

African Business Opportunities Newsletter

August 2009

In this issue:

Agriculture:

- G8 Pledges \$20 Billion for Agric in Africa
- Nigeria Agriculture Revolution Opens
- Tanzania Seeks Investors for Lake

Environment & Renewable:

- World Bank Pledges Support for Climate Investors
- Tanzania Generates Electricity From Sisal Waste
- Ugandan Municipalities Get Recycling

Telecoms & ICT:

- Broadband Opportunity Calls in Africa
- Submarine Cable - Hope of Price Crash in Voice, Data Services
- Zimbabwe Seeks ICT Partners

Mining & Energy:

- Botswana Ranked Best Mineral Investment Destination
- Ugandan Government Shops for.....
- Lagos to Establish Own Oil

New Investment & Trade:

- Uganda Opens First African Coffee Factory
- South Africa Oil Refinery Signs MOU
- Trade is Key to Africa's Economic Growth

Interview of the Month:

- The Treasure to Develop Africa is in Nigeria says Japanese businessman Takeji Akaho

Country Focus: South Africa

G8 Nations Pledge U.S. \$20 Billion for Agriculture in Africa

Nations represented at the G8 Summit of the world's major industrial powers have promised to raise U.S. \$20 billion to promote sustainable agricultural development in developing countries.

A statement issued at the end of the summit, endorsed by the G8 as well as countries including Angola, Egypt, Ethiopia, Libya, Nigeria and South Africa, said countries represented had made commitments "towards a goal of mobilizing \$20 billion over three years."

The money would be used both to implement "a coordinated, comprehensive strategy focused on sustainable agriculture development" and to provide emergency food aid.

Indications from the summit were that United States President Barack Obama had played a major role in raising the target to \$20 billion - reports before and during the summit suggested the figure would be \$15 billion.



Western campaigners for food security welcomed the commitment but expressed some scepticism.

Rock star Bono, a founder of the ONE campaign, said Obama had provided "a stimulus package for the agricultural sector that is smart and innovative." But fellow musician Bob Geldof questioned whether Italy, which hosted the summit, would live up to its promises. He said Italian Prime Minister Silvio "has only delivered three percent of his commitment to Africa since 2005... When will he act?"

The Obama administration presented the G8 initiative as not simply

This newsletter is published by Mr Frank Aneke, October-First Consulting, PO Box 83, Liverpool NSW 1871, Australia. Telephone (02) 9773 6672, email info@octoberfirst.com.au

This publication is supplied for information purposes. Some articles in this publication have been supplied by third parties and OctoberFirst Consulting does not take responsibility for any inaccuracies in these articles.

African Business Opportunities Newsletter

a monetary pledge, “but also a commitment to reform the way the international community approaches food security, which is equally if not more important.”

At a news conference after the summit, President Obama said the purpose of aid should be “to create the conditions where it’s no longer needed - to help people become self-sufficient...” To that end, he said, he had proposed “a new approach... a coordinated effort to support comprehensive plans created by the countries [in need] themselves...”

“There is no reason why Africa cannot be self-sufficient when it comes to food,” he added. “It has sufficient arable land. What’s lacking is the right seeds, the right irrigation, but also the kinds of institutional mechanisms that ensure that a farmer is going to be able to grow crops, get them to market, get a fair price.”

Source: AllAfrica.com, image Curt Carnemark/World Bank

Nigerian Agriculture Revolution Opens Opportunities

- Government releases \$8 Billion US Dollars for Agribusiness;
- Seeks foreign experts;

The Federal Government of Nigeria has announced plans to revive agriculture as the bedrock of its economy. The recent announcement came with approval of over \$8.9 billion US dollars to be distributed to established local commercial farmers, State Governments and foreign commercial farmers that are ready to set-up in the country.



The World Bank through the International Donor Agency is to commit additional \$150mUSD to the development of commercial agriculture in Lagos and four other states in Nigeria. The project is expected to spread within a period of five years, while the other states to benefit from it include Cross Rivers, Enugu, Kaduna and Kano.

The new initiative on Agriculture comes with recent global push towards a switch to renewable sources of energy. Oil-dependent economies like Nigeria are searching for alternative economic base considering the volatility of oil revenue.

Today in Nigeria, over 100 white Zimbabwe farmers displaced by the Mugabe regime are now actively engaged in commercial farming in Nigeria. The success story of the white Zimbabwe farmers has

inspired most State Governments to seek for foreign expertise in agribusiness. The Agribusiness experts are expected to replicate their technical expertise and make profits from their roles in revolution of agriculture in Nigeria.

The incentives on offer include 5 years tax holidays, full ownership, co-financing and land acquisition among other infrastructures. Nigeria is the biggest English-speaking consumer market in Africa and Middle East with a population of over 150 million people. According to CIA World Factbook, the total land mass in Nigeria is 910,768 sq km and 33.02% of the total land is arable. The World Bank in a recent report confirmed Nigeria as the number one destination for Foreign Direct Investments (FDIs) in Africa with 29.4 per cent; followed by South Africa with 18.2 per cent; Equatorial Guinea 9.1 per cent; Angola 5.2 per cent; Chad 3.8 per cent; and other sub-Saharan African countries with 34.3 per cent.

The Nigeria Agribusiness sector offers low-cost capital entry requirement using State Government partnership. The risks in the country are not unconventional. OctoberFirst Consulting does not charge service fees to organisations that have an interest in partnership with nominated State Governments in Nigeria. Terms and conditions apply. For more information please visit us at www.octoberfirst.com.au or send us email: info@octoberfirst.com.au and request a free copy of the Nigeria Agribusiness opportunities document.

Image Source: AgroNigeria Magazine.

Tanzania Seeks Investors for Lake Nyasa Fish Processing

By Faraja Jube, Dodoma

Fish stock in Lake Nyasa is estimated at 168,000 tonnes, an amount suitable for setting of large fish processing investment in the area.

The Deputy Minister for Livestock Development and Fishery, Dr James Wanyancha said recently that 100 tonnes of fish daily or equivalent to 36,000 tonnes per year was prerequisite for a large fish processing investment.

Dr Wanyancha told the Parliament in Dodoma that available statistics



shows that the number of fish in Lake Nyasa has decreased from 8,500 tonnes in 2005 to 4,353 tonnes last year.

In response to questions on behalf of the Minister for Trade, Industry and Marketing, Dr Wanyancha said the Government will continue to encourage investors for both small and medium-scaled investment in fish processing around Lake Nyasa.

Dr Wanyancha said Tanzania Government will continue to improve infrastructure along the Mtwara Development Corridor, including roads, harbour and electricity in order to attract investment in the southern and southern highland zone.

Source The Citizen (Dar es Salaam). Image source: Source: geogarangblogspot

World Bank pledges support for Nigeria climate investors

by Chinedu Uwaegbulam, Assistant Housing & Environment Editor

AGAINST declining investments in the light of the global economic depression, the World Bank is urging Nigerian organised private sector to go green and tap into a new chain of opportunities available in the carbon market and Clean Development Mechanism (CDM).

The bank said that companies stand to make more money by going 'green', as development can no longer be business as usual. "There



is a way we can grow the economy without doing damage to the environment," said a World Bank senior official who spoke at a one-day breakfast meeting in Lagos on Climate Change Investment Opportunities. The event was organised by Nigerian Climate Action Network (NigeriaCAN) and International Centre for Energy, Environment and Development (ICEED) in collaboration with Businessday and the Nigerian Conservation Foundation (NCF).

The World Bank's Senior Environment Specialist, Dr. Amos Abu, disclosed that the bank promoted projects that would not compromise the development of developing countries. He added that the goal of

carbon finance was to develop a low-carbon economy by changing countries' development strategies and policy reforms.

Abu stressed that due processes must be followed by investors to obtain funds from the global body, he disclosed that the bank has entered into partnership with Lagos State government towards the Rapid Bus Transport (BRT) system, where it staked \$5 million for lowering carbon emission through the BRT and backed development of a composting project in Ikorodu that captures methane from waste.

The World Bank representative disclosed that such opportunities abound in Nigeria, especially within the organised private sector and pledged to assist firms with genuine commitment to the environment.

A recent World Bank study on low-carbon energy in sub-Saharan Africa (SSA) had identified over 750 CDM project opportunities in Nigeria. The report concluded that if all the CDM projects were implemented, slightly over 100 million tCO₂e of Green House Gas (GHG) emission reductions could be generated annually in Nigeria. At the prevailing global carbon market price of about \$12.5/tCO₂e, it could inject over \$1.25 billion into the Nigerian economy from the sale of carbon credits generated. These could be in addition to investments that are expected to flow into the implementation of clean energy technologies for the underlying CDM projects, which had been estimated to be in the excess of \$ 18 billion.

Source: Guardian Newspaper (Nigeria). Image source regeneration.org

Uganda Municipalities Get Recycling Plants.

By Francis Kagolo.

NINE municipalities across the country have acquired waste management plants to recycle garbage.

Under the project, the town authorities will produce organic manure from the garbage which will then be sold to farmers to boost agricultural production. The multi-million dollar project that is nearing completion was funded by a World Bank loan acquired through the National Environmental Management Authority.

The beneficiaries included Fort Portal, Jinja, Mbarara, Kasese, Kabale, Mukono, Mbale, Soroti and Lira municipalities. Each of the plant

costs over sh400m. Dr. Henry Aryamanya-Mugisha, the environment watchdog's executive director, said recycling garbage was an effective move to curb environmental degradation in the country.

"These plants will sort out metals and kaveera (polythene) from the rest of the garbage. Each of these will be recycled. This will help preserve our soils and environment," said Aryamanya.



Source: New Vision. Image source ashdenawards.org

African Business Opportunities Newsletter

Tanzania Generates Electricity from Sisal Waste

By George Sembony

The Tanga-based sisal company, Katani Limited has formed an energy company, Mkonge Energy System, to specifically deal with production and selling of energy from renewable sources.

The Company's Managing Director, Mr Salim Shamte, said the establishment of the energy company follows successful trials of power production from sisal waste at its estate in Hale, Korogwe District, Tanga Region.



He said that the company has already been registered and would be jointly managed with a Chinese company with vast experience in managing small energy projects.

The plant, which was inaugurated by President Jakaya Kikwete last year, now produces 150kw of electricity used in the sisal decorticating machines for over 12 hours non-stop.

According to the Hale Estate General Manager, Mr Gillead Kissaka, the Hale plant has already received a Project Idea Note (PIN) and is

now in the process of preparing a Project Development Document (PDD) before being registered for Clean Development Mechanism (CDM) status.

"Our aim is to produce one megawatt of electricity from sisal waste which we can only use about one third and sell the rest to the national grid to expand our sources of income," Mr Kissaka said.

According to the company's ten year Development Plan (2008-2018), more sisal waste biogas to electricity plants are earmarked for installation at the rate of one 500kw per plant every year. The plan is targeted at producing energy from sisal waste and increasing utilisation of the plant and saving in electricity costs which comprise 40 percent of the total running costs.

"Currently we save about half of the Tanesco bill for the sisal decorticating plant which stands at Sh1.5 million," he said, adding that the company also plans to develop a mini-hydro plant at its Ngombezi Sisal Estate which would have the capacity of producing 1.6 megawatts.

The hydro plant is also another project that could fit in the CDM project.

The Hale sisal waste energy plant is now one of the 12 Tanzanian projects that are in the pipeline for getting the CDM status, which was established under the Kyoto Protocol on reduction of greenhouse gas emissions.

The Project cost was estimated at \$1,500,812. Financiers include the Common Fund for Commodities (CFC), UNIDO and the Tanzanian Government and the privately owned Katani Limited

Source The Citizen (Dar es Salaam). Image Source Katani Ltd

Broadband Opportunity Calls in Africa

By Lesley Stones.

AFRICA's paucity of fixed-line phone networks has created a huge opportunity for mobile operators to step in and fill the gap for broadband services in a market that could be worth 6bn by 2011.

Calculations by telecoms advisory firm Delta Partners suggest that revenue from mobile broadband could boom from present 1bn to hit 6bn in the Middle East and Africa, with Africa contributing to most of the growth.

The region is developing an insatiable appetite for connectivity, said Daniel Torras, a principal at Delta Partners in Johannesburg, but opportunities came with risks.

The Middle East and Africa is the world's fastest-growing region for mobile penetration, while the growth of fixed-line penetration has stagnated at 4% across Africa. That lack of connectivity and the high cost of rolling out fixed lines had severely hampered the development of broadband services, and many countries still got much of

their connectivity via notoriously expensive satellites.

Torras said the situation would change over time as improved international connectivity arrived through various submarine cables being laid around Africa's east and west coasts, promising enhanced bandwidth and lower prices.

The new Seacom cable will provide huge increase in bandwidth supply. The effect on pricing remains to be seen as operators buying its bandwidth will decide how much of the saving to pass on to clients.

Torras also said connectivity would improve as mobile operators aggressively developed high-speed wireless networks to go beyond their core voice offerings. Broadband was seen increasingly as their growth driver and the way to create the "stickiness" needed to retain high-value customers, who accounted for 10%-20% of subscribers but 50%-60% of revenue.

Nearly 70% of broadband services in the Middle East and Africa would be delivered by wireless by 2011, up from 38% today. That would trigger a subscriber growth from present 2, 5-million to about 40-million in 2011.

The risks come from the high capital expenditure required, particular-



ly for late entrants who struggle to win enough customers to recoup their costs.

The recent Seacom switch-on in East Africa is expected to start a bandwidth revolution by providing faster and cheaper internet connectivity, said Arthur Goldstuck, MD of World Wide Worx. But those great expectations were only feasible in the long run, he said. For now it would be business as usual.

Seacom's initial capacity would double that of the existing SAT3 cable on Africa's west coast, but prices would not show immediate disruptions. Moreover, the speed would still be determined by the product being sold to the customer, rather than by the new capacity, Goldstuck said.

One benefit should be that internet service providers would allow users a higher

volume of data downloads every month, but probably for the same as fee as now.

Source: *Businessday (SA)*. Image Source *netcomgh.com*

Submarine Cable - Hope of Price Crash in Voice, Data Services in West Africa.

By Emma Okonji.

The expectations are high and hopes are rising on a daily basis as the September 2009 and May 2010 dates for the landing of submarine cables from the United Kingdom to the coast of Nigeria draws nearer.

Big time operators behind the laying of the submarine cables from the United Kingdom, Globacom, and MainOne Cable have assured Nigerians that the landing dates, which are imminent, have been confirmed by the contractors handling the projects, which they say are near completion.

Globacom says its Glo One Submarine cable has landed Accra, Ghana from the United Kingdom and that the duct where it will finally land in Nigeria has been prepared waiting for its arrival on the Nigerian coast. Globacom, the nation's second national carrier that is already warming up to step into the shoes of the national carrier NITEL has given September this year as the landing date of its Glo One Submarine cable.

MainOne says its submarine cable will land the shores of Nigeria in May 2010 and that it will be commercially launched in June 2010. The Main One cable project which totals USD 240 million will involve the laying of 7,000 Kilometers of submarine fibre optic cable between Seixal (a suburb of Lisbon) in Portugal, Accra in Ghana, and Lagos in Nigeria, respectively. The system will be based on a trunk-and-branch topology and include branching units to the Canary Islands, Morocco, Senegal, and CÔte d'Ivoire.

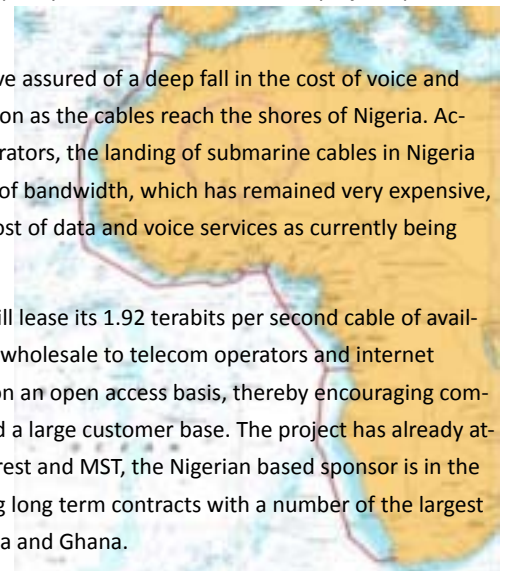
Globacom on its part, has invested over \$800 million on its Glo One Submarine cable project that will connect 16 countries in West Africa through Lisbon, Portugal to Bude in the United Kingdom on a 32 STM 64 project cable capacity. The Glo Submarine cable project spans 9,600 kilometers.

Both operators have assured of a deep fall in the cost of voice and data services as soon as the cables reach the shores of Nigeria. According to the operators, the landing of submarine cables in Nigeria will crash the cost of bandwidth, which has remained very expensive, resulting to high cost of data and voice services as currently being experienced.

MainOne says it will lease its 1.92 terabits per second cable of available bandwidth in wholesale to telecom operators and internet service providers on an open access basis, thereby encouraging competitive pricing and a large customer base. The project has already attracted broad interest and MST, the Nigerian based sponsor is in the process of securing long term contracts with a number of the largest operators in Nigeria and Ghana.

The considerable increase in available bandwidth from the Main One cable will provide telecom operators with the additional capacity they require to expand networks and mobilize a broader range of services. The system will contribute to an immediate 50 percent drop in the price of bandwidth in Nigeria and Ghana, and continued price reduction is anticipated over time, the company said in a statement.

Source *Daily Independent (Lagos)*



African Business Opportunities Newsletter

Zimbabwe seeks ICT Partners

By Elita Chikwati.

THE Infrastructure Development Bank of Zimbabwe and Africom Continental are seeking partners to complete the broadband link between Harare and Mutare as efforts to establish the country as the region's information technology hub intensify.



Presently, trenches to set up the link are stretching from Beira to Macheke and the funding required is for the stretch from Macheke to Harare.

The broadband link will operate through a series of underground cables that will run from Harare to the port of Beira where the cable will link with an international undersea cable that relays the messages or information to the intended destination within or outside Zimbabwe.

The link will ensure that information travels much faster and at cheaper rates compared to the existing satellite system.

The Government's prospectus made available to potential investors last week revealed that promoters were seeking to raise additional funding to complete the project which stakeholders in the ICT industry view as having immense commercial value.

Africom, with a 50 percent stake, IDBZ with 30 percent and National Social Security Authority with 20 percent are the three companies currently involved in the project. The project has now passed the half way mark from Mutare with trenching now approaching Macheke.

The project is behind schedule due to cost overruns associated with the previous hyper inflationary environment. It is expected that the completion of the project would see a drastic reduction of ICT costs in the country.

Currently the costs are very high as Internet service providers are using satellite for connection which is sometimes slow.

Government considers information communication technologies as the lifeblood of a new society hence the setting up of the Ministry of Information Communication and Technology whose key activities include the development and management of a nationwide infrastructure that is comprehensive, expansive and reliable.

The mobilisation of resources and establishment of smart partnerships for ICT's development programmes and promoting literacy, awareness and advocacy is also part of the ministry's mandate.

Source: *The Herald, Zimbabwe*. Image source *Unity Broadband*

Botswana Ranked Best Mineral Investment Destination in Africa

Hana Mining has announced that the Fraser Institute Annual Survey of Mining Companies (Fraser Survey) once again ranks the investment climate in Botswana favourably.

Against the 71 jurisdictions (a combination of countries, provinces and states) included in its most recent survey, Botswana is ranked 18th. This is the highest score of any African nation. In Latin America, only Chile is rated higher than Botswana. The ranking places Botswana above better known mining jurisdictions such as Western Australia, Spain, New South Wales, British Columbia, Queensland, Ireland, Arizona, Mexico and Peru.

On a country by country basis - using the best jurisdiction within a country as the score - Botswana is ranked 7th out of 41 countries behind Canada, United States, Chile, Sweden, Finland and Australia.

A second index, intended to factor in mineral prospectiveness, ranks Botswana as the best in Africa at 17th position out of 71 jurisdictions.

The Fraser Survey has become the standard by which foreign investment risk is assessed in the minerals



Botswana President Ian Khama

industry, because it is tailored and focused specifically on exploration, mining activity and policy. It is assembled from mineral resource company inputs. The top three scorers in the survey are Quebec, Wyoming and Nevada. The bottom three are Venezuela, Ecuador, and Guatemala.

Hana Mining's president, Peter Wilson said his company continues to receive strong support by governments and people living near Botswana's Ghanzi Copper-Silver Project.

"We are committed to working with all of our stakeholders as we endeavour to develop the Ghanzi Project into Africa's premier copper-silver deposit.

"The Fraser Survey result for 2009 is pleasing, in that it confirms our belief in the quality of the investment climate in Botswana," he said.

The Fraser Institute Annual Survey of Mining Companies was sent to approximately 3,000 explorations, development, and other mining-related companies around the world. Several mining publications and associations helped publicise the survey. The survey represents responses from 658 companies.

The rankings, formed from mineral resource company responses to specific questions, consider the full range of risk profiles for various countries, including existing business and environmental regulations,

mineral rights, regulatory duplication and inconsistencies, taxation, uncertainty concerning native land claims and protected areas, infrastructure, socioeconomic agreements, political stability, labour issues, geological database, and security.

The companies participating in the survey reported exploration spending of \$3.4 billion in 2008 and of \$3.02 billion in 2007.

Hana Mining is operating a Copper-Silver Project in Ghanzi. The property consists of licence blocks covering 2,200km². The area contains sediment-hosted copper-silver deposits with a demonstrated cumulative strike length of over 16 kilometers.

Power is available from Maun and the paved trans-Kalahari highway which runs from Namibia to South Africa, passes within 15km of the property.

The company recently released results of its first NI 43-101 resource estimate for the Ghanzi Project announcing an inferred resource of 2.9 billion lb of copper and 51.1 million oz of silver (0.3 percent Cu cut-off grade).

Source Mmegi. Image Source US-Africa Tripod.



Ugandan Government Shops for an Oil Investor

By Stephen Otagé.

The government is looking for investors to construct an oil refinery in the country estimated at \$2 billion (about Shs4 trillion).

This follows the discovery of two billion barrels of oil in a third of the area Tullow oil explored in the Albertine region.

During an interview with Daily Monitor, the state minister for finance, planning and economic development Aston Kajara said: “We are looking for an investor because we want to export finished oil products. The cost of exporting crude oil is the same if we built our own refinery. If finished, we can have other by-products from oil and be able to create 10,000 jobs,” he said adding that the refinery would be able to absorb all the oil.

“When we began, we thought of producing 20,000 barrels a day but we are now looking at between 150,000-200,000 barrels a day.”

Speaking during a function to celebrate Tullow’s mid-term success recently at Emin Pasha Hotel in Nakasero, the Minister of Minerals and Energy Hillary Onek said Uganda has not yet pumped even one milligramme of oil.

Mr Tim O’ Hanlon, the vice president of Tullow Oil African business, said his company has suspended drilling in the northern part of block 11 and is currently engaged in a deep deviated well called Nagassa 11, which has the biggest prospect.

Source The Monitor. Image source The East Africa.ke

Lagos to establish own oil refinery

By Tunde Alao

TO enhance socio-economic development, Lagos State government in Nigeria has mapped out strategies to develop and explore the mineral resources in the state through establishment of a refinery.

This was disclosed by Governor Babatunde Fashola recently during a one-day seminar organised by the Office of the Special Adviser on Mineral Resources Development (OSAMRD).

The seminar, tagged: “Sustainable Mineral Resources Development and the Establishment of Modular Refinery in Lagos State”, was held at the Adeyemi Bero Auditorium. The event was geared towards the exploration of petroleum and other resources discovered in some parts of the state.

At the seminar, the Lagos State Governor said that viable statistics indicate that 70 per cent of refined petroleum products marketed in Nigeria are consumed in Lagos, making the state the largest petroleum products’ consuming state and the biggest market within the



federation.

Lagos State Governor, Mr. Raji Fashola.

Governor Fashola said, “it made economic sense to establish one or two refineries within Lagos, the ever-bubbling commercial centre of the most populous black nation”.

According to the Governor, the essence of the Lagos State involve-

African Business Opportunities Newsletter

ment in the mineral resources industry is to target private business concerns. The overall investment package would create an enabling environment for the private sector to participate, generate employment, engender wealth, boost revenue generation and ensure manpower development.

"It is my hope that the outcome of today's seminar would enable the Office of the Special Adviser on Mineral Resources Development (OSAMRD) to project and beam its proposed strategies, thereby

encouraging the envisioned synergies and collaboration with the organised private sector".

He also commended scientists and other professionals in the Office of the Special Adviser on Mineral Resources Development, who are taking bold steps to contribute positively to the on-going developments in the state.

Source Guardian Newspapers (Nigeria). Image source Shola Oyelese

Uganda Opens First African Coffee Factory in Kampala

By Paul Mwijagye.

Uganda has become the first country in Africa to open a coffee roasting and packaging factory that will retail its products directly to European markets.

Good African Coffee Ltd was opened recently by President Yoweri Museveni. The president noted that Uganda and Africa as a whole have been losing a lot of revenue because of not adding value to their exports.

"Total business from coffee in the world amounts to \$144 billion. Out of this, all coffee growing countries including Brazil get \$15 billion," Museveni explained.

He said \$130 billion goes to the importing countries.

He said whereas 1kg of coffee beans costs \$1 that of processed coffee costs \$15. "This factory is a step to liberation because the country will retain the money it has been losing for lack of value addition," he said.

Good African chief executive officer Andrew Rugasira said the \$1 million roasting and packaging plant has a capacity of 3 million kg per year.

Good African Coffee, launched in 2003, now boasts of operations within Uganda that run from coffee growing with over 14,000 Arabica farmers in Kasese, Western Uganda, to packaged production for export.

"Today we celebrate a landmark not just as a company but as Africa the continent. This is the first time an African company has captured the complete value chain and exporting to Europe," Rugasira noted.



New Investment and Trade

Good Africa is also the first company to be contracted to supply coffee roasted and packaged direct to global supermarket chains like Tesco's, Sainsbury and Waitrose in the UK, and Shoprite Checkers of South Africa.

To date, the company has invested over \$2.5m in developing the farmer infrastructure in Kasese, and growing the brand globally to attain markets in UK and South Africa.

Rugasira also said they will be processing coffee from other East African countries like Tanzania and Rwanda. The company has embraced fair trade where it shares 50% of its profits with growers and their communities and currently employees over 120 people.

"With this kind of expansion we hope to absorb more labour," Rugasira said

Source East African Business Week (Kampala) Image source Farm2.static

South African Oil Refinery Signs MOU with Ghana Government

By Daniel Nonor.

South Africa's New Alpha Refinery Ghana Ltd has signed a memorandum of understanding with Ghana's government to construct a new \$6 billion oil refinery in Accra city, a company executive said recently, Reuters has reported

Executive Chairman Merlyn Julie told the news network that the refinery would initially produce 200000 barrels per day (bpd), with first production seen by 2015.



"We have signed a memorandum of understanding ... We expect the first fuel to be produced in 2014 or 2015," Julie said on the sidelines of an African energy conference.

He added the capacity of the refinery, to be situated on 1000 acres in central Accra, could be expanded to 400000 bpd.

Julie said the costs, initially pegged at \$7,6 billion, were now projected at some \$6 billion. Globally the economic slowdown and weaker oil prices have eased pressure on the cost of construction materials.

"It will be the largest refinery in west Africa... We are looking at being the gateway for west Africa," Julie said.

Ghana is emerging as a major regional oil and gas player following a spate of giant finds by oil companies. One of these is the Jubilee field being developed by Tullow Oil with an estimated resource potential of up to 1,8 billion barrels.

Julie said no decisions had been taken on partners to help fund the refinery in a global economic downturn, although the company was in discussion with local banks and businessmen.

"We are very confident we will get the backers," he said.

Source *The Chronicle*. Image source *Ghana Government*

Trade is Key to Africa's Economic Growth, declares US Assistant Trade Rep in Africa

By Charles W. Corey.

Trade is the key to long-term, sustainable economic growth and development in sub-Saharan Africa, says Florizelle Liser, assistant U.S. trade representative for Africa.

Because trade is vital to sub-Saharan Africa's economic future and to improving lives and livelihoods, the 8th Annual African Growth and Opportunity Act (AGOA) Forum, to be held in Nairobi, Kenya, August 4-6, is an important venue for cultivation of trade opportunities, Liser said in a July 21 interview with *America.gov*.

"Trade is critically important to economic development. Right now, Africa has about 2 percent of all world trade, which is hard to believe when you think about all of the tremendous resources that they have -- oil, diamonds, gold ... not to mention all the agricultural products such as coffee, tea, cocoa -- and to think that Africa still only has 2 percent of world trade is really incredible. But the power of trade is that if the Africans were able to increase their share of world trade from 2 to 3 percent, that 1 percentage increase would actually generate about \$70 billion of additional income annually for Africa," or about three times the total development assistance Africa gets from the entire world, Liser said.

Many countries in Asia and Latin America, she said, "don't have even one smidgen of Africa's natural resources -- a country like South Korea, for example -- yet they are huge players in the global trading system. This is why having AGOA as one initiative aimed at expanding the U.S. aspect of our economic relationship with the Africans" is so important.

Liser said the United States needs to work with the countries of sub-Saharan Africa in many areas so they can take full advantage of both AGOA and worldwide trading opportunities and send exports to emerging markets such as China, India and Brazil.

And Africans must begin trading more with each other. "Africans trade the least with each other than all the other continents. It is improving. We are seeing a greater increase in intra-African trade, but," she emphasized, "the reason that that is important is that you are unlikely to be competitive globally if you are not competitive regionally. So until they open their borders with each other and trade with each other, you are not going to get the level of competition that will allow them to be major providers of any product globally."

For that reason, the United States strongly encourages all African countries to develop an "AGOA strategy" based on export promotion and competitiveness, she said.

"You look at the products you have, and you determine the three or four particular products or sectors [where] you have a comparative

African Business Opportunities Newsletter

advantage,”

she explained. “Then you look carefully at what are the challenges that face those three or four products or sectors and what would the country have to do to make them more competitive.” Some countries are employing this strategy and bringing together their trade, finance, transport and energy ministers and investment promotion experts.

“You sit all of these people around the table and you have them ... determine, step by step, what they have to do to advance the competitiveness of those three or four products or sectors.”



Ms. Florizelle Liser

Recently, Liser talked to the Tanzanians about the AGOA strategy they are developing. Tanzania produces the cotton for the Venus Williams line of tennis shirts, which also is manufactured at a plant in Tanzania. “I challenged them. I said you only have one plant. You have all this cotton. You have cotton farmers who would benefit if you could create more of these factories,” which in turn could employ many more people. “The problem is that, as is true with most of the AGOA countries, you have huge potential but you don’t have the investment and the focus on how to take that and duplicate and multiply that.” The apparel industry, she added, is a “gateway to industrialization.”

Africa’s share of the U.S. import apparel market is less than 2 percent. By comparison, she said, depending on the product, Bangladesh exports to the United States three to five times the amount of apparel that is exported to the United States by all sub-Saharan African countries combined. “That shows you that they [the Africans] have huge potential but somehow that is not being advanced.” U.S.

imports under AGOA in 2008 totaled \$66.3 billion, with \$5.1 billion in nonoil trade, a sector that Liser says the United States wants to further expand.

Another issue, she said, is the need for much more domestic and foreign investment on the continent: “Without that investment, these factories that we are talking about building simply will not be built.” She added that “it is not just about foreign direct investment, but also about domestic investment and government investment in the infrastructure that supports trade.”

Acknowledging that there is confusion, Liser said it is important to understand what AGOA really is.

“AGOA is essentially a trade preference program which adds about 1,800 products to the list of about 4,600 products that are already eligible to enter the United States duty free under the Generalized System of Preferences. The purpose of AGOA in adding those 1,800 products was to give the Africans a competitive advantage in the U.S. market for additional value-added products. ... So AGOA is important because it is one of the major ways that we have to help encourage greater value addition to Africa’s production of agricultural and manufactured products.”

Often, she added, people think AGOA is just about textiles and apparel. It is not. “So ... the first thing we need to understand is what it does, and that it is working. We are getting a greater number of value-added nontraditional products entering the U.S. under AGOA. But again,” she acknowledged, Africa is “starting from a very small base. So even though we have seen growth, we have not gotten anywhere near the potential.”

Source: America.gov (Washington, DC). Image source White House

Interview of the month



The Treasure To Develop Africa Is In Nigeria, says ...Takeji AKAHO, Japanese Businessman.

By Abayomi Adesida. (Just back from Japan)

Question: Having done businesses in Nigeria within the last six months, kindly tell us how it all started and your line of business now?

Akaho: I want to thank you first for the opportunity you have granted me to speak to you about your country here in my country. I think it is important that I should let you know the story. About six years ago, I decided to pay attention to Africa so that I can expand my businesses. I want to tell you today that I consider it luck for me to have employed a Nigerian, Zakariyah Yusuf who came here to study originally. After I worked with him for sometime, I realised that his behaviour was very good, so, I thought I should work more with him and his people. One day, I asked him to prepare and let us travel to Africa and

see what we can do there.

He was happy because it was the opportunity he needed to confirm to me that all the things we see and read in the media here about the life of the people in Africa were not true. So, I told him that I want to believe him as well as the saying of our people here that to see is to believe. So, we had to draw a programme and I asked if we could just go and see Nigeria as well as three other countries. Before we left Japan, I told him that we are going to stay three days in Nigeria, one day in Benin Republic, another day in Togo and one week in Ghana .

He accepted and we prepared for the trip. So, we arrived Nigeria, and after three days, I refused to follow the temptation of staying one other day because out of curiosity, I thought I should work my original plan so that I could then make the best choice when we would eventually settle for one place. In fact, I was also asking myself why we should not just see other regions of Africa before I made up my mind because the first impression I had of Nigeria and Nigerians was that every African is as good as Zacky, in fact Lagos was a great fun for us. When I saw the people in Lagos, I told myself that this is the greatest ingredient for any business.

My staff was stunned when on the day we had to go I said there was more to see, so, I told him that if it was possible to travel to Benin Republic by road, I would choose not to fly; because he was afraid of engaging in an argument with me, that might change the view I already expressed, he accepted and we found a transport. After we left for Togo the next day, I told Zacky that I was not feeling like continuing the adventure because there was no need for us to go very far because I could feel all the treasures in this world in Nigeria!

It was his turn now to tell me that I should not rush to take decisions, even if we do not have to have heavy presence in any of the other countries, I needed to at least see the place, know the people and learn that all Africans have a bond. I agree with him and reluctantly, and completed the plans.

But there is this thing I did not tell him, the seven days we stayed in Ghana to me was like a complete waste of time because each time we made moves, I was not eager to commit myself because to me, I should have followed my mind and spent more time to know Nigeria . To me then Nigeria was a standard, and it was just difficult for us to locate the kind of warmth and acceptance we had in Nigeria in the other places. So, when we returned, we prepared the first set of our shipments of some trucks and as you will expect, we sent them to Nigeria, twice as we sent to Ghana and four times as we sent to Togo and Benin.

As I speak with you, some of the others in the other countries have not concluded transactions on the first set of consignments, and I have travelled in and out of Nigeria for several other businesses than the original thing that took us here. So, now, we are in good business in Nigeria, we have registered two companies and we are ready to work with your people in the areas of agriculture, construction,

education and most importantly, we are prepared to engage your government and use our connections with some Japanese banks that we use to grant loans to governments and businesses in Nigeria.

Question: Having registered your businesses in Nigeria within the first six years of your presence, how is your relationship with government and the business community in the country?

Akaho: You know my friend, nothing comes that easy. We have made very good contacts in Nigeria and we now have friends within government at all levels as well as honest Nigerians who are doing their own private businesses.

Recently, we got a very good job with the Kwara State government in the area of agriculture and now, we believe that another one would soon be confirmed with the Ministry of Federal Capital Territory. In the Kwara job, we are to import machineries from Japan under a public private partnership agreement which started about April or May last year.

For both jobs, we are facilitating loans that would reach about one and half billion naira and the bank in Japan that is to release the funds is very eager to back us up. I want to say with the opportunity of your talking with us now, other businesses and government agencies which would like to benefit from us can still come forward to enjoy the facilities.

Question: Having done businesses in Nigeria for all these years, what are the potentials in the country that you have identified and what else can you do in Nigeria?

Akaho: Oh, many areas! If it was otherwise, I would not have officially registered two companies, one in Abuja and the other in Kwara State. I always told my fellow businessmen here in Japan that they only need to visit Nigeria, because as soon as you set your feet on any part of that great country, you just see so many opportunities, and sometimes, you may be confused on what exactly to do, because the nation is just great! As for what else I am going to be doing, I just will tell you straight away that I am not sure myself; not because there is nothing to do, but because there are so much to do that I just have to take things one after the other as they come. I have personally told friends here and some business owners that they should just forget about the stories in the media, for me, many media people are just selling negative things to let people stay listening to them.

At the end, you see that in many cases, if for example you see on TV that some places are on fire, many of those who are returning from the place would just be asking you where exactly; maybe it is different from where they just returned from. Anyway, the immediate plans we have in Nigeria is to get involved in the construction business. We realised that there are still so many parts of the country that are not built up yet, and a great number of the population still needs accommodation. We also would want to be part of the construction of infrastructure in many of your cities so that we can contribute to the growth of the country.

African Business Opportunities Newsletter

Question: How do you intend to expand the scope of your operations in the country from what it is now?

Akaho: I think it is important to let you know that we are also present in Kenya, where we are organising the exposure of Japanese businessmen to the Kenyan, Ghanaian and Tanzanian markets. In the same way, after a little more time now, I hope to be able to facilitate the introduction of some Japanese businessmen to Nigeria.

You know, I cannot do everything, so, I have to allow for participation by other businessmen. Many of them are interested in Nigeria, but they don't even have an idea where it is located beyond what they see on the world map. So, in a little while, I think that the people in Nigeria would see us as a veritable source of locating business partners in Japan. Once we get to that level, you know, it would then be easy for us to measure the development of the country which will also mean the development of the African continent.

Many Japanese businessmen really want to take their money out here to do businesses, but they need to be sure of where they are going and be convinced that there is security in those places. Many of them know that your country and Africa is currently undergoing development but most of them are not thinking like you and I are thinking. So, my target is to be able to be the one who will be smoothing the rough edges and make Japanese business men come to Africa to do businesses and develop the continent.

Question: You have a noble idea that will require government backing since you want to be engaged in facilitating Japanese businesses in Nigeria; in what areas would you want government to step in so as to guarantee the investments of your colleagues and let your patrons get value for money spent?

Akaho: The global food crisis is a very good example that I will want to use to illustrate your question. You know that food is a very important means of having peace most especially in Africa where there is so much tension. There was a prediction that the global food crises was approaching, and we thought it was very important that we travel to Africa to quickly plan with governments on what to do to prevent them from being caught napping when the problem eventually gets to the people.

In answering this question as related to your country, therefore, I need to explain to you the Kwara State experience. When we approached the government to draw their attention to the global food crises, they quickly accepted our proposals which we tendered before the bank in Japan and as I speak with you, we are already taking practical steps towards doing something in the agricultural sector.

Japanese investment

The governor of Kwara even said sometimes that he is getting involved because besides having to plan ahead to prevent hunger in his state, there is need to find other sources of getting money without relying solely on oil revenue. My role in this case was to try everything possible to get the Japanese government involved. Currently, the two projects we are involved in are almost concluded, and I am sure that with the involvement of our company with the Kwara State government and the Federal Capital Territory Abuja, we can now boast of two solid projects that will transform the lives of the people in those areas as well as help to confirm to authorities in Nigeria that we are capable of delivering on our promises.

I should seize the opportunity of the interview you are granting me to express the gratitude of our company to your minister of foreign affairs, Chief Ojo Maduekwe as well as the Nigerian ambassador to Japan, Godwin Agbo for their efforts and cooperation which has paid off in our efforts to raise bank loans for the projects in Kwara and Abuja.

Both men have contributed in no small measure towards attracting Japanese investments to Nigeria. We have reached advanced stages for the two projects and the Shinsei bank in Japan here that is financing the project is prepared to

commit one and a half billion naira at the first instance and make further commitments as work progresses on the projects. One very important point

I want to harp on here is that the success of the Kwara Agricultural project particularly is very significant to all of us because it will become the foundation upon which we hope to build and achieve bigger and better commitments for Nigeria and other Africa countries in the near future.

After this success, we hope to continue to work very hard to take concrete steps towards actualising our dreams in other areas where we have identified opportunities for growing the Nigerian economy so that we can completely remove poverty from the face of the earth. I want to quickly point out here that the deputy minister of foreign affairs in our country, Mr. Yasutoshi Nishimura is a very strong believer in the development of Nigeria.

After he led a trade delegation to Nigeria last year, so many of us on the Japanese delegation who earlier were misled by the negative information about Nigeria in the international media, started falling in love with Nigeria and many who made it even started referring to what I told them about the potentials of Nigeria some few years before they came for the first time. Our minister was convinced about the sincerity of your government, especially the vice president who



led the Nigerian side in many of the meetings we held together. One other area where I hope to invest in the future if some of your states would allow me is the area of education.

I have seen many schools in Nigeria, and I think that structurally, they are below the standard of schools here in Japan. I even think that some schools in Ghana and Kenya where I also do businesses are better structured when compared with what I saw in many parts of your country. In the future, I want to be able to be the one who would help to contribute towards the building of new schools, replacing the old structures with modern ones where quality education is given to everybody that comes to seek knowledge and helping to raise the standard of learning in all areas which would impact the quality of the education of Nigerian children.

Many of your people do come to Japan to study, and I am sure they can testify to the wide margin between the educational structure here and what is obtainable back in Nigeria. I believe that with a solid educational curriculum in a clean reading environment, the future is great for Africa.

Also, the transfer of Japanese technology will be easier because majority of the people would be able to understand what they have to do in all the professional fields of life.

Question: What should the Nigerian government put in place to allow the Japanese business men bring their money to the country and stay for a long time?

Akaho: First of all, it is security. That is why one of the plans I am working on in the near future is to see how security firms can be attracted to Nigeria to provide world class security. The government has to provide enabling environment for them to operate as well as make sure that there will be consistency in policies such that any business man who brings in his money will be able to continue to invest for a long term and feel secured that the returns on his investments will start turning in after a particular period.

Recently, when I invited some of the Nigerian business men to Japan, my bank, Shinsei bank agreed to partner with them so that a small office of that bank will be here in Japan and Shinsei bank will also have a small office in Nigeria for corresponding transactions.

Discussions have reached advanced stages along this line, because even the Nigerian Ambassador to Japan is already involved so that we can carry the government of both countries along in all the transactions.

The stage that we are now is that Shinsei bank has agreed already to support the Nigerian bank, they are working out the agreements and very soon they will sign it and work will start if they agree. After we conclude this, I also have plans to invite governors from all the states in Nigeria to come and identify a particular field of endeavour where they would require support for their people. I have gone round many of the States in Nigeria and I am aware that all they need is this kind

of push for them to start flying with great results. When they come to that meeting, some of the states will do well in agriculture, some is solid minerals, some in infrastructure and even some in the manufacture of computer software.

In all the areas of life, we have Japanese companies that are interested in transferring the technology in all these areas. So, before they come, we prepare the grounds through Shinsei bank to get Japanese companies which are experts in the chosen fields. It is also our duty to invite both parties to meet with the representative of the Shinsei bank.

When the deals become agreed upon on particular areas of collaboration, Shinsei bank will work with the Nigeria bank to handle the financial transactions. The Japanese business men who are transferring the technology and expertise then feel secured and ready to invest any amount required because of the involvement of the Japanese bank with the Nigerian bank.

Question: How many Nigerian banks are you talking to along this line and can we know them and how much cooperation are you getting from these banks?

Akaho: So far, we are talking to three banks, and I think they are very aggressive in their approach. Their positive responses further confirmed my belief that majority of Nigerians are smart and this is the first ingredient required for nation-building. I better not mention their names now because you know I don't know how it will affect their own strategies back there in Nigeria. All I can tell you is that I am impressed by their immediate response as some even wanted to fly with it immediately I mentioned it to them because they want to come to Japan.

Question: How would your intervention translate into the creation of jobs, because part of the reasons for the security problem you mentioned before was unemployment among qualified youths?

Akaho: One of the reasons you see few Japanese business men come to Nigeria is that they apply for Japanese government loans for their projects. Japanese government has stopped this provision in the last sixteen or seventeen years now until recently when JICA started the opportunity again. Now, if Japanese business men see the restoration of this assistance between the Japanese government and African governments, then they will be interested in also making their own contributions. And with the restoration of the Overseas Development Assistance Loans by the Japanese Government, more of our people will come to Nigeria where there are greater opportunities for quick return on investments and provide jobs for those that are qualified besides further retraining them to boost their capacities.

Question: So, how much in dollars will this your intervention attract into Nigeria in the first instance?

Akaho: In life, you start things small and continue growing your dreams as other ideas come to you; if you try to start with the big one, you may run into some difficulties that might slow you down or

African Business Opportunities Newsletter

even truncate your potentialities. But if you succeed with a small one, the next thing you do would be easier.

Question: Since the Nigerian Embassy is here, and the Nigerian Government is already collaborating with the Japanese Government, why are you targeting state governors, what would be their roles in meeting with bank Shinsei?

Akaho: I have studied Nigeria and realised that the greatest link between the people and development is the involvement of state governments. They are the ones that have the capacity to invest huge funds into areas that will make life meaningful to the people.

Rapid growth

Don't forget that they have the responsibility to develop their areas and they will be required to supervise the Nigerian business men in their states who would practically do what has been identified by the governors to be the areas where the people need attention for rapid growth.

Question: Just now, you said the Japanese Government is ready to reopen its ODA Loans for African Countries, what does Japan stand to benefit from making this huge contribution to Africa ?

Akaho: The government of Japan is doing all these so that it can have better friends in Africa who will see that the government here loves the people of Africa. We have always believed that the African continent is a place where we have friends that require help to be lifted up. It is the last frontier of development that we believe will be out of the problems of underdevelopment some day, and we are prepared to be part of the history in making the continent grow.

On my own part, it has always been my passion to achieve something for Nigeria since the first day I entered the country about six years ago, and I will not rest until I do this. If you look at it, our intervention will always make majority of the people around the world to think positively of our country as a place where you have good people who were committed to developing the African continent.

Economically, I should also tell you that we are interested, just like other developed nations of the world, in the oil and gas sectors as well as the solid minerals which are abundant in the African continent.

Source: Vanguard Newspapers (Nigeria)

Country Stats - South Africa

Capital	Pretoria
Area	1,221,000 sq km
Total Population 2008	48.8 Million
Urban Population 2008	60.82%
Female Population 2008	50.80%
GDP 2008	US\$259.5 Billion
GNI Per Capita 2007	US\$5,760
Inflation Rate 2008	6.76%
Crude Birth Rate (per 1000) 2008	22.05%
Human Development Index (scale 0 to 1) 2006:	0.670
ADB Membership Date:	13/12/1995
Cumulative Approvals (1967-2008):	UA 1.0 Billion

Source: Africa Development Bank.

Would you like to receive this newsletter on a regular basis?

Subscribing is easy - and free. Go to www.octoberfirst.com.au and complete the online form on the home page. Do be assured that your details will not be passed on to any other company or third party. You can unsubscribe from the service by sending an email to info@octoberfirst.com.au with "unsubscribe" in the subject line.