *Société d'Aménagement de Douala (SAD)* is collaborating with the Ministry of Urban Development and Housing as well as the *Agence Francaise de Développement (AFD)* on the development of the 170 hectare **MBANGA-JAPOMA COMMERCIAL PROPERTY DEVELOPMENT** in the east of Douala city. Other Projects are : Burag-Bakoko (200 hectares), Mbanga-Bukoko (500), Logbessu (200), Nyalla (100) and Ngombé (280).

## CONGO (DEMOCRATIC REPUBLIC)

The following are major **ROAD PROJECTS** in the DR Congo:

Muamba (Banana Port)-Kasumbalesa and Sakania, Katanga Province (2 000 kilometres, funding from the *African Development Bank* and the *European Union*)

- Connection of the eastern towns of Bukavu, Goa and Uvira with central DR Congo
- Goma-Kisingani via Bukavu (860 kilometres, funding from the *European Union*)
- Study on the Kisingani-Beni road (700 kilometres) with the Kisingani-Buta road (700 kilometres), Kisingani-Buta (300 kilometres) and Bumba-Zongo Port (500 kilometres).

### CONGO (REPUBLIC)

Total, Chevron and SNPC (*Société Nationale des Pétrole s du Congo*) are implementing the **MOHO-NORD OIL & GAS PROJECT** situated about 70 kilometres offshore of Pointe Noire. Production is expected to commence in 2015 with peak production of around 150 000 barrels per day reached in 2017. The estimated cost is USD 10 billion. The Project includes a pipeline to the Djeno terminal onshore.

### COTE D'IVOIRE

The *Africa Finance Corporation (AFC)* was recently involved in discussions over the implementation of the **ABIDJAN-LAGOS TOLL ROAD**. The 830-kilometre road passes through Togo, Benin and Ghana. The Project was scheduled to start in 2014. The main implementing agencies are the Ministry of Infrastructure of Côte d'Ivoire, the Ministry of Works of Nigeria and the Commission of the *Economic Community of West African States (ECOWAS)*. Funding for the Project will be raised through tariffs and toll fees.

### ETHIOPIA

A number of local and international companies have signed up for the planned **ETHIO ICT PARK** in Addis Ababa. *ZTE* and *Techno Mobile & Security Innovation Network (SINET)* of China are among the registered tenants. The site will be 200 hectares of land near the Bole International Airport. The cost of the Project is estimated at USD 250 million. Opening is scheduled for 2016. The implementing agency is the Ministry of Communications and Information Technology. The Park will include ICT incubation centres, software development centres and manufacturing plants.

The company, *Adag International* will be opening an **AGRI-INDUSTRIAL PLANT** in Adama, Oromia State. It will process cereal, oil seed and spices. It has already invested nearly USD 1 million in initial construction and equipment importation. Research undertaken indicates that there is considerable demand for these three products.

### KENYA

The Ministry of Energy is urgently calling for a plan for the financing of the upgrade of the Kenya's 50-year old, sole **OIL REFINERY** in Mombasa. *Essar Energy* of India is running the refinery in joint venture with *Kenya Petroleum Refineries Limited (KPRL)*. *Standard Chartered Bank* is the financial adviser. The estimated cost of the upgrade is USD 1,2 billion. Projected costs have risen considerably. Only 65 000 tons of the facility's 130 000 ton capacity is being supplied. There is a dispute between the oil refinery and the petroleum product marketers who complain of poor quality of refined products. Delays in the upgrade will lead to fuel shortages in Kenya and the East African region.

### MALAWI

The African independent upstream oil and gas company, *SacOil* is conducting the environmental impact assessment (EIA) for Malawi's **BLOCK 1 OIL EXPLORATION REGION**. The concession was awarded to the company in December 2012. This the country's second largest oil exploration region.

## MOZAMBIQUE

*Baobab Resources* of Australia is looking for a strategic partner for participation in its **PIG IRON PROJECT** in Tete, Zambezi Valley. The detailed pre-feasibility study has been completed. Production is expected to commence in 2016 with a start-up of one million tons per annum to be ramped up to 4 MTPA. The resource is estimated at 482 MT of iron ore. Much steel will be required for the imminent development of Mozambique's gas sector. *Arcelor Mittal* of India closed the country's main steel plant in Maputo in 2009 and has postponed the proposed steel mill for the Beluluane industrial zone outside Maputo.

The Ministry of Health has issued a Request for Expressions of Interest for consultancy services for the establishment of **HEALTH CENTRES** in Cabo Delgado and Nampula Provinces in northern Mozambique. The Project falls under the National Health Sector Development Programme.

*Ncondezi* of the UK has concluded an initial power supply framework agreement with the Mozambique government for implementation of its 1 800 MW coal-fired **POWER PLANT** in the Tete area of the Zambezi Valley. The first phase will be a 300 MW integrated mine and power plant. The cost is about USD 550 million. Construction should begin in 2014 with generation from 2017. The site is about 90 kilometres from the national grid and a transmission line will be required. *Parsons Brinckerhoff* assisted with the formulation of the agreement and *STEAG* of Germany provided an independent review.

*Auroch Minerals* of Australia has retained *Pan African Resources* for the development of the **MANICA GOLD PROJECT** situated in central Mozambique near the Zimbabwe border. The mine is about 4 kilometres from the town of Manica. *Pan African Resources* has been developing the Project since 2002. Much additional exploration has to be undertaken. Its situation on the Beira Corridor has enhanced the logistics for the Project. *Auroch Minerals* has offices in Perth and Johannesburg.

*Tsogo Sun* of South Africa will be refurbishing and expanding its 158-room **SOUTHERN SUN MAPUTO HOTEL**. It will add 110 rooms and a new conference area. The cost is estimated at R270 million. The group reports high occupancy rates and has deemed that further investment is necessary.

## NAMIBIA

The AIM/London-listed *North River Resources* is re-opening the **NAMIB LEAD/ZINC/SILVER PROJECT** situated some 25 kilometres from Swakopmund in central Namibia. The company has raised GBP 1 million to fast-track the mine development. *CSA Global* of the UK undertook the resource estimation. The lead mine produced between 1969 and 1991.

The signing of the bilateral agreement between the governments of Botswana and Namibia for the 1 500-kilometre **TRANSKALAHARI RAIL LINE** from southern Botswana to Walvis Bay port in Namibia has reportedly been delayed because of the need for final agreement on the Terms of Reference (TOR) for the transactional adviser. An initial Memorandum of Understanding (MOU) was signed in 2009. The estimated cost of the Project is USD 11 billion. The implementing agencies are the Namibian Ministry of Works and Transport and the Botswana Ministry of Minerals, Energy and Communications. There will be a need to compensate farmers operating on the route for land utilisation.

The national power utility, *NamPower* has announced that the EPC contractor for the 800 MW **KUDU COMBINED CYCLE GAS-FIRED POWER PLANT** in south-western Namibia will be appointed by the fourth quarter of 2013. Bidders had until 3 May 2013 to submit. Generation could commence by the end of 2017. The power would feed both the local and South African grids. The total cost is estimated at around USD 1 billion. The transaction advisers are *Ernst & Young*, *ESB International*, *DLA Piper* and *Strategic International Advisory*.

## NIGERIA

The Lagos State authorities are hoping that the mooted **JACKSON THEME PARK AND RESORT** on Gberefu Island, Badagry will take off. The famous *Jackson* family from the USA had initially promoted the Project in 2009. It includes a theme park, the *Michael Jackson Memorial Centre*, a five-star hotel, an auditorium and a golf course. The island is currently a tropical rain forest with few buildings.

The *Africa Finance Corporation (AFC)* was recently involved in discussions over the implementation of the **ABIDJAN-LAGOS TOLL ROAD**. The 830-kilometre road passes through Togo, Benin and Ghana. The Project was scheduled to start in 2014. The main implementing agencies are the Ministry of Infrastructure of Côte d'Ivoire, the Ministry of Works of Nigeria and the Commission of the *Economic Community of West African States (ECOWAS)*. Funding for the Project will be raised through tariffs and toll fees.

*Tsogo Sun* of South Africa will be purchasing a 75% share in the **SOUTHERN SUN IKOYI HOTEL** in Lagos. It will also expand the 195-room hotel. The amount allocated is R630million. The company prefers to own the properties that it manages. Apart from South Africa and Nigeria, it has operations in Zambia, Tanzania, Mozambique, Kenya and the Seychelles.

## SOUTH AFRICA

*Africa Project Access* does not normally focus on Projects in South Africa. However, inserts and updates on Projects and Project-related issues in this country are included where there is involvement by the donors, international development finance institutions and international support agencies or there is a potential for involvement by these agencies and in cases where there is an African regional context.

On 10 May 2013, the Mayor of the City of Johannesburg, *Mpho Parks Tau* announced details of the City of Johannesburg Infrastructure Investment Programme. The total cost of the Programme is estimated at R110 billion. A component of the Programme is the planned **CORRIDORS OF FREEDOM**. These are described as efficient and affordable transport systems and nodes. Community facilities such as schools and clinics will be situated along the corridor routes. According to the Mayor, two of six corridors are already operational. The corridors include Alexandra-Ivory Park-Sandton-Rosebank; New Canada-Auckland Park-Marlboro; Soweto-Bosmont-Westbury-Melville-Auckland park-Parktown; Hillbrow-Bramley-Alexandra-Midrand. The rapid development of African cities has led to the need for solutions to problems caused by sharp increases in urbanisation. Major initiatives are being implemented in Nairobi, Lagos, Dar es Salaam among others. There is a need for the sharing of knowledge and experience between African city authorities and governments.

The first run-of-river mini hydro-power Project under the *REIPP* Programme is the 12,57 MW **NEUSBERG HYDRO-POWER PROJECT** near Kakamas in the Northern Cape. The Project is being undertaken by *Hydro Tasmania* of Australia. Funders include *Old Mutual* and a local community trust. A 21-kilometre 33kV transmission line will be built.

## SIERRA LEONE

*African Minerals* is planning the expansion of its **TONKOLILI IRON ORE PROJECT** situated in central Sierra Leone in the Northern Province. The objective is to eventually increase production to 35 million tons per annum. Heavy rainfall in 2012 cut forecasts to 6 million tons but the company is confident that 20 million tons will be achieved by mid-2013. The Project is accompanied by major upgrading of the rail line as well as at Pepel Port. Rolling stock is being increased.

## SUDAN

The **KENANA II SUGAR PROJECT** will be developed over an area of 150 000 acres situated some 270 kilometres south of Khartoum in southern Sudan. A 200 000 tons per day sugar mill will be built. Annual production will reach 500 000 tons. Bagasse will be used for local power generation. *Kenana Sugar Company (KSC)* will also be building the Red Sea Sugar Refinery. The established Kenana Integrated Sugar-Ethanol Project will double its sugar production to one million tons by 2015. A township estate has been developed.

## TANZANIA

A bilateral agreement has been signed between China (*China Eximbank*) and the Tanzanian government (Ministry of Infrastructure and Communications) for the construction of the **BAGAMOYO DEEPWATER PORT** situated at Mbegani near Bagamoyo 75 kilometres north of Dar es Salaam. The two-berth container terminal will be able to handle 20 million containers per annum. The estimated cost of the full Project is USD 11 billion. Completion is scheduled for 2017. Ancillary Projects include a 65 kilometre rail link to the *TAZARA* and Central lines as well as a 34 kilometre road Bagamoyo to Mbandizi. The rail will link the port to the land-locked countries and areas in the interior. Bagamoyo is also part of an agricultural zone and the port will increase the flow of agricultural products. The Tanzanian authorities have stated that the country will have four functional ports by 2017. There has been some opposition to the Project from Zanzibar. China and Tanzania recently signed a USD 800 million bilateral agreement.

The *Tanzania Aviation Authority (TAA)* has signed a USD 165 million contract the *Royal BAM Group* of the Netherlands for the design, construction and associated works for the **JULIUS NYERERE INTERNATIONAL AIRPORT EXPANSION** in Dar es Salaam. The main Project is for the construction of a third terminal. The first phase will increase passenger capacity to 3,5 million passengers per annum from the current figure of a little over 2 million passengers. The full Project will permit the airport to handle 8 million passengers. The total cost of the Project is yet to be finalised but the initial estimate is USD 350 million. Terminal 2 is being upgraded by *BAM* and will be dedicated to domestic flights. Retail outlets will be included. Implementing agencies include the Ministry of Transport, the *Tanzania Airports Authority (TAA)* and the *Tanzania Civil Aviation Authority (TCAA)*.

## UGANDA

*MTN Uganda* has launched its **4G LONG TERM EVOLUTION (LTE) NETWORK** in Uganda. It has commenced the rollout in greater Kampala and will expand into the rest of the country. The LTE system provides for considerably faster internet speeds. The company has already laid a 2 800 kilometre fibre optic backbone and will be adding another 400 kilometres in western Uganda. It recently launched a mobile money service.

## ZAMBIA

Early works have started at the 40 MW **KABOMPO MINI-HYDRO PROJECT** in the North West Province. A 50 metre wall is being constructed. The implementing agency is the *Copperbelt Energy Corporation (CEC)*. The EPC contractor has been selected. The *Amanzi* joint venture undertook the adjudication of the bids. The Kabompo Project is viewed as a model for future mini-hydros in the country.

The Ministry of Mines, Energy and Water Development has issued an invitation for bids for 31 **OIL AND GAS BLOCKS** in the Luapula, Northern, North West, Western, Eastern and Southern Provinces of Zambia. The Zambian authorities are keen to develop the country's possible oil potential.

The Zambian Development Agency (*ZDA*) has announced that it will be re-advertising the 155 000 hectare **NANSANGA FARM BLOCK PROJECT** in the Sernje District, Central Province due to the preferred investor's withdrawal from the Project. The Project comprises a small farmers component involving the settlement of local farmers on 30-50 hectare plots and a Core Venture on a 10 000 hectare farm to serve as an industrial hub for transformation. The investment in the Core Venture is estimated at USD 27 million. Some 310 small farms have been allocated. The implementing agencies are the *Zambian Development Agency (ZDA)*, the Ministry of Finance and National Planning, the Ministry of Agriculture, Food and Fisheries and the *COMESA Regional Investment Agency (RIA)*. Local bidders included *Equator Farms Zambia*, *Sable Transport*, *Kapekele Investments*, *Afgri*, *SEEDCO* and *PROFERT Zambia*. Foreign bidders included *Crookes Bros* of South Africa, *Bonafarm* of Hungary, *Polyserve Fertilizers* of Egypt, *Chayton Capital* of the UK and *Pro Alia Investments* of Mauritius.

## ZIMBABWE

*Marelli Motori* of Italy and *Gilkes* of the UK are investigating the possibility of further mini **HYDRO POWER PROJECTS** in the Honde Valley. They have already undertaken the Pungwe (2,8 MW) and Duru (2,6 MW) Projects in the Valley. The Duru Project was commissioned early May 2013. There are reports that the local EPC contractors have proved to be efficient. There is much potential for mini-hydro plants in Zimbabwe.

## REGIONAL

The *Africa Finance Corporation (AFC)* was recently involved in discussions over the implementation of the **ABIDJAN-LAGOS TOLL ROAD**. The 830-kilometre road passes through Togo, Benin and Ghana. The Project was scheduled to start in 2014. The main implementing agencies are the Ministry of Infrastructure of Côte d'Ivoire, the Ministry of Works of Nigeria and the Commission of the *Economic Community of West African States (ECOWAS)*. Funding for the Project will be raised through tariffs and toll fees.

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The following are the nine **HYDRO POWER PROJECTS** falling under the *Programme for Infrastructure Development in Africa (PIDA)* 2012-2020 short-term *Priority Action Plan (PAP)*:

- Great Millennium, 5 250 MW, Ethiopia, 40 kilometres from Sudan, under construction, estimated value of USD 8 billion
- Inga III, 4 500 MW, DR Congo, 225 kilometres south-west of Kinshasa, construction to start in 2014
- Mphanda Nkuwa, 1 500 MW, Mozambique, Zambezi Valley, power purchasing agreement (PPA) with South Africa not finalised, USD 2,9 billion
- Lesotho Highlands Water Project Phase II, 1 200 MW, USD 2,4 billion
- Sambangalu, 128 MW, Senegal, on the Gambia River, to start in 2013, USD 430 million
- Kaleta, 240 MW, Guinea, on the Konkoure River, under construction, USD 446 million
- Batoka Gorge, 1 600 MW, Zimbabwe and Zambia, on the Zambezi River, Project Steering Committee formed, phase III to start in 12 months, USD 2,8 billion
- Ruzizi III, 145 MW, Rwanda-DR Congo border, to start 2013, USD 450 million
- Rusumo Falls, 61 MW, Rwanda near Tanzania border, USD 350 million.

The *Southern African Power Pool (SAPP)* has also prioritised the 1 500 MW Cahora Bassa North Project in Mozambique as well as the 750 MW Kafue Gorge Lower.

The following are **ZAMBEZI RIVER HYDRO POWER & WATER SUPPLY PROJECTS** being promoted and monitored by the *Zambezi River Authority (ZRA)*:

- Katangora Barrage, north of Victoria Falls, mainly for water supply, attempts to involve the Botswana and Namibian governments
- Batoka Gorge, *World Bank* is funding feasibility studies, completing environmental impact assessment (EIA), six companies shortlisted for engineering studies, scheduled to start in January 2014
- Devils Gorge, discussion underway with three companies
- Mpata Gorge, this Project would flood the Mana Pools area and is not being considered
- Mphanda Nkuwa in Mozambique
- Boroma, Lipata.

The *Zambezi River Authority* was established in 1987 and is owned 50/50 by the governments of Zambia and Zimbabwe. It estimates the power potential of the Zambezi and the Kafue tributary at 84 488 MW. Output is currently 3 653 MW.

## **Commercial Property, Hotels, Leisure Developments and Tourism Related Projects**

*(Projects in North Africa/Maghreb Countries are included in this section)*

The *Tanzania Aviation Authority (TAA)* has signed a contract the *Royal BAM Group* of the Netherlands for the design, construction and associated works for the **JULIUS NYERERE INTERNATIONAL AIRPORT EXPANSION** in Dar es Salaam. The first phase will increase passenger capacity to 3,5 million passengers per annum from the current figure of a little over 2 million passengers. The total cost of the Project is yet to be finalised. Terminal 2 is being upgraded by *BAM* and will be dedicated to domestic flights. Retail outlets will be included.

The Lagos State authorities are hoping that the mooted **JACKSON THEME PARK AND RESORT** on Gberefu Island, Badagry will take off. The famous *Jackson* family from the USA had initially promoted the Project in 2009. It includes a theme park, the *Michael Jackson Memorial Centre*, a five-star hotel, an auditorium and a golf course. The island is currently a tropical rain forest with few buildings.

*Tsogo Sun* of South Africa will be purchasing a 75% share in the **SOUTHERN SUN IKOYI HOTEL** in Lagos, Nigeria. It will also expand the 195-room hotel. The amount allocated is R630million. The company prefers to own the properties that it manages. Apart from South Africa and Nigeria, it has operations in Zambia, Tanzania, Mozambique, Kenya and the Seychelles.

The *Société d'Aménagement de Douala (SAD)* is collaborating with the Ministry of Urban Development and Housing as well as the *Agence Francaise de Développement (AFD)* on the development of the 170 hectare **MBANGA-JAPOMA COMMERCIAL PROPERTY DEVELOPMENT** in the east of Douala city, Cameroon. Other Projects are : Burag-Bakoko (200 hectares), Mbanga-Bukoko (500), Logbessu (200), Nyalla (100) and Ngombé (280).

*Tsogo Sun* of South Africa will be refurbishing and expanding its 158-room **SOUTHERN SUN MAPUTO HOTEL**, Mozambique. It will add 110 rooms and a new conference area. The cost is estimated at R270 million. The group reports high occupancy rates and has deemed that further investment is necessary.

## **Spotlight on Aid Agencies, International Development Finance Institutions, Funds & Selected Related Organisations**

The Sudanese, Cayman Islands-registered **MAHASEEL AGRICULTURE FUND** takes equity in greenfields and brownfields Projects in Sudan and the MENA region. The minimum capital investment is USD 5 million for individual sponsors and USD 10million for corporate sponsors. The Fund has capital of USD 1 billion.

# Contacts

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*James Mhagama* is Manager: Contracts & Marketing at **SWISSPORT TANZANIA**, telephone Dar es Salaam 255 22 754271232 or 2844610, e-mail: [mhagama@swissport.co.tz](mailto:mhagama@swissport.co.tz) or [info@swissport.co.tz](mailto:info@swissport.co.tz) The company has established cold storage facilities at Dar es Salaam International Airport for agricultural produce.

Engineer *Nelson Tomas* is Executive Director at the Angolan consulting engineering company, **SPONGOK**, e-mail: [ntomaz1@hotmail.com](mailto:ntomaz1@hotmail.com)

*Milton Severino Moris* is with the state government for **WEST EQUATORIAL STATE OF SOUTH SUDAN**, telephone 211 955 544795, e-mail: [milton84m@gmail.com](mailto:milton84m@gmail.com) He is calling for investment in his state.

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Dr *Frazer Tabcart* is Managing Director of the Australian mining company, **AFRICAN ENERGY**, telephone Perth 61 8 64655599, e-mail: [info@africanenergy.com](mailto:info@africanenergy.com) The company is involved with the Sese Integrated Coal Power Project in Botswana.

*Mema Beye* is Commercial Manager: Africa at **RIO TINTO MINING & EXPLORATION**, telephone Johannesburg 27 11 4591256, e-mail: [mema.beye@riotinto.com](mailto:mema.beye@riotinto.com)

### **OIL & GAS CONTACTS**

*Mangok Kali Mangok* is Managing Director of the **NILE PETROLEUM CORPORATION (NILEPET)** of South Sudan, telephone Juba 211 955 448869.

Dr *Victor Mutambo* is Permanent Secretary at the **ZAMBIAN MINISTRY OF MINES, ENERGY & WATER DEVELOPMENT**, telephone Lusaka 260 211 250174, e-mail: [gsd@zamnet.zm](mailto:gsd@zamnet.zm) The Ministry has issued an invitation for bids for oil blocks in several provinces.

### **AGRICULTURE/AGRI-BUSINESS CONTACTS**

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### **HOTELS/TOURISM/COMMERCIAL PROPERTY CONTACTS**

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*Ryno Byleveldt* and *Nathaniel Munetsi* are Business Analysts for Southern Africa & Indian Ocean at the **EUROPEAN INVESTMENT BANK (EIB)**, telephone Pretoria 27 12 4250471 and 4250463, e-mail: [r.byleveldt@eib.org](mailto:r.byleveldt@eib.org) and [munetsi@eib.org](mailto:munetsi@eib.org) The **EIB** has enlarged its Pretoria office.

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Leigh Anne Fortuin is at the *CHINA-AFRICA DEVELOPMENT FUND (CADFUND)*, telephone 27 11 7833919 or 7833763, e-mail: [fortuinl@cadfund.com](mailto:fortuinl@cadfund.com)

### **USEFUL WEBSITES**

The *NEPAD Agency* has launched the *VIRTUAL PIDA INFORMATION CENTRE (VPic)*. Updates on Projects falling under the *Programme for Infrastructure Development in Africa (PIDA)* will be found from 25 May 2013 on the “Invest Now” window of the site, [www.au-pida.int](http://www.au-pida.int) Aurecon of South Africa has assisted with its development.

The **hydro4Africa** web portal is a site for information on hydro-power in Africa. It is <http://hydro4africa.net>

Investment Projects and latest Project developments can be found on the official website of the *ANGOLA PRESS AGENCY*, [www.portalangop.co.ao](http://www.portalangop.co.ao)

The website of the *SOUTHERN AFRICAN RESOURCE WATCH (SARWATCH)* is [www.sarwatch.org](http://www.sarwatch.org)

### ***Project-related achievements and/or activities of Africa Project News Letter subscribers, Associates and Contacts***

The *NEDBANK GROUP* is entering the Mozambique market through the acquisition of an initial 36,4% share in *Banco Unico* of Mozambique for USD 24,4 million. Its alliance with *Ecobank* gave it a wide reach in Africa with Mozambique as a notable absentee.

The *AVENG GROUP* of South Africa has now officially opened its office in Maputo, Mozambique. It has had a presence in the capital for some time.

The *LexAfrica LEGAL FIRMS NETWORK* for Africa has recently established a representative office in Tunisia and is planning to open another in Ethiopia.

**Contact:** Celeste Oates, *Werksmans*, telephone Johannesburg 27 11 5358188, e-mail: [coates@werksmans.com](mailto:coates@werksmans.com)

### **Travel Notes**

Passengers arriving at **GABORONE** airport, Botswana are reminded that there is a free shuttle service to and from the *Grand Palm* hotel, casino and convention complex about 30 minutes drive away. The complex comprises the five-star *Walmont Hotel*, the three-star *Metcourt* and the *Gaborone International Convention Centre*. The *Peermont Group* also has the *Mondior Hotel* in the city.

A recommended hotel for business visitors to **FRANCISTOWN**, Botswana is the *Metcourt* there, telephone 267 2441100, e-mail: [info@ft.metcourt.com](mailto:info@ft.metcourt.com) The rooms are small but especially designed to meet the needs of travelling business people.

# Forthcoming Events

*Inserts in bold, italics and larger font indicate participation by Africa Project Access:*

The **4<sup>th</sup> EAST AFRICA OIL, GAS & ENERGY CONFERENCE** will be taking place 19-20 June 2013 at the InterContinental Hotel, Nairobi, Kenya. Listed participants include *AfricaOil, Simba Energy* and Ministry of Mines & Energy, Ethiopia.

**Contact:** *Amanda Wellbeloved, Global Pacific & Partners*, telephone Johannesburg 27 11 8807052, e-mail: [babette@glopac-partners.com](mailto:babette@glopac-partners.com)

**The AFRICA TRANSPORT & INFRASTRUCTURE SHOW & CONFERENCE** will be taking place 24-27 June 2013 at the Sandton Convention Centre. It will cover rail, ports and aviation.

**Contact:** *Tracy Dandridge*, telephone 27 11 5164044, e-mail: [tracy.dandridge@terrapinn.com](mailto:tracy.dandridge@terrapinn.com)

The **ZAMBIA INTERNATIONAL TRADE FAIR** will take place 26-28 June in Ndola. It will cover the industrial, commercial and agricultural sectors.

**Contact:** *Rex Bowden, Catalyze International Events*, telephone 0747888147, e-mail: [rex@catalyze.co.za](mailto:rex@catalyze.co.za)

The **GBTA AFRICA ENERGY & RESOURCES SYMPOSIUM 2013** will be taking place 4 July 2013 in Cape Town. It will concentrate on travel logistics in African mining, oil and gas markets.

**Contact:** *Jacky Maulgue*, telephone Johannesburg 27 11 4528337, e-mail: [jacky.maulgue@gbta.org](mailto:jacky.maulgue@gbta.org)

**The 4<sup>th</sup> MOZAMBIQUE COAL & ENERGY CONFERENCE** will be taking place 15-16 July 2013 at the Avenida Hotel in Maputo, Mozambique.

**Contact:** *Diana Lauzi, Informa*, telephone 61 2 90804313, e-mail: [diana.lauzi@informa.com.au](mailto:diana.lauzi@informa.com.au)

The **8<sup>th</sup> AUDIT RISK & GOVERNANCE AFRICA** conference will take place 13-16 August 2013 at the Polana Serena Hotel, Maputo. Listed key speakers include the Auditor General of the *African Development Bank*, the *World Bank* and the National Audit Offices of Kenya and Tanzania.

**Contact:** telephone 44 20 77797208, website: [www.mistieurope.com/auditafrica](http://www.mistieurope.com/auditafrica)

The **FACIM 2013 MOZAMBIQUE TRADE FAIR** will be taking place 17-20 August at the new fairgrounds near Maputo.

**Contact:** Website: [www.facim.gov.mz](http://www.facim.gov.mz)

The **4<sup>th</sup> EAST & CENTRAL AFRICA ROADS & RAIL INFRASTRUCTURE SUMMIT** will be taking place 20-21 August 2013 at the Serena Hotel in Dar es Salaam.

**Contact:** *Jose Carpio, Magenta Global*, telephone Singapore 65 63912555, e-mail: [jose@magenta-global.com.sg](mailto:jose@magenta-global.com.sg)

The **AFRICA DOWN UNDER MINING EVENT** will be taking place 28-30 August 2013 at Pan Pacific Perth & Novotel Perth Langley, Australia. The South African export councils are supporting the event.

**Contact:** *Tammy*, telephone 61 8 93210355, e-mail: [tammy@paydirt.com.au](mailto:tammy@paydirt.com.au)

The **NACALA INFRASTRUCTURE DEVELOPMENT CORRIDOR 2013 CONFERENCE** will be taking place 2-5 September in Pemba, Mozambique.

**Contact:** *Melissa Morgan*, e-mail: [enquiry@iqpc.co.za](mailto:enquiry@iqpc.co.za)

The **3<sup>rd</sup> ANNUAL COAL MOZAMBIQUE CONFERENCE** will take place 4-6 September in Maputo.

**Contact:** *Olivia Mtshali*, e-mail: [enquiry@iqpc.co.za](mailto:enquiry@iqpc.co.za)

The **FIDIC WORLD CONSULTING ENGINEERING CENTENARY CONFERENCE** will be taking place 15-18 September 2013 in Barcelona, Spain.

**Contact:** *Roelof van Tonder, BEPEC*, e-mail: [roelof@bepec.co.za](mailto:roelof@bepec.co.za)

The ***iPAD MOZAMBIQUE 2013*** gas and power conference and exhibition will be taking place 22-24 October at the Girassol Indy Hotel in Maputo.

**Contact:** *Yolanda dos Santos*, telephone Cape Town 27 21 7003500.

The ***4<sup>th</sup> COALTRANS MOZAMBIQUE CONFERENCE*** will be taking place 26-27 November 2013 in Maputo.

**Contact:** *Ellie Saklatvala*, telephone 44 207 7798791, e-mail: [esaklatvala@euromoneyplc.com](mailto:esaklatvala@euromoneyplc.com)

## **Africa & the Global Economic Downturn**

The results for the fourth quarter of 2012 of ***SABMiller SALES*** showed an increase of 9% for African sales while Latin America beer sales fell 1%.

At a recent conference in Cape Town, *Charles Brewer*, Managing Director for Sub-Saharan Africa at ***DHL EXPRESS*** declared Africa to be the company's most profitable region.

# Whisperings - Footnotes

## WHISPERINGS – FOOTNOTE 1

It is important for companies involved in Angola to follow the **ANGOLA NATIONAL DEVELOPMENT PLAN 2013-2017** because it sets out sectoral priorities. USD 60 billion has been allocated for implementation of the Plan, 85,5% of which will be forthcoming from the Angolan government. For example, in the energy sector, it stipulates that electricity supply will increase from the current 1 200 MW to 6 200 MW by 2017. The Plan falls under the ‘Angola 2025’ vision.

## WHISPERINGS – FOOTNOTE 2

There have been some major changes within the **SOUTH AFRICAN CONSULTING ENGINEERING FRATERNITY**. For example, *Mott MacDonald* will be acquiring *PD Naidoo & Associates (PDNA)* pending Competition Commission approval; *AECOM* bought *BKS* in 2012 and *Davis Langdon* joined *AECOM* in 2010; and there was a merger between *Africon*, *Ninham Shand* and *Connell Wagner* of Australia to form *Aurecon*.

## WHISPERINGS – FOOTNOTE 3

The general decline in **WORLD COMMODITY PRICES** could lead to a major slow-down in resources Projects. This is especially the case for iron ore which makes up for a large percentage of majors such as *Rio Tinto* and *Vale*. The swathe of iron ore Projects from central to West Africa could be slowed. The price has dropped from USD 154,64 in February 2013 to USD 139,87 in March 2013, a drop of 9,55%.

## WHISPERINGS – FOOTNOTE 4

An associate who has recently visited **MOGADISHU, SOMALIA** reports that the country has achieved some stability and within the next few years, could become a functional country again. He reports that the UK has recently reopened an embassy there. Nevertheless, he comments that the city still looks like a “war zone.”

## WHISPERINGS – FOOTNOTE 5

Investment specialists and fund managers are calling for African governments to publish **NATIONAL INFRASTRUCTURE BALANCE SHEETS**. These could provide potential investors with a better grasp of infrastructure shortfalls and the state of existing infrastructure in the relevant countries. Updates will provide clearer indications of improvement or deterioration. There are also calls for the establishment of panels of experts to investigate national infrastructure balance sheets as well as specific trends such as unsolicited bids, the state of human capital and the slow progress of Public Private Partnerships.

## WHISPERINGS – FOOTNOTE 6

The number of **CONFERENCES AND EXHIBITIONS** for Africa has increased sharply. In particular, events on oil and gas as well as coal are run in close time proximity and there is much duplication. Companies are compelled to select the events they attend or exhibit at more carefully.

## WHISPERINGS – FOOTNOTE 7

There are a number of **PRIVATE POWER COMPANIES IN ZIMBABWE** that are implementing mini power projects in the country, notably for the realisation of mini-hydro Projects.

## WHISPERINGS – FOOTNOTE 8

The recent visit of President Guebuza of Mozambique to China could result in an increase in **CHINESE INVOLVEMENT IN MOZAMBIQUE**. The Chinese have been relatively quiet in this key market.

# Quotable Quotes

## **QUOTABLE QUOTES 1**

*“Kinshasa is like a ball under water .It just keeps popping up.”*

(Commercial property developer on the business vibrancy of Kinshasa City.)

## **QUOTABLE QUOTES 2**

*“All funders need developers doing the hard yards, kicking the tyres, looking under the bushes.”*

(Andrew Johnstone, Chief Executive Officer at African Infrastructure Investment Managers)

## **QUOTABLE QUOTES 3**

*“Ironically, it’s tough spending money in Africa.”*

(Andrew Johnstone, Chief Executive Officer at African Infrastructure Investment Managers)

## **QUOTABLE QUOTES 4**

*“Choose local partners carefully. They should be politically astute but not politically connected.”*

(Herc van Wyk, CEO, Pembani Investment Managers)

# Further Information & Indemnity

***PROJECT INFORMATION  
IS AVAILABLE  
FOR THE FOLLOWING PROJECTS ABOVE  
MARKED \*\*  
(NO CHARGE FOR SUBSCRIBERS)***

- **Hanga & Vissati Farms, Angola**

## **INDEMNITY**

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