



# Africa Project Access

**AFRICA PROJECT NEWSLETTER**

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## IN THIS EDITION

- **New LNG Plant to be Established on the Afungi Peninsula, Northern Mozambique**
- **Proposed Development of Isiolo as a Resort City with a New Airport, Kenya**
- **Award of the Mtwara Port Supply Base Logistics Contract, Tanzania**
- **Progress on Oil and Gas Exploration on Lake Tanganyika**
- **Wind Power Plant in Djibouti**
- **Malawi-Tanzania Fibre Optic Cable Link**
- **New Bridge Link Road in Tete, Mozambique**
- **Geological Surveys for South Sudan**
- **More Hotel & Housing Projects in Tete, Mozambique**
- **New Vehicle Assembly Plant for Nigeria**
- **Plans for the New Industrial Park, Pemba, Northern Mozambique**
- **New Water Treatment Plant for Windhoek, Namibia**
- **Capacity Improvements for the Sena Rail Line & Beira Port, Mozambique**
- **Airport Upgrade in South Sudan**
- **New Container Terminal for Walvis Bay Port, Namibia**
- **Ship-Building & Dry Dock Facility for Delta State, Nigeria**

# New Data & Publications

## *Africa Project Access Visit Reports*

**Dar es Salaam-Mtwara, Tanzania; Kinshasa-Matadi & Katanga, DR Congo; North-Western Province, Zambia; Juba, South Sudan; 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 Sovereign Wealth Funds Advantages & Challenges*

### *Sub-Saharan Africa's 'Hotspots', 'Warm Spots' & 'Bubbling Spots'*

Most of Sub-Saharan Africa is experiencing an economic boom. Countries have been registering 5-8% growth rates over a sustained period and there has been a major increase in project flow over the past few years. This flow is not only positive from the point of view of quantity but from that of quality too.

The region is endowed with what the world wants: mineral resources, oil and gas, agricultural commodities. A wide array of companies from the formal colonial powers to China to Brazil to South Africa to those less talked about such as Turkey are involved in what observers call the continent's 'third scramble' for the resources and commodities. This is despite fluctuations in world prices. The situation has globalised. In Mozambique's coal-rich Zambezi Valley for example, companies from Australia to India to Kazakhstan are active. Role players are compelled to form strategic alliances and consortia to optimise their efforts and to consolidate the capital required. However, the riches are often

stranded in remote sites without the facilities to transport to the ports and governments are trying to attract the big ticket investors and donors for funding of the urgently needed support infrastructure such as the rail lines required for the evacuation of Mozambique's coal. Logistics as well as finance permeate the strategies of the operators and investors.

Some areas where there is major activity can be described as 'hotspots' while 'warm spots' are showing considerable potential but have yet to be fully exploited. There are also 'bubbling up spots' which have yet to be sufficiently appreciated by the investor community. These development nodes are associated with development corridors and their major anchor projects act as catalysts for the realisation of these corridors. A good example is the relatively recent gas finds in the Mtwara area of southern Tanzania which have galvanised the Mtwara Corridor and rendered feasible a number of other projects along the route.

Undoubted 'hotspots' with considerable current activity include: the Tete area of Mozambique's Zambezi Valley based on the vast deposits of coking and steam coal; the Solwezi/Lumwana area of Zambia's North West Province with major copper deposits; the Pemba area of northern Mozambique based on the huge gas reserves of the Rovuma Basin; the Mtwara area of southern Tanzania also centred on the Rovuma Basin reserves; numerous iron ore projects along central and west Africa.

'Warm spots' with considerable known potential but held up by political issues, overriding transport difficulties, technical complications and other factors include Guinea Conakry based on some of the richest iron ore deposits in the world at Simandou; the Lake Albert area of Uganda where substantial oil deposits remain largely undeveloped; Botswana with its huge coal potential but transport challenges; South Sudan with its large oil reserves but political problems with its northern neighbour and an as yet undeveloped alternative transport route to the sea; the Belinga area of Gabon where concessions pertaining to the iron ore deposit have yet to be fully clarified.

'Bubbling spots' that may emerge as major opportunity areas include the Luapula Province of northern Zambia where manganese deposits and agricultural potential could be realised once the rail route to Lobito in Angola is realised; the Niassa Province of northern Mozambique which is reported by some to have coal deposits in excess of the Zambezi Valley; southern Angola where there is mineral and iron ore coupled with agricultural potential; growing activity in southern Madagascar on the back of the ilmenite operations there; the Arusha area of Tanzania which is being stimulated by mining activity; the Kimpese area of the DR Congo where major limestone deposits will be fuelling industrial activity. The

recent discovery of oil in northern Kenya will lead to another 'bubbling spot'. The eastern DR Congo has undoubted wealth including a share of the Lake Albert oil but unrest there remains a major impediment.

These 'hot, warm and bubbling spots' are developing against a backdrop of consistent ongoing activity such as the oil production from Nigeria, Angola and other long-standing oil producers; oil from new oil countries such as Ghana and Côte d'Ivoire; mining production from South Africa. There are also important new developments such as Nigeria's emphasis on its mining and agricultural potential. A good number of urban developments are occurring: Konza City in Kenya, Kigamboni in Tanzania, la Cité du Fleuve in the DR Congo, the new Kitwe city in Zambia to name just four. The number of industrial and value-add projects for example in mineral and agro-processing are increasing as Africa wisely seeks to beneficiate raw product locally.

A final note has to be a warning. Governments, operators, investors and even donors have for the past few years, been hyping up their projects in the 'hot' and 'warm' spots. Expectations are high. Yet as stated above, the resources are stranded and there are major challenges including the need for transport infrastructure mainly in the form of capital-intensive rail and port bulk-handling facilities. If the finance and technical requirements for the support infrastructure coupled with political will and effective regional collaboration do not come about, then the current wave of optimism may dissipate into some degree of the Afro-pessimism that has held the sub-continent back for so many years. The international investment community is fickle and delays, disputes and other negative news could lead to the weakening or loss of a major opportunity.

# Additional Services

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

The last **FULL APA BRIEFING** took place at Werksmans Attorneys on Thursday, 10 October 2013. Subjects covered were the Kinshasa-Matadi Corridor in the DR Congo, the potential of Zambia's Luapula Province, a report on a recent visit to Ghana and an insight into current conditions in Somalia. The next full APA Briefing will take place on Tuesday 3 December also at Werksmans and will cover hotel and commercial property Projects modalities for the African oil and gas sector as well as visit reports on Tanzania and Liberia.

The previous **FULL APA BRIEFING** covered the current situation in Zimbabwe and market snapshots on Swaziland, Mozambique, Botswana, Ethiopia and South Sudan, upcoming Projects in Angola and the DR Congo as well as a situation report on the possibilities for the export of Botswana's coal.

A special **OIL AND GAS SUB-GROUP MEETING** was held on Thursday 26 September 2013 at the Henley Business School. The next meeting will include representatives of the resources companies such as Anadarko and an initial overview of the oil and gas sectors in Africa.

The eleventh **ICT/TELECOMMUNICATIONS SUB-GROUP** was held on Wednesday 4 September 2013 in collaboration with the South African Electro-Technical Export Council (SAEEEC) at their offices in Midrand. A group visit to South Africa-based mining, gas and engineering companies involved in major resources Projects in Africa was discussed. It was decided that representatives of the Konza City ICT Park in Kenya, a tower manufacturing company and data centres will be invited to address the next meeting. A two-way workshop will be held between clients and the Industrial Development Corporation (IDC) including the IDC Africa Unit, Export Credit Insurance Corporation (ECIC) and the Department of Trade and Industry.

The **APA AGRICULTURE SUB-GROUP** briefing took place at the Henley Business School on Thursday, 31 October 2013. It was agreed that the next meeting would include representatives of the development finance institutions, the agriculture directorates of the Development Bank of Southern Africa (DBSA) and the Industrial Development Corporation (IDC), an agriculture equity fund manager and the South Africa office of the African Development Bank (AfDB). John Rocha of the DBSA and Henry Minnaar of the NEPAD Business Foundation (NBF) would also be invited.

The **APA HOTELS/COMMERCIAL PROPERTY SUB-GROUP** briefing was held on Thursday 26 September 2013 at the Henley Business School. It was agreed that the IDC hotels unit, a hotel management group such as Atterbury Properties, a logistics company and a private aviation company will be invited for the next briefing.

The **APA POWER SECTOR SUB-GROUP MEETING** took place at the Henley Business School on Wednesday, 13 November 2013. It was agreed that the next meeting will include representatives of the Department of Trade and Industry, the Sector Lead for infrastructure at the International Finance Corporation and previously representatives of the Southern and East African Power Pools, NetPlan, the Trans Caledonian Authority, IPP's such as Globeleq, Aurecon and Group Five.

The **APA POWER SECTOR SUB-GROUP MEETING** took place at the Henley Business School on Thursday, 31 October 2013. It was agreed that the next meeting will include representatives of the African Development Bank (AfDB), the Development Bank of Southern Africa, the Industrial Development Corporation (IDC) and Project sponsors.

The last **APA INFRASTRUCTURE SUB-GROUP MEETING** "Show me the Projects" was held on Tuesday, 18 June 2013 at the Development Bank of Southern African in partnership with the Built Environment Professions Export Council (BEPEC). It concentrated on gas-related developments in Mtwara and Pemba as well as the BEPEC industrial centre to be established in Tete. There were addresses on the Export Credit Insurance Corporation (ECIC) products and the Capital Projects Feasibility Programme (CPFP).

The sixth **APA HEALTH SECTOR SUB-GROUP MEETING** was held on Wednesday 13 November 2013 at the Henley Business School. Various health and health-related Projects and initiatives were discussed. It was agreed that the APA ICT and Health sub-groups should merge for a special session on the application of ICT in the health sector and specifically remote diagnosis. The sector lead for health at the International Finance Corporation as well as a specialist on cold chain warehousing should be invited.

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 September-October 2013 edition of the London-based publication, [AFRICA INVESTOR](#) carries articles on the top 100 infrastructure Projects, Africa's best dividend stocks, education in Africa, FDI trends in Africa, manufacturing value-add in Africa, African middle-sized farms, Africa's aviation industry.*

# Projects

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

## COMOROS

The **COMOROS ENERGY SECTOR SUPPORT PROGRAMME** is being implemented in the islands of Grande Comore, Anjouan and Moheli. The objective is to supply the country's electricity needs through effective utilisation of its renewable energy sources. The duration of the Programme is three years. Rehabilitation, technical support, capacity building and energy efficiency will be addressed. Initial funding of USD 20 million is from the *African Development Bank (AfDB)*, the *World Bank* and other donors. An example of a similar Programme in the Indian Ocean is that of Reunion Island.

## CONGO (DEMOCRATIC REPUBLIC)

The DR Congo state mining utility, *GECAMINES* has stated that it will be developing the **DEZIWA COPPER PROJECT** in Katanga Province, southern DR Congo. It has also taken over the Ecaille C copper-cobalt Project. The utility is attempting to raise the required finance of around USD 1 billion from funders including *Renaissance Capital*. The company produced only about 20 000 tons of copper in 2012 compared with nearly 500 000 tons in the 1980's. It also seeks finance for a 500 MW power plant in the province.

## DJIBOUTI

*Qatar Petroleum International (QPI)* has signed a memorandum of understanding with the *Djibouti Electricity Company* for the development of a 60 MW **WIND POWER PLANT** situated near Lake Assai west of the capital city. The feasibility study should be completed by the end of 2013. The national utility also has an agreement to establish another wind power plant near Lake Goubet in collaboration with *Maple Indian Ocean Resources* of North America.

## GUINEA

The *African Development Bank (AfDB)* and the *Islamic Development Bank (IsDB)* have allocated around USD 17 million for the preparation of the **CONAKRY ELECTRICITY NETWORK REHABILITATION AND EXPANSION PROJECT**. There will be additional funding from the Guinea government. Funds will also be used to improve management capacity at the state utility *Électricité de Guinée (EDG)*. Twelve areas of the capital have been earmarked for improvement. The Project includes the installation of prepayment meters. The relevant ministry is that of Energy and Environment.

*West African Iron Ore* is undertaking initial studies for its **WONDIMA IRON ORE PROJECT** in the Forecariah area of Guinea. A pre-feasibility study will decide mine development by 2015. There are discussions with *Bellzone Mining* and the *China International Fund* for implementation of the Project. A road to the port at Konta would be constructed.

## KENYA

\*\* There are plans for the development of the town of Isiolo in central, northern Kenya into a **NEW RESORT CITY**. It is strategically placed at a cross roads on the Lamu development corridor and is connected by road to Nairobi. The Kenyan authorities are also considering the construction of a new airport at Isiolo. Kilifi close to Lamu and on the route to Mombasa is also being targeted for development into a resort city. The Lamu corridor (LAPSSET Project) will link the oil reserves of Uganda and South Sudan as well as Ethiopia to the port of Lamu. The cost of the Project is estimated at USD 24,7 billion. Sections of the road and rail links will be concessioned to private operators. Five resort cities have been identified.

The uptake for tenancy at the **KONZA TECHNOLOGY PARK** in Nairobi is encouraging. Interested parties include *IBM, Google, Samsung, Microsoft, Craft Silicon, Seven Seas, Safaricom, CISCO* and *Telex*. Companies from Taiwan and the United Arab Emirates are also listed. The ICT Park was launched in January 2013. The estimated cost is USD 600 million.

The Kenyan Ministry of Energy and Petroleum is inviting bids from prospective investors for the construction of **TWO POWER PLANTS**. The combined capacity of the plants would be 1 800 MW. One Project is a coal and natural gas plant at Dongo Kunda between Mombasa and Kilifi in eastern Kenya while the other is a coal-fired plant earmarked for Lamu on the northern coast. The national objective is to increase power supply capacity from the current 1 664 MW to 6 700 MW in forty months.

*Synopec International* of China has secured a contract with the *Kenya Electricity Generating Company (KenGen)* for a component of the **OLKARIA GEOTHERMAL POWER PROJECT** in the Naivasha District whereby steam will be collected from some sixty wells through a pipeline system. The funders include *KFW* of Germany and the *World Bank*. The value of the Project is estimated at USD 140 million. The duration is twenty months. The steam gathered could produce almost 400 MW.

## LIBERIA

*Jindal Steel* of India has signed a memorandum of understanding with the government of Liberia for the construction of a 350 MW coal-fired **POWER PLANT** in Monrovia. There will be two 175 MW units. The estimated cost of the Project is USD 250 million. The company hopes to source the coal from its other African coal Projects.

## MALAWI

*SimbaNet* of the *Wanachi Group* active in Tanzania, Kenya and Uganda has won the contract for the construction of a **FIBRE OPTIC CABLE** that will link Lilongwe in Malawi to the border with Tanzania and then onward to the Tanzanian coast and the undersea cables. The Project will be implemented on a PPP basis. Funding is from the *World Bank* under the USD 20 million *Regional Communication Infrastructure Programme Malawi Project*. There are reportedly six companies short-listed for this Project. *SimbaNet* has formed a consortium with *Bharti Airtel, SK Broadband* and *Soliton Telemec*.

*Globe Metals & Mining* of Australia is negotiating with the Malawi government for prospecting rights for the **KANYIKA NIOBIUM PROJECT** in northern Malawi. The government is currently reviewing its mining legislation to ensure greater national benefit. Outstanding are the environmental impact assessment, the development agreement and the marketing and offtake agreements. Technical assistance is from the *East China Minerals & Exploration & Development Bureau (ECE)*.

## MOZAMBIQUE

The Mozambican authorities and *Anadarko* of the USA and *ENI* of Italy are reportedly planning the establishment of the long-mooted **LNG PLANT** on the Afungi peninsula near Palma in the Cabo Delgado Province of northern Mozambique. An industrial park will be established as well as major housing Programmes for the workers engaged in the Project. The initial plan is for four 5-million tons per annum liquefaction trains. The objective is to produce 50 million tons per annum in the future. Staff will be transferred from Pemba to the new operational area. The Project is currently in the front end and engineering design phase. The plant will produce 20 million tons of gas per annum when it is scheduled to come on line in 2018. The LNG site plan includes LNG jetties, a materials offloading facility, LNG storage tanks, a lay down area, ten liquefaction trains, a gas inlet area, two construction camps, permanent housing and an airstrip.

Letting notices are being issued for the **PEMBA INDUSTRIAL PARK** situated on the main road 4 kilometres from Pemba airport, 6 kilometres from Pemba town and 11 kilometres from Pemba port. The site area of phase 1 is 12,6 hectares while the area of phase 2 is 9,3 hectares. There are 20 principal plots on offer with one already allocated *African Steel Merchants*. The Project includes a commercial cluster, mini-factories, training and workshop area, storm water control and sewerage treatment centre and a staff accommodation area.

*RCT* of Italy has begun the survey of the route for the proposed **NEW COASTAL ROAD** from Pemba to Mocimboa da Praia on Mozambique's north coast. The distance to Palma further north is 280 kilometres. The plans are for a four lane major artery. There will be numerous bridges. The current road runs inland. There are also reports of a possible 75 MW gas-fired power plant to be situated on the new road. One of the contenders for the Project is the local construction company, *Grupo Abu Bacar*.

The Saudi-registered *ACWA Power* is developing a 300 mw coal-fired mine mouth **POWER PROJECT** for *Vale* of Brazil on its concession situated at Moatize, Tete Province some 20 kilometres north west of the Zambezi River. The Greenfield Project is being developed on a BOOT basis. *ACWA* will be the independent power producer (IPP). The power will be supplied to *Vale* as well as the *Electricidade de Mocambique (EDM)* grid. The company has stated that financial close should be achieved within the next few months.

The *OPWAY* consortium comprising the Portuguese contractors, *Mota Engil* and *Soares Da Costa* will be constructing a 14-kilometre **NEW LINK ROAD** between the new Tete Bridge which they have almost completed and the mining area of Revuboe. The Project has been delayed because some of the land is within the *Rio Tinto* concession and permission must be obtained. Traffic congestion in Tete which is split by the Zambezi River has worsened considerably.

\*\* The construction of the **THREE CITIES HOTEL COMPLEX** on the bank of the Zambezi River in Tete is underway. The first phase of the Project is for the construction of fifty of a final ninety units. The units will be wooden structure Caribbean-style houses. The cost is estimated at USD 25 million. The Project includes a golf course and a river marina. The Project promoter is *Russel Stephens* of South Africa. Two housing complexes are also planned on both sides of the new Tete Bridge over the Zambezi. The sites are fifty hectares on the mining side and 20 hectares on the old town side.

\*\* A local company in Pemba is planning to establish a **MINERAL WATER PLANT** at Muchara situated 15 kilometres outside Pemba in northern Mozambique. It will purchase a bottling plant from Brazil. The capital requirement is USD 1,2 million and production from a borehole will be 100 000 litres per day. Reverse Osmosis technology will be used.

The Pemba-based hardware retailer *Osman* is establishing a **FIBRO-CEMENT FACTORY** called *Ecocimento* in Dondo near Beira, Sofala Province. The plant should be operational by mid-2014. No asbestos will be used. The company has been operating in Mozambique for over thirty years.

The **BEIRA-LUSAKA RAIL LINK** between Mozambique and Zambia has been re-established with the first train since the civil war in Mozambique carrying 1 050 tons of fertilizer along the Machipanda rail line through Zimbabwe to Lusaka. On the return leg, the twenty-five rail trucks will contain copper for export to Europe, Asia, America and Australia. The Beira rail system has registered a 32% increase in cargo loads over last year.

The Brazilian architectural firm, *Fernandes Arquitectos Associados* is undertaking the plans for the lay-out of the new **NACALA INTERNATIONAL AIRPORT** in central Mozambique. The airport which is under construction by the Brazilian contractor, *Odebrecht*, will cover 15 200 square metres and will include a passenger terminal, shops and restaurants. Initial capacity will be 500 000 passengers per annum. The Project is being implemented through a USD 80 million loan from the Brazilian development bank, *BNDES*.

There is some conjecture over the timing of construction of **QUAY 13 AT BEIRA PORT**. There is an urgent need for greater coal handling facilities at the port. In 2010 and 2011, some refurbishment of the coal terminal took place but it is only expected to be fully operational in 2015. *Mota Engel* of Portugal is completing improvements to the Sena rail line and increasing its capacity. However, analysts believe that while the amount of coal exported next year from the Zambezi Valley through Beira Port may increase to around 6,5 million tons, the lack of sufficient coal handling infrastructure at the port will inhibit future growth. The Ministry of Transport has nevertheless declared that by early 2015, the Sena line will increase its coal transport capacity to 20 million tons and Beira Port will achieve a capacity of 26 million tons.

## NAMIBIA

The *African Development Bank (AfDB)* has approved a R3 billion loan to *Namport* for the construction of a **CONTAINER TERMINAL** at Walvis Bay port. The Project will triple the container handling capacity to just over TEU's per annum. *Namport* hopes to achieve a 70% increase in the port's cargo volumes by 2020 while developing as a regional hub for *SADC* as well as the Gulf of Guinea. The Project is taking place alongside the North Port Development Project which provides for an offloading jetty and storage facilities in its first phase.

The *Ujams Wastewater Treatment Company*, a joint venture between *VA Tech WABAG* of Austria and *Veolia* of France has been awarded the contract for the construction of a **WATER TREATMENT PLANT** in Windhoek, Namibia. The *Deutsche Investitions-und Entwicklungsgesellschaft (DEG)* is providing a long-term loan of 100 million Rand or about 7,3 million Euros for the Project. The capacity of the plant will be around 5 000 cubic metres per day. It will treat wastewater from Windhoek's northern industrial zone and channel the water into the Swakoppoort Dam. The water may also be used for agriculture. It will replace an old plant built in 1966.

## NIGERIA

Construction of the **HILTON LAGOS HOTEL** is expected to commence in the first few months of 2014. The 350-room hotel will be located in the industrial suburb of Ikoyi in Lagos. It will include a conference centre, a health centre and a pool. The hotel will be owned in joint venture between *Transnational Corporation (Transcorp)* and the investment company, *Heirs Holdings*. The *Hilton Group* will manage the hotel.

In mid-October 2013, *Nissan* and its West African partner, the *Stallion Group* announced that they will jointly be launching a **VEHICLE ASSEMBLY PLANT** in Lagos at the existing *Stallion VON Automobile* plant. An MOU has been signed between the two parties. The capacity of the plant will be expanded to assemble 45 000 units per annum covering cars, light trucks and pick-ups. This is part of a Programme to turn Lagos into a regional manufacturing hub. *Renault* will also have use of the facility. *Carlos Ghosn* is President and CEO of *Nissan Nigeria* and *Sunil Vaswani* is Chairman of the *Stallion Group*. The Project has been facilitated by recent Nigerian legislation.

The *Federal Executive Council* of Nigeria has approved 58,6 billion Naira or around USD 370 million for the installation of a **SHIP-BUILDING FACILITY** in Delta State, southern Nigeria. The implementing agency is the Ministry of Transport. The Project will be implemented in two phases: phase one will cost 40,2 billion Naira and will be for facilities, buildings, maritime equipment and electro-mechanical works; while phase two will cost 18,4 billion Naira and will be for civil works and infrastructure. The facility will also be able to dry-dock ocean-going vessels. There is a serious shortage of vessels repair and maintenance facilities all along the African west coast with Walvis Bay and Cape Town vying to help fill the gap.

## 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.

The Chinese consortium, *Shanghai Zendai Property* is planning to transform 1 600 hectares of the Modderfontein area in Gauteng Province into a **HUB FOR CHINESE FIRMS** operating in South Africa and Sub-Saharan Africa. It would purchase the land from *AECI* for around R80 billion. The Project would include hotels, shopping centres, 35 000 housing units, a conference centre and a sports stadium. The duration of the development would be 10-15 years. The deal has yet to be finalised.

The 2 500 kilometre **KWAZULU-NATAL-EASTERN CAPE-WESTERN CAPE UNDERSEA CABLE** is aimed at closing the undersea cable ring from East to West Africa. The Project is being implemented by *Seacom* and other role players as the South African Marine System (*SAMS*). The cost is around USD 1 billion. The cable would extend from Mtunzini in KZN to Yzerfontein in the Western Cape with a branch to the Eastern Cape. Funding is from inter alia, the *Industrial Development Corporation (IDC)* of South Africa and the *Development Bank of Southern Africa (DBSA)*. *Seacom*, *EASSy* and *SAFE* on the eastern side would link with *WACS* and *SAT-3* on the western coast.

## SOUTH SUDAN

China has allocated approximately USD 45 million in grant funding to South Sudan for a major **GEOLOGICAL SURVEY** of the country. The objective is to highlight the investment potential in non-oil sectors notably infrastructure, mining and agriculture. The government has enacted a mining bill aimed at attracting foreign investors for mining ventures. Geological surveys conducted in the 1970's and 1980's showed that South Sudan may have rich deposits of gold, copper and other resources.

The *United Nations Interim Security Force for Abyei (UNISFA)* through the *United Nations Development Programme (UNDP)* has issued a tender for expressions of interest for the topographical survey and design as well as earth works construction at **MALAKAL AIRPORT** in Upper Nile State, north-western South Sudan. This is the second largest airport in the country and one of only two international airports. There has been conflict in the area relating to the border dispute with Sudan. The airport is used by *UN* agencies for relief supply operations in the area.

## TANZANIA

\*\* The supply base logistics contract for **MTWARA PORT** in southern Tanzania has been awarded to the *ASCO Group Limited* of Scotland. The contract was awarded against stiff competition from the numerous freight logistics companies operating at the port. *Allistair* will provide equipment to *ASCO*. The implementing agency is the *Tanzania Ports Authority (TPA)*. The natural deepwater port will soon be expanded and will handle a substantial increase in cargo.

*Beach Petroleum* of Australia has called for Expressions of Interest for the delivery of 20 000 tons of drilling equipment from Dar es Salaam port to Kigoma in the interior on Lake Tanganyika. The company is undertaking a scoping study relating to **OIL AND GAS EXPLORATION** on the Lake. In 2011, *Total* of France won oil and gas exploration rights on the Lake. The Tanzanian government is insisting on a higher production share in the oil and gas ventures.

The Ministry of Water has re-advertised an invitation for pre-qualification for constructions for the **SAME-MWANGA-KOROGWE WATER SUPPLY PROJECT** for supply to nine villages in northern Tanzania. Funding is from the *Arab Bank for Development in Africa (BADEA)* and the *OPEC Fund for International Development (OFID)*. The Project includes construction of a raw water pumping station, a treated water tank, treated water pumping station, a reservoir at Kisangara, offices, guard houses and a workshop, HT power line, water transmission lines. The tender is restricted to Arab and African contractors.

*SimbaNet* of the *Wanachi Group* active in Tanzania, Kenya and Uganda has won the contract for the construction of a **FIBRE OPTIC CABLE** that will link Lilongwe in Malawi to the border with Tanzania and then onward to the Tanzanian coast and the undersea cables. The Project will be implemented on a PPP basis. Funding is from the *World Bank* under the USD 20 million *Regional Communication Infrastructure Programme Malawi Project*. There are reportedly six companies short-listed for this Project. *SimbaNet* has formed a consortium with *Bharti Airtel*, *SK Broadband* and *Soliton Telemec*.

## ZAMBIA

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Approval for the new **NDOLA INTERNATIONAL AIRPORT**, the Simon Mwansa Kapwepwe International Airport was received in May 2013. A new site covering 2 000 hectares has been identified. Bidders for the design of the airport have been short-listed. The implementing agency is the *National Airports Corporation (NAC)*. The cost of the Project is USD 522 million. The authorities have indicated that modern facilities will be installed. It will be able to handle two million passengers per annum. The old airport is clearly inadequate and is not conveniently situated.

## REGIONAL

*Beach Petroleum* of Australia has called for Expressions of Interest for the delivery of 20 000 tons of drilling equipment from Dar es Salaam port to Kigoma in the interior on Lake Tanganyika. The company is undertaking a scoping study relating to **OIL AND GAS EXPLORATION** on the Lake. In 2011, *Total* of France won oil and gas exploration rights on the Lake. The Tanzanian government is insisting on a higher production share in the oil and gas ventures.

The 2 500 kilometre **KWAZULU-NATAL-EASTERN CAPE-WESTERN CAPE UNDERSEA CABLE** is aimed at closing the undersea cable ring from East to West Africa. The Project is being implemented by *Seacom* and other role players as the South African Marine System (*SAMS*). The cost is around USD 1 million. The cable would extend from Mtunzini in KZN to Yzerfontein in the Western Cape with a branch to the Eastern Cape. Funding is from inter alia, the *Industrial Development Corporation (IDC)* of South Africa and the *Development Bank of Southern Africa (DBSA)*. *Seacom*, *EASSy* and *SAFE* on the eastern side would link with *WACS* and *SAT-3* on the western coast.

The **BEIRA-LUSAKA RAIL LINK** between Mozambique and Zambia has been re-established with the first train since the civil war in Mozambique carrying 1 050 tons of fertilizer along the Machipanda rail line through Zimbabwe to Lusaka. On the return leg, the twenty-five rail trucks will contain copper for export to Europe, Asia, America and Australia. The Beira rail system has registered a 32% increase in cargo loads over last year.

*SimbaNet* of the *Wanachi Group* active in Tanzania, Kenya and Uganda has won the contract for the construction of a **FIBRE OPTIC CABLE** that will link Lilongwe in Malawi to the border with Tanzania and then onward to the Tanzanian coast and the undersea cables. The Project will be implemented on a PPP basis. Funding is from the *World Bank* under the USD 20 million *Regional Communication Infrastructure Programme Malawi Project*. There are reportedly six companies short-listed for this Project. *SimbaNet* has formed a consortium with *Bharti Airtel*, *SK Broadband* and *Soliton Telemec*.

## **COMMERCIAL PROPERTY, CONSTRUCTION, HOTELS, LEISURE DEVELOPMENTS AND TOURISM-RELATED PROJECTS**

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

\*\* There are plans for the development of the town of Isiolo in central, northern Kenya into a **NEW RESORT CITY**. It is strategically placed at a cross roads on the Lamu development corridor and is connected by road to Nairobi. The Kenyan authorities are also considering the construction of a new airport at Isiolo. Kilifi close to Lamu and on the route to Mombasa is also being targeted for development into a resort city. The Lamu corridor (LAPSSET Project) will link the oil reserves of Uganda and South Sudan as well as Ethiopia to the port of Lamu. The cost of the Project is estimated at USD 24,7 billion. Sections of the road and rail links will be concessioned to private operators. Five resort cities have been identified.

Construction of the **HILTON LAGOS HOTEL** is expected to commence in the first few months of 2014. The 350-room hotel will be located in the industrial suburb of Ikoyi in Lagos, Nigeria. It will include a conference centre, a health centre and a pool. The hotel will be owned in joint venture between *Transnational Corporation (Transcorp)* and the investment company, *Heirs Holdings*. The *Hilton Group* will manage the hotel.

\*\* The construction of the **THREE CITIES HOTEL COMPLEX** on the bank of the Zambezi River in Tete is underway. The first phase of the Project is for the construction of fifty of a final ninety units. The units will be wooden structure Caribbean-style houses. The cost is estimated at USD 25 million. The Project includes a golf course and a river marina. The Project promoter is *Russel Stephens* of South Africa. Two housing complexes are also planned on both sides of the new Tete bridge over the Zambezi. The sites are fifty hectares on the mining side and 20 hectares on the old town side.

Letting notices are being issued for the **PEMBA INDUSTRIAL PARK** situated on the main road 4 kilometres from Pemba airport, 6 kilometres from Pemba town and 11 kilometres from Pemba port. The site area of phase 1 is 12,6 hectares while the area of phase 2 is 9,3 hectares. There are 20 principal plots on offer with one already allocated *African Steel Merchants*. The Project includes a commercial cluster, mini-factories, training and workshop area, storm water control and sewerage treatment centre and a staff accommodation area.

The Brazilian architectural firm, *Fernandes Arquitectos Associados* is undertaking the plans for the lay-out of the new **NACALA INTERNATIONAL AIRPORT** in central Mozambique. The airport which is under construction by the Brazilian contractor, *Odebrecht*, will cover 15 200 square metres and will include a passenger terminal, shops and restaurants. Initial capacity will be 500 000 passengers per annum. The Project is being implemented through a USD 80 million loan from the Brazilian development bank, *BNDES*.

Approval for the new **NDOLA INTERNATIONAL AIRPORT**, the Simon Mwansa Kapwepwe International Airport was received in May 2013. A new site covering 2 000 hectares has been identified. Bidders for the design of the airport have been short-listed. The implementing agency is the *National Airports Corporation (NAC)*. The cost of the Project is USD 522 million. The authorities have indicated that modern facilities will be installed. It will be able to handle two million passengers per annum. The old airport is clearly inadequate and is not conveniently situated.

## **SPOTLIGHT ON AID AGENCIES, INTERNATIONAL DEVELOPMENT FINANCE INSTITUTIONS, FUNDS & SELECTED RELATED ORGANISATIONS**

The *African Development Bank (AfDB)*, the *World Bank*, *KFW* of Germany, the *European Investment Bank (EIB)* and the Brazilian Development Bank are the leading funders of **RENEWABLE ENERGY PROJECTS** in Africa according to recent reports.

# Contacts

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*Fergus Jockel* is Manager: Exploration while *Chrispine Ngwena* is a Malawian national geologist at **GLOBE METALS & MINING**, telephone Perth 61 8 94861779. The company is negotiating with Malawi on the Kanyika Niobium Project.

### OIL & GAS CONTACTS

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### AGRICULTURE/AGRI-BUSINESS CONTACTS

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### HOTELS/TOURISM/COMMERCIAL PROPERTY CONTACTS

The contact persons for the **PEMBA INDUSTRIAL PARK** in northern Mozambique are *Anthony Perdikies*, telephone 258 840637537 or 27 828819025, e-mail: [Anthony@pembaindustrialpark.com](mailto:Anthony@pembaindustrialpark.com) *Jeff Harper*, telephone 27 714704536, e-mail: [jeff@pembaindustrialpark.com](mailto:jeff@pembaindustrialpark.com) *Jaysen Golding*, telephone 27 827846205 or 27 31 5368004, e-mail: [jaysen@pembaindustrialpark.com](mailto:jaysen@pembaindustrialpark.com) The website is [www.pembaindustrialpark.com](http://www.pembaindustrialpark.com)

The Managing Director and CEO of the proposed **TRANSCORP HILTON LAGOS (THTSL)** is *Valentine Ozigbo*, telephone Lagos 234 1 9033946, e-mail: [info@transcornigeria.com](mailto:info@transcornigeria.com) It will be building a 350-room hotel in Lagos.

### HEALTH SECTOR CONTACTS

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### USEFUL WEBSITES

Details of the **AFRICA HOTEL SURVEY** can be found on the website of the Nigerian research company, *W Hospitality Group*, [www.w-hospitalitygroup.com](http://www.w-hospitalitygroup.com)

An inaugural **ANGEL INVESTOR FAIR** was recently held. The website of *Angel Investor* is [www.angelfair.net](http://www.angelfair.net)

### PROJECT-RELATED ACHIEVEMENTS AND/OR ACTIVITIES OF AFRICA PROJECT NEWSLETTER SUBSCRIBERS, ASSOCIATES AND CONTACTS

**UWP CONSULTING** has been involved in the design of the **N8 THABA NCHU INTERCHANGE** in the Free State Province of South Africa. The Project included a diamond interchange, a pedestrian bridge and a municipal street overpass.

*Hatch Engineering* has undertaken a national integrated resource plan for the **POWER SECTOR OF NAMIBIA**. The *World Bank* was involved in the study.

## TRAVEL NOTES

The return to the bush by *RENAMO* has important implications for travellers relating to the **SECURITY SITAUTION IN MOZAMBIQUE**. There have been a number of attacks on vehicles notably on the route between Beira and Gorongosa. There are military convoys available for motorists in central Mozambique. According to the operators in Tete, it is not advisable to drive at night especially on the roads to Maputo and Malawi where a number of road blocks have been encountered. It is not always clear whether these road blocks are being manned by *RENAMO* or bandits hoping to generate their own income. There have been some irresponsible exaggerated social media reports.

The serious shortage of **ACCOMMODATION IN TETE** in the Zambezi Valley of central Mozambique has been partly relieved by the recent establishment of the *Masau River Lodge* and the *Masolo Lodge* in the town. The websites for the two are not yet operational. A hotel development is underway just past *Villa Habsburg* on the bank of the Zambezi River.

An alternative to the *Pemba Beach Hotel* in **PEMBA, NORTHERN MOZAMBIQUE** is the nearby *Nautilus Hotel & Casino*, telephone *Lindia Mangels*, 258 869225146, e-mail: [nautilus@mozbookings.com](mailto:nautilus@mozbookings.com) The rate is USD 135 per day.

A recommended **RESTAURANT IN PEMBA**, Mozambique is *Wilson's Wharf*, telephone Gary 258 843038162 or Werner 258 860237482, e-mail: [charters@wilsonswarf.com](mailto:charters@wilsonswarf.com) The owners also offer chartered fishing trips.

**PEMBA AIRPORT** is currently being upgraded by the Portuguese contractor, *Soares da Costa* and passengers are temporarily accommodated in a poorly conditioned tent.

Travellers flying on *Linhas Areas de Mocambique (LAM)* should note that the **PEMBA-JOHANNESBURG-PEMBA FLIGHTS** entail a time-costing change at Maputo airport where they are compelled to leave the aircraft and wait in transit in the airport.

# Forthcoming Events

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

## **FORTHCOMING EVENTS**

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

The **GERMAN-AFRICAN INFRASTRUCTURE FORUM** will be taking place 5-6 December 2013 in Munich.

**Contact:** *Johannes Kurt* of the *Afrika Verein*, telephone 49 30 206071977, e-mail: [kurt@afrikaverein.de](mailto:kurt@afrikaverein.de)

The **LUAPULA PROVINCE BUSINESS SYMPOSIUM** will be taking place on 28 January 2014 at *KPMG*, Parktown, Johannesburg. The symposium will present opportunities in Zambia's new growth area.

**Contact:** *SA-Zambia Chamber of Commerce and Industries*, telephone 27 11 0564031, e-mail: [wezi@sazacci.com](mailto:wezi@sazacci.com)

The **2014 MINING INDABA** will be taking place 3-6 February in Cape Town.

**Contact:** Website: [www.miningindaba.com/conference](http://www.miningindaba.com/conference)

The **BUILD AFRICA INVESTMENT FORUM** will be taking place 5-7 February 2014 in Brazzaville, Republic of the Congo.

**Contact:** *Julie Voiriot*, e-mail: [Julie.voiriot@buildafricaforum.com](mailto:Julie.voiriot@buildafricaforum.com)

The **ENERGY INDABA 2014** will be taking place at the Sandton Convention Centre near Johannesburg 17-20 February.

**Contact:** *Liz Hart, Siyenza*, telephone Johannesburg 27 11 4639285, e-mail: [liz@siyenza.za.com](mailto:liz@siyenza.za.com)

The **9<sup>TH</sup> COMESA BUSINESS PARTNERSHIP FORUM & LINKAGES FAIR** will be taking place 21-22 February 2014 in Kinshasa.

**Contact:** *Sandra Uwera*, Coordinator, *COMESA Business Council*, telephone Lusaka 260 211 229725/32, website: [www.comesabusinesscouncil.org](http://www.comesabusinesscouncil.org)

**WATER AFRICA & WEST AFRICA BUILDING & CONSTRUCTION 2014** exhibition and services will be taking place in Accra, Ghana, 18-20 June 2014.

**Contact:** *Tracey Nolan-Shaw, ACE Event Management*, telephone 44 1902 428766, e-mail: [info@ace-events.com](mailto:info@ace-events.com)

The annual **AfriCom ICT/TELECOMMUNICATIONS CONFERENCE & EXHIBITION** for 2014 will be taking place at the Cape Town International Convention Centre 11-13 November.

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## **AFRICA & THE GLOBAL ECONOMIC DOWNTURN**

**VODACOM** of South Africa has announced a 100% increase in revenue from data traffic on its African networks compared with a growth in South Africa of only 20%. Voice revenue from the rest of Africa rose 27% but fell by 2,6% in South Africa. Regulators are reportedly holding up the development of high speed 4G data networks.

**SHOPRITE** of South Africa continues to show good results from its sub-Saharan African stores outside the RSA. The group showed a 28% increase in turnover for its African operations.

# Whisperings - Footnotes

## WHISPERINGS – FOOTNOTE 1

The Kenyan government has undertaken the innovative measure of implementing a **RAILWAY DEVELOPMENT LEVY** to fund the central and Lamu Corridor rail lines. Rail Projects are particularly capital intensive and the estimates of construction of one kilometre of new line vary between USD 1 million and USD 2 million.

## WHISPERINGS – FOOTNOTE 2

Kenya continues to confirm its position as an **ICT/COMMUNICATIONS** leader in sub-Saharan Africa. The *Kenya Investment Authority (KenInvest)* reports that 27% of Kenyans have adopted the cashless payment system through cell phone technology. Cell phone usage is at 75% and internet penetration stands at 28%. Approximately R30 billion has been allocated for conversion of the country into a knowledge-based economy under the *Vision 2030* national development Programme.

## WHISPERINGS – FOOTNOTE 3

**LAND DISPUTES** are occasionally the reason for delays in commercial property Projects. An example is the long mooted shopping mall in Tete, Mozambique which is reportedly delayed due to a difference between the two main land-owners.

## WHISPERINGS – FOOTNOTE 4

Suppliers of **HEALTH SECTOR SERVICES AND PRODUCTS TO THE MINING OPERATORS** are securing supply contracts through the relevant international insurance companies and only occasionally directly from the mining companies.

## WHISPERINGS – FOOTNOTE 5

There are rumours in the Pemba area of northern Mozambique that a new coal-handling port will be constructed on the northern coast to exploit the known substantial coal deposits in **NIASSA PROVINCE**. A USD 600 million rail line would be required.

## WHISPERINGS – FOOTNOTE 6

Suppliers of housing products to Kenya report that there is a reluctance on the part of the Kenyan authorities to contract bricks and mortar materials for the major **REFUGEE CAMPS IN KENYA**. They do not wish to see the refugees establishing themselves permanently on Kenyan territory. There are approximately half a million Somalis living in the country.

## WHISPERINGS – FOOTNOTE 7

According to a survey by **W HOSPITALITY GROUP** of Lagos, Nigeria, there are 207 **HOTELS** in the pipeline in Africa in 2013 amounting to nearly 40 000 rooms. This is a 17% increase on 2012 and a 37% increase on 2011.

## WHISPERINGS – FOOTNOTE 8

African contractors, suppliers and consultants should take advantage of the African Projects funded by the **ARAB FUNDING ORGANISATIONS** such as *BADEA* the tenders for which stipulate that they are restricted to Arab and African companies.

## WHISPERINGS – FOOTNOTE 9

A recent report in *The Citizen* newspaper of Johannesburg entitled “Hospital groups thrive offshore” comments on the foreign operations of the three major **SOUTH AFRICAN HOSPITAL GROUPS**, *Netcare*, *MediClinic* and *Life Healthcare*. There is reference to ventures in Europe, the Middle East and India but not a single note on Projects in Africa!?

**WHISPERINGS – FOOTNOTE 10**

The Mozambican ports and railways utility *CFM* has just announced that the **TRANSPORT OF COAL FROM THE ZAMBEZI VALLEY** in Mozambique has earned it over USD 53 million so far this year, 2013. They added that this results from the handling of three million tons of coal (compared with 1,5 million tons in 2012.). The calculation from these figures indicates that the amount paid to *CFM* in 2013 was around USD 18 per ton. Given the drop in world coal prices, this cost plus the costs of mining and transport, is leading analysts to question the commercial viability of Mozambican coal exports. One contentious cost is that of container scanning at Beira port.

# Quotable Quotes

## QUOTABLE QUOTES 1

*“If you are not connected, you go nowhere and if you are connected like MTN – you can go to the stratosphere in short order.”*  
(Richard Shacklock of Land Resources International on impressions after his first visit to Lagos, Nigeria.)

## QUOTABLE QUOTES 2

*“Visitors to Nairobi can expect to reach the city’s national park in three minutes when there is no traffic but in maybe three hours when there is traffic.”*  
(Representative of the Kenya Investment Authority.)

## QUOTABLE QUOTES 3

*“Pemba won’t make the same mistakes as Tete.”*  
(View of long-established Pemba-based hardware retailer.)

# Further Information & Indemnity

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

- **Development of Isiolo as a Resort City with New Airport, Kenya**
- **Supply Base Logistics Contract, Mtwara Port, Tanzania**
- **Same-Mwanga-Korogwe Water Supply Project, Tanzania**
- **Mineral Water Project in Pemba, Mozambique**

## **INDEMNITY**

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