OctoberFirst Consulting

Bridging the Gap

African Business Opportunities Newsletter

September 2009

In this issue:

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

Mozambique: Opportunities Abound in Mozambican Fisheries

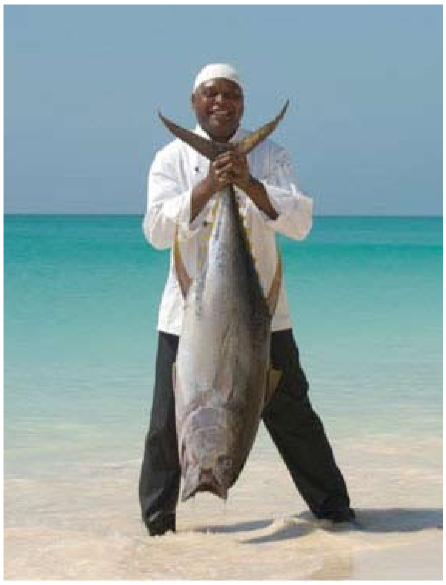
Agribusiness

Under-utilised fisheries along Mozambique's Indian Ocean coast line present attractive investment opportunities. The government is giving top priority to the development of aquaculture, and in particular shrimp farming.

Mozambique has made big strides in the past decade, becoming a magnet for foreign investment, and an exporter of electricity. The country is now poised to be a source of energy and food to the world. Factors that have attracted investors to the southern African country include stability, availability of land, abundant sources of electricity and access to a large regional and international market.

Fisheries and aquaculture sector

The fisheries and aquaculture sector has been developing with both local and foreign companies making significant investments. Prawns and other sea products such as shrimps have done exceptionally well in European and Asian markets. The country has enormous potential all along its 2,700 km Indian Ocean coast line, combined with excellent natural conditions favourable for aquaculture, though still at its infancy. The government is however placing top priority to the development of aquaculture, especially shrimp aqua-culture.



The sector contributes 3% to the Gross Domestic Product, with production estimated at 88,000 tonnes in 2007. The prawn industries lead in terms of exported value of fish.

Lake Niassa, Cahora Bassa reservoir and Massingir dam are major water bodies supporting the industry, while smaller water bodies are largely exploited by artisanal fishing.

Apart from Cahora Bassa reservoir where semi-industrial fisheries for sardines have been developed, no significant development has been achieved in other inland waters. Inland fisheries in Mozambique therefore have potential which has not been fully exploited.

"Very little investment has occurred to take advantage of opportunities in post harvest operations, yet the profits made in these niches are significant." says Herminio Tembe, Director of Economy in the ministry of fisheries.

Short-term investment opportunities

Short-term opportunities exist in developing and modernizing post-harvest operations such as fresh fish handling, processing, refrigeration and storage, transport, distribution and packaging.

The absence of these facilities in almost all landing sites contributes to harvest losses of more than 50%.

"We are encouraging investors to take advantage of these bankable opportunities that can contribute towards the formalization of trade in processed fish, and also lead to a greater trade in fresh fish, to develop inland fisheries in the country." adds Tembe

Investing in short-term opportunities will open more opportunities in boat and outboard engine repair businesses.

Long term opportunities

- Development of a mechanized fishery for offshore pelagic species, targeting tilapia and the lake sardine, Engraulycipres sardella, locally known as "Usipa', using mid-water trawling.
- Development of small-scale mechanized fisheries for offshore species targeting the high-value species Rhamphochromis ssp. Using longline or gill nets would be most suitable for this activity
- Development of small scale mechanized fishery to target shallow water cichlids.
- Other opportunities exist in ornamental fish, marine fisheries, offshore octopus, tuna, line fisheries. Also in long line shark fishery, deep water shrimp and crayfish, mudcrab fishery and sport fishery.

Specific incentives:

- Exemption from payment of customs duties and VAT on the import of equipment classified as class "K" in the Customs Tariff Schedule including the accompanying spare and accessory parts.
- 80% reduction in the corporate tax rate until 31 December 2025
- Cost of professional training deducted from taxable income

Source: TradeinvestAfrica. Pic: AndersonWheeler.com

Nigeria: Ukrainian Firm to Invest U.S. $850 Million in Agricultural Sector

By Juliet Alohan

Nigeria's agricultural sector recently received a boost as a Ukrainian firm expressed its readiness to invest about $850m in the sector.

This was made known when a delegation from Baltic Holding Corporation, Ukraine, led by its Vice-president, Business Development, Africa, Aniefiok Ayaya, a Nigerian/Ukrainian, visited the Nigeria Investment Promotion Council (NIPC), to deliberate on business modalities.

According to Ayaya, his company which specialises in agriculture, oil and gas, power generation, as well as manufacturing, is extending its investment to Africa, and has decided on Nigeria considering its vast natural endowments and human resources.

President of the firm, Lykhodid Iurii, stated that the company intends to invest in Nigeria's economy by transferring technology in manufacturing sector, especially cement production, oil and gas, power generation with solar energy, as well as agriculture, particularly fertilizer production.

Iurii said in view of the value government placed on food by listing it on the 7-piont agenda, the company is looking to invest in the agriculture sector first, with the citing of an ecologically friendly fertilizer production factory worth about $850m in the country, to be followed by the establishment of a cement manufacturing company.

The company when established, Iurii said, will have the capacity of producing about 600,000 tons of fertilizer annually, thereby reducing the cost of the product, and enlisting Nigeria among world's fertilizer exporters.

Describing their project as extremely strategic to Nigeria's economy, Director, Finance and Administration, NIPC, who represented the Commission's Executive Secretary, Engr. Mustafa Bello, said it was coming at a time when the nation's economy is undergoing a transition.

He said the Nigerian Government is desirous to partner with such investors, and pledged NIPC's support in securing the necessary approvals and support for prompt take off.

Source: Leadership. (Abuja Nigeria). Image: Developing8,org

Agribusiness

Rwanda: More Foreign Companies Show Interest in Country's Coffee

By James Karuhanga.

Rwandan coffee has gained international reputation and a "prestigious profile", according to an official from Ocir-Café, the country's coffee authority.

In a statement that highlighted the state of affairs of the industry, Robinah Uwera, Ocir Café's Marketing Manager told Business Times that besides US-based Starbucks, Rwandan coffee has attracted several other prominent companies worldwide.

Some of the entrants include giants like Ataka trading in Japan, Schluter in the US, Bewleys Ltd in Ireland, Sucafina in Switzerland, Supremo in France and Mercanta in England.

Coffee export earnings as of August this year has so far reached $22.4million. Uwera stressed that local consumption is still low compared to other coffee producing countries.

"We therefore need to increase strategies in coffee promotion, coffee distribution and coffee value addition," Uwera said.

According to information from Ocir-café, semi-washed coffee prices on the international market saw an upward trend from $1.74 in January 2009 to $2.16 in February.

Between May and July this year, the price rose to $2.4 per kilo. Fully washed coffee was sold at $3.9 a kilogram between May to July.

Source: newtimes.co.rw. Image: rwacof.com

Environment and Renewable

Egypt: Plenty of Sun, Nobody Catching Any Rays

By Cam McGrath

Egypt receives some of the highest annual solar radiation in the world, yet the desert country remains heavily dependent on fossil fuels.

"There is a lot of unachieved potential here," says Amr Mohsen, chairman and CEO of Lotus Solar Technologies, an Egyptian firm specialising in solar applications. "The sun is not only strong, but you have everything you need to produce the cheapest kilowatt hour in the region."

Egypt lies in the North African Sun Belt with flat desert topography and perennially clear skies favourable to commercial solar technologies. Annual solar concentration averages 2,300 KWh per square metre, about 130 percent higher than Germany; yet per capita use of solar technologies is less than 10 percent of Germany's.

Instead, the country relies on dwindling oil and gas reserves to generate over 85 percent of its energy requirements. A national strategy to utilise 20 percent renewable energy by 2020 anticipates a share of just two percent for solar energy, the remainder allocated to hydro and wind energy.

While photovoltaic (PV) solar panels are used to power some low-energy applications such as telecom relay towers and highway billboards, consumer initiatives to encourage the use of solar water heating have failed to generate widespread support.

"The total area of domestic solar water heaters in Egypt is 400,000 to 500,000 square metres for a population of 80 million - and half (the units) don't work," says Mohsen. "In Israel, by comparison, the area is six million square metres for six million people."

Mohsen attributed the low penetration rate to a combination of factors, including high upfront cost, risk aversion, and the reluctance of high-rise tenants to share limited roof space. "About 90 percent of residential buildings in Egypt are five storey or taller. "The roof is used mostly for TV antennas and satellite dishes."

Many company owners are unaware of financial incentives offered for converting to solar energy. Factories that apply clean energy solutions are eligible for a grant from the Cairo-based Industrial Modernisation Centre (IMC) equivalent to 15 percent of the conversion cost. They may also receive funding under the Clean Development Mechanism (CDM) of the Kyoto Protocol, which enables companies and governments to meet their emission compliance targets by funding energy-saving projects in developing countries.

Mohsen says the availability of cheap, subsidised oil and gas means companies have no incentive to change. "With subsidies in place, the payback on capital for mazout (conversion) is about 10 years; and about six years for natural gas. But if you remove subsidies on natural gas, the payback comes in under four years. People would certainly reconsider then."

Egypt is preparing new legislation to regulate its electricity sector that proposes the removal of energy subsidies and, for the first time, feed-in tariffs for renewable energy. But what could really shift the balance is an amendment to municipal building codes, say environment officials.

"We need legislation establishing that building permits will not be issued to investors unless they install solar water heaters on the roofs of their buildings," says Hisham El-Agamawy, head of Energy Projects at the Egyptian Environmental Affairs Agency (EEAA). "This will encourage owners of factories, offices and apartments to think green."

After a long delay, construction has begun on an experimental solar thermal power plant at Kureimat, 95 kilometres south of Cairo. When operational, the integrated solar combine cycle (ISCC) facility will generate 150 MW of electricity from a gas turbine and 20 MW solar field. A low solar fraction undermines the project's viability as a commercial model, say critics, but its operation should provide valuable expertise for other solar energy projects.

Egypt is also among candidates for a 550 billion dollar project to build solar collectors in North African deserts to supply 15 percent of Europe's energy by 2020. Interest in the project has many Egyptians thinking that if European energy users see the commercial viability of generating solar energy in Egypt and transporting it thousands of kilometres, surely Egyptians can do it in their own backyard.

Source: Inter Press Office News Agency. Image: WorldBank

São Tomé and Príncipe: The Forest is the Pharmacy

By Mercedes Sayagues

Sao Tome — If you live in São Tomé, a good investment in your health is to plant a po-sabom tree (Dracaena aroborea) in your backyard. Leave space: it can grow up to 20 metres high, with sword-shaped leaves.

The local stiljon, or traditional healer, has many uses for po-sabom. For toothache, drink tea of its bark and roots. For skin itches, whip bark in water until foamy, then bathe. For a wound, apply a poultice of leaves and bark. If you are horny, its bark and roots, mixed with alcohol will boost your powers.

The forest is the pharmacy on the two tiny Gulf of Guinea islands of São Tomé and Principe; and traditional healers are the experts on its plants. Over 14 years, Maria do Ceu Madureira, a Portuguese ethnobotanist, had led a research team from the University of Coimbra and the Ministry of Health of São Tomé, with funding from the Calouste Gulbenkian Foundation in Lisbon. Her ethno-pharmacological study, published in 2008, pulls together traditional knowledge and modern science.

Madureira was fascinated with the richness of the local flora and worried that elderly healers are dying without disciples.

"Their knowledge is disappearing faster than the forests," says Madureira.

Massive study

The study collected information on 325 medicinal plants and more than 1,000 medicinal recipes from some 40 respected healers, midwives and grandmothers.

The plants were identified, classified and compared to similar plants studied elsewhere. When pharmacological and photochemical analyses were performed on fifteen plants, they showed potential to develop new medicines for old diseases.

Precious forest

The rich biological diversity on São Tomé's two tiny islands includes more than 700 botanical species.

Of these, 95 are endemic to São Tomé and 37 to Principe. Others were brought from Latin America, Europe, Asia and mainland Africa by the Portuguese, who landed in 1498, and turned the uninhabited islands into a hub for sugarcane, coffee, cocoa and the slave trade.

This makes São Tomé and Principe a treasure trove, especially in the areas of primary rainforest known as ObÅç.

Po-sabom looked promising against malaria and leishmaniasis, and effective against 14 fungi and four bacteria, including candida albicans, a frequent cause of oral and vaginal infections among HIV-positive people. Thirteen plants are effective against the plasmodium falciparum malarial mosquito.

Other plants have anti-bacterial, anti-histamine, anti-diarrhoeic, anti-tumour, pain-killing and sedative properties.

"Empirical knowledge was checked with scientific methods in the laboratory and we found the therapeutical value of plants," says Marcelina Quaresma Jose da Costa, from the pharmacy department at São Tomé's ministry of health.

This is unsurprising. Healers treat burns, snake and insect bites, warts, asthma, sexually transmitted diseases, diabetes and high blood pressure, among others. They fix bones and massage pains away.

Sum Gino and Sum Pontes

At his stall at the central market in São Tomé, 78-year-old Francisco Sousa Carvalho sells leaves, roots and barks; the most popular are those against fever, high blood pressure and diabetes. His teeth are gone and his bones hurt: “This I can’t cure, it is old age,” he laughs.

Too feeble to go into the forest, he sends others to find the plants, but says it is getting harder to find them.

Sousa Carvalho, know as Sum (or, healer) Gino, is one of three healers credited as co-authors in the study.

Book profits - and Madureira’s compilation has practically sold out in Portugal and São Tomé - have gone to fix and equip the homes of healers and pay them a monthly stipend.

Another co-author is Lourenco de Sousa Pontes Junior, still sprightly and strong at 82. His wooden home stands amidst a palm grove in Bobo Forro, São Tomé. He sees his clients in a small room.

“This project is saving our knowledge for future generations,” said Lourenco de Sousa Pontes Junior. His specialty is massage and is reputed as an expert on barks.

Vanishing knowledge

Pontes regret that the young are not interested in learning his craft, and fewer clients come to him. The Portuguese banned traditional medicine and the post-colonial Marxist government despised it. “Traditional healing is losing ground,” he says.

Perhaps this trend could be reversed. Da Costa, who studied in Cuba, is one of São Tomé’s three pharmacists. The other two are retired. Da Costa, 54, would like to go on pension too, if a replacement could be found.

Young saotomenses have gone abroad to study pharmacy in Brazil and Portugal, but none has returned, she says.

Da Costa has come to invite Pontes to do a display and speak about his craft at an exhibit she organized for the Week of African Traditional Medicine.

“The book fuelled interest among young people,” says da Costa. “If we had a centre for botanical studies, we could train, create jobs and reduce the brain drain.”

The old can teach the young the secrets of the rainforest and help find new medicines for old diseases.

Source: ipsnews.net/africa/   Image: Dracaena Aroborea Tree   Source: design-sourcebotanicals.com

GE Energy Keen to Find Partners for Renewable Energy Projects in South Africa

By Siseko Njobeni

POWER generation supplier GE Energy was on the lookout for operational and financial partners in possible renewable projects, newly appointed regional executive Jay Wileman said recently

Investment in renewable energy projects will ease the pressure on power utility Eskom. It will also be in line with government objectives to diversify the country’s energy mix and lessen the dependence on coal as an energy source.

Wileman said SA had made strides to prepare the regulatory environment for investment in renewable energy. The National Energy Regulator of SA (Nersa) earlier this year released a feed-in tariff for the different renewable energy technologies. Within the regulatory framework, GE Energy was looking for partners, Wileman said. The firm preferred partners in order to, among other things, stimulate local manufacturing and the transfer of skills.

“Our approach fits in well with the black economic empowerment framework. We have the technology and the partner will bring local expertise. We are talking to some local entities,” he said. The company had used a similar approach in Nigeria, he said. “Partnership is key in our growth model.”

Wileman said the company was also in talks with potential financiers. “The credit market is a bit tight. But there are people who are interested in SA.”

Wind power is among the mix of renewable technologies that SA is trying to get off the ground as part of plans to diversify energy sources. “We are particularly excited about wind,” Wileman said. The 5,2MW Darling wind farm in the Western Cape is SA’s most prominent investment in wind technology. Power utility Eskom has put on hold plans to build a 100MW wind farm.

Wileman commended SA for the renewable energy feed-in tariffs -- an incentive structure to encourage investment in renewable energy technologies such as wind, solar, hydro and landfill gas through government-fixed electricity prices.

Several African countries are blessed with natural energy resources but are grappling with electricity supply shortages. SA, for instance, has a huge solar resource. “But is the technology ready?” Wileman asked. Despite its status as Africa's biggest oil producer, Nigeria has in the past been gripped by acute fuel shortages. "Sometimes it is not only about resource availability but also about regulatory developments," Wileman said.

He was upbeat about the potential of wind energy in SA. The government-driven South African Wind Energy Programme is a national wind atlas that will show the best sites for wind farms. "We have looked at some areas. We know there are sites that are primed for the development of wind (farms)," he said.

GE Energy earlier this year signed a R500m contract to upgrade petrochemicals group Sasol 's old turbines at its synthetic fuels plant in Secunda, Mpumalanga.

The turbines have been in operation for nearly 30 years. Wileman said the contract was still on track and on schedule.

In November last year the group signed a 15-year service agreement, also with Sasol. In terms of that agreement, the group would provide "round-the-clock" monitoring and diagnostics to Sasol's plant in Secunda.

Source: Business Day. Image:Solar Power Today

Telecom and ICT

Kenya: Country Lacks Expertise to Fully Exploit Fibre Cables

By Okuttah Mark

Lack of a harmonised software certification programme in Kenya is preventing local developers from receiving global exposure.

Kenya Information and Communication Permanent Secretary Mr. Bitange Ndemo.

Industry players say most IT courses in the country do not test learners' ability to write and execute high quality software codes because they are theoretical.

Paul Kukubo, the CEO of Kenya ICT board, has called for an internationally bench-marked software developer certification programme that would test the ability of software developers to write and execute code.

"The objective of this assignment is to recruit a leading international academic institution or standards body to develop and implement a recognized and sustainable software developer certification program for Kenya" says Kukubo.

Antony Githaiga, the chief executive of Synergy Pro, says a lack of standardized training in local institutions is forcing most software companies to invest in training of new employees after recruitment.

Something that he said needs to be addressed if the country hopes to invest in the sector as an important pillar in the economy.

"Apart from financing hurdles that most local software companies undergo the other main challenge is lack of standardized training at universities or colleges" said Mr. Githaiga.

According to recent estimates by Mckinsey -- an international IT research company -- the potential for offshoring IT/BPO globally is around $ 500 billion, of which only about 15 per cent has been realized in 2008.

This implies that there is a huge untapped and unclaimed market for a developing country like Kenya.

Until recently, the lack of an international fibre optic cable connection was one of the biggest obstacles to the sector's growth. But with the expected landing of three connections this year the new constraint is becoming expertise.

The country currently produces around 30,000 university graduates and about 250,000 graduates from high school annually. Very few of these are immediately qualified for employment in the IT immediately.

According to the recent McKinsey Report, the talent pool for the IT/BPO sector in Kenya currently is very limited. Only about 5,000 graduates are suitable for employment in the industry.

To address the problem the government is proposing to facilitate the setting up of a Centre of Excellence for BPO training. In addition it is keen to support the local IT/BPO industry by improving its access to high quality IT skills.

It is proposed to tap a Sh240 million from the Kenya Transparency & Communications Infrastructure Project for taking up the development of internationally bench-marked IT skills.

The government has plans to use part of these funds to improve on the expertise of developers

Source: Business Daily (Nairobi). Image: File

Mobile Firm Earns $4 Billion Revenue in Six Months

Bethuel Kinyori

Zain Group recorded a 24.1 per cent increase in its consolidated revenue to $4.014 billion (Sh5.3 trillion) in the first half of this year compared with the first half of 2008.

Its net income reached $533.5 million - 4.4 per cent more that that of the first half of 2008. The earnings per share for the six months of this year stood at $0.14.

Year-on-year customer growth in Middle East and Africa where Zain operates was 37 per cent, while serving 69.5 million customers as of June 30, 2009.

Despite the global economic crisis, foreign currency fluctuations and competitive markets in which Zain operates and vast investments in network expansion, the group achieved an impressive level of revenue and profitability in the first half of 2009, said chief executive officer Saad Al Barrak.

“With improving currency stability in many of our African operations, we expect even better results in the second half of 2009.” he said. The company expects to reap further financial rewards from network investments in the second half of 2009 and in the years to come.

Additionally, the group has introduced a programme to maximise economies of scale and improve efficiencies, allowing it to provide services within an optimum cost structure.

“We expect ‘Drive2011’ to improve Zain’s operating margin by five per cent within 12 months and provide the company with the necessary thrust to capture the future growth potential of the markets in which we operate,” said Dr Al Barrak.

Source: The Citizen (Dar es Salaam). Image: AfricaNews.com

South Africa: Smartphones ‘Are Taking Over’

By Margie Inggs

Johannesburg — Mobile devices such as smartphones were entering the market four times faster than PCs or laptops, Fred Baumhardt, a Microsoft SA executive, said in a keynote speech at the company’s recent Tech-Ed Africa 2009 conference in Durban.

“While smartphones are twice as expensive as conventional cellphones, their prices have dropped significantly and within the next five years every mobile phone you buy will be a smartphone,” he said.

A smartphone is like a computer with call facilities that can be connected to the internet and so can be used to download and send e-mails.

Analysts have predicted that within two years smartphones will be much cheaper because of the convenience of being able to carry them with you all the time.

However, Baumhardt said laptops would not become obsolete as smartphones could not provide the richness of power and diversity of activities that a laptop could perform.

“PCs will also always be relevant,” he said.

“However, one model will never fit all IT requirements and usage is about the integration of several different models and different platforms working together.”

He said successful companies would be those that integrated multiple experiences and multiple interfaces to users.

“The first device will be a PC, which could be a fixed device in someone’s home or office or a laptop. Another experience could be one of the mobile devices, such as a smartphone or Windows mobile phone.”

Carolina Milanesi, research director of mobile devices, technology and service provider research for Gartner in London, said smartphones were expected to dominate sales of mobile devices in the near future.

“In 2012, we expect overall smartphone sales to represent between 40% and 45% of total sales,” she said. “In more mature markets, this number will be as high as 77%.”

Milanesi said prices in general were dropping. “Nokia, in particular, has been driving smartphone prices down in to the mass market price point and today you can find entry level smartphones at between R 100 and R 150. We expect prices to go (below) R 100 by next year.”

She said smartphones had the advantage of being “pocketable” rather than just portable.

Source: Businessday (SA) Image: comx-computers.co.za

East Africa: Investors, Mineral Wealth Beckons

By Francis Ayieko

Nairobi — Investors should take advantage of East Africa's favourable laws and incentives to exploit the numerous opportunities in the mining sector.

According to Prof Maggie Kigozi, Executive Director of Uganda Investment Authority, East Africa enjoys favourable geological conditions, which have made the region rich in diverse mineral resources.

Speaking at the 2nd East African Community Investment Conference in Nairobi, Prof Kigozi said East Africa has untapped mining opportunities in metallic and industrial minerals.

Metallic minerals in the region include beryl, bismuth, columbite tantalite, copper, chromite, diamond, gold, iron ore, tin (cassiterite), wolfram (tungsten) and cobalt while industrial minerals include asbestos, clay, diatomite, feldspar, granite gnesis, graphite, gypsum, kaolin, kyanite, limestone, marble, mica, phosphates, rock salt, silica sand, talc and vermiculite.

Prof Kigozi also hailed East Africa's petroleum industry, which she said offers investment opportunities in the areas of exploration, extraction, infrastructure, refinery, by-products, energy generation as well as skills training institutions.

According to Prof Kigozi, the region has favourable regulatory frameworks in the mining sector alongside attractive investment incentives.

Among other things, she said, East African countries have updated transparent and consistent mining laws and regulations.

They have also established Mining Authorities to avoid bureaucratic delays.

In terms of incentives, the region is offering capital allowances up to 75 per cent, mineral exploration expenditure allowance of up to 100 per cent, training expenditure allowance of 100 per cent, deductible annual allowance, import duty exemptions as well as duty draw back facilities.

Source: East African. Image: exploringafrica.matrix.msu.edu

Angola: Thailand Wants to Co-Operate in Angola Energy Sector

Angola's energy sector may count on the co-operation of Thailand. This was disclosed recently by the Asian country's deputy general-director of the Energy Ministry, Songpope Polachan.

The Thai official revealed their intention at the end of a meeting with the director for international interchange of the Angolan Ministry of Energy, Kiala Pierre, who represented the incumbent Minister, Emanuela Vieira Lopes.

According to the visiting official, the meeting with the Angolan authorities was aimed at identifying business and investment opportunities in Angola's energetic sector, mainly in the area of renewable energy.

"We want to invest and transmit our experience to Angola in the field of renewable energy, such as production of bio-diesel, bio-grease and bio-gas to supply mainly the rural areas", he revealed.

On his turn, Kiala Pierre reiterated that the Ministry of Energy is interested in co-operating with nations that want to help develop Angola's electric sector and Thailand is part of the process.

Songpope Polachan was in Angola during a visit with a multi-sectorial team, led by the permanent vice-secretary of the Foreign Ministry.

Source: Angola Press. Image: Sharenet.co.za

Mozambique: Government Approves New Projects for Biofuels

By Daniel Nonor.

Maputo — Mozambique's Council of Ministers recently approved another two major projects for the production of biofuels, as part of Government's strategy to reduce dependence on imported fossil fuels.

Both Enerterra SA, a company with Portuguese and Mozambican interests, and Zambezi Grown Energy Limited, with Mozambican, Asian and South African interests, will implement these projects in the central province of Sofala.

The Council of Ministers also approved a new resolution that grants temporary Land Use and Exploitation Rights (DUAT) to both companies to start their business.

According to the Council of Ministers spokesperson, Luis Covane, Enerterra has been granted an area covering 18,920 hectares in the locality of Mazamba, administrative post of Inhaminga, district of Cheringoma, for the production of Jatropha.

This project is budgeted at 53 million US dollars, and is expected to employ 5,000 seasonal workers, and 25 permanent staff, of which 20 Mozambicans, and five foreigners.

Ten percent of bio-diesel produced, which quantity was not disclosed, will be used for domestic consumption and the balance, 90 per cent will be for export, mainly to Europe. .

As for Zambeze Grown Energy Limited, the government granted 15,000 hectares in the district of Chemba, also in the province of Sofala, for the production of sugar cane for energy generation and bio-diesel.

The project is budgeted at 224 million USD and aimed to produce 100 million litres of alcohol annually.

'Of the 100 million litres of alcohol produced per year, 10 percent will be sold in the domestic market and the balance exported to Europe, USA and Japan, while the electricity produced will be integrated into the national grid,' said Covane.

According to the investors, the project will employ 2,104 Mozambicans and 34 foreigners.

These two companies will join some other 12 companies that are currently investing in the production biofuels in the country.

Source: aimnews. Image: Matternetwork.com

Ethiopia: Flower Study Hopes to Blossom Revenue

By Merga Yonas

Ethiopia's flower exporters could be using better, market enhancing packages for their stalks as of early 2010, depending on a successful completion of a study conducted for the horticulture association by two Swiss based institutions.

The board of the Ethiopian Horticultural Producer Exporters Association (EHPEA), which represents the interests of its 87 members and promotes the expansion of the emerging export horticulture and floriculture sector in Ethiopia, had been handling complaints regarding the packaging quality both from exporters and from its buyers in Europe, Asia and Far East.

The Association requested the Centre for Promotion of Imports from Developing Countries (CBI), which is an Agency of the Netherlands Ministry of Foreign Affairs involved in the country's development cooperation with other countries, to sponsor a study to resolve the packaging problem. CBI accepted the request and brought along the International Trade Centre (ITC), an institution which offers technical assistance to develop exports from developing and transitional economies. The study initiated by the two institutions is now in its second phase. The first was completed in July 2009.

Tsegaye Abebe, president of the association, says that millions of packaging materials are demanded annually by local flower growers. One company required more than 20,000 carton boxes for packaging the flowers. The boxes contain 250-400 stocks. Tsegaye says that the study is needed because they could not just adopt the boxes used by other experienced exporters, such as Kenya, Ecuador or Israel.

"We have to identify our own problems," he said. "The study will identify any problems starting with the raw materials the factories use to produce the boxes."

Tsegaye says that Ethiopian exporters had discovered time and time again that a great product in ragged packaging made a bad deal, when their prime roses sold for less than prime prices. The Association hopes that the study will help flower exports reach higher levels.

CBI and ITC, which often works with the WTO and UNCTAD, are using their own consultants and are expected to spend between 50,000 to 70,000 Euros for the study which will improve the packaging of the flowers.

The new phase of the study, which will be completed in October 2009, is involved in the practical aspects of packaging. It will identify the major problems related to packaging, including inspecting the quality of the raw materials used for the production of the packaging materials. Tsegaye says that one of the first problems is at the airport, where flowers, fruits and vegetables are placed in pallets to enable mass handling. The packages often become crushed in this process.

"An array of measures is already being implemented that includes making the sector-wide agreements on box sizes and communicating with the packaging industry about this issue," Tsegaye explained to Fortune.

He added that a guide for loading and off-loading flowers throughout the supply chain and storing and packaging standards will also be produced. He said that the ITC teams are converting their diagnosis and recommendations into a range of training and capacity building programmes involving the entire supply chain from growers to airline freight handlers. When the study is completed the experts will provide training to both the flower growers and the producers of the packaging materials.

Source: Addis Fortune (Addis Ababa). Image: bp1.blogger.com

Tanzania Business Group Tour Comoros

The Citizen Correspondent

Tanzanian businessmen are expected to tour the Comoros Islands for business opportunities. The visit is being organised by the Tanzania Private Sector Foundation (TPSF).

According TPSF, the two-day trade exploratory trip will be partly sponsored by a World Bank initiative called the Matching Grants Programme, which it runs.

"We are optimistic that through the mission the Tanzania business community will be linked to their counterparts in the region," the Foundation said.

It said the mission will enable Tanzanian firms as well as individual entrepreneurs "to penetrate the lucrative and fast growing markets of Comoros."

Early last year, Tanzania contributed heavily to the African Union Army that among others retook Anjouan, the capital of the Comoros from rebels.

The AU troop's victory was followed latter by reciprocal state visits first by the Comoros President Ahmed Abdallah Sambi that was followed by Tanzania President Jakaya Kikwete who visited the Indian Ocean's archipelago.

According to the Economist Intelligence Unit, France remains the archipelago's strongest trade ally and bilateral donor.

Tanzania and the Comoros signed a trade agreement with emphasis put on investments, trade, health, agriculture, livestock, fisheries, research, tourism and higher education in 2006.

Other high profile investors to the Comoros come from the Middle East and the United Arab Emirates in particular.

Analysts said the country scored relatively well in monetary freedom and government size.

The multi-island nation depends largely on fishing and subsistence agriculture, which employs approximately 80 per cent of the population and provides 40 per cent of GDP.

Comoros is the world's leading producer of ylang-ylang (a perfume ingredient) and second leading producer of vanilla.

It has a population of 600,000 and a per capita income of 1,144, nearly three times that of Kenya.

Source: The Citizen (Dar es Salaam) Image: Ylang-ylang plant, Source: Bulkoil.com

New Investment and Trade

Nigeria: Foreign Direct Investment Hits $14 Billion

By Idris Ahmed

Foreign Direct Investment (FDI) in Nigeria has increased from $2.1 billion in 2004 to $13.95 billion, the Minister of State for Finance Remi Babalola, has said.

He said the bulk of the funds were for the oil and gas sector, banking, telecoms and beverages.

The minister said this in a paper titled ‘The Challenges of Managing Business Enterprises in Nigeria”, presented recently at the annual management lecture of the Department of Management and Accounting, Obafemi Awolowo University, Ile-Ife.

“We have adopted a strategy that is more inclusive, Arabs and the Chinese are joining the Europeans and mostly Americans investing in Nigeria. We are open to all, as investment has no colour,” Babalola, who was represented by his Special Assistant Mr. Bode Agunbiade said.

The Minister said: “Oil remains our biggest blessing but the sector also faces enormous challenges. These challenges have discouraged private sector investments in new refineries and contributed to making existing refineries cost centres.

“Our aim is to maximise the opportunities in the industry, grow the downstream and deregulate the sector completely. Full deregulation of the oil and gas sector appears very imperative. This will encourage investment in refining and marketing infrastructures.”

Source: http://www.dailytrust.com/ Image: weblo.com

Interview of the month

Invest in African Small Farmers, Says IFAD Chief Kanayo F. Nwanze

Kanayo F. Nwanze, president of the International Fund for Agricultural Development (IFAD), recently spoke with AllAfrica about the future of international assistance and the role of agriculture in Africa’s development. IFAD aims to eradicate rural poverty in developing countries by increasing access to financial services, markets, technology, land and other natural resources.

Having grown up in Nigeria, do you have any specific memories of how you saw foreign aid being effective or ineffective? How might this experience have shaped the direction you took in the development field, or now at IFAD?

I was a beneficiary of development assistance from the Ford Foundation, which supported my post-graduate studies in the United States where I got my advanced degrees in agricultural biology.

I think coming from a background where I had uncles who were small farmers, I certainly saw my potential role in working with farmers, and agriculture was the line that I decided to take. So in a sense the Ford Foundation grant [made it] clear to me that well-targeted assistance to developing countries - human resource development, capacity building, helping the countries themselves to grow their own potential change agents - was certainly the way to go. That in a sense shaped my own career path in agricultural development.

Since starting operations in 1978, IFAD has invested more than U.S. $10 billion in at least 800 projects and programs, reaching more than 340 million rural poor. Taking this into account, what specific examples can you describe to illustrate that development assistance works?

We have many examples. I think the figures you have just given are very clear indications of how much IFAD has invested in supporting countries’ development programs and strategies and priorities. And we have very good stories coming out of Africa in particular: the cassava program in West Africa where we’ve invested about 100 million dollars, [for example]. We have excellent stories coming out of Ghana. We have a food bank in Niger, which helps farmers to borrow food during difficult periods or in case of bad harvests.

It's not the volume of investment or the number of projects and the number of countries so much as the tangible impact of these investments on the lives and livelihoods of poor people. I think this is essentially the transformation that we expect, the outcome of our investment in improving lives, creating wealth and linking these farmers to markets.

This is what IFAD does, working with communities at the grassroots level, and it's certainly a very lofty mission that the institution has and we'll continue to work in this direction with our partner countries.

In the past, how do you think foreign aid has failed in Africa?

I'd rather talk about success stories. Africa has benefited tremendously from development assistance. Until the current economic crisis some sub-Saharan African countries were experiencing tremendous growth of close to eight to 10 percent average. This has dropped significantly. I think the recent estimate is about 1.5 percent economic growth.

Barring the current financial crisis, development assistance to Africa has had considerable impact in helping countries grow their own economies and supporting infrastructure development.

It's very important that we recognize that it is the responsibility of African countries, of Africa's leadership, to set the tone for Africa's development. They have to demonstrate a commitment, they have to give political leadership to their countries. No plant, no tree is able to make use of the energy from the sun if it's not fully grounded in its own soil. So I think it's important that African countries establish the foundation from within for any development assistance to be of value to their countries.

I do not know any country, any nation, any people whose development, whose transformation has taken place solely on the basis of foreign assistance. Each country must be grounded in its own transformation.

This is where African leaders must demonstrate the goodwill and the political will to transform their own countries.

You have said that Africa is ready to shift from food aid to farm investment. How can this be achieved and how do you find the right balance between food aid and long-term agricultural investment?

As long as there are situations of crisis and there are famines and droughts and loss of crops due to extreme weather conditions and the increasing impact of climate change, people will need emergency food aid. But African governments will have to learn to stand on their feet, solidly grounded in their own soil to be able to maximize foreign assistance.

For Africa, long-term investment into agricultural development is key.

To ensure a sustainable transformation of agriculture in Africa we must talk about medium- to long-term investments and this is what IFAD does.

Not just agriculture, but investing in smallholder agriculture. Why?

Eighty percent of the farmers in Africa are smallholder farmers. The majority of them are women. They produce 80 percent of the food that is consumed by Africans. Obviously, if these are the people that produce the food that we eat we must invest in smallholder agriculture.

We have proof that investment in smallholder agriculture is two to four times more profitable than investment in any other sector or sub-sector. It's very simple mathematics.

If you are talking about a majority of the population that produces the food that we eat then we must provide them with the right technologies.

We must link them to markets both for inputs and for outputs. We must be able to give them assistance for the whole value chain so they can add value to their produce, they can be able to sell their produce in markets and connect with the last mile of road to lead them to markets.

Africa has to go from food aid to sustainable, long-term production.

This is the time for us to do it because the food crisis and the current economic crisis have shown us that we cannot continue to be dependent on food aid or imported food.

Is that message being heard?

The message is being heard because we have been fortunate here in Rome to have been associated with the whole G8 process. For the first time the G8 agriculture ministers were meeting and the WFP (World Food Programme), FAO (Food and Agriculture Organization) and IFAD were present. We delivered our message. We participated in the development ministers' meeting in Rome and also in the finance ministers' meeting in Lecce. The finance ministers recognized the importance of food security for national and global security.

Twenty-five years ago Vietnam was a net importer of food. Today Vietnam is the second largest exporter of rice, produced by smallholder farmers - 70 percent of the rice farmers in Vietnam. If it can be done by China, by India, by Vietnam, I'm sure Africa should be able to do it.

What lessons can be learned from the past to assure that development assistance in Africa is done more efficiently and effectively?

Let's look at the history of support to agriculture. The figures that we have show that a percentage of ODA (overseas development assistance) to agriculture dropped in the 1980s from as high as 18 percent to 2006 where it was about 2.5 percent. It's now about three or four percent.

This was international assistance to agriculture. National investments in agriculture also dropped in Africa, in particular, from as high as 14 percent to as low as four percent.

We saw this food crisis of 2007, which resulted in riots in over 30 countries across the world, and in Haiti it resulted in the fall of a government. For these changes to occur we need to invest more in agriculture and, certainly in Africa, it's the basis for economic growth. It provides not only essential food and nutrition, but it also is the largest sector for employment.

One other impact that we must recognize is that with the financial crisis remittances are beginning to drop because migrant workers are returning to their home countries, to their villages, to their rural communities. So you have a drop in income. Investing in smallholder agriculture you are doing two things. You are able to stem the migration from the rural to the urban cities, and from the urban cities to the West.

So you are investing not only in food security, you are also investing in national security and international global security because you can stem the migration of people from the developing world to the developed world. We have to look at this as an investment in our common future.

IFAD works at the grassroots level - how important do you think this is to ensure that foreign aid is used properly?

Communities know best what is good for them and when you are engaged in supporting programs and projects that are community driven you essentially are building that ownership and leadership that the community needs.

We have, at IFAD, invested in over 60,000 communities where we have helped them build farmers' organizations, build their own institutions and link them with financial services through rural financing.

Grassroots, community-based development is the bedrock for solid societies. We have to look at this as investing in smallholder agriculture. Our experience has shown that when you invest in community development you basically invest in the future of a country.

It is important that we do not allow the economic crisis to impact on development assistance to Africa. While the impact is apparent in terms of loss of jobs in the developed world, in the African context it's going to be later. It's a ripple effect.

It's going to begin to impinge because of a drop in commodity prices, less income to governments and an inability to meet civil servants' salaries. So it's important that the commitments of the G7 that were made in Gleneagles, to double aid to Africa by 2010, are met. Today we are about $22 billion below the mark.

Having said that, my message to African leaders is what I've said earlier: put your house in order, get your act together and demonstrate commitment and responsibility and accountability. They have to demonstrate their willingness to make the necessary changes to transform their governments and their policies to be able to receive the full support of the development community.

Source: allAfrica.com, Images allAfrica.com and ec.europa.eu

Country Stats - Cameroun

Capital	Yaounde
Area	476,000 sq km
Total Population 2008	18.9 Million
Urban Population 2008	56.85%
Female Population 2008	50.00%
GDP 2008	US$25.1 Billion
GNI Per Capita 2007	US$1,050
Inflation Rate 2008	2.56%
Crude Birth Rate (per 1000) 2008	33.89%
Human Development Index (scale 0 to 1) 2006:	0.514
ADB Membership Date:	10/09/1964
Cumulative Approvals (1967-2008):	UA 900.7 Million

Source: Africa Development Bank.

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