African Business Opportunities Newsletter

March 2010

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

Agribusiness

Kenya: No end in sight to milk glut

Barnabas Bii and Kaburu Mugambi

Nairobi — why did the Kenyan Government wait more than two months to start fixing the crisis in the milk industry? That is the mystery that surrounds the current milk glut saga.

Dairy farmers' hopes for a quick solution to save them huge losses are growing dimmer by the day as investigations into the purchase of machinery at the New KCC were extended to the Eldoret branch, where Sh110 million cannot be accounted for.

"Money meant to renovate the factory was misappropriated and those behind it will pay for it," said Cooperative Development minister Joseph Nyaga when he toured the factory on Wednesday. "We cannot allow a few individuals to bring down a giant factory."

In Nairobi, leading processor Brookside Dairy warned that there would be an even more severe milk glut in May unless the government buys the surplus or supports export.

Milk supply has stretched dairy facilities across the country to their limit. A reduction in consumer prices has not been able to mop up the surplus. Because preservation facilities are limited, farmers are pouring stale milk into sewers.

Mr. John Gethi, the Brookside general manager in charge of milk procurement and extension services, said the situation was likely to worsen once the long rains begin between March and April. "The worst will come during the long rains in March-April-May," he told reporters in Nairobi.

He said his company was currently buying more milk than it can sell and has a stock of 20 million litres in long life milk. "Soon we will run out of storage space," he said. "That is why we are asking the government to buy the milk and distribute it to famine-hit areas and schools."

He also urged the government to speed up the setting up of a strategic milk reserve. In the past few weeks, the focus has been on the government-owned New KCC, which has been accused of failing to play its market stabilising role.

It emerged on recently that hundreds of millions of shillings budgeted for buying extra equipment could have been misused, prompting Mr. Nyagah to ask the Kenya Anti-Corruption Commission to investigate the Limuru plant, where new equipment has not expanded milk intake capacity as expected.

In Eldoret, the minister said, besides a Sh120 million instant milk drying machine that has not been installed, the Ultra Heated Treated milk and milk powder processing machines have been vandalised. "This factory requires a total overhaul as most machines are obsolete," he said.

Source: http://www.nation.co.ke : Image: mercola.com

Tunisia: Promising Prospects for Organic Farming

Tunis — in the 2009-2014 presidential program, organic farming received particular interest which aimed at doubling the areas dedicated to biological farming, to reach 500,000 hectares in 2014.

In 2009, the production of organic agriculture increased by 200%. The average crop production in 2008 reached 170, 000 tons against 30, 000 tons in 2004 and 9,000 tons in 2002. The value of exports reached 64 million dinars, against 3.3 million dinars in 2003. Since 2004, investment in organic agriculture has reached 10 million dinars per year.

Regarding lands devoted to organic farming, they are estimated at 130, 000 hectares, including 115, 000 hectares of olive groves, 6, 000 hectares of fruit trees, 6, 000 hectares of medicinal and aromatic plants and 2,000 hectares devoted to major crops and 1, 000 hectares of palm trees.

In so far as organic fodders and forests are concerned, they cover an area of 155, 000 hectares including 140, 000 hectares of medicinal and aromatic plants.

The organic farming sheep, poultry and bees have started since 2008 in Tunisia.

Source: Tunisia Online News. Image: onofarms

Mozambique: Cashew Harvest of 95,000 Tonnes Expected

By Brian Benza

Maputo — Mozambique's National Cashew Institute (INAJU) is optimistic that the 2009-2010 cashew harvest will reach 95,000 tonnes, reports Monday's issue if the Maputo daily "Noticias".

According to an INCAJU source, up until 15 January 71,400 tonnes of cashew nuts had been marketed, which is 75 per cent of the target.

The largest cashew producing province is Nampula, which recorded 67 per cent of all sales in the period up to mid January. A further 14 per cent came from the neighbouring provinces of Zambezia and Cabo Delgado, and the remaining 14 per cent from Sofala, Inhambane, Gaza and Maputo.

The marketing campaign is now concentrating on the southern provinces, in order to bring the total up to 95,000 tonnes.

This is not as much as the 100,000 tonnes that INCAJU had initially hoped for, but a considerable improvement on the 2008/2009 campaign, when only 64,150 tonnes of nuts were marketed.

The increase is put down to good climatic conditions, successful spraying of cashew trees against pests, and the easing of the international financial crisis, which has made buyers more interested in Mozambican cashews.

INCAJU director Filmena Maiopue told "Noticias" that the cashew processing factories in northern Mozambique all have their raw materials guaranteed for this year, and it is expected that the same will be

true for the few factories in the southern factories once the marketing campaign ends.

In total, the Mozambican factories can process 25-30,000 tonnes of nuts. Some will be processed informally for the local sale of cashew kernels, but the bulk of cashew production will still be exported as raw nuts (mostly to India).

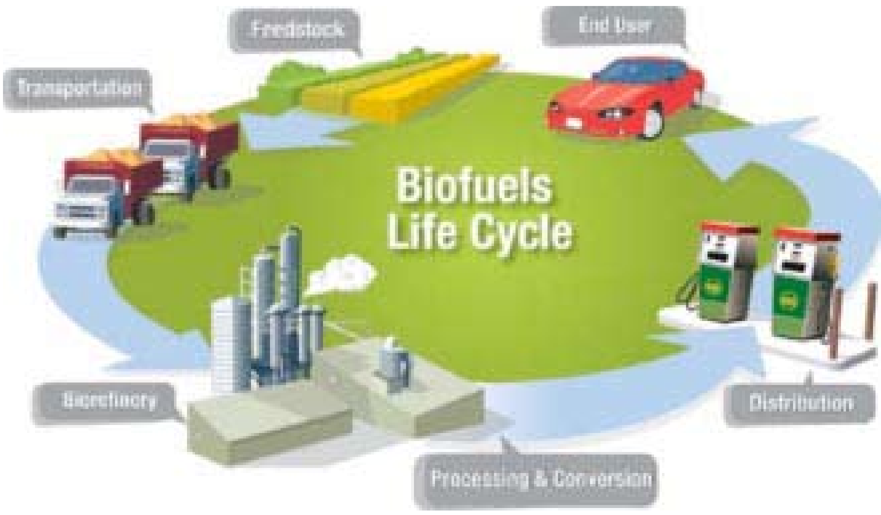
Source: http://www.sortmoz.com/aimnews   Image: catche.daylight

Mali: Dutch Companies to Invest in Biofuel Programs in Mali

By Rachel Pollock

Dutch automaker Kia Netherlands recently announced that it would be investing in Mali Biocarburant SA (MBSA), a Dutch-backed biodiesel program in Mali. This investment allows for Kia automobile owners to participate in a voluntary carbon tax program, which will benefit jatropha production in Mali. The Dutch government as well as the Malian farmer's union also supports the program.

Jatropha curcas is a poisonous plant that grows abundantly in Africa, Central and South America, Asia, and the Caribbean. The plant can cohabitate with other crops such as coffee, sugar, fruit, and vegetables and is already being used by farmers to protect their pre-existing crops from animals and insects. The seeds from a Jatropha plant can be crushed to produce oil that can be used in a standard diesel car and the remaining residue can be used to power electricity plants and also used as fertilizer. Jatropha can grow in areas where the environment is arid and the soil has experienced erosion, therefore, a place like Mali is the perfect candidate to cultivate jatropha as biofuel.



Since 2007, Jatropha has been recognized by several Dutch organizations to be a viable source of biofuel. However, it was not until recently that projects aimed at jatropha production were able to be implemented and show their impacts on the rural communities. Wind Energy for Mali, a small organization based in the Netherlands has set up workshops in mid-December to teach Malians how to build turbines and to educate the rural communities about energy alternatives and sustainable fuel. Piet Willem Chevalier, who is the founder of the organization, told MediaGlobal, "Mali has abundant renewable energy resources that can be used to make a relevant difference for access to affordable electricity in especially rural areas, which, until now, has been absent."

Mali Biocarburant is a private company aimed at setting up sustainable decentralized biodiesel processors in West Africa. Hugo Verkuijl, who is the CEO of Mali Biocarburant told MediaGlobal, "Farmers are 20 percent shareholders in the company. We have a strategy of local production, processing, and consumption."

Unlike other sources of biofuel, Jatropha production poses little threat to the local agriculture production and food security. It also offers the most practical advantages for the local farmer and the environment. Verkuijl told MediaGlobal, "[Jatropha biofuel] allows farmers to produce food and also to reduce soil erosion, increase soil fertility, and increase yield of food crops."

Verkuijl told MediaGlobal, "Biofuel is sold at a competitive price, which is about 10 percent lower than the pump price of ordinary fuel." The recent integration of biofuel has provided jobs and supplemental income for farmers utilizing land that was otherwise futile. The Jatropha oil is produced in Koulikoro with a field staff of 60 and works with over 5,000 farmers in Mali and Burkina Faso.

Furthermore, large-scale projects like the 15-year electrification program of Mali-Folkcenter in Garalo have been set up in small villages to bring electricity to communities that lack the technology and financial means. In May of 2007, special generators were installed to run on jatropha oil. Ultimately, the project aims to set up 1,000 hectares of jatropha plantations to provide oil for a 300 kilowatt power plant, thus providing electricity for 10,000 people in the Garalo community.

In regards to the environment, the jatropha tree reduces carbon emission. According to Biocarburant, biodiesel produces less carbon fossil fuel by about 73 percent. Furthermore, the waste left over from the jatropha seed can be used to make charcoal rather than the usual method of burning down trees.

The jatropha plant has enumerable advantages when it comes to both the economic impact on the local Malian communities and sustainable energy alternatives for the rest of the world. Communities cultivating jatropha seed in Mali are serving as and example to companies looking to invest in these alternatives and replicate projects like those in small Malian communities. India, Brazil, Swaziland and the Philippines are among the countries, which foreign companies are looking to invest in the future.

Source: MediaGlobal (New York) Image: ecolake.org

Namibia: Paving the Way for Green Energy

by Jana-Mari Smith

The first "green energy" kilowatt-hours to be fed into Namibia's national grid could herald the start of a two-pronged solution to Namibia's invader bush and electricity supply issues.

The project, which addresses electricity security and bush encroachment, is funded by the European Commission and is being implemented by the Desert Research Foundation of Namibia.

A 250 kW gasification plant will convert invader bush - acknowledged as an environmental problem in Namibia - into electricity via a wood-gasification process, and has the ability to supply electricity to about 200 middle-income houses.

Robert Schultz, co-ordinator of the project Combating Bush Encroachment for Namibia's Development (CBEND), said recently that it is still a "proof of concept project" and the aim is to convince Namibians and Government of its feasibility.

Schultz is confident about the technology, saying it "is robust, maintenance friendly and simple to operate", although it is only marginally financially feasible under current market conditions in the form of cheap electricity imports from Eskom.

He said that wood gasification could add "a new dimension" to the agricultural sector - by giving farmers an opportunity to utilise available resources on their land and to diversify their revenue potential.

While fuel for the plant will be derived from invader bush, the emphasis is on bush thinning and not on complete bush clearance.

Schultz and a technical team, including Namibia's first "green" farmer, Willem Groenewald, who will operate and manage the plant as an Independent Power Producer, returned from a trip to India at the end of January.

The plant will be located on Groenewald's farm about 70 km north of Otjiwarongo.

The team visited Ankur Scientific Technologies, which has a 30-year track record in this type of technology, and from whom the 250 kW plant will be bought.

The company produces and sells as many as 100 units of varying sizes a year to developing and developed countries that are keen to clean up their energy acts and enter green energy markets.

The plants can be modified to convert most types of biomass, including wood, coconut shells and rice husks.

Schultz said they will start assembling the plant in April, with production scheduled for June.

He hopes the plant will become a blueprint for the production of green energy in Namibia. The "purpose ... is to prove that this project is feasible; financially, technically and operationally", he said.

The DRFN embarked on the project two years ago with financial support from the European Commission and in partnership with the Namibia Agricultural Union and Namibia National Farmers Union.

Although CBEND hopes to bring NamPower on board as the main client, another option is to sell the "green energy" to large power users in industry, who want to reduce their carbon footprint.

South Africa encourages green energy producing projects similar to the gasification project by paying producers "grid in-feeding tariffs", as an incentive for more local 'green' electricity generation.

A plant uses approximately 400 hectares of bush a year, if only half of the bush is removed per hectare.

Namibia could support 200 CBEND-type power plants, which could thin out more than 100 000 hectares of invader bush per year -out of an available 26 million hectares.

Source: The Namibian Image: teamchinausa

South Africa: Going Green 'Will Create Jobs in SA

By Jocelyn Newmarch

Johannesburg — ABOUT 800 000 jobs could be created if SA pursued renewable electricity and biofuels, according to a report from the Global Climate Network, which was launched in SA on Wednesday night.

A low-carbon development path could deliver real economic benefits, and SA could not afford to watch from the sidelines, British high commissioner Nicola Brewer said at the launch of the South African branch of the Global Climate Network.

The UK was already legally committed to reduce emissions by 34% by 2020, against a 1990 baseline, and by 80% by 2050, she said.

This approach had real economic benefits.

"We are reducing reliance on finite fossil fuels, building sustainability into our economy and protecting it from the price shocks which rocked the global economies last year," Brewer said.

The UK currently holds a 3,5% share of the global market for low carbon and environmental goods and services, which is worth £107bn and employs 880 000 people.

"By 2015 it's estimated that the environmental goods sector in the UK alone could be worth as much as £150bn," she said. "Globally, this market is set to grow from £3-trillion to £4,3-trillion by 2015."

SA already has a skills base to fill jobs in photovoltaic manufacture and installation, the authors say. It is also at the forefront of commercialising super-thin solar technology, which could be exported regionally and create further jobs.

Recently, at a panel discussion hosted by the Global Climate Network, Wendy Poulton, Eskom's GM for corporate sustainability, said business was looking to the government for direction.

"Climate change is one area where business is asking the government for policy. It is very unusual for business to ask the government for any policy." Poulton said a carbon price signal was especially important for business.

Shamini Harrington, Sasol 's environmental affairs adviser, said there was not enough time for business to wait for the government, but that the private sector needed to capitalise on what had already been achieved.

The Global Climate Network's report, Low Carbon Jobs in an Inter-Connected World, was released in December.

According to the report, if SA were to generate 15% of its electricity supply from renewable energy - predominantly wind and solar - more than 36 000 new jobs could be created as a direct result, and 109 000 jobs indirectly, without any cost to the economy.

Biofuels could provide another 700 000 jobs, the report says.

A 37,5MW wind farm could create 3,7 direct jobs per megawatt in manufacturing and installation, with another one job per megawatt in operation and maintenance.

Most local jobs would be created in professional and management services, the report says.

Construction, transport and installation of a 2kWp (kilowatt peak) photovoltaic array, which uses solar power, would create 35,5 jobs per megawatt installed.

Source: Business Day. Image: dfg.ca.gov

Zambia: Partner With University to Develop ICT Centre

Investment Opportunity : ICT - Information & Communication Technology

The University of Zambia is looking for a partner to develop a modern ICT centre to offer high-level training programmes at its campus in Lusaka.

The University of Zambia is looking for a partner to develop an ICT centre at its campus in Lusaka. Zambia lacks a modern training institution offering high-level ICT programmes, this despite the fact that there are currently more than 10 000 students enrolled at the university and approximately 2 000 lecturers.

The project is aimed at:

1. Improving access to ICT use in the university
2. Upgrading existing ICT infrastructure by replacing some obsolete equipment
3. Improving technical ICT training for computer centre staff
4. Connecting university schools/departments to the network
5. Providing effective access to the internet for teaching and research purposes
6. Improving the student - computer ratio and the lecturer - computer ratio
7. Acquisition of software and hardware material needed for research and teaching (e-learning)
8. Facilitate user access to electronic resources
9. Digitalisation of library materials

The investment needed is estimated at US$300,000

The new partner is expected to:

- Carry out rehabilitation of the building
- Install a stable local area network infrastructure
- Provide both hardware and software
- Provide high level ICT training programs
- Provide resource personnel for the training in collaboration with the University Computer Centre;
- Provide in-house ICT training to members of the computer centre in a training the trainer approach
- The University of Zambia will provide:
- Training premises for all the approved programmes i.e. building infrastructure
- Marketing for all the training programmes
- Resource personnel for some of the approved programmess;
- Administration of the premises, programmes and staff
- Collection of appropriate training fees and account administration
- Security of the premises

Incentives

The projects carried out by University of Zambia attracts duty exemption in procurement of equipment, books or other educational materials sent in the University's name.

All ICT related equipments brought in the country only attracts 5% tax, this covers computers, printers, network equipment, etc. Any ICT related accessories and components are duty exempted.

Education is a priority sector under the Zambia Development Agency (ZDA) and projects registered with the ZDA attract both fiscal and non - fiscal incentives.

Source: TradeInvest Africa (Cape Town)   Image: infolab21

Kenya: Battle for Mobile Content Market Rages

Victor Juma

Handset manufacturers and mobile operators are set for a major competition for the mobile content market in the coming years.

This follows a keen interest by mobile device makers to forge direct close ties with their customers by building and availing vast proprietary mobile applications which are downloaded for free and others for a small price.

Mobile applications are now seen as a key driver of future handsets sales, a fact demonstrated by Apple's iPhone whose phenomenal growth has been helped by the large number of applications on the company's virtual online store.

On the other hand, mobile operators are eyeing the mobile content market as revenues from traditional channels like voice and data fall in the wake of rising competition.

Nokia, for instance, is intensifying its push for global usage of Ovi, its online application store.

The firm is working with local innovators to create locally relevant content as its current global competition for a $1 million mobile application award takes off.

"If they can create compelling applications that has solutions for the local market, we can host that application on Ovi and highlight it for local traffic," said Ms Agatha Gikunda, Nokia Head of Solutions, East and Southern Africa.

"Local developers have a choice to write applications for mobile operators or for us. Most of the local mobile operators have national operations while we offer the world," she told Business Daily, adding that Nokia works with multinational mobile operators like South Africa's MTN.

Mobile service providers have ventured mainly into entertainment content provision, including ring tones, music, and short video downloads.

In addition, they offer aggregated news content.

Analysts say the global model of the mobile device business is set to deepen, with strategies employed in more developed economies trickling to the local scene.

Though most of the content and application are from third parties and form a negligible revenue base for handset manufacturers, their importance lies in building a larger loyal customer base in the handsets market.

"In 2010, the battle for supremacy in value-added services will intensify in the triangle between mobile operators, device manufacturers, and internet portals," Carsten Brinkschulte, the CEO of Synchronica, a mobile technology firm based in the UK, said.

"Over the past few years, operators increasingly have come under attack in particular from device manufacturers like Apple, RIM, and Nokia who are massively pushing device-specific services, differentiating their product offerings, establishing direct relationships with the end-users and locking them into services hosted by the manufacturers."

The outstanding examples of device manufacturer-specific and dependent services are Apple's App Store, MobileMe, iTunes, RIM's BlackBerry Internet Services, as well as Nokia's Ovi.

Despite the massive capital base and global reach of handsets manufacturers, the device-specific service is a major stumbling block in pushing their content and applications.

"Operators can fight back and remain in the driving seat for value-added services by promoting operator-hosted and device-neutral value-added services. Their chances of winning are quite good, in particular in emerging economies where internet services have yet to take off in the mass market," Brinkschulte adds.

Analysts add that mobile operators could also exploit their billing relationship with end users and their ability to control the price of services.

For instance, they can boost success of their own offerings by offering a flat rate for accessing them while charging volume-based fees for accessing internet --the channel through which handset manufacturers offer their services and content.

Source: Business Daily (Nairobi) *Image: widgetslab*

South Africa: Online Shopping Battles to Entice Consumers

Johannesburg — While internet use has shot up dramatically in SA over the past few years, the online shopping market is small by world standards. And SA will have to overcome many obstacles before shopping from home catches on.

The limited number of consumers with internet access, retailers say, prevents consumers from exploring this option.

"The costs are considered too high to make online shopping viable at present," says Mike Harvey, MD of SA's largest retail pharmacy chain, Clicks.

"Currently the major hurdles to expanding online shopping in SA are the high cost of broadband and limited consumer access to the internet," Harvey says.

But others say the market doesn't want online shopping.

"There is some demand for online shopping, but this is not very meaningful at present," says Makro marketing director Chris Nezar.

The figures bear that out. At the end of last year, online retail in SA was worth R1,6bn -- less than 1% of total retail sales.

The ratio of online shopping to total retail sales in China increased in the second quarter of last year to 1,9% from 1,3% and in the US, the ratio during the holiday season increased to 4%, according to marketing research company comScore Inc.

However, the reasons given by retailers may not be the full picture, says Arthur Goldstuck, MD of World Wide Worx, an internet consultancy.

"In many cases it is a matter of the retailer not knowing what to do," says Goldstuck. "Their market may very well be ready for it but they are not. A premium customer wants to be serviced where they are active, not where the retailer believes they should be active."

Some retailers say they have tried online shopping, but that it doesn't work.

"We had some early experimentation in online trading years ago and found it to be in contradiction of our cash and carry trading philosophy," says Nezar . But he admits "we gained some valuable lessons though".

Goldstuck says Makro should perhaps have done more thorough research on its strategy. "It wasn't online retail that failed, it was their strategy that failed," says Goldstuck.

Even retailers that do offer an online service - Pick n Pay is the biggest - structure it in a way that could make it frustrating to use.

Even though the prices online and in-store are not different, the price of an item may go up by the time it is delivered - and the customer has to pay for it.

"Prices can fluctuate between time of order and time of delivery.

Prices are billed at time of delivery," says Pick n Pay spokeswoman Tamra Veley. "We are currently investigating changing this process."

Consumers have an option on delivery dates, ranging from a day to a week from the order time.

A further problem Pick n Pay faces with online shopping is running out of stock. It is planning to open a dedicated online distribution centre to overcome the problem, Veley says.

"This will give us more control over out-of-stock problems and give online shoppers access to a far more extensive range of products, including our General Merchandise offering."

Goldstuck says the thinking behind the pricing process of the food retailer does not make any sense.

"One of the principles of online shopping is that you know immediately what you will be paying. The price you see is what you pay," Goldstuck says.

Makro maintains its pricing on online items is equivalent to store prices with a service fee and delivery fees already added.

Pick n Pay rival Shoprite, which has an online facility through its furniture division, says pricing is holding back the roll-out of a similar service for groceries.

"Our policy is to provide the cheapest price on a monthly grocery bill," says Brian Weyers, the retailer's corporate marketing director.

"The overhead costs still associated with offering an online shopping service defeat the objective and we will therefore only continue down this lane once we are convinced that customers will only pay for their grocery by purchasing online," he says.

Still, there are flickers of interest. Makro has launched an online trading pilot project with 5000 items across selected categories.

"It's very early days and time will tell whether Makro has a role to fulfil in this channel of not," says Makro's Nezar.

But retailers say the fundamental problem remains.

Shoprite says its largest share of customers still doesn't have access to online facilities.

"We have therefore seen only a small interest in online shopping facilities from our customer base so far," says Weyers.

Consumer watchdogs also say online shopping in SA is too small yet to pay any attention to.

Nick Tselentis, legal and regulatory affairs manager at the Consumer Goods Council of SA, says although it is a hot topic, "the market is still small".

Despite retailers' tardiness in installing online shopping facilities, Goldstuck is positive about its future in SA.

"Online retail shopping should continue to grow strongly for at least the next decade," he says.

Source: Business Day, Image shopsland.org

Nigeria: Australian Giant, CGA to Invest in The Country's Gold Project

By Kingsley Alu

Abuja — Speaking at the third day of the 2010 Mining Indaba Conference holding in Cape Town, South Africa recently , the president and chief executive officer, CGA Mining Limited, Mr. Micheal Carrick, has explained that the company had a 51 per cent stake in the Segilola Gold Project in Ijesha, Osun State, Nigeria.

Describing the preliminary results from the gold project as exceptional, Carrick confirmed that Nigeria has great geological potentials, especially as the Ghanaian belt where extensive mining was taking place, extended down into Nigeria.

According to him, "We have just done the first part of drilling of just over 10,000 meters and we have proven very high quality initial resources of over 600,000 ounces.

"We have only drawn down to 150,000 meters, but the grade is 6.7 grams per tonne and the recovery is 96 per cent. The deposit is open and there is a substantial evidence of parallel zones of mineralisation.

"The grade is exceptional, I think more 50 per cent of gravity"

Carrick confirmed that the company was currently doing a bankable feasibility study of the project in accordance with the joint venture which it will finish by the end of June 2010.

He added, "We anticipate building a project with a number of 750,000 tonnes per annum, which will yield a minimum production profile in excess of a 100,000 ounces a year and we will expect cash cost to be under $300 an ounce."

Recalling how the company came into Nigeria, Carrick said "the Nigeria

Government went down to Tanzania and saw that we developed gold there

which led to a tremendous investment in the gold sector in Tanzania and we were invited to the country and awarded the gold project here."

Source: Leadership (Abuja)   Raw Gold Image: minerals.net

Uganda: Oil Giants Rush for Fields

Kampala — Russian, Chinese, French, Italian, Indian and other oil companies are among firms that have already expressed interest in investing in Uganda's oil reserves estimated at 2 billion barrels to date.

A press statement from the State House recently said President Yoweri Museveni had met a delegation from Tullow Plc, led by Mr. Paul McDade, the Chief Operating Officer and Mr. Elly Karuhanga, the president of Tullow Uganda.

Tullow is the major oil explorer with oil fields in the Albertine Rift Valley 250 kilometres west of the capital, Kampala.

The statement said the Tullow Plc delegation was later joined by a group from the China National Offshore Oil Corporation which expressed interest in joining Uganda's oil and gas sector by partnering with Tullow.

It quoted President Museveni as saying the "government will discuss all proposals by companies operating in the oil and gas sector adding that the country looks forward to welcoming prospective investors.

Earlier, Russian Lukoil also expressed its interest through its Vice President for Business Development, Mr. Andrei Sapozhnikov, who presented proposals to President Museveni.

"Sapozhnikov expressed interest in the oil exploration, refinery and the training of local manpower to facilitate the development of the sector," a statement from State House said.

Lukoil, according to the firm's website, is Russia's second largest oil company and the second largest private oil company worldwide by proven hydrocarbon reserve. it understood that Libyans and Italians have long had an interest in Uganda's oil.

Earlier the London Sunday Times newspaper had reported that CNOOC was negotiating to buy 50% of Tullow's holdings in blocks 1, 2 and 3A in the Albertine Graben at a US$2.5billion

Recently, Italian Eni SpA withdrew its offer to Heritage Oil and Gas Company for its 50% of shareholding in Blocks 1 and 3A after Tullow had exercised its pre-emption rights as partner to take over that share for US$1.5billion.

French oil giant Total was also reported to be in the running for Tullow's stake. It had been a favourite with Tullow all along.

Sources close to the oil industry said contracting agreements in the oil industry are complicated.

"The process of getting oil contracts completed is a complicated business and people should not just jump to conclusions about company A or B getting this or that tuff," the source said.

"It is, however, definitely a good thing if many interested firms make offers for Uganda's oil.

Some of the firms making offers may be just rivals trying to spoil the market for other players, carrying on their rivalry here," the source said.

They also explained that it could be easy to jump to unjustified conclusions. "These arrangements do take time and have complex legal and serious financial implications," the source said.

"The parties to them are not like any firm because they have interconnections so anything hastily done may unravel a deal which takes so long to weave, and the country might find itself stuck with nobody willing to risk dealing with you or your oil."

Uganda's oil is sweet and waxy meaning it contains little sulphur, which is good but being waxy means it solidifies at room temperature making it very expensive to transport as crude and its location, is far and difficult to extract.

Developing the infrastructure needed to get the oil out of the ground to the market, is very expensive business which involves a lot of planning.

Oil exploration has been going on for several years but the first oil discovery was found in 2006.

Source: East African Business Week (Kampala) Image: telegraph.co.uk

South Africa: Small is Beautiful, Say Independent Power Producers

Servaas Van Den Bosch

Windhoek — Independent power producers argue that small hydroelectric plants have a key role to play in avoiding an energy shortfall in the Southern African region.

Cheap power from South Africa - which derives most of its 40,000 MW from coal-fired plants - has delayed investments in the Southern African Development Community's (SADC) electricity sector for three decades. But South Africa's surplus is drying up and countries are scrambling to build up generating capacity.

"No significant new power plant has been built or commissioned in SADC since 1975," says Simson Haulofu, generation manager of Namibia national power utility Nampower.

"Hydropower is the most logical answer to our predicament," he says. "It's clean, cheap and never runs out."

The case for generating energy from Africa's rivers seems straightforward. "The continent has only tapped 20 percent of its 100,000 megawatt hydropowerpotential," calculates Katai Kachasa, general manager of the independent Lunsemfwa hydropower station in Zambia.

"Africa has 12 percent of the world's hydropower potential, but has harnessed relatively little (of this)," adds Lewanga Tesha, senior manager hydro generation of the Tanzania Electric Supply Company. "This is strange, because after nuclear power it is the cheapest energy source per unit of electricity, followed by respectively coal, gas, oil, wind and solar."

According to World Bank figures, hydropower contributed 36 percent of Africa's power generation portfolio, or 76,000 GW/h per year, compared to 4 million GW/h per year that is theoretically possible.

But backed by international development finance institutions, African governments have concentrated on large hydropower projects like Zimbabwe's Kariba dam, Ghana's Akosombo dam on the Volta and the extensive Gilgel Gibe project in Ethiopia.

A 2008 study of the Southern African power sector by market researcher Frost & Sullivan, found national power utilities showed limited interest in developing such projects. Where funds are available - and South Africa's Eskom is the utility most actively raising capital - investment is usually geared towards large-scale projects which promise to deliver power at a lower cost per unit.

But even when large projects are successfully funded, constructed and brought online, they may not answer the particular needs of a growing continent.

"It's just not feasible to erect an 80 kilometre power line to power an isolated town, the provider will not make back the investment in a hundred years," says Haulofu.

Zambia's Kachasa argues small hydroelectric plants are the route countries must pursue. "Grand projects are hard to fund and are immensely complex to realise," says Kachasa. "Why not engage local IPPs to make small units of 5 or 10 MW at a cost of US$10 to US$15 million? Such a project can unlock a specific region, even where they don't feed into the grid."

A 10 MW plant could power an African town of 50,000 people.

Estimates of the untapped potential for small hydro plants in Africa range to over 60,000 MW, but only several hundred megawatts of capacity has been built. Independent producers argue that low tariffs and the monopoly position of national power utilities - which often function as generator, single-buyer, distributor - are obstacles to filling that gap, complain IPPs.

"Countries must open up the regime, make the playing field clear and predictable," says Kachasa. "If the tariffs are not cost-reflective no one will come."

Southern African electricity tariffs, says Frost & Sullivan, are the lowest in the world, but raising prices for consumers and industry counters development goals of governments. A way out of the predicament would be to create incentives without immediately raising the tariffs, counter the IPPs.

"IPPs in East Africa have benefited from (value-added tax) exemptions and waived import taxes," says John Berry of IPP Bujagali Energy in Uganda. "By reducing the costs, hydro-resources can be developed and the tariff can rise over time."

IPPs complain that incentives for smaller independent producers are still missing in Southern Africa.

"But that's not an issue of price," says Electricity Control Board of Namibia CEO Siseho Simasiku, who argues the region is moving towards a cost-reflective tariff.

"If it wasn't for the financial downturn we would have been there already, now it will take another two years. For green energy we already offer IPPs a competitive tariff."

Simasiku accuses the region's parastatals of protectionism. "It's the power utilities that simply do not want competition. After three years of negotiating with an IPP that wants to build a windfarm on the coast,Nampower still hasn't signed a Power Purchase Agreement. In South Africa Eskom shows exactly the same reluctance."

Simasiku says the attitude of national power utilities compels regulators to take action. "In 2010 we will put in place regulations that force the parastatal to open up the regime."

Since Uganda liberalised its electricity market in 1993, IPPs have initiated hydropower projects that, when completed, will triple the country's total generating capacity, adding 565 MW of hydropower.

Source: http://www.ipsnews.net/africa/ Image: planetware

Nigeria requires 15m houses

By Ozioma Ubabukoh, Abuja,

Nigeria requires about 15 million houses from now to the year 2020 and close to five million of such houses are needed in Abuja.

The minister of the Federal Capital Territory, Senator Adamu Aliero, made this revelation while hosting a delegation of Turkish businessmen to lunch recently in his official residence.

The Minister reiterated that Abuja had a beautiful landscape and natural environment that could accommodate world class architectural buildings with a ready market.

He disclosed that just recently the Federal Executive Council approved a new guideline for a mass housing programme with the aim of delivering qualitative houses at affordable prices to all strata of the society living in the capital city.

Aliero emphasised that Abuja remained the best place in Nigeria where investors were sure of immediate high investment returns.

He urged the Turkish business delegation to seize the opportunity of a friendly business environment in the city by moving into Abuja.

According to him, "Great opportunities abound in the Federal Capital Territory and the FCT Administration is ready to partner and cooperate with any willing investor."

He admonished the efforts of the owners and proprietors of Turkish-Nigeria International Schools and Turkish-Nile University, both situated in the Federal Capital Territory.

The Minister assured that his Administration would continue to provide an enabling environment for genuine investors to flourish and promised to allocate a suitable plot of land for the Turkish entrepreneurs at the Idu industrial area of the city

Speaking earlier, the leader of the delegation, Mr. Mehmet Ozhoseki, who is also the Governor of Kayeri, Turkey expressed appreciation for the warm reception accorded his team in Abuja.

He disclosed that the team comprised of experts in engineering and telecoms, remarking that they were in Abuja to do a foundation stone laying of a hospital.

Mr. Ozhoseki expressed the desire of Turkish investors to go into the provision of infrastructural and engineering services in some selected districts.

Source: Punchnews (Nigeria)   Image: goodlife.ng

Rwanda: 2009 Investments to Create 11,000 Jobs

By Edwin Musoni

Kigali — The investments registered during 2009 will create at least 11,000 jobs within the country, according to statistics from Rwanda Development Board (RDB).

The information is contained in RDB's 2009 Investment Performance Report which also indicates that the investments registered in the just-concluded year were worth over Rwf600 billion.

"Some 58 projects registered last year are already operational with an estimated level of investment worth Rwf564bn while 51 others that are not yet operational have an estimated value of Rwf80bn," reads part of the report.

However analysts say that the investments would have been more had it not been for the global financial crisis that rocked the world for the biggest part of 2009.

The report also indicates that 39 registered investment projects in 2009 are purely Foreign Direct Investments (FDI) including 36 undertaken by foreigners while the other three were from members of the Rwandan Diaspora.

"Three projects undertaken by the Diaspora members were worth Rwf5 billion," it reads.

Rwanda President: Paul Kagame

It continues that 59 projects are local, representing respectively 55.6 percent in terms of numbers and 52.3percent in terms of investment value and are expected to create 3,096 jobs.

Joint ventures between local business and foreign represent account for 9.4 percent of all investments with a value of over Rwf17bn.

By comparison between 2008 and 2009, in terms of the value of projects registered, there was an increase of 40.7percent from Rwf458bn in 2008 to Rwf644 last year.

"..but in terms of the number of projects, there was a slight decline of 6.8% from 117 projects in 2008 to 109 projects in 2009," adds the report.

Major projects registered last year include; Kivuwatt project by American-based company Contour Global, which aims to extract Methane Gas from Lake Kivu and convert it to energy, Luxemburg's Tigo in telecommunications, Germany's SAG in electrical construction, South Africa's Rutongo Mines and Tanzania's Bakhresa Grain Milling.

The report adds that other major foreign deals signed include a USA Ecofuel's biodiesel/ Jatropha project while others that kick-started last year include the construction of the 5-Star Marriott/New Century Hotel and the Kigali Convention Centre and Hotel.

Local investments that were expanded include CIMERWA, Kitabi Tea Company and Banque Populaire du Rwanda.

From the report, it is evident that both local and foreign investors are gaining confidence in the country partly due to the government's wider efforts to promote Rwanda as a business and investment destination.

Rwanda was last year named the world's number one business reformer by the World Bank Doing Business report.

Source: The New Times, Image wired.com

Nigeria: FG Woos Mining Investors With Three Year Tax Holiday

By Kingsley Alu And Blessing Uduehi

Nigeria Minister for Mines & Steel: Mrs. Dieziani Alison-Madueke

Abuja — The minister, Mines and Steel Development Mrs. Dieziani Alison-Madueke yesterday wooed global investors in the mining sector to Nigeria saying, the country would grant a three-year tax holiday to new mining companies.

Besides, Nigeria, she told the investors, has put in place some tax incentives such as the reduction of companies profit tax from 35per cent to 30 per cent.

Madueke who was represented by the permanent secretary Mr. Suleiman Kassim at the 2010 Mining Indaba Conference holding in Cape Town, South Africa, also said that capital gains tax has been reduced from 20per cent to 10 per cent for prospective investors.

She added that there would also be an increase of the initial annual capital allowances from 20per cent and 10per cent to 30 per cent and 20per cent respectively for investors.

The minister said: "Nigeria's mineral deposits have been discovered in commercial quantities and we believe that they are critical to the industrialisation and development of the country. I therefore, seize the opportunity to invite you to invest in the development of these key minerals, as our government has put together a package of attractive incentives for investors who are willing to capitalise on the plethora of opportunities in Nigeria's mining sector. These incentives include the following: "Companies Profits Tax reduced from 35 per cent to 30 per cent , Capital Gains Tax reduced from 35 per cent to 10per cent , Increase of the Initial and Annual Capital allowances from 20per cent and 10per cent to 30 per cent and 20per cent respectively and a 3 year tax holiday for new mining companies."

While commenting on the nation's mining potentials as contained in the air borne geological survey data, which she launched in the conference, Madueke disclosed that Nigeria has bitumen of estimated reserves of 27 billion barrels of oil equivalent, coal of 2.7 billion tonnes, iron ore of estimated resources of 3 billion tonnes.

The minister also stated that Nigeria has estimated limestone resources of 2.23trillion tonnes, barites of estimated of 14million tones, and many others.

U.S.- African Trade More Than Doubled in Eight Years

Merle David Kellerhals Jr.

In the past eight years, U.S. trade with sub-Saharan Africa has more than doubled as Africans improve their lives and livelihoods while exporting an ever-expanding list of goods to the United States, says Deputy U.S. Trade Representative Demetrios Marantis.

"At the same time, American companies and workers have found new opportunities to do business in Africa -- providing inputs and expertise to aspiring African entrepreneurs, participating in joint-venture partnerships, and increasing American exports and investments," Marantis said in a February 16 speech at Makerere University in Kampala, Uganda. Makerere, Uganda's largest and oldest university, was established in 1922 as a technical school and has gradually grown into a full university.

The United States has helped foster Africa's expansive trading capacity through the 2000 African Growth and Opportunity Act (AGOA), Marantis added, noting that U.S. imports and exports from the 38 AGOA-eligible nations totaled $104.52 billion in 2008, a 28 percent increase from the previous year. Complete trade figures for 2009 are being compiled, but give an indication of another good year, according to the U.S. Commerce Department.

The trade growth is being driven by several key economic sectors, including machinery, automotive vehicles and parts, wheat, non-crude oil products, aircraft, and electrical machinery, which includes telecommunications equipment.

"Trade-capacity-building assistance is a critical element in the effort to help African countries turn trade opportunities like AGOA into exports," Marantis said. "And the United States has worked hard to ensure that African nations have the resources they need to seize the benefits of trade."

At the 2009 AGOA Conference in Nairobi, Secretary of State Hillary Rodham Clinton said that "as Africa's largest trading partner, we are committed to trade policies that promote prosperity and stability," and the United States wants to be Africa's partner and not its patron. Africa accounts for 2 percent of global trade; an increase of 1 percentage point would generate substantial additional export revenues annually that would be greater than the annual amount of assistance that Africa receives.

Clinton added that AGOA implemented duty-free trade preferences for more than 6,000 African products.

AGOA, signed into law by then-President Bill Clinton in May 2000, is designed to expand U.S. trade and investment with sub-Saharan Africa, stimulate economic growth, promote trade and investment talks, encourage economic integration and help bring sub-Saharan Africa into the global economy. Currently 38 countries are participating in AGOA.

At the center of AGOA are substantial trade preferences that allow all marketable goods produced in AGOA countries to enter the U.S. market duty-free. The U.S. Congress requires the president to determine annually whether countries are eligible for AGOA benefits by meeting certain criteria, including progress toward the establishment of a market-based economy, rule of law, economic policies to reduce poverty, protection of internationally recognized worker rights and efforts to combat corruption.

Marantis said that in addition to improved trade and investment since the inception of AGOA, the United States has established four regional trade hubs in sub-Saharan Africa with the U.S. Agency for International Development (USAID).

"The nearest of these, in Nairobi, Kenya, serves all of East Africa, including Uganda," Marantis said. "At that hub, Ugandans can receive AGOA-related training and technical assistance."

"Trade support provided by the Nairobi hub is estimated this year to have produced well over $14 million in export sales for East African businesses," he added.

But Marantis also added that despite the progress achieved in the eight years since AGOA was first enacted, Africa benefits too little from global trade. "Because Africa lacks capacity, global capital is still too timid about most countries in Africa, fearing instability and uncertainty," he said.

Marantis said some progress in trade liberalization has been made by sub-Saharan African nations, but Africa's overall trade policies remain the world's most protectionist.

"Average African tariffs are nearly 20 percent. This is compared to just over 10 percent for the rest of the world, and 5 percent for industrialized countries," Marantis said.

"Many African countries lack manufacturing capacity and face challenges such as high energy and transportation costs. This makes products less competitive in global markets," he said.

To change this situation, Marantis said, African nations must continue to adopt broad economic and trade reforms to enhance their ability to attract foreign capital. "Success in this regard will address supply-side constraints, further integrate the region into the global economy, and pull millions out of poverty," he said.

New challenges are rising as other nations, especially in Asia, are becoming more competitive in the global textile and apparel markets, he added, and with the expansion of bilateral free trade and economic partnership agreements. The situation calls for new trade policies, and Marantis said the United States is committed to that.

U.S.-AGOA TRADE

In 2008, U.S. imports from sub-Saharan Africa exceeded $86.05 billion, which was more than quadruple the amount in 2001. U.S. exports to sub-Saharan Africa more than doubled to $18.47 billion during this period.

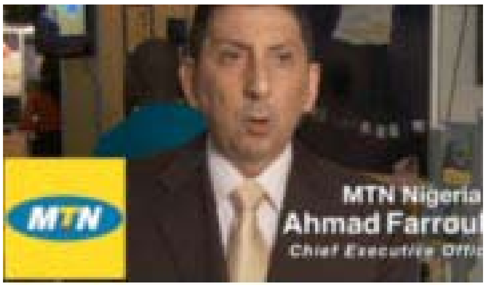
In recent years, more than 98 percent of African exports to the United States entered duty-free.

The Commerce Department annual report also said that the top five African destinations for U.S. products were South Africa, Nigeria, Angola, Benin and Ghana. The leading nations for U.S. imports were Nigeria, Angola, the Republic of the Congo, Equatorial Guinea, Chad and Gabon.

Source: America.gov (Washington, DC)   Image: ustr.gov

Interview of the month

Sim Card Registration Feasible in Nigeria -MTN CEO



MTN Nigeria's CEO Ahmad Farroukh in this short interview at the Economist Conference held in Lagos last week told our correspondent that SIM card registration in Nigeria would be a success. The exercise starts March 1, 2010. He also spoke on the much anticipated number portability and how it will not be in the interest of small operators contrary to popular held view that the big operators will suffer losses.

Most Nigerians still doubt the possibility of having SIM registration regime. Is it workable here?

Yes, it is possible. It has been done elsewhere. We have two types of registration. We have the new connecting (new subscribers) SIM registration which the National Communications Commission (NCC) is focusing on now and we have the existing subscribers SIM registration. Both types are possible. It requires from us, a certain level of awareness. For security, it is becoming a necessity for Nigeria. Nigeria will be among the countries that would be leading in the SIM registration. It only needs awareness and patience from all of us. It also needs a process that is well designed; it needs a mechanism that would make everything smooth so all the services will continue to flow.

How would you drive it?

We would drive it through different angles. We are driving it through our different distribution channels basically and technology is helping everything. We use our customer care centres and trade partners who are close to 70, 000 points. We will also have mobile registration where our vehicles would go around registering people in the streets.

How would you tell the authenticity of the owner of a SIM?

We are not the agencies who should verify. We collect the data basically. Also in the regulation process set up for the registration, there are certain types of identity cards that whoever is registering needs to provide for a successful registration. We will take scanned ID and take the picture. But the NCC would come up with the final guidelines for a successful SIM registration whether it would be biometrics or finger print. The burden of proof wouldn't be on us. We would just be collecting data.

How would you encourage participation?

The awareness campaign will be by the government and NCC. There will be an awareness campaign once the process starts. At every point where we have our points, we would do the registration.

Is the time frame sufficient for the process to be completed?

The March 1 date for commencement of SIM registration is for new subscribers. There is no date yet fixed for existing subscribers. There is no country that as I know starts SIM registration and fixed terminal date to it and it worked. It's always an ongoing process. We will make every effort to make it happen and once it happens, it becomes a routine. It will be more feasible after a period of 18 months after the day we start. For the existing SIM base, when we complete the phase of new subscribers, we will move to existing SIM base. At the beginning of the exercise, there may be impact on us, but with more flexibility, we would achieve it.

What about mobile money transaction?

First we would know who our subscribers are hence the SIM registration exercise and providing data is essential. With mobile money, you can use your mobile phone for money transactions with the aid of small software. Kit also creates several jobs opportunities particularly in the big segments that will be using it. Currently, we are waiting for the regulatory approval but MTN is ready for it.

Once the regulatory framework is clear, we can immediately start offering mobile money in conjunction with willing banks. With mobile money, you can go to any point, load you handset with money and transfer to any account whether on mobile money or not. We have been testing our equipments for more than twelve months now, testing all securities, stress test for high volume transactions but what we are waiting for is between the CBN and the NCC to define the guidelines. We are not banks, only service providers.

It has been discussed severally. We don't have a problem with that. It is a complicated technical solution. Some entrants into the market thinks number portability will favour them. They are completely wrong. I like bench marking. What did the number portability do in UK? Nothing! In fact, the launch was shifted twice or thereabout.

What did it do in South Africa; nothing. If anything, it served the bigger operators more than smaller scale operators. Some people think we would lose market share with number portability; that is completely wrong. Again, look at what happened in those parts of the world, the bigger operators got more subscribers than the smaller ones. If anyone feels Nigeria is good investment place now, come and invest in Nigeria, come and build the infrastructure rather than wait for number portability.

Source: Daily Trust (Nigeria)

OctoberFirst Consulting
...Bridging the Gap

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.

Country Stats - Burundi

Capital	Bujumbura
Area	27,830 sq km
Total Population 2008	8.9 Million
Urban Population 2008	10.29%
Female Population 2008	50.98%
GDP 2008	US$ 1.1 Billion
GNI Per Capita 2007	US$ 110
Inflation Rate 2008	6.6%
Crude Birth Rate (per 1000) 2008	47.08%
Human Development Index (scale 0 to 1) 2006:	0.382
ADB Membership Date:	01/10/1968
Cumulative Approvals (1967-2008):	UA 346.5 Million

Source: Africa Development Bank.