INSIDE AFRICA

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EAGLESTONE SECURITIES

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BRIEFS

Africa

- France to give Africa €2bn for green energy
- China plans new loans to Africa despite slowing economy
- India looks to improve African health
- China's Xi cheers African leaders with pledge of $60 bln development aid

Angola

- Presidents of Angola and China call to strengthen bilateral cooperation
- Chinese companies build water supply networks in Angola
- Angola Bus transport sytem to be launched in 2017
- Angola UK Angola Chamber of Commerce opened

Egypt

- Egypt expects to start power output from 1st nuclear reactor by 2024

Ghana

- Ghana sells 560 mln cedis ($146 mln) in 5-yr domestic bonds at 24 pct

Guinea-Bissau

- Guinea-Bissau receives compensation for fisheries agreement with the European Union

Kenya

- Kenya central bank governor sees inflation starting to fall
- Kenya Power to set up new subsidiary for telecoms business
- Kenya to issue 30 bln shillings infrastructure bond in December
- Kenya's tea agency signs $55 million deal to build small hydro dams

Mozambique

- Government of Nampula province, Mozambique, seeks funds to build road
- Sweden supports Mozambique with aid of US$500 million over 5 years
- Anadarko Petroleum and ENI join forces in natural gas in Mozambique

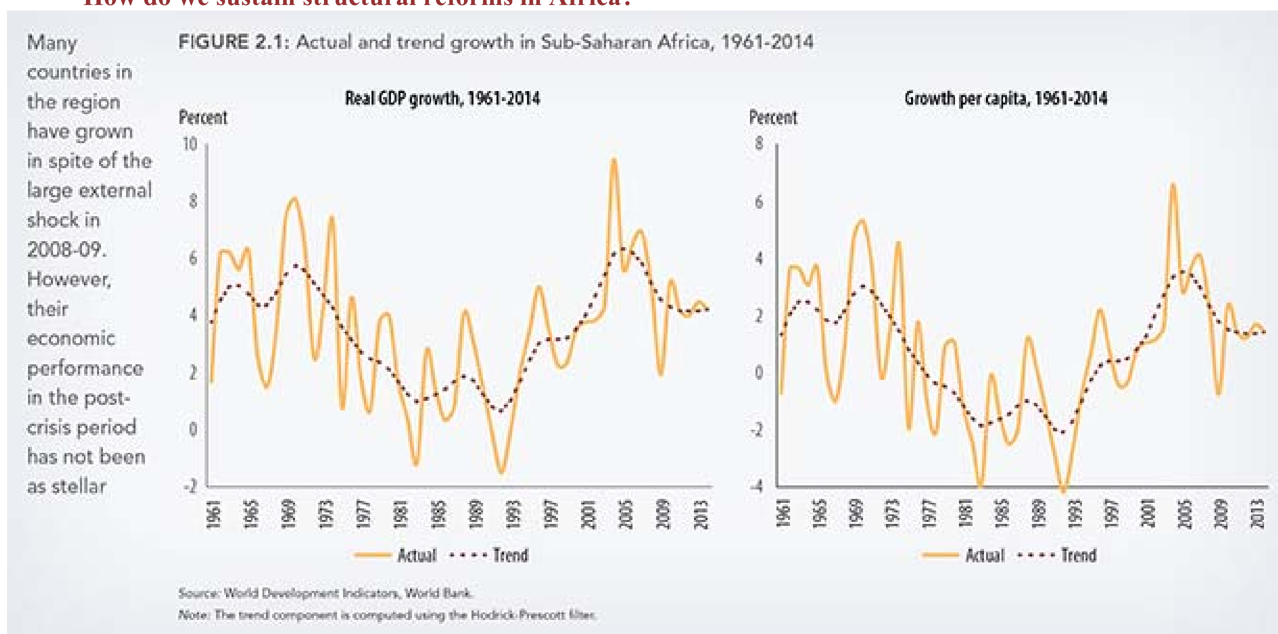
Nigeria

- Nigeria's president to decide on MTN's $5.2 bln fine
- Actis invests $62 mln in Nigerian pension manager Sigma
- Nigeria's Oando plans $350 mln gas processing plant
- Nigeria assembly approves $2.9 bln supplementary budget

Zimbabwe

- China's Xi signs 10 investment deals with Mugabe
- Zimbabwe's gold output to increase 28 pct next year
- Zimbabwe power utility secures loan from Chinese bank

In-depth:
How do we sustain structural reforms in Africa?



The recently-published Regional Economic Outlook for Sub-Saharan Africa (SSA) by the International Monetary Fund underscores the enduring view of international financial institutions that the depth, pace and perfecting of structural reforms needs to continue, not only for competitiveness and growth but also for resilience should external headwinds emerge. The report also presents an important opportunity to further develop this agenda, by the additional treatment of the underlying causes, particularly non-price based ones, and thereby generate a more actionable view of the growth, competitiveness and equality trends so incisively presented in the report.

Growth

The report shows that many of the resource based countries in SSA, where commodity export revenues account for a greater share of fiscal revenue, have been rendered more vulnerable (irrespective of their currency regimes) to the fall in commodity prices and the global slowdown. Growth in these countries is expected to slow significantly in the coming years. In many of the non-resource dependent and low-income countries, in spite of the global slowdown, growth on average is expected to continue uninterrupted. By mentioning some of the structural reforms in connection with the growth analysis, the report sets the stage for drawing out the role of these reforms more rigorously in accounting for the differences in outlook and resilience between these different groups of countries.

The report's comprehensive treatment of outputs and outcomes derived from indicators and rankings provides the basis to go one step further to causally link these to the underlying inputs and policy efforts. If data limitations are overcome, it will allow a deeper examination of the causal linkages by incorporating in the analyses, the structural reforms that had taken place, and thereby render these findings more prescriptive and actionable in terms of what policy makers have done or should be doing in order to generate growth and build resilience.

Competitiveness

In the chapter on competitiveness, the comprehensive analyses of real effective exchange rates does not detract from or understate the importance of structural reforms, but recognizes that they constitute many of the other (and often unmeasured) factors that go towards creating the terms of trade differences between countries. For example, in the case of South Africa, the report very incisively points out that the advantages created by shifts in real effective exchange rates have not generated the expected export response. The main reason given for this were structural constraints presumably attributable to lagging reforms. This raises a very key development question, namely if policy priority should focus, and scarce resources be deployed, on depreciating the real effective exchange rates or on achieving first, the structural reforms that are needed. This example could in fact, be the tip of the iceberg of unfinished reforms, hiding in the data already reviewed, and now made visible by this report for further analysis from the perspective of structural reforms and their effects on the competitiveness of a country.

While the paper relies primarily on price level or price index-based indicators of competitiveness, it also opens the door to more fully capture the impact that non price-based indicators (These include "institutions, policies and factors that determine productivity in a country" Table 2.1 and pages 41 and 42) may have had on these differences, in growth and resilience between the countries analyzed. While the objective of the report may have been to mainly track the trends, it also provides the intellectual bridge to the larger story. The need to better understand the reasons for the difference in the post slump performances between the resource-rich and non-resource-rich and low income countries, in addition to what is explained by the data, will prompt the necessary additional research in order to answer questions such as: why are the non-resource-rich countries and the low income countries in particular, continuing to grow? Did they become

more competitive during the growth spell or is it just because they have been less impacted by the global slowdown because of lack of export revenues?
The report raises the possibility that the terms of trade in non-resource sectors may have remained at a greater disadvantage in the resource rich countries vis-à-vis trading partners, than in non-resource dependent countries (both middle and low income) due to a possible lack of reform effort in the former. For the latter, in the absence of the commodity export engine, bootstrapping growth through structural reforms may have been the only feasible option at the time, which subsequently enabled this group to weather the later emergence of global economic headwinds. The findings of the report legitimizes and strengthens these previous, and sometimes conjectural, hypotheses, and provides the rationale and justification to more seriously explore if the data can support and verify these more prescriptive and useful explanations.

Equality

The report suggests that the commodity exporters continue to experience greater economic inequality. As a result they might not be getting the potential 0.7-1.5% uptick in growth, projected for the non-resource based and low income countries that have achieved greater equality. Economic equality is driven by many factors and often requires deliberate reform efforts by Government. The apparent differences in equality between the resource and non-resource based countries found by the report also provides the rationale for a further look into the data, and particularly, into the extent to which non-price indicators might have captured the equality related policy reforms and other efforts, made by government in these country groupings.

Conclusion

A key lesson for policy makers is actually embedded in the report suggesting that Government should focus not only on improving price related indicators of competitiveness but also non-price indicators. The additional work mentioned above, once done, will have made the report and the results of any follow up work, together, more actionable and thus useful for policy-makers. The slowing growth in the resource rich countries and the resilience demonstrated by the non-resource dependent group of countries, upon completing the additional analyses, could very likely substantiate the rationale and guidance that Structural Reforms are not something that a country needs to do when times are bad, but rather they are something that a country needs to do, when times are also good, and on a continuing basis in order to remain competitive. *(World Economic Forum)*

Mozambique: Economic Overviews

POLITICAL STABILITY: The long-standing ruling party, Frente de Libertação de Moçambique (Frelimo), is set to retain a firm grip on power in 2016-20. The party is, however, increasingly fractious, and internal power struggles will be a recurrent source of volatility. Frelimo's leader and the state president, Filipe Nyusi, will struggle to secure his political authority, while a hardline faction within the ruling party (allied to the former president, Armando Guebuza) will seek to retain influence. The emergence of two competing centres of power in Mozambican politics--Frelimo's Political Commission (the party's most senior decision-making body) and Mr Nyusi's more moderate cabinet--will have negative consequences for the government's effectiveness and the clarity of its policy. The Economist Intelligence Unit expects Mr Nyusi to remain in power, owing to the lack of an alternative that is acceptable to all factions, but political tensions within Frelimo will worsen Mozambique's wider political stability.
ELECTION WATCH: The next national elections are due in 2019. Frelimo will be the front-runner, benefiting from a well-oiled party machine, a healthy financial position, fragmentation of the opposition and influence over state institutions and media. Regional disparities in electoral politics will persist, with Frelimo dominant in southern provinces, but opposition support stronger in the centre and north. Opposition parties will attempt to build on the parliamentary gains made in the October 2014 national elections. These marked a dramatic comeback for Renamo and its leader, Afonso Dhlakama, after a decade during which support had waned. Should the government fail to make any concessions to the opposition before 2019, an opposition boycott cannot be ruled out. Nonetheless, since Frelimo is keen to be seen to be promoting democracy, we expect it to commit to enough reform to ensure Renamo's participation. Moreover, although we expect it to retain some armed resistance, Renamo will continue to pursue a transition from rebel movement to political party--a key part of which is contesting elections.
INTERNATIONAL RELATIONS: Mozambique's main donors (the World Bank, the US and the EU) will remain engaged over the forecast period, with continuing aid flows and some efforts by the authorities to improve fiscal transparency. Nonetheless, foreign policy will focus on reaching out to new partner countries, with the long-term aim of offsetting aid with rising revenue from investment in the mining and energy sectors. Investment from Brazil, India and China will strengthen ties with those countries, with China also likely to remain a major creditor to the Mozambican state. Sizeable gas and coal reserves will also attract foreign investors, notably among Asia's energy-importing countries. Links with Mozambique's main historical partner, Portugal, and its key trading partner, South Africa, will remain strong, underpinned by long-standing commercial and personal ties.
POLICY TRENDS: The government's overarching economic policy will focus on promoting inclusive growth and poverty reduction, while also preserving debt sustainability. This follows several years of overly expansionary fiscal and monetary policies. External shocks in 2015 (most notably; weak commodity prices, a strong US dollar, and slower foreign investment inflows) have exposed Mozambique's economic vulnerabilities and the government's near-term

policy agenda will focus on safeguarding macroeconomic stability. The IMF has agreed to provide a US$286m stand-by credit facility (SCF) to act as balance-of-payments support, in exchange for a strong package of corrective policy reforms in 2016-17. As well as tighter fiscal and monetary agendas, this includes structural reforms to improve public finance management and limit the government's distortion of the financial sector. The SCF will give the IMF greater leverage over the government's policy direction but, amid political pressures for higher spending and patchy institutional capacity, we expect the pace of reform to be slow.

ECONOMIC GROWTH: After averaging over 7% during the past five years, real GDP growth is expected to dip slightly to 6.4% in 2016. This modest slowdown reflects comparatively weak private demand and slower growth in government consumption. Beyond 2016, real GDP growth is forecast to pick up to a yearly average of 7.1% in 2017-20. The coal industry will be a key driver of growth, as the country's existing coal mines slowly return to profitability. We expect mining companies to expand production over the forecast period, in line with an anticipated recovery in international coal prices, but infrastructure bottlenecks will persist. Although it is contingent on global mineral demand, further investment is expected in the mining industry in the latter part of the forecast period, particularly in the graphite and titanium subsectors. The gas industry is another driver of medium-term growth, with Eni (Italy) and Anadarko (US) progressing with plans to develop liquefied natural gas (LNG) export facilities. Given the technical and regulatory complexity of onshore terminals, we expect Eni's floating LNG facility to be the first on stream, with relatively modest production of 2m-4m tonnes/year from the early 2020s. Significant development work on the much larger onshore facilities is not expected to begin until the latter part of the forecast period. This project is, however, subject to considerable uncertainty, since the developers have yet to sign binding sales contracts.

INFLATION: Inflation is forecast to rise to an average of 5.2% in 2016, from 3% in 2015, reflecting the lagged effects of rapid currency depreciation in late 2015 and gradually increasing global oil and food prices. Increases to some regulated domestic prices (fuels, utilities and public transport) will further exacerbate inflationary pressures in 2016. Imported inflation will, however, be held back by the relative stability of Mozambique's currency vis-à-vis the South African rand, as most non-oil imports come from South Africa. Beyond 2016, we expect inflation to gradually fall, to an average of 4.1% in 2020, aided by a progressively smaller fiscal deficit and tight monetary policy.

EXCHANGE RATES: Having lost almost 24% of its value against the US dollar in 2015, the metical will continue to depreciate in 2016, to an annual average of MT45.1:US$1 (from an estimated average of MT41.2:US$1 in 2015). This reflects the sizeable current-account deficit, low foreign-exchange reserves and subdued foreign direct investment (FDI) inflows. The metical will continue to slide at a progressively slower pace throughout the forecast period, as the fiscal deficit declines and inflation eases. We therefore expect the metical to average MT52.3:US$1 in 2020. Downside risks, which would trigger more rapid depreciation of the metical, include failure to arrest the government's high spending levels and a prolonged price slump for Mozambique's main exports.

EXTERNAL SECTOR: Mozambique's sizeable trade deficit is forecast to narrow, as a proportion of GDP, from an estimated 26.1% in 2015 to 20.2% in 2018, before edging up to 23.4% in 2020. Coal exports are forecast to increase over the forecast period, in line with a steady (albeit slow) recovery of international prices from mid-2016. We therefore expect coal to overtake aluminium as Mozambique's main export by 2017. The coal industry is, however, vulnerable to several risks--most notably, weak demand in India (its key export market) and weather-related shocks which threaten to disrupt transport routes. Moreover, ongoing infrastructure constraints will continue to restrict mining companies' export capacity. Goods imports are expected to rise steadily over the forecast period, owing to rising domestic demand and the gradual rebound in global oil prices. Capital goods imports will be low in the early part of forecast, before rising sharply in 2019-20 in line with rising investment. *(Economist Intelligence Unit)*

The evolving China-Africa partnership

South Africa hosts the sixth iteration of the Forum on China-Africa Co-operation (FOCAC) on December 4th and 5th, marking the first time the event has been held in Southern Africa. From one perspective, the latest FOCAC summit simply continues the regular pattern of engagement and is likely to be marked, like its predecessors, by China making fresh pledges on trade, investment and financing. However, the global situation has changed significantly since the previous (2012) summit in Beijing, especially because of the growth slowdown in China, which has translated into much lower commodity prices. This, in turn, has dented the economies of numerous African states that have grown increasingly dependent on commodity exports to China. The nature of the China-Africa relationship is therefore changing, although this will be a gradual process and may not be reflected in full in the latest FOCAC summit.

FOCAC summits have taken place every three years, starting in 2000, with the venue alternating between China and Africa: the previous African hosts were Ethiopia in 2003 and Egypt in 2009. China's growing engagement in Africa since the first such gathering has brought undoubted benefits to both sides. Bilateral trade has soared-from about US$10bn in 2000 to about US$220bn in 2014-while the combination of Chinese loans and Chinese contractors has spawned numerous infrastructure projects in a continent with massive infrastructure deficits. Figures for 2013, for example, suggest that total spending in infrastructure in Africa reached US$53bn, of which China accounted for the single largest portion (US$13.4bn), followed by multilateral development finance institutions (US$9.2bn). China's access to African raw materials has helped to fuel its industrial expansion, which, in turn, has provided African consumers with relatively low-cost manufactured goods (thereby helping to boost living standards).

Chinese-funded infrastructure development in Africa, especially in transport and energy, has also helped to alleviate bottlenecks and given a vital boost to the process of closer African integration.

Trade and investment is slowing

Nonetheless, Chinese foreign direct investment (FDI) in greenfield projects (or in mergers and acquisitions) has lagged behind the rise in trade and Chinese-financed infrastructure projects, meaning that rich, industrialised countries still play a more important role in FDI than China. Some recent figures suggest that France was the leading greenfield investor in Africa in 2014 (with outlays of US$18bn), while China came fourth (with US$6bn). Moreover, China's slowdown is leading to reduced trade and investment: the Chinese Ministry of Commerce, for example, says that FDI into Africa fell by 40% year on year in the first half of 2015, to about US$1.2bn, while China's investment in richer, developed economies is simultaneously rising. At the same time, the value of Chinese trade flows with Africa will also retreat in 2015 because of lower commodity prices. Problems in the partnership

Despite the benefits of the China-Africa engagement, the relationship has not been without problems, and some of these may worsen in view of China's growth slowdown and its drive to reconfigure its economy towards a more consumption-led model. In particular, the boost stemming from Chinese trade and investment has had a relatively small impact on job creation in Africa. This reflects several factors, including the relatively small employment potential in natural resource sectors, the extensive use of Chinese labour in infrastructure projects and the comparatively weak transfer of skills and technology, despite past promises to prioritise these areas. Africa is increasingly pressing for more Chinese investment in manufacturing, but, although industries will undoubtedly relocate from China as the economy matures and wages rise, the main beneficiaries will more likely be other Asian countries rather than Africa. Despite Chinese investment in infrastructure, Africa is still comparatively poorly served in terms of transport, electricity and water, which is a deterrent to industrial expansion. Related to this, Africa's biggest potential for growth may lie more in service-related activities-in which China is comparatively weak-rather than industry. A further problem is that China's state-led development model and its policy of non-interference in African domestic politics has done little to promote free enterprise or good governance, although China is belatedly accepting that weak government efficiency (and corruption) also work against China's interests.

Repaying Chinese loans will become more onerous

A more pressing problem, and one that will undoubtedly feature in the latest FOCAC summit, is the growing burden of debts owed to China (amounting to about US$30bn since the previous FOCAC summit and far more in total). This is especially true in view of the downturn in commodity demand and prices, which means that repayment will potentially consume a greater amount of African governments' scarce fiscal resources. As a result, there will be calls at FOCAC for debt restructuring, including longer repayment terms (and possible write-offs in some cases), although how much extra leeway China will afford African debtors is hard to predict. Moreover, China will almost certainly offer new loan financing, especially for infrastructure projects, which most African countries will remain eager to take advantage of, but the associated debt payment burden is likely to loom larger over time. Notably, China's debt-funded development model in Africa compares unfavourably with FDI, for example, where financing is primarily the responsibility of the investing entity.

Nonetheless, private-sector investment (or public-private partnerships) will remain insufficient to satisfy Africa's infrastructure needs, leaving reliance on debt as an unavoidable imperative.

The future of the China-Africa relationship

The latest FOCAC summit will not be a radical departure from its predecessors: China will offer more loan financing for key projects and will make fresh commitments to boost skills and technology transfer. FOCAC will also offer some reassurance to African states that China is committed to a long-term partnership, despite the growth slowdown in China and the ongoing reconfiguration of its economy. As this will be a gradual process, China is likely to remain the largest single market for African commodity exports into the medium term, but Africa will also need to adjust to a lower-commodity-price scenario, which in turn means that Chinese loan financing will seem comparatively more expensive. This could also mean that African reliance on China as a trade and investment partner will gradually diminish in favour of other emerging economies, such as India.

Nonetheless, China will continue to be a key trade partner and source of development finance in the longer term, underpinned every three years by a new FOCAC summit. *(Economist Intelligence Unit)*

SOVEREIGN RATINGS

Region - Africa/Middle East

04-12-2015	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Angola	Ba2	B+	B+	NR	B	B
Bahrain	Baa3	BBB-	BBB-	NR	A-3	F3
Benin	NR	NR	WD	NR	NR	WD
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B-	NR	NR	B	NR
Cameroon	NR	B	B	NR	B	NR
Cape Verde	NR	B	B	NR	B	B
Egypt	B3	B-	B	NR	B	B
Emirate of Abu Dhabi	Aa2	AA	AA	NR	A-1+	F1+
Ethiopia	B1	B	B	NR	B	B
Gabon	Ba3	B+	B+	NR	B	B
Ghana	B3	B-	B	NR	B	B
Iran	NR	NR	NR	WR	NR	NR
Iraq	Caa1	B-	B-	NR	B	B
Israel	A1	A+	A	NR	A-1	F1
Ivory Coast	Ba3	NR	B	NP	NR	B
Jordan	B1	BB-	NR	NR	B	NR
Kenya	B1	B+	B+	NR	B	B
Kuwait	Aa2	AA	AA	NR	A-1+	F1+
Lebanon	B2	B-	B	NP	B	B
Lesotho	NR	NR	BB-	NR	NR	B
Libya	NR	NR	WD	NR	NR	WD
Mali	NR	NR	WD	NR	NR	NR
Mauritius	Baa1	NR	NR	NR	NR	NR
Morocco	Ba1	BBB-	BBB-	NR	A-3	F3
Mozambique	B2	B-	B+	NR	B	B
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	Ba3	B+	BB-	NR	B	B
Oman	A1	BBB+	NR	NR	A-2	NR
Qatar	Aa2	AA	AA	NR	A-1+	F1+
Republic of Congo	Ba3	B	B+	NR	B	B
Republic of Zambia	B2	B	B	NR	B	B
Rwanda	NR	B+	B+	NR	B	B
Saudi Arabia	Aa3	A+	AA	NR	A-1	F1+
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	BB-	NR	NR	B
South Africa	Baa2	BBB-	BBB	P-2	A-3	F3
Tunisia	Ba3	NR	BB-	NR	NR	B
Uganda	B1	B	B+	NR	B	B
United Arab Emirates	Aa2	NR	NR	NR	NR	NR

Sources: Bloomberg, Eaglestone Advisory

AAA' and 'AA' (high credit quality) and 'A' and 'BBB' (medium credit quality) are considered investment grade. Credit ratings below these designations ('BB', 'B', 'CCC', etc.) are considered low credit quality, and are commonly referred to as "junk bonds".

North and South America - Asia

04-12-2015	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Argentina	Ca	Sdu	RD	NR	Sdu	RD
Australia	Aaa	AAAu	AAA	NR	A-1+u	F1+
Brazil	Baa3	BB+	BBB-	NR	B	F3
Canada	Aaa	AAA	AAA	NR	A-1+	F1+
China	Aa3	AA-	A+	NR	A-1+	F1
Colombia	Baa2	BBB	BBB	NR	A-2	F2
Cuba	Caa2	NR	NR	NR	NR	NR
Hong Kong	Aa1	AAA	AA+	NR	A-1+	F1+
India	Baa3	BBB-u	BBB-	NR	A-3u	F3
Japan	A1	A+u	A	NR	A-1u	F1
Macau	Aa2	NR	AA-	NR	NR	F1+
Mexico	A3	BBB+	BBB+	WR	A-2	F2
Singapore	Aaa	AAAu	AAA	NR	A-1+u	F1+
Uruguay	Baa2	BBB	BBB-	NR	A-2	F3
Venezuela	Caa3	CCC	CCC	NR	C	C
United States	Aaa	AA+u	AAA	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

Eurozone

04-12-2015	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FITCH	MOODYS	S&P	FITCH
Austria	Aaa	AA+	AA+	P-1	A-1+	F1+
Belgium	Aa3	AAu	AA	NR	A-1+u	F1+
Cyprus	B1	BB-	B+	NP	B	B
Estonia	A1	AA-	A+	NR	A-1+	F1
Finland	Aaa	AA+	AAA	NR	A-1+	F1+
France	Aa2	AAu	AA	NR	A-1+u	F1+
Germany	Aaa	AAAu	AAA	NR	A-1+u	F1+
Greece	Caa3	CCC+	CCC	NP	C	C
Ireland	Baa1	A+	A-	P-2	A-1	F1
Italy	Baa2	BBB- u	BBB+	P-2	A-3u	F2
Latvia	A3	A-	A-	NR	A-2	F1
Lithuania	A3	A-	A-	NR	A-2	F1
Luxembourg	Aaa	AAA	AAA	NR	A-1+	F1+
Malta	A3	BBB+	A	NR	A-2	F1
Neherlands	Aaa	AAAu	AAA	P-1	A-1+u	F1+
Portugal	Ba1	BB+u	BB+	NR	Bu	B
Slovakia	A2	A+	A+	NR	A-1	F1
Slovenia	Baa3	A-	BBB+	NR	A-2	F2
Spain	Baa2	BBB+	BBB +	P-2	A-2	F2
United Kingdom	Aa1	AAAu	AA+	NR	A-1+u	F1+

Sources: Bloomberg, Eaglestone Advisory

IMF, WORLD BANK & AFRICAN DEVELOPMENT BANK

World Bank Group unveils $16 Billion Africa Climate Business Plan to Tackle Urgent Climate Challenges

WASHINGTON, November 24, 2015—The World Bank Group today unveiled a new plan that calls for $16 billion in funding to help African people and countries adapt to climate change and build up the continent's resilience to climate shocks.

Titled Accelerating Climate-Resilient and Low-Carbon Development, the Africa Climate Business Plan will be presented at COP21, the global climate talks in Paris, on November 30. It lays out measures to boost the resilience of the continent's assets – its people, land, water, and cities - as well as other moves including boosting renewable energy and strengthening early warning systems.

"Sub-Saharan Africa is highly vulnerable to climate shocks, and our research shows that could have far-ranging impact -- on everything from child stunting and malaria to food price increases and droughts," said World Bank Group President Jim Yong Kim. "This plan identifies concrete steps that African governments can take to ensure that their countries will not lose hard-won gains in economic growth and poverty reduction, and they can offer some protection from climate change."

Per current estimates, the plan says that the region requires $5-10 billion per year to adapt to global warming of 2°C.

The World Bank and the United Nations Environment Programme estimate that the cost of managing climate resilience will continue to rise to $20-50 billion by mid-century, and closer to $100 billion in the event of a 4°C warming.

Of the $16.1 billion that the ambitious plan proposes for fast-tracking climate adaptation, some $5.7 billion is expected from the International Development Association (IDA), the arm of the World Bank Group that supports the poorest countries. About $2.2 billion is expected from various climate finance instruments, $2.0 billion from others in the development community, $3.5 billion from the private sector, and $0.7 billion from domestic sources, with an additional $2.0 billion needed to deliver on the plan.

"The Africa Climate Business Plan spells out a clear path to invest in the continent's urgent climate needs and to fast-track the required climate finance to ensure millions of people are protected from sliding into extreme poverty," explains Makhtar Diop, World Bank Group Vice President for Africa. "While adapting to climate change and mobilizing the necessary resources remain an enormous challenge, the plan represents a critical opportunity to support a priority set of climate-resilient initiatives in Africa."

The plan will boost the region's ability to adapt to a changing climate while reducing greenhouse emissions, focusing on a number of concrete actions. It identifies a dozen priority areas for action that will enhance Africa's capacity to adapt to the adverse consequences of climate variation and change.

The first area for action aims to boost the resilience of the continent's assets. These comprise natural capital (landscapes, forests, agricultural land, inland water bodies, oceans); physical capital (cities, transport infrastructure, physical assets in coastal areas); and human and social capital (where efforts should include improving social protection for the people most vulnerable to climate shocks, and addressing climate-related drivers of migration).

The second area for action focuses on powering resilience, including opportunities for scaling up low-carbon energy sources. In addition to helping mitigate climate change, these activities offer considerable resilience benefits, as societies with inadequate access to energy are also more vulnerable to climate shocks.

And the third area for action will enable resilience by providing essential data, information and decision-making tools for climate-resilient development across sectors. This includes strengthening hydro-met systems at the regional and country levels, and building capacity to plan and design climate-resilient investments.

"The plan is a 'win-win' for all especially the people in Africa who have to adapt to climate change and work to mitigate its impacts," said Jamal Saghir, the World Bank's Senior Regional Adviser for Africa. "We look forward to working with African governments and development partners, including the private sector, to move this plan forward and deliver climate smart development."

The Africa Climate Business Plan reflects contributions and inputs from a wide variety of partners with whom the Bank is already collaborating on the ground, in a coordinated effort to increase Africa's resilience to climate variability and change. The plan aims to help raise awareness and accelerate resource mobilization for the region's critical climate-resilience and low-carbon initiatives.

The plan warns that unless decisive action is taken, climate variability and change could seriously jeopardize the region's hard-won development gains and its aspirations for further growth and poverty reduction. And it comes in the wake of Bank analysis which indicates climate change could push up to 43 million more Africans into poverty by 2030.
(World Bank)

Africa's potash problem

A silent crisis is brewing in Africa where current farming methods strip potassium out of soils faster than it is being replaced with fertilizer. University of Guelph Professor Peter Van Straaten estimates for Uganda there is a nutrient deficit of about 77 pounds per acre. "This is a silent crisis, and it continues if we are not addressing this problem," Van Straaten told the first International Workshop on Alternative Potash at MIT on Nov. 11. African farmers are replacing just 10 % of the potassium being removed with each harvest, creating "a recipe for disaster," David Manning, professor of soil science at Newcastle University in the United Kingdom, said. Consumers in the Northern Hemisphere may not

be paying a sufficiently price for products such as bananas to allow these farmers to replenish their soils with fertilizer, he suggested. “The current price is too high for many farmers. Demand is high because there is not enough potash going onto the land, so there’s a bottom line here that world production of potash would have double to meet the present day’s population. And that is clearly not possible,” Manning said.

Need for alternatives

Potash is one of three main fertilizers needed for farming. The others are nitrogen and phosphorus. Representatives from the U.S., Canada, France, England, Brazil, the Ivory Coast, Malawi, and Tanzania gathered at MIT Nov. 10-12 for the public workshop and several closed sessions examining the scientific and economic status of efforts to develop alternatives to traditional potassium chloride salts. Africa has faced famines and malnutrition in part because of low fertilizer use, according to Mshindo Msolla, who is based in Tanzania with the African Fertilizer and Agribusiness Partnership. “This particular organization is trying to ensure that fertilizers are timely and delivered in the right quantities, which are soil- and crop-specific. Currently we are supporting these particular activities in Tanzania, Mozambique, Ghana, Nigeria, and the Ivory Coast. … I’m here because potash deficiency is becoming very common in East Africa and specifically so for Tanzania as well,” he said. “We don’t have the resources, so we really need to look for these alternatives, alternative K [potassium] sources, using the locally available silicate minerals.” Potash is plentiful in the Northern Hemisphere, where producers in Canada, Belarus, and Russia dominate the world market. Manning said three countries produce more than 70 % of the world’s potash, with little or no production in Africa, South Asia, and Australasia. “We have got a serious problem of geographic distribution,” he said. Potash shortages affect parts of the Southern Hemisphere from Africa, to Brazil, to India and China.

Farm to market

Manning suggested consumers think of the connection between the food they buy in grocery stores and the fertilizer needs of the world’s farmers. Crops such as bananas sold in the U.S. and Europe are imported from countries with hot climates. “When we take a crop from the soil, we are taking nutrients from the soil. We are actually mining when we eat our food,” he explained. “We need to reflect upon [this] when we are buying those supermarket products. … Are we actually paying a price that is enough for the farmers to put the nutrients back in the soil?” Manning asked. A price war over bananas in the UK leads him to doubt whether farmers are being paid enough to get the potash that they need, he said. “Mining of fertilizers is an absolutely essential aspect to support human life,” Manning said. The United Kingdom recently approved an underground potash mine deep in the North York Moors National Park to York Potash Ltd., which is a wholly owned subsidiary of Sirius Minerals PLC. York Potash will be extracting polyhalite, a mineral with agriculturally significant amounts of potassium, magnesium, sulfur, and calcium. “Polyhalite was mined in the U.S. in the 1920s, is now seen as a new product, and as well as potassium, it’s adding calcium, magnesium, and sulfate, all of them beneficial,” Manning said. Internationally, the current price for potash is about $300 per ton, Van Straaten noted. As of early November, he said, colleagues in Nairobi, Kenya, told him potash was going for $578 per ton there, while colleagues in Kampala, Uganda, told him it was unavailable.

Dependence on imports

While the potassium salts mined in the Northern Hemisphere work well for countries there, alternative sources may be needed for the Southern Hemisphere. Both soils and the rock beneath them differ in tropical climates from those in the Northern Hemisphere. This year, agricultural crop production in Brazil will reach more than $110 billion. Brazil’s fertilizer consumption in 2014 reached 15 million tons of phosphorus and nitrogen, and 6 million tons of potash. But Brazil is dependent on imports for 90 % of its potash and fertilizer costs have risen over the past two decades from 5 % to 30 % of agricultural costs. Eder Martins, a researcher with the Brazilian Agricultural Research Corp. (Embrapa) in Brazil, noted studies have identified five different types of sources of potassium. New mapping techniques can point to which potash sources are most appropriate for which agricultural regions. One promising avenue is potassium from syenite, a mineral rock that contains up to 95 % potassium feldspar.

MIT alternative

Researchers in the lab of Antoine Allanore, the Thomas B. King Assistant Professor of Metallurgy at MIT, working with partners at Embrapa in Brazil, have developed and tested a new hydrothermal technique for producing hydrosyenite, a potassium feldspar-based fertilizer. Greenhouse tests conducted by Embrapa’s Cerrado Ecoregional Center in Brazil showed the alternative potassium fertilizer developed at MIT performed better on corn (maize) plants than potassium chloride salt fertilizer. The MIT process uses mechanical grinding and hydrothermal treatment of potassium feldspar. “From an industrial standpoint, benefitting from the fact that this microstructure reacts better to mechanical treatment means lower energy, which means lower cost, which means more scalability,” Allanore said. The MIT research was funded by Brazilian minerals company Terrativa. “This new technology can change the production of potash in Brazil,” Martins said. An advantage of hydrosyenite, or hydropotash, for the Cerrado area of Brazil, Allanore said, is that it also makes available silicon and other elements from the feldspar. The Cerrado soil has a desirable pH to capture aluminum so that it doesn’t interfere with plant growth. “At end of day, you don’t need to separate all the elements that constitute K-feldspar,” he said. Cost estimates suggest a hydrosyenite plant requires one-third to one-half the capital needed for a new potassium chloride (KCl) mine. Operating costs are expected to be comparable to that of traditional KCl producers. “However, there is a big difference, which is the fact that now we don’t need to go after traditional resources. We can actually directly implement this plant in a region close to the farmers who

don't have access to KCl because of other reasons than the price of production in Canada or Russia, such as transportation and infrastructure."

African engagement

"We see a huge engagement from the representatives from Africa, which identifies clearly the same problems as in Brazil from an economic standpoint, and we are curious about how the development we've made in Brazil could be translated in Africa … because the farmers are different, the crops are different, the soils are different," Allanore said. "That's one of the benefits of having this workshop; we can share experience from different regions all over the world, different economic situations, and then translate that into actions." Lisa Stillings, a research geologist with the U.S. Geological Survey and the University of Nevada at Reno, presented a detailed overview of various silicate mineral dissolution rate studies, both her own and those of other researchers. Not all silicate minerals contain potassium, so not all are appropriate as a potassium fertilizer source. Stillings said her research on feldspar, a potassium-bearing silicate, showed that on the surface of the dissolved feldspar mineral, the leach layer is thicker at more acidic solutions. A recent paper by Allanore group postdoc Davide Ciceri demonstrated through microfluidic experiments that feldspar interacting with a strong acid can release sufficient quantities of potassium for agriculture. Benedict S. Kanu, an agricultural specialist with the African Development Bank in the Ivory Coast, asked about the implications for Africa. Stillings noted that grinding the mineral to the finest particle size possible would increase the potassium dissolution rate. "Acidic conditions, if that's possible, and if there are any organic acids, that might also help to remove potassium from the structure," she added. Lab experiments show that continually altering soil conditions can recreate initial dissolution after mineral-based fertilizer is applied. Adding humic acid is one possible route to increase acidity.

Involving farmers

University of Guelph professor Peter Van Straaten specializes in agrogeology. "Agrogeology is a bridging science, but it's also part of a strategy of low external input, sustainable agriculture," he said. Bananas grow well on potassium rich volcanic rocks, such as sanidine, while corn does poorly on deeply weathered granite. Van Straaten has worked on projects in sub-Saharan Africa, Brazil, and Indonesia. "We try to involve farmers at the onset of a project, not the end," he said. Potassium salts (KCl) have over 60 % K2O and are mined from ore that contains 20 to 30 % K2O. Potassium silicates, such as potassium feldspar, contain 8 to 16 % K2O but have low solubility, Van Straaten said. (The alternative hydrosyenite developed at MIT contains about 12 % K2O.) "The challenge is to increase the rate of K release," he said. British researcher Manning said feldspar, for example, has a low dissolution rate compared with other potassium bearing minerals. Leucite is 10,000 times more soluble than potassium feldspar, he said. "These are the minerals we want to go for and that's because their dissolution rates are so high," he said. Such resources are however not always as large, abundant, and pure as K-feldspar, a reality that often prevents a cost-effective exploitation at large scale. "If we could process K (potassium) silicates locally at low cost, with appropriate technologies, there would be an abundance of K resources available to farmers, but it's not that easy," Van Straaten said. New geophysical tools are enabling rapid identification of soils that require potassium fertilizer.

Biological approaches

Van Straaten offered an alternative for dissolving unreactive phosphate mineral rock using a mush formed by Penicillium mold and Aspergillus niger fungus, which produces citric acid from the waste. The citric acid at least partially dissolves apatite mineral, which contains phosphorus but not potassium. The process is being used in Indonesia to make a biophosphate product. "It could be replicated in many places," he said. Many processes used for producing phosphorus could also be used for producing potassium, he added. Assistant Professor Edith LeCadre of Montpellier SupAgro and INRA in France presented research on the role of plant roots in dissolving potassium from feldspar in the soil. The immediate area of interaction between plant roots and soils is known as the rhizosphere. "Roots can weakly modify the physics, the chemistry, and the biology just near the roots, so it's only a few millimeters around the roots. But in this critical zone, you have an interaction between soil minerals and plants," she said. Roots, for example, release organic carbon that can be used by bacteria and fungi. Her research showed bioavailabilty of potassium after seven days from three different mineral rocks: potassium feldspar, syenite, and albite. "Plants can absorb much more potassium in the presence of soil," she said. Contributors to this effect include the buffering effect of the soil and organisms present in the soil. LeCadre worked with colleagues in Brazil and the Republic of Congo. Experiments near Sao Paulo, Brazil compared areas with reduced rainfall to unaltered areas and estimated the importance of potassium for plant production. The researchers also studied the effect of substituting sodium chloride (ordinary table salt) for potassium. "Sodium can, in a certain extent, replace potassium," she said. The researchers also measured root depth.

Chinese model

Professor Jian-Ming Liu described an alternative fertilizer now being produced in China. His "soil conditioner" was licensed in China in 2012 after a decade of tests on 80 crops in 27 provinces, he said through a recorded presentation. Tests demonstrated improved quality and yield in tea plants and apple trees. Liu, who is a research professor at the Institute of Geology and Geophysics at the Chinese Academy of Sciences, applies a pressurized steam curing process to potassium-rich silicate rocks to make the multi-element fertilizer. "Plant roots can secrete root acids such as citric acid, acetic acid, which can easily flow along the micropores and dissolve the microcrystals of the product and absorb all the elements in the microcrystals," Liu explained. The Chinese product is unlikely to be effective for Brazil, however, Allanore said. "The chemistry principles behind the processing developed by Professor Liu and our group are the same;

however, the processing parameters are very different and therefore will lead to a very different product. The soil conditioner product is typically very diluted in potash content, which is not good from a commercial perspective, and the product also goes for much longer time of processing and much more addition of additional activators, which at the end of the day makes it suitable for some very specific regions or specific markets but is probably not transposable. We cannot translate that very well in the context of Brazil, for example, where you have big farmers, huge scale, and big consumers."

A role for silicon

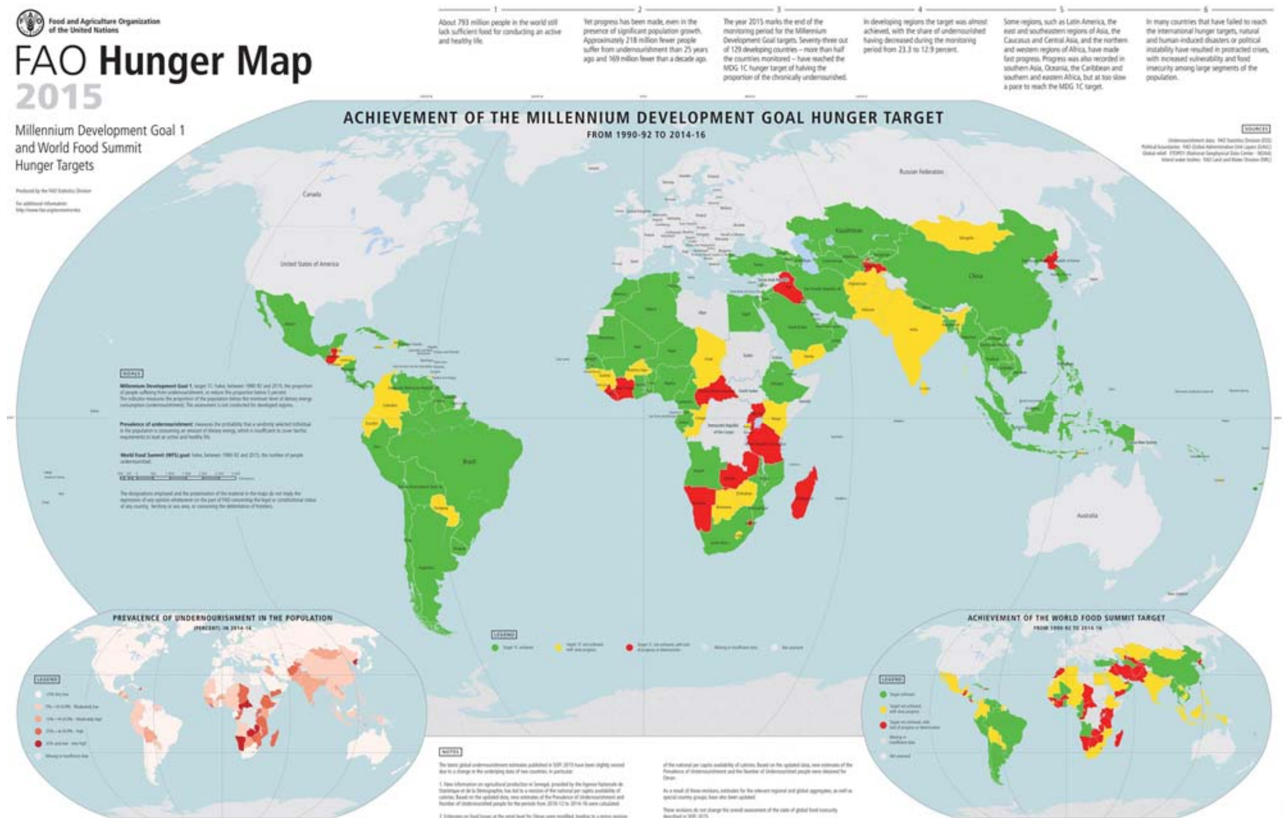
Plants like rice need silicon as well as the three major fertilizers, Manning noted. Both potassium and silicon occur in silicate minerals, but from a geochemical viewpoint they differ in their behavior. The sugar cane harvest in Thailand, for example, removes about 220 pounds, or $50 worth, of potassium for every 10 tons of sugar cane harvested, Manning said. "You're taking the potassium away. You need to put potassium back and if you don't do that, then potassium is being mined with every crop that's taken away," he said. Manning noted the UK grows about 6 million tons of potatoes in a good year. "That's $9 million worth of potash taken from our soils, and we put that back. We do replenish our soils with the nutrition that's taken away," he said. *(World Economic Forum)*

How can we unlock Africa's agricultural potential?

With agriculture making up approximately 65% of Africa's labour forceand 35% of the continent's GDP, the sector's capacity to help realise major continental development priorities is beyond doubt. Yet, as theIIED argues, the agricultural industry in many African countries has been unable to "meet its full potential as an employer, fair distributor of income, and national revenue earner".

There are a host of factors contributing to current challenges and, as Dr. Agnes Kalibata, President of AGRA and former Rwandan Minister for Agriculture, correctly stated in a recent interview, "we need to find financial tools that help us all step up the game… prioritising agriculture is not just the moral thing to do. It's an economic imperative".

Structured commodities exchanges represent one such financial tool and provide a compelling approach to tackling some of the challenges inherent in agriculture across the continent. Defined as "an organized marketplace where buyers and sellers come together to trade commodity-related contracts following rules set by the exchange", commodities exchanges should be seen as key drivers of development – they can make economies more inclusive, and forge stronger links between agriculture and finance. As such, they deserve further exploration in our quest to ensure food security in Africa.



Crucially, commodities exchanges offer significant price-risk management solutions for both buyers and sellers. Many require farmers to store commodities in certified warehouses, ensuring the security and quality of crops. This feature presents fewer risks to financiers who can use warehouse receipts as collateral, thus facilitating increased bank lending for farmers. At the same time, structured markets also offer the opportunity to 'hedge' against volatile prices, meaning

farmers can 'lock in' their sales price at the time of planting various crops. This feature is especially valuable to smallholder farmers, who represent approximately 80% of the continent's producers, yet are particularly vulnerable to economic shocks.

Smallholder farmers that want to participate in markets generally face the highest transaction costs. These are driven up by factors including poor transportation, and a lack of access to information and expertise – primary reasons why so many struggle to escape from subsistence farming. Whilst the application of emerging ICT helps commodity exchanges integrate smallholder farmers into supply chains, exchanges also reduce transaction costs, as it's easier to find buyers and sellers through a centralized marketplace. As a result, commodity exchanges can facilitate trade, and stimulate economic growth in developing countries, potentially boosting foreign direct investment.

The much-acclaimed Ethiopian Commodities Exchange (ECX), established in 2007, offers a tantalising vision of what can be achieved across Africa. The ECX has provided farmers with access to real-time pricing information, improved profits and productivity, reduced market segmentation and boosted export quality. Regarding this latter point,Addis Ababa continues to innovate with the recent launch of a national traceability system – via new electronic tagging technology, international buyers are able to track the entire footprint of Ethiopian coffee.

However, despite some notable successes, it's important to recognise that exchanges are not a straightforward panacea. Their successful implementation requires an appropriate enabling framework, effective regulatory supervision, and governments' commitment to respect market-pricing mechanisms. The difficulties experienced in Zambia, Zimbabwe, Nigeria, and Uganda illustrates the importance of investing in the required infrastructure. Even in Ethiopia, Eleni Gabre-Madhin, founder of the ECX, acknowledges that the state did not build sufficient warehouses. To amend shortcomings such as this in the government next five-year growth plan, current ECX Chief Executive, Ermias Eshetu, stated that they will "re-strategise from the bottom-up".

To ensure benefits arising from exchange activities are equitable and inclusive, education – a particular focus of the Planet Earth Institute(PEI), an international charity dedicated to scientific development in Africa of which I am a trustee – will also be key. To that end, on 23rdNovember the PEI will host a fascinating meeting in partnership withINTL FCStone, a Fortune 500 financial services firm that is currently driving important capacity building initiatives across the continent, with commodity trading and risk management seminars scheduled in several African cities in 2016. ***(World Economic Forum)***

Pan-African conference for civil society organisations to promote public participation in natural resources policy

For two full days the African Natural Resources Center (ANRC) of the African Development Bank (AfDB) brought together 45 civil society organisations (CSOs) from 30 countries in Africa to discuss ways to foster inclusive and sustainable development through public participation in natural resources policy formulation.

The conference was held on November 10-11 in Johannesburg, South Africa, with the support of the Graça Machel Trust and provided a platform to discuss key challenges and opportunities for consultative dialogue between CSOs, governments and investors. In line with the governance strategic pillar and mandate of the ANRC, the discussions focused on physical and social environmental protection, land and resources development, accountability, and gender equity.

The event started with a panel discussion during which Graça Machel, Founder of the Graça Machel Trust and advocate for women's and children's rights, gave a keynote address. Machel said, "This is a rare opportunity through which an important institution creates a platform for CSOs to bring their knowledge, expertise and the aspirations of the constituencies they represent, to shape policy and not just to observe as is normally the case."

Also present were UNDP Senior Economist Osten Chulu and Peter Eigen, Founder of Transparency International, who said, "It is good that the AfDB is not only listening to CSOs, but is helping to facilitate a proactive role for civil society." Sheila Khama, the Director of the ANRC, said, "The aim is to improve natural resources governance through public participation by using the Bank's unique position to promote the dialogue between governments, investors and communities."

On the second day, participants broke up into discussion groups to recommend areas of support and collaboration with the ANRC. The group discussions allowed CSOs to identify issues in which ANRC can help build their capacity to participate constructively in Africa's natural resources development. The conference is a first step by ANRC towards what will be a mutually beneficial engagement with CSOs.

ANRC is a non-lending entity established by the African Development Bank (AfDB) to boost the capacity of African policy-makers to manage natural resources for improved development outcomes. The Center provides institutional capacity building, policy advice, strategic guidance on investments and negotiations, and targeted technical assistance on regulatory matters. ANRC is the focal point for the Bank's activities in the sector, collaborating with African governments, regional institutions, private sector, civil society organizations (CSOs) and donors.

AfDB approves over US $545 million for transport in Côte d'Ivoire, Mali and Tanzania; and economic governance in Cape Verde

At their regular meetings on November 26, 2015, the Board of Directors of the African Development Bank Group (AfDB) approved two major transport support and facilitation programmes for Tanzania, Côte d'Ivoire and Mali, as

well as an economic governance support programme for Cape Verde to be financed with combined loans and grants totaling US $545 million.

- **US $364.38 million for Tanzania's Transport Sector Support Programme (TSSP)**

Under the approvals, Tanzania will receive a US $75.43-million African Development Fund concessional loan and a US $270.95-million African Development Bank loan to finance its Transport Sector Support Programme, which involves interventions in the country's roads, rail and air transport sub-sectors.

Identified as a key part of the country's transport sector priorities to support economic development, the programme includes the rehabilitation and upgrading of nearly 500 kilometres of roads to bitumen standard in Mainland Tanzania and Zanzibar Island; capacity building and construction of social infrastructure as well as studies in railway and air transport sub-sectors.

The development of Tanzania's transport sector will make it possible for the country to develop its vast natural resources including agriculture and tourism and promote economic growth to help attain its aspirations to attain middle income status as enshrined in the Country's Vision 2025.

For instance, the Tabora, Katavi and Ruvuma regions in the northwest and southwestern parts of the country are said to be delivering a fraction of their full agricultural potential due mainly to lack of infrastructure.

Thus, the target beneficiaries include farming communities in the two regions where about 90% of the population is engaged in agriculture, and where the road network remains relatively underdeveloped compared to the rest of the country. In Zanzibar, the road improvements will benefit communities engaged in the tourist and agriculture sectors. Under the social infrastructure component, the project will provide sanitation facilities at hospitals, schools and markets, fish-drying and bee-keeping facilities, upgrade of access roads to hospitals, and construct a jetty for fishing communities in Zanzibar. They will also serve as links between Tanzania and the neighbouring countries of Malawi and Mozambique through the Mtwara Corridor; and Zambia and Democratic Republic of Congo through the Tunduma/Nakonde border and Kasanga Port, respectively, and will benefit cross-border trade.

The project, to be implemented in five years, is estimated to cost US $384.29 million. The Bank's contribution represents 88% of total costs while the government will provide the remaining 12%.

- **US$ 178.61 million for Mali-Côte d'Ivoire Road Development and Transport Facilitation Project**

The approved funding for the project comprises African Development Fund and Transition Support Facility grants and loans amounting to US $70.77 million to Mali and African Development Bank and ADF loans totaling US $107.84 million for Côte d'Ivoire, which is accessing the AfDB's non-concessional resource for the first time by virtue of the Bank's new credit policy.

The multinational Mali-Côte d'Ivoire Road Development and Transport Facilitation Project on the Bamako-Zantiebougou-Boundiali-San-Pedro Corridor involves the upgrading of road sections on the Bamako-San Pedro corridor between Mali and Côte d'Ivoire, which provides an alternative road to neighbouring hinterland or landlocked countries.

The Bank's intervention is in response to the critical needs of opening up the production areas of the two countries and thus contributing to improving competitiveness, diversifying their economies as well as reducing poverty. It will further assist the emergence of the Port of San Pedro in Côte d'Ivoire as a key transit port for neighbouring landlocked countries such as Mali and Burkina Faso. The project will connect the two countries via the Port of San Pedro, which will become a real transit port for Mali, Burkina Faso and the northern part of neighbouring Guinea. These roads are included in the priority programs of the West African Economic and Monetary Union (WAEMU) and the Economic Community of West African States (ECOWAS).

Aside from helping to develop San Pedro Port as a competitive transit port connecting the West-Central, South-West and North-West parts of Côte d'Ivoire to its hinterland and the neighbouring landlocked countries of Mali and Burkina, the project will also connect to the Eastern regions of Guinea and Liberia on completion.

In addition, the transport facilitation measures are designed to free the corridor of all non-tariff barriers through a proactive use of information and communication technologies. These include the construction of a One-Stop Border Post, the interconnection of customs IT systems, the establishment of a port's single window at the Port of San Pedro and an electronic tracking system for cargo and vehicles along the corridor.

Some of the project's deliverables include (i) improved level of service on the corridor and increased traffic and trade between the two countries; (ii) reduced logistics and transportation costs; and (iii) enhanced living conditions of local populations and their access to basic social services (safe water, schools, health centre facilities, etc.).

The project, to be implemented in five years from March 2016 to December 2020, is estimated to cost US $233.18 million (UA 166.93 million). The Bank's contribution represents 84.32% % of the total project cost.

- **€15 Million for Cape Verde's Economic Growth Support Programme Phase II (PACE-II)**

PACE II is the first phase of a series of two programme-based budget support operations packaged to consolidate the gains of previous operations and contribute to sustained economic growth by improving the efficiency of public investment and supporting the promotion of private sector development.

Through structural reforms, the first component focuses on (i) improving public corporate governance and the public investment framework; and (ii) modernizing the framework of public-private partnerships. The second component will

target (i) improving the business environment; and (ii) supporting entrepreneurship and the formalization of informal activities.
The programme is aligned with both the Bank's Ten-Year Strategy (2013-2022) and the Country Strategy Paper (CSP) 2014-2018. It is in line with the Government's 2014-2018 Growth and Poverty Reduction Strategy Paper (GPRSP III), which focuses on good governance and strengthening of the private sector, among other Bank and country policy and strategy documents.
It seeks to solve several challenges that could hamper Cape Verde's economic growth in the medium term such as structural constraints relating to the small size of its domestic market, the country's fragmentation (several islands), and the dearth of natural resources over which the authorities have little or no control. Others include (i) control of the debt levels by seeking other sources of financing, especially private, and by improving the management of public enterprises and major public investment projects to ensure better achievement of the desired effects in terms of economic growth; (ii) diversification of the economy by creating conditions conducive to the promotion of the private sector, given that the latter, being limited in size and often in the throes of problems due to insularity, is faced with a number of difficulties related to the cost of factors of production (electricity and transport), the poor quality of labour, bureaucracy and the weakness of the supervisory structure put in place to support the development of small and medium-sized enterprises (SMEs).
Proper management of public investments and a more developed private sector will improve the living conditions of the local population. Ultimately, the programme is expected to improve the quality of public services provided to users. The private sector will become more dynamic and responsive to increased opportunities from the massive public investment projects. These positive effects will spur economic growth in the country for the good of the people.
The programme will help to improve the living conditions of the poor and vulnerable groups including women as better management of structural public investment will create conditions for sustained economic growth as well as help to improve competitiveness and the country's attractiveness for domestic and foreign private investments.
It is designed to impact gender issues in general, and women's status in particular, notably through significant structural reforms that sustain the promotion of entrepreneurship through the operationalization of incubators for the tourism and agribusiness sectors, where women are most active. For instance, the programme envisages the number of new micro, small and medium-sized enterprises run by women would increase from 30 in 2014 to about 150 by 2017.

AfDB Transport Forum focuses on sustainable solutions for transport and integration on the continent

The first-ever African Development Bank Transport Forum (ATF) opened Thursday, November 26 at the Bank's headquarters in Abidjan, Côte d'Ivoire, with lively debates on how to achieve sustainable solutions to the continent's transport and integration challenges.
Opening the plenary session of the ATF, Bank Group Vice-President, Infrastructure, Private Sector and Regional Integration, Solomon Asamoah, drew a picture of Africa's infrastructure. He highlighted the continental unprecedented economic growth and its upward movement, but noted that it needs appropriate policies to fix its transportation problems. "Africa is a continent with a huge number of landlocked countries for which access to the world economy is vital, but the current transport infrastructure supply will not be sufficient to meet the demand; both in terms of quantity and quality," he said, adding that "this situation would continue to negatively impact the continent's efforts to achieve the desired levels of socio-economic growth and to ensure social inclusiveness."
For Vice-President Asamoah, the challenge is not only financial: the private sector's full participation is central. He stressed the African Development Bank's leading role alongside other international development institutions in supporting African countries in their efforts to mobilize resources and scale up investments in transport infrastructure. However, the financing gap remains huge and Official Development Assistance (ODA) alone is not sufficient to fill the gap. He also urged the experts present at the Forum to shape future policies and programs for developing sustainable transportation in an integrated Africa. "Without appropriate policies, no amount of resources will be enough to fix Africa's transportation problem," he said. Asamoah underscored the Bank's commitment to the overall development of transport infrastructure, and its promotion of sustainable transport and regional integration. He also reiterated the institution's interest in promoting public-private partnerships and the harmonization of national legislation that can serve as a catalyst for sustainable transport development in the region.

Governments and transport sector operators must work together

The social and economic importance of transport was also on the agenda, at the first panel discussion focusing on "Transport development and emerging challenges in Africa." The role of innovation in commercial road, railway, air freight and passenger transport, and how governments and airline companies can harmonize their practices and services delivered to enable Africans to travel safely in functional airports.
During that session, Ivorian Transport Minister Gaoussou Touré; Malian Equipment and Transport Minister, Mamadou Hachim Koumaré; European Commission International Cooperation and Development's Paolo Ciccarelli; International Air Transport Association (IATA) Vice-President, Raphael Kuuchi; and Air Côte d'Ivoire's CEO, René Décurey, discussed the current situation in Africa and the international road transport market. They all highlighted the role of road infrastructure in Africa's socioeconomic development.

The panelists pinpointed that despite the opening up of African skies, the continent does not see many companies or competition, as taxes, fares and fuel costs are high in Africa. Capacity building for actors and operators in the transport sectors was also stressed as a key element for sustainable development and integration.
Government officials and airline operators underlined opportunities for developing transport in Africa and potential benefits from the regional integration, but underscored the need for strengthened cooperation and vigorous actions. For African air transport to be competitive, they said, there is a need for adequately investing in transport infrastructure, cancelling the monopoly of airport service providers, reducing fuel prices and taxes, as well as fares and charges.
Movement of goods and people
The lack of appropriate infrastructure and the enforcement of regulatory barriers are such impediments to movement of goods and people on the continent that it is often easier for African countries to trade with the rest of the world than it is for them to trade with their African neighbours. The AfDB Transport Forum is expected to allow transportation experts at the Bank and their partners and counterparts in the public and private sectors to share best practices and experiences, promote research and development and stimulate continental business and professional networking. The meeting, which concludes, brought together high-level government officials, experts, development partners, international organizations, private sector, academia, NGOs and other selected shareholders. For more information on the conference: http://www.afdb.org/atf2015

AfDB mobilises 377 million euros to boost inclusive growth in Tunisia
On Thursday, November 19, the African Development Bank Group (AfDB) and the Tunisian Government signed six funding agreements in loans and grants to a total of €377 million, or about 830 million Tunisian dinars. The signing ceremony was co-chaired by Yassine Brahim, Tunisian Minister of Development, Investment and International Cooperation, and AfDB North Africa Regional Director Jacob Kolster, in the presence of the Minister of Development, Housing and Spatial Planning, Mohamed Salah Arfaoui.
Introducing the ceremony, Jacob Kolster said, “This funding forms part of the Bank’s support for Tunisia.” It will support the country in its move towards accelerated, inclusive growth by helping national efforts for regional development and the establishment of an environment conducive to job creation. The various projects covered by these agreements are in line with the pillars of the AfDB intervention strategy in Tunisia of infrastructure and governance. Yassine Brahim stressed “the singular importance of these agreements for Tunisia,” because they were focused on “the priorities.” He also commended AfDB for the “tireless efforts it has continuously made to support the country.”
By supporting implementation of job-creating growth and a gradual reduction in regional disparities, the Programme of Budget Support for Regional Development and Job Creation in Tunisia (PADRCE) will promote the improvement of equitable access to economic opportunities and social services in order to reduce social and regional inequalities. Totalling €183 million in the form of a loan made available in a single tranche to the Tunisian treasury, PADRCE will contribute to the upgrading of regional administrations, to beginning the process of decentralisation and to improving the targeting of social assistance programmes. The programme will also contribute to a reduction in the rate of unemployment from 15% in 2015 to 14% in 2017, together with an increase in the rate of graduate employment from 68.6% in 2014 to 70% in 2017. The programme targets 235,000 families that are potential beneficiaries of social assistance, 33,000 women who are potential beneficiaries of micro-credits and 58,000 graduates from higher education per year, 66% of whom are women and holders of vocational qualifications.
Three other agreements concern the Road Infrastructure Modernisation Project (PMIR). They form part of the completion of actions undertaken since the late 1990s to upgrade the classified road network, with the sustained support of the AfDB. The overall cost of PMIR is €382.26 million, €191.63 million of which was financed by the Tunisian State, €144 million by an AfDB loan, €46.12 million by a loan from the resources of the Africa Growing Together Fund (AGTF) co-financed by AfDB and the People’s Bank of China (PBOC), and €1.5 million from a grant from the Technical Assistance Fund, for funding a study on the upgrading of the road sub-sector. Implementation of the project, scheduled to take five years between 2016 and 2020, will improve the mobility of users of the classified road network and strengthen the resilience of road infrastructure to the effects of climate change. It will also contribute to safeguarding the existing road system while promoting intraregional and inter-regional trade and reducing regional disparities. This project will refurbish 719 kilometres of classified roads, most of which are in the governorates of the interior of Tunisia (West, Centre-West and North-West) that are the least well-equipped in economic infrastructure. The PMIR is also intended to upgrade 23 engineering structures on the classified network to make them more resilient to the effects of climate change and ensure they have the capacity to cope with the level of service and expected traffic on the network.
The final two grant agreements, to a value of €1.012 million each in the form of technical assistance, form part of the development of a new economic model for Tunisia. The first grant, for funding a study to support promising markets, will be aimed at determining the sectoral strategy to improve the competitiveness of the productive fabric and the acceleration of the process of economic transformation. The second grant, for funding a study to support the development of an industrial policy, will enable the formalisation of a new industrial and innovation policy for Tunisia to 2030 and a communication strategy.

AfDB is one of the long-standing partners of Tunisia, the country that hosted its temporary headquarters from 2003 to 2014. A founding member of AfDB, Tunisia is one of its three biggest recipients of funds. Since the 2011 revolution the Bank has invested more than €1.5 billion, or about 3.3 billion Tunisian dinars, to support the country's transition and has maintained a constant dialogue with its stakeholders. To date, the active portfolio of the AfDB Group comprises 40 operations, including 17 projects financed by AfDB loans totalling €1.5 billion; of these, €243.44 million are private sector loans and there are twenty-three technical assistance projects totalling €22.17 million. Regarding the sectoral allocation of the portfolio, the Bank's funds are primarily invested in the sectors of transport (49%), the private sector (16%), the multi-sector (12%), water and sanitation (9%), energy (7%), agriculture (4%) and SME financing (3%).

AfDB Group signs loan agreement with Nigeria's LAPO Microfinance Bank
The African Development Bank Group (AfDB) and LAPO Microfinance Bank Ltd. signed a loan agreement for Nigerian Naira 2.364 billion (approximately US $12 million) on November 17, 2015 to support inclusive growth in Nigeria and also support local SMEs in the country.
LAPO MfB is the largest microfinance bank in Nigeria with 1.1 million clients and 327 branches currently operating in 26 out of 36 states in the country. Given its history of a group-lending model based on a community-based approach, LAPO predominantly focuses on low-income households and women (with females comprising over 90% of its total client base) by providing an average loan size of USD 190.
The corporate AfDB loan will support a proposed expansion project of LAPO MfB to achieve its goal to serve 5 million clients by 2017 in Nigeria focusing on low-income individuals (predominantly women) and micro/small enterprises by providing affordable access to finance, saving, credit and insurance in urban and rural areas as well as by expanding its geographic coverage and number of branches. With AfDB's funding, multi-faceted development outcomes are expected for LAPO MfB to: (i) increase the proportion of poor households and small businesses with access to financial services in Nigeria; (ii) deepen its financial sector infrastructure, as it plans to expand their branch network across the country; (iii) promote an inclusive microfinance model that works for the poor; (vi) stimulate product development aimed at meeting diverse needs of low-income households and local enterprises including a soft loan scheme to provide clients a more convenient and safe lighting (solar power lanterns); (v) enhance financial inclusion of women and female entrepreneurs; and (vi) support increased revenue of poor households involved in profitable microenterprises and also generate more jobs across states in Nigeria.
In spite of its lower-income client base, LAPO's total loan portfolio exceeded USD 200 million in December 2014 thanks to its efficient decentralized banking model as well as wide coverage and deep penetration of rural areas. LAPO has successfully achieved its goal to reach over 1 million clients by end of 2013, faster than planned, and targets to reach 5 million clients by the end of its five-year business plan (2013-2017). LAPO has 3,184 staff (1,311 men and 1,873 women staff) across 327 branches to prospect for new business and effectively serve its existing customers on the ground.

INVESTMENTS

Carlyle Eyes Sub-Saharan Deals Early Next Year
Carlyle Group LP said it may announce new purchases for its sub- Saharan Africa fund early next year as it forecasts the region will grow faster than all other areas except India and China. "We're looking at companies in Nigeria, South Africa, Mozambique, Zambia and Kenya as well as some pan-African businesses," Marlon Chigwende, manager of the $698 million African fund, said by phone from London. "It's a very busy time, but this year-end might be a little too soon for us to announce anything." Carlyle is targeting banking, consumer goods, manufacturing and business processing to add investments in five more companies from the four it currently holds, Chigwende said. He declined to give more details because the information is sensitive. *(Bloomberg)*

Sweden supports Mozambique with aid of US$500 million over 5 years
Sweden will disburse US$500 million to support development projects over the next five years in Mozambique, the Ambassador of Sweden in Mozambique announced in Maputo. "This is a new strategy for the coming years and reaffirms this relationship, which is special," said Ambassador Irina Schoulgin Nyoni on the sidelines of a seminar commemorating the 40th anniversary of diplomatic relations between the two countries. That amount, which includes direct support to Mozambique's budget, will support projects related to the environment, sustainable development, democracy and gender equality, strengthening the relationship between the two countries, according to the ambassador. The Swedish Government will also provide US$10 million to support scientific research, in partnership with the Eduardo Mondlane University, Mozambique's largest, according to Portuguese news agency Lusa. *(Macauhub)*

Actis Mulls Nigerian Consumer Investment
Actis LLP, a London-based private equity investor in emerging markets, said it may buy stakes in Nigerian companies that serve consumers directly as it seeks to counter the impact on businesses from a plunge in government oil revenue. "A company that has 500,000 to 2 million customers and is interfacing directly with the consumer — we feel it is a very

protected investment because the consumer will always demand the goods,'' Tony Abakisi, investment principal for Actis, said Nov. 27 by phone from Lagos. "If you had a company that was relying on government revenue, obviously in this kind of situation it will be imperiled.''

Actis is looking to invest in a financial services, healthcare, manufacturing or consumer products company "by the middle of next year," reflecting a long term view on the attractiveness of Africa's largest economy, Abakisi said. Actis, with more than $570 million invested in African financial services, said last week it bought a majority stake in Abuja-based Sigma Pensions Ltd. To take advantage of increasing retirement planning in the nation of more than 170 million people. *(Bloomberg)*

South Africa and China sign megadeals worth R94-billion

South Africa and China signed agreements worth R94-billion, shortly after Chinese president Xi Jinping arrived for a state visit in Pretoria, President Jacob Zuma said. "We focused especially on our economic and trade relations. We have just witnessed the signing of 26 agreements that are worth R94-billion. The volume of agreements indicates the amount of work that has been done in the past few months," Zuma told reporters at the Union Buildings in Pretoria after concluding talks with the Chinese delegation led by Xi.

"We agreed that more could, and should be, done to increase our trade and investment figures." The two countries signed agreements in various sectors including a waiver of visa requirements for diplomatic and official passport holders, the establishment of a China Cultural Centre in South Africa and cooperation between South African and Chinese revenue and customs departments. South African state owned enterprises including Eskom, Transnet, the Industrial Development Corporation, SA National Space Agency and the SA Nuclear Corporation also signed deals with Chinese institutions. Zuma said Xi's second state visit to Pretoria was very significant. "It is a historic visit taking place on the eve of the first FOCAC (Forum for China-Africa Co-operation) summit in Africa. We are honoured to host this important event in South Africa," said Zuma. Xi said he was looking forward to the FOCAC summit in Johannesburg and strengthening relations between China and the whole Africa. "This summit takes place on the 15th anniversary of the establishment of the FOCAC and it is also the first FOCAC summit ever held on the African continent. It has milestone importance to the development of Africa-China relations and more balanced, inclusive and sustainable development of the world," said the leader of the world's most populous country. "President Zuma and I look forward to renewing friendship with leaders of all other FOCAC members. We will discuss issues of importance to our development, map out new plans and inject new impetus for the future of China-Africa cooperation. It (FOCAC) will be a historic event. It will usher in a new era of China-Africa win-win cooperation for common development." Xi was welcomed with a 21-gun salute at the Union Buildings. The FOCAC summit will be held on December 4 and 5. Zuma and Xi took turns to introduce each other to their respective delegations, which included ministers from both countries. Xi inspected a South African National Defence Force presidential guard of honour, before formal deliberations began behind closed doors. Numerous Chinese news crews are accompanying Xi on his visit to Pretoria. A statement by the international relations department this week said total trade between South Africa and China grew from R118-billion in 2009 to R271-billion by the end of 2013. The FOCAC summit will be held under the theme "Africa-China Progressive Together: Win-Win Cooperation for Common Development". Numerous African heads of state have confirmed attendance. Jinping began his African tour with a visit to Zimbabwe where he was welcomed by President Robert Mugabe with military pomp. *(Engineering News)*

Maputo 'has best inclusive growth potential in Africa'

MAPUTO, the capital of Mozambique, has the best potential for inclusive growth compared to other large African cities. Casablanca in Morocco and Lagos in Nigeria rank second and third respectively, according to the 2015 MasterCard African Cities Growth index (ACGI).

South Africa's cities are ranked lower in 2015 than last year and are likely to experience greater inequality over the next decade, the index states. "Slow economic growth combined with increasing populations make it likely that South Africa's cities are likely to experience greater inequality over the next decade," the report states. Pretoria is the South African city with the greatest potential for inclusive growth, followed by Johannesburg, Durban, Cape Town and Port Elizabeth.

Now in its third year, the ACGI maps African cities' economic outlook according to their potential for inclusive urbanisation. The 74 analysed cities are organised into three categories by population size: large (over 1-million), medium (between 500,000 and 1- million) and small (under 500,000). Twenty-five economic and social inclusion indicators are measured. "The ACGI assesses the potential of Africa's cities to increase the well-being of their urban populations," Prof George Angelopulo of the University of South Africa, author of the 2015 ACGI, said in a statement. "As inclusive urbanisation is a prerequisite for inclusive growth, the study presents a measure of each city's potential as a place to live, work and do business in the coming years." Maputo's inclusive growth potential falls into the medium-high category, attributed to its share of Mozambique's foreign direct investment (FDI), which as a percentage of national GDP is among the highest in the world. The city is praised for: constantly improving levels of government effectiveness; regulatory quality and ease of doing business. Mr Angelopulo notes that Casablanca is the only North African city with medium-high growth potential, supported by Morocco's relative stability in a turbulent region. In

Lagos (Nigeria), the third-ranked large city which also has medium-high growth potential, the increase in percentage of middle-class households is significant due to the number of citizens that increase represents, and the effect they will have on future consumption in the city.
The 2013 and 2014 top-ranked city, Accra in Ghana, now ranks seventh due to lower than anticipated revenue from the country's Jubilee oil fields, exacerbated by the collapse of the oil price. The cost of wage increases, subsidies and debt repayments further undermines economic expansion projected for Accra, according to the index. "Each city assessed by the ACGI has a unique set of socio-economic, cultural and political factors that influences its growth trajectory," says Angelopulo. "However, a city's response to the drivers of population growth, urbanisation and an increasing middle class ultimately determines the upward or downward direction of its inclusive growth. "Cities with skilled and educated populations, low levels of crime and corruption, higher discretionary income, regulatory stability and predictable commercial environments are beacons for talent, business and investment, and they offer their citizens greater promise than cities without these characteristics," he says. Matola, adjacent to Maputo to the west, is the ACGI's medium-sized city with the highest potential for inclusive growth. It is also the city with the highest potential for growth throughout Mozambique, suggesting the positive outlook for the inclusive economic growth and development of Mozambique in the future. Matola is followed by Nouakchott (Mauritania) and Libreville (Gabon). All three cities have medium-high inclusive growth potential. Of the small cities assessed, Windhoek (Namibia) and Victoria (Seychelles) rank first and second respectively with medium-high inclusive growth potential. Gaborone (Botswana) is third, with medium-low inclusive growth potential. *(BDLive)*

BANKING
Banks

Kenya's NIC Bank reports nine-months profit up 8 pct
Kenya's NIC Bank achieved an 8.5 % rise in pretax profit for the first nine months of this year to 5.146 billion shillings ($50.43 million), the lender said. The bank, which also operates in Uganda and Tanzania, said net interest income rose by more than 1 billion shillings to 7 billion shillings on the back of growth in lending. Earnings per share edged up to 5.61 shillings from 5.58 shillings in the corresponding period last year. ($1 = 102.0500 Kenyan shillings) *(Reuters)*

South African Banks
Key Information per stock

South African banks: J.P. Morgan South Africa bank coverage universe – key information per stock

	STANDARD BANK	FIRSTRAND	BARCLAYS AFRICA	NEDBANK	CAPITEC	INVESTEC
Weight in JALSH Index	1.9%	2.4%	1.2%	0.9%	0.6%	0.9%
Market cap, $ billion	15.5	21.0	10.9	8.2	5.1	7.7
Total assets, $ billion	152.8	87.2	85.5	71.3	4.4	65.8
RoE (tangible), 16E	15.9%	24.6%	17.9%	17.5%	25.8%	12.6%
JP Morgan stock rating	NEUTRAL	OVERWEIGHT	NEUTRAL	UNDERWEIGHT	OVERWEIGHT	OVERWEIGHT
Gordon growth Dec-16 PT	14 500	5 700	18 500	22 500	70 000	13 500
Upside to PT	6%	15%	8%	5%	15%	15%
Avg. daily traded value, $ mn (3M)	45.8	49.3	16.7	15.1	9.2	10.7
Bloomberg Consensus	BUY:59% HOLD:18% SELL: 24%	BUY:35% HOLD:65% SELL: 0%	BUY:44% HOLD:44% SELL: 13%	BUY:24% HOLD:65% SELL: 12%	BUY:8% HOLD:33% SELL: 58%	BUY:80% HOLD:20% SELL: 0%
Domestic market share:						
Assets	25%	21%	19%	17%	1%	8%
Loans	26%	21%	19%	18%	1%	7%
Deposits	24%	20%	20%	19%	1%	8%
Key Loan book items:	Mortgage: 30% Instalment sales: 7% Credit Card: 3% Unsecured: 5%	Mortgage: 23% Instalment sales: 17% Credit Card: 2% Unsecured: 3%	Mortgage: 34% Instalment sales: 11% Credit Card: 6% Unsecured: 3%	Mortgage: 21% Instalment sales: 15% Credit Card: 2% Unsecured: 3%	Mortgage: 0% Instalment sales: 0% Credit Card: 0% Unsecured: 100%	Mortgage: 21% Loan against Property: 25% Corporate: 41%
Loan book (By Type)	Retail: 62% Corporate: 38%	Retail: 54% Corporate: 46%	Retail: 73% Corporate: 27%	Retail: 47% Corporate: 53%	Retail: 100% Corporate: 0%	Retail: 59% Corporate: 41%
Branches	South Africa: 660 Rest of Africa: 561	South Africa: 723 Rest of Africa: 145	South Africa: 776 Rest of Africa: 476	South Africa: 802 Rest of Africa: 61	South Africa: 691 Rest of Africa: 0	
ATMs	South Africa: 5,797 Rest of Africa: 1,443	South Africa: 4,978 Rest of Africa: 818	South Africa: 9,259 Rest of Africa: 1,137	South Africa: 3,624 Rest of Africa: 136	South Africa: 3,646 Rest of Africa: 0	
Approx. employees	50,960	42,263	41,723	30,739	11,034	7,759
Key Shareholders	ICBC (20.1%) PIC (11.7%)	RMB Holdings (34.1%) PIC (7.8%)	Barclays plc (62.3%) PIC (5.6%)	Old Mutual (53.1%) PIC (6.4%)	PSG Financial (21.9%) PIC (6.9%)	PIC (7.3%) Allan Gray (6.6%)
Revenue split	South Africa: 68% Rest of Africa: 29% Other: 3%	South Africa: 88% Rest of Africa: 10% Other: 2%	South Africa: 80% Rest of Africa: 20% Other: 0%	South Africa: 94% Rest of Africa: 3% Other: 3%	South Africa: 100% Rest of Africa: 0% Other: 0%	Southern Africa: 42% UK & Other: 58%
Earnings Split*	PBB: 46% CIB: 41% Liberty: 10%	FNB: 55% CIB: 29% WesBank (VAF): 16%	RBB: 63% CIB: 26% WIMI: 10%	CIB: 45% RBB: 39% Wealth: 9%	Retail: c.100%	Asset Management: 28% Wealth & Investment: 15% Specialist Banking: 57%

Source: Company reports, Bloomberg and J.P. Morgan estimates.*Adjusted earnings for Investec. PBB = Personal & Business Banking. CIB = Corporate & Investment Banking. RBB = Retail & Business Banking. WIMI = Wealth Investment Management & Insurance

South Africa Banking System – League Table (Sept-15)

South Africa Banking System – League Table (Sept-15)

Rand in millions

R mn	Assets	% share	Loans	% share	Deposits	% share	Mortgages	% share	Instalment Sales	% share	Credit Card	% share
SBSA	**1,184,074**	**25.6%**	**900,535**	**25.9%**	**773,387**	**23.8%**	**360,962**	**30.0%**	**66,246**	**18.4%**	**29,389**	**27.1%**
FirstRand	**960,423**	**20.8%**	**726,388**	**20.9%**	**663,454**	**20.4%**	**197,040**	**16.4%**	**121,833**	**33.8%**	**21,509**	**19.8%**
ABSA (Barclays Africa)	**883,220**	**19.1%**	**671,854**	**19.4%**	**670,495**	**20.6%**	**267,106**	**22.2%**	**70,222**	**19.5%**	**32,837**	**30.2%**
Nedbank	**771,005**	**16.7%**	**620,719**	**17.9%**	**605,920**	**18.6%**	**261,329**	**21.7%**	**95,091**	**26.4%**	**14,217**	**13.1%**
Investec	**356,950**	**7.7%**	**254,918**	**7.3%**	**265,469**	**8.2%**	**106,387**	**8.8%**	**3,391**	**0.9%**	**1,416**	**1.3%**
Citibank	67,913	1.5%	33,287	1.0%	33,790	1.0%	0	0.0%	0	0.0%	0	0.0%
Capitec	**60,092**	**1.3%**	**51,711**	**1.5%**	**38,965**	**1.2%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**
ABIL	57,885	1.3%	46,456	1.3%	18,407	0.6%	0	0.0%	2	0.0%	9,236	8.5%
HongKong Shanghai Banking Corp.	49,374	1.1%	28,568	0.8%	40,470	1.2%	0	0.0%	0	0.0%	0	0.0%
JPMorgan Chase Bank	38,112	0.8%	13,135	0.4%	7,182	0.2%	0	0.0%	0	0.0%	0	0.0%
Standard Chartered	31,892	0.7%	16,142	0.5%	24,646	0.8%	80	0.0%	0	0.0%	0	0.0%
China Construction Bank	30,745	0.7%	23,454	0.7%	28,589	0.9%	0	0.0%	0	0.0%	0	0.0%
Bank of China	25,407	0.6%	23,048	0.7%	13,657	0.4%	26	0.0%	0	0.0%	0	0.0%
Deutsche Bank	19,124	0.4%	7,635	0.2%	8,343	0.3%	0	0.0%	0	0.0%	0	0.0%
Societe Generale	13,266	0.3%	6,621	0.2%	12,328	0.4%	0	0.0%	0	0.0%	0	0.0%
Mercantile Bank	9,070	0.2%	7,679	0.2%	6,193	0.2%	2,959	0.2%	387	0.1%	23	0.0%
BNP Paribas	8,349	0.2%	4,426	0.1%	4,229	0.1%	0	0.0%	0	0.0%	0	0.0%
Grindrod Bank	8,264	0.2%	6,111	0.2%	6,727	0.2%	1,369	0.1%	0	0.0%	0	0.0%
Bidvest Bank	5,800	0.1%	2,705	0.1%	2,965	0.1%	364	0.0%	617	0.2%	0	0.0%
Sasfin Bank	5,726	0.1%	3,876	0.1%	3,689	0.1%	0	0.0%	1,724	0.5%	0	0.0%
State Bank of India	5,472	0.1%	3,885	0.1%	4,449	0.1%	8	0.0%	13	0.0%	0	0.0%
Albaraka	5,121	0.1%	4,205	0.1%	4,463	0.1%	2,785	0.2%	553	0.2%	0	0.0%
Ubank Ltd.	4,708	0.1%	1,246	0.0%	4,086	0.1%	0	0.0%	0	0.0%	0	0.0%
HBZ Bank	4,056	0.1%	3,477	0.1%	3,678	0.1%	924	0.1%	0	0.0%	0	0.0%
SA Bank of Athens	2,423	0.1%	2,087	0.1%	1,302	0.0%	1,225	0.1%	449	0.1%	0	0.0%
Bank of Baroda	2,218	0.0%	2,022	0.1%	1,984	0.1%	79	0.0%	0	0.0%	0	0.0%
Bank of Taiwan	1,537	0.0%	1,408	0.0%	1,218	0.0%	839	0.1%	0	0.0%	0	0.0%
Finbond Mutual Bank	1,369	0.0%	550	0.0%	748	0.0%	0	0.0%	0	0.0%	0	0.0%
Habib Overseas Bank	1,185	0.0%	981	0.0%	1,037	0.0%	0	0.0%	0	0.0%	0	0.0%
GBS Mutual Bank	1,153	0.0%	1,015	0.0%	980	0.0%	574	0.0%	303	0.1%	0	0.0%
VBS Mutual Bank	573	0.0%	526	0.0%	429	0.0%	208	0.0%	23	0.0%	0	0.0%
Bank of India	404	0.0%	401	0.0%	127	0.0%	0	0.0%	0	0.0%	0	0.0%
Canara Bank	380	0.0%	364	0.0%	103	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	**4,617,292**	**100.0%**	**3,471,436**	**100.0%**	**3,253,507**	**100.0%**	**1,204,263**	**100.0%**	**360,854**	**100.0%**	**108,627**	**100.0%**

Source: SARB, J.P. Morgan calculations.

Kenya's Standard Chartered pretax profit falls as provisions rise

Standard Chartered Bank of Kenya, a unit of Standard Chartered Plc, said its nine-month pretax profit fell 20 % as it set aside more money for bad loans and operating costs jumped. The bank said group pretax profit fell to 8.96 billion shillings ($87.8 million) for the nine-months ended Sept. 30 from 11.22 billion shillings a year earlier. Loan-loss provisions rose nearly 50 % to 1.69 billion shillings, while operating expenses increased about 15 % to 9.84 billion shillings. The bank said its exposure to net non-performing loans stood at 545.8 million shillings at the end of September, lower than the 898.9 million shillings a year earlier. Group net interest income also rose slightly to 13.47 billion shillings from 13.31 billion shillings. ($1 = 102.10 Kenyan shillings) *(Reuters)*

Markets

CENTRAL BANK RATES

COUNTRY	CURRENT RATE (%)	LAST CHANGE RATE	CHANGE (BP)
Kenya	11,50	07-07-2015	150
Angola	10,50	28-08-2015	25
South Africa	6,25	19-11-2015	25
Uganda	17,00	20-10-2015	100
Ghana	26,00	16-11-2015	100
Zambia	15,50	03-11-2015	300
Mozambique	7,50	07-11-2015	-75
Nigeria	11,00	24-11-2014	-200
Botswana	6,00	06-08-2015	-50

Source: Bloomberg

Recent Monetary Policy Committee meetings & policy events

- Cameroon BEAC lowered its policy rate 50bp to 2.45% on 16 July 2015
- Côte d'Ivoire BCEAO held its policy rate steady at 3.50% on 9 Sep 2015
- Ghana MPR raised 100bp to 26% on 16 November 2015
- Kenya CBR held steady at 11.5% on 17 November 2015
- Nigeria MPR lowered 200bp to 11.0% on 24 November 2015

Forthcoming Monetary Policy Committee meetings

- Cameroon Dec: expectation of no change to policy rate of 2.45%
- Côte d'Ivoire Dec: expectation of no change to policy rate of 3.50%

- Ghana Jan: expectation of no change from 26%
- Kenya Jan: some pressure for 100bp rise to 12.5%
- Nigeria Jan: expectation of no change from 11.0%

Capital Flows
Inflows will continue to be dominated by Eurobond issuances and FDI.

- **Côte d'Ivoire** USD1bn Eurobond issued in February 2015 complements increased FDI inflows as the business climate improves.
- **Ghana** Cocobod's USD1.8bn syndicated loan and new USD1bn Eurobond issued 8 Oct have boosted inflows, but this will be undermined by ongoing economic imbalances that are driving capital outflows.
- **Kenya** FDI and portfolio investments undermined by security problems but strong inflows of remittances and other (multi and bilateral) funds.
- **Nigeria** Portfolio outflows were recently boosted by Nigeria's removal from JP Morgan's EM-GBI amid a weakening of the investment outlook.

Mozambique's metical drops 21 pct in a week on economy fears
Mozambique's metical currency has weakened around 21 % this week, Reuters data showed, as investors fret over the government's moves to restructure an $850 million international bond.
Mozambique is one of the world's poorest nations. While gas discovered off the coast could transform the country, which was ravaged by a 16-year civil war that ended in 1992, delays in initiating those investments have set back economic growth. More immediately, investors are worried about its ability to manage its finances after it launched an $850 million bond to start state tuna-fishing company Ematum, only for $500 million of the proceeds to be spent on defence. So far, no details have been provided on where exactly the money has gone.
Mozambique has ramped up negotiations on the so-called tuna bond to cut its borrowing costs and extend its repayment period, two sources involved told Reuters. Last month, Finance Minister Adriano Maleiane had told Reuters the government may try to convert the loan into sovereign-debt to improve the terms. Ratings agency Standard and Poor's, which downgraded the country in July, has warned it could cut its rating again if Ematum's sovereign-guaranteed debt is restructured.
Mozambique has pinned its longer-term economic hopes on a potential gas boom over the next decade. But final investment decisions by Italy's Eni and U.S. firm Anadarko have been repeatedly delayed and remain in the balance. If those decisions are made next year, as expected, Mozambique could become one of the world's top liquefied natural gas exporters under projects that could bring in more than $30 billion in investment in the country.
But investors are wary about more delays to gas projects with prices subdued and the government still at odds with energy companies over the terms of the deals. South Africa-based NKC African Economics cut its sovereign debt rating outlook on Mozambique to 'negative' this week. "It is becoming increasingly important that the commercialisation of Mozambique's natural gas is successful, with any significant delays harmful to the country's economic outlook," NKC economist Hanns Spangenberg said.
Ratings agency Fitch downgraded Mozambique's credit rating on Oct. 30 on concerns over a deterioration in fiscal management and expectations of a widening debt-to-GDP ratio after the issuance of the Ematum bond. Mozambique's central bank raised its benchmark lending rate by 50 basis points to 8.25 % on Nov. 16, partly in an effort to curb the slide of the metical. *(Reuters)*

Nigeria Cuts Benchmark Rate as African Peers Tighten Policy
Nigeria's central bank reduced its benchmark interest rate for the first time in six years, diverging from its counterparts in most of Africa that have tightened monetary policy in the face of weakening currencies. The key rate was cut to 11 % from a record high of 13 %, Governor Godwin Emefiele told reporters in Abuja, the capital. None of the 20 economists surveyed by Bloomberg predicted such a large cut, and most expected no change at all.
Monetary policy in Nigeria is becoming harder to predict as the central bank turns to unconventional tools to protect its currency and boost economic growth. Emefiele has imposed foreign-exchange restrictions in Nigeria, Africa's biggest crude producer, to keep the naira stable amid a plunge in oil revenue. "What we've decided to do at this meeting is that we must stimulate growth," Emefiele told reporters after the decision. "We don't have a choice." The cash reserve ratio for commercial banks was also reduced for a second consecutive meeting to 20 % from 25 %, in a measure to help boost liquidity. The idea is for banks to expand lending to industries that create jobs, such as agriculture, infrastructure and minerals, he said. The unemployment rate was 9.9 % in the third quarter, up from 8.2 % the previous quarter.
Blanket Tool
"The CBN is using a blanket tool like the CRR, which results in a blanket liquidity release into the economy, to somehow try to boost employment in specific real sector economies," Razia Khan, Standard Chartered's chief Africa economist, said by phone from London. A slowdown in inflation and a weak economy are giving the central bank reason to ease policy. The inflation rate fell for the first time in almost a year in October to 9.3 %, though it's still above the bank's target band of 6 % to 9 %.

"It is a major decision by the central bank to drive economic growth," Kunle Ezun, an analyst at Ecobank Transnational Inc., said by phone from the commercial capital, Lagos.

Lower interest rates may help the government as it ramps up borrowing to finance its budget. President Muhammadu Buhari asked lawmakers last week to approve a supplementary budget for this year that seeks to raise spending by 10 % and boost borrowing by an additional 1.6 trillion naira ($8 billion).

Central banks from Uganda to South Africa have raised interest rates this year to ward off inflation threats stemming from weaker currencies. The naira has remained virtually fixed at 198 to 199 per dollar since Emefiele imposed the foreign-exchange restrictions in February, while policy makers in other oil-selling nations, including Russia, Colombia and Kazakhstan, have let their currencies fall. "The committee will continue to monitor developments around the naira exchange rate, interest rates and consumer prices even as targeted measures are needed to channel liquidity to the relevant and key sectors in the economy," Emefiele said. The naira was unchanged at 199.05 per dollar on the interbank market by 5:48 p.m. in Lagos. *(Bloomberg)*

Monetary agreement between Angola and Namibia suspended until 21 December

Namibia failed to accept the Angolan kwanza as a trade currency in the north of the country, five months after an agreement between the central banks of the two countries came into force, according to a joint statement from the two central banks.

The statement recalled that the monetary agreement, which came into force on 18 June, covered residents of the border towns of Oshikango (Namibia) and Santa Clara (Angola), and they could use their national currencies in the neighbouring country, up to 3,500 euros per person to "facilitate payment for goods and services." The statement said there had been "challenges" in the application of the agreement, such as "currency trading outside the scope of the agreement", particularly in terms of amounts.

Despite the "measures" introduced in the meantime, these challenges "have not been solved completely," and the two institutions announced that a "new mechanism" for currency conversion would be launched on 21 December 2015, centralised by the National Bank of Angola (BNA) and only available in Angolan commercial banks. The Bank of Namibia will issue Namibian dollars for the BNA, which will take over the management and disbursement of money to commercial banks and at the border post of Santa Clara (south of Angola). *(Macauhub)*

Nigeria rate cut triggers stock rise; bonds, naira fall

Nigeria naira and bond yields fell sharply while stocks rose, a day after the central bank announced a surprise interest rate cut aimed to stimulate lending in Africa's biggest economy, traders said.

Nigeria's central bank cut benchmark interest rate to 11 % from 13 %, its first reduction in the cost of borrowing in more than six years. The continent's top oil producer has been hard hit by a plunge in crude prices over the last year. The stock market, which has the second-biggest weighting after Kuwait on the MSCI frontier market index, erased seven days of losses to climb to 27,662 points following the rate cut. The index has fallen 20.4 % so far this year. "On the back of the reduction in policy rates investors are reconsidering investment in the equities market to earn higher return," said Ayodeji Ebo, head of research at Afrinvest. "We anticipate further moderation in bond yields." He expected stocks in the industrial sector such as Dangote Cement and Lafarge Africa to gain from the liquidity surge as infrastructure projects boom. Ebo said the rate cut may hurt bank earnings as consumer firms reel from dollar shortages.

Yield on the most liquid 5-year bond fell 264 basis points to a five-year low of 7 % while the benchmark 20-year bond closed 150 basis points down at 10.8 %, traders said. Bond yields had traded above 11 % across maturities prior to rate decision, with the 2034 bond trading at 12.30 %.

The central bank has been injecting cash into the banking system since October in a bid to help the economy. Banking system credit stood at 290 billion naira ($1.5 bln), keeping overnight rates as low as 0.5 %. Samir Gadio, head of Africa strategy at Standard Chartered Bank said bond holders could be exposed to future losses if the interest rate easing cycle

suddenly ends with inflation currently trading 9.3 % below the yields. The rate cut also weakened the naira on the unofficial market, which fell 0.8 % to 242 to the dollar. The currency is pegged at 197 naira on the official market.
Non-deliverable currency forwards, a derivative product used to hedge against future exchange rate moves, indicated markets expected the naira's exchange rate at 235.56 to the dollar in 12 months' time - the strongest level in five months - and compared to 245.25 at close." Our economists still believe a devaluation will happen in a couple of quarters but I think they have had opportunities," said Luis Costa, head of CEEMEA debt and FX strategy at Citi. ($1 = 199.00 naira) *(Reuters)*

ICBC to Issue Rand Bond
ICBC has just signed a pact with Standard Bank Group Ltd to issue a ZAR10bn bond on the JSE, making ICBC the first bank in Asia to issue a Rand denominated bond. The capital raised will be used to bolster lending to local industrialization and infrastructure construction projects.
Standard Bank now has the largest asset pool in Africa, owning more than 1,200 branches in 20 countries in the region. Up until September, ICBC has launched 44 alliance projects with nearly 20 African countries, originating loans up to USD10bn. On December 3, Beijing signed 26 new agreements with South Africa valued up to RMB41.9bn, which includes China Export and Credit Insurance Corporation providing Transnet with a USD2.5bn line credit for equipment purchase besides than ICBC’s Rand bond issue. Without its own domestic branch network, instead owning 20% of Standard bank, ICBC needs a local currency pool to fund the loans to mitigate exchange risks. *(Red Pulse)*

Egypt's central bank saviour faces tricky balancing act
From bankers to carmakers, Egypt's business community will breathe easier when Tarek Amer takes charge at the central bank, with hopes high he will revamp a monetary policy that has undermined investment and growth. Announced last month, the leadership change unleashed anger against outgoing governor Hisham Ramez, who capped dollar deposits at $50,000 a month, starving businesses of hard currency and paralysing trade as he sought to defend the country's pound. Amer, the well regarded former head of commercial lender National Bank of Egypt (NBE), has already been working hard behind the scenes to inject fresh funds into a sclerotic financial system, and he is widely expected to lift the cap.
But with inflation high and the pound propped up by unsustainable central bank dollar sales, he will also need to tread a fine line between allowing the currency to settle lower while avoiding the sharp devaluation that would worsen the imbalances he is trying to correct. "There is a belief that Tarek Amer will cancel the cap on dollar deposits at banks," said an under-the-counter currency trader. "There is an optimistic atmosphere among clients of exchange companies and in the parallel market."
Black market traders, bankers and businesspeople also expect Amer to work with the government to dampen demand for dollars by regulating imports and supporting exports -- a source of hard currency battered by the capital controls. Egypt's economy has struggled since the 2011 uprising that ended Hosni Mubarak's 30-year rule drove away investors and tourists, robbing it of foreign currency and putting the pound under severe pressure.
Fearing runaway inflation, the central bank has maintained the pound within a narrow band, but pressure has persisted.In February, Ramez imposed the deposit caps and forced banks to prioritise food and medicine when supplying scarce dollars. But the measures made it hard for companies to get credit to pay for imports and, as goods mouldered at ports and some factories stopped production, exports slumped by 19 % in the first nine months. To the business community's relief, President Abdel Fattah al-Sisi announced in October that Ramez would not renew his term as governor when it expired on Nov. 26. As long as in the central bank of Egypt there are people who are managing wisely.you should never have a foreign exchange crunch," Raouf Ghabbour, chief executive of GB Auto, told Reuters in a recent interview. As well as cancelling Ramez's preventative measures, Amer should also raise interest rates, he said.
BEHIND THE SCENES
A veteran banker credited with reviving state-owned NBE, Amer began meeting with captains of industry in October.Within two weeks, banks had supplied $1.8 billion to clear the import backlog. The following week, state banks raised interest rates on certificates of deposit to 12.5 % from about 10 % aiming, economists said, to limit dollarisation ahead of a potential devaluation. Amer's next move came on Nov. 11, when the central bank strengthened the pound by 20 piastres and supplied $1 billion to banks to cover 25 % of dollar overdrafts they had opened for companies.Some economists criticised the revaluation but others said it was aimed at shaking out speculators making downward bets on the pound, with a view to eventually allowing a downward drift. Mohammed al-Naggar, head of research El Marwa Brokerage, said he believed Amer could strengthen the pound again."The market expects the central bank to increase the value of the pound by 10 piastres in the first (dollar) auction under Tarek Amer," he told Reuters. "There are expectations for a big surprise."Expectations of change received a boost, when Farouk al-Okda was appointed to a central bank committee of government ministers and economic experts tasked with setting the monetary agenda.Okda, who led the central bank from 2003-2013, was credited with helping stabilise the pound within a managed floating exchange rate, and helping establish an interbank foreign exchange market that helped curtail the black market.

The revival of the central bank's coordination council has raised hopes of greater collaboration between the central bank and the government –neglected under Ramez."The central bank is semi-independent but in these circumstances it will have to work hand in glove with the (government)... to come up with solutions," said Angus Blair, chairman of Signet Institute, an economic think tank.

NO EASY ANSWERS

While an eventual devaluation looks unavoidable, turning around Egypt's monetary policy will be a tricky balancing act.An emerging market rout has left the pound overvalued, despite a depreciation of about 10 % this year. Yet a sharp devaluation would stoke inflation in an import-reliant country where millions live hand to mouth, fuelling the kind of street protests that helped unseat two presidents in three years. The government announced this week it would control the prices of 10 essential commodities -- a move some read as an effort to protect vulnerable Egyptians from inflation unleashed by an eventual devaluation. In the meantime, reforms to address the ballooning trade deficit could strengthen the economy ahead of any shocks.Egyptian Federation of Industries head Mohamed El Sewedy told Reuters recently he expected the government to implement an indicative pricing mechanism for imports before the end of the year, curtailing the common practice of avoiding customs duties by undervaluing imports on bills."If I regulate trade, the appetite for dollars will become more orderly," said El Sewedy, adding that Amer had promised to cover the remaining $3 billion of banks' credit exposure.Egypt's benchmark overnight lending rates are already high at 9.75 %, but with foreign reserves languishing at $16.4 billion - enough for just three months of imports - economists believe borrowing costs will have to rise further to avert inflation and dollarisation. The victim of high rates could be much-needed growth."It's a lot to do for a new central bank governor," said Blair. "I don't envy him but it is a great shame he wasn't appointed earlier." *(Reuters)*

Funds

InvestimoZ Fund requests additional funds for investment in Mozambique

Development company Sociedade para o Financiamento do Desenvolvimento (Sofid) has requested a further 20 million euros to capitalise the InvestimoZ fund for investments in Mozambique, director Francisco Almeida Leite said recently in Lisbon. InvestimoZ has capital of 94 million euros for investments in Mozambique that is being made available in tranches, as the funds are being disbursed for projects. The Sofid director said that six projects were approved for the first tranche of 10 million euros, four of which are under examination by the Joint Commission, composed of Portuguese and Mozambican entities.

In the pipeline, Almeida Leite said, are another 15 applications, representing a total investment of 203 million euros and InvestimoZ support estimated at 34 million euros, of which almost half – 100 million euros – is related to a cellulose biomass project.

InvestimoZ was established by the governments of Mozambique and Portugal in 2010 following the sale to Mozambique of most of the capital of the Cahora Bassa hydroelectric facility, but was at a standstill for four years and was eventually revised as it did not fit the Mozambican reality, according to Almeida Leite cited by Portuguese news agency Lusa.

Sofid was established in 2007 to finance internationalisation projects of Portuguese companies in emerging and developing countries, and is 59.99-% owned by the Portuguese state, with the remaining capital split amongst Portuguese commercial banks Novo Banco, BPI and Caixa Geral de Depósitos, with 10% each and the ELO development company, with 0.01 %. *(Macauhub)*

INFRASTRUCTURE

Angola's ports see fewer ships and process less cargo

The processing of bulk cargoes and containers at the port of Luanda in the first half declined by 4 % and 13.6 %, respectively, year on year, said the commercial manager of the Port of Luanda. Manuel Zangui said bulk cargo reached 183,170 tons against 190,800 tons from January to June 2014, and container cargo processed was just 405,185 TEUs down from 469,333 a year earlier. The manager said the results were strongly influenced by the current state of the Angolan economy and the fact that Angola's ports usually rely on import activities. The port of Lobito, in turn, showed an even bigger drop than Luanda in cargo processing, both in bulk and containers, having lost 30 % of the movement recorded in the first half of 2015.

The president of the Port of Lobito, Anapaz Jesus Neto told weekly financial newspaper Semanário Económico "we lost about 30 % of our shipping, as in 2014 about 80 to 90 ships passed through Lobito per month and currently now between 35 and 40 on average pass through," he said. The president of the management company of the port of Lobito added "from the moment that importers no longer have currency to make imports, the port began to receive fewer vessels and goods." *(Macauhub)*

Mozambique purchase 200 buses from China's Yutong

The government of Mozambique has bought 200 buses from Chinese company Yutong Bus Co. to improve the public transport network in the capital, Maputo and its outskirts, said the Permanent Secretary of the Ministry for Transport

and Communications. Pedro Augusto Inglês told Mozambican daily newspaper Diario de Moçambique, that the first 100 buses had arrived at the port of Maputo, with the remaining 100 due to arrive in December and February next.
The acquisition of these buses is the result of a partnership between the Ministry of Transport and Communications, through the Development Fund for Transport and Communications and Sir Motors, a company focused on import, sale and servicing of vehicles.
The managing director of Sir Motors, Amad Kamal, said the buses would be sold to the Mozambican Federation of Road Transporters, which will put them into service in the cities of Maputo and Matola and the southern districts of Boane, Marracuene and Manhica. Kamal said, however, that hi company had set up a public-private partnership with the state-owned port and railway company CFM for the acquisition of 126 carriages, 30 of which for the overground light rail system.
Last October 15 carriages started operating on the southern rail system and 14 in the central system, as part of the first batch of 70 units, which included 62 carriages and eight trucks. The Yutong Bus Co. is part of Yutong Group, based in Zhengzhou, in China's Henan Province. Its main business is manufacturing buses, along with production of machinery for construction, and real estate. *(Macauhub)*

Power ship steams into Ghana port to help end blackouts
A power-generating ship was officially welcomed at Ghana's main port on Sunday after arriving the previous day in what Power Minister Kwabena Donkor said was a bid to keep the country on track to end chronic blackouts. Power has become a political issue, and anger over the blackouts, which can last for 24 hours at a time, threatens President John Mahama's chances of re-election next year. He has vowed to end the power cuts by Dec. 31.
The government contracted the ship from independent Turkish producer Karpowership to generate 235 MW of electricity daily to help offset a national supply deficit of around 500 MW. "This is only one element in our solution, but it is a very useful element," Donkor told Reuters in the port of Tema, east of the capital Accra. "It is a strong signal that we are on course to ending the blackouts and to restoring investor confidence in our economy." Traditional chiefs welcomed the ship on Sunday by pouring alcoholic spirits onto the ground. The power blackouts, which have been going on for three years, stem from insufficient rain to operate hydro facilities, obsolete equipment, inefficiency and a long-term failure to add capacity to the grid. Irregular power has compounded a slowdown in economic growth in a country that until recently was a favourite with investors. Ghana's economy grew strongly for years through its exports of gold, cocoa and oil, but lower global commodity prices have blunted that expansion and the government began an International Monetary Fund aid programme in April. The generating ship, Aysegul Sultan, should be plugged into the national grid by mid-December and is the first of two plants that will provide a total of 450 MW of power under a 10-year contract, Donkor said. Donkor said an additional supply of up to 250 MW was coming next month from the Dubai-based independent producer Africa and Middle East Resource Investment. Other projects should deliver about 1 000 MW starting next year that will give Ghana a power reserve, Donkor said. *(Engineering News)*

Nigeria's Buhari to ask China's Xi for urgent infrastructure funding
Nigeria's President Muhammadu Buhari will ask China's president at a summit this week to fund rail and power projects urgently needed to diversify an economy hit hard by a plunge in oil prices, a spokesman said. Buhari has already indicated to Xi Jinping that he wants to resume stalled rail projects under new terms that would see China providing nearly all the financing required which could total around $20 billion, spokesman Garba Shehu said.
Roads, railways and power plants are in dire need of repair, leaving Africa's top oil producer ill-equipped to enact Buhari's plans to boost the agriculture and manufacturing sectors. Buhari and Xi will meet at the two-day Forum on China-Africa Cooperation summit. "Of particular interest is the coastal railway project stretching for 1,402 kilometres linking Lagos in the west with Calabar in the east," Shehu said, noting it is expected to be financed with a $12 billion loan and create about 200,000 jobs.
Last year Chinese state news agency Xinhua reported that China Railway Construction Crop had signed a deal to build the railway, but the project has stalled since then. Another rail project that Shehu said may be discussed involves modernising a rail line connecting the southern commercial hub of Lagos and Kano in the north, the second biggest city, which is expected to cost $8.3 billion. Talks are also expected to involve the Mambilla hydro-electric power station which has not been developed despite having been first proposed in 1982. "The Chinese president had informed President Buhari of the willingness of his country to finance the whole project through a special loan agreement," said Shehu, although he did not disclose the proposed sum needed to fund the work.
Nigeria's government has already said that a separate $25 billion fund, announced by Vice President Yemi Osinbajo, will be set up to improve the country's road, rail and power networks. Buhari, who swore in his cabinet in November after a five-month wait, will be accompanied by the ministers of trade and investment, foreign affairs, as well as transport at the summit. *(Reuters)*

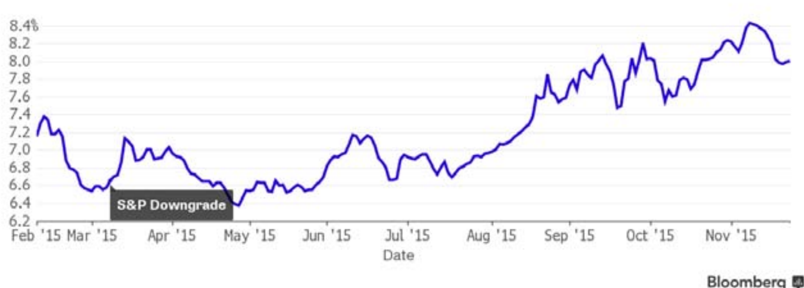
Congo hopes to start construction of Inga 3 project early 2017
The Democratic Republic of Congo will decide soon on the consortium to help develop the long-delayed Inga 3 hydroelectric project and hopes work can start by the end of 2016 or early 2017, the prime minister said. The project, to

be built along the river Congo, would be an expansion of two existing Inga hydroelectric dams, making it potentially the world's largest hydropower site. "The project is in very advanced stages, we are in the selection process to decide who will be the main players in this project," Augustin Matata Ponyo told reporters on the sidelines of an African investment conference in London "Ideally, towards the end of 2016, or beginning of 2017, we will start construction."
Congo is Africa's top copper producer and also exports significant quantities of gold, cobalt and tin. Matata Ponyo also said Congo wasn't worried about China, the world's biggest copper importer. "There is not concern yet about the lower growth rates in China," he said, adding demand for the metal was holding up. "After all, growth is still at more than 6 % in China, that is still quite high."
Mining represents some 20 % of gross domestic product in the Central African nation, though production has suffered from lower commodity prices as well as power shortages. Matata Ponyo also confirmed that growth would come in at 7.7 % this year and at 9 % in 2016, adding he expects inflation of 0.8 % and 1.0 % respectively. Congo's economy grew by 9.5 % in 2014, according to the government, which cut its growth forecast for 2015 to 7.7 % from 8.4 % earlier in November, citing weak commodity prices and lower mining output. *(Reuters)*

Kenya says World Bank will provide $200 mln for dam to supply Mombasa
Kenya has secured a $200 million deal with the World Bank to build a dam near the port city of Mombasa, the presidency said. The Mwache Dam in the coastal Kwale County will boost the water supply to Kenya's second city. "Mwache Dam will supply 186,000 cubic metres of water a day to Mombasa. It will significantly ease the water deficiency our second city currently faces," the presidency said, quoting Water and Irrigation Services Minister Eugene Wamalwa. The deal was inked in Paris and followed demands by the World Bank that a water purchase agreement be included in the overall deal, the presidency added. The structure of the deal was not immediately clear. *(Reuters)*

ENERGY

Eskom Seeks Lower Debt Costs by Skirting Bonds After Cut to Junk
Eskom Holdings SOC Ltd. will attempt to lower its borrowing costs by exploring funding options other than the international bond market after South Africa’s state-owned electricity supplier was downgraded to junk by the two biggest credit-ratings companies. The utility’s $1.25 billion bond sold in February had a coupon of 7.125 %, the highest of all its outstanding debt in the U.S.’s currency. That’s at the “outer edge of the price boundaries that we normally borrow at,” Chief Financial Officer Anoj Singh said in an interview Nov. 24. “We’ll be very discerning in terms of the funding sources we’ll be accessing,” he said.
Eskom, the nation’s biggest borrower after the government, was downgraded to junk by Moody’s Investors Service a year ago and by Standard & Poor’s in March as it struggled to generate enough money to build new power plants and electricity for the continent’s most-industrialized economy. The company needs to raise 237 billion rand ($16.7 billion) over the next five years to increase the country’s generation capacity, a portion of which will be paid for by consumers through higher tariffs. Yields on Eskom’s bond due in February 2025 have increased since the S&P downgrade on March 19, rising 108 basis points to 7.98 % in Johannesburg. The average yield of emerging-market utilities’ dollar debt rose 49 basis points to 5.13 %, JPMorgan Chase & Co. indexes show.



The utility, which provides about 95 % of South Africa’s power, will try to get funding from development-finance institutions, export-credit agencies, the World Bank and bilateral-loan agreements, Chief Executive Officer Brian Molefe told reporters in Johannesburg. “We do not have to do a global bond issue,” he said. “I know it sounds a bit arrogant -- a person ranked as junk status should be grabbing every opportunity -- but we only will go to markets when the conditions are right.” Eskom said in January it was confident the company could raise money from debt markets even though it had been cut to junk by Moody’s.
Funding Options
Eskom may tap Chinese lenders, the Japanese yen market and sukuk, or Islamic finance, Molefe said. Eskom borrowed 150 million euros ($159 million) from Agence Francaise de Developpement, France’s development agency to fund

electricity distribution in rural areas of South Africa, the utility said. The loan includes a five-year grace period and 20 years of capital repayment. “It’s relatively small but a good illustration of the things that can be done with development agencies,” said Elena Ilkova, a Johannesburg-based analyst at FirstRand Ltd.’s Rand Merchant Bank unit. “They are willing to lend at developmental rates rather than commercial rates, but it’s a question of size -- how much can you scale this kind of borrowing.”

Debt Pile

The utility’s net income for the six months ended Sept. 30 rose 22 % to 11.3 billion rand, it said Nov. 24. While the company’s finances have stabilized, Eskom will continue to request higher tariffs from consumers to service its 300 billion-rand debt pile, Singh said. As such, its vital future borrowing costs are kept to a minimum, he said. The February bond “has set the benchmark in terms of what investors believe would be an appropriate return for what they need to invest in an organization such as this one,” Singh said. “We’ll try and come in under that number” with any new funding, he said. *(Bloomberg)*

Government of Zimbabwe Commissions ZimFund Bulawayo Power Projects

Zimbabwe’s Minister of Energy and Power Development, Samuel Undenge, officially commissioned the ZimFund Emergency Power Infrastructure Rehabilitation Project in Bulawayo on 12 November. The ceremonies were held at Mpopoma and Criterion Substations, where two 20 MVA transformers were installed under the first phase of the Project.

The power project was financed by the Zimbabwe Multi-Donor Trust Fund (ZimFund). The contributing donors to ZimFund are Australia, Denmark, Germany, Norway, Sweden, Switzerland and the United Kingdom. The Fund, has to date provided $145 million towards rehabilitation of key infrastructure in the areas of water and sanitation, and energy.

In the first phase of the Emergency Power Infrastructure Rehabilitation Project (EPIRP 1), Bulawayo and its environs, which are under the Zimbabwe Electricity Transmission and Distribution Company (ZETDC) Western region, were allocated US $12.6 million towards stabilizing and improving power services in the region.

In his speech, Minister Undenge thanked ZimFund for ..the positive contribution of the project and noted that the Government of Zimbabwe was committed to work with the donor community and non-state actors towards the development of the country. He also applauded the ZimFund extension, stating that it will enable the project to continue working towards improving social service delivery to Zimbabwean citizens. “It is said that several industrial institutions have showered praises on ZimFund as they are no longer being subjected to repeated power outages, which are now a thing of the past. Notable among them is Delta Beverages,” he said. The Minister also revealed that a new company which has invested in Zimbabwe in the beverages sector was intending to set up in Bulawayo because there is now more secure power in the city.

Bulawayo Provincial Minister Eunice Sandi Moyo expressed gratitude to ZimFund for improving the well-being of Bulawayo citizens. “We thank ZimFund for its commitment to raising quality of life of Bulawayo residents. This project is a dream come true and has bridged large gaps,” she said. In her speech, Christina Landsberg, the representative for ZimFund donors, commended ZimFund’s efforts in improving service delivery as evidenced by the tangible proof of the substations rehabilitated. “I am very honoured to represent donors whose passion and interests is demonstrated by their support towards infrastructure rehabilitation in partnership with the Government of Zimbabwe and the African Development Bank. It’s a productive and constructive partnership and I thank the Bank and Government of Zimbabwe for the way they have constructively engaged with donors on this programme,” Landsberg said. “What is really pleasing is to see the very tangible proof of how money is used in some substations and hearing the results that the project benefits so many people,” Landsberg later said in an interview on the sidelines of the event.

Speaking at the same event, Mary Monyau, standing in for Mateus Magala, Resident Representative of the African Development Bank (AfDB), said the Bank will continue to work with other donors and the Government to address impediments hampering economic recovery and ensure that over time more resources are mobilized for the development of the country. “This is a strong witness to the fruits of the cooperation between the various actors in the implementation of the ZimFund program,” Monyau added. “In so many ways, the rehabilitation of power and water infrastructure symbolizes the Bank’s quest to end poverty and support Zimbabwe’s transformation, and the whole of Africa at large. “The African Development Bank is here to serve Zimbabwe and to see this great country return to prosperity, find its place as one of the economic engines of Africa, and for the improvement of the welfare of its people,” Monyau said.

Works done at Mpopoma Substation has seen 278 industries benefitting, including Mpilo Hospital, which is the major referral hospital in Matabeleland Region, in addition to four schools, 4,500 households, irrigation schemes, housing schemes and clinics. Works done at Criterion Substation benefitted one water treatment works, which serves nearly 400,000 Bulawayo residents, eight healthcare institutions serving a total of 85,000 people, one institute of higher education serving over 9,000 people, 39 schools (12 secondary and 27 primary) serving over 20,100 people and water pumps, sewage treatment plants, and sewage pumps in the Plumtree and Figtree area that are serving over 25,000 people. “This is a very critical installation, we are very proud that US $12.6 million was used in Matabeleland Region,” Zesa’s General Manager Lovemore Chinaka said while briefing stakeholders at Mpopoma Substation.

Permanent Secretary in the Ministry of Local Government, Public Works and National Housing, Engineer George Mlilo echoed these sentiments, noting that due to rehabilitation works done, water-borne diseases such as dysentery and cholera were now a thing of the past.
Engineer Tinayeshe Mutazu, Director in the Ministry of Environment, Water and Climate, urged Bulawayo residents to take good care of the installed infrastructure to ensure sustainability. He also thanked the African Development Bank, the fund manager of ZimFund, for ably administering the fund.
The ZETDC Western Region covers the Matabeleland Region, stretching from Beitbridge to Victoria Falls. Two 20 MVA transformers installed at the two substations have the capacity to supply power to at least 20,000 households. Prior to project intervention, customers were affected by constantly failing transformers and regular power outages. *(AFDB)*

ACWA, UPC Get $133.5M for Morocco Wind
Acwa Power International, a Saudi Arabian energy company, and **UPC Renewables SA** arranged 126 million euros ($133.5 million) in financing for a 120-megawatt wind farm in Morocco.
The financing for the Khalladi wind farm comes from the **European Bank for Reconstruction and Development**, its first for a private clean-energy project in Morocco, and **Banque Marocaine du Commerce Exterieur**, EBRD said in a statement Nov. 27. It will help the country meet a target of developing 2,000 megawatts of wind capacity by 2020. Khalladi, which began construction in October near Tangiers, is the EBRD's and BMCE's first renewables project that relies on commercial power purchase agreements rather than state support. The wind farm will sell electricity directly to major industrial companies. The project is the first greenfield wind farm for Acwa, a Riyadh-based developer and investor of power and desalination plants. It also marks the first deal under EBRD's $250 million financing program for renewable power in the southern and eastern Mediterranean, according to the statement. *(Bloomberg)*

Energias de Portugal groups takes electricity to Mozambican village
The Energias de Portugal (EDP) group in Mozambique will build a small power plant to supply electricity to the village of Titimane, in Niassa province, said the Director of Planning Pedro Neves Ferreira. Neves Ferreira told Portuguese newspaper Público that this was a pioneering project, with a business logic, where the electricity produced from the sun and biomass at the plant, will be charged for, "thus covering operating costs." The company to be set up has the support of cotton company Sociedade Algodoeira Niassa, of the João Ferreira Santos group, which buys cotton produced by the inhabitants of Titimane and will produce cotton pellets for burning at the biomass plant.
Cotton cropping was an important factor in selecting Titimane out of 30 potential isolated villages as it added biomass to the solar component, and it was precisely that fact "that pleased us, EDP and the United Nations Environment Programme." Neves Ferreira, without detailing the amount of investment put in by EDP alone, said that "between international donors and the Mozambican government, it is about one million and some euros", with 860,000 euros relating to financing of the "Energy and Environment Partnership "(EEP) and the OFID/ARE (the fund of the Organization of Petroleum Exporting Countries). The group's Director of Planning also said that the share capital of EDP in the new company was still being discussed with the Mozambican government along with the terms of the concession contract and the entire tariff structure, which provides for the use of a prepayment solution. *(Macauhub)*

MINING

Fitch sees negative outlook for mining in 2016
Fitch Ratings' outlook for the global mining sector in 2016 is firmly negative, reflecting its view that Chinese demand will continue to weaken in the coming year and that commodities will remain deeply unpopular with investors. The slowdown in Chinese demand had already created substantial oversupply in some commodities, including iron-ore and aluminium. "We expect this trend to continue in 2016 as the Chinese economy undergoes a gradual deleveraging and transition from investment to consumer-led growth. "Average prices for these two commodities are, therefore, likely to be lower in 2016, as are prices for copper and zinc. Nickel could prove an exception to the trend, due to mine closures and falling Chinese nickel pig iron production, but this is far from certain," the ratings agency said in a statement. Most mining companies now had weak credit profiles for their current rating, reflected in the fact that most large international mining companies were on negative outlook or rating watch negative. "We expect companies to continue to focus on cost control and short-term liquidity management in 2016. But they will find it harder to use cost cuts to aid debt reduction because the falling diesel prices and beneficial exchange rate moves that helped them in 2015 are unlikely to be repeated," Fitch noted. Further, it pointed out that reductions in capital expenditure budgets were similarly largely complete, which meant that more mining companies were likely to come under increasing pressure to cut their dividends to boost free cash flow in 2016, following relatively modest reductions in shareholder returns so far. *(Mining Weekly)*

IDC reschedules DiamondCorp's R220m loan
The Industrial Development Corporation (IDC) has approved the rescheduling of dual-listed DiamondCorp's existing R220-million loan, including the capitalisation of interest previously due in 2016. The IDC also agreed to the ongoing

capitalisation of interest and deferment of capital payments previously due in 2016 of about R82-million, as well as for interest and capital repayments to now be payable on a quarterly basis from February 1, 2017. This was previously payable on a six-monthly basis. The revised loan would, from January 1, incur an interest rate of 3.2% plus South African prime per year (previously 2% plus South African prime per year). The aggregate value of the revised loan principal and capitalised interest would, therefore, amount to about R311-million at January 31, 2017. DiamondCorp also announced the proposed placing of new ordinary shares of 0.1p each in the company to raise gross proceeds of up to £4-million. The placing is being conducted through a bookbuilding process which will be launched immediately and would be made to new and existing eligible institutional and other investors. The net proceeds of the placing would be used, together with the proceeds from diamond sales, to fund production ramp-up through to becoming operationally cash flow positive from the third quarter of 2016. DiamondCorp noted that the target quantum of the placing included working capital contingencies. *(Mining Weekly)*

Congo mine tests Glencore's efforts to weather copper slump

The beer flowed at a dimly-lit bar in the Congo copper mining town of Kolwezi, but it did little to lighten the mood. Since the commodity price slump rippled out to the remote corners of Africa that hold some of the world's most important metals supplies, thousands of mine workers in Kolwezi have been fearing for their future. Production at the Katanga mine there has been suspended since September as its owner Glencore responds to a more than six-year low in copper prices, and the last ore has been trucked away. Katanga represents a test of whether the company's copper mining operations can adapt to weak prices. Glencore plans to re-engineer the site so it can resume output at a lower cost in early 2017, and success would help reassure its investors that the firm can ride out a long commodity downturn. The mine said in September that it planned to cut a fifth of its around 5 000-strong workforce, at most. But more than 1 000 workers have already taken up an offer of compensation to walk away. "People think that if they don't accept the money now, the company will cut more jobs later and they'll lose the opportunity," said employee Deogratias Twite, 26, at Chez Laure bar, speaking over a blast of music from the courtyard outside. Basil Mwangala Mdala, a 45-year-old electrician, said he was offered an $11 000 buy-out, but turned it down. "What am I going to do with $11 000? I have all of my family here. I have responsibilities as a parent ... The misery has begun." The sombre assessment jars somewhat with the message to investors from Glencore's headquarters in the wealthy Swiss tax haven of Zug - that its copper mining operations can adapt and thrive. The mining and trading group was built up through years of rapid expansion, and is now one of the world's biggest metals miners. But fears it may run out of cash sent its shares tumbling earlier this year and forced Chief Executive Ivan Glasenberg to issue new shares and rein in debts and capital spending. Africa accounts for around a third of Glencore's copper output, and Katanga - located in the south of Democratic Republic of Congo - was one of its biggest-producing mines in the continent before its suspension. Even as work tails off at the operations in Kolwezi, the town will remain the focus of fevered activity through 2016 as Glencore upgrades the mine. The upgrade will include a new leaching plant that Glencore says will allow the site to process ore more cheaply. But it has not given any more detailed plans on how it aims to cut costs at the mine - which is owned by Kamoto Copper Company (KCC), a joint venture between Glencore-controlled Katanga Mining Limited and state miner Gecamines. The creeping mechanisation feared by some workers may play a part, but so may an increase in production that would cut fixed costs per tonne. CUTTING COSTS Glencore says it can slash Katanga's production costs to about $1.65 per pound - from more than $2.50, or $5,510 a tonne. The operation has been clearly loss-making at the current copper price, which hit $4,443.50 a tonne on Nov. 23, it's lowest in more than six years. Its more efficient Congo site of Mutanda - where production costs $1.33 a pound, or $2,930 a tonne - has stayed open. KCC has targeted annual production of 300 000 tonnes since 2011 but its record output has been just 158 000 tonnes, seen last year. By moving to slash costs while the mine is mothballed, Glencore's idea is to "hope for the best and prepare for the worst", said Bernstein Research analyst Paul Gait, who believes a lot of the African copper belt will need to shut down. "There is no way a lot of what occurs in DRC and Zambia is economic at these (price) levels," he said. Whether Katanga will be viable when the suspension ends depends partly on global copper prices, with the outlook clouded by weakening Chinese demand and signs that some big Glencore rivals, such as BHP Billiton and Rio Tinto, are still investing in new production. "Eighteen months is a long time to say with any certainty or conviction that Glencore (is) going to hit the ground running," sad Rand Merchant Bank's head of country risk, Ronak Gopaldas. According to an annual accounts filing by KCC to the local government at the end of 2014, the company had debts of more than $5 billion, of which about $2 billion were owed to Glencore. KCC referred all queries on its debt to Glencore, which declined to comment. Glencore, under pressure from credit rating agencies, has pledged to cut its net debt by a third to $20 billion by the end of 2016. It still plans to spend about $880 million on the upgrades at KCC to bring performance in line with Mutanda. According to Katanga Mining, Glencore has indicated that it would "provide or procure" funding for the upgrades. Glencore declined to provide any more details. Meanwhile the main workers' union at KCC said 1,220 of its workforce of around 5 000 had left after accepting buy-outs, while at least 3,600 out of 4,500 contractors had been laid off. "You can read the misery on the faces of the people," said Delphin Monga, provincial secretary of the UCDT union. "Kolwezi is really mines - I don't see anything that can replace it." *(Mining Weekly)*

Lucara invests $18m in additional large diamond recovery process at Botswana mine

Vancouver-based Lucara Diamond Corp, which made history last month by unearthing the largest diamond the world has seen in a century, plans to spend between $15-million and $18-million on an additional large diamond recovery process at its Karowe mine, in Botswana. The current process circuit has been designed to recover diamonds of up to 1 000 ct, but based on the recent recoveries of very large diamonds, and the expected continuation of recoveries of exceptionally large diamonds in the south lobe, Lucara said that it would integrate an additional large diamond recovery process. Lucara recently unearthed a 1 111 ct diamond, which is second only to the 3 106 ct found in South Africa in 1905, as well as an 813 ct stone and a 374 ct stone. These diamonds were recovered from the prolific south lobe, which would be the company's focus in 2016. Lucara reported that the Karowe mine was forecast to treat between 2.2-million and 2.4-million tonnes of ore in 2016, producing about 350 000 ct of diamonds. Up to 60% of material would come from the south lobe. Karowe was forecast to mine between 13 t and 14 t of waste in the year. The company has forecast diamond revenue of between $200-million and $220-million for 2016, which was in line with its forecast revenue for 2015. However, the 2016 forecast excluded the sale of high-value exceptional diamonds, including the large diamonds recently recovered. "Although the company has recovered exceptionally high-value stones from the mine and is now focused on the high-value south lobe, it is unable to predict when these diamonds will be recovered and sold. The company, therefore, considers sales from these diamonds as additional revenue to the baseline $200-million to $220-million revenue forecast, which has the potential to significantly increase annual cash flows," Lucara stated. CEO William Lamb said last week that Lucara would want more than $60-million for its 1 111 ct diamond. The company has already rejected a $40-million offer for the diamond, newswire Bloomberg reports. Lucara expected its cash costs to be between $33.5/t and $36.5/t of ore treated. This is an expected increase from the forecast operating cash costs for 2015, owing to investment in changes to the process plant facilities to improve large diamond recovery and to process harder material from deeper in the south lobe. Higher power costs and a consumer price index increase of about 4% in Botswana would also increase cash costs. Meanwhile, Lucara also announced that it would stop semi-annual dividend payments in lieu of a quarterly dividend pay-out. The company would introduce a progressive dividend policy in 2016, with the aim of maintaining or increasing the Canadian dollar dividends per share paid each year on a quarterly basis. In 2016, the company planned to declare a yearly dividend of C$0.06 a share, which would be paid in four equal payments at the end of each financial quarter. Lamb said that the progressive dividend policy was the result of Lucara delivering strong cash flows. *(Mining Weekly)*

Diamcor to tender 9 480 ct of diamonds in Q3

TSX-V-listed Diamcor Mining plans to tender a collective 9 480 ct in the current quarter to December 31 – a 95% increase on the 4 845.93 ct tendered and sold in the second quarter of the year. The company has already sold 6 859.31 ct in the current quarter for gross proceeds of $813 440. The diamonds, which were recovered from the Krone-Endora at Venetia project in South Africa's Limpopo province, sold at an average price of $118.59/ct. The price per carat was in line with Diamcor's expectations, given current market conditions. The miner further said it continued to advance its efforts with respect to the pending confirmation and receipt of final approvals from South Africa's Department of Water and Sanitation to allow for the integration of additional water boreholes aimed at supporting further increases in the processing volumes and the optimisation of the project's dry screening plant and main treatment plants. In addition to the ongoing processing of materials in the +1 mm to -26 mm size fractions, Diamcor also anticipated that the processing of the previously stockpiled materials of +26 mm will start in the coming weeks. The company stated that the recovery of all rough diamonds, to date, was "incidental" to the ongoing commissioning and testing exercises performed at Krone-Endora. "The testing exercises and incidental recoveries do not form part of the updated technical report and, therefore, no general grade, price or quality determination is intended by us at this time owing to the nature and purpose of the processing of this material," it noted *(Mining Weekly)*

Australian company speeds up diamond and ruby mining in Mozambique

Mustang Resources has raised US$4.1 million to implement diamond, ruby and gaphite mining projects in Mozambique, the company said in a statement recently. The cash was raised by issuing 25 million ordinary shares, which will allow the Australian company to speed up prospecting for rubies in two blocks recently acquired in the Montepuez region of Cabo Delgado province. "Mustang now has resources to develop the Montepuez ruby project more quickly," said Chairman Ian Daymond, adding that a conservative estimate pointed to revenues of US$60 million in a sampling period of 12 to 15 months. The company is still "fully committed" to the Save river diamond project and launching exploration at the Balama graphite project, the latter also in Cabo Delgado province. Mustang Resources, listed on the Australian Stock Exchange, raised the amount mentioned from institutional investors, specifically British company Lanstead Investors. *(Macauhub)*

OIL & GAS

Anadarko Petroleum and ENI join forces in natural gas in Mozambique

US oil group Anadarko Petroleum and Italy's ENI will jointly process the natural gas to be extracted in two contiguous blocks of the Rovuma basin in northern Mozambique, announced the two groups in statements.

Under the agreement the contiguous reservoirs known as Prosperidade and Mamba will be developed separately but coordinated by the two operators until 24 trillion cubic feet of natural gas have been extracted. "The subsequent development will be pursued by the concession holders of Areas 1 and 4 through a partnership that will be established, in which capital will be divided equally between the two groups," the statements said.

The Anadarko Petroleum group is the Area 1 block operator, with 26.5 %, and its partners are Mozambican government's Empresa Nacional de Hidrocarbonetos (15 %), Mitsui E&P Mozambique Area 1 Limited (20 %), Beas Rovuma Energy Mozambique Limited (10 %), BPRL Ventures Mozambique BV (10 %), ONGC Videsh Limited (10 %) and Mozambique PTTEP Limited Area 1 (8.5 %).

In turn, the ENI group is the Area 4 block operator with an indirect stake of 50 % owned by ENI East Africa (EEA), which controls 70 % of the block and the remaining partners are Galp Rovuma (10 %), KOGAS Mozambique (10 %) and Empresa Nacional de Hidrocarbonetos (10 %). The China National Oil And Gas Exploration And Development Corporation (CNODC) controls an indirect 20 % stake in the Area 4 block through ENI East Africa. *(Macauhub)*

Anadarko Petroleum will supply Mozambique with natural gas

US group Anadarko Petroleum has agreed with the government of Mozambique to supply the domestic market with natural gas to be extracted in the Rovuma basin, the group said in a statement issued in Houston, Texas. The statement said that under the agreement, Area 1 block partners will provide 50 million cubic feet of natural gas per day for each processing unit in Mozambique for domestic consumption totalling 100 million cubic feet per day.

Natural gas will be supplied at a price that is deemed fair for the parties and for the development of mining projects, the statement said. Additionally the concession holders are prepared eventually to sell up to an additional 300 million cubic feet per day, "provided there is agreement on the commercial terms." The executive vice president of Anadarko Petroleum, Mitch Ingram, was quoted in the statement saying "we intend to continue to work with the government of Mozambique to finalise the legal and contractual framework, which will enable us to supply natural gas for domestic projects and for export, which will bring benefits to Mozambique." *(Macauhub)*

Nigeria's Oando plans $350 mln gas processing plant

Nigeria's Oando plans to build a gas plant for up to $350 million as it focuses on integrating gas production with its supply business, the head of the gas and power unit said. Bolaji Osunsanya, Managing Director of Oando Gas and Power said the plant, with a capacity to process 300 million standard cubit feet a day (scfd), will take 24 months to complete and cost $300 million to $350 million. He said Nigeria had room to ramp up gas plants as current capacity was around 2 billion scfd, adding that its project was at the development stage to be launched in the first quarter. London-listed Nigerian firm Seplat is also boosting gas capacity. It plans to increase gross output from around 120 million to 400 million scfd by 2017, as demand grows. "We have done transport in the past, we are getting into (gas) processing right now," Osunsanya told Reuters in an interview. "We are working ourselves up the chain."

Oando's gas and power unit reported a net income of $19 million for the nine months to September, down from $22 million the previous year. Lagos-listed parent Oando, with interests in oil exploration, terminals and oil trading, has said it was seeking approvals to sell its gas and power investment to cut debt and raise up to 80 billion naira from shareholders. Two years ago, Africa's biggest economy broke up its monopoly on power generation and distribution by privatising the sector, hoping to attract foreign investors.

But the amount of power produced has stagnated since, failing to reach a 2012 peak of 4,500 megawatts of electricity due to gas constraints, plant outages and tripped circuits, according to Transmission Company of Nigeria. Osunsanya estimated Nigeria will need around $55 billion over the next seven years to develop gas infrastructure to meet growing demand, which would include building new pipelines, processing plants and drilling of new wells. He estimated demand at 5 billion scfd, of which 3.5 billion was needed for power and the rest for other uses. However, half the 7.5 billion scfd gas generated was flared or reinjected into the ground due to inadequate pipelines for distribution. *(Reuters)*

Oil tax revenues represents 50 pct of total revenue in Angola

Angola's tax revenues from oil production have fallen by about 25 percentage points, from 80 % to just over 50 % of the total over the past five years, said the President of the General Tax Administration (TGA), Valentim Manuel. Manuel, who was speaking at the end of the International Conference on Taxation held in Luanda, said that the fall in government revenues as a result of lower oil prices required the adoption of measures to mitigate and reverse the country's current situation.

The reform of the tax system allowed an increase in the reserve base and more efficient tax collection, said Manuel, adding "we also saw a strengthening of non-oil tax revenues, which resulted from better monitoring of processes and monitoring of taxpayers." Cited by state newspaper Jornal de Angola, Manuel admitted that domestic production,

domestic and foreign private investment, reduced imports and increasing non-oil sector exports were other critical issues for the development of the country.
The president of AGT said that the government had several ongoing economic growth strategies which included measures to enhance the collection of tax revenues and he stressed, “this is a field where almost everything had yet to be done, since the legislation was obsolete, reflecting a colonial reality that for a long time had not been the reality of this sovereign state of Angola.” This international conference, the first that the General Tax Administration organised, was entitled “The enhancement of tax collection within a strategy of diversifying the economy,” and it addressed areas such as change of mentality and understanding and internalisation of the concept of tax citizenship. *(Macauhub)*

Joint Angola/Congo Brazzaville block is already producing oil
The proposed joint oil exploration between Angola and Congo Brazzaville is already producing 40,000 barrels of oil per day, the Angolan Oil Minister said in Luanda cited by newspaper Jornal de Angola. Minister Botelho de Vasconcelos, who was speaking at the end of the 25th meeting of the joint monitoring committee, said that the planned production level had been reached and added that the operation would continue, despite the fall in oil prices, “because all variables were dealt with at an early stage.” “Low oil prices will not cause any concern in the production level of the Lianzi field,” said Botelho de Vasconcelos, and the Congolese Minister of Hydrocarbons, Jean-Marc Thystère-Tchicaya, guaranteed that the success of this project demonstrated that it was possible for the two countries to carry out economic projects with mutual benefits. The block in question is located in deep waters (up to 1,000 metres) in the high seas, and covers an area of 700 square kilometres between the two countries. This field has operating costs of an estimated US$2 billion and estimates point to the existence of 70 million barrels of oil reserves.
The exploration consortium is operated by Chevron US (15.75 %) and also includes Total E&P Congo (WCET) (26.75 %), Cabinda Gulf Oil Company Limited (Cabgoc) (15.5 %), Sociedade Nacional de Combustíveis de Angola (Sonangol) (10 %), TotalFinaElf (TFE) (10 %), ENI (10 %), Société Nationale des Pétroles du Congo (SNPC) (7.5 %) and Galp Energia (4.5 %). *(Macauhub)*

South Africa plans 2016 tender for floating LNG import terminal
South Africa is working toward launching a tender for the country's first floating gas import terminal in the first half of 2016, Karen Breytenbach, head of the Department of Energy's IPP office said. Breytenbach said the government hoped to launch a request for pre-qualifications in the first quarter of next year for a floating storage and regasification unit (FSRU), followed by a request for proposals in the second quarter before making an award by the end of 2016. "The decision has been taken to do gas to power and because we don't have indigenous gas we are relying on LNG," she said. Importing LNG is among the options Africa's most developed economy is considering to diversify its energy sources away from coal and ease power shortfalls that have curbed growth. Breytenbach said the aim was to begin importing LNG by 2018-19. *(Reuters)*

TELECOM

Kenyans to Trade Equities on Safaricom Mobile Phones in 2016
Safaricom Ltd., East Africa’s biggest mobile-phone operator, expects Kenyans to start trading stocks on their mobile phones early next year, using a product it developed to enable customers to buy government bonds, Chief Executive Officer Bob Collymore said. The service, known as M-Akiba, was introduced in Kenya in September as a way for low-income earners to buy fixed-income securities for as little as 3,000 shillings ($29). The government postponed the start of the service in October after debt costs surged. “When we designed the product, we designed it for trading equities and then the government came along and they said ‘why don’t we do it for bonds as well,’” Collymore said in an interview in London. “We do intend to trade stocks. I think it will happen early next year.” M-Akiba, derived from the Swahili word for savings, will run on Safaricom’s mobile-money platform, known as M Pesa. The service earned Safaricom 32.6 billion shillings in the year through September, up 23 % from a year earlier and accounting for almost half of non-voice revenue of 68.8 billion shillings. The company is 40 %-owned by Newbury, England-based Vodafone Plc.

Mobile Economy
More people in Kenya have mobile-money accounts than any other country in sub-Saharan Africa, with ownership at 58 %, according to the World Bank. More than half of adults who pay utility bills in East Africa’s biggest economy use a mobile phone to do so, the Washington-based lender said in a report in April.
The government had planned to offer 5 billion shillings of infrastructure bonds using M-Akiba in October, before the delay. The government may start using the service before the end of the year, Collymore said. “It’s for the Ministry of Finance to figure out the timing for that,” he said. “But for them the attraction of this is how do we soak up some of the money which is sitting in the informal sector without having to borrow money in foreign denominations.” Investors buying bonds through M-Akiba can spend as much as 140,000 shillings and can check statements from their phones. Interest will be paid directly to their mobile wallets semi-annually and secondary trading can take place at the Nairobi Securities Exchange, Treasury Secretary Henry Rotich said in October.

CCTV Project

Safaricom also plans to formally hand over to the government later this month its project with the Kenyan police force, Collymore said. The company completed the installation of 1,800 closed-circuit television cameras in Nairobi and the port city of Mombasa on Nov. 25 and built command and control centers in the two locations, he said. The system, built at a cost of $115 million, has been working since May this year. Kenya is upgrading security to combat threats posed by Islamist militants, who have killed more than 500 people in the country since an attack on an upmarket mall in Nairobi in September 2013, and deter criminals. “We await the government’s decision on whether they want to roll it out to some of the other major cities, which we expect they want to do,” Collymore said. Safaricom shares climbed 1.3 % to 15.85 shillings, bringing their gain to 13 % this year. *(Bloomberg)*

AGRIBUSINESS

Government of Angola wants to re-launch coffee production

The government of Angola plans to relaunch coffee production in the country by supporting producers and renewing plantations, said in Luanda the minister of Agriculture, Afonso Pedro Canga. The minister was speaking at the 55th General Assembly of the Inter-African Coffee Organisation (IACO), which under the motto “gender and youth in the African coffee industry”, said that the introduction of technical support programmes to producers and research is also an area that needs focus in order to revive coffee cultivation. Angola, an ICAO founding country in the 1970s was the world’s third largest coffee producer and currently the main African producers are Ethiopia, Uganda and Ivory Coast.

The minister said African coffee producers should take advantage of increased demand, which is expected to reach 200 million bags in 2030, to meet the supply deficit that is expected. Canga noted that recent data released at the Global Coffee Forum showed that in 2030 world demand would be 200 million bags compared to current production of 149 million bags, so that “Africa can and should take advantage of this opportunity.”

The president of the International Coffee Organisation, Roberto Oliveira Silva, announced at the meeting of that the global coffee harvest in the 2014/15 season was estimated at 143.3 million bags, 2.3 % less than in the previous season, which produced 149.2 million bags. “However, consumption has grown hugely in the last 10 years, reaching 149.2 million bags in 2014,” said Oliveira Silva.

The Inter-African Coffee Organisation consists of 25 producing countries and was created in order to monitor and defend the role of the coffee crop in the socio-economic development of Africa. *(Macauhub)*

Cabo Verde and Guinea-Bissau benefit from China’s agricultural cooperation in Africa

China is deepening its involvement in agriculture in Africa and Cabo Verde (Cape Verde) and Guinea-Bissau are to benefit from this diversification of cooperation, according to a survey of Chinese projects in West Africa.

The study “Beyond the extractive industries: The case of Chinese agricultural assistance in West Africa”, published by the South African Institute of International Affairs (SAIIA), argues that these countries, including the two Portuguese-speaking ones, “have much to learn from China” in agriculture, an area that the Chinese authorities have defined as a priority for cooperation. China “intends to apply a model of South/South cooperation calling for reciprocal gains and the exchange of best practices” after in “the last two decades building a strong domestic agricultural sector and have developing it faster than any other sector”, said the authors of the study, Emanuele Santi and Maxime Weigert.

Many of the recent projects they added, are led by public companies and focused on cash crops, as in other regions of the continent, such as Southern Africa, where there are also significant examples in Angola and Mozambique. Among the projects of this kind in West Africa, the authors highlighted cashew cultivation in Guinea-Bissau, along with cocoa in Ghana, sugar and cotton in Benin, sugar in Sierra Leone, cotton in Burkina Faso and sugar and cotton in Mali, in partnership with local authorities.

More recently biofuel projects have also been launched in Benin, Sierra Leone and Nigeria. “These projects are export-oriented – to China, in the case of cotton, to Europe, in the case of other crops and include technical assistance from China, involving training, inputs and machinery, in order to increase productivity and the quality of local production,” said the authors, who also identified some difficulties on the ground.

Under supervision of the Ministry of Trade, China donates agricultural machinery and participates in financing of agricultural programmes and rural infrastructure projects, such as the Poilão dam in Cabo Verde, dedicated to irrigation, similalry to another dam built in Ghana.

China has also set up four training centres in the region within the framework of technical assistance, one in Guinea-Bissau, where Chinese experts “provide technical training to local farmers,” said the authors.

China’s cooperation with African countries they added, is guided by a focus on “greater diversification” and these investments “benefit the region,” as several countries have “expressed their willingness to increase agricultural development and modernise their agri-industrial sector”. Agriculture accounts for the largest portion of the region’s economies, which is the case of Guinea-Bissau, and Cabo Verde is one of the countries that is least dependent on this sector.

The authors also gave some recommendations, such as promoting local employment, long-term involvement and profit sharing, broader participation of local partners, to ensure cultural and social norms are taken into account and benefits

provided by local authorities, access to capital, land lease, legal incentives and institutional support. “China could also provide vital opportunities for greater access to finance, which are traditionally lacking in the region and the sector and, at the same time a solid alternative and a complement to the resources channeled by traditional donors,” added the authors. *(Macauhub)*

Kenya's tea agency signs $55 million deal to build small hydro dams

The Kenya Tea Development Agency has signed a $55 million syndicated loan to build seven small hydro-dams to cut reliance on the national grid and trim factory costs, the KTDA said. The agency accounts for about 60 % of tea output in Kenya, the world's leading exporter of black tea - a major foreign exchange earner for East Africa's biggest economy.

The loan was arranged by the World Bank’s private sector lending arm International Finance Corporation (IFC), the Global Agriculture and Food Security Program, as well as French and Dutch development banks Proparco and FMO. KTDA chief executive Lerionka Tiampati said construction of three hydropower projects were at an advanced stage and with the new funding construction will commence on four more small hydro power stations in 2016. "The funding is in line with KTDA's long-term strategy to ensure that tea factories have access to alternative renewable forms of energy that will reduce operational costs in factories," KTDA added in a statement.

KTDA said the excess power generated will be sold to the national grid, providing farmers with an additional revenue stream. Kenya experienced drought early this year which affected the output of tea, while processing factories received fewer deliveries. Tea production in Kenya is expected to improve in the last quarter of the year due to enhanced rains in most key growing areas. *(Reuters)*

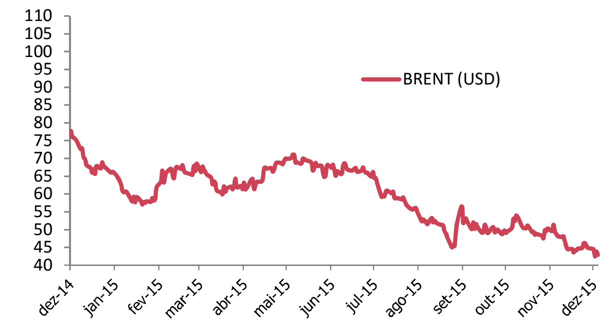
MARKET INDICATORS
04-12-2015

STOCK EXCHANGES		
Index Name (Country)	**04-12-2015**	**YTD % Change**
Botswana Gaborone Domestic Index (Botswana)	10.506,87	10,58%
Bourse Régionale des Valeurs Mobilières (Ivory Coast)	304,99	18,18%
Case 30 Index (Egypt)	6.779,28	-24,06%
FTSE NSE Kenya 15 Index (Kenya)	184,06	-14,59%
Morocco Casablanca Stock Exchange CFG 25 (Morocco)	19.372,38	-4,27%
Nigerian Stock Exchange All Share Index (Nigeria)	27.631,05	-1,59%
FTSE/JSE Africa All Shares Index (South Africa)	49.261,08	-1,02%
Tunindex (Tunisia)	4.952,49	-2,70%

Source: Bloomberg and Eaglestone Securities

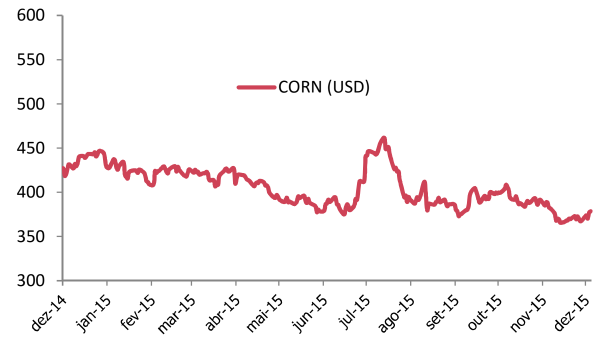
METALS		
	Spot	**YTD % Change**
Gold	1.089	-8,09%
Silver	15	-7,19%
Platinum	886	-26,69%
Copper $/mt	4.556	-27,68%

Source: Bloomberg and Eaglestone Securities



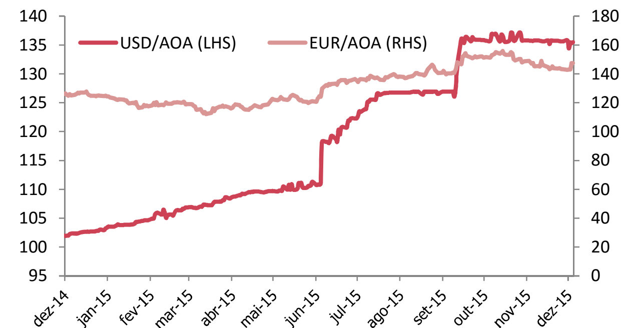
ENERGY		
	Spot	**YTD % Change**
NYMEX WTI Crude (USD/barril)	39,9	-26,41%
ICE Brent (USD/barril)	42,9	-27,47%
ICE Gasoil (USD/cents per tonne)	400,5	-24,40%

Source: Bloomberg and Eaglestone Securities



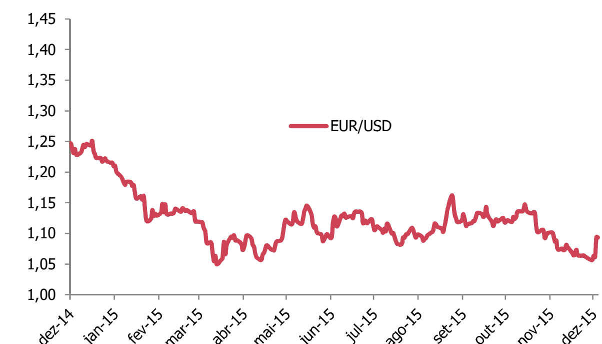
AGRICULTURE		
	Spot	**YTD % Change**
Corn cents/bu.	378,5	-5,55%
Wheat cents/bu.	481,0	-19,09%
Coffee (KC) c/lb	126,4	-25,37%
Sugar#11 c/lb	15,8	5,56%
Cocoa $/mt	3392,0	17,29%
Cotton cents/lb	64,3	5,27%
Soybeans c/bsh	897,8	-12,88%

Source: Bloomberg and Eaglestone Securities



CURRENCIES	
	Spot
KWANZAS	
USD	134,988
EUR	147,597
GBP	204,322
ZAR	9,441
BRL	36,162
NEW MOZAMBIQUE METICAL	
USD	52,500
EUR	57,401
GBP	79,466
ZAR	3,672
SOUTH AFRICAN RAND SPOT	
USD	14,295
EUR	15,630
GBP	21,639
BRL	3,832
EUROZONE	
USD	1,09
GBP	0,72
CHF	1,09
JPY	134,42
GBP / USD	1,51

Source: Bloomberg and Eaglestone Securities



UPCOMING EVENTS

FORUM POSTAL AFRICAIN, 10th – 11th Dec- Abidjan – New Challenges for the Postal services in Africa
http://www.i-conferences.org/forum-postal-africain/

African Urban Infrastructure Investment Forum Nov 30 –Dec 3 2015, in Sandton - South Africa
http://ic-events.net/event/africa-urban-infrastructure-investment-forum-2015/

The Global African Investment Summit, 1-2 December 2015 Central Hall Westminster, London UK
www.tgais.com/africanbusiness

IPAD Cameroon Energy & Infrastructure Forum 1-2 Dec. Hilton Hotel, Yaoundé Cameroon
www.ipad-cameroon.com

World Economic Forum Annual Meeting 2016 - Davos-Klosters, Switzerland 20 - 23 January 2016
http://www.weforum.org/events/world-economic-forum-annual-meeting-2016

Powering Africa: Summit, 27-29 January 2015 - Marriott Marquis hotel in Washington, D.C
www.poweringafrica-summit.com

Mining Indaba 2016 Cape Town, South Africa -08 to 11 February 2016
http://www.miningindaba.com/ehome/index.php?eventid=119660&

Africa Healthcare summit 2016, 17-18 Feb 2016- Olympia Conference Centre **London**
www.africahealthcaresummit.com

Système de santé le nouveau pari africain, 25th -26th Feb Marrakech, Morocco
http://www.i-conferences.org/forum-afrisante/

Tanzania International Forum for Investments 9-11 March 2016, Julius Nyerere International Convention Centre, Dar Es Salaam, United Republic of Tanzania *www.tziforum.com*

The Africa CEO Forum: 21–22 March 2016, Abidjan – Côte d'Ivoire (Ivory Coast) Hotel Sofitel Ivoire
www.theafricaceoforum.com

World Economic Forum on Africa 2016 Kigali, Rwanda 11 - 13 May 2016
http://www.weforum.org/events/world-economic-forum-africa-2016

18th annual Africa Energy Forum (AEF) 21-24 June 2016 2016 - The Intercontinental 02 London
http://africa-energy-forum.com/

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Disclosures

Eaglestone was founded in December 2011 with the aim to be a committed partner for the development of businesses located primarily in Sub-Saharan Africa and to support the development of renewable energy projects on a global basis.

The company has three business activities - financial advisory services, asset management and brokerage - and currently has offices in Amsterdam, Cape Town London, Lisbon, Luanda and Maputo

Eaglestone is committed to operating and behaving according to the highest standards of corporate governance. Its subsidiary in the United Kingdom is authorized and regulated by the Financial Conduct Authority.

Eaglestone operates with a clear vision and mission to act on behalf of and in the best interests of all its stakeholders, whether they are investors, employees or users of its services.

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